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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 25, 2009

Glenn Wilson, Commissioner
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-3165

Dear Mr. Wilson:

Thank you for your February 19, 2009 letter responding to our December 22, 2008 field review letter. We reviewed your remarks and appreciate your comments and cooperation. During our field review, we identified three areas that needed your attention. Specifically, we found that: (1) Minnesota's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E; (2) Minnesota statute regarding reinstatement of the credential for military personnel returning from active military duty did not conform to AQB criteria; and (3) Minnesota statute regarding the number of continuing education hours required to be completed in a partial year of a continuing education cycle did not conform to AQB criteria.

As discussed in more detail below, it appears Minnesota has taken the appropriate steps thus far to resolve our concerns.

- **Minnesota's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E.**

In our December 22nd letter, we noted that Minnesota's complaint investigation and resolution process did not comply with Title XI and ASC Policy Statement 10E as complaints were not investigated and resolved in a timely manner.

In your February 19th letter, you indicated that the Department has taken immediate actions to reduce the number of pending complaint cases. Those actions include: (1) authorizing the hiring of two temporary appraiser positions to assist the full-time appraiser staff in concluding any files that have been outstanding for more than one year; and (2) instructing the Investigation Supervisor to complete a monthly review of the pending appraiser complaint files with each appraiser staff member until all complaint files over one year old are resolved. We appreciate your commitment and continued efforts toward resolving this concern. We look forward to receiving your quarterly complaint logs and will use them to monitor your progress.

- **Minnesota statute regarding reinstatement of the credential for military personnel returning from active military duty did not conform to AQB criteria.**

As noted in our December 22nd letter, Minnesota statute permits credential holders returning from active military duty to make application for renewal within six months from their date of release. In May 2006, the AQB adopted an Interpretation to its criteria setting forth that state appraiser regulatory agencies may allow credential holders returning from active military duty to

be placed in active status for a period of up to 90 days pending completion of all continuing education requirements

In your February 19th letter, you indicated that the Department plans to introduce legislation this year to amend the Minnesota statute to mirror the current AQB criteria. Thank you for your prompt attention to resolving this concern.

- **Minnesota statute regarding the number of continuing education hours required to be completed in a partial year of a continuing education cycle did not conform to AQB criteria.**

Minnesota statute states that credential holders issued a credential with a continuing education cycle of one year or less are not required to complete the required continuing education for that renewal cycle. In May 2006, the AQB adopted an Interpretation to its criteria that states that credential holders who are issued a credential with a continuing education cycle of 185 days or less are not required to complete the required continuing education for that renewal cycle. Our December 22nd letter advised that this statute needed revision in order to ensure compliance with AQB criteria.

It is our understanding that the Department plans to proceed with making the necessary statutory and regulatory changes during this year's legislative session. As previously requested, please advise the ASC concerning the status of this proposed amendment and provide us, within seven days from the date of its adoption, a copy of the final statute/regulation.

Again, thank you for your efforts to resolve our concerns and bring your Program into compliance with Title XI. Our field review letter, your responses, and any other correspondence between us regarding this field review are now public information and will become publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Vicki Ledbetter
Acting Executive Director

Cc: Manny Munson-Regala, Deputy Commissioner
Peter Bratsch, Licensing Director
Bonnie Polta, Enforcement Supervisor