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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 19, 2001

Willie McCann, Chairperson
Missouri Real Estate Appraisers Commission
3605 Missouri Blvd.
Jefferson City, MO 65102-1335

Dear Mr. McCann:

Thank you for your cooperation and the Commission's and Division of Professional Registration's ("Division") assistance in the October 10-12, 2001 Appraisal Subcommittee ("ASC") review of the Missouri real estate appraiser regulatory program ("Program"). In most respects, the Program functions in a manner consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). However, four areas need your attention.

- **The complaint investigation and resolution program needs improvement.**

The complaint investigation and resolution process is slow. Many cases are not resolved within one year, as recommended in ASC Policy Statement 10. Some files lack adequate documentation to support the conclusion reached. This makes it impossible to determine if fair and equitable conclusions were reached in all cases. Additionally, the Division does not maintain an effective complaint tracking system.

The Commission and Division need to:

- Establish an effective complaint tracking system;
- Improve the complaint investigation and resolution process to resolve most complaints within twelve months from receipt; and
- Ensure that each file contains sufficient documentation to support the investigation and resolution process.

- **Missouri's appraiser-related statute permits appraisers to "warehouse" examinations up to three years.**

Section 339.515 (3) of Missouri's appraiser-related statute provides that appraisers' examinations may be used for three years to obtain appraiser credentials. An Appraiser Qualifications Board ("AQB") Criteria interpretation provides that examinations are valid only for two years. Although there is no indication that any appraiser has been awarded a credential incorrectly, Missouri should amend its statute and appraiser application form to conform to AQB Criteria.

- **A number of approved educational courses do not appear to conform to AQB Criteria.**

The Division approves educational courses and instructors for three-year cycles. The files are well documented. Our review of approved education courses revealed approximately 60 courses that appear not to contain sufficient appraisal-related information to meet AQB Criteria for continuing or pre-licensing education. The Division needs to review all approved educational courses and rescind approval for those courses that do not meet AQB Criteria. The approval process also should be revised to preclude this situation from recurring.

- **Temporary practice terms might not conform to ASC Policy Statement 5 requirements.**

Temporary practice permits are issued in a timely manner, and files are well documented. However, the Division might not be issuing temporary practice permits for six months as required by ASC Policy Statement 5. The temporary practice application instructs the appraiser to indicate a completion date that becomes the permit's expiration date. The Division should modify its temporary practice application to notify applicants that they can request at least a six-month temporary practice period, as provided by ASC Policy Statement 5.

Please respond to our findings and recommendations within 60 days of the date of this letter. Until the expiration of that 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.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman