

December 6, 2023

Via Email

Dr. Pamela Zickafoose
Executive Director
Council on Real Estate Appraisers
Division of Professional Regulation
Cannon Building, Suite 203
861 Silver Lake Boulevard
Dover, DE 19904
Pamela.Zickafoose@delaware.gov

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

Dear Dr. Pamela Zickafoose:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Delaware AMC regulatory program (AMC Program) on September 18-21, 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." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

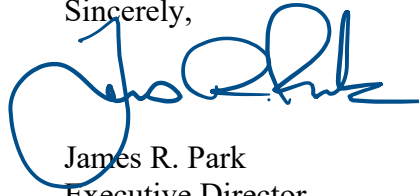
- States must have the authority to collect and transmit to the Appraisal Subcommittee annual registry fees from an appraisal management company that either has registered with a State appraiser certifying and licensing agency or operates as a subsidiary of a federally regulated financial institution.;¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Delaware will remain on a two-year Review Cycle.

¹ Title XI § 1109(a)(4), 12 U.S.C. § 3338(a)(4); 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8-323.14; 12 CFR 1222.20 – 1222. 26.

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 blue ink, appearing to read "James R. Park". The signature is fluid and cursive, with a large initial "J" and "P".

James R. Park
Executive Director

Attachment

cc: Shauna Slaughter, Interim Director, Shauna.Slaughter@delaware.gov
Jennifer Witte, Administrative Specialist III, Jennifer.Witte@delaware.gov
A. Zachary Naylor, Deputy Attorney General, Andrew.Naylor@delaware.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: December 6, 2023

DE AMC Regulatory Program (State)

Council on Real Estate Appraisers	PM: T. Lewis	ASC Compliance Review Date: September 18-21, 2023	Review Period: March 2022 to August 2023
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Umbrella Agency: Division of Professional Regulation	Number of AMCs on AMC Registry: 104	Review Cycle: Two Year
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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. (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 failed to enforce the ownership limitations on AMCs.	On November 13, 2023, the State reported that the application form was revised to correct this area of non-compliance.	The State should ensure that they enforce ownership limitations for State-registered AMCs.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule, and ASC Policy Statement 8.
Statutes, Regulations, Policies and Procedures		X					
States must have the authority to collect and transmit to the Appraisal Subcommittee annual registry fees from an appraisal management company that either has registered with a State appraiser certifying and licensing agency or operates as a subsidiary of a federally regulated financial institution. (Title XI § 1109(a)(4), 12 U.S.C. § 3338(a)(4); 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.)				The State does not have the authority to collect data and information necessary to determine and transmit annual registry fees from Federally Regulated AMCs for the AMC Registry.	On November 13, 2023, the State reported that they intend to draft regulatory amendments for the purpose of correcting this area of non-compliance.	The State must amend its regulations to bring them into compliance and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and the AMC Rule.
Statutes, Regulations, Policies and Procedures (Continued):			X				
States must establish and maintain an AMC Program with the legal authority and mechanisms to determine that an AMC oversees an appraiser panel 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.)				The State failed to properly determine that an AMC oversees an appraisal panel consistent with the AMC Rule.	On November 13, 2023, the State reported it has amended its application to correct this area of non-compliance.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and the AMC Rule.
National Registry:			X				
States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.)				The State failed to report 9 AMCs to the AMC Registry.	On November 13, 2023, the State reported that this deficiency was corrected once it was brought to their attention by ASC staff. The State further reported that it has revised its processes and procedures to ensure that qualified AMCs are immediately added to the AMC Registry upon registration.	The State should monitor its revised procedures for reporting AMC information to the AMC Registry to ensure compliance with Title XI.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
National Registry (Continued):			X				
States must notify the ASC as soon as practicable if an AMC listed on the AMC Registry is no longer registered with or operating in the State. (Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.)				The State failed to inactivate 2 AMCs on the AMC Registry that were no longer active.	On November 13, 2023, the State reported that Staff received training from ASC Staff on removing an AMC from the AMC Registry. The State also reports that it conducted additional training among the Staff to facilitate the inactivation process of a non-qualifying AMCs registration on the AMC Registry when required. In addition, the State inactivated the 2 AMCs.	The State should monitor its revised procedures for reporting AMC information to the AMC Registry to ensure compliance with Title XI.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
Enforcement:	X						



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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
				No compliance issues noted.	N/A	None	None