



STATE OF WISCONSIN
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Governor Scott Walker Secretary Dave Ross

REAL ESTATE APPRAISERS BOARD
Room 121A, 1400 E. Washington Avenue, Madison
Contact: Tom Ryan 608-261-2378
November 13, 2013

The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a description of the actions of the Board.

9:30 A.M.

OPEN SESSION – CALL TO ORDER – ROLL CALL

- A.** Recognition of Board Members
- B.** Welcome New Board Members
- C.** **Adoption of Agenda (1-4)**
- D.** **Approval of Minutes – August 21, 2013 (5-8)**
- E.** **Administrative Updates**
 - 1) Staff Changes
 - a. Introduction of Greg Gasper, Administrator, Division of Policy Development
 - b. Introduction of Greg DiMiceli, Executive Director
 - 2) Potential Agency Merger **(9-10)**
 - 3) Public Agenda Request
 - 4) 2014 Meeting Dates **(11-12)**
 - 5) Other
- F.** Report from Association of Appraisal Regulatory Officials (AARO) Meeting – Greg DiMiceli and Carl Clementi
- G.** Consideration of Appointment of ASC and AQB Liaison
- H.** **DSPS Economic Impact Report (13-42)**
- I.** **Education and Examination Matters**
 - 1) **APPEARANCE – Aaron Knautz, Examinations Specialists – Report on Provider Approval and Security of Proctored Exams for Qualifying Education**

- 2) **APPEARANCE – Jill Remy, Program Manager, and Peter Schramm, CE Consultant, Office of Education and Examinations – Discussion of CE Course Approval (43-44)**

J. Credentialing Matters

K. Practice Matters

L. Legislative/Administrative Rule Matters:

- 1) Status of Statute and Administrative Rules Matters
- 2) Mandatory Appraiser Licensing Legislation
- 3) Appraisal Management Companies (AMC) Legislation
 - a. Information from WRA regarding the Model Act and Appraisal Management Company Legislation Proposal **(45-68)**

M. Informational Items

N. Items Added After Preparation of the Agenda:

- 1) Introductions, Announcements and Recognition
- 2) Presentations of Petition(s) for Summary Suspension
- 3) Presentation of Proposed Stipulation(s), Final Decision(s) and Order(s)
- 4) Presentation of Final Decisions
- 5) Disciplinary Matters
- 6) Executive Director Matters
- 7) Education and Examination Matters
- 8) Credentialing Matters
- 9) Practice Matters
- 10) Legislation/Administrative Rule Matters
- 11) Liaison Report(s)
- 12) Informational Item(s)
- 13) Speaking Engagement(s), Travel, or Public Relation Request(s)

O. Public Comments

CONVENE TO CLOSED SESSION to deliberate on cases following hearing (Wis. Stat. s. 19.85(1) (a)); consider closing disciplinary investigation with administrative warning(s) (Wis. Stat s. 19.85(1)(b) and Wis. Stat. s. 440.205), to consider individual histories or disciplinary data (Wis. Stat. s. 19.85 (1)(f)); and, to confer with legal counsel (Wis. Stat. s. 19.85(1)(g))

P. Presentation and Deliberation of Proposed Stipulations, Final Decisions and Orders by the Division of Legal Services and Compliance (DLSC)

- 1) Mark S. Snoda - 09 APP 102 **(69-74)**
- 2) Lynn M. Bell – 12 APP 009 and 13 APP 030 **(75-80)**

Q. Presentation of Proposed Stipulation and Order Modifying Order

- 1) John M. Bousanec **(81-84)**

R. Presentation and Deliberation of Proposed Administrative Warnings by the Division of Legal Services and Compliance

S. Deliberation of Monitoring Cases

- 1) Terrence R. Christ –Review of Examination Requirement **(85-94)**
- 2) John L. Krueger – Review of Continuing Education and Request for Additional Time to Complete the Education Requirement **(95-106)**

T. Division of Legal Services and Compliance

- 1) Case Status Report **(107-108)**
- 2) Case Closing(s)

U. Deliberation of Items Received After Preparation of the Agenda:

- 1) Disciplinary Matters
- 2) Education and Examination Matters
- 3) Credentialing Matters
- 4) Monitoring Matters
- 5) Professional Assistance Procedure (PAP) Matters
- 6) Petition(s) for Summary Suspensions
- 7) Proposed Stipulations, Final Decisions and Orders
- 8) Administrative Warnings
- 9) Proposed Decisions
- 10) Matters Relating to Costs
- 11) Motions
- 12) Petitions for Rehearing
- 13) Formal Complaints
- 14) Case Closings
- 17) Appearances from Requests Received or Renewed

V. Consulting with Legal Counsel

RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION

W. Vote on Items Considered or Deliberated Upon in Closed Session, if Voting is Appropriate

X. Training

- a. Board Member Training
- b. Case Advisor Training

ADJOURNMENT

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**REAL ESTATE APPRAISERS BOARD
MINUTES
AUGUST 21, 2013**

PRESENT: Marla Britton, Scott Brunner (arrived 10:06 a.m.), Carl Clementi, Sharon Fiedler, Henry Simon

EXCUSED: Lawrence Nicholson

ABSENT: Jose Perez

STAFF: Tom Ryan, Executive Director; Karen Rude-Evans, Bureau Assistant

CALL TO ORDER

Marla Britton, Chair, called the meeting to order at 9:30 a.m. A quorum of four (4) members was confirmed.

ADOPTION OF AGENDA

Amendments:

- Item J4 (open session) – Status of Stature and Administrative Rule Matters - Insert additional information after page 26

MOTION: Carl Clementi moved, seconded by Henry Simon, to adopt the agenda as amended. Motion carried unanimously.

APPROVAL OF MINUTES OF AUGUST 7, 2013

MOTION: Sharon Fiedler moved, seconded by Carl Clementi, to approve the minutes of August 7, 2013 as written. Motion carried unanimously.

PROCTORED EXAMS FOR QUALIFYING EDUCATION

MOTION: Sharon Fiedler moved, seconded by Henry Simon, to direct Department staff to research provider approval and security of proctored exams for qualifying education and to report back to the Board at the next meeting. Motion carried unanimously.

CONVENE TO CLOSED SESSION

MOTION: Henry Simon moved, seconded by Sharon Fiedler, to allow Jenny Tidwell, Denise Graves and Claire Brooks, ASC Subcommittee Auditors, to attend closed session. Motion carried unanimously.

Chair Marla Britton read the motion to convene to closed session.

MOTION: Sharon Fiedler moved, seconded by Carl Clementi, to convene to closed session to deliberate on cases following hearing (s. 19.85(1) (a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Roll call vote: Marla Britton-yes, Scott Brunner-yes; Carl Clementi-yes; Sharon Fiedler-yes; Henry Simon - yes. Motion carried unanimously.

Open session recessed at 12:16 p.m.

RECONVENE TO OPEN SESSION

MOTION: Henry Simon moved, seconded by Scott Brunner, to reconvene into open session. Motion carried unanimously.

Open session reconvened at 12:51 p.m.

PROPOSED STIPULATIONS, FINAL DECISIONS AND ORDERS

MOTION: Sharon Fiedler moved, seconded Henry Simon, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against **Stephen C. Fairbairn (12 APP 006)**. Motion carried unanimously.

MOTION: Henry Simon moved, seconded by Sharon Fiedler, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against **Allen C. Balsiger (12 APP 067)**. Motion carried unanimously.

MOTION: Sharon Fiedler moved, seconded by Carl Clementi, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against **Michael G. Donahue (12 APP 069)**. Motion carried unanimously.

CASE CLOSING(S)

MOTION: Henry Simon moved, seconded by Sharon Fiedler, to close case **12 APP 072 for prosecutorial discretion (P7)**. Motion carried unanimously.

ADJOURNMENT

MOTION: Henry Simon moved, seconded by Carl Clementi, to adjourn the meeting. Motion carried unanimously.

The meeting adjourned at 2:32 p.m.

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**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Karen Rude-Evans, Bureau Assistant, on behalf of Executive Director Tom Ryan		2) Date When Request Submitted: 11/4/2013 Items will be considered late if submitted after 4:30 p.m. on the deadline date: <ul style="list-style-type: none"> ▪ 8 business days before the meeting for paperless boards ▪ 14 business days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Real Estate Appraiser Board			
4) Meeting Date: November 13, 2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Potential Agency Merger	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Discussion of potential agency merger.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

We are contacting you today as we would appreciate your feedback (including feedback from your organizations board and members) about possibly merging the Department of Safety and Professional Services (DSPS) and the Department of Agriculture, Trade and Consumer Protection (DATCP). Your input about how this consolidation may impact you is very valuable to us.

The 2013-15 state budget calls for a study about consolidating these two agencies. DSPS manages the licensing and regulation of professions in health, business and construction trades. They also oversee state building safety codes and provide services related to plan review, permit issuance, building and component inspection, and safety codes. DATCP is responsible for the promotion and regulation of Wisconsin's agriculture industry, including Agriculture Resource Management and Animal Health, as well as the oversight of food safety and consumer protection.

We ask that you complete the survey and forward this email to your members for their response so we can better understand how a potential consolidation may affect you. Your answers and contact information will be kept confidential and will not be used outside of the scope of this survey. All survey results will be tallied for any reporting purposes.

[TAKE THE SURVEY – your answers will be kept confidential](#)

Thank you in advance for your participation and input.
Office of Business Development

Note: throughout the survey, you will see the term 'license' which refers to any license, credential, certification, registration or permit. Please view the term to mean the document a state agency issues as a requirement to do business, perform an occupation or specific work activity in the State of Wisconsin.

**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Karen Rude-Evans, Bureau Assistant,		2) Date When Request Submitted: 11/7/2013 Items will be considered late if submitted after 4:30 p.m. on the deadline date: <ul style="list-style-type: none"> ▪ 8 business days before the meeting for paperless boards ▪ 14 business days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Real Estate Appraiser Board			
4) Meeting Date: November 13, 2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? 2014 Meeting Dates	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Review of 2014 meeting dates. February 12 May 21 August 13 November 19			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
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**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Karen Rude-Evans, Bureau Assistant, on behalf of Executive Director Tom Ryan		2) Date When Request Submitted: 10/4/2013 Items will be considered late if submitted after 4:30 p.m. on the deadline date: <ul style="list-style-type: none"> ▪ 8 business days before the meeting for paperless boards ▪ 14 business days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Real Estate Appraiser Board			
4) Meeting Date: November 13, 2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? DSPS Economic Impact Report	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Review and discuss the DSPS Economic Impact Report.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

Recent Accomplishments and Economic Footprint Report

Regulating industries that contribute over \$75 billion annually to the Wisconsin economy

September 2013

INTRODUCTION

The regulated professions and industries within the Department of Safety and Professional Services (DSPS) have a significant impact on the economy and the health, safety, and welfare of Wisconsin's residents. This report assesses the contribution of DSPS to Wisconsin's economy specifically focusing on the health care, construction, and real estate industries. Without the Department's regulatory oversight, proper functioning of these industries could not be maintained.

Highlights from this report include:

- Since its creation, DSPS has made great strides to increase responsiveness, drive productivity, and reduce operational costs to meet the increasing demands of its customers while making efficient use of valuable taxpayer dollars.
- Earning \$18 billion annually on average, health and business professionals credentialed by DSPS are a vital component to economic growth in Wisconsin.
- In 2009, health care professionals credentialed by DSPS generated \$40 billion in economic activity, almost 17% of Wisconsin's gross state product.
- With DSPS regulatory oversight, the construction sector safely and competently contributed approximately \$6.9 billion to Wisconsin real gross domestic product (GDP) in 2012.
- With DSPS regulatory oversight, the construction sector provided over 152,000 well-paying jobs to Wisconsin workers in 2011.
- Construction projects regulated by DSPS can be effective economic stimuli that create jobs and increase spending in a wide range of other sectors of the economy.
- With DSPS regulatory oversight, the real estate industry accounted for \$28.2 billion or 12.5% of Wisconsin GDP in 2012
- When a real estate professional credentialed by DSPS sells a home in Wisconsin, it generates over \$13,000 in income from real estate related industries; over \$5,000 in additional expenditures on consumer items such as furniture, appliances, and paint services; and over \$3,000 in expenditures on remodeling within two years of the home purchase.

MISSION

The mission of the Department of Safety and Professional Services is to promote economic growth and stability while protecting the citizens of Wisconsin as designated by statute.

PURPOSE

- competent practice of licensed professionals
- safety of the construction and use of public and private buildings
- compliance with professional and industry standards

The contribution this Department makes to Wisconsin's economy far exceeds these numbers alone, as every day over 380,000 credential holders go to work in a DSPS regulated industry.¹

This report contains four parts. The first section provides a general overview of the Department's roles and responsibilities and describes recent process improvements for greater Departmental productivity. The second section assesses the economic contribution of DSPS through the regulation of the health care industry. The third section examines the impact of DSPS on the Wisconsin economy through the regulation of the construction industry. The fourth section evaluates the economic impact of DSPS through the regulation of the real estate industry.

¹ For a complete list of DSPS regulated industries please visit: <http://dsps.wi.gov/Licenses-Permits/Credentialing>.

