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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 2, 2008

Mr. Shawn Ordway, Chair
Missouri Real Estate Appraisers Commission
3605 Missouri Blvd
Jefferson City, MO 65102-1335

Dear Mr. Ordway:

Thank you for the cooperation and assistance of the Department of Economic Development (“Department”), Division of Professional Registration (“Division”) staff and the Missouri Real Estate Appraisers Commission (“Commission”) in the February 4-7, 2008 Appraisal Subcommittee (“ASC”) review of Missouri’s real estate appraiser regulatory program (“Program”). Based on our review, Missouri needs to address two 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”). These concerns relate to the lack of timely complaint resolutions and temporary practice application processing.

- **Missouri’s complaint resolution program did not comply with Title XI and ASC Policy Statement 10 E because complaints are not investigated and resolved in a timely manner.**

Under Title XI and ASC Policy Statement 10 E, States need to investigate and resolve complaints in a timely manner. Absent special documented circumstances, final State administrative decisions regarding complaints should occur within one year of the complaint receipt.

We cited the State for delays in the complaint investigation and resolution process in our 2001, 2004 and 2006 field review letters. In our June 26, 2006 field review, we acknowledged that since our previous field review, Missouri had made significant progress towards resolving the backlog of complaint cases more than one year old. We directed the Division and Commission to continue their efforts to address the backlog of aged complaints and to ensure that newly received complaints are investigated and resolved in a timely manner as provided in ASC Policy Statement 10.

During this field review, ASC staff found the enforcement files were well documented and complaint resolutions were fair and equitable. Missouri had also continued to make progress in improving its complaint investigation and resolution processing. Missouri reduced the number complaints that had been outstanding for more than one year from 26 to 22. Of these 22 cases, all were investigated and pending settlement or hearing.

It is noteworthy that Missouri was able to achieve an improvement despite several obstacles over the last two years. Missouri’s staff completely changed one year ago. High turnover was also experienced with the Administrative Hearing Commissioners and Assistant Attorney’s General (“AG”). Because of the changes in the Administrative Hearing Commissioners’ office, the scheduling of hearings was difficult and could take six to eight

months. In addition, the respondents' first requests for a continuance tended to be granted liberally, which added time to the resolution process. The Commission and staff, however, are confident that, with all positions filled, cases will be resolved more expeditiously.

The Division and Commission took further actions to improve the process. Specifically, the Commission:

1. Hired an instructor to provide a two-day training class in investigations to the Executive Director, investigators, the two new AG's, the Commission's legal counsel, and individuals from the State Department of Finance;
2. Provided the same individuals a 7-hour USPAP training course; and
3. Changed the initial complaint processing procedures by implementing the use of a detailed questionnaire requesting additional information up front to expedite the investigation.

With that said, we remain concerned that Missouri's enforcement program still was not in compliance with ASC Policy Statement 10. We are encouraged by the State's actions to remedy our longstanding concern regarding the State's slow complaint investigation and resolution process. We hope to see a significant improvement in the timeliness of the complaint resolutions, when we perform our next field review. To allow us to closely monitor your progress during the interim and to address our concerns the Commission needs to:

1. Continue to provide quarterly complaint logs to Appraisal Policy Manager Denise Graves via denise@asc.gov;
 2. Eliminate the backlog of aged complaints; and
 3. Continue its efforts to ensure that all newly received complaints of appraiser misconduct are investigated and resolved in a timely manner.
- **Missouri's temporary practice procedures did not conform to Title XI and ASC Policy Statement 5 because completed applications are not processed within five business days of receipt.**

The Board complies with ASC Policy Statement 5, with one exception. Missouri failed to issue temporary practice permits within five business days of receipt of a completed application. While on-site we discovered that the new staff members were not aware that temporary practice permits needed to be issued or denied within 5 days of receipt of a complete application. This failure was inadvertent and due to staff turnover. After discussion, the Executive Director directed staff to ensure all temporary practice permits are issued in accordance with Policy Statement 5.

The Division and Commission needs to ensure that the Executive Director's instructions are implemented and followed so that temporary practice permits are processed in accordance with ASC Policy Statement 5.

Please respond to this letter within 60 days from its receipt date. Until the expiration of that time 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.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Vanessa Beauchamp, Executive Director