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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 17, 2004

Mr. Andrew Metcalf, Jr.,
Director, Department of Labor and Economic Growth
Bureau of Commercial Services
P.O. Box 30018
Lansing, MI 48909-7518

Dear Mr. Metcalf:

Thank you for the cooperation and assistance of the Michigan Board of Real Estate Appraisers (“Board”) and the Department of Labor and Economic Growth (“Department”) in the June 7-8, 2004 Appraisal Subcommittee (“ASC”) review of Michigan’s appraiser regulatory program (“Program”).

In most respects, Michigan’s Program complies with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”). We, however, have identified two areas that need your attention.

- **Several sections of the Department’s regulations are inconsistent with the Appraiser Qualifications Board (“AQB”) criteria.**

In practice, Michigan’s Program functions in a manner that is consistent with current AQB criteria. The Department, however, needs to amend its regulations to conform to AQB criteria and to avoid conflicts between its regulations and practice, as discussed below.

First, in July 2000, the AQB adopted an interpretation that specified that successful completion of a State credential examination is valid for a period not to exceed 24 months. Article 26 section 339.2619(3) of the Department’s regulations does not conform to this interpretation. Second, effective January 1, 2003, AQB criteria specify that licensed and certified appraisers must complete the 7-hour National USPAP Update Course, or its equivalent, every two years. Article 26 section 339.2627(5) of the Department’s regulations provides three years. Third, as of December 1, 2003, the AQB no longer recognizes the American Council on Education’s ACE Credit program as an approved accrediting body for distance education. The Department’s regulations need to be amended to conform to AQB criteria, as discussed above.

- **A number of complaint cases have been outstanding for more than one year.**

In our field review, ASC staff found that 61 of the 416 complaints received between August 2001 and April 2004 had been in the investigation and resolution process for more than one year. ASC Policy Statement 10, Enforcement, provides that “Absent special documented

circumstances, final State agency administrative decisions regarding complaints should occur within one year of the complaint filing date.”

We recognize and appreciate the changes the Department has made to its complaint investigation and resolution process following our previous field review. Specifically, the assignment of a central case coordinator and the designation of agents/investigators for appraiser-related cases have significantly improved the effectiveness of the process.

Despite improvements in some areas of complaint investigation and resolution, the limitation of Michigan’s Board to two meetings per year continues to contribute to excessive resolution times. Because the Board is responsible for deliberating on enforcement matters and imposing sanctions, complaints can only be resolved twice a year at a Board meeting. Therefore, cases that are received right before a Board meeting will generally take at least six months to resolve regardless of the time that staff needs to prepare and investigate the case. Further, if the Board requests additional information on a case for its deliberations, the Board will postpone a case for six months until the next Board meeting. As discussed in our November 20, 2001 field review letter, the Board and Department need to explore alternative methods that would facilitate the Board’s disposition of complaints in a more timely fashion. Please provide a description of actions that you plan to implement to resolve this longstanding concern.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Jean Boven, Licensing Division Director
Archie Millben, Enforcement Division Director
John A. Lyman, Board Chairperson