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Appraisal Subcommittee
Federal Financial Institutions Examination Council

March 18, 2020

Ms. Elizabeth Tanner, 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 Appraisal Management Company (AMC)
Regulatory Program

Dear Ms. Tanner:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Rhode Island AMC regulatory program (AMC Program) on October 2-3, 2019, 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 AMC Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Rhode Island AMC Program is attached.


The ASC identified the following area(s) of non-compliance:

- Participating States must impose requirements on AMCs consistent with the AMC Rule;¹
and
- States must ensure the accuracy of all data submitted to the AMC Registry.²

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring or in a Follow-up Review, if needed. 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

¹ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

² Title XI § 1118 (a), 12 U.S.C. § 3347; Policy Statement 9.

Attachment

cc: Ms. Pamela Toro, Associate Director, Legal Division
Ms. Donna Costantino, Associate Director, Commercial Licensing
Ms. Amy Stewart, Senior Legal Counsel
Mr. William DeLuca, Real Estate Administrator
Ms. Tina Taylor, Licensing Aide, Appraiser Section
Mr. Don DeFede, Chief Securities Examiner, Securities Regulation Division

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	<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.

ASC State AMC Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: March 18, 2020

Rhode Island AMC Regulatory Program (State)

Rhode Island Real Estate Appraisers Board (Board)	PM: K. Klamet	ASC Compliance Review Date: October 2-3, 2019	Review Period: October 2017 to October 2019
Umbrella Agency: Department of Business Regulation		Number of AMCs on AMC Registry: 107	Review Cycle: Two Year with follow-up

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					
Participating States must impose requirements on AMCs consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				An AMC must notify appraisers on its appraiser panel before their removal from the panel. The State allows AMCs to remove an appraiser from its panel, without notice, within the first 30 days after the appraiser is first added to the appraiser panel.	On January 9, 2020, the State reported it will include an amendment to remove the 30-day exemption from the statute as part of its legislative package for 2021.	The State must continue the process to amend its statutes to bring them into compliance with the AMC Rule, and provide the ASC staff with a copy of the statutes once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8.
National Registry:		X					
States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118 (a), 12 U.S.C. § 3347; Policy Statement 9.)				The State did not validate AMCs added to the AMC Registry meet the federal definition.	On January 9, 2020, the State reported registered AMCs, with an anniversary date of August 2020, were sent an addendum application to ensure compliance for entry on the AMC Registry. The State also prepared a new AMC application to properly identify whether or not an AMC meets the federal definition.	The State must ensure all AMCs on the AMC Registry meet the federal definition. Within 60 days of this Report the State must determine whether there are AMCs on the AMC Registry that do not qualify, and if so, remove them from the AMC Registry; and provide ASC staff with a report of State determinations. The ASC may place additional requirements upon the State.	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 9.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None