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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 21, 2015

Secretary Dave Ross  
Department of Safety and Professional Services  
1400 East Washington Avenue, Room 112  
Madison, WI 53703

RE: ASC Compliance Review of Wisconsin's Appraiser Regulatory Program

Dear Secretary Ross:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Wisconsin appraiser regulatory program (Program) on June 15-17, 2015, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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

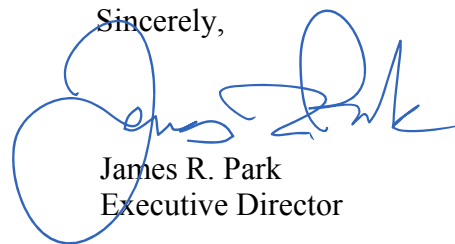
The ASC identified the following area of non-compliance:

- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.<sup>1</sup>

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

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,



James R. Park  
Executive Director

**Attachment**

cc: Mr. Thomas Ryan, Executive Director  
Ms. Katie Paff, Administrative Rules Coordinator

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<sup>1</sup> 12 U.S.C. § 3347; Policy Statement 7 B.

## ASC Finding Descriptions

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

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

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<sup>2</sup> An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: September 21, 2015

**Wisconsin Appraiser Regulatory Program (State)**

Real Estate Appraisers Board (Board) / Decision Making

PM: N. Fenochietti

ASC Compliance Review Date: June 15-17, 2015

Review Period: September 2013 to June 2015

Umbrella Agency: Department of Safety and Professional Services

Number of State Credentialed Appraisers on National Registry: 2,162

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				
<b>Statutes, Regulations, Policies and Procedures:</b>	X			No compliance issues noted.	N/A	None	None
<b>Temporary Practice:</b>	X			No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X			No compliance issues noted.	N/A	None	None
<b>Application Process:</b>			X	Of 27 application files reviewed 2 did not contain documentation to support that the applicant's education was consistent with AQB Criteria.	On August 28, 2015, the State reported documentation was received from 1 applicant to support meeting the 2015 AQB Criteria. The second applicant did not meet AQB Criteria and was removed from the ASC National Registry.  The State also conducted a review of all pending applications and closed any files that did not show evidence of meeting applicable AQB Criteria.	The State should implement an effective policy and procedure to ensure Program staff are aware of and enforce AQB Criteria minimum education requirements.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 B.
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: September 21, 2015

**Wisconsin Appraiser Regulatory Program (State)**

Real Estate Appraisers Board (Board) / Decision Making	PM: N. Fenochietti	ASC Compliance Review Date: June 15-17, 2015	Review Period: September 2013 to June 2015
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Umbrella Agency: Department of Safety and Professional Services	Number of State Credentialed Appraisers on National Registry: 2,162	Review Cycle: Two Year
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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>		X		Wisconsin had 91 outstanding complaints of which 51 were unresolved for more than 1 year. Of the complaints outstanding for more than one year, none fall under the exception for special documented circumstances.	On August 28, 2015, the State reported that in 2013, an unprecedented set of circumstances impacted the appraiser program including the resignation of 3 staff attorneys. The State is now at full staff and has implemented safeguards to prevent a similar situation in the future. The State reduced its outstanding complaints by 50% since the Compliance Review was conducted.	The State must monitor its processes to ensure timely processing of complaints, to reduce the backlog of aged complaints, and to ensure complaints of appraiser misconduct or wrongdoing are resolved in a timely manner as required by ASC Policy Statement 7.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7 B.
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)							