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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 16, 2008

Vanessa Beauchamp, Executive Director
Missouri Real Estate Appraisers Commission
3605 Missouri Blvd
Jefferson City, MO 65102-1335

Dear Ms. Beauchamp:

Thank you for your May 9, 2008 letter responding to our April 2nd field review letter. We appreciate the Missouri Real Estate Appraisers Commission's efforts to ensure temporary practice permits are issued promptly and to identify additional procedural changes that will expedite the complaint disposition process.

In our April 2, 2008 field review letter, we described in detail Missouri's longstanding inability to investigate and resolve complaints on a timely basis as required by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI") and ASC Policy Statement 10 E. Missouri has failed to meet this timeliness standard since 2001. As noted in our field review letter, this continued, long-term failure brings into question Missouri's overall ability to supervise its appraisers as contemplated by Title XI. In your May 9th letter, you specify actions being taken to better address this concern and you also asked that the ASC review the one year resolution policy [for complaint resolution] "as it may be legally improper in certain circumstances."

We agree that solely using a 12-month yardstick to measure your complaint processing program's effectiveness would be inappropriate. The ASC uses a number of tests in ASC Policy Statement 10 E to ascertain whether a State appraiser regulatory agency's ("State agency") complaint processing program is in compliance with Title XI. To help measure timeliness, the ASC placed the following flexible guideline within paragraph E., "Absent special documented circumstances, final State agency administrative decisions regarding complaints should occur within one year of the complaint filing date." In other words, States *should* aim at finally resolving each complaint within one year of its filing dates. Even if a complaint were not resolved within one year of receipt, the State may have "special circumstances" for not doing so.

In previous field review letters, the ASC has a number of special circumstances such as: an appeal to an appellate court within a State's judicial system; a State agency holding a case pending the resolution of a criminal case against the respondent arising out of the same circumstances; and the serious illness of the respondent. To qualify as "special circumstances," relevant supporting documentation would have to be in the State agency's enforcement files. This "one-year test," therefore, is a flexible standard by which the ASC measures the State's ability to effectively supervise its appraisers.

Again, we appreciate Missouri's continuing efforts to achieve Title XI compliance in this regard. One of the central purposes of Title XI is to ensure that appraisers who perform appraisals in connection with federally related transactions are competent, that their work conforms to USPAP, and that their professional conduct is effectively supervised. That purpose must be met, notwithstanding limited State budgetary resources and administrative impediments.

Missouri, and all other Title XI jurisdictions, must have an effective complaint resolution program, because effective enforcement is essential to fulfilling Title XI's purposes.

Please be advised that our field review letter, your response, and any other previous correspondence between us regarding the field review are now publicly available on our Web site.

Do not hesitate to contact us if you have any questions.

Sincerely,

Vicki Ledbetter
Acting Executive Director

cc: David Broeker, Division Director
Kimberly Grinston, Legal Counsel
Craig Jacobs, Assistant Attorney General