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Appraisal Subcommittee

Federal Financial Institutions Examination Council

BY FAX

February 6, 2006

Missouri General Assembly
State Capitol Building
Jefferson City, MO 65101

Dear Members of the House and Senate:

Please consider this letter as an addendum to our February 1, 2006 letter to you about soon-to-be-proposed amendments to Missouri's appraiser regulatory statute. In that letter, we stated our strong support for the prompt adoption of several amendatory provisions. We, however, did not include in our discussion "New Section 1 (Subpoena Authority)." That new section would authorize the Chairman of the Missouri Real Estate Appraisers Commission ("MREAC") to "administer oaths, issue subpoenas, and issue subpoenas duces tecum" and empower MREAC to "enforce its subpoenas and subpoenas duces tecum" via court order.

Under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"), 12 U.S.C. 3310 and 12 U.S.C. 3331, *et seq.*, and ASC Policy Statement 10 E., each State, among other things, must ensure that its entire system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner. Moreover, the Policy Statement provides that, "State agencies need to process complaints of appraiser misconduct or wrongdoing on a timely basis. Absent special documented circumstances, final State agency administrative decisions regarding complaints should occur within one year of the complaint filing date." One of MREAC's core duties under Title XI is to enforce compliance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), as adopted by the Appraisal Standards Board of the Appraisal Foundation.

MREAC, however, historically has experienced problems in performing this duty on an effective and timely basis. In our November 2001 and 2004 field reviews, we found that Missouri failed to investigate and resolve complaints of appraiser misconduct promptly. As noted in our November 2, 2005 follow-up review letter, MREAC has identified several ways to improve this process and is implementing them. Whether those changes, in fact, will result in a more efficient, effective complaint investigation and resolution process, however, remains to be seen.

While the ASC generally does not require States to adopt specific program tools to achieve Title XI compliance, the ASC believes that authorizing MREAC to issue and enforce subpoenas should assist MREAC in its efforts to conform to Title XI's requirements and will assist MREAC in its efforts to protect the public against appraisal fraud and misconduct. Therefore, we recommend that the Missouri legislature promptly enact "New Section 1 (Subpoena Authority)."

We thank you and MREAC for your efforts to address our concerns. Please contact us if you have further questions or need further assistance.

Sincerely,

Ben Henson
Executive Director

cc: Kristi Klamet, Executive Director, MREAC