



February 13, 1998

Tommy G. Thompson  
Governor

MR HERBERT YOLLES, CHAIR  
APPRAISAL SUBCOMMITTEE  
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Mariene A. Cummings  
Secretary

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Dear Chairperson Yolles:

I am writing in response to the recommendations you made to the Wisconsin Department of Regulation and Licensing and the Real Estate Appraisers Board after reviewing the state's regulation of real estate appraisers September 22-24, 1997.

The department appreciates having the opportunity to comment on your staffs observations about Wisconsin's regulation of the real estate appraiser profession and on the Subcommittee's recommendations on how improvements can be made to the regulatory process.

### **The Enforcement Process**

The department's mission is to safeguard the well-being of Wisconsin consumers of state regulated occupational and professional services, and the enforcement process helps carry out this mission. The department believes that our enforcement process does adequately protect the public and carry out its responsibility under Title XI to ensure compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). The department does not believe that the complaint review process needs to be redesigned, but it does agree that improvements can be made. In December 1997, Secretary Cummings appointed an Ad Hoc Advisory Committee on the Enforcement Process which includes representatives from many of the regulated professions to work with the department on implementing new ways to streamline the process. Improvements will be implemented by the department in order to carry out its responsibilities as effectively and efficiently as possible.

The Real Estate Appraisers Board takes its responsibilities very seriously and is a strict regulator of the real estate appraiser profession. The board looks at appraisals as whole documents to determine if the appraiser is minimally competent to continue to practice his or her profession. During investigations, investigators and case advisors examine several random appraisals to determine whether the appraiser is competent. While the board rarely suspends or revokes an appraiser, the board routinely orders additional educational coursework as well as payment of forfeitures and assessment of investigatory and prosecutorial costs. The board often uses letters of concern to bring regulatory issues to a respondent's attention. Letters of concern are used when there is insufficient evidence to prosecute the case.

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The department agrees with the subcommittee's count of eleven alleged repeat offenders. Often times, these cases have been combined so that the case is stronger, and, as a result, many of these cases have taken a longer period of time. The Secretary's Ad Hoc Committee is looking at ways to change the process so that multiple offender cases are handled more quickly. It should also be noted that most of the cases of alleged multiple repeat offenders examined in September have now been resolved.

With regard to complaints filed by federal regulatory agencies, the time required to process a complaint could be reduced if the referring federal regulatory agency would forward documentation (such as appraisals or reviews) along with its complaint.

The department believes that in general its complaint screening process works well, and that the Real Estate Appraiser Screening Committee works very hard to ensure that complaints with merit are opened for investigation. In response to the Subcommittee's suggestion that Case 97APP 005 be investigated, the department believes that the original decision was reasonably based on the available information; however, to make certain that there isn't a potential violation the department has opened the case based on the information provided that the comparables and Multiple Listing Service (MLS) numbers do not match. The department will discuss with the board the use of MLS information when evaluating cases alleging fraudulent comparable sales information being used in appraisals.

An outline of the enforcement process is enclosed for your review. As stated before, the department does not believe that a redesign of the enforcement process is warranted, but it does believe that additional measures can be implemented to improve and refine the process. The department is committed to establishing timeframes for each step in the complaint process.

### **Reciprocity Agreements**

As noted in the Subcommittee letters, the department has been reviewing its policy regarding reciprocity. The department has requested information from all contiguous states in order to determine whether or not their laws are substantially equivalent to our state regulations.

The department does have questions about our requirements regarding the use of the state laws and rules examination and the criminal convictions information requested. A letter to the Subcommittee on this issue and its relationship to Policy Statement 6 is being prepared under a separate cover. The department looks forward to the Subcommittee's response on Wisconsin's examination requirement and criminal conviction information requirement.

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If a winter meeting is held in the Midwest related to Reciprocity Agreements, the department will participate. If a meeting is not forthcoming, the department will determine which contiguous state's laws most closely correspond to Wisconsin's regulations and will contact that state's regulatory authority to seriously discuss the likelihood of a reciprocal agreement.

Thank you for the opportunity to respond to the concerns the Subcommittee raised in its December 17, 1997 letter. Please feel free to call upon me should you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Patricia McCormack".

Patricia McCormack  
Deputy Secretary

cc: Secretary Marlene Cummings  
Wisconsin Real Estate Appraisers Board