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Appraisal Subcommittee
Federal Financial Institutions Examination Council

POLICY
STATEMENTS
(Revised – March 2018)



Requirements and Guidance to
State Appraiser Certifying and Licensing Agencies
For Compliance with Title XI

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Introduction and Purpose

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended (Title XI) established the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC).¹ The purpose of Title XI is to provide protection of Federal financial and public policy interests by upholding Title XI requirements for appraisals performed for federally related transactions. Specifically, those appraisals shall be performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

Pursuant to Title XI, one of the ASC's core functions is to monitor the requirements established by the States² for certification and licensing of appraisers qualified to perform appraisals in connection with federally related transactions.³ Title XI as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act)⁴ expanded the ASC's core functions to include monitoring of the requirements established by States that elect to register and supervise the operations and activities of appraisal management companies⁵ (AMCs).⁶

The ASC performs periodic Compliance Reviews⁷ of each State appraiser regulatory program (Appraiser Program) to determine compliance or lack thereof with Title XI, and to assess implementation of minimum requirements for credentialing of appraisers as adopted by the Appraiser Qualifications Board (*The Real Property Appraiser Qualification Criteria* or AQB Criteria). As a result of the Dodd-Frank Act amendments to Title XI, States with an AMC

¹ The ASC Board is made up of seven members. Five members are designated by the heads of the FFIEC agencies (Board of Governors of the Federal Reserve System, Bureau of Consumer Financial Protection, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration). The other two members are designated by the heads of the Department of Housing and Urban Development and the Federal Housing Finance Agency.

² See Appendix B, Glossary of Terms, for the definition of "State."

³ See Appendix B, Glossary of Terms, for the definition of "federally related transaction."

⁴ Pub. L. 111-203, 124 Stat. 1376.

⁵ Title XI § 1103 (a)(1)(B), 12 U.S.C. § 3332.

⁶ See Appendix B, Glossary of Terms, for the definition of "appraisal management company" or AMC.

⁷ See Appendix A, Compliance Review Process.

regulatory program (AMC Program) will be evaluated during the Compliance Review to determine compliance or lack thereof with Title XI, and to assess implementation of the minimum requirements for State registration and supervision of AMCs as established by the AMC Rule.⁸

The ASC is issuing these revised Policy Statements⁹ in three parts to provide States with the necessary information to maintain their Appraiser Programs and AMC Programs in compliance with Title XI:

- Part A, *Appraiser Program* – Policy Statements 1 through 7 correspond with the categories that are: (a) evaluated during the Appraiser Program Compliance Review; and (b) included in the *ASC’s Compliance Review Report of the Appraiser Program*.
- Part B, *AMC Program* – Policy Statements 8 through 10 correspond with the categories that are: (a) evaluated during the AMC Program Compliance Review; and (b) included in the *ASC’s Compliance Review Report of the AMC Program*.
- Part C, *Interim Sanctions* – Policy Statement 12 sets forth required procedures in the event that interim sanctions are imposed against a State by the ASC for non-compliance in either the Appraiser Program or the AMC Program.

⁸ The Dodd-Frank Act required the Office of the Comptroller of the Currency; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; National Credit Union Administration; Bureau of Consumer Financial Protection; and Federal Housing Finance Agency to establish, by rule, minimum requirements to be imposed by a participating State appraiser certifying and licensing agency on AMCs doing business in the State. (Title XI § 1124 (a), 12 U.S.C. 3353(a)). Those rules were finalized and published on June 9, 2015, at 80 *Federal Register* 32658 with an effective date of August 10, 2015. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.)

⁹ These Policy Statements, adopted February 14, 2018, supersede all previous Policy Statements adopted by the ASC.

PART A: APPRAISER PROGRAM

POLICY STATEMENT 1

Statutes, Regulations, Policies and Procedures Governing State Appraiser Programs

A. State Regulatory Structure

Title XI requires the ASC to monitor each State appraiser certifying and licensing agency for the purpose of determining whether each such agency has in place policies, practices and procedures consistent with the requirements of Title XI.¹⁰ The ASC recognizes that each State may have legal, fiscal, regulatory or other factors that may influence the structure and organization of its Appraiser Program. Therefore, a State has flexibility to structure its Appraiser Program so long as it meets its Title XI-related responsibilities.

States should maintain an organizational structure for appraiser certification, licensing and supervision that avoids conflicts of interest. A State agency may be headed by a board, commission or an individual. State board¹¹ or commission members, or employees in policy or decision-making positions, should understand and adhere to State statutes and regulations governing performance of responsibilities consistent with the highest ethical standards for public service. In addition, Appraiser Programs using private entities or contractors should establish appropriate internal policies, procedures and safeguards to promote compliance with the State agency's responsibilities under Title XI and these Policy Statements.

B. Funding and Staffing

The Dodd-Frank Act amended Title XI to require the ASC to determine whether States have sufficient funding and staffing to meet their Title XI requirements. Compliance with this provision requires that a State must provide its Appraiser Program with funding and

¹⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹¹ See Appendix B, *Glossary of Terms*, for the definition of "State board."

staffing sufficient to carry out its Title XI-related duties. The ASC evaluates the sufficiency of funding and staffing as part of its review of all aspects of an Appraiser Program's effectiveness, including the adequacy of State boards, committees, or commissions responsible for carrying out Title XI-related duties.

C. Minimum Criteria

Title XI requires States to adopt and/or implement all relevant AQB Criteria. Requirements established by a State for certified residential or certified general appraisers, as well as requirements established for licensed appraisers, trainee appraisers and supervisory appraisers must meet or exceed applicable AQB Criteria.

D. Federally Recognized Appraiser Classifications

State Certified Appraisers

"State certified appraisers" means those individuals who have satisfied the requirements for residential or general certification in a State whose criteria for certification meet or exceed the applicable minimum AQB Criteria. Permitted scope of practice and designation for State certified residential or certified general appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

State Licensed Appraisers

"State licensed appraisers" means those individuals who have satisfied the requirements for licensing in a State whose criteria for licensing meet or exceed the applicable minimum AQB Criteria. The permitted scope of practice and designation for State licensed appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

Trainee Appraisers

"Trainee appraisers" means those individuals who have satisfied the requirements for credentialing in a State whose criteria for credentialing meet or

exceed the applicable minimum AQB Criteria. Any minimum qualification requirements established by a State for individuals in the position of “trainee appraiser” or “supervisory appraiser” must meet or exceed the applicable minimum AQB Criteria. ASC staff will evaluate State designations such as “registered appraiser,” “apprentice appraiser,” “provisional appraiser,” or any other similar designation to determine if, in substance, such designation is consistent with a “trainee appraiser” designation and, therefore, administered to comply with Title XI. The permitted scope of practice and designation for trainee appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

Any State or Federal agency may impose additional appraiser qualification requirements for trainee, State licensed, certified residential or certified general classifications, if they consider such requirements necessary to carry out their responsibilities under Federal and/or State statutes and regulations, so long as the additional qualification requirements do not preclude compliance with AQB Criteria.

E. Non-federally Recognized Credentials

States using non-federally recognized credentials or designations¹² must ensure that they are easily distinguished from the federally recognized credentials.

F. Appraisal Standards

Title XI and the Federal financial institutions regulatory agencies’ regulations mandate that all appraisals performed in connection with federally related transactions be in written form, prepared in accordance with generally accepted appraisal standards as promulgated by the Appraisal Standards Board (ASB) in the Uniform Standards of Professional Appraisal Practice (USPAP), and be subject to appropriate review for compliance with

¹² See Appendix B, *Glossary of Terms*, for the definition of “non-federally recognized credentials or designations.”

USPAP.¹³ States that have incorporated USPAP into State law should ensure that statutes or regulations are updated timely to adopt the current version of USPAP, or if State law allows, automatically incorporate the latest version of USPAP as it becomes effective. States should consider ASB Advisory Opinions, Frequently Asked Questions, and other written guidance issued by the ASB regarding interpretation and application of USPAP.

Any State or Federal agency may impose additional appraisal standards if they consider such standards necessary to carry out their responsibilities, so long as additional appraisal standards do not preclude compliance with USPAP or the Federal financial institutions regulatory agencies' appraisal regulations for work performed for federally related transactions.

The Federal financial institutions regulatory agencies' appraisal regulations define "appraisal" and identify which real estate-related financial transactions require the services of a State certified or licensed appraiser. These regulations define "appraisal" as a "written statement independently and impartially prepared by a qualified appraiser setting forth an opinion as to the market value of an adequately described property as of a specific date(s) supported by the presentation and analysis of relevant market information." Per these regulations, an appraiser performing an appraisal review which includes the reviewer providing his or her own opinion of value constitutes an appraisal. Under these same regulations, an appraisal review that does not include the reviewer providing his or her own opinion of value does not constitute an appraisal. Therefore, under the Federal financial institutions regulatory agencies' regulations, only those transactions that involve appraisals for federally related transactions require the services of a State certified or licensed appraiser.

G. Exemptions

Title XI and the Federal financial institutions regulatory agencies' regulations specifically require the use of State certified or licensed appraisers in connection with the appraisal of certain real estate-related financial transactions.¹⁴ A State may not exempt any

¹³ See Appendix B, *Glossary of Terms* for the definition of "Uniform Standards of Professional Appraisal Practice."

¹⁴ Title XI § 1112, 12 U.S.C. § 3341; Title XI § 1113, 12 U.S.C. § 3342; Title XI § 1114, 12 U.S.C. § 3343.

individual or group of individuals from meeting the State’s certification or licensing requirements if the individual or group member performs an appraisal when Federal statutes and regulations require the use of a certified or licensed appraiser. For example, an individual who has been exempted by the State from its appraiser certification or licensing requirements because he or she is an officer, director, employee or agent of a federally regulated financial institution would not be permitted to perform an appraisal in connection with a federally related transaction.

H. ASC Staff Attendance at State Board Meetings

The efficacy of the ASC’s Compliance Review process rests on the ASC’s ability to obtain reliable information about all areas of a State’s Appraiser Program. ASC staff regularly attends open State board meetings as part of the on-site Compliance Review process. States are expected to make available for review by ASC staff minutes of closed meetings and executive sessions. States are encouraged to allow ASC staff to attend closed and executive sessions of State board meetings where such attendance would not violate State law or regulation or be inconsistent with other legal obligations of the State board. ASC staff is obligated to protect information obtained during the Compliance Review process concerning the privacy of individuals and any confidential matters.

I. Summary of Requirements

1. States must require that appraisals be performed in accordance with the latest version of USPAP.¹⁵
2. States must, at a minimum, adopt and/or implement all relevant AQB Criteria.¹⁶
3. States must have policies, practices and procedures consistent with Title XI.¹⁷

¹⁵ Title XI § 1101, 12 U.S.C. § 3331; Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

¹⁶ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347.

¹⁷ Title XI § 1118 (a), 12 U.S.C. § 3347.

4. States must have funding and staffing sufficient to carry out their Title XI-related duties.¹⁸
5. States must use proper designations and permitted scope of practice for certified residential; certified general; licensed; and trainee classifications.¹⁹
6. State board members, and any persons in policy or decision-making positions, must perform their responsibilities consistent with Title XI.²⁰
7. States' certification and licensing requirements must meet the minimum requirements set forth in Title XI.²¹
8. State requirements for trainee appraisers and supervisory appraisers must meet or exceed the AQB Criteria.
9. State agencies must be granted adequate authority by the State to maintain an effective regulatory Appraiser Program in compliance with Title XI.²²

¹⁸ *Id.*; Title XI § 1118 (b), 12 U.S.C. § 3347.

¹⁹ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1113, 12 U.S.C. § 3342; AQB *Real Property Appraiser Qualification Criteria*.

²⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

²¹ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345.

²² Title XI § 1118 (b), 12 U.S.C. § 3347.

POLICY STATEMENT 2

Temporary Practice

A. Requirement for Temporary Practice

Title XI requires State agencies to recognize, on a temporary basis, the certification or license of an out-of-State appraiser entering the State for the purpose of completing an appraisal assignment²³ for a federally related transaction. States are not, however, required to grant temporary practice permits to trainee appraisers. The out-of-State appraiser must register with the State agency in the State of temporary practice (Host State). A State may determine the process necessary for “registration” provided such process complies with Title XI and does not impose “excessive fees or burdensome requirements,” as determined by the ASC.²⁴ Thus, a credentialed appraiser²⁵ from State A has a statutory right to enter State B (the Host State) to perform an assignment concerning a federally related transaction, so long as the appraiser registers with the State agency in State B prior to performing the assignment. Though Title XI contemplates reasonably free movement of credentialed appraisers across State lines, an out-of-State appraiser must comply with the Host State’s real estate appraisal statutes and regulations and is subject to the Host State’s full regulatory jurisdiction. States should utilize the National Registry of Appraisers to verify credential status on applicants for temporary practice.

B. Excessive Fees or Burdensome Requirements

Title XI prohibits States from imposing excessive fees or burdensome requirements, as determined by the ASC, for temporary practice.²⁶ Adherence by State agencies to the following mandates and prohibitions will deter the imposition of excessive fees or burdensome requirements.

²³ See Appendix B, *Glossary of Terms*, for the definition of “assignment.”

²⁴ Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

²⁵ See Appendix B, *Glossary of Terms*, for the definition of “credentialed appraisers.”

