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Donsia Strong Hill
Secretary



March 4, 2004

Mr. Steven D. Fritts
Chairman
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, NW, Suite 310
Washington, DC 20006

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Re: 2003 Field Review of Wisconsin's Real Estate Appraiser Regulatory Program

Dear Mr. Fritts:

I am writing in response to your January 7, 2004, correspondence in which you outlined the results of the Appraisal Subcommittee's ("ASC") October 14-15, 2003, field review of Wisconsin's real estate appraiser regulatory program.

First, I would like to take this opportunity to thank Ms. Vicki Ledbetter and Mr. Dennis Greene for the guidance that they provided, and also for the professionalism that they exhibited during the review process.

Second, the Department's response to the issues and concerns raised in your January 7, 2004, correspondence is as follows:

- **Wisconsin's temporary practice fees are inconsistent with Title XI and ASC Policy Statement 5.**

As noted in the ASC's audit report, the Department adopted a fee structure that increased temporary practice fees to \$162, \$167, and \$185 for credentials at the licensed, certified residential, and certified general levels, respectively. Your concern is that these fees exceed the \$150 maximum per assignment established in the ASC's Policy Statement 5.

Section 458.095 (4), Stats., states, in part, that individuals applying for temporary registrations must meet "all other requirements established in rules promulgated by the department for the regulation of temporary appraiser practice". Subsection RL 81.03 (1) (c), Code, states, in part, that the temporary registration applicant must "pay the fee specified in subs. 440.05 (2), Stats". Subsection 440.05 (2), Stats., refer to the \$162, \$167, and \$185 fees for licensed and certified appraisers that were referred to in the ASC audit report.

Since subs. 458.095 (4), Stats., permits the Department to establish additional requirements for temporary registration by rule, the Department will attempt to amend its rules to reduce the temporary fees for licensed and certified appraiser credentials to an amount below the \$150 maximum established by the ASC in Policy Statement 5. Alternatively, the Department will seek an amendment to the Wisconsin Statutes.

- **Some complaints were not resolved in a timely fashion.**

I agree with the ASC's conclusion that some of the real estate appraiser complaints were not resolved in a timely fashion. I also agree with the ASC's recommendation that the Board and Department must continue their efforts to resolve the backlog of old complaints.

One of my highest priorities is to have the Department staff resolve old, pending complaints for all of the regulatory authorities, including complaints involving the Wisconsin Real Estate Appraisers Board. Shortly after I became Secretary, I established three mandatory deadlines for the completion of old pending complaint cases. Those deadlines have been strictly enforced and two of the deadlines have been met. I am confident that the third deadline will also be met. It is an agency goal to have a current complaint handling caseload with the Board and all of the other regulatory authorities for which the Department must provide complaint handling services.

The Appraisal Subcommittee noted in its report that ASC Policy Statement 10 specifies that complaints must be investigated and resolved within one year from when they are received and concluded that new complaints be resolved within one year.

As I noted previously, I am committed to handling complaint cases for all of the regulatory authorities, including the Board, as quickly as possible. In meeting this commitment, I must be sure that the Department's staff provides fair and equal treatment to all for the regulatory authorities, including the Board. Once we have eliminated the old pending cases, we will be in a better position to establish realistic timelines for handling more recent complaints. However, eliminating the older pending cases takes time and effort. We are doing that and will continue to do it. At the same time, we are faced with shrinking resources and increasing demands. For example, the Department is mandated under Wisconsin law to handle certain cases for another regulatory authority within a specific timeframe or the cases cannot be pursued. The deadline in question is very short. The numbers of cases that fall within that statutory mandate continue to grow. The cases involved can be very complex and tremendously time consuming. The Department is unable to add resources to address that caseload growth and time commitment. We are doing what we can to handle complaint cases as quickly as possible, but we must do so within the staffing resources available to the Department.

• Wisconsin’s process for enforcing compliance with Appraiser Qualifications Board (“AQB”) continuing education criteria is not acceptable.

The Appraisal Subcommittee found in its review of Wisconsin’s real estate appraiser regulatory program that, “Wisconsin’s process for enforcing compliance with Appraiser Qualifications Board (“AQB”) continuing education criteria is not acceptable.” The ASC concerns about the CE audit process focused on the amount of time appraisers were allowed to practice after being found non-compliant (60 days following notification of non-compliance to obtain the CE hours), and the fact that the department did not immediately remove the auditees from the National Registry or take disciplinary action on the state credentials upon the finding of non-compliance. You stated, “...the audit process must be timely and it needs to be coupled with a very strong enforcement and suspension program.”

To respond to these concerns the Department plans to take the following steps with respect to future audits. These steps will shorten the timeline and improve enforcement efforts.

1. The audit will continue to select 10% of recent renewals, and will occur closer to the renewal date. The audit for the 2002-2003 renewal period was initiated in February, 2004. The audit of 2004-2005 and subsequent renewal periods will be conducted during the month of January following each renewal period.

2. The audit letter will require submission of proof of CE within 10 calendar days of the letter date. Non-respondents will receive a certified letter giving 5 additional days to respond. FAX and express mail will be encouraged for submissions. The timeline for the audit process will be cut from a total of 3 months to 15 days.

3. Starting with the audit for the 2004-2005 renewal period, the names of those credential holders found to be non-compliant due to incomplete CE or failure to respond to requests for information during the audit, will be withheld from the National Registry until written verification of completion of the continuing education requirements is received. As provided under s. 440.08 (4), Stats., those individuals will be served with a notice of denial of the right to be placed on the National Registry and an opportunity for a hearing on the denial. In addition, the names of those found to be non-complaint will be referred to the Division of Enforcement for possible disciplinary action. The non-compliant auditees will be advised that they may be subject to discipline including, but not limited to, suspension or revocation of their credentials. Any resulting discipline will be reported to the National Registry.

4. The Department’s implementation of these changes will be publicized to credential holders via the Regulatory Digest, a publication mailed to all licensed and certified appraisers, and information will be included in renewal notices.

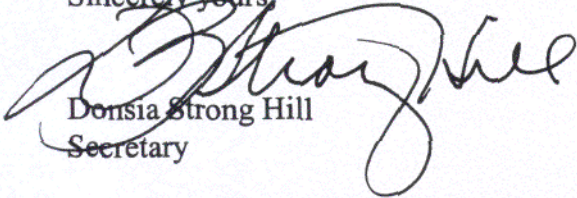
5. Names of first-time offender credential holders will be restored to the National Registry upon correction of education deficiency and payment of late renewal fees, though the record of state discipline will continue to be posted on the National Registry. First time offenders who have been restored will be audited again. Repeat offenders may receive more severe penalties. These disciplines, too, will be reported to the National Registry if, and when, the credential holders renew their credentials.

- **The Department does not use the ASC Web site’s License History Report feature to expedite processing temporary practice and reciprocal applications.**

Based upon the recommendations contained in the Appraisal Subcommittee’s audit report, the Department now relies upon the ASC’s website’s license history report feature to expedite processing temporary practice and reciprocal credentials. Applicants for these credentials are no longer required to request “letters of good standing” from other States.

If you have any questions regarding this matter, please contact me at (608) 266-8609 or the Legal Counsel for the Real Estate Appraisers Board, Ruby Jefferson-Moore, at (608) 266-3679.

Sincerely yours,



Donsia Strong Hill
Secretary