

□ □ □ □ □ □

Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 13, 2013

Ms. Vanessa Beauchamp, Executive Director
Missouri Real Estate Appraisers Commission
3605 Missouri Boulevard
Jefferson City, MO 65109

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

Dear Ms. Beauchamp:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Missouri appraiser regulatory program (Program) on August 6-9, 2012. 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:

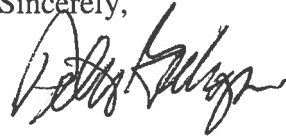
- States must have sufficient funding and staffing consistent with the purpose of Title XI.¹
- States should resolve all complaints filed against appraisers within one year, except for special documented circumstances.²
- States must appropriately document enforcement files and include rationale.³

ASC staff will confirm corrective actions have taken place and are appropriate through off-site monitoring and a Follow-up Review in approximately six months. Missouri will remain on a two-year Review Cycle.

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,

A handwritten signature in black ink, appearing to read "Peter Gillispie", written in a cursive style.

Peter Gillispie
Chairman

Attachment

cc: Ms. Jane Racker, Division Director
Mr. Darryl Knoph, Chair

¹ Title XI § 1118 (a), 12 U.S.C 3347.

² Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

³ Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

“ASC Finding” Defined for ASC Compliance Review Report

1. IN SUBSTANTIAL COMPLIANCE

Applies when no issues of non-compliance or violations of Title XI, ASC Policy Statements or AQB Criteria are identified.

2. NOT IN SUBSTANTIAL COMPLIANCE

Applies when there are one or more issues of non-compliance or violations of Title XI, ASC Policy Statements and/or AQB Criteria but the concerns do not rise to the level of “not in compliance.”

3. NOT IN COMPLIANCE

Applies when the number, seriousness, and/or repetitiveness of the Title XI, ASC Policy Statements and/or AQB Criteria violations warrant this finding.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance

Final Report Issue Date: February 13, 2013

Missouri Appraiser Regulatory Program (Program)

Missouri Real Estate Appraisers Commission
(Commission) /Decision Making

PM: V. Metcalf

ASC Compliance Review Date: August 6-8, 2012

Review Period: August 2010 to August 2012

Umbrella Agency: Division of Professional Registration of the Department of Insurance (Division),
Financial Institutions and Professional Registration

Number of State Credentialed Appraisers on National Registry: 2249

Review Cycle: Two Year with Follow-up

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					
Missouri Statutes, Regulations, Policies and Procedures:		X						
States must have sufficient funding and staffing consistent with the purpose of Title XI. (Title XI § 1118 (a), 12 U.S.C 3347.)				<p>Missouri's lack of sufficient legal resources has resulted in the Attorney General's office failing to resolve complaints timely, as discussed in the Enforcement Section of this Report. In addition, Missouri is operating without a full Commission. The Commission members contribute significantly to the Program's application process by reviewing work product and enforcement operations by reviewing complaints and conducting complaint-related interviews and hearings. Of the 7 member Commission, 2 positions have been vacant for more than 4 years. Of the remaining 5 positions, 3 members are serving on expired terms:</p> <ul style="list-style-type: none"> • 1 for over 6 years • 1 for over 1 year • 1 effective September 2012 <p>These 3 members have verbally agreed to remain until reappointed or replaced.</p>	<p>On December 6, 2012, the Commission reported to ASC staff that in order to improve complaint timeliness the complaint disposition process has been revised.</p> <p>The Commission also stated that the State of Missouri and Division remain committed to finding and appointing well qualified leaders in their profession to serve on the Commission.</p>	The Commission must ensure sufficient legal resources are available to resolve complaints filed against appraisers timely.	To strengthen the Program, the Commission and Division should explore ways to encourage the appointment of members to the vacant positions.	The Commission's ability to achieve a quorum is vulnerable as a quorum will be lost if even 1 of the existing members were to be absent or resign. Through off-site monitoring, as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to these areas for compliance with Title XI.
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: February 13, 2013

Missouri Appraiser Regulatory Program (Program)

