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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 9, 2006

Mr. Glenn Polete, Chair
Missouri Real Estate Appraisers Commission
3605 Missouri Blvd
Jefferson City, MO 65102-1335

Dear Mr. Polete:

Thank you for the cooperation and assistance of the Department of Economic Development (“Department”), Division of Professional Registration (“Division”) staff and the Missouri Real Estate Appraisers Commission (“Commission”) in the May 16-18, 2006 Appraisal Subcommittee (“ASC”) review of Missouri’s real estate appraiser regulatory program (“Program”). While Missouri needs to address several concerns to bring the Program into substantial compliance with Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”), we found that the Program has improved since our previous field review in October 2004.

- **State statutes provide for continuing education waivers, which is inconsistent with Appraiser Qualifications Board (“AQB”) criteria.**

Section 339.519 of the State’s appraiser regulatory statute allows the Commission to waive continuing education requirements for retirees, disabled persons, or for any other cause, and §41.946 of another statute exempts persons on active military duty from needing to complete or make up any continuing education. We noted in our previous field review and follow-up review that these provisions conflict with AQB criteria and Title XI for certified appraisers. We understand that a bill planned for introduction in the 2007 legislative session will address this conflict. Please note that, in April 2006, the AQB adopted a new criteria interpretation regarding this issue. As in the past, waivers of continuing education credit are not permitted for any appraisers. The AQB, however, does allow deferrals of up to 180 days for military personnel returning from active duty. This AQB interpretation is available on the Appraisal Foundation’s web site.

To address this concern, the Department and Commission need to:

1. Initiate the necessary statutory and regulatory amendments to remove this conflict;
2. Ensure that the State complies with Title XI and AQB criteria regarding continuing education requirements for certified appraisers; and
3. Keep the ASC staff updated in writing regarding the status of the statutory and regulatory amendments as they work their way through the adoption process.

- **Missouri needs to continue to improve its complaint investigation and resolution program to provide for more timely resolutions in accordance with ASC Policy Statement 10.**

Since our previous field review, Missouri has made significant progress towards resolving the backlog of complaint cases more than one year old. We appreciate the Department's and Commission's efforts in this area. You need to continue your efforts to address the backlog of aged complaints and to ensure that newly received complaints are investigated and resolved in a timely manner as provided in ASC Policy Statement 10.

- **State statutes and regulations do not conform to AQB Criteria.**

Missouri has yet to amend its statutes and regulations to formally adopt the January 1, 2003 AQB criteria changes. We noted this deficiency in our November 18, 2004 field review letter and in our July 2005 follow-up review. In practice, however, the Commission and Division have implemented these criteria. Missouri's failure to incorporate the criteria into State law could expose the State's Program to legal challenge. We understand that the Commission and Division have developed action plans to facilitate introduction and adoption of the criteria changes during the 2007 legislative session.

To address this concern, the Department and Commission need to:

1. Initiate the necessary statutory and regulatory amendments to incorporate the January 1, 2003 AQB criteria changes to avoid conflicts between regulations and practice; and
2. Keep the ASC staff updated in writing regarding the status of the statutory and regulatory amendments as they work their way through the adoption process.

- **Missouri needs to begin the adoption process for the 2008 AQB criteria changes.**

The Department and Commission need to initiate the necessary actions to begin the process of adopting appropriate statutory and regulatory changes for the 2008 AQB criteria changes. Should the State fail to adopt and implement the 2008 criteria changes by January 1, 2008, Missouri will not be able to legally certify new appraisers after 2007. This would include the issuance of new certifications and upgrades from other credential levels. Please keep ASC staff updated with your progress in this area.

Please respond to this letter within 60 days from its receipt date. Until the expiration of that time period 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.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Kristi Klamet, Executive Director