

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 6, 2016

Mr. Charles L. McGill, Board Chair
North Carolina Appraisal Board
5830 Six Forks Road
Raleigh, NC 27609

RE: ASC Compliance Review of North Carolina's Appraiser Regulatory Program

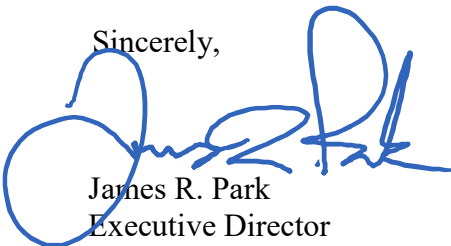
Dear Mr. McGill:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the North Carolina appraiser regulatory program (Program) on November 7-9, 2016, 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 "Excellent." North Carolina will remain on a two-year Review Cycle. 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,



James R. Park
Executive Director

Attachment

cc: Mr. Donald T. Rodgers, Executive Director

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 ¹ | <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.

¹ 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: Excellent
Final Report Issue Date: December 6, 2016

| | | | |
|---|---------------|---|---|
| North Carolina Appraiser Regulatory Program (State) | | | |
| North Carolina Appraisal Board (Board)/Decision Making | PM: K. Klamet | ASC Compliance Review Date: November 7-9, 2016 | Review Period: November 2014 to November 2016 |
| Umbrella Agency: Independent | | Number of State Credentialed Appraisers on National Registry: 2,970 | 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 | | | No compliance issues noted. | N/A | None | None |
| 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 |