GENERAL RESPONSIBILITIES AND RECENT ACCOMPLISHMENTS

DSPS protects the citizens of Wisconsin by ensuring safe and competent practice of licensed professionals and safe and sanitary conditions in public and private buildings. Divisions within DSPS perform a variety of tasks to successfully accomplish this mission.²

DIVISION RESPONSIBILITIES

The Division of Policy Development (DPD) provides administrative support and policy guidance to the professional boards in the state by facilitating board meetings, serving as a liaison between the boards and the Department, and managing the administrative rule promulgation process for self-regulated professions. DPD also manages the administrative rule promulgation process for professions that are directly regulated by the Department. *In 2012, DPD provided administrative services to over 40 boards and councils and facilitated approximately 180 meetings related to board activities.*

The Division of Professional Credential Processing (DPCP) processes all credential applications and oversees credential eligibility, renewal, continuing education requirements, and examination requirements for regulated professions. *Between June of 2011 and June of 2013, DPCP processed roughly 72,000 initial credentials and 212,000 renewals. As of June, 2013, there were over 388,000 active credential holders.*

The Division of Legal Services and Compliance (DLSC) provides legal services to professional boards and the department regarding the investigation and discipline of licensed credential holders for violations of professional regulations. The Division is also responsible for the complaint intake process, monitoring compliance with disciplinary orders, managing a confidential program for impaired professionals, performing audits of trust accounts, and conducting business inspections for pharmacies, drug distributors and manufacturers, funeral establishments, and barber and cosmetology schools and establishments.

The Division of Industry Services (DIS) contains multiple bureaus. The Bureau of Field Services provides services related to construction and operation of buildings, along with ensuring compliance with health and safety codes. The Bureau of Technical Services (BTS) provides services such as plan review, consultation, inspections, and product evaluation. *In 2012, BTS staff completed over 14,000 plan reviews and 100,000 inspections.* The Division also administers the Wisconsin Two-Percent Fire

DSPS protects the citizens of Wisconsin by ensuring safe and competent practice of licensed professionals and safe and sanitary conditions in public and private buildings.

² To achieve greater efficiencies, the DSPS recently recommended the transfer of responsibilities related to petroleum products and storage tank systems. The enactment of 2013 Wisconsin Act 20 transferred these responsibilities to the WI Department of Natural Resources and WI Department of Agriculture, Trade and Consumer Protection.

Dues Payments Program. Funded by fire insurance premiums paid in Wisconsin, DIS distributes payments to municipalities to be used to purchase fire protection equipment, fund fire prevention inspection and public fire education, train fire fighters and fire inspectors, or fund pension or other special funds for disabled or superannuated fire fighters. *In 2013, DIS distributed approximately \$15.9 million to Wisconsin municipalities through the Two-Percent Fire Dues Payments Program.*³

RECENT ACCOMPLISHMENTS

Since its creation, DSPS has made great strides to increase responsiveness, drive productivity, and reduce operational costs to meet the increasing demands of its customers while making efficient use of valuable taxpayer dollars.

Since its creation, DSPS has made great strides to increase responsiveness, drive productivity, and reduce operational costs in order to meet the increasing demands of its customers while making efficient use of valuable taxpayer dollars.

Reducing Prescription Drug Abuse

DPD recently implemented the Wisconsin Prescription Drug Monitoring Program (PDMP). *As a HIPAA⁴-compliant database, the Wisconsin PDMP stores data about controlled substances and other highly abused substances prescribed to individuals in Wisconsin and lawfully discloses the data to authorized individuals.*

Pharmacies and other dispensers of prescription drugs collect and submit data to the PDMP database including information about the prescriber, the dispenser, the drug, and the patient for each prescription. Authorized users may obtain data stored in the PDMP database to verify prescription information. PDMP helps to improve patient care and safety, reduce the abuse and diversion of prescription drugs in Wisconsin, and ensure that patients with a legitimate medical need for the prescription medications are not adversely affected.

Effective June 1, 2010, 2009 Wisconsin Act 362 directed DSPS to manage the operations of PDMP in accordance with the rules and policies developed by the Pharmacy Examining Board. In September of 2011, DSPS received grant funding to manage PDMP. The Pharmacy Examining Board began the administrative rule-writing process on October 1, 2011 and the rules, ch. Phar 18, became effective on January 1, 2013. Since this date, DSPS staff members have travelled the state educating the public through outreach and training events.

³ The Department also contains a Division of Management Services. The Division of Management Services provides administrative services to the Office of the Secretary and all other Divisions within the Department. These services include human resources, payroll, planning, budget, accounting, and information technology.

⁴ Health Insurance Portability and Accountability Act is a Federal legislation designed to improve the portability and continuity of health insurance. Another important objective is to reduce administrative costs for providers and payers while protecting the privacy of health information.

The Wisconsin PDMP became fully operational on June 1, 2013. The Department established memoranda of understanding (MOUs) with sovereign tribes and the Indian Health Services (HIS) to participate in PDMP and participated in several Alcohol and Other Drug Abuse prevention events. PDMP staff continues to strengthen state tribal collaboration through outreach to the Great Lakes Inter-Tribal Council, Inc., tribal leaders, tribal health directors, and tribal law enforcement. *Currently the PDMP database stores approximately 6 million prescription records, 1,800 dispensers submit data, and 3,200 users have query accounts.* DSPS staff seek to further enhance the PDMP database by working to improve processes to allow access to data and exchange data with neighboring states.

The Prescription Drug Monitoring Program will reduce the abuse and diversion of prescription drugs in Wisconsin.

Issuing Licenses More Quickly

DPCP recently developed and piloted the Online License Application System (OLAS) that allows individuals to apply and pay fees for professional credentials online. This system will significantly decrease the turnaround time for applicants to receive their professional credential and begin working in Wisconsin.

OLAS for nursing licenses piloted in spring of 2013 to reduce the processing time of nursing applications and provide schools with an efficient paperless process to approve and submit graduation information to DSPS. A sample of 10 percent showed that DSPS granted OLAS applicants permission to take the required National Council Licensure Examination (NCLEX) one to two business days after the receipt of the OLAS application from the school and *granted OLAS applicants a license one to two business days* after receipt of NCLEX exam results. This processing time is a significant improvement over applications sent by postal mail. Using the paper method it took one to five business days for the application to reach credentialing staff from the mail room and another 17 business days (on average, while waiting for additional paperwork) before DSPS granted permission to take the NCLEX exam. Since the implementation of Nursing OLAS, the processing time between receipt of an application and NCLEX authorization has decreased by 90 percent on average. DPCP is working to expand OLAS to several other professions.

Since the implementation of Nursing OLAS, the processing time between receipt of an application and NCLEX authorization has decreased by 90 percent on average.

DPCP has similarly encouraged applicants to renew their credentials online via the website. *As a result, the percent of online renewals increased from 84% in 2011 to 95% in 2012.* The Division also implemented a live call center that allows customers and the general public to contact the Department via telephone and speak with a live representative to address their immediate concerns.

Creating Efficiencies

In June of 2012, DSPS commenced a paperless office initiative to promote operational effectiveness, a more productive use of space, and simplified processes. DPD began providing electronic board agendas and laptops to board members in place of paper agendas for an *estimated annual savings of \$21,000*. Further, this initiative also allowed for the elimination of 214 file cabinets, 18 bookcases, and 144 feet of open shelving giving the Department the ability to add workstations to its flagship location at 1400 East Washington Avenue. Efforts like this allowed for the Madison-based staff of the Division of Industry Services (DIS) to completely vacate its space at the former Department of Commerce building and move to the East Washington location, *saving the Department roughly \$65,000 each month*.

Industry Services implemented several additional initiatives to increase staff productivity and improve customer satisfaction. First, in the interest of delivering consistent performance and code enforcement, DIS has made great strides at standardizing the inspection process and report format across all division programs. Process improvements include using technology tools to assist field team members in report preparation and submission.

DIS recently implemented electronic plan review saving the Department and its customers valuable time and money. Historically, individuals have submitted paper plans to various locations in the state. Occasionally, specific locations would experience a high volume of plan submittals resulting in increased turnaround time. *Electronic plan review provides for greater organizational flexibility by allowing reviewers all over Wisconsin to share the workload which expedites the plan review process.*

In order to further expedite processes for customers, DIS staff are developing electronic forms for all applications, registrations, and permits that will allow customers to complete the paperwork online. The Division is similarly developing the database management required to electronically process these applications.

Clearing the Red Tape

In compliance with 2012 Executive Order 61, DPD and the professional boards supported by the Division identified and changed administrative rules that hindered job creation and small business growth; such as,

- A less burdensome pathway to licensure for barbers
- A more convenient online open book exam option for funeral directors
- Deletion of a requirement that certain municipalities hire two full-time plumbing inspectors

Boards supported by the division initiated the administrative rule writing process for a number of additional changes as a result of 2012 Executive Order 61, for example:

The Division of Policy Development and the professional boards managed by the Division identified and changed administrative rules that hindered job creation and small business growth including implementing a less burdensome path to licensure for barbers.

- The Optometry Examining Board seeks to allow electronic signatures for prescription eyeglasses, which will allow thousands of optometry patients to enjoy the increased speed and accuracy of electronic prescription eyeglasses.
- The Real Estate Examining Board plans to provide brokers the ability to retain records in electronic format and recognizing the ledger and journaling software widely utilized in the real estate industry.
- The Dentistry Examining Board seeks to reduce unnecessary regulatory burdens on dentistry professionals by eliminating nonessential paperwork associated with the training of unlicensed persons, modernizing rules to allow for electronic authorization of dental laboratory work, and developing guidelines for patient dental record retention removing significant paper storage costs.

DPD has worked to *create predictability* in the enforcement of administrative rules by updating forms to better align with statutory requirements and codifying internal policy procedures; this gives members of the public *clear expectations* of what they can expect when they walk through the doors of our agency. The Division has also greatly *increased transparency* in the rule writing process by using the website to notice public comment periods on all rule projects.

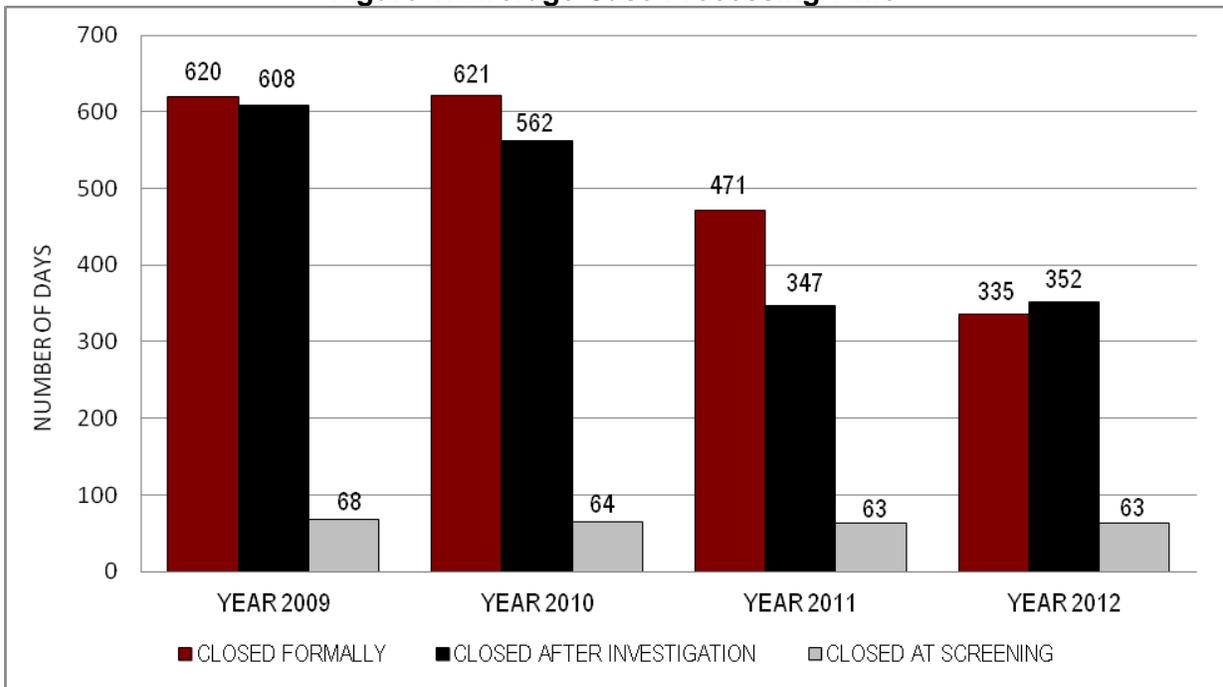
Saving Taxpayer Dollars

Shortly after the establishment of DSPS, Department management and staff analyzed agency expenditures and found several opportunities for cost savings. For example, it was discovered that the agency continued to pay for landlines and voicemail boxes that once belonged to former employees. *As of April 2012, the Department eliminated 152 landlines and 54 voicemail boxes for a combined annual base savings of approximately \$22,000.* Several additional disconnections have occurred since that date resulting in even greater cost savings.