²⁶ Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

Host State agencies must:

- a. issue temporary practice permits on an assignment basis;
- b. issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action;
- c. issue temporary practice permits designating the permit's effective date;
- d. take regulatory responsibility for a temporary practitioner's unethical, incompetent and/or fraudulent practices performed while in the State;
- e. notify the appraiser's home State agency²⁷ in the case of disciplinary action concerning a temporary practitioner;
- f. allow at least one temporary practice permit extension through a streamlined process;
- g. track all temporary practice permits using a permit log which includes the name of the applicant, date application received, date completed application received, date of issuance, and date of expiration, if any (States are strongly encouraged to maintain this information in an electronic, sortable format); and
- h. maintain documentation sufficient to demonstrate compliance with this Policy Statement.

Host State agencies may not:

- a. limit the valid time period of a temporary practice permit to less than 6 months (unless the applicant requests a specific end date and the applicant is allowed an extension if required to complete the assignment, the applicant's credential is no longer in active status during that period of time);
- b. limit an appraiser to one temporary practice permit per calendar year;²⁸
- c. charge a temporary practice permit fee exceeding \$250, including one

²⁷ See Appendix B, Glossary of Terms, for the definition of "home State agency."

²⁸ State agencies may establish by statute or regulation a policy that places reasonable limits on the number of times an out-of-State certified or licensed appraiser may exercise his or her temporary practice rights in a given year. If such a policy is not established, a State agency may choose not to honor an out-of-State certified or licensed appraiser's temporary practice rights if it has made a determination that the appraiser is abusing his or her temporary practice rights and is regularly engaging in real estate appraisal services within the State.

- extension fee;
- d. impose State appraiser qualification requirements for education, experience and/or exam upon temporary practitioners;
- e. require temporary practitioners to obtain a certification or license in the State of temporary practice;
- f. require temporary practitioners to affiliate with an in-State licensed or certified appraiser;
- g. refuse to register licensed or certified appraisers seeking temporary practice in a State that does not have a licensed or certified level credential; or
- h. prohibit temporary practice.

Home State agencies may not:

- a. delay the issuance of a written “letter of good standing” or similar document for more than five business days after receipt of a request; or
- b. fail to consider and, if appropriate, take disciplinary action when one of its certified or licensed appraisers is disciplined by another State.

C. Summary of Requirements

1. States must recognize, on a temporary basis, appraiser credentials issued by another State if the property to be appraised is part of a federally related transaction.²⁹
2. States must adhere to mandates, prohibitions and documentation requirements as set forth above in Section B above, titled *Excessive Fees or Burdensome Requirements*.³⁰

²⁹ Title XI § 1122 (a) (1), 12 U.S.C. § 3351.

³⁰ Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

POLICY STATEMENT 3

National Registry of Appraisers (Appraiser Registry)

A. Requirements for the Appraiser Registry

Title XI requires the ASC to maintain a National Registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions.³¹ Title XI further requires the States to transmit to the ASC: (1) a roster listing individuals who have received a State certification or license in accordance with Title XI; (2) reports on the issuance and renewal of licenses and certifications, sanctions, disciplinary actions, revocations and suspensions; and (3) the registry fee as set by the ASC³² from individuals who have received certification or licensing. States must notify the ASC as soon as practicable if a credential holder listed on the Appraiser Registry does not qualify for the credential held.

Roster and registry fee requirements apply to all individuals who receive State certifications or licenses, originally or by reciprocity, whether or not the individuals are, in fact, performing or planning to perform appraisals in federally related transactions. If an appraiser is certified or licensed in more than one State, the appraiser is required to be on each State's roster of certified or licensed appraisers, and a registry fee is due from each State in which the appraiser is certified or licensed.

Only AQB-compliant certified and licensed appraisers in active status on the Appraiser Registry are eligible to perform appraisals in connection with federally related transactions. Only those appraisers whose registry fees have been transmitted to the ASC will be eligible to be on the Appraiser Registry for the period subsequent to payment of the fee.

Some States may give State certified or licensed appraisers an option to not pay the registry

³¹ Title XI § 1103 (a) (3), 12 U.S.C. § 3332.

³² Title XI § 1109, *Roster of State certified or licensed appraisers; authority to collect and transmit fees*, requires the ASC to consider at least once every 5 years whether to adjust the dollar amount of the registry fees to account for inflation. (Title XI § 1109 (a), 12 U.S.C. § 3338.)

fee. If a State certified or licensed appraiser chooses not to pay the registry fee, then the Appraiser Program must ensure that any potential user of that appraiser's services is aware that the appraiser is not eligible to perform appraisals for federally related transactions. The Appraiser Program must place a conspicuous notice directly on the face of any evidence of the appraiser's authority to appraise stating, "Not Eligible To Appraise Federally Related Transactions," and the appraiser must not be listed in active status on the Appraiser Registry.

The ASC extranet application allows States to update their appraiser credential information directly to the Appraiser Registry. Only Authorized Registry Officials are allowed to request access for their State personnel (see section C below). The ASC will issue a User Name and Password to the designated State personnel responsible for that State's Appraiser Registry entries. Designated State personnel are required to protect the right of access, and not share their User Name or Password with anyone. States must adopt and implement a written policy to protect the right of access, as well as the ASC issued User Name and Password. The ASC will provide detailed specifications regarding the data elements on the Appraiser Registry.

B. Registry Fee and Invoicing Policies

Each State must remit to the ASC the annual registry fee, as set by the ASC, for State certified or licensed appraisers within the State to be listed on the Appraiser Registry. Requests to prorate refunds or partial-year registrations will not be granted. If a State collects multiple-year fees for multiple-year certifications or licenses, the State may choose to remit to the ASC the total amount of the multiple-year registry fees or the equivalent annual fee amount. The ASC will, however, record appraisers on the Appraiser Registry only for the number of years for which the ASC has received payment. Nonpayment by a State of an appraiser's registry fee may result in the status of that appraiser being listed as "inactive." States must reconcile and pay registry invoices in a timely manner (45 calendar days after the invoice date). When a State's failure to pay a past due invoice results in appraisers being listed as inactive, the ASC will not change those appraisers back to active status until payment is received from the State. An inactive status on the Appraiser Registry, for

whatever the reason, renders an appraiser ineligible to perform appraisals in connection with federally related transactions.

C. Access to Appraiser Registry Data

The ASC website provides free access to the public portion of the Appraiser Registry at www.asc.gov. The public portion of the Appraiser Registry data may be downloaded using predefined queries or user-customized applications.

Access to the full database, which includes non-public data (*e.g.*, certain disciplinary action information), is restricted to authorized State and Federal regulatory agencies. States must designate a senior official, such as an executive director, to serve as the State's Authorized Registry Official, and provide to the ASC, in writing, information regarding the designated Authorized Registry Official. States must ensure that the authorization information provided to the ASC is updated and accurate.

D. Information Sharing

Information sharing (routine exchange of certain information among lenders, governmental entities, State agencies and the ASC) is essential for carrying out the purposes of Title XI. Title XI requires the ASC, any other Federal agency or instrumentality, or any federally recognized entity to report any action of a State certified or licensed appraiser that is contrary to the purposes of Title XI to the appropriate State agency for disposition. The ASC believes that full implementation of this Title XI requirement is vital to the integrity of the system of State appraiser regulation. States are encouraged to develop and maintain procedures for sharing of information among themselves.

The Appraiser Registry's value and usefulness are largely dependent on the quality and frequency of State data submissions. Accurate and frequent data submissions from all States are necessary to maintain an up-to-date Appraiser Registry. States must submit appraiser data in a secure format to the ASC at least monthly. If there are no changes to the data, the State agency must notify the ASC of that fact in writing. States are encouraged to submit data as frequently as possible.

States must report all disciplinary action³³ taken against an appraiser to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.³⁴ States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.³⁵ For the most serious disciplinary actions (*i.e.*, voluntary surrenders, suspensions and revocations, or any action that interrupts a credential holder’s ability to practice), the appraiser’s status must be changed on the Appraiser Registry to “inactive,” thereby making the appraiser ineligible to perform appraisals for federally related transactions or other transactions requiring the use of State certified or licensed appraisers.³⁶

Title XI also contemplates the reasonably free movement of certified and licensed appraisers across State lines. This freedom of movement assumes, however, that certified and licensed appraisers are, in all cases, held accountable and responsible for their actions while performing appraisal activities.

E. Summary of Requirements

1. States must reconcile and pay registry invoices in a timely manner (45 calendar days after the invoice date).³⁷
2. States must report all disciplinary action taken against an appraiser to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.³⁸
3. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.³⁹
4. For the most serious disciplinary actions (*i.e.*, voluntary surrenders, suspensions and revocations, or any action that interrupts a credential holder’s ability to

³³ See Appendix B, *Glossary of Terms*, for the definition of “disciplinary action.”

³⁴ *Id.*

³⁵ Title XI § 1118 (a), 12 U.S.C. § 3347.

³⁶ *Id.*

³⁷ Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338.

³⁸ *Id.*

³⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

practice), the appraiser’s status must be changed on the Appraiser Registry to “inactive,” thereby making the appraiser ineligible to perform appraisals for federally related transactions or other transactions requiring the use of State certified or licensed appraisers.⁴⁰

5. States must designate a senior official, such as an executive director, who will serve as the State’s Authorized Registry Official, and provide to the ASC, in writing, information regarding the selected Authorized Registry Official, and any individual(s) authorized to act on their behalf.⁴¹
6. States must ensure that the authorization information provided to the ASC is updated and accurate.⁴²
7. States must adopt and implement a written policy to protect the right of access to the Appraiser Registry, as well as the ASC issued User Name and Password.⁴³
8. States must ensure the accuracy of all data submitted to the Appraiser Registry.⁴⁴
9. States must submit appraiser data (other than discipline) to the ASC at least monthly. If a State’s data does not change during the month, the State agency must notify the ASC of that fact in writing.⁴⁵
10. If a State certified or licensed appraiser chooses not to pay the registry fee, the State must ensure that any potential user of that appraiser’s services is aware that the appraiser’s certificate or license is limited to performing appraisals only in connection with non-federally related transactions.⁴⁶

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

POLICY STATEMENT 4

Application Process

AQB Criteria sets forth the minimum education, experience and examination requirements applicable to all States for credentialing of real property appraisers (certified, licensed, trainee and supervisory). In the application process, States must, at a minimum, employ a reliable means of validating both education and experience credit claimed by applicants for credentialing.⁴⁷ Effective January 1, 2017, AQB Criteria also requires States to assess whether an applicant for a real property appraiser credential possesses a background that would not call into question public trust. The basis for such assessment shall be a matter left to the individual States, and must, at a minimum, be documented to the file.

A. Processing of Applications

States must process applications in a consistent, equitable and well-documented manner. Applications for credentialing should be timely processed by State agencies (within 90 calendar days after receipt of a completed application). Any delay in the processing of applications must be sufficiently documented in the file to explain the delay. States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria.

States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance, upgrade and renewal of a credential so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

Documentation must include:

1. Application receipt date;
2. Education;

⁴⁷ Includes applications for credentialing of trainee, licensed, certified residential or certified general classifications.

3. Experience;
4. Examination;
5. Continuing education; and
6. Any administrative or disciplinary action taken in connection with the application process, including results of any continuing education audit.

B. Qualifying Education for Initial or Upgrade Applications

States must verify that:

- (1) the applicant's claimed education courses are acceptable under AQB Criteria; and
- (2) the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.

States may not accept an affidavit for claimed qualifying education from applicants for any federally recognized credential.⁴⁸ States must maintain adequate documentation to support verification of education claimed by applicants.

C. Continuing Education for Reinstatement and Renewal Applications

1. Reinstatement Applications

States must verify that:

- (1) the applicant's claimed continuing education courses are acceptable under AQB Criteria; and
- (2) the applicant has successfully completed all continuing education consistent with AQB Criteria for reinstatement of the appraiser credential sought.

⁴⁸ If a State accepts education-related affidavits from applicants for initial licensure in any non-certified classification, upon the appraiser's application to upgrade to a certified classification, the State must require documentation to support the appraiser's educational qualification for the certified classification, not just the incremental amount of education required to move from the non-certified to the certified classification. This requirement applies to all federally recognized credentials.

States may not accept an affidavit for continuing education claimed from applicants for reinstatement. Applicants for reinstatement must submit documentation to support claimed continuing education and States must maintain adequate documentation to support verification of claimed education.

2. *Renewal Applications*

States must ensure that continuing education courses for renewal of an appraiser credential are consistent with AQB Criteria and that continuing education hours required for renewal of an appraiser credential were completed consistent with AQB Criteria. States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure that adheres to the following objectives and requirements:

a. Validation objectives

The State's validation procedures must be structured to permit acceptable projections of the sample results to the entire population of subject appraisers. Therefore, the sample must include an adequate number of affidavits selected from each federally recognized credential level to have a reasonable chance of identifying appraisers who fail to comply with AQB Criteria, and the sample must include a statistically relevant representation of the appraiser population being sampled.

b. Minimum Standards

- 1) Validation must include a prompt post-approval audit. Each audit of an affidavit for continuing education credit claimed must be completed within 60 business days from the date the credential is scheduled for renewal (based on the credential's expiration date). To ensure the audit is a statistically relevant representation, a sampling of credentials that were renewed after the scheduled expiration date and/or beyond the date the sample was selected, must also be audited to ensure that a credential holder may not avoid being selected for a continuing education audit by renewing early or late.

