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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 10, 2010

Mr. Glenn Wilson, Commissioner
Minnesota Department of Commerce
85 7th Place East, Suite 600
St. Paul, MN 55101

RE: ASC Compliance Review of Minnesota's appraiser regulatory program

Dear Mr. Wilson:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Minnesota's appraiser regulatory program (Program) on May 25-27, 2010. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. The ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). Please be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle
Chairman

Attachment

cc: Mr. Manny Munson-Regala, Deputy Commissioner
Mr. Peter Bratsch, Director

ASC Compliance Review Report

Finding: In Substantial Compliance
Report Issue Date: November 10, 2010

Minnesota Appraiser Regulatory Program (Program)

Minnesota Real Estate Appraiser Advisory Board (Board) / advisory
 PM: K. Klamet

ASC Compliance Review (Review) Date: May 25-27, 2010

Review Period: May 2008 to May 2010

Umbrella Agency: Department of Commerce (Department)

Number of State credentialed appraisers on National Registry: 2,245

Issue: FINAL

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Minnesota Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None	None
Temporary Practice:	X			Requests for temporary practice permits were not being processed within five business days of receipt of a completed application.	On September 9, 2010, the Department reported to ASC staff that the Department staff has reprioritized its workflow and corrected system issues to allow the processing of temporary practice permit applications within five business days of receipt of the application.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.
National Registry:	X			No compliance issues noted.	N/A	None	None	None

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	YES	NO	AC					
Application Process:	X							
States must use a reliable means of validating appraiser experience claims on all initial applications for appraiser credentialing. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)				<p>The appraiser experience logs submitted by applicants for certification did not contain the information required by the Appraiser Qualifications Board Real Property Appraiser Qualification Criteria (AQB Criteria).</p> <p>Minnesota adopted a new appraiser experience log on July 1, 2008, which includes all of the information required by the AQB Criteria, except for the signature of the supervising appraiser on each page.</p> <p>While the experience logs were technically incomplete, there was enough information to support applicants' appraisal experience.</p>	On September 9, 2010, the Department reported to ASC staff that Minnesota revised the appraisal experience log by adding a supervising appraiser signature line to each page.	None	None	The Department's resolution addresses the concern.
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None

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	YES	NO	AC					
Education:	X							
States must ensure appraiser continuing education courses are consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				Courses were approved by the Department for appraiser continuing education that were inconsistent with AQB Criteria.	On September 9, 2010, the Department reported to ASC staff that its Licensing Education staff searched all appraiser courses by topic and identified 126 courses that appeared, by course title, to be inconsistent with AQB Criteria. The identified courses were then reviewed by two members of the Department's Market Assurance/Enforcement staff. Of the 126 courses identified, Department staff determined that 106 courses were consistent with AQB Criteria for continuing education; 15 courses were determined to be inconsistent with AQB Criteria and the approvals were terminated; 5 courses were identified as questionable. Letters were mailed September 1, 2010, to the education providers of the 5 questionable courses asking each provider to conduct a self-audit and provide justification for the course. The Department reported that any course for which a satisfactory justification is not provided by September 10, 2010, will be terminated.	None	None	The Department's resolution addresses this concern. Please notify ASC staff, in writing, of the findings regarding the 5 remaining courses. During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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Umbrella Agency: Department of Commerce (Department)		Number of State credentialed appraisers on National Registry: 2,245	Issue: FINAL

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Enforcement:	X							
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				The Department has been cited for slow complaint investigation and resolution in each Review since 1994. During this Review Period, ASC staff found no compliance issues in this area. The Department's work over the past few years has improved the complaint investigation and resolution program's timeliness.	N/A	None	None	The Department and Department staff are commended for their work in improving the timeliness of complaint processing.