



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Bureau of Commercial Services

2501 Woodlake Circle
Okemos, MI
P.O. Box 30018
Lansing, MI 48910
(517) 241-9202

January 10, 2002

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Mr. Thomas E. Watson, Jr.,
Chairman Appraisal Subcommittee
2000 K Street, NW
Suite 310
Washington, DC 20006

Dear Mr. Watson:

The following is the Bureau of Commercial Services (the Bureau) response to the findings and recommendations of the Appraisal Subcommittee's (ASC) report, dated November 20, 2001, regarding the August 2001 review of Michigan's appraiser regulatory program.

Our response will focus on the ASC findings item by item.

Finding: Appraiser-related complaints are not always investigated and resolved in a timely manner. We identified four significant factors contributing to these delays.

- Agents/investigators are not able to begin working on cases promptly upon receipt of a complaint.

Response: The Bureau concurs. The Bureau has permanently designated an analyst to serve as the focal point for appraiser complaints. This employee will receive continuing appraisal related and USPAP training. Cases will be referred for field investigation only if the cases need specific field contact. Referral, if needed, would be made within 45 days of the analyst receiving the complaint.

- Often, respondents are not notified at the start of the investigation of complaints filed against them.

Response: The Bureau concurs. The Bureau, upon determining that it has jurisdiction in the matter, will notify the licensee immediately. This notification will occur no later than 21 days of receipt of the Statement of Complaint or upon preliminary information there appears to be a violation of the statutes, rules or USPAP provisions. As indicated above, this notification will be the responsibility of the newly designated analyst.

- Board Members have not always^s provided professional reviews in a timely fashion

Response: The Bureau concurs. When a case is submitted to a reviewing board member for an opinion, a 30 to 45 day response time is requested of the board member. The Bureau will require that the Division's Board Liaison monitor and document, in the complaint tracking database, the progress of files submitted for board member review every 15 days to ensure a timely response from the board member.

- Final Orders are not issued until the Board meets and reviews the cases recommended disciplinary action.

Response: The Bureau concurs. Provisions within the State Occupational Code require the Board of Real Estate Appraisers to approve and/or assess sanctions in disciplinary matters prior to the issuance of Final Orders, therefore, Final Orders cannot be issued until the Board takes action. Licensing Division staff members schedule board meetings based on the volume of business, including disciplinary matters, so as to efficiently utilize available resources (board member time, staff time, financial resources, etc.). A historic review of board activity assists staff in determining the number of meetings to schedule for the upcoming year. In 1998 and 1999 the Board of Real Estate Appraisers met three times each year with disciplinary matters totaling 4 and 11 respectively. Based on the lack of committee business, the number of meetings scheduled for this board was reduced to two meetings in 2000 and 2001, with disciplinary matters totaling 20 and 25 respectively. In each of these years, the Board had relatively little business aside from disciplinary action and work on rule revisions.

The Board is scheduled to meet two times in 2002. Clearly there is a trend of increasing disciplinary action for this Board. Staff will continue to monitor the volume of disciplinary cases for Board action, and increase the number of meetings if business volume merits the increase and budget constraints allow additional meetings. Upon receipt, Licensing staff will review stipulative agreements and Administrative Law Examiners Findings of Fact and Conclusions of Law. Based upon the severity of the violations, consideration will be given to calling a special meeting of the board to address this case. It should also be noted, the changes made by the Enforcement Division in the complaint investigation procedures will reduce the amount of time in which a complaint goes unresolved.

- Temporary Practice requests are not always processed within five business days of receipt by the state.

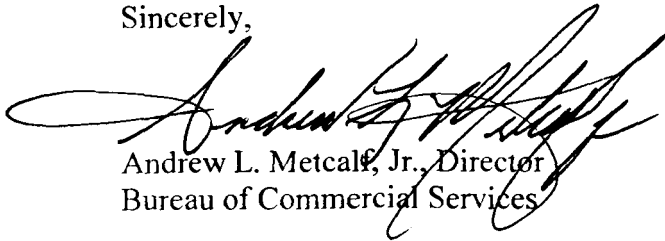
Response: The Bureau concurs. The Bureau's practice in processing applications for temporary permits was reviewed. The duty was assigned to a new staff member and identified processing of all temporary permit applications as a top priority with the expectation that the temporary permits be issued within five working days of the date the application was received by the department. To date, this action has resolved the ASC's concern.

- Michigan's National Registry fee payments historically have not corresponded to invoiced amounts, creating an accumulated invoice/payment difference of \$15,750.00.

Response: The Bureau concurs. The Bureau was submitting to the ASC monthly, a \$25.00 per year Registry fee based on the Bureau's established licensing cycle. This cycle, in some instances, licensed an individual for more than a 12 month period. The ASC concluded that a state's policy for assessing fees for an appraiser's first period of coverage is not appropriate if the initial registry fee covers more than a 12 month period. The ASC informed the Bureau that an additional \$25.00 fee for a partial license year could be assessed by the ASC based on a decision issued by the General Accounting Office (GAO) on February 28, 2000. That decision stated that the ASC did not apply Section 1109 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 unreasonably. During the period the Bureau was looking into this matter, data submissions and fee payments to the ASC were not corresponding to the invoiced amounts due to this situation. Bureau staff compiled a detailed line-by-line report comparing each invoice against fees paid. Based on this documentation, a mutual agreement was reached between the Bureau and the ASC. The Bureau is now collecting and remitting appropriate fees. In January 2001, the Bureau developed a revised data submission format that better reflects the necessary data to properly reconcile fees. The matter of submitting correct National Registry Fees and reconciliation is now resolved.

Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew L. Metcalf, Jr.", written over a printed name and title.

Andrew L. Metcalf, Jr., Director
Bureau of Commercial Services

Cc: Mr. Ron Basso
Mr. Allen Williams