- 2) States must audit the continuing education-related affidavit for each credentialed appraiser selected in the sampling procedure.
- 3) States must determine that education courses claimed conform to AQB Criteria and that the appraiser successfully completed each course.
- 4) When a State determines that an appraiser's continuing education does not meet AQB Criteria, and the appraiser has failed to complete any remedial action offered, the State must take appropriate action to suspend the appraiser's eligibility to perform appraisals in federally related transactions until such time that the requisite continuing education has been completed. The State must notify the ASC within five (5) business days after taking such action in order for the appraiser's record on the Appraiser Registry to be updated appropriately.
- 5) If a State determines that a renewal applicant knowingly falsely attested to completing the continuing education required by AQB Criteria, the State must take appropriate administrative and/or disciplinary action and report such action, if deemed to be discipline, to the ASC within five (5) business days.
- 6) If more than ten percent of the audited appraisers fail to meet the AQB Criteria, the State must take remedial action⁴⁹ to address the apparent weakness of its affidavit process. The ASC will determine on a case-by-case basis whether remedial actions are effective and acceptable.
- 7) In the case of a renewal being processed after the credential's expiration date, but within the State's allowed grace period for a late renewal, the

⁴⁹ For example:

- (1) a State may conduct an additional audit using a higher percentage of audited appraisers; or
- (2) a State may publicly post action taken to sanction non-compliant appraisers to increase awareness in the appraiser community of the importance of compliance with continuing education requirements.

State must establish a reliable process to audit affidavits for continuing education (e.g., requiring documentation of all continuing education).

c. Documentation

States must maintain adequate documentation to support its affidavit renewal and audit procedures and actions.

d. List of Education Courses

To promote accountability, the ASC encourages States accepting affidavits for continuing education credit claimed for credential renewal to require that the appraiser provide a list of courses to support the affidavit.

D. Experience for Initial or Upgrade Applications

States must ensure that appraiser experience logs conform to AQB Criteria. States may not accept an affidavit for experience credit claimed by applicants for any federally recognized credential.⁵⁰

1. Validation Required

States must implement a reliable validation procedure to verify that each applicant's experience meets AQB Criteria, including but not limited to, being USPAP compliant and containing the required number of hours and months.

2. Validation Procedures, Objectives and Requirements

a. Experience Hours Validation

States must determine the hours and time period claimed on the experience log are accurate. Appraiser Program staff or State board members must select

⁵⁰ See Policy Statement 1D and E for discussion of "federally recognized credential" and "non-federally recognized credential." If prior to July 1, 2013, a State accepted experience-related affidavits from applicants for initial licensure in any non-certified classification, upon the appraiser's application to upgrade to a certified classification, the State must require experience documentation to support the appraiser's qualification for the certified classification, not just the incremental amount of experience required to move from the non-certified to the certified classification. For example, if a State accepted an experience affidavit from an appraiser to support the appraiser's initial hours to qualify for the licensed classification, and subsequently that appraiser applies to upgrade to the certified residential classification, the State must require documentation to support the full experience hours required for the certified residential classification, not just the difference in hours between the two classifications.

the work product to validate the experience hours claimed; applicants may not have any role in this selection process.

b. USPAP Compliance

States must analyze a representative sample of the applicant's work product for compliance with USPAP. For appraisal experience to be acceptable under AQB Criteria, it must be USPAP compliant. States must exercise due diligence in determining whether submitted documentation of experience or work product demonstrates compliance with USPAP. Persons analyzing work product for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.

c. Determination of Experience Time Periods

Experience time periods must conform to requirements set forth in the AQB Criteria for the credential sought.

d. Supporting Documentation

States must maintain adequate documentation to support validation methods. The applicant's file, either electronic or paper, must include the information necessary to identify each appraisal assignment selected to validate the experience hours claimed and each appraisal assignment analyzed by the State for USPAP compliance, notes, letters and/or reports prepared by the official(s) evaluating the report for USPAP compliance, and any correspondence exchanged with the applicant regarding the appraisals submitted. This supporting documentation may be discarded upon the completion of the first ASC Compliance Review performed after the credential issuance or denial for that applicant.

E. Examination

States must ensure that an appropriate AQB-approved qualifying examination is administered for each of the federally recognized appraiser classifications requiring an examination.

F. Summary of Requirements

Processing of Applications

1. States must process applications in a consistent, equitable and well-documented manner.⁵¹
2. States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria.⁵²
3. 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.⁵³

Education

1. States must verify that the applicant's claimed education courses are acceptable under AQB Criteria, whether for initial credentialing, renewal, upgrade or reinstatement.⁵⁴
2. 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.⁵⁵
3. States must maintain adequate documentation to support verification.⁵⁶
4. States may not accept an affidavit for education claimed from applicants for any federally recognized credential.⁵⁷
5. States may not accept an affidavit for continuing education claimed from applicants for reinstatement.⁵⁸
6. States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure.⁵⁹
7. Audits of affidavits for continuing education credit claimed must be completed

⁵¹ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵² Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁵³ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date).⁶⁰

8. In the case of a renewal being processed after the credential's expiration date, but within the State's allowed grace period for a late renewal, the State must establish a reliable process to audit affidavits for continuing education (*e.g.*, requiring documentation of all continuing education).⁶¹
9. States are required to take remedial action when it is determined that more than ten percent of audited appraiser's affidavits for continuing education credit claimed fail to meet the minimum AQB Criteria.⁶²
10. States are required to take appropriate administrative and/or disciplinary action when it is determined that an applicant knowingly falsely attested to completing continuing education.⁶³
11. When a State determines that an appraiser's continuing education does not meet AQB Criteria, and the appraiser has failed to complete any remedial action offered, the State must take appropriate action to suspend the appraiser's eligibility to perform appraisals in federally related transactions until such time that the requisite continuing education has been completed. The State must notify the ASC within five (5) business days after taking such action in order for the appraiser's record on the Appraiser Registry to be updated appropriately.⁶⁴

Experience

1. States may not accept an affidavit for experience credit claimed from applicants for any federally recognized credential.⁶⁵
2. States must ensure that appraiser experience logs conform to AQB Criteria.⁶⁶
3. States must use a reliable means of validating appraiser experience claims on all

⁶⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

- initial or upgrade applications for appraiser credentialing.⁶⁷
4. States must select the work product to validate the experience hours claimed on all initial or upgrade applications for appraiser credentialing.⁶⁸
 5. States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing.⁶⁹
 6. States must exercise due diligence in determining whether submitted documentation of experience or work product demonstrates compliance with USPAP on all initial or upgrade applications for appraiser credentialing.⁷⁰
 7. Persons analyzing work product for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.⁷¹
 8. Experience time periods must conform to requirements set forth in the AQB Criteria for the credential sought.⁷²

Examination

1. States must ensure that an appropriate AQB-approved qualifying examination is administered for each of the federally recognized credentials requiring an examination.⁷³

⁶⁷ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶⁸ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁷³ *Id.*

POLICY STATEMENT 5

Reciprocity

A. Reciprocity Policy

Title XI contemplates the reasonably free movement of certified and licensed appraisers across State lines. The ASC monitors Appraiser Programs for compliance with the reciprocity provision of Title XI as amended by the Dodd-Frank Act.⁷⁴ Title XI requires that in order for a State's appraisers to be eligible to perform appraisals for federally related transactions, the State must have a policy in place for issuing reciprocal credentials IF:

- a. the appraiser is coming from a State (Home State) that is "in compliance" with Title XI as determined by the ASC; AND
- b. (i) the appraiser holds a valid credential from the Home State; AND

(ii) the credentialing requirements of the Home State⁷⁵ meet or exceed those of the reciprocal credentialing State (Reciprocal State).⁷⁶

An appraiser relying on a credential from a State that does not have such a policy in place may not perform appraisals for federally related transactions. A State may be more lenient in the issuance of reciprocal credentials by implementing a more open door policy. However, States cannot impose additional impediments to obtaining reciprocal credentials.

For purposes of implementing the reciprocity policy, States with an ASC Finding⁷⁷ of "Poor" do not satisfy the "in compliance" provision for reciprocity. Therefore, States are not required to recognize, for purposes of granting a reciprocal credential, the license or certification of an appraiser credentialed in a State with an ASC Finding of "Poor."

⁷⁴ Title XI § 1122 (b), 12 U.S.C. § 3351.

⁷⁵ As they exist at the time of application for reciprocal credential.

⁷⁶ *Id.*

⁷⁷ See Appendix A, *Compliance Review Process*, for an explanation of ASC Findings.

B. Application of Reciprocity Policy

The following examples illustrate application of reciprocity in a manner that complies with Title XI. The examples refer to the reciprocity policy requiring issuance of a reciprocal credential IF:

- a. the appraiser is coming from a State that is "in compliance"; AND
- b. (i) the appraiser holds a valid credential from that State; AND
(ii) the credentialing requirements of that State (as they currently exist) meet or exceed those of the reciprocal credentialing State (as they currently exist).

Example 1. Additional Requirements Imposed on Applicants

State A requires that prior to issuing a reciprocal credential the applicant must certify that disciplinary proceedings are not pending against that applicant in any jurisdiction. Under b (ii) above, if this requirement is not imposed on all of its own applicants for credentialing, STATE A cannot impose this requirement on applicants for reciprocal credentialing.

Example 2. Credentialing Requirements

An appraiser is seeking a reciprocal credential in STATE A. The appraiser holds a valid credential in STATE Z, even though it was issued in 2007. This satisfies b (i) above. However, in order to satisfy b (ii), STATE A would evaluate STATE Z's credentialing requirements as they currently exist to determine whether they meet or exceed STATE A's current requirements for credentialing.

Example 3. Multiple State Credentials

An appraiser credentialed in several States is seeking a reciprocal credential in State A. That appraiser's initial credentials were obtained through examination in the original credentialing State and through reciprocity in the additional States. State A requires the applicant to provide a "letter of good standing" from the State of original credentialing as a

condition of granting a reciprocal credential. State A may not impose such a requirement since Title XI does not distinguish between credentials obtained by examination and credentials obtained by reciprocity for purposes of granting reciprocal credentials.

C. Appraiser Compliance Requirements

In order to maintain a credential granted by reciprocity, appraisers must comply with the credentialing State's policies, rules and statutes governing appraisers, including requirements for payment of certification and licensing fees, as well as continuing education.⁷⁸

D. Well-Documented Application Files

States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

E. Summary of Requirements

1. States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI in order for the State's appraisers to be eligible to perform appraisals for federally related transactions.⁷⁹
2. States may be more lenient in the issuance of reciprocal credentials by implementing a more open door policy; however, States may not impose additional impediments to issuance of reciprocal credentials.⁸⁰

⁷⁸ A State may offer to accept continuing education (CE) for a renewal applicant who has satisfied CE requirements of a home State; however, a State may not impose this as a requirement for renewal, thereby imposing a requirement for the renewal applicant to retain a home State credential.

⁷⁹ Title XI § 1122 (b), 12 U.S.C. § 3351.

⁸⁰ *Id.*

3. States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.⁸¹

⁸¹ Title XI § 1118 (a), 12 U.S.C. § 3347.

POLICY STATEMENT 6

Education

AQB Criteria sets forth minimum requirements for appraiser education courses. This Policy Statement addresses proper administration of education requirements for compliance with AQB Criteria. (For requirements concerning qualifying and continuing education in the application process, see Policy Statement 4, *Application Process*.)

A. Course Approval

States must ensure that approved appraiser education courses are consistent with AQB Criteria and maintain sufficient documentation to support that approved appraiser education courses conform to AQB Criteria.

States should ensure that course approval expiration dates assigned by the State coincide with the endorsement period assigned by the AQB's Course Approval Program or any other AQB-approved organization providing approval of course design and delivery. States may not continue to accept AQB approved courses after the AQB's expiration date unless the course content is reviewed and approved by the State.

States should ensure that educational providers are afforded equal treatment in all respects.⁸²

States are encouraged to accept courses approved by the AQB's Course Approval Program.

B. Distance Education

States must ensure that distance education courses meet AQB Criteria and that the

⁸² For example:

(1) consent agreements requiring additional education should not specify a particular course provider when there are other providers on the State's approved course listing offering the same course; and

(2) courses from professional organizations should not be automatically approved and/or approved in a manner that is less burdensome than the State's normal approval process.

delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery.

States may not continue to accept courses after the AQB-approved organization's approval of course design and delivery date has expired.

C. Summary of Requirements

1. States must ensure that appraiser education courses are consistent with AQB Criteria.⁸³
2. States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.⁸⁴
3. States must ensure the delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery.⁸⁵

⁸³ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁸⁴ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁸⁵ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

POLICY STATEMENT 7

State Agency Enforcement

A. State Agency Regulatory Program

Title XI requires the ASC to monitor the States for the purpose of determining whether the State processes complaints and completes investigations in a reasonable time period, appropriately disciplines sanctioned appraisers and maintains an effective regulatory program.⁸⁶

B. Enforcement Process

States must ensure that the system for processing and investigating complaints⁸⁷ and sanctioning appraisers is administered in a timely, effective, consistent, equitable, and well-documented manner.

1. Timely Enforcement

States must process complaints of appraiser misconduct or wrongdoing in a timely manner to ensure effective supervision of appraisers, and when appropriate, that incompetent or unethical appraisers are not allowed to continue their appraisal practice. Absent special documented circumstances, final administrative decisions regarding complaints must occur within one year (12 months) of the complaint filing date.⁸⁸ Special documented circumstances are those extenuating circumstances (fully documented) beyond the control of the State agency that delays normal processing of a complaint such as: complaints involving a criminal investigation by a law enforcement agency when the investigative agency requests that the State refrain from proceeding; final disposition that has been appealed to a higher court; documented medical condition of the respondent; ancillary civil litigation; and

⁸⁶ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁸⁷ See Appendix B, *Glossary of Terms*, for the definition of “complaint.”

⁸⁸ The one-year period for resolution of complaints is not intended to have the impact of a statute of limitation or statute of repose.

complex cases that involve multiple individuals and reports. Such special documented circumstances also include those periods when State rules require referral of a complaint to another State entity for review and the State agency is precluded from further processing of the complaint until it is returned. In that circumstance, the State agency should document the required referral and the time period during which the complaint was not under its control or authority.

