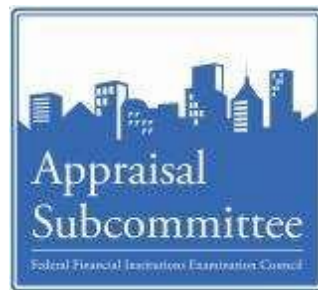


FYI

Cover Page

February 10, 2017



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Appraisal Subcommittee
Federal Financial Institutions Examination Council

November 15, 2016

Ms. Marcia Waters, Director
Division of Real Estate
Board of Real Estate Appraisers
Department of Regulatory Agencies
1560 Broadway, Suite 925
Denver, CO 80202

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

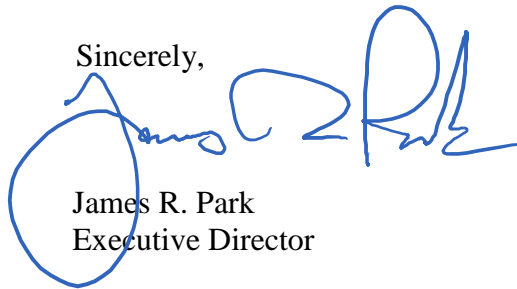
Dear Ms. Waters:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Colorado appraiser regulatory program (Program) on August 30 – September 1, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Excellent." Colorado will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) 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: Mr. Deane Davenport, Chairman

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 ¹	<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.

¹ 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 Compliance Review Report

ASC Finding: Excellent
Final Report Issue Date: November 15, 2016

Colorado Appraiser Regulatory Program (State)

Colorado Board of Real Estate Appraisers (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 30 - September 1, 2016	Review Period: September 2014 - September 2016
Umbrella Agency: Department of Regulatory Agencies, Division of Real Estate		Number of State Credentialed Appraisers on National Registry: 2,594	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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				The Appraiser Qualifications Board (AQB) does not recognize the USPAP Instructor Recertification Course as being equivalent to the 7-Hour National USPAP Update Course (or its equivalent). In addition, the course has not received the delivery method approval required to qualify as appraiser continuing education (CE). Board Regulation §7.24 states that AQB certified USPAP instructors successfully completing the Instructor Recertification Course and examination, if required, within the current CE cycle, have satisfied the 7-Hour National USPAP Update Course.	On November 4, 2016, the State reported that the Board conducted a rulemaking hearing and voted to repeal Board Regulation §7.24 with an effective date of January 1, 2017.	None	The State's resolution addresses the concern.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 14, 2016

Ms. Kim Gaedeke, Director
Bureau of Professional Licensing
Department of Licensing and Regulatory Affairs
P O Box 30670
Lansing, MI 48909

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

Dear Ms. Gaedeke:

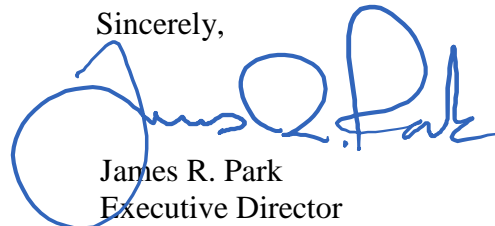
The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Michigan appraiser regulatory program (Program) on September 19-21, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Michigan 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,



James R. Park
Executive Director

Attachment

cc: Mr. Andrew Brisbo, Licensing Division Director
Mr. Joe Campbell, Investigations & Inspections Division Director
Ms. Ann Ward-Fuchs, Legal Affairs Division Director
Ms. Stacie Bayes, Licensing Division, Section Manager
Mr. Desmond Mitchell, Special Programs Division Director

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 ¹	<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.

¹ 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 Compliance Review Report

ASC Finding: Good

Final Report Issue Date: December 14, 2016

Michigan Appraiser Regulatory Program (State)

Board of Real Estate Appraisers (Board)/Advisory & Decision Making	PM: K. Klamet	ASC Compliance Review Date: September 19-21, 2016	Review Period: September 2014 to September 2016
Umbrella Agency: Department of Licensing & Regulatory Affairs/Bureau of Professional Licensing		Number of State Credentialed Appraisers on National Registry: 2,741	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 submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions on the ASC National Registry.	On December 5, 2016, the State reported a new procedure was implemented to ensure all disciplinary actions are expeditiously reported to the ASC National Registry.	The State should monitor its new procedure to ensure all disciplinary actions are reported to the ASC National Registry as required by ASC Policy Statement 3.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
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 65 outstanding complaints of which 8 were unresolved for more than 1 year and none were unresolved for more than 2 years. Of the aged complaints, 6 were removed under the exemption for special documented circumstances.	On December 5, 2016, the State reported that, effective October 2016, the Department, through the Investigations and Inspections Division, contracted the services of a professional to handle the investigation and review of complaints. The goal of the State is to have all complaints completed within 90 days.	The State should monitor its revised process to ensure timely processing of complaints, to reduce the backlog of aged complaints, and to ensure complaints of appraiser misconduct or wrongdoing are resolved in a timely manner as required by ASC Policy Statement 7.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 19, 2016

Mr. Mike Rothman, Commissioner
Minnesota Department of Commerce
85 – 7th Place East, Suite 500
St. Paul, MN 55101

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

Dear Mr. Rothman:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Minnesota appraiser regulatory program (Program) on September 13-15, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

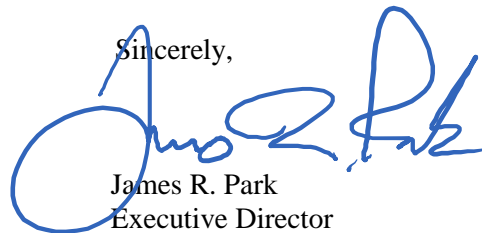
The ASC identified the following area of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria.¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Minnesota 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,



James R. Park
Executive Director

Attachment

cc: Ms. Anne O'Connor, Deputy Commissioner/Chief of Staff
Mr. Peter Brickwedde, Assistant Commissioner
Mr. Robert Commodore, Senior Director of Unclaimed Property/Licensing Services
Mr. Martin Fleischhacker, Assistant Commissioner
Mr. Peter Bratsch, Licensing Director
Mr. Mark Hastie, Audit Director
Mr. Sheldon Klugman, Internal Controls Director

¹12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

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 ²	<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.