Missouri Real Estate Appraisers Commission (Commission) /Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 6-8, 2012	Review Period: August 2010 to August 2012
Umbrella Agency: Division of Professional Registration of the Department of Insurance (Division), Financial Institutions and Professional Registration		Number of State Credentialed Appraisers on National Registry: 2249	Review Cycle: Two Year with Follow-up

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					
Application Process:	X							
States must ensure that qualifying education documentation submitted with an application for appraiser credential upgrade is consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116, 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				The Commission issued a certified residential appraiser credential to 1 applicant who failed to provide support of having: <ul style="list-style-type: none"> • an associate degree or higher from an accredited college/university; or • satisfied the in lieu of the college courses provision specified in the Appraiser Qualifications Board's Real Property Appraiser Qualification Criteria (AQB Criteria). 	On December 6, 2012, the Commission reported to the ASC staff that the appraiser was contacted and provided a certified copy of his college transcript verifying receipt of a bachelor's degree. ASC staff has been provided a copy of the transcript.	None	None	None
Reciprocity:	X							
				No compliance issues noted.	N/A	None	None	None
Education:	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: February 13, 2013

Missouri Appraiser Regulatory Program (Program)

Missouri Real Estate Appraisers Commission (Commission) /Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 6-8, 2012	Review Period: August 2010 to August 2012
Umbrella Agency: Division of Professional Registration of the Department of Insurance (Division), Financial Institutions and Professional Registration		Number of State Credentialed Appraisers on National Registry: 2249	Review Cycle: Two Year with Follow-up

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					
Enforcement:		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 66 outstanding complaints of which 36 have remained unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 7 fall under the exception for special documented circumstances. Of the 29 remaining cases, 5 were filed in 2008, 7 in 2009, 12 in 2010, and 5 in 2011. All complaints outstanding for more than 1 year are awaiting action in the Attorney General's Office.</p> <p>Missouri has been cited by the ASC for not resolving complaints in a timely manner in every Review since 2001.</p>	<p>On December 6, 2012, the Commission reported that it has worked with legal counsel and the Attorney General's Office to revise aspects of the complaint disposition process. Specifically, once it has decided to take action against an appraiser it will:</p> <ol style="list-style-type: none"> 1. Send a settlement agreement offer to the appraiser; 2. Refer any complaints not settled to the Division's litigation counsel and Administrative Hearing Commission; and 3. Prepare complaints for litigation more expeditiously by retaining experts earlier in the litigation process. <p>The Commission also reported that it is making further policy and statutory changes regarding granting continuances and imposing monetary penalties.</p>	<p>Missouri must monitor its revised processes to ensure timely processing of complaints to reduce the backlog of aged complaints, and to ensure that the complaints of appraiser misconduct or wrongdoing are resolved on a timely basis as required by ASC Policy Statement 10E.</p> <p>In addition, the Commission must continue to submit quarterly complaint logs to ASC staff.</p>	None	Through off-site monitoring, as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statements.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: February 13, 2013

Missouri Appraiser Regulatory Program (Program)

Missouri Real Estate Appraisers Commission (Commission) /Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 6-8, 2012	Review Period: August 2010 to August 2012
Umbrella Agency: Division of Professional Registration of the Department of Insurance (Division), Financial Institutions and Professional Registration		Number of State Credentialed Appraisers on National Registry: 2249	Review Cycle: Two Year with Follow-up

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					
Enforcement continued:		X						
States must appropriately document enforcement files and include rationale. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				Dismissed complaints did not contain sufficient documentation to support the rationale for dismissal. Furthermore, there was no indication that the appraisals in question were reviewed for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).	On December 6, 2012, the Commission provided ASC staff with the statement it will include in dismissed cases.	The Commission must ensure that all enforcement actions are properly documented and include clear rationale for dismissals and other final actions taken as required by ASC Policy Statement 10E.	To strengthen the Program, the Commission and Division should be more specific and state the rationale for the dismissal. In addition, the Commission should work with ASC staff to ensure references to ASC Policy used in its communications are correct.	During a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 10E.