Protecting the Public

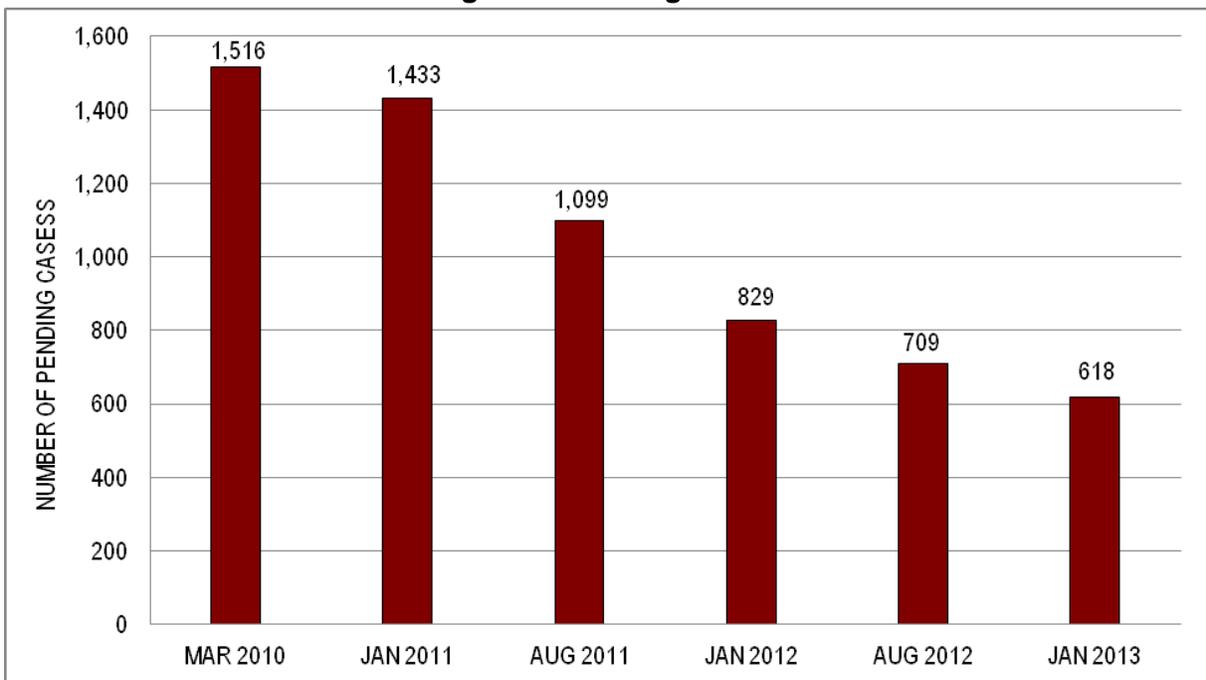
In 2011, under Governor Walker's administration, an increased focus was placed on timely enforcement and resolution of cases. This insured prompt protection of the public without comprising adequacy and appropriateness of enforcement actions. DLSC case processing time has improved significantly from 2009. *The average number of days to process improved as follows: closed formal from 620 days in 2009 down to 335 days in 2012; closed after investigation from 608 days down to 352 days, and closed at screening from 68 days in 2009 down to 63 days in 2012.* (See Figure 1)

Figure 1: Average Case Processing Time

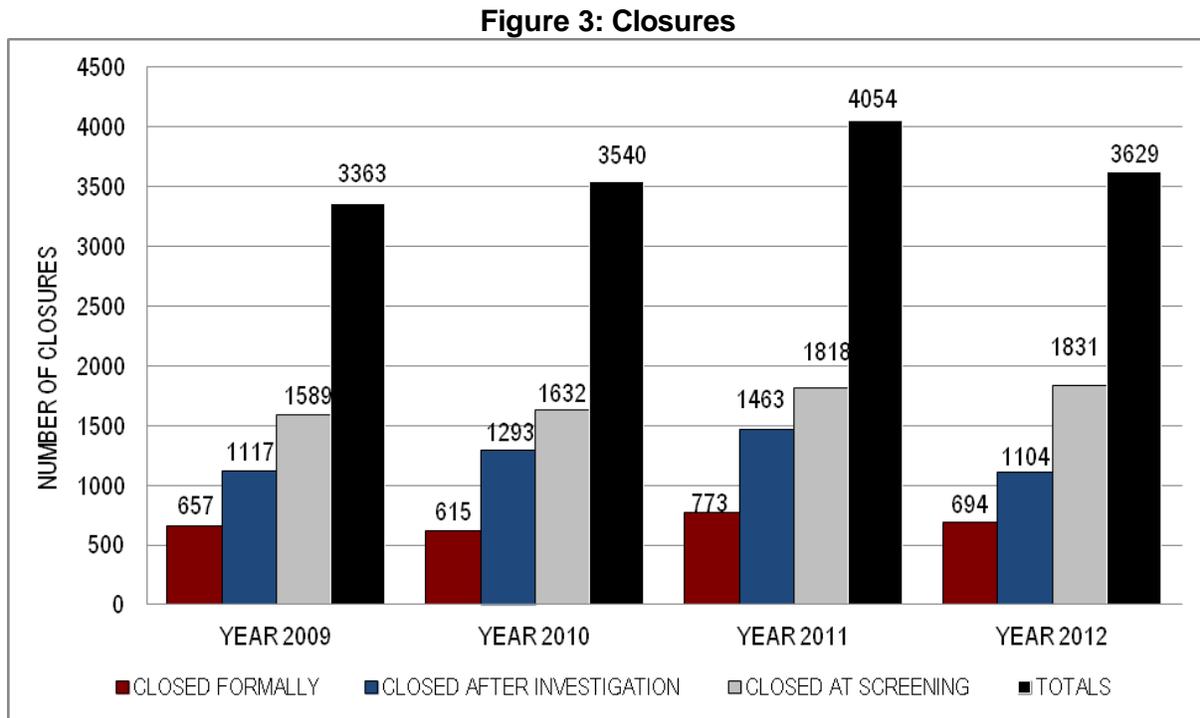


Through effective management and increased operational efficiency, DLSC has reduced its pending caseload from 1,516 to 618 cases (Figure 2).

Figure 2: Pending Cases



As shown in the chart below, protection of the public has been a top priority in DLSC, as the number of enforcement actions has increased in the past 2 years (Figure 3).



In addition to the case closures mentioned in the charts above, in 2012 DLSC completed 206 audits, 153 inspections, had 69 participants enrolled in a confidential assistance program for chemically impaired professionals, and monitored approximately 1,890 professional credential holders for compliance with disciplinary orders. However, numbers alone don't tell the whole story. The Division continuously looks for ways of ensuring that cases are handled in the best manner possible through precise attention to detail, intense legal scrutiny, and high quality customer service. For example, the division recently created online tutorials to explain the legal process to professional board members who serve as case advisors on disciplinary actions. These tutorials can be accessed by board members from the board room, work, or home 24 hours a day, 7 days a week on any computer. This is just one of the many ways DLSC delivers first rate service to the citizens of Wisconsin.

HEALTH AND BUSINESS REGULATION

Occupational regulation in Wisconsin began in 1882 with the creation of the Pharmacy Examining Board. This board set the credential requirements for pharmacists, granted credentials, promulgated administrative rules applicable to pharmacists, and collected credential fees. Between 1882 and 1965, 16 additional independent examining boards or councils were created that had separate budgets and directly employed staff (Austin 2013).

Several extensive reorganizations of Wisconsin state government in the mid-1960s sought to improve operational efficiency and responsiveness to the public. A substantial reorganization of the executive branch resulted from the Kellett Commission, named after its chair, William R. Kellett. Many of the Kellett Commission’s proposals impacted occupational licensure in Wisconsin, including the creation of a single Department of Regulation and Licensing (DRL) to provide centralized administrative services to the existing independent examining boards and councils. Under the consolidated administrative structure, each board maintained the independent regulation of its own profession, and the Department took on the direct regulation of specific professions where no examining board existed. These recommendations became law in 1967 (Chapter 75, Laws of 1967; Austin 2013).

Subsequent legislation further consolidated occupational regulation under DRL and shifted most administrative responsibilities from the independent boards to the Department (Austin 2013):

Earning \$18 billion annually on average, health and business professionals credentialed by DSPS are a vital component to economic growth in Wisconsin.

1975	<ul style="list-style-type: none"> • The regulation of barbering and the regulation of the funeral industry transferred to DRL from the Department of Health and Social Services • DRL authorized to hire staff for all the boards with a few exceptions
1977	<ul style="list-style-type: none"> • Single appropriation created for the expenditure of all license fee revenue and budgetary authority centralized under DRL
1979	<ul style="list-style-type: none"> • DRL authorized to reorganize staff along functional lines rather than by the boards they served and to eliminate the last employee positions remaining under the boards’ direct authority • Legislation eliminated the Watchmaking Examining Board and Athletic Examining Board
2009	<ul style="list-style-type: none"> • Second appropriation created to split the budget and staffing of the professions regulated by the Medical Examining Board and affiliated credentialing boards from the remaining DRL professions

In 2011, the Department of Safety and Professional Services was created and assumed all responsibilities performed by the former DRL and certain functions performed by the former Department of Commerce (2011 Wisconsin Act 32; Austin 2013).

In June of 2013, over 300,000 health and business professionals credentialed by DSPS worked in the state of Wisconsin earning *\$18 billion dollars annually on average*.⁵ These professionals contribute to economic growth in Wisconsin by spending their earnings at Wisconsin businesses, providing in-state capital for business investment and job creation, and supporting state and local governments through the payment of a variety of taxes.

⁵ Annual average earnings for professions with many subcategories such as Professional Engineering were calculated by taking an average of the subcategories. Annual average earnings for professionals “in-training” were calculated by dividing the annual average earning for a fully credentialed professional by two. The total annual earnings for all credential holders in each profession were estimated by multiplying the number of active licenses in each profession by the most recent estimates of average annual earnings for professions in Wisconsin as provided in the Occupational and Employment Statistics (Wisconsin Department of Workforce Development 2012).

HEALTH CARE INDUSTRY

The Centers for Medicare and Medicaid Services (CMS), a federal agency within the United States Department of Health and Human Services (DHHS), estimates that *roughly \$40 billion⁶ were spent on health care services in Wisconsin in 2009* (Centers for Medicare and Medicaid Services 2011).⁷

Professionals credentialed by DSPS account for the vast majority of health spending in Wisconsin. DSPS ensures the safe and competent practice of 62 different health professions. Appendix A provides a complete list of health-related professions and boards under the purview of DSPS.

In 2009, health care professionals credentialed by DSPS generated \$40 billion in economic activity, almost 17% of state gross domestic product.

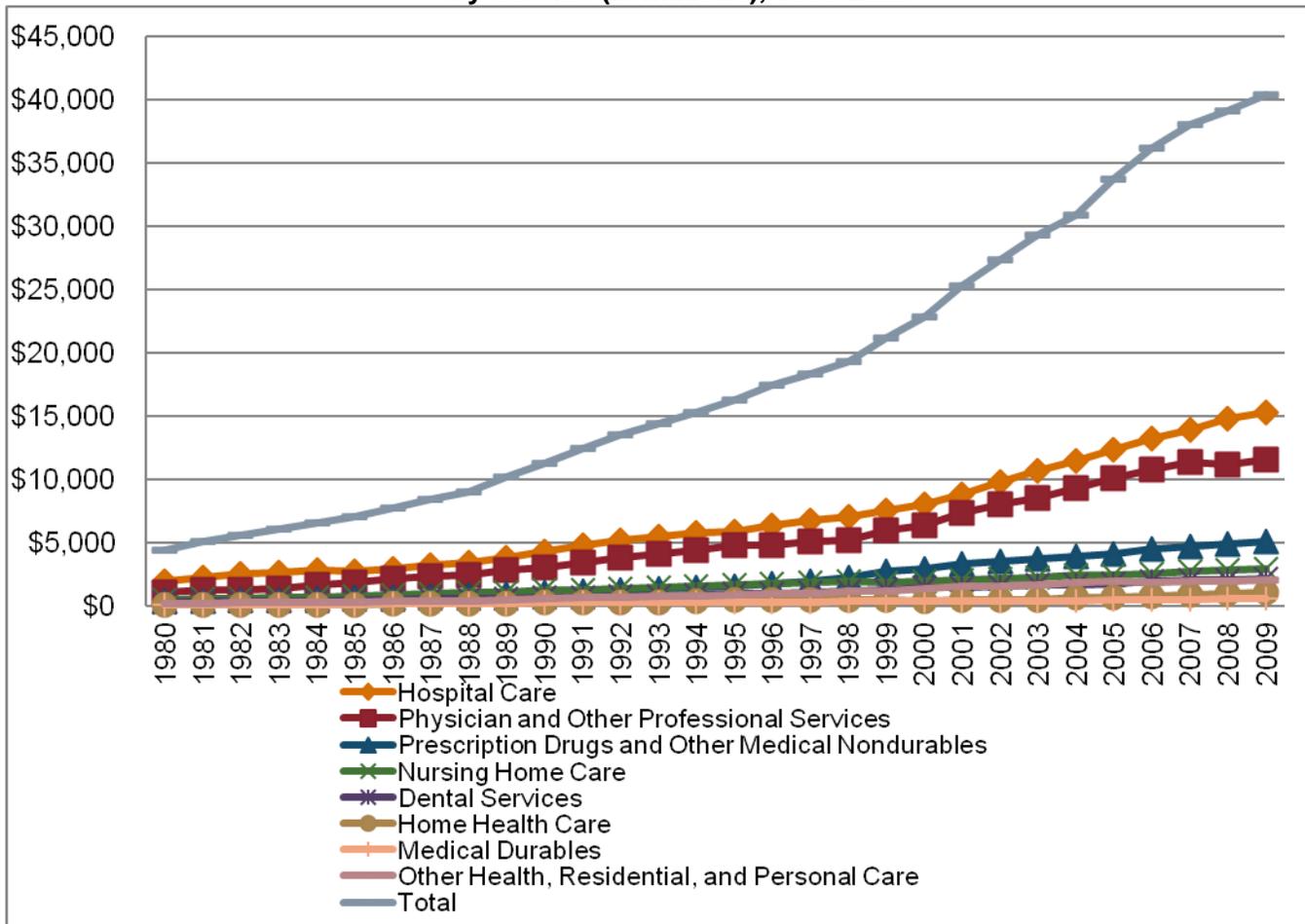
Between June of 2011 and June of 2013, the Department processed approximately 34,000 initial credentials and over 57,000 renewals for health care professionals. As of June 2013, there were over 197,000 active Wisconsin credential holders in health care professions. In 2012, DSPS provided administrative services to 27 health-related boards and councils and facilitated approximately 115 meetings for health-related board activities.