² 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 Compliance Review Report

ASC Finding: Good

Final Report Issue Date: December 19, 2016

Minnesota Appraiser Regulatory Program (State)

State Board Title (Board) / N/A	PM: J. Tidwell	ASC Compliance Review Date: September 13-15, 2016	Review Period: July 2014 to September 2016
Umbrella Agency: Minnesota Department of Commerce (Department)		Number of State Credentialed Appraisers on National Registry: 1,949	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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>A review of the Program's Statutes revealed the following inconsistencies with the AQB Criteria regarding: (1) reactivation of an appraiser credential; and (2) Supervisory Appraiser requirements.</p> <p>Prior to reactivation, AQB Criteria requires a credential holder in an inactive status to complete the continuing education (CE) that would have been required if the credential holder had been in active status. Minnesota Statute 82B.08 requires CE for "the period during which the license was canceled," but does not include the CE that would have been required during the period prior to cancelation.</p> <p>AQB Criteria requires that Supervisory Appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 3 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. Minnesota Statute 82B.094 is inconsistent with this requirement.</p>	On December 1, 2016, the State reported that the Department will include the needed changes in its legislative agenda for the Minnesota Legislature's consideration prior to the next Review.	The State must amend its Statute to bring it into compliance with AQB Criteria, and provide the 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 ASC Policy Statement 1.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: December 19, 2016

Minnesota Appraiser Regulatory Program (State)			
State Board Title (Board) / N/A	PM: J. Tidwell	ASC Compliance Review Date: September 13-15, 2016	Review Period: July 2014 to September 2016
Umbrella Agency: Minnesota Department of Commerce (Department)		Number of State Credentialed Appraisers on National Registry: 1,949	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				
National Registry:			X				
States are required to report disciplinary actions via the extranet application as soon as practicable. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.)				The State did not begin reporting disciplinary actions via the extranet application until September of 2015.	On December 1, 2016, the State reported that the Department began reporting disciplinary actions via the extranet in September 2015, and will continue to do so.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3.
National Registry continued:			X				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions for inclusion on the ASC National Registry.	While on-site, the State reported the missing disciplinary actions to the National Registry. On December 1, 2016, the State reported they have implemented a new procedure that will ensure all disciplinary actions are reported for inclusion on the National Registry timely.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 9, 2017

Mr. Charles F. Kirk, Acting Executive Director
Real Estate Appraiser Board
Division of Consumer Affairs
124 Halsey Street – 3rd Floor
Newark, NJ 07102

RE: ASC Compliance Review of New Jersey's Appraiser Regulatory Program

Dear Mr. Kirk:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Jersey appraiser regulatory program (Program) on September 26-29, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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

The ASC identified the following areas of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;¹ and
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.²

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



Arthur Lindo
Chairman

Attachment

cc: Mr. John A. McCann, Real Estate Appraiser Board Chair

¹ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

² 12 U.S.C. § 3347; Policy Statement 4.

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 ³	<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.

³ 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 Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: January 9, 2017

New Jersey Appraiser Regulatory Program (State)

Real Estate Appraiser Board (Board) / Decision Making	PM: C. Brooks	ASC Compliance Review Date: September 26-29, 2016	Review Period: September 2014 to September 2016
Umbrella Agency: Division of Consumer Affairs		Number of State Credentialed Appraisers on National Registry: 2,651	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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>A review of the State's Statutes and Regulations revealed the following inconsistencies with the AQB Criteria regarding: (1) Trainees; and (2) Supervisory Appraisers.</p> <p>AQB Criteria requires Trainees to complete continuing education (CE) each year. New Jersey's regulation §13:40A-4.8 does not require Trainees to submit CE until the 3rd year.</p> <p>AQB Criteria requires Supervisory Appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 3 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. New Jersey's regulation §13:40A-4.6(b) restricts appraisers from supervising only if the discipline is received in New Jersey.</p>	On December 15, 2016, the State reported they will amend the regulations to bring them into compliance with AQB Criteria and reflect what is done in practice.	The State must amend its regulations to bring them into compliance with AQB Criteria and reflect what is done in practice. A copy of the regulation should be provided to ASC staff once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:			X				
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				<p>The 9-member Board has 5 vacant positions. This leaves the Board vulnerable to a lack of a quorum for meetings and enforcement actions. There is a risk of Program failure if any of the current Board members resign or are otherwise unable to fulfill their responsibilities and no appointments/reappointments are made. The February 24, 2015 Board meeting did not have the required quorum of 3 members because only 2 members attended.</p> <p>In addition, since the last Review, the Program lost 2 staff members. The State is under a strict hiring freeze and these positions will not be filled. The State has pending legislation to register Appraisal Management Companies which, if passed, may further drain administrative resources.</p>	<p>On December 15, 2016, the State reported pursuant to statute, Board members are appointed by the Governor with the advice and consent of the Senate. The Board advised the Division of Consumer Affairs of the ASC's concerns with respect to Board member vacancies.</p> <p>The State also reported an additional staff member has been assigned to the Board and the Board anticipates additional staff may be hired should the legislation to register Appraisal Management Companies pass.</p>	The State should monitor the appointment process and encourage the appointment of members to the vacant Board positions as well as hiring of additional staff as appropriate.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Temporary Practice:	X			No compliance issues noted.	N/A	None	None

ASC Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: January 9, 2017

New Jersey Appraiser Regulatory Program (State)

