

April 1, 2024

Via Email

Amy Gumbrecht, Bureau Director
Bryan Modelski, Deputy Bureau Director
Bureau of Professional Licensing
Department of Licensing and Regulatory Affairs
Ottawa Building
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Lansing, MI 48933
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RE: ASC Compliance Review of Michigan's Appraiser Regulatory Program

Dear Amy Gumbrecht and Bryan Modelski:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Michigan appraiser regulatory program (Appraiser Program) on July 11–13, 2023, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the Michigan Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must ensure that persons analyzing work product for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified;¹
- States must implement a reliable validation procedure for affidavits accepted for continuing education credit claimed for credential renewal;²
- States must ensure that appraiser education courses are consistent with AQB Criteria;³ and
- States must ensure that appraiser education courses are consistent with AQB Criteria.⁴

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Michigan will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3347; Policy Statement 4 D.

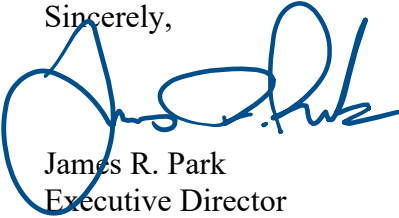
² 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 C 2.

³ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 6 A.

⁴ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 6 A.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park". The signature is stylized with large loops and a long horizontal stroke at the end.

James R. Park
Executive Director

Attachment

cc: Brian DeBano, Licensing Division Director, DeBanoB1@michigan.gov

Inna Volkova, Enforcement Division Director, VolkovaI@michigan.gov

Jon Campbell, Investigations and Inspections Division Director, CampbellJ23@michigan.gov

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor**	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

** An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, Reciprocity; see also Policy Statement 12, Interim Sanctions.



ASC State Appraiser Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: April 01, 2024

Michigan Appraiser Regulatory Program (State)		PM: M. Brown	ASC Compliance Review Date: July 11-13, 2023	Review Period: September 2021 to June 2023
Michigan Board of Real Estate Appraisers (Board)				
Umbrella Agency: Department of Licensing and Regulatory Affairs, Bureau of Professional Licensing			Number of State Credentialed Appraisers on Appraiser Registry: 2,656	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:			X	The State had one outstanding Appraiser Registry invoice.	On December 7, 2023, the State reported that the outstanding Appraiser Registry invoice has been paid and it has updated its process to ensure future invoices are paid in a timely manner.	The State should monitor the process to ensure registry invoices are reconciled and paid in a timely manner.	None
Application Process:		X		The State was unable to provide documentation to show that those who analyzed the applicants' work products were knowledgeable about appraisal practice and the Uniform Standards of Professional Appraisal Practice.	On December 7, 2023, the State reported that staff members, responsible for reviewing work product samples, will complete USPAP training. Certified general work products will continue to be reviewed by a board member who holds a Certified General Appraiser credential.	The State must ensure that persons analyzing work product for USPAP compliance are knowledgeable about appraisal practice and USPAP. In addition, please provide ASC staff with documentation showing that staff responsible for reviewing work product samples have completed USPAP training.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Application Process Continued:		X		The State waived the continuing education requirements of two appraisers, noting in each file that the Appraiser Registry showed active credentials in other States.	On December 7, 2023, the State reported that its process to validate completion of continuing education is to verify through the National Registry that the appraiser holds the same credential in another State and the credential held does not contain discipline.	The State must validate and maintain adequate documentation to ensure the applicant completed all CE hours consistent with the AQB Criteria for reinstatement of the appraiser credential.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:		X		1 qualifying education (QE) course application file did not contain documentation to support the instructor teaching the USPAP course was an AQB approved USPAP instructor.	On December 7, 2023, the State reported it has updated its process to require USPAP course instructors to submit their USPAP certificate showing they are an AQB approved instructor.	The State must monitor the process to ensure that appraiser QE courses are consistent with AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6.
Education Continued:		X		1 continuing education (CE) course application file did not contain documentation to support the course met AQB Criteria.	On December 7, 2023, the State reported it had updated its process to an online CE tracking and verification system. Education providers are now required to upload files into the system, to include a course outline.	The State must monitor the process to ensure that appraiser CE courses are consistent with AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6.
Enforcement:	X			No compliance issues noted.	N/A	None	None