

June 27, 2023

**Via Email**

Grace Arnold, Commissioner  
MN Department of Commerce  
Real Estate Appraisal Advisory Board  
85 – 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101  
[grace.arnold@state.mn.us](mailto:grace.arnold@state.mn.us)

RE: ASC Compliance Review of Minnesota’s Appraiser Regulatory Program

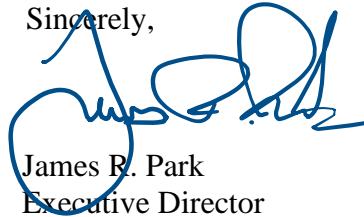
Dear Grace Arnold:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Minnesota appraiser regulatory program (Appraiser Program) on February 28, 2023 to March 2, 2023, to determine the Program’s compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State’s response to those results. The Appraiser Program has been awarded an ASC Finding of “Excellent.” Minnesota will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Minnesota Appraiser Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park  
Executive Director

Attachment

cc: Peter Bratsch, Licensing Director, [peter.bratsch@state.mn.us](mailto:peter.bratsch@state.mn.us)  
Tim Jahnke, Deputy Commissioner/COO, [tim.jahnke@state.mn.us](mailto:tim.jahnke@state.mn.us)  
Jackie Olson, Assistant Commissioner, [jacqueline.olson@state.mn.us](mailto:jacqueline.olson@state.mn.us)  
Matt Boyer, Audit Director, [matthew.boyer@state.mn.us](mailto:matthew.boyer@state.mn.us)  
Sheldon Klugman, Internal Controls Director, [sheldon.klugman@state.mn.us](mailto:sheldon.klugman@state.mn.us)

## ASC Finding Descriptions

<i>ASC Finding</i>	<i>Rating Criteria</i>	<i>Review Cycle*</i>
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor**	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

\*\* An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, Reciprocity; see also Policy Statement 8, Interim Sanctions.



## ASC State Appraiser Program Compliance Review Report

**ASC Finding: Excellent**  
**Final Report Issue Date: June 27, 2023**

**Minnesota Appraiser Regulatory Program (State)**

Real Estate Appraisal Advisory Board (Board)	PM: N. Fenochietti	ASC Compliance Review Date: February 28-March 2, 2023	Review Period: September 2021 to March 2023
Umbrella Agency: Minnesota Department of Commerce		Number of State Credentialed Appraisers on Appraiser Registry: 1813	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>	X			No compliance issues noted.	N/A	None	None
<b>Temporary Practice:</b>	X			No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X			No compliance issues noted.	N/A	None	None
<b>Application Process:</b>	X			No compliance issues noted.	N/A	None	None
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>	X			No compliance issues noted.	N/A	None	None