Real Estate Appraiser Board (Board) / Decision Making	PM: C. Brooks	ASC Compliance Review Date: September 26-29, 2016	Review Period: September 2014 to September 2016
Umbrella Agency: Division of Consumer Affairs		Number of State Credentialed Appraisers on National Registry: 2,651	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				
National Registry:			X				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions to the ASC National Registry.	On December 15, 2016, the State reported that 5 disciplinary actions were not posted to the ASC National Registry due to clerical oversight. Upon notification to the Board staff, the disciplinary actions were immediately reported to the National Registry. Additional administrative procedures have been implemented to insure all disciplinary actions are reported timely and accurately.	The State should monitor its new procedures to ensure that it submits all disciplinary actions to the ASC National Registry 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 3.
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State issued an appraiser credential after January 1, 2015, without verifying the applicant held the AQB Criteria required college level education.	On December 15, 2016, the State reported the Board recognizes the applicant was issued a credential without having met the AQB Criteria required college level education. This matter will be included on the January 18, 2017, Board meeting agenda for the Board's consideration. The Division of Law is researching available legal remedies.	The State must, within 60 days of the date of this Report, provide ASC staff a detailed account of the actions being taken to resolve this concern.	Though off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 6, 2016

Mr. Charles L. McGill, Board Chair
North Carolina Appraisal Board
5830 Six Forks Road
Raleigh, NC 27609

RE: ASC Compliance Review of North Carolina's Appraiser Regulatory Program

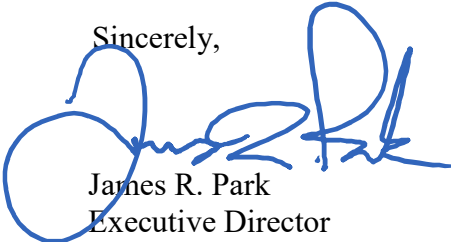
Dear Mr. McGill:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the North Carolina appraiser regulatory program (Program) on November 7-9, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Excellent." North Carolina will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) 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: Mr. Donald T. Rodgers, Executive Director

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 ¹	<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.

¹ 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 Compliance Review Report

ASC Finding: Excellent
Final Report Issue Date: December 6, 2016

North Carolina Appraiser Regulatory Program (State)			
North Carolina Appraisal Board (Board)/Decision Making	PM: K. Klamet	ASC Compliance Review Date: November 7-9, 2016	Review Period: November 2014 to November 2016
Umbrella Agency: Independent		Number of State Credentialed Appraisers on National Registry: 2,970	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			No compliance issues noted.	N/A	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 15, 2016

Mr. Colin Benjamin, Director
Office of Professional Regulation
Vermont Secretary of State
89 Main Street, 3rd Floor
Montpelier, VT 05620

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

Dear Mr. Benjamin:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Vermont appraiser regulatory program (Program) on August 1-3, 2016, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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

The ASC identified the following areas of non-compliance:

- States must submit all disciplinary actions to the ASC for inclusion on the National Registry;¹
- States must ensure the accuracy of all data submitted to the National Registry;² and
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.³

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Vermont will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.

² 12 U.S.C. § 3347; Policy Statement 3 A, D, E.

³ 12 U.S.C. §3347; Policy Statement 4.

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 black ink, appearing to read "Arthur Lindo". The signature is written in a cursive style with a large initial "A".

Arthur Lindo
Chairman

Attachment

cc: Ms. Judith Griffen, Licensing Board Specialist
Mr. Gabriel Gilman, General Counsel

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 ⁴	<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.

⁴ 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 Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: December 15, 2016

Vermont Appraiser Regulatory Program (State)

Vermont Board of Real Estate Appraisers (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 1-3, 2016	Review Period: August 2014 to August 2016
Umbrella Agency: Office of Professional Regulation		Number of State Credentialed Appraisers on National Registry: 248	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 submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions including 1 suspension to the National Registry.	On November 14, 2016, the State reported that under Vermont law, 1 disciplinary action was not reportable to the National Registry. On other matters in question, the State provided evidence that it attempted to report a suspension and another disciplinary action to the National Registry.	In accordance with ASC Policy Statements, an action may be exempt from reporting to the National Registry if defined by State statute, regulation or written policy as "non-disciplinary." Therefore the State must, within 60 days of this Report, provide ASC staff with the statute, regulation or policy that exempts the reporting of the 1 disciplinary action. The State must also provide a report on how it will ensure disciplinary actions and other National Registry data are reported timely and accurately in the future.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3.
National Registry continued:		X					
States must ensure the accuracy of all data submitted to the National Registry. (12 U.S.C. § 3347; Policy Statement 3 A, D, E.)				The State issued one appraiser credential that was not reported to the National Registry.	On November 14, 2016, the State reported that the missing credential was added to the National Registry and attributed the error to an outdated reporting system which is being replaced by a new IT infrastructure.	The State must, within 60 days of the date of this Report, provide ASC staff a detailed account of the actions being taken to resolve this concern.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3.

ASC Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: December 15, 2016

Vermont Appraiser Regulatory Program (State)

Vermont Board of Real Estate Appraisers (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: August 1-3, 2016	Review Period: August 2014 to August 2016
Umbrella Agency: Office of Professional Regulation	Number of State Credentialed Appraisers on National Registry: 248		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				
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State issued an appraiser credential without verifying the applicant held the AQB Criteria required college degree or in lieu of education.	On November 14, 2016, the State reported that the holder of the credential was notified and the non-disciplinary legal process to recall it had begun.	The State must, within 60 days of the date of this Report, provide ASC staff a detailed account of the actions being taken to resolve this concern.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
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 6 outstanding complaints of which 4 were unresolved for more than 2 years, of these, 1 is unresolved for more than 4 years. None were removed under the exemption for special documented circumstances.	On November 14, 2016, the State reported that Vermont law and procedural rules refer all complaints received requiring investigation to an independent State prosecutor outside the control of the Board, and therefore exempt all such cases as special documented circumstances.	In order to avoid a finding of non-compliance at the next Review, the State should implement an effective process to ensure that complaint files with any special documented circumstances are fully documented. In addition, the State should work with the Special Prosecutor to remain informed and be updated on progress of complaints referred and document all such updates to the file.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.

