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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

August 13, 2007

Celia M. Jackson, Secretary  
Wisconsin Department of Regulation & Licensing  
P.O. Box 8935  
Madison, Wisconsin 53708-8935

Dear Ms. Jackson:

Thank you for the Wisconsin Department of Regulation and Licensing's ("Department") March 5, 2007 letter responding to the Appraisal Subcommittee's ("ASC") January 5, 2007 field review letter. In that letter, we informed you that, based on our 2006 field review of Wisconsin's appraiser regulatory program ("Program"), Wisconsin needed to address three concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

As discussed in more detail below, it appears Wisconsin has taken several steps to resolve two of our three concerns. During our upcoming October 2007 field review, we will review all aspects of your Program, including your progress towards curing the one remaining concern noted in our January 5<sup>th</sup> field review letter.

- **Wisconsin's complaint investigation and resolution program did not comply with Title XI and ASC Policy Statement 10.**

In our January 5<sup>th</sup> letter, we noted that Wisconsin's complaint investigation and resolution program again failed to process complaints on a timely basis, as required by Title XI and ASC Policy Statement 10 E. While it appeared that the Department implemented several changes to its complaint disposition process to expedite complaint processing, those changes have not been adequate to resolve our concerns, particularly in light of the higher number of new complaints received.

In your March 5<sup>th</sup> response, you agreed with our findings and provided a comprehensive plan describing how the Department would resolve existing and future complaints in a timely manner. In addition, you stated that your goal was to eliminate the backlog of complaints by July 2007. We hope that the improved screening and prioritizing process during the intake phase, the team monitoring and monthly reporting on complaint status, and the timelines for completing each processing phase will enable you to meet these goals.

- **The Department reinstated appraiser credentials in a manner inconsistent with Appraiser Qualifications Board ("AQB") criteria.**

During our field review, we identified eight certified and two licensed credential holders who received reinstated credentials without meeting the AQB's minimum continuing education criteria as specified in the AQB's September 2005 Interpretation. That Interpretation stated that, prior to reactivation of an Inactive credential, the credential holder must complete all continuing

education that would have been required if the credential had been Active, including the most recent edition of the National 7-hour USPAP Update Course, or its equivalent.

In your March 5<sup>th</sup> letter, you stated that, on November 9, 2006, the Department sent letters to nine of the above appraisers (one of the certified appraisers had sufficient continuing education to retain her certification), notifying them of their need to comply with the Interpretation. You also discovered six more appraisers who failed to meet the Interpretation and sent letters to them. The appraisers were given until January 31, 2007, to prove that they had earned sufficient continuing education to retain their credentials. As of March 5<sup>th</sup>, you reported that:

- Five certified appraisers completed the additional required continuing education hours and could retain their certifications;
- Two certified appraisers were in compliance with AQB criteria because their credentials were reinstated in September 2005, just before the October 2005 effective date of the Interpretation; and
- Nine appraisers (one certified general, four certified residential, and four licensed) failed to respond adequately or to have sufficient continuing education hours.

You also reported that the Department took appropriate steps to address our concerns, as required in our field review letter. The Department recalled the credentials of these nine appraisers on February 15<sup>th</sup> and reissued to them new credentials with the phrase, “Ineligible to Appraise Federally Related Transactions” conspicuously printed on their face. The State notified the ASC of its actions and properly coded the National Registry data files of these appraisers to show that their credentials were not AQB-compliant and/or Inactive.

- **Wisconsin issued a credential to a certified appraiser that was supported by an outdated examination.**

The Department previously had discovered that its credential issuance procedures were not in compliance with the AQB’s Interpretation regarding the 24-month examination validity period, which became effective July 1, 2000. While on-site, we identified one appraiser who received a residential certification in 2003 based on an examination taken in 1999.

The Department took appropriate steps to remedy this situation. Department staff notified the appraiser on November 13, 2006, about our concern, and the appraiser opted not to take the examination. The appraiser proved that he had earned sufficient continuing education hours to be a licensed appraiser, and the Department issued a license to him on February 15, 2007. At that time, he also was issued a new certified residential credential with the phrase, “Ineligible to Appraise Federally Related Transactions” conspicuously printed on its face. The State notified us about these actions and properly coded the appraiser’s National Registry data file to show that he held an Active license that is AQB-compliant and an Inactive certified residential credential that is not AQB-compliant.

Again, thank you for your response and your efforts to resolve our concerns. Our field review letter, your response, and any other previous correspondence between us regarding the field review are now public information and will become publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director