

December 28, 2023

**Via Email**

Jennifer Clawson, Assistant Director  
Washington State Department of Licensing  
Business and Professions Division  
Real Estate Appraiser Section  
PO Box 3917  
Seattle, WA 98124-3917  
[jclawson@dol.wa.gov](mailto:jclawson@dol.wa.gov)

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

Dear Jennifer Clawson:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Washington AMC regulatory program (AMC Program) on August 1-3, 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 areas of non-compliance:

- States must impose requirements on State-registered AMCs to provide written notice when removing appraisers from the appraiser panel consistent with the AMC Rule<sup>1</sup>;
- States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice)<sup>2</sup>; and

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

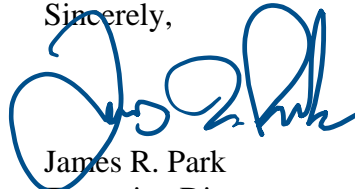
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<sup>1</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

<sup>2</sup> Title XI § 1118, 12 U.S.C. § 3347; Title XI § 1109, 12 U.S.C. § 3338; Policy Statement 9.

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: Andrea Nygard, [anygard@dol.wa.gov](mailto:anygard@dol.wa.gov)  
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## ASC Finding Descriptions

| ASC Finding       | Rating Criteria   | Review Cycle*                     |
|-------------------|---|-----------------------------------|
| Excellent         | <ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>  | 2-year                            |
| Good              | <ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>  | 2-year                            |
| Needs Improvement | <ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>                                     | 2-year with additional monitoring |
| Not Satisfactory  | <ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul> | 1-year                            |
| Poor**            | <ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>  | 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 28, 2023

**Washington AMC Regulatory Program (State)**

|   |                |  |   |
|---|----------------|--|---|
| Washington Board Title (Board): N/A                       | PM: J. Tidwell | ASC Compliance Review Date: August 1-3, 2023 | Review Period: July 30, 2021 to June 20, 2023 |
| Umbrella Agency: Washington State Department of Licensing |                | Number of AMCs on AMC Registry: 29           | Review Cycle: Two Year                        |

| Applicable Federal Citations  | Compliance (YES/NO)<br>Areas of Concern (AC) |    |    | ASC Staff Observations   | State Response   | Required/Recommended State Actions  | General Comments  |
|---|--|----|----|--|--|---|---|
|   | YES  | NO | AC |  |  |   |   |
| <b>Statutes, Regulations, Policies and Procedures:</b>  |  | X  |    |  |  |   |   |
| States must impose requirements on State-registered AMCs to provide written notice when removing appraisers from the 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 allows an AMC to remove an appraiser from its panel, without notice, within the first 30 days after the appraiser is first added to the panel, when there is no such grace period in the AMC Rule as to when AMCs are required to notify an appraiser before being removed from the panel. | On November 20, 2023, the State reported that they have adjusted processes to require AMCs to send notice when any changes are made regardless of the timeframe.   | The State must amend its Statute to bring it into compliance with the AMC Rule, 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 the AMC Rule.                             |
| <b>National Registry:</b>   |  | X  |    |  |  |   |   |
| States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice). (Title XI § 1118, 12 U.S.C. § 3347; Title XI § 1109, 12 U.S.C. § 3338; Policy Statement 9.)   |  |    |    | The Program failed to pay 17 National Registry invoices from January 25, 2021 to April 25, 2023.   | On November 20, 2023, the State reported they are verifying the information to promptly pay the outstanding invoices. In addition, the State reported they have improved their process to ensure national registry invoices are remitted promptly. | The State must monitor the process to ensure they reconcile and pay registry invoices in a timely manner.                                       | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.      |
| <b>National Registry:</b>   |  |    | X  |  |  |   |   |
| States must collect and transmit the registry fees for AMCs that meet the federal definition of an AMC. (Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26;12 CFR 1102.403; Policy Statements 8 and 9.) |  |    |    | The State failed to report 83 eligible AMCs to the AMC Registry and transmit their AMC Registry fees to the ASC.   | On November 20, 2023, the State reported the eligible AMCs have been added to the registry, staff training is completed, and a process is in place to manually add AMCs to the registry when an application or renewal is completed.               | The State should monitor the process to ensure they collect and transmit the registry fees for AMCs that meet the federal definition of an AMC. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statements 8 & 9. |
| <b>Enforcement:</b>   | X  |    |    |  |  |   |   |
|   |  |    |    | No compliance issues noted.  | N/A  | None  | None  |