2. Effective Enforcement

Effective enforcement requires that States investigate allegations of appraiser misconduct or wrongdoing, and if allegations are proven, take appropriate disciplinary or remedial action. Dismissal of an alleged violation solely due to an “absence of harm to the public” is inconsistent with Title XI. Financial loss or the lack thereof is not an element in determining whether there is a violation. The extent of such loss, however, may be a factor in determining the appropriate level of discipline.

Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP and States must be able to document how such persons are so qualified.

States must analyze each complaint to determine whether additional violations, especially those relating to USPAP, should be added to the complaint.

Closure of a complaint based solely on a State's statute of limitations that results in dismissal of a complaint without the investigation of the merits of the complaint is inconsistent with the Title XI requirement that States assure effective supervision of the activities of credentialed appraisers.⁸⁹

3. Consistent and Equitable Enforcement

Absent specific documented facts or considerations, substantially similar cases

⁸⁹ Title XI § 1117, 12 U.S.C. § 3346.

within a State should result in similar dispositions.

4. Well-Documented Enforcement

States must obtain and maintain sufficient relevant documentation pertaining to a matter so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

a. Complaint Files

Complaint files must:

- include documentation outlining the progress of the investigation;
- demonstrate that appraisal reports are analyzed and any USPAP violations are identified and considered, whether or not they were the subject of the complaint;
- include rationale for the final outcome of the case (*i.e.*, dismissal or imposition of discipline);
- include documentation explaining any delay in processing, investigation or adjudication;
- contain documentation that all ordered or agreed upon discipline, such as probation, fine, or completion of education is tracked and that completion of all terms is confirmed; and
- be organized in a manner that allows understanding of the steps taken throughout the complaint, investigation, and adjudicatory process.

b. Complaint Logs

States must track all complaints using a complaint log. The complaint log must record all complaints, regardless of their procedural status in the investigation and/or resolution process, including complaints pending before the State board, Office of the Attorney General, other law enforcement agencies, and/or offices of administrative hearings.

The complaint log must include the following information (States are strongly encouraged to maintain this information in an electronic, sortable format):

1. Case number
2. Name of respondent
3. Actual date the complaint was received by the State
4. Source of complaint (*e.g.*, consumer, lender, AMC, bank regulator, appraiser, hotline) or name of complainant
5. Current status of the complaint
6. Date the complaint was closed (*e.g.*, final disposition by the administrative hearing agency, Office of the Attorney General, State Appraiser Regulatory Agency or Court of Appeals)
7. Method of disposition (*e.g.*, dismissal, letter of warning, consent order, final order)

C. Summary of Requirements

1. States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations.⁹⁰
2. States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date, except for special documented circumstances.⁹¹
3. States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner.⁹²
4. States must track complaints of alleged appraiser misconduct or wrongdoing using a

⁹⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁹¹ *Id.*

⁹² *Id.*

complaint log.⁹³

5. States must appropriately document enforcement files and include rationale.⁹⁴
6. States must regulate, supervise and discipline their credentialed appraisers.⁹⁵
7. Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.⁹⁶

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

PART B: AMC PROGRAM

POLICY STATEMENT 8

Statutes, Regulations, Policies and Procedures Governing State AMC Programs

A. Participating States and ASC Oversight

States are not required to establish an AMC registration and supervision program. For those States electing to participate in the registration and supervision of AMCs (participating States), ASC staff will informally monitor the State's progress to implement the requirements of Title XI and the AMC Rule.⁹⁷ Formal ASC oversight of State AMC Programs will begin at the next regularly scheduled Compliance Review of a State after a State elects to register and supervise AMCs pursuant to the AMC Rule. Formal ASC oversight will consist of evaluating AMC Programs in participating States during the Compliance Review process to determine compliance or lack thereof with Title XI, and to assess implementation of the minimum requirements for State registration and supervision of AMCs as established by the AMC Rule. Upon expiration of the statutory implementation period (see Policy Statement 11, *Statutory Implementation Period*), Compliance Reviews will include ASC oversight of AMC Programs for any participating State.

B. Relation to State Law

Participating States may establish requirements in addition to those in the AMC Rule.

Participating States may also have a more expansive definition of AMCs.⁹⁸ However, if a participating State has a more expansive definition of AMCs than in Title XI (thereby

⁹⁷ Title XI § 1103 (a)(1)(B), 12 U.S.C. § 3332. AMC Rule means the interagency final rule on minimum requirements for State registration and supervision of AMCs (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

⁹⁸ Title XI as amended by the Dodd-Frank Act defines “appraisal management company” to mean, in part, an external third party that oversees a network or panel of more than 15 appraisers (State certified or licensed) in a State, or 25 or more appraisers nationally (two or more States) within a given year. (12 U.S.C.

encompassing State regulation of AMCs that are not within the Title XI definition of AMC), the State must ensure such AMCs are identified as such in the State database, just as States currently do for non-federally recognized credentials or designations. Only those AMCs that meet the Federal definition of AMC will be eligible to be on the AMC Registry.

C. Funding and Staffing

The Dodd-Frank Act amended Title XI to require the ASC to determine whether participating States have sufficient funding and staffing to meet their Title XI requirements. Compliance with this provision requires that a State must provide its AMC Program with funding and staffing sufficient to carry out its Title XI-related duties. The ASC evaluates the sufficiency of funding and staffing as part of its review of all aspects of an AMC Program's effectiveness, including the adequacy of State boards, committees, or commissions responsible for carrying out Title XI-related duties.

D. Minimum Requirements for Registration and Supervision of AMCs as Established by the AMC Rule

1. AMC Registration and Supervision

If a State chooses to participate in the registration and supervision of AMCs in accordance with the AMC Rule, the State will be required to comply with the minimum requirements set forth in the AMC Rule. States should refer to the AMC Rule for compliance requirements⁹⁹ as this Policy Statement merely summarizes what the AMC Rule requires of participating States.

(a) The AMC Rule includes requirements for participating States to establish and maintain within the State appraiser certifying and licensing agency an AMC Program with the legal authority and mechanisms to:

3350(11)). Title XI as amended by the Dodd-Frank Act also allows States to adopt requirements in addition to those in the AMC Rule. (12 U.S.C. 3353(b)). For example, States may decide to supervise entities that provide appraisal management services, but do not meet the size thresholds of the Title XI definition of AMC. If a State has a more expansive regulatory framework that covers entities that provide appraisal management services but do not meet the Title XI definition of AMC, the State should only submit information regarding AMCs meeting the Title XI definition to the AMC Registry.

⁹⁹ See footnote 97.

(1) Review and approve or deny AMC initial registration applications and/or renewals for registration;

(2) Examine records of AMCs and require AMCs to submit information;

(3) Verify that appraisers on AMCs' panels hold valid State credentials;

(4) Conduct investigations of AMCs to assess potential violations of appraisal-related laws, regulations, or orders;

(5) Discipline, suspend, terminate, or deny renewal of the registration of an AMC that violates appraisal-related laws, regulations, or orders; and

(6) Report an AMC's violation of appraisal-related laws, regulations, or orders, as well as disciplinary and enforcement actions and other relevant information about an AMC's operations, to the ASC.

(b) The AMC Rule includes requirements for participating States to impose requirements on AMCs that are not Federally regulated AMCs¹⁰⁰ to:

(1) Register with and be subject to supervision by the State appraiser certifying and licensing agency;

(2) Engage only State-certified or State-licensed appraisers for federally related transactions in conformity with any federally related transaction regulations;

(3) Establish and comply with processes and controls reasonably designed to ensure that the AMC, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite education, expertise,

¹⁰⁰ "Federally regulated AMCs," meaning AMCs that are subsidiaries owned and controlled by an insured depository institution or an insured credit union and regulated by a Federal financial institutions regulatory agency, are not required to register with the State (Title XI § 1124 (c), 12 U.S.C. § 3353(c)).

and experience necessary to competently complete the appraisal assignment for the particular market and property type;

(4) Direct the appraiser to perform the assignment in accordance with USPAP; and

(5) Establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with the requirements of section 129E(a) through (i) of the Truth in Lending Act, 15 U.S.C. 1639e(a) through (i), and regulations thereunder.

2. Ownership Limitations for State-registered AMCs

A. Appraiser certification or licensing of Owners

An AMC subject to State registration shall not be registered by a State or included on the AMC Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause,¹⁰¹ as determined by the State appraiser certifying and licensing agency. A State's process for review could, for example, be by questionnaire, or affidavit, or background screening, or otherwise. States must document to the file the State's method of review and the result.

B. Good Moral Character of Owners

An AMC shall not be registered by a State if any person that owns more than 10 percent of the AMC—

- (1) Is determined by the State not to have good moral character; or
- (2) Fails to submit to a background investigation carried out by the State.

¹⁰¹ An AMC subject to State registration is not barred from being registered by a State or included on the AMC Registry of AMCs if the license or certificate of the appraiser with an ownership interest was not revoked for a substantive cause and has been reinstated by the State or States in which the appraiser was licensed or certified. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

A State's process for review could, for example, be by questionnaire, or affidavit, or background screening, or otherwise. The ASC would expect written documentation of the State's method of review and the result.

3. Requirements for Federally Regulated AMCs

Participating States are not required to identify Federally regulated AMCs¹⁰² operating in their States, but rather the Federal financial institution regulatory agencies are responsible for requiring such AMCs to identify themselves to participating States and report required information.

A Federally regulated AMC shall not be included on the AMC Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause, as determined by the ASC.

E. Summary of Requirements

1. Participating States must establish and maintain an AMC Program with the legal authority and mechanisms consistent with the AMC Rule.¹⁰³
2. Participating States must impose requirements on AMCs consistent with the AMC Rule.¹⁰⁴
3. Participating States must enforce and document ownership limitations for State-registered AMCs.¹⁰⁵
4. Only those AMCs that meet the Federal definition of AMC will be eligible to be on the AMC Registry. Therefore, participating States that have a more expansive

¹⁰² See footnote 97.

¹⁰³ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

definition of AMCs than in the AMC Rule must ensure such non-Federally recognized AMCs are identified as such in the State database.¹⁰⁶

5. States must have funding and staffing sufficient to carry out their Title XI-related duties.¹⁰⁷

¹⁰⁶ Title XI § 1118 (b), 12 U.S.C. § 3347.

¹⁰⁷ *Id.*

POLICY STATEMENT 9

National Registry of AMCs (AMC Registry)

A. Requirements for the AMC Registry

Title XI requires the ASC to maintain the AMC Registry of AMCs that are either registered with and subject to supervision of a participating State or are operating subsidiaries of a Federally regulated financial institution.¹⁰⁸ Title XI further requires the States to transmit to the ASC: (1) reports on a timely basis of supervisory activities involving AMCs, including investigations resulting in disciplinary action being taken; and (2) the registry fee as set by the ASC¹⁰⁹ from AMCs that are either registered with a participating State or are Federally regulated AMCs.¹¹⁰

As with appraiser registry fees, Title XI, § 1109(a)(4)(b) requires the AMC registry fee to be collected by each participating State and transmitted to the ASC. Therefore, as with appraisers, an AMC will pay a registry fee in each participating State in which the AMC operates. As with appraisers, an AMC operating in multiple participating States will pay a registry fee in multiple States in order to be on the AMC Registry for each State.

States must notify the ASC as soon as practicable if an AMC listed on the AMC Registry is no longer registered with or operating in the State. The ASC extranet application allows States to update their AMC information directly to the AMC Registry.

B. Registry Fee and Invoicing Policies

Each State must remit to the ASC the annual registry fee, as set by the ASC, for AMCs to be listed on the AMC Registry. Requests to prorate refunds or partial-year registrations will not be granted. If a State collects multiple-year fees for multiple-years, the State may choose

¹⁰⁸ Title XI § 1103 (a) (6), 12 U.S.C. § 3332.

¹⁰⁹ Title XI § 1109 (a) (4), 12 U.S.C. § 3338.

¹¹⁰ Title XI § 1109 (a) (3) and (4), 12 U.S.C. § 3338.

to remit to the ASC the total amount of the multiple-year registry fees or the equivalent annual fee amount. The ASC will, however, record AMCs on the AMC Registry only for the number of years for which the ASC has received payment. States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice).

C. Reporting Requirements

State agencies must report all disciplinary action¹¹¹ taken against an AMC to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement. For the most serious disciplinary actions (*e.g.*, any action that interrupts an AMCs ability to provide appraisal management services), the AMCs status must be changed on the AMC Registry to “inactive.” A Federally regulated AMC operating in a State must report to the State the information required to be submitted by the State to the ASC, pursuant to the ASC’s policies regarding the determination of the AMC registry fee.

D. Access to AMC Registry Data

The ASC website provides free access to the public portion of the AMC Registry at www.asc.gov. The public portion of the AMC Registry data may be downloaded using predefined queries or user-customized applications.

Access to the full database, which includes non-public data (*e.g.*, certain disciplinary action information), is restricted to authorized State and Federal regulatory agencies. States must designate a senior official, such as an executive director, to serve as the State’s Authorized Registry Official, and provide to the ASC, in writing, information regarding the designated Authorized Registry Official. States must ensure that the authorization information provided to the ASC is updated and accurate. States must adopt and implement a written policy to protect the right of access, as well as the ASC issued User Name and Password.

¹¹¹ See Appendix B, *Glossary of Terms*, for the definition of “disciplinary action.”

