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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

December 14, 2016

Ms. Kim Gaedeke, Director  
Bureau of Professional Licensing  
Department of Licensing and Regulatory Affairs  
P O Box 30670  
Lansing, MI 48909

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

Dear Ms. Gaedeke:

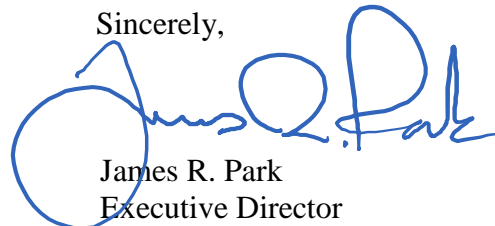
The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Michigan appraiser regulatory program (Program) on September 19-21, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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.

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Michigan 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. Andrew Brisbo, Licensing Division Director  
Mr. Joe Campbell, Investigations & Inspections Division Director  
Ms. Ann Ward-Fuchs, Legal Affairs Division Director  
Ms. Stacie Bayes, Licensing Division, Section Manager  
Mr. Desmond Mitchell, Special Programs Division Director

## 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>1</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>1</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: December 14, 2016

**Michigan Appraiser Regulatory Program (State)**

<b>Board of Real Estate Appraisers (Board)/Advisory &amp; Decision Making</b>	PM: K. Klamet	ASC Compliance Review Date: September 19-21, 2016	Review Period: September 2014 to September 2016
<b>Umbrella Agency: Department of Licensing &amp; Regulatory Affairs/Bureau of Professional Licensing</b>		Number of State Credentialed Appraisers on National Registry: 2,741	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				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions on the ASC National Registry.	On December 5, 2016, the State reported a new procedure was implemented to ensure all disciplinary actions are expeditiously reported to the ASC National Registry.	The State should monitor its new procedure to ensure all disciplinary actions are reported to the ASC National Registry as required by ASC Policy Statement 3.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
<b>Application Process:</b>	X			No compliance issues noted.	N/A	None	None
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>			X				
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.)				The State had 65 outstanding complaints of which 8 were unresolved for more than 1 year and none were unresolved for more than 2 years. Of the aged complaints, 6 were removed under the exemption for special documented circumstances.	On December 5, 2016, the State reported that, effective October 2016, the Department, through the Investigations and Inspections Division, contracted the services of a professional to handle the investigation and review of complaints. The goal of the State is to have all complaints completed within 90 days.	The State should monitor its revised process 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.