

June 23, 2023

Via Email

Charles Kirk, Executive Director
New Jersey Office of the Attorney General
Division of Consumer Affairs
State Real Estate Appraisers Board
P.O. Box 45032
Newark, NJ 07101
kirkc@dca.njoag.gov

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

Dear Charles Kirk:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Jersey AMC regulatory program (AMC Program) on January 23-25, 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;¹ and
- States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee.²

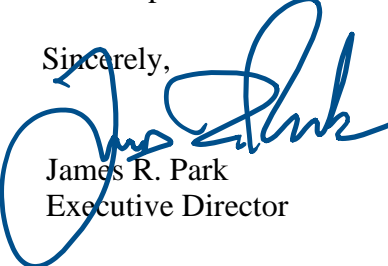
ASC staff will confirm that appropriate corrective actions have been taken during the next Review. New Jersey will remain on a two-year Review Cycle.

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.

² 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.

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: John McCann, Board President, johnmccann@mccannrealtors.com

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 5, Reciprocity; see also Policy Statement 8, Interim Sanctions.



ASC State AMC Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: June 23, 2023

New Jersey AMC Regulatory Program (State)

New Jersey State Real Estate Appraisers Board (Board)	PM: J. Tidwell	ASC Compliance Review Date: January 23-25, 2023	Review Period: March 2021 to December 2022
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Umbrella Agency: Division of Consumer Affairs	Number of AMCs on AMC Registry: 153	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 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's AMC Statutes allow an AMC to remove an appraiser from its the panel, without notice, within the first 90 days.	On June 6, 2023, the State reported that the Board will seek approval from the Division to propose an amendment to the legislature to remove the 90 day grace period.	The State must continue the process to amend its AMC 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.
National Registry:		X					
States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee. (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 determine the eligibility of 4 State registered AMCs.	On June 6, 2023, the State reported that eligibility of the 4 State registered AMCs has been determined and submitted to the AMC Registry. The Board has implemented additional administrative procedures to ensure that the annual certification process accurately determines whether AMCs registered in NJ meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee.	The State should monitor its revised procedures for annual certification of AMCs 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 Statements 8 and 9.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None