APPRAISAL SUBCOMMITTEE
FFIEC

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August 18, 2026

Via Email

Peter Christensen, Board Chair
Montana Board of Real Estate Appraisers
301 South Park Avenue, 4th Floor
Helena, MT 59601
Peter@valuationlegal.com

RE: ASC Compliance Review of Montana's Appraiser Regulatory Program

Dear Peter Christensen:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Montana appraiser regulatory program (Appraiser Program) on March 10-12, 2026, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.[1]

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Montana Appraiser Program is attached.

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

- States must take appropriate action to suspend the appraiser's eligibility to perform appraisals in federally related transactions when the State has determined that an appraiser's continuing education does not meet AQB Criteria, and the appraiser has failed to complete any remedial action offered;[2]
- States must ensure the accuracy of all data submitted to the National Registry;[3]
- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances;[4]
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought;[5]
- States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance, upgrade or renewal of a credential so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations;[6] and

[1] 12 U.S.C. §§ 3331-3356.
[2] 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 C.
[3] 12 U.S.C. § 3338; 12 U.S.C. § 3347; Policy Statement 3 A, D.
[4] 12 U.S.C. § 3347; Policy Statement 7 B.
[5] 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 B, C.
[6] 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 A.

- States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.[7]

The ASC considers the State's responses to the Preliminary Report to be indicative of an earnest effort to remedy non-compliance. The State has presented a plan for addressing the non-compliance findings and reported that it has taken meaningful actions to remediate the findings that were identified in the Compliance Review Report. ASC staff will prioritize verifying that the steps taken – and those in progress – support the State's overall compliance with requirements.

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Montana 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,

Luke H. Brown
Chair

Attachment
cc: Patricia Renenger, Executive Officer, Patricia.Renenger@mt.gov
Sharon Peterson, Section Manager, SPeterson@mt.gov
Jay Phillips, Deputy Commissioner, Jay.Phillips@mt.gov

[7] 12 U.S.C. § 3345;12 U.S.C. § 3347; Policy Statement 6 A.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	• 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	• 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	• 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	• 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**	• 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 12, Interim Sanctions.

ASC State Appraiser Program Compliance Review Report			ASC Finding: Needs Improvement Final Report Issue Date: August 18, 2026
MONTANA Appraiser Regulatory Program (State)			
Montana Board of Real Estate Appraisers (Board)	**PM: A. Nespor**	**ASC Compliance Review Date: March 10-12, 2026**	**Review Period: March 2024 to February 2026**
Umbrella Agency: Independent		**Number of State Credentialed Appraisers on National Registry: 496**	**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						
				No compliance issues noted.	N/A	None	None
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:		X					
States must ensure the accuracy of all data submitted to the National Registry. (12 U.S.C. § 3338; 12 U.S.C. § 3347; Policy Statement 3 A, D.)				The State added an appraiser to the National Registry who did not meet the QE requirements and did not suspend another appraiser's eligibility to perform appraisals in federally related transactions after failing to complete remedial action for unmet CE requirements.	On June 12, 2026, the State responded, recognizing the importance of ensuring all QE meet AQB Criteria. The State acknowledged the ASC's concern about accepting QE documentation not fully validated. The State reported that this revealed a training gap, especially for employees covering medical leave. The State explained some documents were accepted without full AQB compliance verification. The State went on to say that corrective measures are in place to ensure proper verification and address discrepancies, along with an action plan for future validation of QE documentation. The State also emphasized the need for timely and accurate reporting to reflect an appraiser's true eligibility. It admitted delays in updating appraiser status after CE audit failures, caused by untrained staff unfamiliar with reporting procedures. The State reported that staff have received training, and corrective measures have been implemented to ensure accurate, prompt updates to keep the National Registry current and ensure compliance is easily verified by the ASC.	The State must ensure the 2 appraisers fulfill the QE and CE requirements in accordance with the AQB Criteria or take appropriate action.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.

	ASC State Appraiser Program Compliance Review Report	**ASC Finding: Needs Improvement**
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	YES	**NO**	**AC**				
National Registry (continued):		X					
States must ensure the accuracy of all data submitted to the National Registry. (12 U.S.C. § 3338; 12 U.S.C. § 3347; Policy Statement 3 A, D.)				The State does not show appraisers who report disciplinary actions on renewal applications as active on the National Registry until the application matter has been reviewed and resolved. At the same time, the State identifies these appraisers as active on the State's list.	On June 12, 2026, the State responded, acknowledging the importance of timely and accurate reporting to ensure the National Registry reflects an appraiser's true eligibility status. The State reported that its practice of delaying the updating of appraiser status following disciplinary disclosures highlighted training gaps in newly onboarded compliance staff with regard to reporting obligations. The State went on to report that it recognized this lack of familiarity with the reporting process contributed to delays and inconsistencies in updating appraiser statuses. The State reported that it will update its procedures and train staff to ensure consistent understanding of reporting obligations and to verify that updates are completed accurately and promptly. The State provided an action plan detailing those procedures.	The State must monitor its revised processes to ensure all active appraisers are accurately reflected on the National Registry.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.