State Program Summary Report

State or Territory	AL		AK		AZ		AR		CA		CO		CT		DE		DC		FL		GA		GU		HI	
Review Year	2016		2015		2016		2016		2016		2016		2016		2015		2015		2015		2016		2015		2015	
Review Month	Jan		Jul		Jun		Mar		Oct		Sep		Jun		Jan		Mar		Feb		Mar		Nov		Dec	
ASC Finding	Good		Good		Excel		Good		Excel		Excel		Good		Good		Good		Good		Excel		Good		Good	
Review Cycle Assigned (in years)	2		2		2		2		2		2		2		2		2		2		2		2		2	
Required State Actions or Off Site Monitoring																										
Follow-Up (in months)																										
Out of Compliance (OC) Area of Concern (AC)	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC
Statutes, Regulations, Policies and Procedures:		1	1				1							1		1		1					2	1	2	
Temporary Practice:													1													
National Registry:													1			1										
Application Process:													3	1										1		
Reciprocity:																			1					1		
Education:													1		1											
Enforcement		1													2									1		
TOTAL OUT OF COMPLIANCE	-		1		-		1		-		-		-		1		-		-		-		2		2	
TOTAL AREA OF CONCERN	2		-		-		-		-		-		6		4		2		2		-		4		-	
Last Review Finding	Good (2014)	Not Sat (2014)	Excel (2014)	Good (2014)	Good (2014)	Excel (2014)	Good (2014)	NISC (2013)	NISC (2013)	ISC (2013)	Needs Imp (2014)	Needs Imp (2013)	Good (2013)													
Previous Review Finding	NISC (2012)	NISC (2013)	NISC (2012)	NISC (2012)	NISC (2012)	ISC (2012)	ISC (2012)	ISC (2011)	ISC (2011)	NISC (2011)	ISC (2012)	ISC (2007)	NISC (2011)													
FTE	6.3	0.57	3.6	2.9	30.9	10.5	1.46	0.55	0.9	9.5	5.4	0.14	0.95													
Independent or Under Umbrella (I/UU)	I	UU	UU	I	UU	UU	UU	UU	UU	UU	I	UU	UU													
Board Type	Decision	Decision	None	Decision	None	Decision	Decision	Decision	Decision	Decision	Decision	None	Advisory													
# Credentials on National Registry	1,310	246	2,045	815	10,416	2,594	1,272	599	704	6,832	3,445	21	520													
# Trainees	113	18	75	142	528	n/a	68	41	40	615	20	3	n/a													
Complaints Received in Review Cycle	57	11	206	68	547	282	90	21	11	482	178	0	21													
Complaints Outstanding	24	2	20	7	103	115	22	5	4	103	51	0	3													
Complaints Outstanding Over 1 Year (No SDC)	4	0	0	0	0	0	0	2	0	0	0	0	0													
Special Documented Circumstances (SDC)	0	0	0	1	2	7	0	0	1	3	4	0	N/A													
AMC Laws and Regulations	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No													

Legend: NISC = Not in Substantial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory

State Program Summary Report

State or Territory	ID	IL	IN	IA	KS	KY	LA	ME	CNMI	MD	MA	MI	MN
Review Year	2015	2015	2015	2015	2015	2015	2016	2015	2015	2016	2016	2016	2016
Review Month	Apr	Sep	Feb	Jul	Oct	Mar	Feb	Jun	Nov	Apr	May	Sep	Sep
ASC Finding	Good	Needs Imp	Needs Imp	Excel	Excel	Excel	Good	Good	Needs Imp	Good	Needs Imp	Good	Good
Review Cycle Assigned (in years)	2	2	2	2	2	2	2	2		2		2	2
Required State Actions or Off Site Monitoring		Yes	Yes						Yes		Yes		
Follow-Up (in months)													
Out of Compliance (OC)													
Area of Concern (AC)	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC
Statutes, Regulations, Policies and Procedures:			1						2		1		1
Temporary Practice:				1									1
National Registry:			2	3								1	2
Application Process:	1			1			1		1		1		
Reciprocity:													
Education:													
Enforcement		1							1		1		1
TOTAL OUT OF COMPLIANCE	-		2		2		-		-	1		-	1
TOTAL AREA OF CONCERN	1		2		3		-		-	2		-	2
Last Review Finding	NISC (2013)	Needs Imp (2013)	ISC (2013)	Excel (2013)	Excel (2013)	ISC (2013)	Good (2014)	Excel (2013)	Needs Imp (2013)	Good (2014)	Needs Imp (2014)	Good (2014)	Good (2014)
Previous Review Finding	NISC (2011)	NIC (2011)	NISC (2011)	ISC (2011)	NISC (2011)	ISC (2011)	NISC (2012)	ISC (2011)	ISC (2007)	NISC (2012)	NISC (2012)	NISC (2012)	NISC (2012)
FTE	0.1	2.8	1.8	0.85	2	3.45	3.3	1.5	0.3	3.6	2.35	2.1	2.25
Independent or Under Umbrella (I/UU)	UU	UU	UU	UU	I	Indep.	UU	UU	UU	UU	UU	UU	UU
Board Type	Decision	Advisory	Decision	Decision	Decision	Advisory (2017)	Decision	Decision	Decision	Decision	Decision	Decision - Enf	None
# Credentials on National Registry	699	4,046	2,155	1,095	993	1,397	1,337	563	9	2,322	2,103	2,741	1,949
# Trainees	35	548	127	115	11	203	159	29	0	210	200	379	248
Complaints Received in Review Cycle	46	429	127	57	31	105	33	70	0	104	214	131	475
Complaints Outstanding	13	119	66	7	7	23	4	17	0	17	39	66	116
Complaints Outstanding Over 1 Year (No SDC)	2	34	7	0	0	0	0	0	0	0	17	2	0
Special Documented Circumstances (SDC)	0	1	0	0	1	2	0	0	0	1	4	6	7
AMC Laws and Regulations	No	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes

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State Program Summary Report

State or Territory	MS		MO		MT		NE		NV		NH		NJ		NM		NY		NC		ND		OH	
Review Year	2015		2016		2015		2015		2016		2015		2016		2015		2015		2016		2016		2015	
Review Month	Jun		Jun		Sep		Mar		May		May		Sep		Apr		Aug		Nov		Jun		Aug	
ASC Finding	Needs Imp		Excel		Good		Good		Excel		Excel		Needs Imp		Good		Needs Imp		Excel		Excel		Excel	
Review Cycle Assigned (in years)	2		2		2		2		2		2		2		2		2		2		2		2	
Required State Actions or Off Site Monitoring	Yes												Yes				Yes							
Follow-Up (in months)																								
Out of Compliance (OC) Area of Concern (AC)	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC
Statutes, Regulations, Policies and Procedures:		4						3					1	1	1			1						
Temporary Practice:																								
National Registry:													1											
Application Process:	1												1				1	2						
Reciprocity:							1																	
Education:																								
Enforcement					1																			
TOTAL OUT OF COMPLIANCE	1		-		-		-		-		-		2		1		1		-		-		-	
TOTAL AREA OF CONCERN	4		-		1		4		-		-		2		-		3		-		-		-	
Last Review Finding	ISC (2013)	Good (2014)	Needs Imp (2013)		Good (2013)	Good (2014)	Good (2013)	Needs Imp (2014)		Good (2013)	Needs Imp (2013)		Excel (2014)	Good (2014)	Good (2013)									
Previous Review Finding	ISC (2011)	NISC (2012)	NISC (2012)	ISC (2011)	NISC (2012)	ISC (2011)	NISC (2012)	NISC (2009)	NISC (2011)	ISC (2012)	ISC (2012)	ISC (2011)												
FTE	3.33	2	2.7	1.6	1.5	2.4	4.5	3.95	5.5	10	1.5	8.85												
Independent or Under Umbrella (I/UU)	UU	UU	UU	I	UU	UU	UU	UU	UU	I	I	UU												
Board Type	Decision	Decision	Decision	Decision	Decision	Decision	Decision	Decision	Reg. Decision	Decision	Decision	Decision												
# Credentials on National Registry	1,111	2,134	371	657	998	782	2,651	618	4,063	2,970	283	3,061												
# Trainees	53	107	24	54	65	17	57	84	451	333	34	318												
Complaints Received in Review Cycle	73	86	119	31	84	22	88	41	127	193	27	253												
Complaints Outstanding	8	10	22	9	31	1	26	15	50	40	15	69												
Complaints Outstanding Over 1 Year (No SDC)	0	0	3	0	0	0	0	0	1	0	0	1												
Special Documented Circumstances (SDC)	2	3	7	5	4	0	8	3	2	0	6	8												
AMC Laws and Regulations	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No												

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State Program Summary Report

State or Territory	OK	OR	PA	PR	RI	SC	SD	TN	TX	UT	VT	VI	
Review Year	2015	2016	2016	2015	2015	2015	2016	2015	2016	2015	2016	2014	
Review Month	Oct	Jul	May	Dec	Oct	May	Aug	Jan	Feb	May	Aug	Nov	
ASC Finding	Good	Excel	Needs Imp	Good	Needs Imp	Needs Imp	Excel	Excel	Excel	Good	Needs Imp	Needs Imp	
Review Cycle Assigned (in years)	2	2	2	2	2	2	2	2	2	2	2	2	
Required State Actions or Off Site Monitoring			Yes		Yes	Yes						Yes	
Follow-Up (in months)			12									12	
Out of Compliance (OC) Area of Concern (AC)	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	OC AC	
Statutes, Regulations, Policies and Procedures:	1			1		1		1				3	1
Temporary Practice:				1								1	
National Registry:											2	2	
Application Process:			1		1	1	3				1		
Reciprocity:												1	
Education:				1									
Enforcement							1			1	1	1	
TOTAL OUT OF COMPLIANCE	1	-	-	3	-	1	4	-	-	-	3	5	
TOTAL AREA OF CONCERN	-	-	-	2	2	-	1	-	-	1	1	4	
Last Review Finding	Excel (2013)	Good (2014)	Needs Imp (2014)	Good(2013)	Good (2013)	ISC (2013)	Good (2014)	ISC (2013)	Good (2014)	NISC (2013)	Good (2014)	NISC (2012)	
Previous Review Finding	ISC (2011)	ISC (2012)	NISC (2012)	ISC (2012)	ISC (2011)	ISC (2011)	ISC (2012)	ISC (2011)	NISC (2012)	NISC (2011)	NISC (2012)	NISC (2010)	
FTE	3.75	4.4	3.5	0.2	1.05	2.8	2	4.75	11.9	4.95	0.24	1	
Independent or Under Umbrella (I/UU)	I - adjunct	I	UU	UU	UU	UU	UU	UU	UU	UU	UU	UU	
Board Type	Decision	Decision	Decision	Decision	Decision	Decision	Advisory	Decision	Decision	Decision	Decision	Decision	
# Credentials on National Registry	990	1,475	3,247	382	462	2,129	362	1,886	5,246	1,246	248	23	
# Trainees	83	80	327	n/a	29	132	53	225	787	85	128	n/a	
Complaints Received in Review Cycle	108	127	292	9	6	99	9	109	484	134	9	2	
Complaints Outstanding	39	80	152	3	0	21	6	22	155	52	7	3	
Complaints Outstanding Over 1 Year (No SDC)	0	0	53	0	0	7	0	1	0	6	0	1	
Special Documented Circumstances (SDC)	0	5	14	0	0	0	1	1	6	16	4	1	
AMC Laws and Regulations	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	No	

