

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 15, 2016

Mr. Colin Benjamin, Director
Office of Professional Regulation
Vermont Secretary of State
89 Main Street, 3rd Floor
Montpelier, VT 05620

RE: ASC Compliance Review of Vermont's Appraiser Regulatory Program

Dear Mr. Benjamin:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Vermont appraiser regulatory program (Program) on August 1-3, 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 is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- States must submit all disciplinary actions to the ASC for inclusion on the National Registry;¹
- States must ensure the accuracy of all data submitted to the National Registry;² and
- 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.³

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

¹ 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.

² 12 U.S.C. § 3347; Policy Statement 3 A, D, E.

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

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,

A handwritten signature in black ink, appearing to read "Arthur Lindo". The signature is written in a cursive style with a large initial "A".

Arthur Lindo
Chairman

Attachment

cc: Ms. Judith Griffen, Licensing Board Specialist
Mr. Gabriel Gilman, General Counsel

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 ⁴	<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.

⁴ 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: December 15, 2016

Vermont Appraiser Regulatory Program (State)

Vermont Board of Real Estate Appraisers (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 1-3, 2016	Review Period: August 2014 to August 2016
Umbrella Agency: Office of Professional Regulation		Number of State Credentialed Appraisers on National Registry: 248	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					
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions including 1 suspension to the National Registry.	On November 14, 2016, the State reported that under Vermont law, 1 disciplinary action was not reportable to the National Registry. On other matters in question, the State provided evidence that it attempted to report a suspension and another disciplinary action to the National Registry.	In accordance with ASC Policy Statements, an action may be exempt from reporting to the National Registry if defined by State statute, regulation or written policy as "non-disciplinary." Therefore the State must, within 60 days of this Report, provide ASC staff with the statute, regulation or policy that exempts the reporting of the 1 disciplinary action. The State must also provide a report on how it will ensure disciplinary actions and other National Registry data are reported timely and accurately in the future.	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 3.
National Registry continued:		X					
States must ensure the accuracy of all data submitted to the National Registry. (12 U.S.C. § 3347; Policy Statement 3 A, D, E.)				The State issued one appraiser credential that was not reported to the National Registry.	On November 14, 2016, the State reported that the missing credential was added to the National Registry and attributed the error to an outdated reporting system which is being replaced by a new IT infrastructure.	The State must, within 60 days of the date of this Report, provide ASC staff a detailed account of the actions being taken to resolve this concern.	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 3.

ASC Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: December 15, 2016

Vermont Appraiser Regulatory Program (State)

Vermont Board of Real Estate Appraisers (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 1-3, 2016	Review Period: August 2014 to August 2016
Umbrella Agency: Office of Professional Regulation		Number of State Credentialed Appraisers on National Registry: 248	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				
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 an appraiser credential without verifying the applicant held the AQB Criteria required college degree or in lieu of education.	On November 14, 2016, the State reported that the holder of the credential was notified and the non-disciplinary legal process to recall it had begun.	The State must, within 60 days of the date of this Report, provide ASC staff a detailed account of the actions being taken to resolve this concern.	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				
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 6 outstanding complaints of which 4 were unresolved for more than 2 years, of these, 1 is unresolved for more than 4 years. None were removed under the exemption for special documented circumstances.	On November 14, 2016, the State reported that Vermont law and procedural rules refer all complaints received requiring investigation to an independent State prosecutor outside the control of the Board, and therefore exempt all such cases as special documented circumstances.	In order to avoid a finding of non-compliance at the next Review, the State should implement an effective process to ensure that complaint files with any special documented circumstances are fully documented. In addition, the State should work with the Special Prosecutor to remain informed and be updated on progress of complaints referred and document all such updates to the file.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.