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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 12, 2006

Glenn Wilson, Commissioner
Department of Commerce
85 – 7th Place East, Suite 600
St Paul, MN 55101-3165

Dear Mr. Wilson:

Thank you for your staff's cooperation and assistance in our follow-up review of Minnesota's real estate appraiser regulatory program ("Program") on September 14, 2006. Our follow-up review focused on concerns detailed in the Appraisal Subcommittee's ("ASC") April 18, 2006 field review letter.

During our follow-up review, we determined that the Department of Commerce ("Department") made substantial progress to comply with the curative steps outlined in our April 18, 2006 field review letter. First, the Department completed its continuing education affidavit audits. We were disappointed to see that a considerable number of appraisers failed the audits by being unable to support compliance with Appraiser Qualifications Board ("AQB") criteria. We noted, however, the Department's prompt action to take appropriate disciplinary actions against these appraisers. Should the Department continue to use the continuing education affidavit process in the future, please ensure conformance with ASC Policy Statement 10 F.

Second, it appears that the Department is making some progress toward investigating and resolving complaints in a timely fashion. Since our March 2006 field review, the Department has taken several steps to address our concerns regarding this portion of your Program, resulting in resolution of many of your oldest complaints. More work, however, needs to be accomplished. Since our March 2006 field review, the number of open complaints increased slightly from 72 to 90, and the number of complaints outstanding for more than one year decreased from 24 to 21. At the time of our follow-up review, the percentage of aged complaints to open complaints was 23%, still an unacceptably high level. When we return in early 2007 for our next field review, we expect to see continued progress in this area.

Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director

cc: Bonnie Polta, Market Assurance Supervisor
James Pearson, Director of Licensing and Petrofund