⁶ The data used in this report are state-of-provider estimates which reflect spending for services delivered in each state to residents and nonresidents. These estimates are useful in measuring the role of health spending in a state's economy.

⁷ Health care spending data produced by the National Health Expenditure Accounts (NHEA) of the Department of Health and Human Services Center for Medicare and Medicaid Services are larger than those produced by Bureau of Labor Statistics Consumer Expenditure Survey (CE); however, both are valid and widely utilized estimates of health care expenditures. Differences in definitions, sources, and methods are responsible for differences in the estimates. See http://www.bls.gov/cex/nhe_compare_200710.pdf for more a more detailed explanation.

Figure 4 shows the composition of total health care expenditures by service category in Wisconsin. The economic activity of each service category is either directly or indirectly generated by health care professionals credentialed by DSPS. Appendix C details the service categories and DSPS involvement in each category.

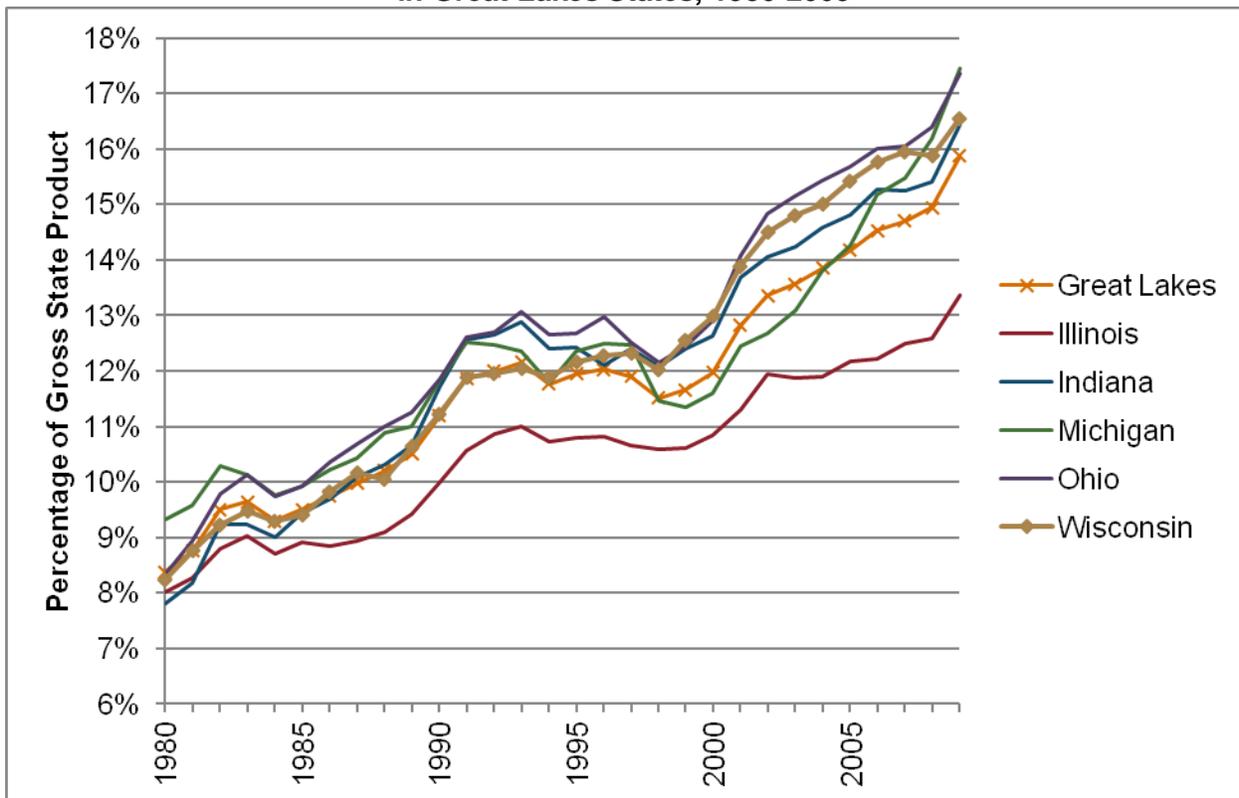
Figure 4: Health Care Spending in Wisconsin by Service (in millions), 1980-2009



Source: Centers for Medicare & Medicaid Services (2011), National Health Expenditure Accounts

Over the past 30 years, the health care industry has comprised a growing share of the state's gross domestic product (GDP). As shown in Figure 5, between 1980 and 1991, expenditures generated by health care professionals grew from 8.2% to 12.1% of the GDP and remained at this level for roughly eight years. Health care expenditures in Wisconsin grew from 12.1% of state GDP in 1999 to 17% in 2009.

Figure 5: Health Care Expenditures as a Percentage of State Gross Domestic Product in Great Lakes States, 1980-2009



Source: Centers for Medicare & Medicaid Services (2011), National Health Expenditure Accounts

Also shown in Figure 5, Wisconsin's neighboring states have experienced similar growth in health care industry expenditures (Centers for Medicare and Medicaid Services 2011). *If these trends continue, DSPS will play even more vital of a role in the state's economy as these health care professionals continue generating considerable economic activity.*

CONSTRUCTION SECTOR

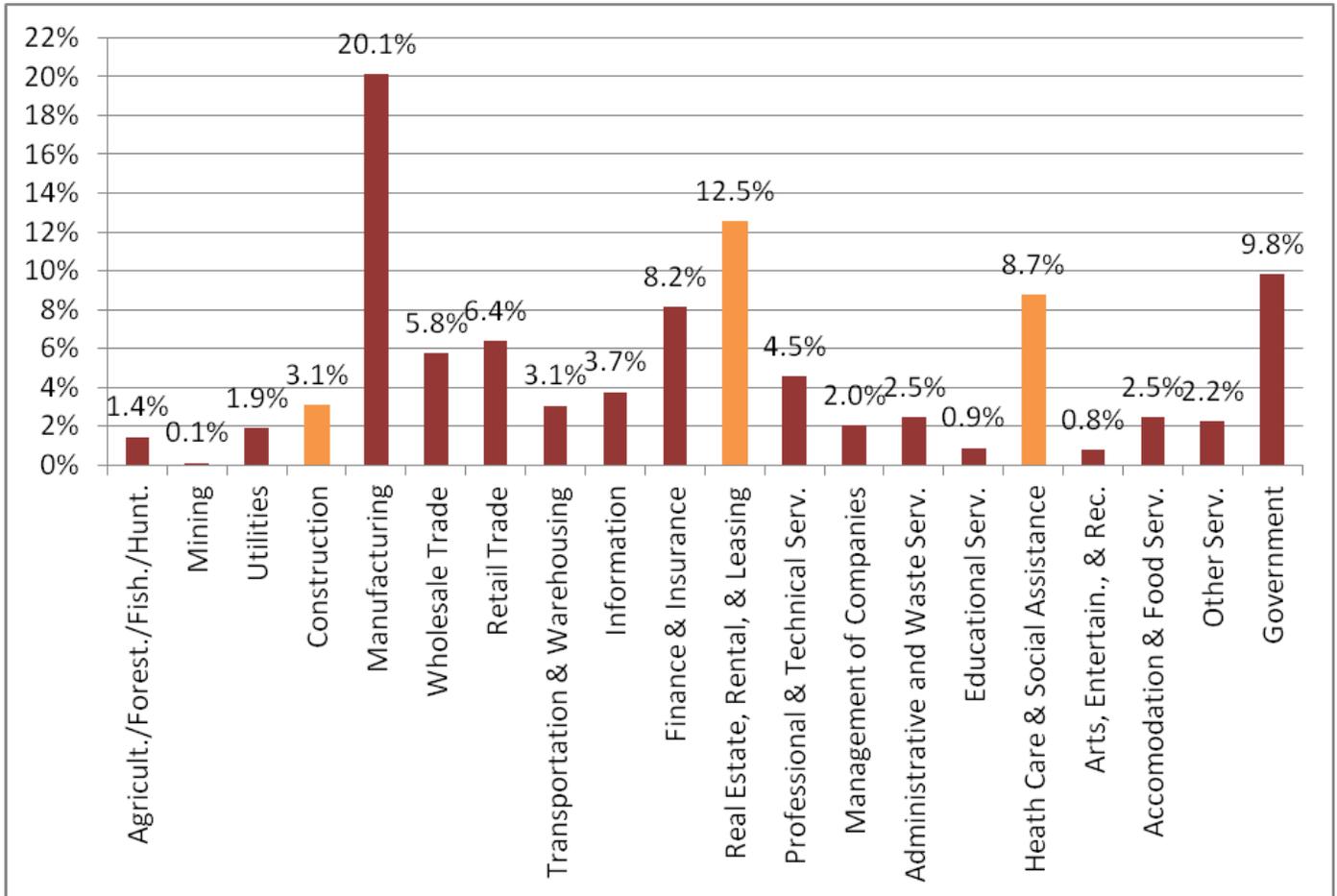
Between June of 2011 and June of 2013, the Department processed approximately 34,000 initial credentials and over 57,000 renewals for construction sector professionals. As of June 2013, there were *over 83,000 active DSPS credential holders in construction sector professions*. In 2012, Bureau of Technical Services staff completed *over 14,000 plan reviews and 100,000 inspections*. With DSPS regulatory oversight, the construction sector safely and competently contributed approximately \$6.9 billion to Wisconsin real GDP in 2012 (U.S. Bureau of Economic Analysis 2013a).

With DSPS regulatory oversight, the construction sector safely and competently contributed approximately \$6.9 billion to Wisconsin gross state product in 2012.

A handful of mid-sized industrial sectors, including construction, comprise the core of the Wisconsin economy. This is demonstrated using conventional measures of economic activity including output (gross domestic product) and employment. The U.S. Bureau of Economic Analysis (BEA) publishes annual estimates of Real Gross Domestic Product (RGDP) by state and provides estimates of shares of Wisconsin RGDP produced by each major industrial sector.

As shown in Figure 6, compared to the other major industrial sectors, construction is a moderate contributor to Wisconsin GDP. In 2012, the construction sector directly produced approximately \$6.9 billion or 3.1% of Wisconsin RGDP (U.S. Bureau of Economic Analysis 2013a).

Figure 6: Sectoral Shares of 2012 Wisconsin Real GDP⁸



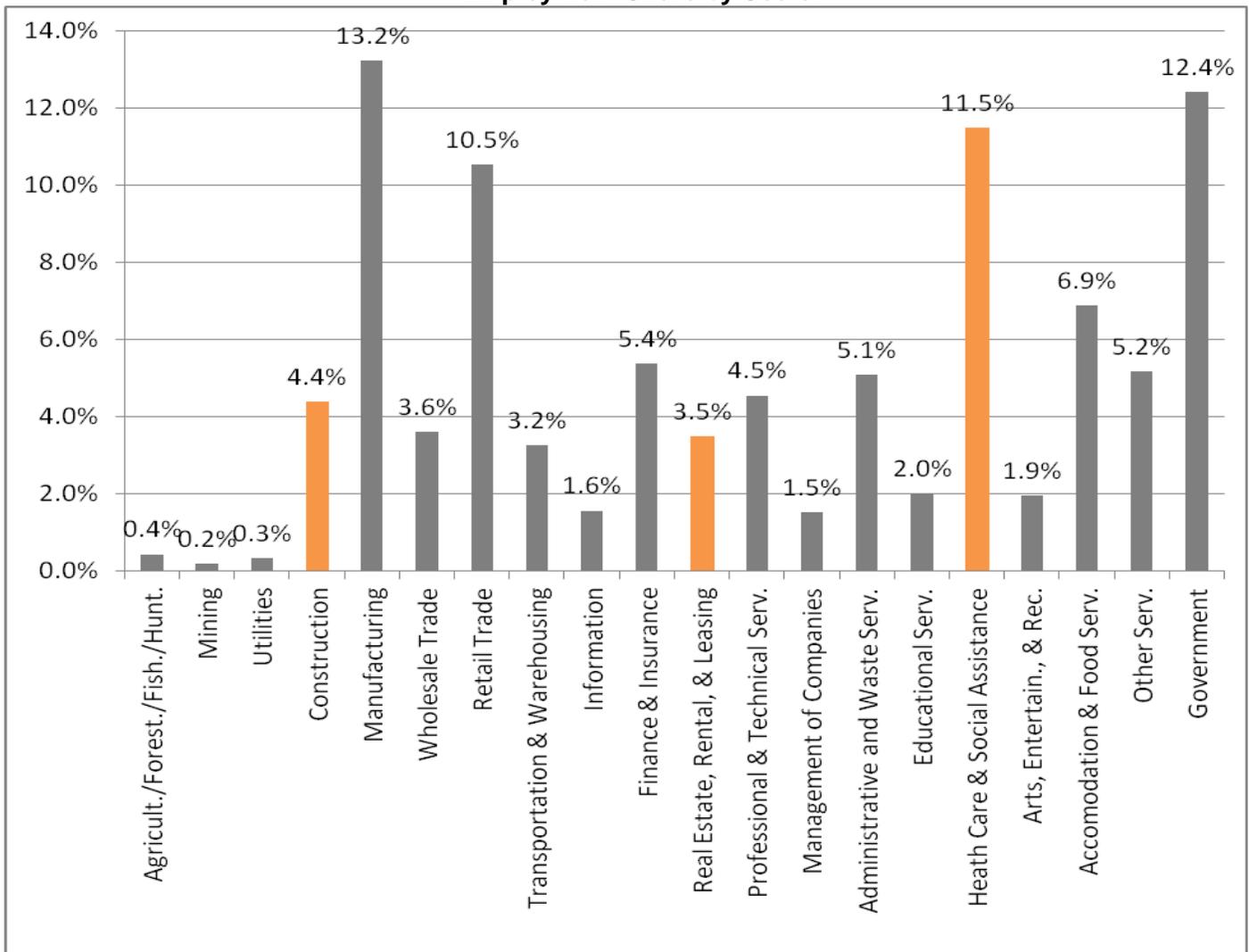
Source: U.S. Bureau of Economic Analysis (2013a)

⁸ Health care spending data produced by the National Health Expenditure Accounts (NHEA) of the Department of Health and Human Services Center for Medicare and Medicaid Services (used in the previous section) are larger than those produced by Bureau of Labor Statistics Consumer Expenditure Survey (CE); however, both are valid and widely utilized estimates of health care expenditures. Differences in definitions, sources, and methods are responsible for differences in the estimates. See http://www.bls.gov/cex/nhe_compare_200710.pdf for more a more detailed explanation.

