

March 24, 2025

**Via Email**

Barbara Richardson, Director  
Department of Insurance and Financial Institutions  
100 N. 15th Avenue, Suite 261  
Phoenix, AZ 85007  
[Barbara.Richardson@difi.az.gov](mailto:Barbara.Richardson@difi.az.gov)

RE: ASC Compliance Review of Arizona's Appraisal Management Company (AMC)  
Regulatory Program

Dear Barbara Richardson:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Arizona AMC regulatory program (AMC Program) on January 28-30, 2025, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.<sup>1</sup>

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- States must establish and maintain an AMC Program with the legal authority and mechanisms to determine that an AMC oversees an appraiser panel consistent with the AMC Rule;<sup>2</sup>
- States must establish and maintain an AMC Program with the legal authority and mechanisms to determine that an AMC oversees an appraiser panel consistent with the AMC Rule;<sup>3</sup> and
- States must ensure the accuracy of all data submitted to the AMC Registry.<sup>4</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Arizona will remain on a two-year Review Cycle.

---

<sup>1</sup> 12 U.S.C. §§ 3331-3356

<sup>2</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

<sup>3</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

<sup>4</sup> 12 U.S.C. § 3347; Policy Statement 9.

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." An area of concern that was identified has been addressed by the AMC Program. The final ASC Compliance Review Report (Report) of the Arizona AMC Program is attached.

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

Sincerely,



Matt Ponzar  
Acting Executive Director

Attachment

cc: Deian Ousounov, Chief Deputy Director of Finance; [Deian.Ousounov@difi.az.gov](mailto:Deian.Ousounov@difi.az.gov)  
Tammy Seto, Assistant Director, [Tammy.Seto@difi.az.gov](mailto:Tammy.Seto@difi.az.gov)  
Steven Fromholtz, Licensing Division Manager, [Steven.Fromholtz@difi.az.gov](mailto:Steven.Fromholtz@difi.az.gov)

## ASC Finding Descriptions

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

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

\*\*An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, Reciprocity; see also Policy Statement 12, Interim Sanctions.



## ASC State AMC Program Compliance Review Report

**ASC Finding: Good**

Final Report Issue Date: March 24, 2025

|   |                    |   |   |
|---|--------------------|---|---|
| <b>Arizona AMC Regulatory Program (State)</b>                               |                    |   |   |
| State Board Title N/A   | PM: N. Fenochietti | ASC Compliance Review Date: January 28-30, 2025 | Review Period: January 2023 to January 2025 |
| Umbrella Agency: Arizona Department of Insurance and Financial Institutions |                    | Number of AMCs on AMC Registry: 151             | Review Cycle: Two Year                      |

| Applicable Federal Citations   | Compliance (YES/NO)<br>Areas of Concern (AC) |    |    | ASC Staff Observations  | State Response   | Required/Recommended State Actions   | General Comments                 |
|--|--|----|----|---|--|--|----------------------------------|
|  | YES  | NO | AC |   |  |  |                                  |
| <b>Statutes, Regulations, Policies and Procedures:</b>   |  | X  |    |   |  |  |                                  |
| States must establish and maintain an AMC Program with the legal authority and mechanisms to determine that an AMC oversees an appraiser panel consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.) |  |    |    | The State's statutes, regulations, and applications do not require that the AMC Panel size threshold is calculated over a 12-month period identified by the State.                      | On March 17, 2025, the State reported that it is proposing a statutory change during Arizona's 2026 legislative session to include the language regarding the panel size calculation, adding "within a given 12-month period". | The State must continue the process to amend its statutes and regulations to bring them into compliance with the AMC Rule, and provide ASC staff with a copy once finalized. | None                             |
| <b>Statutes, Regulations, Policies and Procedures: (continued)</b>   |  | X  |    |   |  |  |                                  |
| States must establish and maintain an AMC Program with the legal authority and mechanisms to determine that an AMC oversees an appraiser panel consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.) |  |    |    | The State's AMC applications allow the applicant to determine if disciplinary actions taken by another jurisdiction were for substantive cause. This is inconsistent with the AMC Rule. | On March 17, 2025, the State reported that the language used in the State's AMC applications has been updated and is now compliant. An updated version of the application was provided.  | None   | The State addressed the concern. |



## ASC State AMC Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: March 24, 2025

**Arizona AMC Regulatory Program (State)**

|   |                    |   |   |
|---|--------------------|---|---|
| State Board Title N/A   | PM: N. Fenochietti | ASC Compliance Review Date: January 28-30, 2025 | Review Period: January 2023 to January 2025 |
| Umbrella Agency: Arizona Department of Insurance and Financial Institutions |                    | Number of AMCs on AMC Registry: 151             | Review Cycle: Two Year                      |

| Applicable Federal Citations   | Compliance (YES/NO)<br>Areas of Concern (AC) |    |    | ASC Staff Observations   | State Response   | Required/Recommended State Actions  | General Comments   |
|--|--|----|----|--|--|---|--|
|  | YES  | NO | AC |  |  |   |  |
| <b>National Registry:</b>  |  | X  |    |  |  |   |  |
| States must ensure the accuracy of all data submitted to the AMC Registry. (12 U.S.C. § 3347; Policy Statement 9.) |  |    |    | The State failed to inactivate 2 AMCs on the AMC Registry that were no longer active and to activate 3 AMCs that are no longer inactive. | On March 17, 2025, the State reported that the Department is working on a new data management system known as Thentia. Part of this project is to create an API between the Department and the ASC. The State believes this will resolve this issue. | The State must continue to develop a process that ensures the data submitted to the AMC Registry is accurate. | During the next Compliance Review, ASC staff will pay particular attention to this area. |
| <b>Enforcement:</b>  | X  |    |    |  |  |   |  |
|  |  |    |    | No compliance issues noted.  | N/A  | None  | None   |