

**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

February 9, 2011

Mr. Darryl Knopf, Chairman  
Real Estate Appraisers Commission  
Division of Professional Registration  
3605 Missouri Boulevard  
Jefferson City, MO 65109

RE: ASC Compliance Review of Missouri's appraiser regulatory program

Dear Mr. Knopf:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Missouri's appraiser regulatory program (Program) on August 2 - 4, 2010. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the 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. The ASC identified the following area of non-compliance:

- Missouri should resolve all complaints filed against appraisers within one year, except for special documented circumstances.<sup>1</sup>

In its response, the State indicated corrective actions were taken as 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. Vanessa Beauchamp, Executive Director

---

<sup>1</sup> Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E

**ASC Compliance Review Report**

Finding: Not In Substantial Compliance

Report Issue Date: February 9, 2011

**Missouri Appraiser Regulatory Program (Program)**

Real Estate Appraiser Commission (Commission)  
/ Decision Making

PM: N. Fenochietti

ASC Compliance Review (Review) Date: August 2-4, 2010

Review Period: February 2008 to August 2010

Umbrella Agency: Division of Professional Registration (Division)

Number of State Credentialed Appraisers on National Registry:  
2,684

Issue: FINAL

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Missouri Statutes, Regulations, Policies and Procedures:</b>			X					
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>A review of the Missouri Real Estate Appraiser Commission Code of State Regulations (CSR) revealed the following inconsistencies with the Appraiser Qualifications Board's (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria):</p> <p>(1) AQB Criteria requires that prior to reactivation, a credential holder in inactive status must complete continuing education that would have been required if the credential holder had been in active status. <b>20 CSR 2245-4.025</b>, which became effective May 30, 2008, only requires credential holders to complete 28 hours of continuing education within the preceding two (2) years prior to reactivation. However, no credential holders have been in an inactive status long enough to require more than 28 hours of continuing education for reactivation.</p>	<p>On October 29, 2010, the Commission reported to ASC staff that:</p> <p>(1) a letter was sent August 9, 2010, to all inactive credential holders informing them that they must complete all continuing education that would have been required had they been active prior to reactivating their credential; and</p> <p>(2) the Commission filed an amendment to <b>20 CSR 2245-4.025</b> requiring individuals who reactivate to complete "all continuing education hours that would have been required during the period of inactivity if the license had been active."</p>	None	To strengthen the Program, the Commission should continue the process of amending its regulations to bring them into compliance with AQB Criteria.	<p>Upon adoption, please provide ASC staff with copies of the adopted regulation changes.</p> <p>During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.</p>

## ASC Compliance Review Report

Finding: Not In Substantial Compliance

Report Issue Date: February 9, 2011

**Missouri Appraiser Regulatory Program (Program)**

Real Estate Appraiser Commission (Commission) / Decision Making PM: N. Fenochietti

ASC Compliance Review (Review) Date: August 2-4, 2010

Review Period: February 2008 to August 2010

Umbrella Agency: Division of Professional Registration (Division)

Number of State Credentialed Appraisers on National Registry: 2,684

Issue: FINAL

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Missouri Statutes, Regulations, Policies and Procedures (continued):			X					
(Continued from previous page.)				(2) AQB Criteria requires that credit may only be awarded for Uniform Standards of Professional Appraisal Practice (USPAP) continuing education when the course is instructed by at least one AQB certified instructor who is also a State certified appraiser. <b>20 CSR 2245-8.030(4)</b> requires instructors of USPAP courses to be approved through the AQB's instructor certification program, but does not require that at least one of the approved instructors be a State certified appraiser. However, all of the USPAP courses reviewed included verification that at least one of the course instructors was an AQB Certified USPAP instructor and also a State certified appraiser.	On October 29, 2010, the Commission reported to ASC staff that it filed an amendment to <b>20 CSR 2245-8.030(4)</b> requiring at least one of the national USPAP course instructors to be a State certified appraiser and also approved through the AQB instructor certification program. (See recommendation of the ASC concerning language for the proposed amendment under Recommended State Actions.)	None	To strengthen the Program, the Commission should continue the process of amending the State's regulations to bring them into compliance with AQB Criteria.  Having reviewed the proposed amendment, for clarity and to avoid confusion, the ASC recommends the language of the proposed amendment be changed to read:  "At least one of the approved instructors shall also be a state certified appraiser."	Upon adoption, please provide ASC staff with copies of the adopted regulation changes.  During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

## ASC Compliance Review Report

Finding: Not In Substantial Compliance

Report Issue Date: February 9, 2011

**Missouri Appraiser Regulatory Program (Program)**

Real Estate Appraiser Commission (Commission) / Decision Making PM: N. Fenochietti

ASC Compliance Review (Review) Date: August 2-4, 2010

Review Period: February 2008 to August 2010

Umbrella Agency: Division of Professional Registration (Division)