With DSPS regulatory oversight, the construction sector provided over 152,000 well-paying jobs to Wisconsin workers in 2011.

Construction is a mid-sized component of the overall Wisconsin labor market. The sector contained over 152,000 jobs in 2011 and accounted for 4.4% of the overall 2011 state employment as shown in Figure 7.

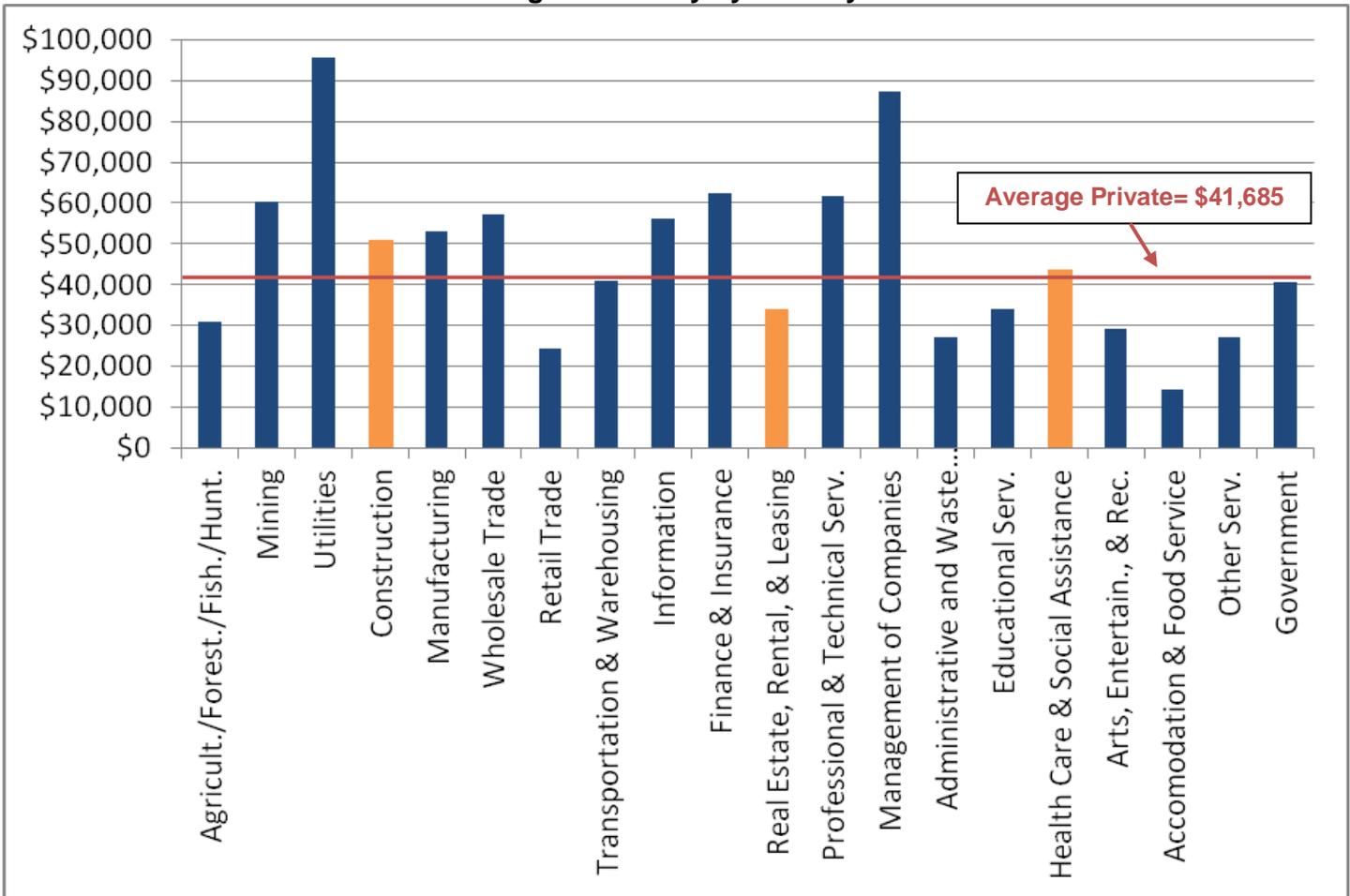
**Figure 7: Wisconsin 2011
Employment Share by Sector**



Source: U.S. Bureau of Economic Analysis (2013b)

Construction jobs tend to be relatively high skilled and high paying. Figure 8 provides the wage profile showing the average wage and salary income in Wisconsin for the year 2011 by major NAICS sector.⁹ The construction sector had an annual average wage greater than 11 of the major NAICS sectors of roughly \$51,000, almost \$10,000 above the average.

Figure 8: 2011 Wisconsin Average Annual Wage and Salary by Industry



Source: U.S. Bureau of Economic Analysis (2013c)

In addition to being an important component of the Wisconsin economy, the construction sector plays a vital role in stimulating economic growth. Construction projects generate output, income, and employment within the construction sector and create “ripple effects” in a wide range of other sectors of the economy.

⁹ The annual wage and salary income is calculated by dividing the Bureau of Economic Analysis total for wage and salary disbursements (Table SA07N) by wage and salary employment (Table SA27N).

In a report prepared for the Skill Integrity Responsibility Council, Inc., researchers estimated the total economic impact of two hypothetical construction projects: (1) A \$10 million new building project, and (2) A \$1 million remodeling project (Clark and Crane 2011).¹⁰ Table 1 summarizes their findings.

Table 1: Total Economic Impact of Hypothetical Construction Projects

Industry	Case Study 1:			Case Study 2:		
	\$10 Million New Building Project			\$1 Million Remodeling Project		
	Total Economic Impact	Total Job Increase	Total Tax Revenue Generated	Total Economic Impact	Total Job Increase	Total Tax Revenue Generated
Construction Sector	\$10.1 million	91	x	\$1 million	10	x
All Other Sectors	\$9.1 million	79	x	\$0.92 million	8	x
Total	\$19.2 million	170	\$853 thousand	\$1.92 million	18	\$91 thousand

Source: Clark and Crane (2011)

As shown in Table 1, a \$10 million new building project translates into \$19.2 million in economic impact, 170 jobs (91 jobs in the construction sector and 79 jobs elsewhere in the economy), and \$853 thousand in tax revenue. The total value added (after inputs are subtracted) from a \$10 million new building project is *\$10.3 million, with 75% of that coming from labor income*. Also shown in Table 1, a \$1 million remodeling project for a nonresidential building translates into *\$1.92 million in total economic impact, 18 jobs* (10 jobs in construction and 8 jobs elsewhere), and *\$91 thousand in state and local tax revenues*. The total value added (after inputs are subtracted) from a \$1 million dollar remodeling project is \$1.1 million, with 73% of that coming from labor income (Clark and Crane 2011).¹¹ The findings of this report show that construction projects regulated by DSPS can be effective as short run economic stimuli. Furthermore, the resulting infrastructure leads to improved economic productivity in the long run.

Construction projects regulated by DSPS can be effective economic stimuli that create jobs and increase spending in a wide range of other sectors of the economy.

¹⁰ Crane and Clark used the IMPLAN Input-Output or I-O modeling developed by the U.S. Department of Agriculture to measure the “ripple effects” that cause construction projects to have a greater impact on the state economy. This model has been widely tested and used for state and sub-state regional impact analysis.

¹¹ The model used to estimate these impacts assumes that no capacity constraints will prevent the economy from expanding to the full impact. In reality, very large construction projects can cause bottlenecks that may prevent the full scalable impact from being realized.

REAL ESTATE INDUSTRY

As of June 2013, over 21,000 real estate industry professionals credentialed by DSPS contributed to the Wisconsin economy. The Real Estate Examining Board and Real Estate Appraisers Board attached to DSPS regulate real estate brokers, real estate salespersons, timeshare salespersons, real estate business entities, licensed appraisers, certified residential appraisers, and certified general appraisers in Wisconsin. According to the United States Bureau of Economic Analysis estimates, the real estate industry accounted for *\$28.2 billion or 12.5% of Wisconsin GDP in 2012* (as shown above in Figure 6). In 2011, the real estate industry comprised roughly 3.5% of overall 2011 state employment (as shown above in Figure 7).¹²

When a real estate professional credentialed by DSPS sells a home in Wisconsin, it generates over \$13,000 in income from real estate related industries; over \$5,000 in expenditures on consumer items; and over \$3,000 in expenditures on remodeling.

When a real estate professional credentialed by DSPS sells a home in Wisconsin, it generates over \$13,000 in income from real estate related industries; over \$5,000 in additional expenditures on consumer items such as furniture, appliances, and paint services; and over \$3,000 in expenditures on remodeling within two years of the home purchase. Aside from house-related expenditures, a new home sale results in greater spending at restaurants, sporting events, and charity events of approximately \$11,000 on average (NAR Research 2013).

Wisconsin home sales jumped an astounding 11.4 percent in the first half of 2013 compared to 2012. Median house prices also increased to \$140,000, a 7.7 percent increase from the first

half of 2012 (Wisconsin REALTORS® Association). These trends indicate that DSPS will continue to play an essential role in Wisconsin's economy through its regulation of the real estate industry.

¹² Components of the BEA real estate industry estimates are not regulated by DSPS.

Appendix A: Health Care Professions and Boards under purview of DSPS

Health Care Professions

Acupuncturist	Occupational Therapy Assistant
Advanced Practice Nurse Prescriber	Optometrist
Anesthesiologist Assistant	Perfusionist
Art Therapist	Pharmacist
Athletic Trainer	Pharmacy (In State)
Audiologist	Pharmacy (Out of State)
Behavior Analyst	Physical Therapist
Chiropractic Radiological Technician	Physical Therapist Assistant
Chiropractic Technician	Physician
Chiropractor	Physician Assistant
Clinical Substance Abuse Counselor	Podiatrist
Clinical Supervisor In Training	Prevention Specialist
Controlled Substances Special Use Authorization	Prevention Specialist in Training
Dance Therapist	Private Practice School Psychologist
Dental Hygienist	Professional Counselor
Dentist	Psychologist
Dietitian	Registered Nurse
Drug or Device Manufacturer	Registered Sanitarian
Hearing Instrument Specialist	Respiratory Care Practitioner
Independent Clinical Supervisor	Sign Language Interpreter
Intermediate Clinical Supervisor	Sign Language Interpreter (Restricted)
Licensed Midwife	Social Worker
Licensed Practical Nurse	Social Worker- Advanced Practice
Licensed Radiographer	Social Worker- Independent
Limited X-Ray Machine Operator Permit	Social Worker- Licensed Clinical
Marriage and Family Therapist	Social Worker- Training Certificate
Massage Therapist or Bodywork Therapist	Speech-Language Pathologist
Music Therapist	Substance Abuse Counselor
Nurse-Midwife	Substance Abuse Counselor in Training
Occupational Therapist	Veterinarian
	Veterinary Technician
	Wholesale Distributor of Prescription Drugs

Health Care Boards

Examining Boards

Chiropractic Examining Board
Dentistry Examining Board
Hearing and Speech Examining Board
Marriage and Family Therapy, Professional Counseling and Social Work Examining Board
Medical Examining Board

Board of Nursing
Nursing Home Administrator Examining Board
Optometry Examining Board
Pharmacy Examining Board
Physical Therapy Examining Board
Psychology Examining Board
Radiography Examining Board
Veterinary Examining Board

Boards

Controlled Substance Board

Credentialing Boards Attached to the Medical Examining Board

Athletic Trainers Affiliated Credentialing Board
Dietitians Affiliated Credentialing Board
Massage Therapy and Bodywork Therapy Affiliated Credentialing Board
Occupational Therapists Affiliated Credentialing Board
Podiatry Affiliated Credentialing Board

Councils

Council on Anesthesiologist Assistants
Examining Council on Registered Nurses
Examining Council on Licensed Practical Nurses
Perfusionist Examining Council
Pharmacist Advisory Council
Council on Physician Assistants
Respiratory Care Practitioners Examining Council
Sign Language Interpreter Council

