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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 18, 2009

Mr. Andrew Metcalf, Jr., Director
Bureau of Commercial Services
Department of Energy, Labor & Economic Growth
P.O. Box 30018
Lansing, MI 48909

Dear Mr. Metcalf:

Thank you for the January 13, 2009 response to the Appraisal Subcommittee's (ASC) December 19, 2008 Field Review letter regarding the September 2008 Field Review of Michigan's real estate appraiser regulatory program (Program). The response appropriately addresses both areas of concern outlined in the Field Review letter.

1. The complaint investigation and resolution process of Department of Energy, Labor & Economic Growth (Department) do not comply with Title XI and ASC Policy Statement 10E.

Michigan's complaint, investigation, and resolution processes do not comply with Title XI and ASC Policy Statement 10E because not all complaints are investigated and resolved in a timely manner. The ASC is however encouraged by the state's actions to remedy this longstanding concern by continuously reviewing and working to improve the efficiency of the process. A significant decrease in the number of complaints older than one year is expected at the next Field Review.

2. Some of Michigan's statutes and regulations do not comply with Appraiser Qualifications Board (AQB) Criteria.

The ASC December 19th Field Review letter noted that Michigan, in practice, was generally in compliance. However, amendments to certain statutes and regulations are necessary to remedy the conflicts between the current language contained in the statutes and regulations and the actual practices and procedures of the Board of Real Estate Appraisers (Board).

The response stated that the Department is working to promulgate changes to the following administrative rules:

- R399.23203, Rule 203(1)(a) will be changed to include "description of work performed by the applicant, scope of the review and supervision of applicant's supervising appraiser";
- R399.23205, Rule 305 will be deleted as assessor education and/or certification does not meet AQB criteria;

- R399.233203, Rule 320(2) and R 339.23326, Rule 326(2) will be amended to provide that Uniform Standards of Professional Appraisal Practice education shall be instructed by at least one instructor who is an AQB certified instructor and who is a certified residential or certified general real estate appraiser;
- R399.23325, Rule 325 will be amended so that it provides that real estate appraisers who are also instructors may earn up to one half of their required real estate appraiser continuing education credits by teaching an approved appraiser course; and
- R399.23327, Rule 327 will be deleted as continuing education is required if a license is issued for 185 days or more in a renewal cycle per the AQB criteria.

Additionally the Department's Office of Policy and Legislative Affairs was notified that Michigan Compiled Law 339.2629(2) must be rescinded legislatively, as it states continuing education is not required for the first renewal of an appraiser license which is contrary to AQB criteria. Please provide the ASC with copies of the legislation, and the subsequent Act, should the bill be enacted. If the Department would like the ASC to comment to the appropriate legislative committee, please notify the ASC in writing and be sure to include response deadline dates and the committee members' names and contact information.

Please be advised that the Field Review letter, the response, and any other previous correspondence between the ASC and the Department regarding the Field Review are now publicly available on the ASC web site. Please contact Michigan's Policy Manager, Neal Fenochietti, at 202-834-0485 if you have further questions.

Sincerely,

Vicki Ledbetter
Acting Executive Director

cc: Al Schefke, Deputy Director
Joyce Karr, Licensing Director
Joseph Campbell, Licensing Administrator
Barrington Carr, Acting Enforcement Director