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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

April 20, 2010

Ms. Celia M. Jackson, Secretary  
Wisconsin Department of Regulation  
And Licensing  
1400 E. Washington Avenue  
P.O. Box 8935  
Madison, Wisconsin 53708-8935

Dear Ms. Jackson:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Wisconsin's appraiser regulatory program (Program) on November 9-11, 2009. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the staff's preliminary findings regarding the Review and the State's response. The ASC has determined the Program is not in substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). The ASC identified the following concern:

- Wisconsin should resolve complaints within one year, except for special documented circumstances.<sup>1</sup>

The State's response indicated it has taken corrective actions, which are detailed in the attached Report. During the next Review, ASC staff will confirm these corrective actions have taken place and are appropriate. Please also be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle  
Chairman

Attachment  
cc: Ms. Gail Sumi, Bureau Director

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<sup>1</sup> Title XI §1118(a) U.S.C. 3347, ASC Policy Statement 10E.

**ASC Compliance Review Report**

**Finding: Not In Substantial Compliance**

Report Issue Date: April 20, 2010

**Wisconsin Appraiser Regulatory Program (Program)**

Wisconsin Real Estate Appraiser Board (Board) - Advisory Board

ASC Compliance Review (Review) Date: November 9-11, 2009

Review Period: October 2007 to November 2009

Umbrella Agency: Department of Regulation and Licensing, Bureau of Business & Design Professions (Department)

PM: V. Ledbetter

Number of State credentialed appraisers on National Registry: 2425

Issue: FINAL

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Wisconsin Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:	X			Wisconsin issues bi-annual credentials that must be renewed via an affidavit attesting to the requisite education by December 14 of each odd numbered year. The last renewal period ended on December 14, 2007. The continuing education audit on those who renewed their credentials during that time was not conducted until May and June 2009, a year and a half later.	The Department reported on February 24, 2010, that due to significant staff changes in 2005-2007, the audit was not conducted timely. The 2007-2009 audit began on January 11, 2010, and was completed within 60 days. Going forward, the Department will complete the audit within 60 business days of the license renewal date.	None	None	During the next Review, the ASC will pay particular attention to this area for compliance with ASC Policy Statement 10F 5(c).
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None

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	YES	NO	AC					
<b>Education:</b>	X							
States must ensure the delivery mechanism for distance education courses offered by a non-academic provider has been approved by an AQB approved organization providing approval of course design and delivery. Currently this organization is the International Distance Education Certification Center (IDECC). (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				Two courses approved by the AQB Course Approval Program (CAP) under a primary provider and offered by a secondary provider did not have IDECC approval. AQB Real Property Appraiser Qualification Criteria (AQB Criteria) requires each course to have its own IDECC approval for the delivery mechanism, even if the course is "housed" with the primary provider. The secondary provider is still responsible for ensuring adequate student-to-instructor interaction (including having their own instructors).	The Department reported on February 24, 2010, that they were not aware the secondary providers were not able to use a primary provider's IDECC approval. The Department contacted the provider of the two courses. The secondary provider informed the Department the courses were no longer being offered and the courses were removed from the approved course listing. Going forward, the Department will require all continuing education providers to supply IDECC certification letters as part of the course approval process.  On March 17, 2010, Department staff reported that all distance education courses approved by the Department have been checked. Only those distance education courses with the appropriate IDECC approval are listed on the Department website.	None		During the next Review, the ASC will pay particular attention to this area for compliance with AQB Criteria.

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	YES	NO	AC					
<b>Enforcement:</b>		X						
States should resolve complaints within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>Wisconsin had 133 outstanding complaints; 34 complaints were unresolved for more than one year. Of those 34 complaints, two were exempted for Special Documented Circumstances.</p> <p>During the Review Period, an additional attorney was assigned to assist with appraiser-related cases, bringing the total number of attorneys to three. The complaint handling process also changed in that these attorneys screen all complaints received. Prior to the current Review Period, the screening of incoming complaints by the "intake unit" typically took 45-60 days. Since the last Review, the screening period was reduced to less than 30 days.</p> <p>Additionally, to address the difficulty experienced in timely review of appraisals in question by Board members who provided this service voluntarily, the Department Secretary agreed to fund the hiring of contract appraisal reviewers. The 25 contract appraisal reviewers selected during the summer of 2009 may also serve as expert witnesses should the need arise. The Board members retain their role as case advisors in setting discipline.</p> <p>All enforcement files reviewed were well documented and the complaint dispositions appeared fair and equitable.</p>	<p>The Department reported on February 24, 2010, that three of the 32 complaints found to be outstanding more than one year had been resolved. The Department made additional changes to complaint processing procedures. The majority of cases are now screened in one to three business days. Contract appraisal reviewers are now reviewing appraisals for USPAP compliance, which has cut the appraisal review time by several months. (Budgetary constraints prevented the Department from obtaining the contract appraisal reviewers earlier.)</p> <p>Since the Review, the Department has been working to expand its pool of contract reviewers outside of the largest metropolitan areas to cover all geographic areas. Having a pool of contract reviewers who can also serve as expert witnesses will expedite the process of getting cases to the hearing stage. The Department is committed to providing USPAP training for enforcement staff, and having all business team attorneys work on appraiser cases. These steps should assist in resolving complaints within one year.</p>	<p>Wisconsin must submit quarterly complaint logs to the ASC. ASC Staff will analyze each log. If progress is not being made, the ASC may impose additional reporting and/or data collection requirements.</p> <p>The ASC Policy Manager assigned to Wisconsin will work with Department staff to determine the timing and content of the complaint log.</p>		<p>Wisconsin was cited for not resolving complaints in a timely manner in the 1993, 1997, 2004 and 2006 Reviews. Because of this longstanding concern, after the 2006 Review, Wisconsin was placed on an accelerated, one-year Review cycle. Based on the Review Findings from the 2007 Review, Wisconsin had improved their complaint resolution timeliness and was moved back to a two-year Review cycle. However, a Follow-up Review will be conducted in early 2011 to evaluate Wisconsin's progress.</p>