Appendix B: All Boards and Councils under purview of DSPS

Examining Boards

Accounting Examining Board
Examining Board of Architects, Landscape Architects, Professional Engineers, Designers, and Land Surveyors
Chiropractic Examining Board
Cosmetology Examining Board
Dentistry Examining Board
Funeral Directors Examining Board
Examining Board of Professional Geologists, Hydrologists, and Soil Scientists
Hearing and Speech Examining Board
Marriage and Family Therapy, Professional Counseling, and Social Work Examining Board
Medical Examining Board
Board of Nursing
Nursing Home Administrator Examining Board
Optometry Examining Board
Pharmacy Examining Board
Physical Therapy Examining Board
Psychology Examining Board
Radiography Examining Board
Real Estate Examining Board
Veterinary Examining Board

Boards

Auctioneer Board
Building Inspector Review Board
Cemetery Board
Controlled Substances Board
Real Estate Appraisers Board

Affiliated Credentialing Boards

Athletic Trainers Affiliated Credentialing Board
Dietitians Affiliated Credentialing Board
Massage Therapy and Bodywork Therapy

Affiliated Credentialing Board
Occupational Therapists Affiliated Credentialing Board
Podiatry Affiliated Credentialing Board

Councils

Council on Anesthesiologist Assistants
Crematory Authority Council
Automatic Fire Sprinkler System Contractors and Journeymen Council
Contractor Certification Council
Conveyance Safety Code Council
Dwelling Code Council
Manufactured Housing Code Council
Multifamily Dwelling Code Council
Examining Council on Registered Nurses
Examining Council on Licensed Practical Nurses
Perfusionist Examining Council
Pharmacist Advisory Council
Plumbers Council
Council on Physician Assistants
Council on Real Estate Curriculum and Examinations
Respiratory Care Practitioners Examining Council
Sign Language Interpreter Council

Advisory Committees¹³

Alteration and Change of Occupancy Council
Amusement Ride Code Council
Boiler and Pressure Vessel Code Council
Commercial Buildings Code Council
Conveyance Safety Code Council
Electrical Code Council

¹³ Under Wisconsin Statute 440.042, the Secretary of DSPS may convene an advisory committee to advise on any matter related to the regulation of credential holders.

Energy Conservation Council
Erosion and Stormwater Council
Fire Department Safety and Health Code
Council
Fire Prevention Code Council
Fire Protection Systems Council
Fire Safety Council
Gas Systems Code Council
General Task Group
HVAC Council
Means of Egress Council
Mechanical Refrigeration Code Council

Passenger Ropeways Code Council
Plumbing Code Council
Pool Code Council
POWTS Code Council
POWTS Technical Committee
Public Employee Safety and Health Code
Council
Rental Unit Energy Efficiency Code Council
Stormwater Workgroup
Structural Review Council
Wisconsin Fund Code Council

Appendix C: Health Care Service Categories

Health Care Service Category	Relation to DSPS
<p>Hospital Care: Covers all services provided by hospitals to patients. These include room and board, ancillary charges, services of resident physicians, inpatient pharmacy, hospital-based nursing home and home health care, and any other services billed by hospitals in the United States. The value of hospital services is measured by total net revenue, which equals gross patient revenues (charges) less contractual adjustments, bad debts, and charity care. It also includes government tax appropriations as well as non-patient and non-operating revenues.</p>	<p>These services are generated by DSPS credentialed health care professionals.</p>
<p>Physician and Clinical Services: Covers services provided in establishments operated by Doctors of Medicine (M.D.) and Doctors of Osteopathy (D.O.), outpatient care centers, plus the portion of medical laboratories services that are billed independently by the laboratories. This category also includes services rendered by a doctor of medicine (M.D.) or doctor of osteopathy (D.O.) in hospitals, if the physician bills independently for those services. Clinical services provided in freestanding outpatient clinics operated by the U.S. Department of Veterans' Affairs, the U.S. Coast Guard Academy, the U.S. Department of Defense, and the U.S. Indian Health Service are also included.</p>	<p>DSPS credentials Doctors of Medicine and Doctors of Osteopathy.</p>
<p>Other Professional Services: Covers services provided in establishments operated by health practitioners other than physicians and dentists. These professional services include those provided by private-duty nurses, chiropractors, podiatrists, optometrists, and physical, occupational and speech therapists, among others.</p>	<p>DSPS credentials nurses; chiropractors; podiatrists; optometrists; physical, occupational, and speech therapists; among other health professionals. See Appendix A for a complete list.</p>
<p>Prescription Drugs: Covers the "retail" sales of human-use dosage-form drugs, biological drugs, and diagnostic products that are available only by a prescription.</p>	<p>DSPS credentials pharmacists, pharmacies, wholesale distributors of prescription drugs, drug or device manufacturers, and professionals with the authority to prescribe.</p>
<p>Other Non-Durable Medical Products: Covers the "retail" sales of non-prescription drugs and medical sundries.</p>	<p>DSPS credentials pharmacists, drug or device manufacturers, and</p>

	the health professionals advising purchases of non-durable medical products.
Nursing Home Care: Covers nursing and rehabilitative services provided in freestanding nursing home facilities. These services are generally provided for an extended period of time by registered or licensed practical nurses and other staff. Care received in state and local government facilities and nursing facilities operated by the U.S. Department of Veterans Affairs are also included.	DSPS credentials registered nurses, licensed practical nurses, and advanced practice nurse prescribers.
Dental Services: Covers services provided in establishments operated by a Doctor of Dental Medicine (D.M.D.) or Doctor of Dental Surgery (D.D.S.) or a Doctor of Dental Science (D.D.Sc.).	DSPS credentials dentists and dental hygienists.
Home Health Care: Covers medical care provided in the home by freestanding home health agencies (HHAs). Medical equipment sales or rentals not billed through HHAs and non-medical types of home care (e.g., Meals on Wheels, chore-worker services, friendly visits, or other custodial services) are excluded.	DSPS credentials health professionals responsible for providing home health care. See Appendix A for a complete list of health professions regulated by DSPS.
Medical Durables: Covers “retail” sales of items such as contact lenses, eyeglasses and other ophthalmic products, surgical and orthopedic products, hearing aids, wheelchairs, and medical equipment rentals.	Health professionals credentialed by DSPS directly and indirectly induce the consumption of medical durables.
Other Health, Residential, and Personal Care: This category includes spending for Medicaid home and community based waivers, care provided in residential care facilities, ambulance services, school health and worksite health care. Generally these programs provide payments for services in non-traditional settings such as community centers, senior citizens centers, schools, and military field stations. The residential establishments are classified as facilities for the intellectually disabled and mental health and substance abuse facilities. The ambulance establishments are classified as Ambulance services.	DSPS credentials health professionals typically responsible for health, residential, and personal care including professional counselors, substance abuse counselors, psychiatrists, and psychologists. See Appendix A for a complete list of health professions regulated by DSPS.

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**State of Wisconsin
Department of Safety and Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Peter Schramm, CE Specialist		2) Date When Request Submitted: 11/6/2013	
		Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> ▪ 8 business days before the meeting for paperless boards ▪ 14 business days before meeting for all others 	
3) Name of Board, Committee, Council, Section: Real Estate Appraiser Board			
4) Meeting Date: 11/13/2013	5) Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6) How should the item be titled on the agenda page? Discussion Regarding Real Estate Appraiser Continuing Education Approval	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input checked="" type="checkbox"/> Yes (Fill out Board Appearance Request) <input type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Discussion regarding Real Estate Appraiser continuing education approval requirements and process; make recommendations and motions as deemed necessary.			
11) Authorization			
Peter Schramm		11/6/2013	
Signature of person making this request		Date	
Jill M. Remy		11/6/2013	
Supervisor (if required)		Date	
_____		_____	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
Directions for including supporting documents: <ol style="list-style-type: none"> 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting. 			

BOARD APPEARANCE REQUEST FORM

Appearance Information

Board Name: Real Estate Appraisers Board

Board Meeting Date: 11/13/2013

Person Submitting Agenda Request: Peter Schramm

Person(s) requesting an appearance: Peter Schramm
(NOTE: Contact information is not required for Department staff.)

Reason for Appearance: Executive Director Request

AppearanceContact Information

(NOTE: If the appearing party is represented by an attorney skip the "AppearanceContact Information" section and complete the "Attorney Contact Information" section.)

Mailing address:

Email address:

Telephone #:

Attorney Contact Information

Attorney Name:

Attorney's mailing address:

Attorney's e-mail address:

Attorney's telephone #:

**State of Wisconsin
Department of Safety & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Karen Rude-Evans, Bureau Assistant, on behalf of Executive Director Tom Ryan		2) Date When Request Submitted: 11/4/2013 Items will be considered late if submitted after 4:30 p.m. on the deadline date: <ul style="list-style-type: none"> ▪ 8 business days before the meeting for paperless boards ▪ 14 business days before the meeting for all others 	
3) Name of Board, Committee, Council, Sections: Real Estate Appraiser Board			
4) Meeting Date: November 13, 2013	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Discussion of Model Act and AMC Legislation Proposal	
7) Place Item in: <input type="checkbox"/> Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Discuss the model act and AMC legislation proposal.			
11) Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



Memorandum

To: All Legislators

From: Tom Larson, Chief Lobbyist and Director of Legal and Public Affairs
Debbi Conrad, Senior Attorney and Director of Legal Affairs

Date: May 3, 2012

Re: Appraisal Management Company Legislation Proposal

The Wisconsin REALTORS® Association is proposing legislation to register and regulate Appraisal Management Companies (AMCs), as required by federal law.

Background

AMCs are business entities that oversee a group of certified and licensed appraisers to perform real estate appraisals on behalf of mortgage lending institutions and other entities.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), the state agency regulating appraisers must also register and regulate AMCs by January 2015. Under Dodd-Frank, AMC legislation must, at minimum, require AMCs to use only licensed or certified appraisers in federally-related transactions, require that their appraisers comply with USPAP, and ensure that appraisals are performed independently and free from inappropriate influence and coercion. AMCs that are subsidiaries owned and controlled by a financial institution and regulated by a federal financial institution regulatory agency are exempt.

Contents of Proposed AMC Legislation

This legislative proposal establishes an AMC registration and regulation process to be administered by the Real Estate Appraisal Board and the Department of Safety and Professional Services. The proposal is modeled in large part after the model AMC legislation developed by the Appraisal Institute and used by most of the other 28 states with AMC legislation on the books. This legislation protects the public and maintains high standards of professional conduct by those registered as appraisal management companies in order to ensure appraisal independence in the determination of real estate valuations.

- ◆ **Establishes “customary and reasonable” rates for appraisers** -- Dodd-Frank provides (as part of the appraiser independence standards) that AMCs must compensate appraisers at rates that are "customary and reasonable" in their geographic market area. This may be established by objective third-party information, such as government agency fee schedules, academic studies and independent private sector surveys. This legislation provides for the Real Estate

Department at the UW Business School conduct a survey/study of reasonable and customary appraiser fees that may be used by the Board as a tool to evaluate any complaints that AMCs are not paying "customary and reasonable" fees.

- ◆ **Requires disclosure of fee structure between AMCs and appraisers** -- AMCs must separately state the portion of a fee that is for the actual appraisal completed by the appraiser and the portion of the fee that is for appraisal management services.
- ◆ **Requires appraisers to meet minimum competency and performance standards** -- AMCs are prohibited from requiring an appraiser to perform an appraisal if the appraiser does not have necessary expertise for the geographical area or does not have a sufficient timeframe for completion, or if the appraisal can't not be completed in conformance with USPAP and the client assignment criteria.
- ◆ **Prohibits AMCs from influencing appraisals** -- AMCs are prohibited from exerting inappropriate influence and coercion designed to influence the outcome of the appraisal and impair appraiser objectivity and impartiality by withholding payments or future assignments, promising extra business or compensation, requiring appraiser indemnification of AMC liability, or providing target values.
- ◆ **Adds AMC Representative to Wisconsin's Appraiser's Board** -- The proposal changes one of the three public members on the 7-member board to an AMC representative.

We would greatly appreciate your support for this important legislation. If you have questions, please contact us at (608) 241-2047.

Background: Model Act:

According to the Appraisal Institute, as the number of appraisal AMCs continues to grow across the United States, the nation's largest professional organizations of real estate appraisers are releasing draft model legislation calling for the registration and regulation of AMCs. The model legislation is a joint effort of the Appraisal Institute (AI), the American Society of Appraisers (ASA), the American Society of Farm Managers and Rural Appraisers (ASFMRA), and the National Association of Independent Fee Appraisers (NAIFA). The language in the model is intended to give state appraiser boards the statutory authority that they need to develop and implement registration requirements for appraisal management companies operating in their states.

GENERAL OVERVIEW OF MODEL ACT AND WRA PROPOSED LEGISLATION

As currently drafted, the Model Act contains the following provisions:

- Requires the registration of AMCs operating in the state that order residential appraisals from independent appraisers. Provides exemptions for "in-house" appraisal departments, AMCs that order less than 10 appraisals in a state in a year, and for appraisers that subcontract to other appraisers on an incidental basis;
- Prohibits AMCs from being owned by individuals who have had an appraiser license or certification denied, refused, cancelled or revoked;
- Requires the identification of a "controlling person" for each AMC;
- Requires AMCs to have systems in place to verify that they only utilize licensed or certified appraisers, and that all appraisals are in compliance with USPAP;
- Enacts requirements that ensure that appraisers are free from coercion or inappropriate influence from AMCs; and
- Provides for the adjudication of disputes between AMCs and independent appraisers.

