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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 23, 2005

Andrew Metcalf, Jr., Director
Department of Labor and Economic Growth
Bureau of Commercial Services
P.O. Box 30018
Lansing, MI 48909-7518

Dear Mr. Metcalf:

Thank you for your November 2, 2005 response to the Appraisal Subcommittee's ("ASC") September 12, 2005 follow-up review letter. We appreciate the efforts by the Department of Labor and Economic Growth, Bureau of Commercial Services ("Department") and those of the Michigan Board of Real Estate Appraisers ("Board") to address the two concerns discussed in that correspondence. This letter addresses those concerns and your response. As you know, we will be performing our next full field review of Michigan's appraiser regulatory program ("Program") on September 18-19, 2006. We hope to see significant improvement at that time.

Previous Findings, Current Status, and Necessary Actions

- **Several sections of the Department's regulations are inconsistent with the Appraiser Qualifications Board ("AQB") criteria.**

Current Status: The Board and Department agreed to pursue the necessary legislative and regulatory changes to address the inconsistencies discussed in our September 12th letter. As noted in that letter, in December 2004, the Board adopted regulatory amendments to address those concerns within its regulatory authority. The Board, with the Department's assistance, drafted proposed statutory amendments to cure our other concerns. The Board anticipated that Senator Tom George would introduce a bill containing these amendments in September 2005. Based on communications between Vicki Ledbetter of our staff and members of your staff, we understand that Senator George received the proposed statutory amendments, but did not introduce a bill in the legislature, as you anticipated. In a December 19, 2005 telephone conversation with Ms. Ledbetter, Senator George's Legislative Aid, Jill Costello, stated that Senator George plans to introduce the bill in late January 2006, when the Senate goes back in session.

We appreciate your close monitoring of the legislative process, and that you have kept us informed about the legislation's status. Also, we appreciate your efforts to include us in reviewing draft legislative and regulatory amendments. Our reviews should help to avoid potential compliance conflicts with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, ("Title XI").

Necessary Action: Please continue to monitor closely the draft legislation's progress, keep us informed about that progress, and notify us in writing when the bill is adopted. We expect that

the Board and Department will adopt any necessary implementing regulations as soon as possible after the bill's adoption.

- **A number of complaint cases have been in outstanding for more than one year.**

Current Status: The Department continues working to address this longstanding concern through structural and procedural changes in the complaint investigation and resolution process, which were outlined in our September 12, 2005 letter. During our follow-up review, we found that, while the number of complaints outstanding more than one year had increased from 61 in June 2004, to 80 in August 2005, the revised procedures appeared promising. As noted in your response, additional time will be needed to fairly evaluate the benefits of the revised procedures. We hope to see the impact of the revised procedures during our 2006 field review.

Necessary Actions: We found the complaint log and the supplemental information provided to be very helpful. Please continue to use the same format, but add the date the Department received the complaint on the listing of active cases, in future quarterly submissions.

Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director

cc: Jean Boven, Licensing Division Director
Archie Milben, Enforcement Division Director
Terrell Oetzel, Board Chair
Joseph Campbell, Licensing Administrator