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State Program Summary Report

State or Territory	VA		WA		WV		WI		WY			
Review Year	2015		2016		2014		2015		2015		# Excel	18
Review Month	Aug		May		Dec		Jun		Sep		# Good	23
ASC Finding	Needs Imp		Excel		Needs Imp		Good		Good		# Needs Imp	14
Review Cycle Assigned (in years)	2		2		2		2		2		# Not Sat	0
Required State Actions or Off Site Monitoring	Yes				Yes						# Poor	0
Follow-Up (in months)	6											
Out of Compliance (OC) Area of Concern (AC)	OC	AC	OC	AC	OC	AC	OC	AC	OC	AC	OC TOTAL	AC TOTAL
Statutes, Regulations, Policies and Procedures:						2			1	1	19	23
Temporary Practice:											2	3
National Registry:											2	13
Application Process:	1	1						1		1	13	14
Reciprocity:											0	4
Education:											0	3
Enforcement	1	1			2		1				8	11
TOTAL OUT OF COMPLIANCE	2		-		2		1		1		44	
TOTAL AREA OF CONCERN	2		-		2		1		2			71
Last Review Finding	ISC (2013)	Excel (2014)	NISC (2012)		Needs Imp (2013)		Good (2013)					
Previous Review Finding	ISC (2011)	NISC (2012)	ISC (2010)		NISC (2011)		NISC (2011)					
FTE	1.75	8	2.55		3.35		1.42					
Independent or Under Umbrella (I/UU)	UU	UU	I		UU		UU					
Board Type	Decision	Advisory	Decision		Decision		Decision					
# Credentials on National Registry	3,387	2,603	571		2,162		337					
# Trainees	71	192	36		n/a		23					
Complaints Received in Review Cycle	190	164	36		134		8					
Complaints Outstanding	41	37	11		91		4					
Complaints Outstanding Over 1 Year (No SDC)	2	0	2		51		0					
Special Documented Circumstances (SDC)	0	1	2		0		0					
AMC Laws and Regulations	Yes	Yes	Yes		No		Yes					

Legend: NISC = Not in Substantial Compliance; ISC = In Substantial Compliance; NIC = Not in Compliance; Excel = Excellent; Needs Imp = Needs Improvement; Not Sat = Not Satisfactory



THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications

APPRAISER QUALIFICATIONS BOARD

**Appraiser Qualifications Board
Public Meeting Summary
November 18, 2016**

On November 18, 2016, the Appraiser Qualifications Board (AQB) held a public meeting in St. Louis, MO. The meeting provided the AQB with an opportunity to hear public comment in response to the Second Exposure Draft of Proposed Changes to the 2015 *Real Property Appraiser Qualification Criteria (Criteria)*. In addition, the Board provided an update on the following AQB programs:

- National Uniform Licensing and Certification Examinations
 - Course Approval Program
 - Graduate/Undergraduate Real Estate Degree Review Program
-

Second Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria*

The AQB received over 170 written comments in response to the Exposure Draft issued on September 15, 2016. The comment deadline was November 4, 2016. If you would like to review the Exposure Draft and comments, please visit <https://appraisalfoundation.sharefile.com/d-s3393d87a6de4338a>.

The AQB did not adopt any of the proposed changes in the Second Exposure Draft, and plans to issue a Third Exposure Draft in March 2017, which will further refine the proposals made thus far. The Third Exposure Draft will focus on experience requirements as well as a possible alternative track for experienced Licensed Residential appraisers who lack a 4-year degree, but may want to move to the Certified Residential level.

The Board is assembling a panel of experts to develop revised requirements for “practicum courses,” which are now referred to as “practical applications.” The Board looks forward to exploring additional paths for individuals seeking an appraiser credential to obtain experience without a traditional client.

National Uniform Licensing and Certification Examinations

The AQB continues to monitor and update the National Uniform Licensing and Certification Examinations. To review exam statistics from 2008-2015, please click here: <https://appraisalfoundation.sharefile.com/d-sdc2573045fe46ac9>. The Board will update this information through 2016 as this information becomes available from the examination vendors.

Course Approval Program

The AQB’s Course Approval Program currently has 291 courses approved. To review the objectives of this program as well as the approved course list, please click here: https://www.appraisalfoundation.org/imis/TAF/Resources/Course_Approval_Program_CAP_/TAF/AQB_CAP.aspx.

Graduate/Undergraduate Real Estate Degree Review Program

The Graduate/Undergraduate Real Estate Degree Review Program was established by the Board to facilitate the approval of college-level education for individuals who would like to become an appraiser. The review is free of charge to interested colleges/universities. For further details and to review a current list of approved programs, please click here:

https://www.appraisalfoundation.org/imis/TAF/Resources/Real_Estate_Degree_Review_Program/TAF/grad_undergrad_review.aspx.

AQB Public Meetings Scheduled for 2017:

April 7	Tampa, FL
September 8	Minneapolis, MN

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
SEPTEMBER 14, 2016**

LOCATION: Federal Reserve Board – International Square location
1850 K Street NW, Washington, DC 20006

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Mira Marshall
FDIC – Marianne Hatheway
FHFA – Robert Witt
NCUA – Tim Segerson
OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Dan Rhoads
Policy Manager – Neal Fenochietti
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Detaillee – Ada Bohorfoush

PRESENTERS: Appraisal Foundation – Dave Bunton
Appraisal Foundation – Edna Nkemngu

OBSERVERS: AARO – Larry Disney
Appraisal Institute – Brian Rodgers
e-Farm Credit – Dennis Badger
FDIC – Michael Briggs
FDIC – Kaye Finn
FDIC – Suzy Gardner
FDIC – Kimberly Stock
FDIC – Lauren Thompson
FRB – Virginia Gibbs
FRB – Carmen Holly
HUD – Robert Frazier
OCC- Chris Manthey
REVAA – Tom Tilton

The Meeting was called to order at 10:05 a.m. by Vice Chair R. Taft, who chaired the Meeting until A. Lindo arrived.

