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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

November 20, 2001

Scott Borchert, Enforcement Director  
Susan Bergh, Licensing Director  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 600  
Saint Paul, MN 55101-3165

Dear Mr. Borchert and Ms. Bergh:

Thank you for your cooperation and your staff's assistance in the September 11-12, 2001 Appraisal Subcommittee ("ASC") review of Minnesota's real estate appraiser regulatory program ("Program").

The Program operates in a manner generally consistent with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). We were pleased with the extensive procedural and regulatory changes made in most of your Program areas after our February 2000 field review and trust that this will continue. Attention to the following areas will further improve your Program.

- **Some continuing education courses remaining on the approved course list are not consistent with the purpose and intent of the Appraiser Qualifications Board ("AQB") Criteria and need to be rescinded.**

According to AQB Criteria, "the purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge, and competency in real estate appraising." We identified a few office management type courses that are not consistent with this provision. For example, we reviewed courses entitled:

- Business Basics;
- Tax Wise Tips for Independent Contractors; and
- Help Control Errors and Omissions Losses in 2001.

We also identified several real estate sales courses that do not appear to meet AQB Criteria, such as:

- Agency-A Realtor's Obligation; and
- Guide to trouble free transactions.

Please review these and similar courses for conformance with AQB Criteria. If you cannot support the courses' AQB Criteria conformance, rescind approval of the courses. Please notify us of the results of your review and actions no later than January 31, 2002.

- **Temporary practice application approvals sometimes are delayed awaiting receipt of letters of good standing from another State.**

During our review, we identified a number of temporary practice applications where approvals were delayed awaiting a letter of good standing from another State. We encourage you to use the ASC Web site's License History Report when processing applications from out-of-State appraisers. As our staff demonstrated during their visit, the License History Report provides more comprehensive information about appraisers much faster than waiting for letters of good standing.

In closing, we recognize that the Licensing Division has begun efforts to ensure Minnesota's appraiser statute and/or regulations are appropriately amended to conform to AQB Criteria changes effective January 1, 2003. Please contact us if we can assist you in these efforts. Also, notify us in writing once the changes have been adopted.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.  
Chairman