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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 29, 2016

Mr. Macky McCleary, Director
Department of Business 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. McCleary:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Rhode Island appraiser regulatory program (Program) on October 6-7, 2015, 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 is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.¹

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Rhode Island will remain on a two-year Review Cycle.

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

¹ 12 U.S.C. § 3347; Policy Statement 4.

ASC Finding Descriptions

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

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

² 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: Needs Improvement

Final Report Issue Date: January 29, 2016

Rhode Island Appraiser Regulatory Program (State)

Rhode Island Real Estate Appraisers Board / Decision Making

PM: V. Metcalf

ASC Compliance Review Date: October 6-7, 2015

Review Period: October 2013 - October 2015

Umbrella Agency: Department of Business Regulation

Number of State Credentialed Appraisers on National Registry: 456

Review Cycle: Two-Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State issued 1 appraiser credential after January 1, 2015, without verifying the applicant held the AQB Criteria required college-level education.	On December 2, 2015, the State acknowledged the appraiser was approved to sit for the certified residential examination in February 2015 although the appraiser had only 21 college credit hours. The State reported it would meet with the appraiser and intended to request an exception from the Appraiser Qualifications Board on the appraiser's behalf.	The State must, within 60 days of the date of this Report, provide written documentation to ASC staff that the improperly credentialed appraiser has the bachelor's degree needed to qualify for the certified residential appraiser credential. Alternatively, the State may provide documentation that the improperly credentialed appraiser was downgraded to the State Licensed credential with presentation of proof of having a minimum of 30 semester-hours of college-level education, or reinstated at the Trainee level. The State must cease issuing appraiser credentials that do not meet current AQB Criteria.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None