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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**					
Application Process:		X						
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 B, C.)				AQB Criteria require QE courses to be a minimum of 15 hours in length. The State issued one appraiser credential without verifying the applicant met the AQB Criteria required education in appraisal subject matter electives.	On June 12, 2026, the State responded, acknowledging the importance of ensuring all QE meets AQB Criteria and the concern regarding the acceptance of documentation that has not been fully validated. The State reported that this issue has uncovered a training gap, specifically for employees providing coverage for medical leave. As a result, some documents verifying QE were accepted without full verification and did not meet AQB requirements. The State reported that numerous corrective measures have been implemented to ensure consistent and accurate verification of QE and to promptly address any questions or discrepancies. The State provided an action plan outlining the verification and validation of QE documentation going forward.	Within 60 days, the State must review files of all applicants for appraiser credentials during the Period Under Review and identify those who did not provide proof of QE consistent with AQB Criteria, contact those individuals to obtain the needed documentation for the file and provide ASC staff with an audit report. The report should list all audited individuals, those lacking proof, details of deficiencies and the appropriate action taken by the State. The State must ensure appraisers meet AQB Criteria or take appropriate action.		Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance.

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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				
Application Process (continued):		X					
States must take appropriate action to suspend the appraiser's eligibility to perform appraisals in federally related transactions when the State has determined that an appraiser's continuing education does not meet AQB Criteria, and the appraiser has failed to complete any remedial action offered. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 C.)				The State failed to suspend an appraiser's eligibility to perform appraisals in federally related transactions when the State determined that an appraiser's CE did not meet AQB Criteria, and the appraiser had failed to complete any remedial action offered.	On June 12, 2026, the State responded, acknowledging the importance of timely and accurate reporting to ensure the National Registry reflects an appraiser's true eligibility status. The State reported that its practice of delaying the updating of appraiser status following CE audit failures or other actions affecting eligibility highlighted training gaps in newly onboarded compliance staff with regard to reporting obligations. The State went on to report that it recognizes this lack of familiarity with the reporting process contributed to delays and inconsistencies in updating appraiser status. The State reported that it will update its procedures and train staff to ensure consistent understanding of reporting obligations and to verify that updates are completed accurately and promptly. The State provided an action plan detailing those procedures.	The State must monitor its revised processes to ensure appraisers complete remedial action for unmet CE requirements or take appropriate action to suspend an appraiser's eligibility to perform appraisals in federally related transactions.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.

MONTANA Appraiser Regulatory Program (State)			
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	YES	**NO**	**AC**				
Application Process (continued):		X					
States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance, upgrade or renewal of a credential so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 A.)				Supervisory Appraiser (Mentor) application files lack documentation of verification that the applicant has not been subject to any disciplinary action within any jurisdiction within the previous three years that affected the applicant's legal eligibility to engage in appraisal practice.	On June 12, 2026, the State responded, acknowledging the absence of documented, cross-jurisdictional disciplinary checks. The State reported that, under the current process, an applicant's attestation that they have not been subject to disciplinary action affecting their eligibility to practice within the past three years is verified using only State records. The State acknowledged that this practice does not provide the level of verification intended by the AQB Criteria. The State provided an action plan outlining the verification of disciplinary history through the National Registry for every Supervisory Appraiser applicant. The State reports that it is committed to maintaining complete and accurate documentation and to aligning its procedures with all applicable AQB requirements.	The State must monitor its revised procedure for verifying disciplinary history through the National Registry for each Supervisory Appraiser applicant and document the verification in the file.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: August 18, 2026

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	YES	**NO**	**AC**				
Education:		**X**					
States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria. (12 U.S.C. § 3345;12 U.S.C. § 3347; Policy Statement 6 A.)				The State approved 15-hour and 7-hour National USPAP courses without ensuring that instructors were State certified appraisers in addition to being AQB certified instructors.	On June 12, 2026, the State responded, acknowledging the importance of ensuring all USPAP courses are taught by instructors who meet both AQB and State certification standards. The State explained that, under the current process, staff check the Appraisal Foundation's website to confirm whether USPAP instructors are approved. However, the identified issue uncovered a review gap involving the verification process. Currently, the verification process is not documented in the course approval file, making it difficult to demonstrate compliance during the ASC review. The State recognized that consistent documentation is essential to validating instructor qualifications. The State went on to report that newly incorporated procedures ensure that staff will confirm and document both AQB approval and State appraiser certification for every instructor associated with a USPAP course. The State provided an action plan detailing those procedures.	The State must monitor its revised processes to ensure that instructors of all approved 15-hour and 7-hour National USPAP courses are State certified appraisers in addition to being AQB certified instructors, and document the verification in the file.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.

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	YES	**NO**	**AC**				
Enforcement:		**X**					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 7 aged complaints, of which 6 were unresolved for more than 1 year and 1 was unresolved for more than 2 years, without the exemption for special documented circumstances.	On June 12, 2026, the State responded, recognizing the importance of resolving complaints within 12 months when no special documented circumstances (SDCs) exist, and stated that it is taking steps to strengthen both timeliness and documentation. The State requested that the ASC consider the SDCs to the extent supported by the case materials already provided, involving case-specific circumstances affecting the State's ability to complete the matters within 12 months. The State detailed several new procedures that it will utilize to strengthen enforcement tracking. The State intends these steps to ensure timely complaint resolution and, where delay cannot reasonably be avoided, a clear contemporaneous record showing the specific facts supporting any SDC determination. The State expressed commitment to resolving appraiser complaints within 12 months whenever possible and to maintaining documentation sufficient for ASC staff to evaluate any case-specific exception.	The State's request to reconsider the 7 aged complaints for exemption due to SDCs was considered. However, they did not qualify as extenuating circumstances beyond the agency's control, delaying normal complaint processing. The State must monitor its revised processes to ensure complaints are resolved timely and the backlog of aged complaints is eliminated.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.