Number of State Credentialed Appraisers on National Registry:  
2,684

Issue: FINAL

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Missouri Statutes, Regulations, Policies and Procedures (continued):</b>			X					
A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice. (Title XI § 1122 (2), 12 U.S.C. 3351; ASC Policy Statement 5.)				<p>A review of the CSR revealed the following inconsistency with Title XI and ASC Policy Statement 5:</p> <p><b>20 CSR 2245-5.020(F)</b> provides for a \$100 six-month extension fee for temporary practice permits, which added to the initial permit fee of \$150 will result in the temporary practice permit fee exceeding the maximum fee of \$150.</p> <p>Although the Commission has the regulatory authority to charge a six-month temporary permit extension fee, ASC staff did not find any instance where the fee was charged.</p>	On October 29, 2010, the Commission reported to ASC staff that the Commission has never collected a fee for a temporary practice permit extension nor will they, and at the next opportunity the Commission will file an amendment to <b>20 CSR 2245-50.0(F)</b> .	None	To strengthen the Program, the Commission should amend the regulation to bring it into compliance with AQB Criteria.	<p>Upon adoption, please provide ASC staff with copies of the adopted regulation changes.</p> <p>During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.</p>

ASC Compliance Review Report						Finding: Not In Substantial Compliance		
						Report Issue Date: February 9, 2011		
Missouri Appraiser Regulatory Program (Program)								
Real Estate Appraiser Commission (Commission) / Decision Making			PM: N. Fenochietti		ASC Compliance Review (Review) Date: August 2-4, 2010		Review Period: February 2008 to August 2010	
Umbrella Agency: Division of Professional Registration (Division)				Number of State Credentialed Appraisers on National Registry: 2,684		Issue: FINAL		
Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Missouri Statutes, Regulations, Policies and Procedures (continued):</b>			X					
States must have sufficient legal and administrative resources to perform Title XI-related duties. (Title XI § 1118 (b), 12 U.S.C 3347.)				The Commission consists of seven members. However, three positions are vacant. All four current members must attend a meeting to achieve a quorum. The members contribute significantly to the Program's enforcement operations by reviewing complaints and conducting complaint-related interviews. Although the Commission has not had to postpone or cancel meetings, there have been two instances involving pending complaints where recusal of a member was required, which resulted in those complaints not being deliberated. These cases will not be able to be deliberated until such time that new Commission members are added.	On October 29, 2010, the Commission reported to ASC staff that a fifth member was appointed and, therefore, the pending cases will be able to be deliberated.	None	To strengthen the Program, the Commission should continue to monitor the appointment process and encourage the appointment of members to the two vacant positions.	Upon appointment, please provide ASC staff with names of the appointed members.

## ASC Compliance Review Report

**Finding: Not In Substantial Compliance**

**Report Issue Date: February 9, 2011**

**Missouri Appraiser Regulatory Program (Program)**

**Real Estate Appraiser Commission (Commission) / Decision Making** PM: N. Fenochietti

**ASC Compliance Review (Review) Date: August 2-4, 2010**

**Review Period: February 2008 to August 2010**

**Umbrella Agency: Division of Professional Registration (Division)**

**Number of State Credentialed Appraisers on National Registry: 2,684**

**Issue: FINAL**

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Temporary Practice:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Application Process:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Reciprocity:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Education:</b>	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report						Finding: Not In Substantial Compliance		
						Report Issue Date: February 9, 2011		
Missouri Appraiser Regulatory Program (Program)								
Real Estate Appraiser Commission (Commission) / Decision Making		PM: N. Fenochietti		ASC Compliance Review (Review) Date: August 2-4, 2010		Review Period: February 2008 to August 2010		
Umbrella Agency: Division of Professional Registration (Division)				Number of State Credentialed Appraisers on National Registry: 2,684		Issue: FINAL		
Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Enforcement:</b>		X						
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>Missouri had 93 outstanding complaints; of those 93 complaints, 54 (58%) were unresolved for more than one year. Of those 54 complaints, 11 fall under the exception for special documented circumstances. This leaves 43 (46%) unresolved without a special documented circumstance.</p> <p>All of the complaints that have been pending for more than one year had either been referred by the Commission to the Attorney General (AG) or were awaiting an administrative hearing. Reduced AG staff, high Commission staff turnover, and a significant increase in AG referrals from the Commission is causing significant delays, thereby preventing the Commission from resolving complaints in a timely manner.</p>	<p>On October 29, 2010, the Commission reported to ASC staff that the Program historically has been unable to meet the one year deadline for two reasons: the lengthy statutorily prescribed hearing process and the dramatic increase in complaints over the past decade. The Commission further reported that while there has been an increase in complaints, the AG's office has responded by increasing the number of attorneys handling these cases from one in the year 2000 to eight in 2009. The Commission reported that it strives to process and investigate complaints in an effective, consistent, and well-documented manner, and maintains that resources have been increased to meet the increasing demand.</p>	<p>The Commission must submit quarterly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.</p> <p>The ASC Policy Manager assigned to Missouri will work with the Division staff to determine the timing and content of the complaint log.</p>	<p>To strengthen the Program, the Commission should continue to monitor the progress of the AG's office, and encourage the Administrative Hearing Commission to prioritize complaints involving appraiser misconduct or wrong doing so that they can be resolved in a timely manner consistent with Title XI and ASC Policy Statement 10E.</p>	<p>ASC staff will monitor this required action. During the next Review, ASC staff expects to see further improvement in Missouri's complaint investigation and resolution program.</p>