E. Summary of Requirements

1. States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice).¹¹²
2. State agencies must report all disciplinary action taken against an AMC to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.¹¹³
3. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.¹¹⁴
4. For the most serious disciplinary actions (*e.g.*, any action that interrupts an AMC's ability to provide appraisal management services), the AMC's status must be changed on the AMC Registry to "inactive."¹¹⁵
5. States must notify the ASC as soon as practicable if an AMC listed on the AMC Registry is no longer registered with or operating in the State.
6. States must designate a senior official, such as an executive director, who will serve as the State's Authorized Registry Official, and provide to the ASC, in writing, information regarding the selected Authorized Registry Official, and any individual(s) authorized to act on their behalf.¹¹⁶
7. States must adopt and implement a written policy to protect the right of access to the AMC Registry, as well as the ASC issued User Name and Password.¹¹⁷
8. States must ensure the accuracy of all data submitted to the AMC Registry.¹¹⁸

¹¹² Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338.

¹¹³ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

POLICY STATEMENT 10

State Agency Enforcement

A. State Agency Regulatory Program

Title XI requires the ASC to monitor the States for the purpose of determining whether the State processes complaints and completes investigations in a reasonable time period, appropriately disciplines sanctioned AMCs and maintains an effective regulatory program.¹¹⁹

B. Enforcement Process

States must ensure that the system for processing and investigating complaints¹²⁰ and sanctioning AMCs is administered in a timely, effective, consistent, equitable, and well-documented¹²¹ manner.

1. Timely Enforcement

States must process complaints against AMCs in a timely manner to ensure effective supervision of AMCs. Absent special documented circumstances, final administrative decisions regarding complaints must occur within one year (12 months) of the complaint filing date. Special documented circumstances are those extenuating circumstances (fully documented) beyond the control of the State agency that delays normal processing of a complaint such as: complaints involving a criminal investigation by a law enforcement agency when the investigative agency requests that the State refrain from proceeding; final disposition that has been appealed to a higher court; documented medical condition of the respondent; ancillary civil litigation; and complex fraud cases that involve multiple individuals and reports. Such special documented circumstances also include those periods when State rules require referral of a complaint to another State entity for review

¹¹⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹²⁰ See Appendix B, *Glossary of Terms*, for the definition of “complaint.”

¹²¹ See Appendix B, *Glossary of Terms*, for the definition of “well-documented.”

and the State agency is precluded from further processing of the complaint until it is returned. In that circumstance, the State agency should document the required referral and the time period during which the complaint was not under its control or authority.

2. Effective Enforcement

Effective enforcement requires that States investigate complaints, and if allegations are proven, take appropriate disciplinary or remedial action.

3. Consistent and Equitable Enforcement

Absent specific documented facts or considerations, substantially similar cases within a State should result in similar dispositions.

4. Well-Documented Enforcement

States must obtain and maintain sufficient relevant documentation pertaining to a matter so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

a. Complaint Files

Complaint files must:

- include documentation outlining the progress of the investigation;
- include rationale for the final outcome of the case (*i.e.*, dismissal or imposition of discipline);
- include documentation explaining any delay in processing, investigation or adjudication;
- contain documentation that all ordered or agreed upon discipline is tracked and that completion of all terms is confirmed; and
- be organized in a manner that allows understanding of the steps taken throughout the complaint, investigation, and adjudicatory process.

b. Complaint Logs

States must track all complaints using a complaint log. The complaint log must record all complaints, regardless of their procedural status in the investigation and/or resolution process, including complaints pending before the State board, Office of the Attorney General, other law enforcement agencies, and/or offices of administrative hearings. The complaint log must include the following information (States are strongly encouraged to maintain this information in an electronic, sortable format):

1. Case number
2. Name of respondent
3. Actual date the complaint was received by the State
4. Source of complaint (*e.g.*, consumer, lender, AMC, bank regulator, appraiser, hotline) or name of complainant
5. Current status of the complaint
6. Date the complaint was closed (*e.g.*, final disposition by the administrative hearing agency, Office of the Attorney General, State AMC Program or Court of Appeals)
7. Method of disposition (*e.g.*, dismissal, letter of warning, consent order, final order)

C. Summary of Requirements

1. States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations.¹²²
2. States must resolve all complaints filed against AMCs within one year (12 months) of the complaint filing date, except for special documented circumstances.¹²³

¹²² Title XI § 1118 (a), 12 U.S.C. § 3347.

¹²³ *Id.*

3. States must ensure that the system for processing and investigating complaints and sanctioning AMCs is administered in an effective, consistent, equitable, and well-documented manner.¹²⁴

4. States must track complaints of alleged AMC misconduct or wrongdoing using a complaint log.¹²⁵

5. States must appropriately document enforcement files and include rationale.¹²⁶

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ *Id.*

POLICY STATEMENT 11

Statutory Implementation Period

Title XI and the AMC Rule set forth the statutory implementation period.¹²⁷ The AMC Rule was effective on August 10, 2015. As of 36 months from that date (August 10, 2018), an AMC may not provide appraisal management services for a federally related transaction in a non-participating State unless the AMC is a Federally regulated AMC. Appraisal management services may still be provided for federally related transactions in non-participating States by individual appraisers, by AMCs that are below the minimum statutory panel size threshold, and as noted, by Federally regulated AMCs.

The ASC, with the approval of the Federal Financial Institutions Examination Council (FFIEC), may extend this statutory implementation period for an additional 12 months if the ASC makes a finding that a State has made substantial progress toward implementing a registration and supervision program for AMCs that meets the standards of Title XI.¹²⁸

¹²⁷ Title XI § 1124 (f)(1), 12 U.S.C. § 3353 and 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

¹²⁸ Title XI § 1124 (f)(2), 12 U.S.C. § 3353.

PART C: INTERIM SANCTIONS

POLICY STATEMENT 12

Interim Sanctions

A. Authority

Title XI grants the ASC authority to impose sanctions on a State that fails to have an effective Appraiser or AMC Program.¹²⁹ The ASC may remove a State credentialed appraiser or a registered AMC from the Appraiser or AMC Registry on an interim basis, not to exceed 90 days, pending State agency action on licensing, certification, registration and disciplinary proceedings as an alternative to or in advance of a non-recognition proceeding.¹³⁰ In determining whether an Appraiser or AMC Program is effective, the ASC shall conduct an analysis as required by Title XI. An ASC Finding of Poor on the Compliance Review Report¹³¹ issued to a State at the conclusion of an ASC Compliance Review may trigger an analysis by the ASC for potential interim sanction(s). The following provisions apply to the exercise by the ASC of its authority to impose interim sanction(s) on State agencies.

B. Opportunity to be Heard or Correct Conditions

The ASC shall provide the State agency with:

1. written notice of intention to impose an interim sanction; and
2. opportunity to respond or to correct the conditions causing such notice to the State.

Notice and opportunity to respond or correct the conditions shall be in accordance with section C, *Procedures*.

¹²⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹³⁰ *Id.*

¹³¹ See Appendix A – Compliance Review Process.

C. Procedures

This section prescribes the ASC's procedures which will be followed in arriving at a decision by the ASC to impose an interim sanction against a State agency.

1. Notice

The ASC shall provide a written Notice of intention to impose an interim sanction (Notice) to the State agency. The Notice shall contain the ASC's analysis as required by Title XI of the State's licensing and certification of appraisers, the registration of AMCs, the issuance of temporary licenses and certifications for appraisers, the receiving and tracking of submitted complaints against appraisers and AMCs, the investigation of complaints, and enforcement actions against appraisers and AMCs.¹³² The ASC shall verify the State's date of receipt, and publish both the Notice and the State's date of receipt in the *Federal Register*.

2. State Agency Response

Within 15 days of receipt of the Notice, the State may submit a response to the ASC's Executive Director. Alternatively, a State may submit a Notice Not to Contest with the ASC's Executive Director. The filing of a Notice Not to Contest shall not constitute a waiver of the right to a judicial review of the ASC's decision, findings and conclusions. Failure to file a Response within 15 days shall constitute authorization for the ASC to find the facts to be as presented in the Notice and analysis. The ASC, for good cause shown, may permit the filing of a Response after the prescribed time.

3. Briefs, Memoranda and Statements

Within 45 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, the State agency may file with the ASC's Executive Director a written brief, memorandum or other statement providing factual data

¹³² Title XI § 1118 (a), 12 U.S.C. § 3347.

and policy and legal arguments regarding the matters set out in the Notice and analysis.

4. *Oral Presentations to the ASC*

Within 45 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, the State may file a request with the ASC's Executive Director to make oral presentation to the ASC. If the State has filed a request for oral presentation, the matter shall be heard within 45 days. An oral presentation shall be considered as an opportunity to offer, emphasize and clarify the facts, policies and laws concerning the proceeding, and is not a Meeting¹³³ of the ASC. On the appropriate date and time, the State agency will make the oral presentation before the ASC. Any ASC member may ask pertinent questions relating to the content of the oral presentation. Oral presentations will not be recorded or otherwise transcribed. Summary notes will be taken by ASC staff and made part of the record on which the ASC shall decide the matter.

5. *Conduct of Interim Sanction Proceedings*

(a) Written Submissions

All aspects of the proceeding shall be conducted by written submissions, with the exception of oral presentations allowed under subsection 4 above.

(b) Disqualification

An ASC member who deems himself or herself disqualified may at any time withdraw. Upon receipt of a timely and sufficient affidavit of personal bias or disqualification of such member, the ASC will rule on the matter as a part of the record.

(c) Authority of ASC Chairperson

¹³³ The proceeding is more in the nature of a Briefing not subject to open meeting requirements. The presentation is an opportunity for the State to brief the ASC – to offer, emphasize and clarify the facts, policies and laws concerning the proceeding, and for the ASC members to ask questions. Additional consideration is given to the fact that this stage of the proceeding is pre-decisional.

The Chairperson of the ASC, in consultation with other members of the ASC whenever appropriate, shall have complete charge of the proceeding and shall have the duty to conduct it in a fair and impartial manner and to take all necessary action to avoid delay in the disposition of proceedings.

(d) Rules of Evidence

Except as is otherwise set forth in this section, relevant material and reliable evidence that is not unduly repetitive is admissible to the fullest extent authorized by the Administrative Procedure Act (5 U.S.C. §§ 551-559) and other applicable law.

6. *Decision of the ASC and Judicial Review*

Within 90 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, or in the case of oral presentation having been granted, within 30 days after presentation, the ASC shall issue a final decision, findings and conclusions and shall publish the decision promptly in the *Federal Register*. The final decision shall be effective on issuance. The ASC's Executive Director shall ensure prompt circulation of the decision to the State agency. A final decision of the ASC is a prerequisite to seeking judicial review.

7. *Computing Time*

Time computation is based on business days. The date of the act, event or default from which the designated period of time begins to run is not included. The last day is included unless it is a Saturday, Sunday, or Federal holiday, in which case the period runs until the end of the next day which is not a Saturday, Sunday or Federal holiday.

8. *Documents and Exhibits*

Unless otherwise provided by statute, all documents, papers and exhibits filed in connection with any proceeding, other than those that may be withheld from disclosure under applicable law, shall be placed by the ASC's Executive Director in the proceeding's file and will be available for public inspection and copying.

9. *Judicial Review*

A decision of the ASC under this section shall be subject to judicial review. The form of proceeding for judicial review may include any applicable form of legal action, including actions for declaratory judgments or writs of prohibitory or mandatory injunction in a court of competent jurisdiction.¹³⁴

¹³⁴ 5 U.S.C. § 703 - *Form and venue of proceeding.*

APPENDICES

Appendix A – Compliance Review Process

The ASC monitors State Appraiser and AMC Programs for compliance with Title XI. The monitoring of State Programs is largely accomplished through on-site visits known as a Compliance Review (Review). A Review is conducted over a two- to four-day period, and is scheduled to coincide with a meeting of the Program’s decision-making body whenever possible. ASC staff reviews the Appraiser Program and the seven compliance areas addressed in Policy Statements 1 through 7. ASC staff reviews a participating State’s AMC Program and the three compliance areas addressed in Policy Statements 8 through 10. Sufficient documentation demonstrating compliance must be maintained by a State and made available for inspection during the Review. ASC staff reviews a sampling of documentation in each of the compliance areas. The sampling is intended to be representative of a State Program in its entirety.

Based on the Review, ASC staff provides the State with an ASC staff report for the Appraiser Program, and if applicable, an ASC staff report for the AMC Program, detailing preliminary findings. The State is given 60 days to respond to the ASC staff report(s). At the conclusion of the Review, a Compliance Review Report (Report) is issued to the State for the Appraiser Program, and if applicable, a Report is also issued for the AMC Program, with the ASC Finding on each Program’s overall compliance, or lack thereof, with Title XI. Deficiencies resulting in non-compliance in any of the compliance areas are cited in the Report. “Areas of Concern” which potentially expose a Program to compliance issues in the future are also addressed in the Report. The ASC’s final disposition is based upon the ASC staff report, the State’s response and staff’s recommendation.

The following chart provides an explanation of the ASC Findings and rating criteria for each ASC Finding category. The ASC Finding places particular emphasis on whether the State is maintaining an effective regulatory Program in compliance with Title XI.

ASC Finding	Rating Criteria	Review Cycle (Program history or nature of deficiency may warrant a more accelerated 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 	Two-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 	Two-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 	Two-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 	One-year
Poor ¹³⁵	<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

¹³⁵ 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*.