REPORTS

- **Chairman**

R. Taft welcomed observers to the Meeting. He provided an update on three items: (1) the comment period for the Notice of Proposed Rulemaking on the Implementation of AMC Fees closed on July 19th and ASC staff is analyzing the comments; (2) the FFIEC agencies are working through the Economic Growth and Regulatory Paperwork Reduction Act process and plan to have their recommendations to Congress by the end of the year; and (3) the ASC will continue to submit quarterly reports to the FFIEC with briefings held semi-annually.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's July 13th Meeting. He announced that D. Rhoads will be retiring on October 1st and thanked him for his contributions. A. Bohorfoush, the HUD alternate to the ASC, has been detailed to the ASC staff through mid-November.

On August 25-26, the Appraiser Qualifications Board (AQB) held a Meeting in Washington, DC which he and D. Graves attended. The AQB is preparing the second Exposure Draft of proposed changes to the AQB Criteria. The AQB will continue to propose alternate paths to certification for licensed appraisers who do not possess a four-year college degree. The AQB also held a webinar to present potential changes to the AQB Criteria and answer questions from a live audience. Over 200 persons logged into the presentation with nearly 100 questions asked by participants.

ASC staff is preparing to launch the Unique Identifier Program for appraisers on the Appraiser Registry. A letter will be sent to States within the next couple of weeks notifying them that the conversion program is available for their use or States may authorize the ASC to do the conversion for them. Full adoption by all States could take a year or longer.

The development of the AMC Registry is nearing completion and should be ready for use once the AMC fee rule is finalized. R. Frazier asked if ASC staff knows how many AMCs might register. J. Park responded that ASC staff is unsure of the number at this time.

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's July 13th Meeting. Five State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Missouri, North Dakota, Oregon and Washington were awarded a Finding of "Excellent" and all will

remain on a two-year Review Cycle. Maryland was awarded a Finding of “Good” and will remain on a two-year Review Cycle. One State Compliance Review was finalized and approved by the Chairman under delegated authority. Massachusetts was awarded a Finding of “Needs Improvement” and will remain on a two-year Review Cycle with off-site monitoring. A Follow-up Review was conducted of the Virginia program and ASC staff will continue to monitor the program’s progress. R. Taft asked if Massachusetts submitted an action plan to the ASC. D. Rhoads answered that Massachusetts has submitted a corrective action plan to the ASC staff for review and the State will submit periodic reports to the ASC noting its progress.

- **Financial Manager**

G. Hull reported on Appraisal Foundation grant reimbursement requests which have been processed for payment. The April 2016 request was paid in the amount of \$44,303. This covered expenses for the AQB Meeting in Phoenix, AZ on April 7-8 and for costs related to the State Investigator Training Courses. The May 2016 request was paid in the amount of \$102,516. This covered expenses for the Level One State Investigator Training Course held in St. Louis, MO on May 23-25. The June 2016 reimbursement request was paid in the amount of \$58,259. This included costs for the Appraisal Standards Board (ASB) Meeting held in Indianapolis, IN on June 16-17 and the AQB Meeting held on June 23-24 in Las Vegas, NV.

ACTION ITEMS

- **July 13, 2016 Open Session Minutes**

M. Marshall made a motion to approve the July 13th open session meeting minutes as presented. R. Witt seconded and all members present voted to approve.

- **Appraisal Foundation FY 17 Grant Proposal**

D. Bunton and E. Nkemngu presented the Appraisal Foundation (Foundation) FY17 Grant Proposal in the amount of \$1,074,912. Of this amount, \$309,085 is for State Investigator Training and \$765,827 is for grant-eligible activities of the AQB and ASB. D. Bunton said that the State Investigator Training Courses have been highly successful and the Foundation is considering webinars or online courses for training that is beyond the Level Three course. Funding is requested for three course offerings in FY17. In addition, funds are requested to update the courses as they have not been significantly revised in several years. The ASB will continue work on the 2018-19 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

The AQB is considering possible alternatives to the current education and experience requirements for each of the three classifications (Licensed, Certified Residential, Certified General). Alternatives may include:

- Alternative Track for Licensed Residential to Certified Residential addressing the college-level education requirements that were related to this topic.
- Enhanced Practicum Curriculum concerning development of future specific course guidelines for the Practical Applications of Real Estate. The courses would be designed for use by colleges and universities, professional organizations, and proprietary schools.

M. Hatheway asked if the Bachelor's Degree would no longer be required. D. Bunton responded that it would be required for the Certified General Level. R. Witt asked how the ASB would address States' ability to investigate fraud if numerous draft appraisal reports are prepared for a single appraisal assignment. D. Bunton said he would discuss this issue with the ASB. J. Park noted that the ASB's Second Exposure draft on changes to the 2018-19 edition of USPAP states that only the last appraisal report draft would be required to be retained in the appraiser's file. M. Hatheway asked how the Foundation supports projects when the grant award is lower than the requested amount. D. Bunton responded that the Foundation will develop its budget once the award amount is finalized and they may pay for projects out of their reserves. He added that the Foundation is expecting a surplus this year which will be added to their reserves.

