

STATE OF WISCONSIN  
DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

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IN THE MATTER OF RULE-MAKING	:	ORDER OF THE
PROCEEDINGS BEFORE THE	:	DEPARTMENT OF
DEPARTMENT OF SAFETY AND	:	SAFETY AND PROFESSIONAL
PROFESSIONAL SERVICES	:	SERVICES
	:	ADOPTING EMERGENCY RULES

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**Filed with LRB: June 12, 2013**

**Publication Date: June 18, 2013**

**Effective Dates: June 18, 2013 through November 14, 2013**

The statement of scope for this rule, SS 012-13, was approved by the Governor on January 28, 2013, published in Register No. 686 on February 14, 2013, and approved by Department of Safety and Professional Services on February 28, 2013.

This emergency rule was approved by the Governor on May 20, 2013.

ORDER

An order of the Department, to repeal s. SPS 81.04 (1) (c) 3. and 4., and to amend s. SPS 81.04 (2), relating to reciprocity.

Analysis prepared by the Department of Safety and Professional Services.

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FINDING OF EMERGENCY

The Department of Safety and Professional Services finds that an emergency exists and that this rule is necessary for the immediate preservation of the public peace, health, safety, or welfare. A statement of facts constituting the emergency is as follows:

Title XI of the Federal Financial Institutions Reform and Recovery Enforcement Act of 1989, as amended by the Dodd-Frank Act of 2010, dictates reciprocity requirements for real estate appraisers in each state. The federal body that oversees reciprocity requirements is the Appraisal Subcommittee (ASC). Currently, Wis. Admin. Code s. SPS 81.04 is not in compliance with the federal legislation. The Code must be brought into compliance by July 1, 2013. At that time, the ASC will conduct an audit to determine which states are in compliance. If Wisconsin is designated “out of compliance” then federally regulated financial institutions may not engage a Wisconsin certified or licensed appraiser to perform an appraisal of property for a federally related transaction and other

states will not be required to recognize Wisconsin credentialed appraisers seeking reciprocity. In order to implement the federally mandated reciprocity requirements before July 1, 2013, an emergency rule is needed.

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## ANALYSIS

### **Statutes interpreted:**

s. 440.03 (1), Stats.

### **Statutory authority:**

ss. 227.11 (2) (a), 440.03 (1), 458.12, Stats.

### **Explanation of agency authority:**

The Department is empowered to promulgate rules interpreting the provision of any statute it enforces or administers pursuant to s. 227.11 (2) (a), Stats. Under the authority of s. 440.3 (1), Stats., the department may promulgate rules defining uniform procedures to be used by the Real Estate Appraisers Board. Under s. 458.12, Stats., the Real Estate Appraisers Board is allowed to enter into reciprocal agreements. The subject of these proposed rules deals with the procedure for entering into reciprocity agreements with other states. Therefore, the Board is authorized to draft these proposed rules.

### **Related statute or rule:**

ch. SPS 81.04

### **Plain language analysis:**

A procedure for reciprocity for real estate appraisers is the topic of these proposed rules. Presently applicants seeking reciprocity in Wisconsin must hold a current credential from another state, which has not been subject to discipline, and was granted in compliance with the Financial Institutions Reform Recovery Act of 1989, (FIRREA) 12 USC 3331 et. seq. Applicants must also pass a Wisconsin statutes and rules examination, have no arrests or convictions and have satisfied the required experience. As a result of federal legislation, namely FIRREA Title XI as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), less strenuous procedures for reciprocity must be put into place on or before July 1, 2013.

The Dodd-Frank Act directs states to refrain from imposing additional barriers on the issuance of reciprocity credentials to appraisers from other states. Under the federal legislation, an applicant seeking reciprocity in Wisconsin must be from a state that is in compliance with FIRREA Title XI. Also, the applicant must hold a valid credential from

that state. Furthermore, the credentialing requirements of that state, as they currently exist, must meet or exceed the credentialing requirement in Wisconsin, as they currently exist.