The ASC has two primary Review Cycles: two-year and one-year. Most States are scheduled on a two-year Review Cycle. States may be moved to a one-year Review Cycle if the ASC determines more frequent on-site Reviews are needed to ensure that the State maintains an effective Program. Generally, States are placed on a one-year Review Cycle because of non-compliance issues or serious areas of concerns that warrant more frequent on-site visits. Both two-year and one-year Review Cycles include a review of all aspects of the State's Program.

The ASC may conduct Follow-up Reviews and additional monitoring. A Follow-up Review focuses only on specific areas identified during the previous on-site Review. Follow-up Reviews usually occur within 6-12 months of the previous Review. In addition, as a risk management tool, ASC staff identifies State Programs that may have a significant impact on the nation's appraiser regulatory system in the event of Title XI compliance issues. For States that represent a significant percentage of the credentials on the Appraiser Registry, ASC staff performs annual on-site Priority Contact visits. The primary purpose of the Priority Contact visit is to review topical issues, evaluate regulatory compliance issues, and maintain a close working relationship with the State. This is not a complete Review of the Program. The ASC will also schedule a Priority Contact visit for a State when a specific concern is identified that requires special attention. Additional monitoring may be required where a deficiency is identified and reports on required or agreed upon corrective actions are required monthly or quarterly. Additional monitoring may include on-site monitoring as well as off-site monitoring.

Appendix B – Glossary of Terms

Appraisal management company (AMC): Refers to, in connection with valuing properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized either by a creditor of a consumer credit transaction secured by a consumer’s principal dwelling or by an underwriter of or other principal in the secondary mortgage markets, that oversees a network or panel of more than 15 certified or licensed appraisers in a State or 25 or more nationally within a given year—

(A) to recruit, select, and retain appraisers;

(B) to contract with licensed and certified appraisers to perform appraisal assignments;

(C) to manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or

(D) to review and verify the work of appraisers.

AQB Criteria: Refers to the *Real Property Appraiser Qualification Criteria* as established by the Appraiser Qualifications Board of the Appraisal Foundation setting forth minimum education, experience and examination requirements for the licensure and certification of real property appraisers, and minimum requirements for “Trainee” and “Supervisory” appraisers.

Assignment: As referenced herein, for purposes of temporary practice, “assignment” means one or more real estate appraisals and written appraisal report(s) covered by a single contractual agreement.

Complaint: As referenced herein, any document filed with, received by, or serving as the basis for possible inquiry by the State agency regarding alleged violation of Title XI, Federal or State law or regulation, or USPAP by a credentialed appraiser or appraiser applicant, for allegations of unlicensed appraisal activity, or complaints involving AMCs. A complaint may be in the form of a referral, letter of inquiry, or other document alleging misconduct or wrongdoing.

Credentialed appraisers: Refers to State licensed, certified residential or certified general appraiser classifications.

Disciplinary action: As referenced herein, corrective or punitive action taken by or on behalf of a State agency which may be formal or informal, or may be consensual or involuntary, resulting in any of the following:

- a. revocation of credential or registration
- b. suspension of credential or registration

- c. written consent agreements, orders or reprimands
- d. probation or any other restriction on the use of a credential
- e. fine
- f. voluntary surrender¹³⁶
- g. other acts as defined by State statute or regulation as disciplinary

With the exception of voluntary surrender, suspension or revocation, such action may be exempt from reporting to the National Registry if defined by State statute, regulation or written policy as “non-disciplinary.”

Federally related transaction: Refers to any real estate related financial transaction which:

a) a federal financial institutions regulatory agency engages in, contracts for, or regulates; and

b) requires the services of an appraiser. (See Title XI § 1121 (4), 12 U.S.C. § 3350.)

Federal financial institutions regulatory agencies: Refers to the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration. (See Title XI § 1121 (6), 12 U.S.C. § 3350.)

Home State agency: As referenced herein, State agency or agencies that grant an appraiser a licensed or certified credential. Residency in the home State is not required. Appraisers may have more than one home State agency.

Non- federally recognized credentials or designations: Refers to any State appraiser credential or designation other than trainee, State licensed, certified residential or certified general classifications as defined in Policy Statement 1, and which is not recognized by Title XI.

Real estate related financial transaction: Any transaction involving:

a) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

b) the refinancing of real property or interests in real property; and

c) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(See Title XI § 1121 (5), 12 U.S.C. 3350.)

¹³⁶ A voluntary surrender that is not deemed disciplinary by State law or regulation, or is not related to any disciplinary process need not be reported as discipline provided the individual’s Appraiser Registry record is updated to show the credential is inactive.

State: Any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, and the United States Virgin Islands. (American Samoa does not have a Program.)

State board: As referenced herein, “State board” means a group of individuals (usually appraisers, AMC representatives, bankers, consumers, and/or real estate professionals) appointed by the Governor or a similarly positioned State official to assist or oversee State Programs. A State agency may be headed by a board, commission or an individual.

Uniform Standards of Professional Appraisal Practice (USPAP): Refers to appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation establishing minimum requirements for development and reporting of appraisals, including real property appraisal. Title XI requires appraisals prepared by State certified and licensed appraisers to be performed in conformance with USPAP.

Well-documented: Means that States obtain and maintain sufficient relevant documentation pertaining to a matter so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

State Program Summary Report

State or Territory	AL		AK		AZ		AR		CA		CO		CT		DE		DC		FL		GA		GU		HI	
Review Year	2016		2017		2016		2016		2016		2016		2016		2017		2017		2017		2016		2015		2017	
Review Month	Jan		Jul		Jun		Mar		Oct		Sep		Jun		Jan		Apr		Feb		Mar		Nov		Dec	
ASC Finding	Good		Good		Excel		Good		Excel		Excel		Good		Good		Good		Excel		Excel		Good		Excel	
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																2	1		
Temporary Practice:													1		1											
National Registry:			1										1													
Application Process:													3				1								1	
Reciprocity:																									1	
Education:													1													
Enforcement		1																							1	
TOTAL OUT OF COMPLIANCE	-		-		-		1		-		-		-		-		-		-		-		2		-	
TOTAL AREA OF CONCERN	2		2		-		-		-		-		6		1		1		-		-		4		-	
Last Review Finding	Good (2014)		Good (2015)		Excel (2014)		Good (2014)		Good (2014)		Excel (2014)		Good (2014)		Good (2015)		Good (2015)		Good (2015)		Needs Imp (2014)		Needs Imp (2013)		Good (2015)	
Previous Review Finding	NISC (2012)		Not Sat (2014)		NISC (2012)		NISC (2012)		NISC (2012)		ISC (2012)		ISC (2012)		NISC (2013)		NISC (2013)		ISC (2013)		ISC (2012)		ISC (2007)		Good (2013)	
FTE	6.3		0.57		3.6		2.9		30.9		10.5		1.46		0.5		1.5		9		5.4		0.14		0.75	
Independent or Under Umbrella (I/UU)	I		UU		UU		I		UU		UU		UU		UU		UU		UU		I		UU		UU	
Board	Yes		Yes		No		Yes		No		Yes		Yes		Yes		Yes		Yes		Yes		No		Yes	
# Credentials on National Registry	1,310		239		2,045		815		10,416		2,594		1,272		564		727		6,024		3,445		21		572	
# Trainees	113		10		75		142		528		n/a		68		43		49		431		20		3		23	
Complaints Received in Review Cycle	57		15		206		68		547		282		90		24		19		364		178		0		14	
Complaints Outstanding	24		2		20		7		103		115		22		9		2		78		51		0		5	
Complaints Outstanding Over 1 Year (No SDC)	4		0		0		0		0		0		0		0		0		0		0		0		0	
Special Documented Circumstances (SDC)	0		0		0		1		2		7		0		1		0		2		4		0		0	
AMC Laws and Regulations	Yes		No		Yes		Yes		Yes		Yes		Yes		Yes		No		Yes		Yes		No		Pending	

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	2017	2017	2017	2017	2017	2017	2016	2017	2015	2018	2016	2016	2016
Review Month	Apr	Nov	Jan	Jul	Oct	Mar	Feb	May	Nov	Apr	May	Sep	Sep
ASC Finding	Excel	Needs Imp	Good	Excel	Excel	Excel	Good	Good	Needs Imp	Excel	Needs Imp	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		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	OC AC
Statutes, Regulations, Policies and Procedures:			2		1				2	1		2	
Temporary Practice:												1	
National Registry:			3										2
Application Process:			1	1				1				1	
Reciprocity:													
Education:			1										
Enforcement			1							1		1	
TOTAL OUT OF COMPLIANCE	-		5		-		-		1	1		2	
TOTAL AREA OF CONCERN	-		4		1		-		-	-		2	
Last Review Finding	Good (2015)	Needs Imp (2013)	Needs Imp (2015)	Excel (2015)	Excel (2015)	Excel (2015)	Good (2014)	Good (2015)	Needs Imp (2013)	Good (2016)	Needs Imp (2014)	Good (2014)	Good (2014)
Previous Review Finding	NISC (2013)	Needs Imp (2013)	ISC (2013)	Excel (2013)	Excel (2013)	ISC (2013)	NISC (2012)	Excel (2013)	ISC (2007)	Good (2014)	NISC (2012)	NISC (2012)	NISC (2012)
FTE	0.1	3.6	3.1	0.95	2	2.2	3.3	0.57	0.3	3.5	2.35	2.1	2.25
Independent or Under Umbrella (I/UU)	UU	UU	UU	UU	1	UU	UU	UU	UU	UU	UU	UU	UU
Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
# Credentials on National Registry	699	3,871	2,094	1,111	981	1,399	1,337	557	9	2,200	2,103	2,741	1,949
# Trainees	35	442	113	95	13	184	159	27	0	195	200	379	248
Complaints Received in Review Cycle	46	416	106	92	28	42	33	67	0	100	214	131	475
Complaints Outstanding	13	71	37	12	4	17	4	13	0	12	39	66	116
Complaints Outstanding Over 1 Year (No SDC)	2	8	0	0	0	0	0	0	0	0	17	2	0
Special Documented Circumstances (SDC)	0	17	3	0	0	0	0	1	0	1	4	6	7
AMC Laws and Regulations	No	Yes	Yes	Pending	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	2017		2016		2017		2017		2016		2017		2016		2017		2017		2016		2016		2017	
Review Month	May		Jun		Sep		Mar		May		May		Sep		Apr		Sep		Nov		Jun		Aug	
ASC Finding	Excel		Excel		Good		Good		Excel		Excel		Needs Imp		Needs Imp		Good		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									
Follow-Up (in months)															10									
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		2								
Temporary Practice:								1																
National Registry:					1								1					2						
Application Process:													1		1									
Reciprocity:																								
Education:																								
Enforcement															4									
TOTAL OUT OF COMPLIANCE		-		-		-		-		-		-		2		5		-		-		-		-
TOTAL AREA OF CONCERN		-		-		1		2		-		-		2		2		2		-		-		-
Last Review Finding	Needs Imp (2015)	Good (2014)	Good (2015)	Good (2015)	Good (2014)	Excel (2015)	Needs Imp (2014)	Good (2015)	Needs Imp (2015)	Excel (2014)	Good (2014)	Excel (2015)												
Previous Review Finding	ISC (2013)	NISC (2012)	Needs Imp (2013)	Good (2013)	NISC (2012)	Good (2013)	NISC (2012)	Good (2013)	Needs Imp (2013)	ISC (2012)	ISC (2012)	Good (2013)												
FTE	4.8	2	3.8	3	1.5	1.8	4.5	3.95	3.8	10	1.5	5.5												
Independent or Under Umbrella (I/UU)	UU	UU	UU	I	UU	UU	UU	UU	UU	I	I	UU												
Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes												
# Credentials on National Registry	1,066	2,134	382	646	998	733	2,651	641	3,804	2,970	283	2,944												
# Trainees	31	107	27	49	65	13	57	71	446	333	34	296												
Complaints Received in Review Cycle	66	86	36	28	84	34	88	46	153	193	27	145												
Complaints Outstanding	10	10	6	4	31	4	26	31	31	40	15	42												
Complaints Outstanding Over 1 Year (No SDC)	0	0	0	1	0	0	0	8	0	0	0	0												
Special Documented Circumstances (SDC)	2	3	0	3	4	0	8	3	5	0	6	0												
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	2017		2016		2016		2015		2017		2017		2016		2017		2016		2017		2016		2016	
Review Month	Sep		Jul		May		Dec		Oct		Feb		Aug		Jan		Feb		Jul		Aug		Nov	
ASC Finding	Excel		Excel		Needs Imp		Good		Excel		Excel		Excel		Good		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	
Follow-Up (in months)					12																		6 to 9	
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			2	1
Temporary Practice:						1																		
National Registry:															1								2	1
Application Process:					1			1								1							1	
Reciprocity:																								1
Education:						1																		
Enforcement					1						1									1			1	
TOTAL OUT OF COMPLIANCE	-		-		3		-		-		-		-		1		-		-		3		3	
TOTAL AREA OF CONCERN	-		-		2		2		-		1		-		2		-		2		1		2	
Last Review Finding	Good (2015)	Good (2014)	Needs Imp (2014)		Good(2013)	Needs Imp (2015)		Needs Imp (2015)	Good (2014)	Excel (2015)	Good (2014)	Good (2015)	Good (2014)	Needs Imp (2014)										
Previous Review Finding	Excel (2013)	ISC (2012)	NISC (2012)		ISC (2012)	Good (2013)	ISC (2013)	ISC (2012)	ISC (2013)	NISC (2012)	NISC (2013)	NISC (2012)	NISC (2012)	NISC (2012)										
FTE	3.75	4.4	3.5		0.2	1.7	3.1	2	1.5	11.9	3.41	0.24	1											
Independent or Under Umbrella (I/UU)	UU	I	UU		UU	UU	UU	UU	UU	UU	UU	UU	UU											
Board	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes											
# Credentials on National Registry	997	1,475	3,247		382	439	1,991	362	1,950	5,246	1,206	248	27											
# Trainees	77	80	327		n/a	145	156	53	225	787	103	128	n/a											
Complaints Received in Review Cycle	87	127	292		9	4	221	9	124	484	103	9	1											
Complaints Outstanding	43	80	152		3	0	47	6	31	155	36	7	0											
Complaints Outstanding Over 1 Year (No SDC)	0	0	53		0	0	0	0	0	0	0	0	0											
Special Documented Circumstances (SDC)	2	5	14		0	0	1	1	3	6	15	4	0											
AMC Laws and Regulations	Yes	Yes	Yes		No	Pending	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	2017		2016		2016		2017		2017		# Excel	25
Review Month	Aug		May		Dec		Jun		Aug		# Good	21
ASC Finding	Good		Excel		Good		Needs Imp		Good		# Needs Imp	9
Review Cycle Assigned (in years)	2		2		2		2		2		# Not Sat	0
Required State Actions or Off Site Monitoring							Yes				# Poor	0
Follow-Up (in months)							12					
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:						1		2		2	11	22
Temporary Practice:											0	5
National Registry:						1		1			6	12
Application Process:							2				9	9
Reciprocity:											0	2
Education:											0	3
Enforcement		1			2			1			9	9
TOTAL OUT OF COMPLIANCE		-		-		2		2		-	35	
TOTAL AREA OF CONCERN		1		-		2		4		2		62
Last Review Finding	Needs Imp (2015)		Excel (2014)		Needs Imp (2015)		Good (2015)		Good (2015)			
Previous Review Finding	ISC (2013)		NISC (2012)		NISC (2012)		Needs Imp (2013)		Good (2013)			
FTE	1.8		8		2.45		3.8		1.5			
Independent or Under Umbrella (I/UU)	UU		UU		I		UU		UU			
Board	Yes		Yes		Yes		Yes		Yes			
# Credentials on National Registry	3,363		2,603		572		1,897		316			
# Trainees	107		192		26		n/a		81			
Complaints Received in Review Cycle	182		164		27		114		19			
Complaints Outstanding	34		37		4		24		3			
Complaints Outstanding Over 1 Year (No SDC)	0		0		0		2		0			
Special Documented Circumstances (SDC)	0		1		0		2		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

