

April 3, 2025

**Via Email**

Grace Arnold, Commissioner  
Minnesota Department of Commerce  
85 – 7th Place East, Suite 280  
St. Paul, MN 55101  
[Grace.Arnold@state.mn.us](mailto:Grace.Arnold@state.mn.us)

RE: ASC Compliance Review of Minnesota’s Appraisal Management Company (AMC)  
Regulatory Program

Dear Grace Arnold:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Minnesota AMC regulatory program (AMC Program) on March 4-6, 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:

- State must report AMCs that are either registered with and subject to the supervision of a State or are operating subsidiaries of a Federally regulated financial institution to the AMC Registry;<sup>2</sup>
- States must ensure the accuracy of all data submitted to the AMC Registry;<sup>3</sup> and
- States must establish and maintain an AMC Program with legal mechanisms to collect and transmit AMC registry fees in accordance with Title XI and the AMC Registry Fee Rule.<sup>4</sup>

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

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<sup>1</sup> 12 U.S.C. §§ 3331-3356

<sup>2</sup> 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; 12 CFR 1102.403; Policy Statements 8 and 9.

<sup>3</sup> 12 U.S.C. § 3347; Policy Statement 9.

<sup>4</sup> 12 U.S.C. § 3338; 12 CFR 1102 Subpart E.

The final ASC Compliance Review Report (Report) of the Minnesota 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: Tim Jahnke, Deputy Commissioner/COO, [Tim.Jahnke@state.mn.us](mailto:Tim.Jahnke@state.mn.us)  
Jackie Olson, Assistant Commissioner, [Jacqueline.Olson@state.mn.us](mailto:Jacqueline.Olson@state.mn.us)  
Sarah Adam, Senior Director, [Sarah.Adam@state.mn.us](mailto:Sarah.Adam@state.mn.us)  
Peter Bratsch, Licensing Director, [Peter.Bratsch@state.mn.us](mailto:Peter.Bratsch@state.mn.us)  
Matt Boyer, Audit Director, [Matthew.Boyer@state.mn.us](mailto:Matthew.Boyer@state.mn.us)  
Sheldon Klugman, Internal Controls Director, [Sheldon.Klugman@state.mn.us](mailto:Sheldon.Klugman@state.mn.us)

## ASC Finding Descriptions

| 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: April 3, 2025

|   |                    |   |  |
|---|--------------------|---|--|
| <b>Minnesota AMC Regulatory Program (State)</b>     |                    |   |  |
| <b>Real Estate Appraisal Advisory Board (Board)</b> | PM: N. Fenochietti | ASC Compliance Review Date: March 4-6, 2025 | Review Period: February 2023 to March 2025 |
| <b>Umbrella Agency: Department of Commerce</b>      |                    | Number of AMCs on AMC Registry: 90          | 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  |    |    |   |  |  |   |
|   |  |    |    | No compliance issues noted.                                       | N/A  | None   | None  |
| <b>National Registry:</b>   |  | X  |    |   |  |  |   |
| State must report AMCs that are either registered with and subject to the supervision of a State or are operating subsidiaries of a Federally regulated financial institution to the AMC Registry. (12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26;12 CFR 1102.403; Policy Statements 8 and 9.) |  |    |    | The State failed to report 2 AMCs to the AMC Registry.            | On March 28, 2025, the State reported that it refined its process to ensure all AMCs are reported appropriately to the AMC Registry. | The State must monitor its revised process to ensure AMCs are reported to the AMC Registry.                  | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance. |
| <b>National Registry (continued):</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 reported 5 active AMCs as inactive on the AMC Registry. | On March 28, 2025, the State reported that it refined its process to ensure all AMCs are reported appropriately to the AMC Registry. | The State must monitor its revised process to ensure the accuracy of all data submitted to the AMC Registry. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance. |



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| 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 (continued):</b>   |  | X  |    |   |   |                                    |   |
| States must establish and maintain an AMC Program with legal mechanisms to collect and transmit AMC registry fees in accordance with Title XI and the AMC Registry Fee Rule. (12 U.S.C. § 3338; 12 CFR 1102 Subpart E). |  |    |    | The State's AMC National Registry Eligibility and Fee Calculation form does not sufficiently define the 12-month period used to calculate the AMC Registry fee. | On March 28, 2025, the State reported that it amended its AMC National Registry Eligibility and Fee Calculation form. | None                               | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance. |
| <b>Enforcement:</b>   | X  |    |    |   |   |                                    |   |
|   |  |    |    | No compliance issues noted.   | N/A   | None                               | None  |