- **ASC FY17 Budget Proposal**

G. Hull and J. Park presented the ASC FY17 Budget Proposal. J. Park said the proposed budget supports the ASC's Strategic Plan. The proposed FY17 Operating Expenses are 10% less than the FY16 budgeted amount but will be 3% higher than the FY16 projected expenses. ASC staff has prepared two options. Option A would produce a deficit of \$605,595 if fully funded. It includes funding of \$100,000 that would assist States with the cost of integrating their computer systems with the National Registry through the Simple Object Access Protocol (SOAP) system. Funding of \$100,000 is also included to reimburse States for staff or board members to complete the 7-hour or 15-hour USPAP Courses. The total for all Foundation and State grants in Option A would be \$859,085. Option B would produce a deficit of \$305,595 if fully funded. Option B includes the same operating budget with \$200,000 deducted from State Grants and \$100,000 deducted from the Foundation grant. The total for all Foundation and State grants in Option B would be \$559,085. Both options allow the ASC to maintain adequate one-year operating reserves. J. Park added that the ASC expects a loss of approximately \$270,000 in FY16. The ASC has had a cumulative loss of \$150,000 over the past five fiscal years.

G. Hull noted that FY17 revenue is projected to decline to \$3.4 million based on a 3% decrease in appraisers on the National Registry. AMC Fees are not expected to be received in FY17. Total operating expenses, not including the grants, are projected to be \$3.2 million. He said that 6.8% of fees will be sequestered in FY16 while 6.9% will be sequestered in FY17. The sequestered funds are recoverable the following year. The Reserve balance for FY17 under Option A will be \$3.8 million and for Option B it would be \$4.1 million.

R. Witt asked when ASC staff will develop a revised policy to administer additional grants to States. J. Park responded that funding to hire a Grants Administrator is included in the FY17 budget and that person would develop a more robust grant program to include policies and procedures. R. Witt asked how the ASC staff would track the use of grant funds. A. Ritter responded that States would be reimbursed once they provide proof of the expenses, similar to the grant reimbursement for the Foundation grant. M. Hatheway asked if the ASC has spending priorities for grant funding and asked other ASC members if they feel that grant funds should be used for these types of items. She felt that until the ASC has a better estimate of AMC Registry Fee revenue, grants should be used for priority projects. M. Marshall commented that some States have expressed concern over receiving grant funding because some State program budgets would be decreased by the amount of the grant. She and R. Witt did feel that funds for SOAP implementation may make Registry submissions easier for States. M. Hatheway suggested that ASC members have a discussion on what projects are priorities for funding. J. Park said that the ASC Policy Statements require States to be educated about USPAP. He added that Option A was prepared anticipating significant AMC fee revenue in the next two-three years. A. Ritter said that SOAP implementation was one of the recommendations from the ASC Advisory Committee as well. M. Hatheway said she is concerned about spending future revenues if there is no way to quantify the amount that might be received. R. Taft said that the ASC should not be using reserves to fund standard operating grants and that the ASC needs to think about its goals on an annual basis to prepare a budget. M. Hatheway asked what could be done to prevent using reserves. M. Marshall answered that the ASC has had this discussion in the past but there is still uncertainty about AMC Registry fee revenue. She felt that hiring a Grants Administrator to decide on a strategy as well as the grant award procedures is a positive step. M. Hatheway restated her position that the ASC needs to be conservative in its budget and decide on priorities. (A. Lindo joined the Meeting.) M. Marshall asked by what date a vote is needed on the budget. J. Park responded that the ASC's fiscal year begins on October 1st so before that date is optimal. He added that the operating budget could be approved minus the grants. This would allow staff time to compile more information on AMC fee revenue estimates and grant priorities. J. Park said the Foundation would like to know the grant amount before their Board of Trustees Meeting in November so that they can prepare and vote on their budget which is on a calendar year. M. Marshall asked what the amount of \$9,800 for Grant Education Development was for under Travel. J. Park responded that was a carryover from the FY16 budget and it will be deleted. M. Marshall asked what the duties of the Regulatory Affairs

Specialist would be. D. Graves responded C. Brooks held that position before she was moved to the Policy Manager position. R. Taft asked if website redesign would be completed in FY17 and J. Park said “yes.”

M. Hatheway offered a motion to continue payment of reoccurring operating expenses such as personnel and rent through November 2016. There was no second on the motion. T. Segerson asked if any projects would be delayed if the FY17 budget was not approved today. J. Park answered “no.”

M. Marshall offered a motion to approve the operating expenses as noted on the FY17 proposed budget and, within the next month, the ASC would vote on grant funding. There was no second on the motion. M. Hatheway stated that she would like the ASC staff to prepare a document that prioritizes the projects in the FY17 proposed budget. M. Marshall noted that the FY17 operating budget is less than the FY16 operating budget. A. Ritter said that the ASC has previously approved an operating budget while grants were approved at a later date. The budget was then amended to include the approved grant amounts and approved by the ASC. T. Segerson agreed with this approach. M. Hatheway stated that she is not comfortable supporting the proposed budget as presented.

M. Marshall offered a motion to approve the operating expense budget and postpone approval of the grants at this time. As a part of her motion, she directed ASC staff to prepare estimates for AMC Registry fee revenue for the next five years. Once the ASC receives and reviews this information, grant funding could be determined and approved. A. Ritter said the ASC could hold a Special Meeting rather than waiting until the ASC Meeting on November 9th. T. Segerson asked when staff could have the information to the ASC. J. Park said it could be completed by the end of September and a Special Meeting could be called depending upon the availability of the ASC members. M. Marshall asked if there was anything specific in the operating budget that the ASC members questioned. R. Witt was concerned about the cost for the website redesign. T. Segerson supported approving the FY17 proposed operating budget minus the grants if there are no objections to any of the items in the operating budget. T. Segerson seconded M. Marshall’s motion. M. Hatheway abstained from voting and other members voted to approve. A. Lindo directed staff to prepare the requested estimates for AMC fee income as soon as is practicable, as well as recommended priorities for grant and project priorities. The ASC can then set up a meeting to review and discuss this information in October or November, at which time it will decide upon grant funds and any proposed changes to the operating budget as a result of the grant/project priority work.

The Open Session adjourned at 11:50 a.m. The next ASC Meeting will be November 9, 2016.