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 30, 2018

Mr. Kreg T. Allison, Director
Division of Real Estate
Illinois Department of Financial and
Professional Regulation
100 W. Randolph Street, 9th Floor
Chicago, IL 60601

RE: ASC Compliance Review of Illinois' Appraiser Regulatory Program

Dear Mr. Allison:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Illinois appraiser regulatory program (Program) on November 5-9, 2017, 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 notify the ASC as soon as practicable of voluntary surrenders, suspensions, revocations, or any other action that interrupts a credential holder's ability to practice;¹
- States are required to report disciplinary action via the extranet application as soon as practicable;²
- States must submit all disciplinary actions to the ASC for inclusion on the National Registry;³
- States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria;⁴ and
- States resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absences of special documented circumstances.⁵

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Illinois 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. Brian Weaver, Appraisal Coordinator

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

² 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.

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

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

⁵ 12 U.S.C. § 3347; Policy Statement 7 B.

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: Needs Improvement	
						Final Report Issue Date: March 30, 2018	
Illinois Appraiser Regulatory Program (State)							
Illinois Real Estate Appraisal Administration and Disciplinary Board (Board)			PM: V. Metcalf		ASC Compliance Review Date: November 6-9, 2017		Review Period: Sept 2015 to Nov 2017
Umbrella Agency: Illinois Department of Financial and Professional Regulation, Division of Real Estate				Number of State Credentialed Appraisers on National Registry: 3,871		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.)				Section 1455.160a(2) of Illinois regulations allow appraisers who have held a credential for more than 185 days but less than 2 years to complete only 14 hours of continuing education (CE), when 28 hours may be required to comply with AQB criteria.	On February 8, 2018, the State reported that an amendment to §1455.160(a)(2) pending before the Joint Committee on Administrative Rules will clarify that appraisers must complete 14 hours of CE per year, if they obtained a credential 185 days or more before renewal.	The State should continue the process to amend its rules to bring them into compliance with AQB Criteria and provide the ASC staff with a copy of the rules once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with 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.)				Lack of spending authority during a budget impasse resulted in insufficient resources causing the State's inability to audit the CE claims of its 2015 renewing Trainee Appraisers and its failure to resolve complaints timely.	On February 8, 2018, the State responded that, while it was without a budget for 736 days, a budget is now in place and enforcement and audit procedures are proceeding. In addition the Department plans to hire additional staff. In a January 16, 2018 email, the State reported the completion of its audit on the Trainee Appraisers who had renewed in 2015 and provided the results.	The State should continue to explore ways to achieve and maintain the necessary resources to perform their Title XI-related duties.	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: March 30, 2018	
Illinois Appraiser Regulatory Program (State)							
Illinois Real Estate Appraisal Administration and Disciplinary Board (Board)			PM: V. Metcalf		ASC Compliance Review Date: November 6-9, 2017		Review Period: Sept 2015 to Nov 2017
Umbrella Agency: Illinois Department of Financial and Professional Regulation, Division of Real Estate				Number of State Credentialed Appraisers on National Registry: 3,871		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 notify the ASC as soon as practicable of voluntary surrenders, suspensions, revocations, or any other action that interrupts a credential holder's ability to practice. (12 U.S.C. § 3347; Policy Statement 3 D, E.)				The State did not report disciplinary actions to the ASC National Registry timely. The State reported 3 suspensions after their respective suspension periods had expired.	On February 8, 2018, the State reported that the Department reassigned staff duties and responsibilities to the order entry clerk to report disciplinary actions to the National Registry, allowing for immediate reporting.	The State must ensure all disciplinary actions are reported to the National Registry via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
National Registry continued:		X					
States are required to report disciplinary action 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 report 4 disciplinary actions timely, adding them to the ASC National Registry between 1 1/2 and 7 months after the disciplinary actions' effective dates.	On February 8, 2018, the State reported that the Department reassigned staff duties and responsibilities to the order entry clerk to report disciplinary actions to the National Registry, allowing for immediate reporting.	The State must ensure all disciplinary actions are reported to the National Registry via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.	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 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. The State failed to report at least 41 disciplinary actions to the ASC National Registry.	On February 8, 2018, the State reported that all missing disciplinary actions have been added to the National Registry. In addition, the Department reassigned staff duties and responsibilities to the order entry clerk to report disciplinary actions to the National Registry, allowing for immediate reporting.	The State must ensure all disciplinary actions are reported to the National Registry via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3.
Application Process:			X				
States must complete audits of affidavits for continuing education credit claimed within sixty days from the date the renewed credential is issued. (12 U.S.C. § 3347; Policy Statement 4 F.)				The State did not audit the Trainee level appraisers who renewed based on affidavits attesting to possessing all or part of the required CE during the 2015 renewal cycle.	In a January 16, 2018, email, the State reported the completion of its audit on the Trainee Appraisers who had renewed in 2015. On February 8, 2018, the State reported that all credential levels were audited after the 2017 renewal period, and that a proposed regulatory amendment will establish a process which will notify appraisers of potential CE deficiencies before their expiration dates.	The State should continue the process to amend its rules to bring them into compliance with AQB Criteria and provide the ASC staff with a copy of the rules 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 4.

ASC Compliance Review Report						ASC Finding: Needs Improvement	
						Final Report Issue Date: March 30, 2018	
Illinois Appraiser Regulatory Program (State)							
Illinois Real Estate Appraisal Administration and Disciplinary Board (Board)			PM: V. Metcalf		ASC Compliance Review Date: November 6-9, 2017		Review Period: Sept 2015 to Nov 2017
Umbrella Agency: Illinois Department of Financial and Professional Regulation, Division of Real Estate				Number of State Credentialed Appraisers on National Registry: 3,871		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 continued:		X					
States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 C.)				Of the 389 Certified appraisers permitted to renew by attesting to possessing some or all of the required CE in 2015, 13.88% failed to meet the AQB minimum.	On February 8, 2018, the State disputed the failure rate cited, by comparing the failed number of audited appraisers renewing by affidavit (53) to the total population of renewing appraisers (4,654) rather than the total number of appraisers renewing by affidavit (389).	Within 90-days, the State must provide the ASC with a plan of action it will take to address the apparent weakness of its affidavit process.	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	AQB Criteria requires Trainee Appraisers to complete a Supervisor Appraiser/Trainee Appraiser course that, at minimum, complies with the specifications for course content established by the AQB, prior to obtaining a Trainee Appraiser credential. Illinois has a written policy permitting applicants to fulfill this prerequisite by completing a 3-hour Illinois-specific Supervisor Appraiser/Trainee course that does not appear to meet the AQB course content requirement.	On February 8, 2018, the State provided Illinois rule §1455.375 regarding the Supervisor/Trainee course.	The State should ensure that its written policy regarding Trainee Appraisers complies with Illinois rule §1455.375.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 6.
Enforcement:		X		The State had 71 outstanding complaints of which 8 were unresolved for more than 1 year with no special documented circumstances.	On February 8, 2018, the State provided information on the cases that have been in process for over 1-year.	The State must continue to submit monthly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.	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.

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee
Federal Financial Institutions Examination Council

April 17, 2018

Mr. Steven O'Farrell, Commission Chair
Ms. Patricia Schott, Executive Director
Commission of Real Estate Appraisers, Appraisal Management Companies
and Home Inspectors
Division of Occupational and Professional Licensing
Department of Labor, Licensing and Regulation
500 North Calvert Street, #302
Baltimore, MD 21202

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

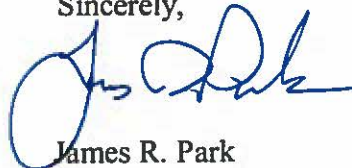
Dear Mr. O'Farrell and Ms. Schott:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Maryland appraiser regulatory program (Program) on April 10-12, 2018, 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." Maryland 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: Ms. Victoria Wilkins, Commissioner
Mr. John Papavasiliou, Deputy Commissioner

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: April 17, 2018

Maryland Appraiser Regulatory Program (State)

Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors (Board)	PM: C. Brooks	ASC Compliance Review Date: April 10-12, 2018	Review Period: April 2016 - April 2018
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Umbrella Agency: Department of Labor, Licensing and Regulation, Division of Occupational and Professional Licensing	Number of State Credentialed Appraisers on National Registry: 2,200	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



REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

Summary of Changes

Effective May 1, 2018

The Appraiser Qualifications Board of The Appraisal Foundation establishes the *minimum* qualifications for real property appraisers in the United States. These qualifications can be found in the *Real Property Appraiser Qualification Criteria*.

To become a real property appraiser, candidates must obtain qualifying education hours, and, as applicable, obtain college-level education and experience hours, and successfully pass the National Uniform Licensing and Certification Examination. The following is a summary of changes to the Criteria effective May 1, 2018. Because state appraiser regulatory agencies are only required to adopt *minimum* AQB *Criteria*, it is **crucial** that candidates contact their state to determine if the state intends to adopt any or all of these changes, and if so, when the changes may go into effect.

College-Level Education		
	PREVIOUS January 1, 2015 – April 30, 2018	NEW May 1, 2018
Licensed Residential	30 Semester Hours of College-Level Education	No College-Level Education Required
Certified Residential	Bachelor's Degree or Higher	(See Chart of Options on Next Page)

College Level Education for Certified Residential

Option #1	Option #2	Option #3	Option #4	Option #5	Option #6
<p>Bachelor's Degree in any field of study</p>	<p>Associates Degree in a field of study related to:</p> <ul style="list-style-type: none"> • <i>Business Administration</i> • <i>Accounting</i> • <i>Finance</i> • <i>Economics</i>; or • <i>Real Estate</i> 	<p>Successful completion of 30 semester hours of college-level courses that cover each of the following specific topic areas and hours:</p> <ul style="list-style-type: none"> • <i>English Composition</i> (3 hours) • <i>Microeconomics</i> (3 hours) • <i>Macroeconomics</i> (3 hours) • <i>Finance</i> (3 hours) • <i>Algebra, Geometry, or Higher Math</i> (3 hours) • <i>Statistics</i> (3 hours) • <i>Computer Science</i> (3 hours) • <i>Business Law</i> or <i>Real Estate Law</i> (3 hours) • Two elective courses in any of the above topics, or in <i>Accounting, Geography, Agricultural Economics, Business Management, or Real Estate</i> (3 hours each) 	<p>Successful completion of at least 30 semester hours of College Level Examination Program® (CLEP®) examinations (see Equivalency Table on next page)</p>	<p>Any combination of Option #3 and Option #4 that includes all of the topics identified in Option #3</p>	<p>No college-level education required.</p> <p>This option applies <u>only</u> to appraisers who have held a Licensed Residential credential for a minimum of five (5) years and have no record of any adverse, final, and non-appealable disciplinary action affecting the Licensed Residential appraiser's legal eligibility to engage in appraisal practice within the five (5) years immediately preceding the date of application for a Certified Residential credential</p>

Equivalency Table

CLEP Exams	CLEP Semester Hours Granted	Applicable College Courses
<i>College Algebra</i>	3	<i>Algebra, Geometry, Statistics, or higher mathematics</i>
<i>College Composition</i>	6	<i>English Composition</i>
<i>College Composition Modular</i>	3	<i>English Composition</i>
<i>College Mathematics</i>	6	<i>Algebra, Geometry, Statistics, or higher mathematics</i>
<i>Principles of Macroeconomics</i>	3	<i>Macroeconomics or Finance</i>
<i>Principles of Microeconomics</i>	3	<i>Microeconomics or Finance</i>
<i>Introductory Business Law</i>	3	<i>Business Law or Real Estate Law</i>
<i>Information Systems</i>	3	<i>Computer Science</i>

Experience		
	Pre April 30, 2018	Effective May 1, 2018
Licensed Residential	2,000 hours in no fewer than twelve (12) months	1,000 hours in no fewer than six (6) months
Certified Residential	2,500 hours in no fewer than twenty-four (24) months	1,500 hours in no fewer than twelve (12) months
Certified General	3,000 hours in no fewer than thirty (30) months, of which one thousand five hundred (1,500) hours must be in non-residential appraisal work	3,000 hours in no fewer than eighteen (18) months, of which one thousand five hundred (1,500) hours must be in non-residential appraisal work

MEETING SUMMARY



THE APPRAISAL FOUNDATION
*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

Appraiser Qualifications Board Public Meeting Summary

On February 1, 2018, the Appraiser Qualifications Board (AQB) held a public meeting in Washington, DC. The meeting was live streamed, which allowed a large number of people to observe. Additionally, the meeting provided the AQB with an opportunity to hear public comment on potential changes to the 2015 *Real Property Appraiser Qualification Criteria (Criteria)*. The AQB also provided an update on the following AQB programs:

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

Proposed Changes to the *Criteria*

Over the past 2.5 years, the AQB issued a concept paper, discussion draft, and four exposure drafts of proposed changes to the *Criteria*. The AQB received over 1,300 comments on the proposals.