As currently drafted, the WRA's proposed legislation contains the following provisions.^[1]

- **Establishes "customary and reasonable" rates for appraisers** -- Dodd-Frank provides (as part of the appraiser independence standards) that AMCs must compensate appraisers at rates that are "customary and reasonable" in their geographic market area. This may be established by objective third-party information, such as government agency fee schedules, academic studies and independent private sector surveys. This legislation provides for the Real Estate Department at the UW Business School conduct a survey/study of reasonable and customary appraiser fees that may be used by the Board, along with other surveys and data sources, as a tool to evaluate any complaints that AMCs are not paying "customary and reasonable" fees.
- **Requires disclosure of fee structure between AMCs and appraisers** -- AMCs must separately state the portion of a fee that is for the actual appraisal completed by the appraiser and the portion of the fee that is for appraisal management services.
- **Requires appraisers to meet minimum competency and performance standards** -- AMCs are prohibited from requiring an appraiser to perform an appraisal if the appraiser does not have necessary expertise for the geographical area or does not have a sufficient timeframe for completion, or if the appraisal can't not be completed in conformance with USPAP and the client assignment criteria.
- **Prohibits AMCs from influencing appraisals** -- AMCs are prohibited from exerting inappropriate influence and coercion designed to influence the outcome of the appraisal and impair appraiser objectivity and impartiality by withholding payments or future assignments, promising extra

^[1] Per Memorandum from the WRA dated September 26, 2011 sent to all legislators.

business or compensation, requiring appraiser indemnification of AMC liability, or providing target values.

- **AMC Representative to Wisconsin's Appraiser's Board** -- The proposal changes one of the three public members to an AMC representative.

Appraisal Management Company Registration & Regulation Model Act

(as of 11/26/2012)

Note: *In addition to creating the standards regarding the registration and supervision of appraisal management companies, legislation is also going to need to be considered that will add several items to the functions of the Board and agency. These include adding to the mission statement of the Board/agency the authority/responsibility to:*

- 1) *Register and supervise appraisal management companies;*
- 2) *Submit information about appraisal management companies to the national registry; and*
- 3) *Collect the national registry fees outlined in the Dodd-Frank Act from the AMCs and to forward those funds to the Appraisal Subcommittee.*

(1) **Title.**

- (A) This Act shall be known as the Appraisal Management Company Registration and Regulation Act.

(2) **Definitions.**

- (A) As used in this chapter, the following terms shall have the following meaning:

- (1) "Appraisal" means the practice of developing an opinion of the value of real property in conformance with the Uniform Standards for Professional Appraisal Practice as developed by the Appraisal Standards Board of The Appraisal Foundation.
- (2) "Appraisal firm" means a corporation, limited liability company, sole proprietorship, or other entity that performs appraisal services and is 100% owned and controlled by a person or persons licensed or certified in this state.
- (3) "Appraisal assignment" means an agreement between an appraiser and an appraisal management company to provide an appraisal service.
- (4) "Appraisal consulting" means the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.
- (5) "Appraisal management company" means a corporation, limited liability company, sole proprietorship or other entity that directly or indirectly performs appraisal management services.

- (6) “Appraisal management services” means to, directly or indirectly, perform any of the following functions on behalf of a lender, financial institution, client, or any other person:
- (a) Administer an appraiser panel;
 - (b) Recruit, retain, or select appraisers for the performance of appraisal services;
 - (c) Qualify, verify licensing or certification, and negotiate fees and service level expectations with appraisers who perform appraisal services and are part of, or are requesting to be part of, an appraiser panel;
 - (d) Contract with appraisers to perform appraisal services;
 - (e) Receive an order for an appraisal service from one person, and deliver the order for the appraisal service to an appraiser that is part of an appraiser panel for completion;
 - (f) Manage the process of having an appraisal service performed, including providing administrative duties, such as receiving appraisal orders and reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed;
 - (g) Track and determine the status of orders for appraisal services;
 - (h) Conduct quality control of the results of a completed appraisal service prior to the delivery of the results of the completed appraisal service to the person that ordered the appraisal service;
 - (i) Collecting fees from creditors and underwriters for appraisal services provided; or
 - (j) Providing the results of a completed appraisal service to one or more clients.
- (5) “Appraisal review” means the act or process of developing and communicating an opinion about the quality of another appraiser’s work that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors that do not make a substantive valuation change shall not be an appraisal review.
- (6) “Appraisal service” means acting as an appraiser to provide an appraisal, appraisal review, or appraisal consulting.

- (7) "Appraiser" means a person who holds a license or certificate in this state to complete an appraisal service.
- (8) "Appraiser panel" means a network of licensed or certified appraisers who perform appraisal services as independent contractors for an appraisal management company.
- (9) "Board" (or Commission, Office, Council, etc.) means the {State agency with responsibility for licensing real estate appraisers}.
- (10) "Client" means a person or entity that contracts with or otherwise enters into an agreement with an appraisal management company for the performance of appraisal management services.
- (11) "Competent appraiser" means an appraiser that satisfies each provision of the Competency Rule of the Uniform Standards of Professional Appraisal Practice for a specific appraisal assignment that the appraiser has received, or may receive, from an appraisal management company.
- (12) "Controlling person" means
 - (a) An owner, officer or director of an appraisal management company; or
 - (b) an individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of appraisal services; or
 - (c) an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.
- (13) "Person" means an individual, firm, partnership, association, corporation, limited liability company, sole proprietorship, or any other entity.
- (14) "Uniform Standards of Professional Appraisal Practice" means the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.

(3) **Registration required.**

- (A) It is unlawful for a person to directly or indirectly engage or to attempt to engage in business as an appraisal management company, to directly or indirectly engage or to attempt to perform appraisal management services, or to advertise or hold itself out as

engaging in or conducting business as an appraisal management company without first obtaining a registration issued by the Board under the provisions of this Act.

- (B) The registration required by subsection (A) of this section shall, at a minimum, include the following information:
- (1) name of the person entity seeking registration;
 - (2) business address of the person seeking registration;
 - (3) phone contact information of the person seeking registration;
 - (4) if the person is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state;
 - (5) the name, address, and contact information for any individual or any corporation, partnership, or other business that owns 10% or more of the appraisal management company;
 - (6) the name, address, and contact information for one controlling person;
 - (7) a certification that the person has a system and process in place to verify that an appraiser being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the *{State Real Estate Appraiser Act}*.
 - (8) a certification that the person requires appraisers completing appraisal services at its request to comply with the Uniform Standards of Professional Appraisal Practice, including the requirements for geographic and product competence;
 - (9) a certification that the person has a system in place to require that appraisal services are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards under section 129E of the Truth in Lending Act, including the requirements for payment of a reasonable and customary fee;
 - (10) a certification that the person maintains a detailed record of each appraisal service request that it receives and the appraiser that performs the appraisal service for the appraisal management company;
 - (11) an irrevocable Uniform Consent to Service of Process; and
 - (12) any other information that is reasonably required by the Board to implement this Act.

(4) **Exemptions.**

(A) The provisions of this chapter do not apply to:

- (1) A person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals;
- (2) A person acting as an appraisal firm that at all times during a calendar year employs as independent contractors not more than 15 appraisers for the performance of appraisals;
- (3) A department or unit within a financial institution that is subject to direct regulation by an agency of the United States Government that is a member of the Federal Financial Institutions Examination Council or its successor, or to regulation by an agency of this state, that receives a request for the performance of an appraisal from one employee of the financial institution, and another employee of the same financial institution assigns the request for the appraisal to an appraiser that is an independent contractor to the institution, except that an AMC that is a wholly owned subsidiary of a financial institution shall not be considered a department or unit within a financial institution to which the provisions of this act do not apply;
- (4) A person who enters into an agreement with an appraiser for the performance of an appraisal that on completion results in a report signed by both the appraiser who completed the appraisal and the appraiser who requested completion of the appraisal;
- (5) An appraisal management company with an appraisal panel of not more than 15 appraisers at all times during a calendar year; and
- (6) An appraisal management company that is a subsidiary owned and controlled by a financial institution that is subject to the appraisal independence standards under the federal Truth in Lending Act.

(5) **Forms.**

(A) A person seeking to be registered as an appraisal management company in this State shall submit to the Board an application on a form prescribed by the Board.

(5) **Expiration of license.**

(A) Unless renewed, a registration granted by the Board pursuant to this Act shall expire on the first anniversary of the date on which the registration is issued.

(6) **Consent to Service of Process.**

- (A) Each person applying for a registration as an appraisal management company in this state shall complete an irrevocable Uniform Consent to Service of Process, as prescribed by the Board.

(7) **Registration Fees.**

- (A) The Board shall establish by regulation the fee to be paid by each appraisal management company that is registered under this chapter, or that is seeking to be registered under this chapter, such that the sum of the fees paid by all appraisal management companies registered under this chapter, or seeking registration under this chapter shall be sufficient for the administration of this chapter, but in no case shall the fee be more than two thousand five hundred dollars (\$2,500).
- (B) The Board shall collect from each appraisal management company seeking to be registered in this state the amount determined by the federal Appraisal Subcommittee to be a national registry fee for each appraiser on the appraiser panel of an appraisal management company pursuant to Section 1109(a)(4) of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

(8) **Owner Requirements.**

- (A) An appraisal management company applying for a registration in this state shall not be owned in whole or in part, directly or indirectly, by:
- (1) A person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated; or
 - (2) Another entity that is more than 10% owned by any person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.
- (B) Each person that owns more than 10% of an appraisal management company in this state shall:
- (1) Be of good moral character, as determined by the Board; and
 - (2) Submit to a background investigation, as determined by the Board.

(C) Each appraisal management company applying for a registration in this state shall certify to the board that:

- (1) It has reviewed each entity that owns more than 10% of the appraisal management company; and
- (2) No entity that owns the appraisal management company, whole or in part, directly or indirectly, is more than 10% owned by any person that has had a license or certificate to act as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation, unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.

(9) **Controlling Persons.**

(A) Each appraisal management company applying to the Board for a registration in this state shall designate one controlling person that will be the main contact for all communication between the Board and the appraisal management company.

(B) The controlling person designated pursuant to subsection (A) of this section shall:

- (1) Be actively licensed or certified in a state as appraiser at all times that the person is designated as a controlling person;
- (2) Have never had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state;
- (3) Be of good moral character, as determined by the Board; and
- (4) Submit to a background investigation, as determined by the Board.

(10) **Employee Requirements.**

(A) An appraisal management company that applies to the Board for a registration to do business in this state as an appraisal management company shall not:

- (1) Knowingly employ any person, in a position in which the person has the responsibility to order appraisal services or to review the results of completed appraisal services, who has had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation;
- (2) Knowingly enter into any independent contractor arrangement, whether in verbal, written, or other form, for the performance of appraisal services with any person who has had a license or certificate to act as an appraiser in this

state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation; and

- (3) Knowingly enter into any contract, agreement, or other business relationship, whether in verbal, written, or any other form, for the performance of appraisal services with any entity that employs, has entered into an independent contract arrangement, or has entered into any contract, agreement, or other business relationship, whether in verbal, written, or any other form for the performance of appraisal services with any person who has ever had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation.

(11) Denial of Registration.

- (A) The board may deny renewing a registration for an appraisal management company that is actively registered under this chapter, or may deny a registration to a person that has applied for registration under this chapter, if:
 - (1) The applicant who fails to satisfy a requirement of this chapter; or
 - (2) On a determination by the board that:
 - (a) The applicant has demonstrated incompetence, untrustworthiness, or conduct or practices that render the registrant unfit to perform appraisal management services; or
 - (c) The applicant does not perform appraisal management services in good faith and is a source of detriment, injury, or loss to the public.
- (B) The board shall immediately provide written notice to the applicant of the board's denial of a registration under this chapter.

(12) Appraiser Engagement; Competency.

- (A) Prior to placing an appraisal assignment with an appraiser on the appraiser panel of an appraisal management company, the appraisal management company shall verify that the appraiser receiving the appraisal assignment is a competent appraiser for the performance of the appraisal service being assigned to the appraiser by the appraisal management company.

(13) Appraisal Review.

- (A) A person who performs an appraisal review for an appraisal management company must be licensed or certified under *{State Appraiser Licensing Statute}* with at least the same certification for the property type as the appraiser who completed the report being reviewed.

(14) **Verification of Licensure or Certification.**

- (A) An appraisal management company registered in this state must verify that an appraiser to whom the company is making an appraisal assignment:
 - (1) Is actively licensed or certified in this state pursuant to *{State Appraiser Licensing and Certification Act}*; and
 - (2) Has not had a license or certificate as an appraiser denied, revoked, or surrendered in lieu of revocation in any state since the last time the company made an appraisal assignment to the appraiser.

(15) **Professional Standards.**

- (A) An appraisal management company registered under this chapter shall on a periodic basis perform an appraisal review of the work of appraisers performing appraisal services for the company to ensure that the services comply with:
 - (1) The edition of the Uniform Standards of Professional Appraisal Practice in effect at the time of the appraisal service; or
 - (2) Other standards prescribed by board rule.

(16) **Recordkeeping.**

- (A) An appraisal management company registered under this chapter, or that has applied for registration under this chapter, shall retain for at least five years all business records relating to each request for an appraisal service that the appraisal management company has received and the appraiser who performs the appraisal service for the appraisal management company.
- (B) The board may audit the records of an appraisal management company registered under this chapter, or an appraisal management company that has applied for registration under this chapter, to ensure compliance with this chapter, board rules, and the Uniform Standards of Professional Appraisal Practice.
- (C) A written record of all substantive communications between an appraisal management company registered under this chapter and an appraiser relating to inclusion on an appraisal panel or to an appraisal assignment must be maintained as provided under Subsection (A).

