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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

January 8, 2014

Mr. Paul McGreevy, Director  
Department of Business and Professional Regulation  
John O. Pastore Center, Building 69-1  
1511 Pontiac Avenue  
Cranston, RI 02920-0942

RE: ASC Compliance Review of Rhode Island's Appraiser Regulatory Program

Dear Mr. McGreevy:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Rhode Island appraiser regulatory program (Program) on October 9-11, 2013, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." Rhode Island will remain on a two-year Review Cycle. An area of concern that was identified is being addressed by the Program. The final ASC Compliance Review Report (Report) 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,



Arthur Lindo  
Chairman

**Attachment**

cc: Ms. Maria D'Alessandro, Deputy Director  
Mr. William DeLuca, Real Estate Administrator  
Ms. Ellen Balasco, Deputy Chief of Legal Services

## 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 <sup>1</sup>	<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.

<sup>1</sup> An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

**ASC Compliance Review Report**

ASC Finding: Good

Final Report Issue Date: January 7, 2014

**Rhode Island Appraiser Regulatory Program (Program)**

Rhode Island Real Estate Appraisers Board  
(Board)/Decision Making

PM: V. Metcalf

ASC Compliance Review Date: October 9-11, 2013

Review Period: June 2011 to October 2013

Umbrella Agency: Department of Business Regulation, Division of Commercial Licensing, Racing and Athletics (Department)

Number of State Credentialed Appraisers on National Registry: 480

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Rhode Island Statutes, Regulations, Policies and Procedures:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Temporary Practice:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338; ASC Policy Statement 3.)				Rhode Island failed to report the 6 disciplinary actions taken during the Review Period to the National Registry.	On December 18, 2013, the Board reported to ASC staff that the missing disciplinary actions were provided to the National Registry. The Department recently upgraded its eLicensing software programs and, in October, began entering disciplinary actions to the National Registry via the extranet.	None	None	The Department's resolution addresses the concern.
<b>Application Process:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Enforcement:</b>			X					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 7.)				Rhode Island had 3 outstanding complaints of which 1 has remained unresolved for more than 1 year.	On December 18, 2013, the Board reported to ASC staff that effective October 11, 2013, the Board implemented a new procedure to increase efficiency in complaint processing. The assigned Board member for each complaint must complete the USPAP checklist at the meeting when the complaint appears on the agenda and provide it to Program staff. The Board reported that this procedural change greatly reduced the time period for complaint processing.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.