**Summary of, and comparison with, existing or proposed federal regulation:**

FIRREA Title XI regulates real estate appraisers on the federal level. The purpose of FIRREA Title XI “is to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.” 12 U.S.C. 3331. This federal mandate is accomplished via the Appraisal Subcommittee (ASC). The ASC monitors state regulation of licensed appraisers and reviews each state’s compliance with the federal legislation. The ASC also monitors appraisal standards for federally-related transactions and determines whether state licensed appraisers will be required for these real estate transactions.

The Dodd-Frank Act amended the reciprocity requirement of FIRREA XI. Instead of merely encouraging states to develop reciprocity agreements, the Act requires that states may not impose additional impediments when issuing reciprocity credentials. However, states may be more lenient in issuing reciprocity credentials and advance a more open door policy.

**Comparison with rules in adjacent states:**

**Illinois:** Illinois does not grant licensure by reciprocity for real estate appraisers but allows licensure by endorsement for non-resident applicants. Endorsement applicants must submit an application, the required fee, and a certification of good standing from the jurisdiction of the applicant’s place of residence. ILL. ADMIN. CODE tit. 68 §1455.100.

**Iowa:** Iowa grants non-resident applicants licensure by reciprocity. Applicants seeking reciprocity must submit the appropriate form, pay the required fee and demonstrate good standing in another state. The good standing requirement may be demonstrated by being listed as an appraiser in good standing on the National Registry of the Appraisal Subcommittee. IOWA ADMIN. CODE r. 193F-10.01 (2).

**Michigan:** Michigan provides for licensing without examination. MCL 339.2623. The state will issue a certified general real estate appraiser, or state licensed real estate appraiser licensure without examination as long as that applicant is licensed, registered, certified, or otherwise regulated by another state and if the requirements of that state are at least equal to Michigan’s requirements.

**Minnesota:** Minnesota requires non-resident applicants to comply with the same application requirements as in-state applicants. MINN. STAT. §82B.071 SUBD.7.

**Summary of factual data and analytical methodologies:**

The rules were developed primarily by reviewing and comparing federal legislation with Wisconsin's rules regulating real estate appraisers in an effort to bring the Wisconsin Administrative Code language in line with the federal statutes. No other analytical methodologies were used.

**Analysis and supporting documents used to determine effect on small business or in preparation of economic impact analysis:**

These proposed rules do not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at [Greg.Gasper@wisconsin.gov](mailto:Greg.Gasper@wisconsin.gov), or by calling (608) 266-8608.

**Fiscal Estimate:**

This proposed rule will have no fiscal impact.

**Effect on small business:**

These proposed rules do not have an economic impact on small businesses as defined in s. 227.114 (1), Stats. The Department's Regulatory Review Coordinator may be contacted by email at [Greg.Gasper@wisconsin.gov](mailto:Greg.Gasper@wisconsin.gov), or by calling (608) 266-8608.

**Agency contact person:**

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TEXT OF RULE

SECTION 1. SPS 81.04 (1) (c) 3. and 4. are repealed.

SECTION 2. SPS 81.04 (2) is amended to read:

**SPS 81.04 (2)** In determining whether to grant a reciprocal license or certification, the department shall consider whether the current requirements for a license or certification in the other state or territory ~~are substantially equivalent to meet or exceed~~ the requirements for licensure or certification as an appraiser in this state. ~~For purposes of reciprocity, the department shall consider the requirements for a license or certification in effect in the other state or territory at the time a credential was granted by the other state or territory rather than at the time of filing of an application in this state.~~

SECTION 3. EFFECTIVE DATE. Pursuant to s. 227.24 (1) (c), Stats., these rules shall take effect upon publication in the official state newspaper.

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(END OF TEXT OF RULE)  
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Dated \_\_\_\_\_

Agency \_\_\_\_\_

Dave Ross, Secretary  
Department of Safety and Professional Services