(17) **Compensation of Appraisers.**

(A) An appraisal management company shall:

- (1) Except in cases of breach of contract or substandard performance of an appraisal service, make payment to an appraiser for the completion of an appraisal service within forty-five (45) days of the date on which the appraiser transmits or otherwise provides the results of the completed appraisal service to the appraisal management company or its assignee; and
- (2) Compensate appraisers at a rate that is reasonable and customary for appraisal services being performed in the market area of the property being appraised without the services of an appraisal management company.

(18) **Statement of Fees.**

(A) In reporting to a client, an appraisal management company shall separately state the fees:

- (1) Paid to an appraiser for the completion of an appraisal service; and
- (2) Charged by the appraisal management company to the client for appraisal management services.

(B) An appraisal management company may not:

- (1) Prohibit an appraiser from recording the fee that the appraiser was paid by the appraisal management company for completing the appraisal service in the body of the report that is submitted by the appraiser to the appraisal management company; or
- (2) Include any fees for appraisal management services performed by the appraisal management company in the amount the company reports as charges for the actual completion of an appraisal service by an appraiser.

(19) **Surety Bonds.**

(A) An applicant for issuance of a registration as an appraisal management company pursuant to this chapter shall file with the Board a surety bond with one or more corporate sureties authorized to do business in this state in an amount that is not less than one-hundred and fifty percent (150%) of the average amount of the billings of the appraisal management company in this state during the previous twelve month period, but shall not be less than \$25,000.

(B) The surety bond required pursuant to subsection (A) must:

- (1) Be in the form prescribed by the Board;

- (2) Have as a condition of issuance that the appraisal management company shall pay all amounts owing to persons who perform appraisal services for the appraisal management company and all amounts adjudged against the appraisal management company by reason of negligent or improper provision of appraisal management services or breach of contract in the performance of appraisal management services; and
 - (3) Require the surety company to provide written notice to the Board by registered or certified mail at least 30 days before the surety company cancels or revokes the bond and when the surety company pays for a loss under the bond.
- (C) Upon termination or cancellation of the bond required by subsection (A), a registered appraisal management company shall file a replacement bond or shall surrender the license of the appraisal management company to do business in the state and shall immediately cease operation as an appraisal management company in the state.
- (D) The surety bond required pursuant to subsection (A) shall accrue to the Board for the benefit of:
- (1) A person or entity to secure the faithful performance of appraisal management services by an appraisal management company; or
 - (2) An appraiser who has performed an appraisal service for the appraisal management company for which the appraiser has not received payment.
- (E) A person or entity having a claim against an appraisal management company may bring suit directly on the surety bond required by subsection (A) or the Board may bring suit on behalf of the person or entity having a claim against the surety bond.
- (F) An action by a person or entity against the bond pursuant to subsection (E) must be commenced within one year after the appraisal management company has failed to pay the amount owed by the appraisal management company to an appraiser or the amount adjudged against the appraisal management company.
- (20) **Prohibited Practices.**
- (A) An appraisal management company registered in this state or an employee, director, officer, or agent of an appraisal management company registered in this state may not:
- (1) Cause or attempt to cause the results of the performance of an appraisal service to be based on any factor other than the independent judgment of the appraiser;
 - (2) Seek to influence an appraiser or to otherwise encourage a targeted value in order to facilitate the making or pricing of a consumer credit transaction;

- (3) Alter, modify, or otherwise change the results of a completed appraisal service that have been submitted by an appraiser to the appraisal management company by:
 - (a) Altering or removing the signature or seal of the appraiser; or
 - (b) Adding information to, removing information from, or changing information contained in the results of the completed appraisal service, including any disclosure authorized by this chapter submitted by an appraiser in or with the report;
- (4) Condition the request for the performance of an appraisal service or the payment of an appraisal fee, salary, or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an appraiser;
- (5) Request that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time before the completion of an appraisal by an appraiser;
- (6) Provide to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for a purchase transaction may be provided;
- (7) Make any part of the fee paid to the appraiser or the fee paid by the appraisal management company contingent on a favorable outcome, including:
 - (a) A loan closing; or
 - (b) A specific valuation being achieved by the appraiser in the appraisal report;
- (8) Withhold or threaten to withhold timely payment for the completion of an appraisal assignment when the appraisal services that are the subject of the appraisal assignment are provided in accordance with a contract or other agreement between the parties;
- (9) Withhold or threaten to withhold future business from an appraiser;
- (10) Demote or terminate or threaten to demote or terminate an appraiser;
- (11) Expressly or impliedly promise future business, promotions, or increased compensation for an appraiser;
- (12) Provide to an appraiser, or any person related to the appraiser, stock or other financial or non-financial benefits;

- (13) Allow the removal of an appraiser from an appraiser panel, without prior written notice to the appraiser;
- (14) Obtain, use, or pay for a second or subsequent appraisal or order an automated valuation model in connection with a mortgage financing transaction unless:
 - (a) There is a reasonable basis to believe that the initial appraisal was flawed or tainted and that basis is clearly and appropriately noted in the loan file;
 - (b) The subsequent appraisal or automated valuation model is done under a bona fide pre-funding or post-funding appraisal review or quality control process; or
 - (c) The subsequent appraisal or automated valuation model is otherwise required or permitted by federal or state law.
- (16) Prohibit legal and allowable communication between the appraiser and:
 - (a) The lender;
 - (b) A real estate license holder; or
 - (c) Any other person from whom the appraiser, in the judgment of the appraiser, believes information would be relevant;
- (17) Refuse to accept the results of a completed appraisal service by more than one appraiser if an appraiser provides substantial assistance to another appraiser in the preparation of the report, unless the appraisal assignment names an individual appraiser or the statement of work requires an unassisted report; or
- (18) Require an appraiser to:
 - (a) Complete an appraisal service, if the appraiser, in the judgment of the appraiser, does not have the necessary expertise for the specific geographic area and the appraiser has notified the company of this belief;
 - (b) Prepare an appraisal report under a schedule that the appraiser, in the judgment of the appraiser, believes does not afford the appraiser the ability to meet all the relevant legal and professional obligations if the appraiser has notified the company of this belief;
 - (c) Provide the appraisal management company with the digital signature or seal of the appraiser;

- (d) Modify any aspect of an appraisal report without the agreement of the appraiser that the modification is appropriate;
 - (e) Engage in any act or practice that does not comply with:
 - (i) The Uniform Standards of Professional Appraisal Practice; or
 - (ii) Any assignment conditions and certifications required by the client;
 - (f) Engage in any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser;
 - (g) Enter into an agreement to not serve on the panel of another appraisal management company;
 - (h) Indemnify or hold harmless the appraisal management company against liability except liability for errors and omissions by the appraiser; or
 - (i) Pay a fee imposed on the appraisal management company by the federal Appraisal Subcommittee pursuant to the Dodd-Frank Wall Street Reform Act of 2010.
- (B) Subsection (A) may not be construed to prohibit:
- (1) An appraiser from reimbursing an appraisal management company for the actual cost of discretionary services provided to the appraiser;
 - (2) An appraiser from voluntarily providing the digital signature or seal to the appraisal management company;
 - (3) An appraisal management company from asking an appraiser, after a report is delivered, to:
 - (a) Consider additional appropriate property information, including the consideration of additional comparable properties to make or support an appraisal;
 - (b) Provide further detail, substantiation, or explanation for the value conclusion of the appraiser; or
 - (c) Correct errors in the appraisal report;
 - (4) An appraisal management company from requiring an appraiser to provide advance notice of and an opportunity for the appraisal management company to participate in any legal and allowable communications between the appraiser and a lender; or

- (5) An appraisal management company from providing to an appraiser a copy of an executed contract for a purchase transaction.

(21) **Mandatory Reporting**

- (A) An appraisal management company that has a reasonable basis to believe an appraiser is failing to comply with the Uniform Standards of Professional Appraisal Practice in a manner that materially affects the value conclusion contained in an appraisal report, is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct shall refer the matter to the Board.

(22) **Registration number.**

- (A) The Board shall issue a unique registration number to each appraisal management company that is registered in this state.
- (B) The Board shall publish annually a list of the appraisal management companies that have registered with the Board pursuant to this chapter and have been issued a registration number pursuant to subsection (A) of this section.

(23) **Advertising.**

- (A) An appraisal management company registered in this state shall disclose the registration number provided to it by the Board on all print and electronic advertising, including any electronic advertising or communication via the internet.

(24) **Adjudication of Disputes between an Appraisal Management Company and an Appraiser.**

- (A) Except within the first thirty (30) days after an appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser, without:
 - (1) Notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company;
 - (2) Identifying the illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, that the appraisal management company has a reasonable basis to believe that the appraiser has engaged in; and
 - (3) Providing an opportunity for the appraiser to respond to the notification by the appraisal management company.
- (B) An appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or violation of state licensing standards, may file a complaint

with the *{Board}* for a review of the decision of the appraisal management company, except that the review of the Board in any such case is limited to determining whether the appraisal management company has complied with subsection (A) and whether the appraiser has committed a violation of state law, state licensing standards, or a violation of the Uniform Standards of Professional Appraisal Practice.

- (C) If an appraiser files a complaint against an appraisal management company pursuant to subsection (B) of this section, the Board shall adjudicate the complaint within 180-days.
- (D) If after opportunity for hearing and review, the Board determines that an appraisal management company acted improperly in removing an appraiser from the appraiser panel, or that an appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the Board shall order that an appraiser be restored to the appraiser panel of the appraisal management company that was the subject of the complaint.
- (E) Following the adjudication of a complaint to the Board by an appraiser against an appraisal management company, and the appraiser having been restored to the appraiser panel pursuant to subsection (D) of this section, an appraisal management company may not refuse to make assignments for appraisal services to an appraiser, or reduce the number of appraisal assignments, or otherwise penalize the appraiser, if the Board has found that the appraisal management company acted improperly in removing the appraiser from the appraiser panel.

(25) **Disciplinary Proceedings.**

- (A) The Board may initiate disciplinary proceedings against an appraisal management company registered in this state if, in the opinion of the Board, an appraisal management company is attempting to perform, has performed, or has attempted to perform any of the following acts:
 - (1) Committing any act in violation of this chapter;
 - (2) Violating any rule or regulation adopted by the Board in the interest of the public and consistent with the provisions of this chapter; or
 - (3) Procuring a registration by fraud, misrepresentation, or deceit
- (B) The conduct of administrative proceedings shall be in accordance with the Administrative Procedures Act and the rules promulgated thereunder, and shall be vested in the Board, such that the Board, after notice and opportunity for a hearing pursuant to the Administrative Procedures Act, may issue an order imposing one or more of the following penalties whenever the Board finds, by a preponderance of the evidence, that a registrant has violated any provision of this Act or rules promulgated thereunder:

- (1) Revocation of the registration with or without the right to reapply;
 - (2) Suspension of the registrant for a period not to exceed five (5) years;
 - (3) Stipulations, limitations, restrictions and conditions relating to conduct of the registrant's appraisal management services practice;
 - (4) Censure, including specific redress, if appropriate;
 - (5) Reprimand;
 - (6) Administrative fines not to exceed Twenty Five Thousand Dollars (\$25,000.00) per violation; and
 - (7) Payment of costs expended by the Board for any legal fees and costs and monitoring fees, including but not limited to administrative costs, witness fees and attorney fees.
- (C) Payment of fines and costs shall be in accordance with the following:
- (1) All administrative fines and costs shall be paid within thirty (30) days of notifying the controlling person of the registrant or the agent for service of process of the registrant in this state of the order of the Board imposing the administrative fine, unless the registrant has entered into an agreement with the Board extending the period for payment;
 - (2) The registration may be suspended until any fine imposed upon the registrant by the Board is paid;
 - (3) Unless the registrant has entered into an agreement with the Board extending the period for payment, if fines and costs are not paid in full by the registrant within thirty (30) days of the notification of the order, the fines and costs shall double and the registrant shall have an additional thirty-day period. If the double fine and costs are not paid within the additional thirty-day period, the registration shall automatically be revoked; and
 - (4) All monies received by the Board as a result of the imposition of the administrative fines and costs provided for in this section shall be deposited in the Board fund.
- (D) Complaint filing procedures shall be in accordance with the following:
- (1) Any complaint filed under this Act or the rules promulgated thereunder shall be in writing and signed by the person filing same and shall be on a form prescribed by the Board. A complaint may be filed against a registrant directly by the Board, if reasonable cause exists to believe there have been violation(s) of the Act or rules; and
 - (2) The registrant shall be entitled to any hearings or subject to any disciplinary proceedings provided for in the Act or the rules promulgated thereunder based upon any complaint filed pursuant to this section.

- (E) Written notice of charges shall be provided as follows:
- (1) Before taking any administrative action against any registration, the Board shall notify the registrant in writing of any charges made at least thirty (30) days prior to the date set for hearing and shall afford the registrant an opportunity to be heard in person or by counsel; and
 - (2) The written notice may be served personally or sent by registered or certified mail to the last-known address of either the registrant's controlling person or the registrant's service agent in this state.

(26) **Rulemaking authority.**

- (A) The Board may adopt rules not inconsistent with the provisions of this chapter which may be reasonably necessary to implement, administer, and enforce the provisions of this chapter.

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