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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 18, 2007

Celia M. Jackson, Secretary
Wisconsin Department of Regulation & Licensing
P.O. Box 8935
Madison, Wisconsin 53708-8935

Dear Ms. Jackson:

Thank you for the Wisconsin Department of Regulation and Licensing's ("Department") March 5, 2007 letter responding to the Appraisal Subcommittee's ("ASC") January 5th field review letter. In our letter, we informed you that based on our October 18-19, 2006 field review of Wisconsin's appraiser regulatory program ("Program"), Wisconsin needed to address three concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Based on your response, it appears Wisconsin has taken definitive actions to resolve two of the three issues. Your letter included an action plan the Department will employ to address the third concern regarding the complaint disposition backlog. We look forward to monitoring your progress during our October 16-17, 2007 field review.

We specifically acknowledge the following actions of the Department.

- **Wisconsin's complaint investigations and resolution program does not comply with Title XI and ASC Policy Statement 10.**

In our January 5th letter, we noted that the timeliness of Wisconsin's complaint investigation and resolution procedures was once again an identified concern with the Program. Though the Department implemented a number of beneficial changes to its complaint disposition process, they did not sufficiently address the backlog, particularly in light of the ever increasing number of new complaints.

In your March 5th response, you agreed with the finding. The Department established a goal to, "eliminate the backlog by July 2007." You also provided a comprehensive plan which should further enhance your complaint resolution procedures. We believe the improved screening and prioritizing process during the intake phase, the team monitoring and monthly reporting on the complaints' status, and the established timelines for the completion of each phase should facilitate more effective, timely, yet still appropriate complaint dispositions.

- **The Department reinstated appraiser credentials in a manner inconsistent with Appraiser Qualifications Board ("AQB") criteria.**

During the field review we identified seven certified and two licensed credential holders who received reinstated credentials without having to demonstrate completion of all of the continuing education that would have been required if the credential had remained in Active status, including the most recent edition of the National 7-hour USPAP Update Course, or its equivalent.

When we brought this concern to Department staff's attention during our field review, it immediately began taking corrective steps. In your March 5th response, you stated that you sent letter to the nine identified appraisers on November 9, 2006, in addition to six others your staff identified based on an audit of the application files. The appraisers were given until January 31, 2007 to evidence the additional continuing education hours.

As of March 5th, you found that:

- Five of the 16 affected appraisers completed the required continuing education hours as requested;
- Two of the 16 were eliminated: one was erroneously named; the other reinstated in September 2005, just before the October 2005 effective date of the AQB Interpretation as confirmed by the Appraisal Foundation, though misprinted its publications;
- Eight appraisers, one certified general, four certified residential, and three licensed did not respond adequately.

We understand the Department recalled the credentials of these eight appraisers on February 15th and reissued new ones which prominently display their inability to appraise property in conjunction with federally related transactions. The State notified the ASC of its actions and properly coded the National Registry data files for each as being non-AQB compliant.

- **Wisconsin issued a credential to a certified appraiser that was supported by an outdated examination.**

Our review of the material collected for the application audit performed in response to a similar concern first relayed in our November 17, 2004 field review letter revealed one individual not previously identified as being affected. This individual received a residential certification in 2003 based on an exam taken four years earlier in 1999. Department staff notified the appraiser on November 13, 2006, three week after our visit. The appraiser opted to receive a new credential conspicuously stating his ineligibility to appraise property for federally related transaction, instead of retaking the examination. The National Registry also indicates that he is not AQB compliant.

Again, thank you for your response and efforts to resolve these concerns. Our field review letter, your response, and any other previous correspondence between us regarding the field review are now public information and will become publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Ben Henson
Executive Director