

November 30, 2023

Via Email

Kristel Hennessy Hemler, Board Administrator
State Board of Certified Real Estate Appraisers
Bureau of Professional and Occupational Affairs
Pennsylvania Department of State
P.O. Box 2649
Harrisburg, PA 17105
khennesyh@pa.gov

RE: ASC Compliance Review of Pennsylvania's Appraisal Management Company (AMC)
Regulatory Program

Dear Kristel Hennessy Hemler:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Pennsylvania AMC regulatory program (AMC Program) on August 15-17, 2023, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the AMC Program. Pennsylvania will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Pennsylvania AMC 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: Ronald K. Rouse, Board Counsel, rrouse@pa.gov
Sparkle Thompson, Division Chief, spthompson@pa.gov
Ray Michalowski, Senior Prosecutor, rmichalows@pa.gov

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.

**An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 12, Interim Sanctions.



ASC State AMC Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: November 30, 2023

Pennsylvania AMC Regulatory Program (State)

Pennsylvania State Board of Certified Real Estate Appraisers (Board) PM: N. Fenochietti ASC Compliance Review Date: August 15-17, 2023 Review Period: August 2021 to August 2023

Umbrella Agency: Bureau of Professional and Occupational Affairs Number of AMCs on AMC Registry: 134 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 enforce and document ownership limitations for State-registered AMCs. (Title XI § 1124, 12 U.S.C. § 3353; 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.)				The State's regulation regarding ownership limitation for an owner who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for substantive cause, as determined by the State is not consistent with the AMC rule.	On October 30, 2023, the State provided ASC staff a copy of a proposed amendment to the State's regulation. The proposed amendment is consistent with the AMC Rule.	The State should continue the process of amending its regulation.	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						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None