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Appraisal Subcommittee
Federal Financial Institutions Examination Council

March 14, 2019

Mr. Charles F. Kirk, Executive Director
State Real Estate Appraisers Board
Division of Consumer Affairs
Department of Law & Public Safety
PO Box 45032
Newark, NJ 07101

RE: ASC Compliance Review of New Jersey's Appraiser Regulatory Program

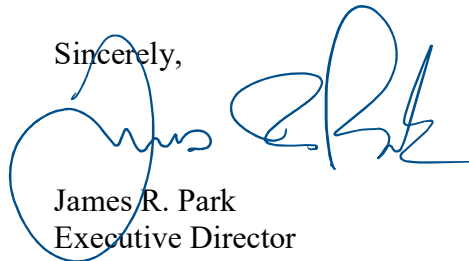
Dear Mr. Kirk:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Jersey appraiser regulatory program (Appraiser Program) on November 14-16, 2018, 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 Appraiser Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the Appraiser Program. New Jersey will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the New Jersey Appraiser 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,



James R. Park
Executive Director

Attachment

cc: Mr. Joseph Palumbo, Board President

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 State Appraiser Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: March 14, 2019

New Jersey Appraiser Regulatory Program (State)

Real Estate Appraisers Board (Board) PM: V. Metcalf ASC Compliance Review Date: November 14-16, 2018 Review Period: September 2016 - November 2018
Umbrella Agency: Division of Consumer Affairs, Department of Law & Public Safety Number of State Credentialed Appraisers on National Registry: 2,611 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				
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				<p>The 9-member Board has 6 vacant positions. This leaves the Board vulnerable to a lack of quorum for meetings and enforcement actions. There is a risk of Program failure, if any of the current Board members resign or are otherwise unable to fulfill their responsibilities and no appointments/reappointments are made.</p> <p>The Program steadily lost staff over the last 4 years, currently having only 1.5 full time equivalent positions (FTEs) budgeted compared to 6.5 in 2014. The State does not intend to fill the positions even though the Program will begin implementing a new AMC Registration Program in 2019.</p> <p>Resource concerns were noted in the September 2014 and September 2016 Compliance Review Reports.</p>	<p>On March 5, 2019, the State reported that the Governor's appointment office was made aware of the ASC's concern and is going through the vetting process for candidates for the Board.</p> <p>The State also reported that the current staffing level is 2.5 FTEs. The State believes this is sufficient and added that additional staff will be used as needed to administer the AMC Registration Program.</p>	<p>The State should monitor the appointment process and encourage the appointment of members to the 6 vacant positions.</p> <p>In addition, the State should monitor to ensure staffing resources remain sufficient to perform their Title XI-related duties.</p>	During the next Compliance Review, ASC staff will pay particular attention to these areas for compliance with Title XI and ASC Policy Statement 1.
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