



STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

DAVID C. HOLLISTER
DIRECTOR

January 10, 2005

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Mr. Ben Henson, Executive
Director
Appraisal Subcommittee
2000 K Street
Suite 310
Washington, DC 20006

Dear Mr. Henson:

I am replying to your October 18, 2004 letter. We have taken a great deal of time to review our processes and our response is as follows:

During the exit interview, Ms. Ledbetter praised our progress in processing and resolving complaint files. It should be noted that from July 2001 through June 2004, we received 457 complaints against real estate appraisers. This number is an increase of 220 complaints from the previous three years. Real Estate Appraisers is but one of the twenty-eight occupations and professions that the Bureau of Commercial Services is responsible for regulating. Due to budget constraints and limitations on staffing we are conducting business with the same number of staff as during previous ASC reviews. We must serve all of the twenty-eight occupations and professions in an equitable fashion with the budget and staffing that we are allocated.

Our review of the complaint files that have been open for greater than one year indicates that there have been areas, within our control, in which the files have been delayed for periods of up to 90 days. We believe we can resolve much of these time lags by placing a priority on the appraiser complaints.

It is our belief that ASC Policy Statement 10 is a preference of the subcommittee as opposed to a requirement. As we discussed with the ASC reviewers, a desired one-year time frame from complaint receipt to the issuance of a final order may not be realistic because of the following: The number of complaints processed for all twenty-eight occupations/professions regulated. The responsibility of the administrative hearing process is with another bureau and not within the control of the Bureau of Commercial Services. The Bureau relies on uncompensated board members to provide a review of the evidence and issue an opinion as to whether a USPAP violation occurred.

A file is in the resolution stage about fifty percent of the time the file is in an open status. At the resolution stage, charges have been made which could have an adverse affect on the real estate appraiser's license. Therefore, a licensee must be provided his or her due process rights. Unfortunately, due process can take time, especially when a licensee is represented by legal counsel and every

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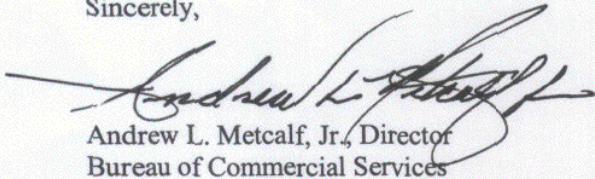
conceivable strategy and trial technique is applied including repeated adjournment requests for which the Bureau has no control over.

As far as the number of board meetings scheduled, we have never stated or even implied that there was a cap placed by law on the number of board meetings that could be held. We will try and schedule the number of meetings necessary to provide prompt action, but the members of the board, as previously stated, are not compensated for their time and they are reluctant to do any more without being compensated at their professional hourly rate plus premium travel costs. These board members are also called upon to act as the Bureau's expert and to review the complaint files for USPAP violations, and then to testify at administrative hearings as an expert witness. We must be cognizant of the amount of time we're requesting of these practicing professionals. Budget constraints and the Governor's current policy of reducing personal service contracts won't allow us to contract with licensed appraisers for their expert opinion. We must work within our current system.

While you are welcome to conduct a follow-up review in the first half of 2005, any changes that are implemented may take a period of time before results will be apparent.

In closing, we will do everything within our means to resolve the complaints in a more timely fashion.

Sincerely,



Andrew L. Metcalf, Jr., Director
Bureau of Commercial Services

cc: Robert Swanson
Allen Williams
Archie Millben
Jean Boven
Al Schefke