The AQB adopted the Fourth Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria*. The new *Criteria* will go into effect May 1, 2018. Please be sure to review the [Summary of Changes document](#) and a [PDF of the new Criteria](#) for details.

Upcoming Events

*Appraisal Standards Board
Public Meeting
Las Vegas, NV
April 20, 2018
9:00 AM PT*
[Register here](#)
Live stream available!

*Appraiser Qualifications Board
Public Meeting
Seattle, WA
May 4, 2018
9:00 AM PT*
[Register here](#)
Live stream registration available soon!

*Board of Trustees Meeting
Cleveland, OH
May 17-19, 2018*
[Register here](#)

In the News

*United States Boosted by
USPAP-IVS Bridge*

Contact Us

In the near future, the AQB will be issuing guidance in the form of Q&As, a new Guide Note 10 (on alternatives to college degree requirements), presentations at the Association of Appraiser Regulatory Officials (AARO) Conference on May 4 in Seattle, Washington, and a short PowerPoint webinar on the changes.

T 202-347-7722

info@appraisalfoundation.org

www.appraisalfoundation.org

National Uniform Licensing and Certification Examinations

Connect With Us



The AQB continues to monitor and update the National Uniform Licensing and Certification Examinations. To review exam statistics from 2013-2017, please click [here](#).

Course Approval Program

The AQB's Course Approval Program currently has 294 courses approved. To review the objectives of this program as well as the approved course list, please click [here](#).

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](#).

About The Appraisal Foundation

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This

work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at www.appraisalfoundation.org.

From: Brian Butcher [<mailto:butcher.brian@comcast.net>]

Sent: Tuesday, April 24, 2018 11:21 AM

To: Lori L. Schuster <lori@asc.gov>

Subject: Re: FW: Waiving waive the requirement for use of state licensed or certified appraisers as authorized under Title XI.

Dear Ms. Schuster,

I write to thank the Appraisal Subcommittee for denying the TriStar Bank Request for Waiver.

As a relatively small industry, the appraisal community struggles to gain the leverage necessary to protect itself from exploitation by larger interests. However, the standards upheld by the appraisal community and appraiser independence are important contributors to the stability of the American economy which depends so heavily upon the real estate market.

Please let me know if I may be of assistance with future issues facing the ASC.

Sincerely,

Brian Butcher

505-440-7984

From: Kevin Harden [<mailto:kevinharden@gmail.com>]

Sent: Tuesday, April 24, 2018 11:53 PM

To: James R. Park <jim@asc.gov>

Subject: TriStar Waiver Denial

Mr. Park,

I am grateful to you, and the ASC, for their careful and considerate approach to this issue. Moreover, I am truly appreciative of the conclusion reached.

I want to personally thank you for your efforts.
Job well done, sir!

--

Thank you,
Kevin Harden, SRA
kevinharden@gmail.com
cell: 615-310-9036

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 5, 2018

Mr. Alan Gertner
Tejas Appraisal

RE: Response to Request for Formal Investigation

Dear Mr. Gertner:

This is in response to your complaint concerning the Texas Appraiser Licensing and Certification Board (TALCB). ASC staff received your email of January 22, 2018, “raising Complaint #16-138 as a formal issue.”

This response is prepared pursuant to § 1102.38 *Compliance Activities*. § 1102.38 provides, among other things, that if a complaint is received by the ASC of alleged violations of Title XI, the ASC staff may commence an informal preliminary inquiry into the matter. If upon inquiry, it appears allegations are within the ASC’s jurisdiction, then the ASC, in its discretion, may determine to commence a formal investigation. § 1102.38 further provides that where ASC staff has concluded its inquiry and has determined that it will not recommend commencement of a formal investigation, the staff shall advise that its inquiry has been terminated.

ASC staff received an email from you in October 2016 asserting that TALCB improperly dismissed Complaint #16-138. ASC staff responded as follows explaining that the ASC’s oversight authority is over State Programs and not over individual appraisers:

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI), authorizes the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) to oversee State appraiser regulatory programs (Programs) to determine whether they comply with Title XI.

However, Title XI does not authorize the ASC to act in the capacity of a court of appeals for actions taken by States. Nor does it authorize the ASC to provide appraisal or case reviews for individuals. We will include your correspondence for consideration during our next Compliance Review of the Texas real estate appraiser program for the purpose of evaluating compliance by the State with Title XI in the investigative and enforcement process.

In October 2017, ASC staff received an email from you concerning a letter you received from TALCB indicating that Policy Manager, Jenny Tidwell, had reviewed the file on Complaint #16-138 in February 2017. You inquired regarding the “findings” of her review and further asked

why she had conducted a review of the file based on our response to the October 2016 email from you confirming that we do not do case reviews in an appellate capacity. In response to your questions concerning the Priority Contact and review of Complaint #16-138, ASC staff provided the following information to explain the Priority Contact process and also to explain the purpose of reviewing State Program enforcement files:

In response to your question, the Priority Contact is not a Compliance Review, but rather an informal on-site visit, and generally takes place in States that have a relatively significant number of credentialed appraisers. These visits are used to discuss emerging issues which may pose a potential risk of non-compliance, and to introduce the Policy Manager to new Board members, State agency representatives and staff.

Regarding review of State's enforcement files, Policy Managers do not review files for the purpose of determining USPAP compliance by appraisers. That would be inconsistent with our authority pursuant to Title XI. The State's enforcement files are reviewed by Policy Managers to determine whether the State's action is timely, effective, consistent, equitable, and well-documented.

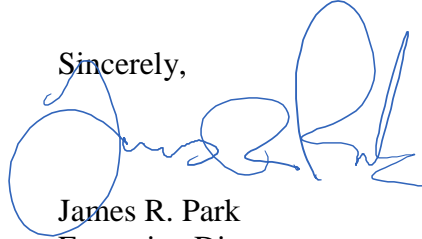
While onsite for the Priority Contact visit for Texas, the Policy Manager appropriately took the opportunity to review the complaint file at issue because it had been noted to the file as a result of your correspondence with the Policy Manager. The Policy Manager did not find the State's action to be inconsistent with Title XI.

In November 2017, we received an additional request from you for a complete review of Complaint #16-138 at the next regularly scheduled Compliance Review of TALCB. ASC staff responded as follows in an effort to further explain our authority in the Compliance Review process:

We received your correspondence of November 13, 2017. Your request appears to assume the ASC can or would perform a STANDARD 3 appraisal review, or something similar. Such an assumption would be in error. To be clear, Policy Managers do not review enforcement or application files for the purpose of determining USPAP compliance. That would be inconsistent with our authority pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). Title XI authorizes the ASC to oversee State appraiser regulatory programs to determine whether the State program complies with Title XI. Title XI does not authorize the ASC to act in an appellate capacity for actions taken by States. Rather, the ASC review of a State's enforcement files is strictly to determine whether the State's action is timely, effective, consistent, equitable, and well-documented. All ASC Compliance Review Reports are made public on our website once finalized.

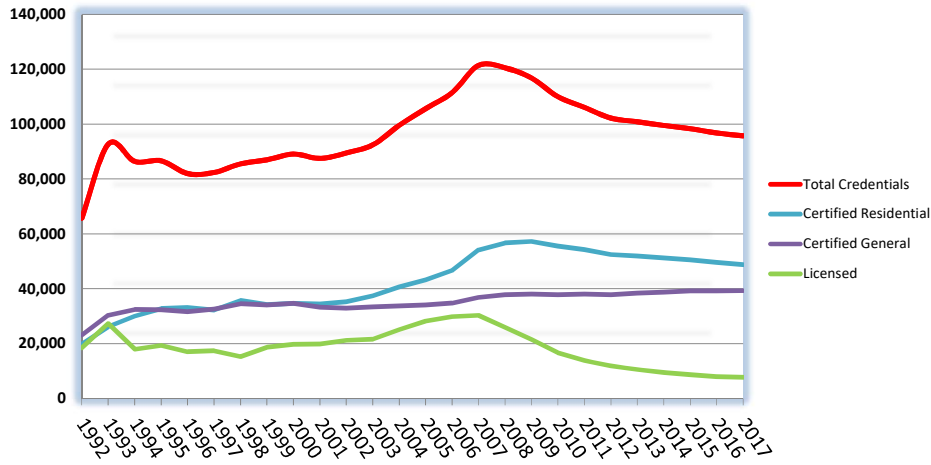
For the reasons stated above, ASC staff's informal preliminary inquiry pursuant to § 1102.38 has been terminated. ASC staff has determined that it will not recommend commencement of a formal investigation.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park", with a large, stylized initial "J" and a prominent vertical stroke at the end.

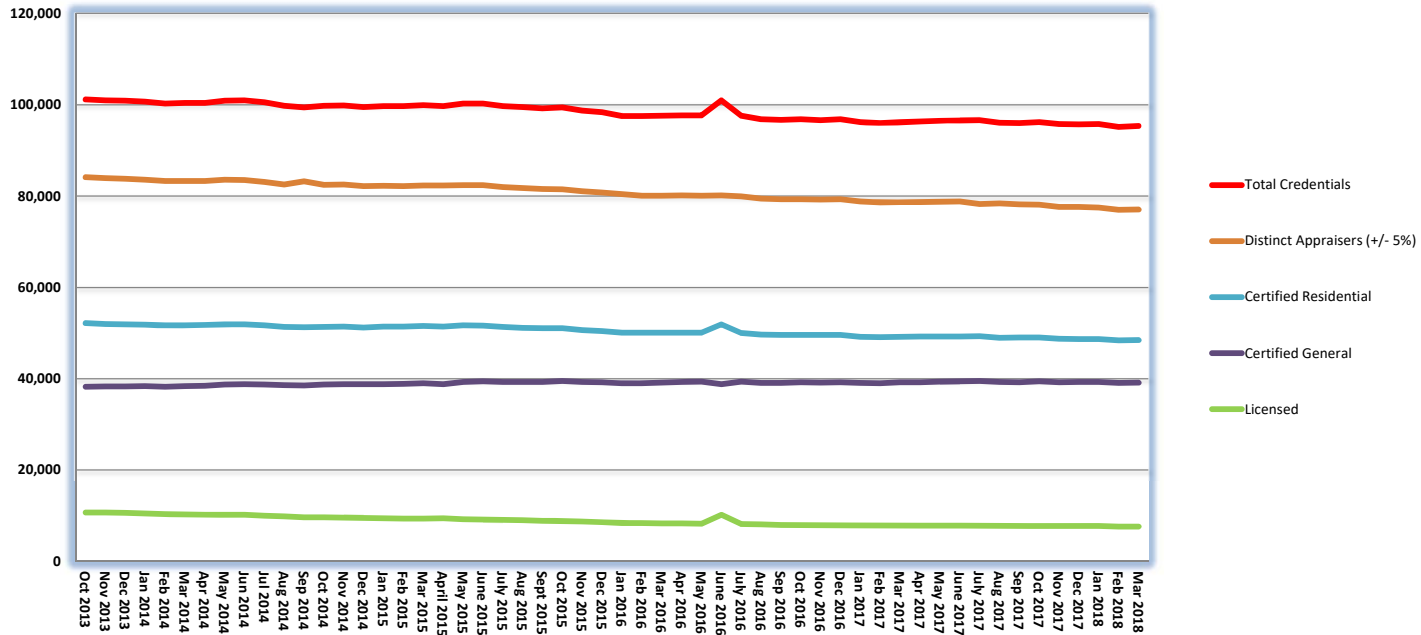
James R. Park
Executive Director

Yearly Appraiser Credential Trends



Monthly Appraisers Credential Trends

As of March 26, 2018



ETHICS PROGRAM INSPECTION REPORT

Agency: Appraisal Subcommittee

Report No.: 18-211

Date: March 13, 2018

Period Covered by Review: January 1, 2016 – December 31, 2017

UNITED STATES OFFICE OF GOVERNMENT ETHICS

Preventing Conflicts of Interest
in the Executive Branch

1.0 AGENCY DATA

EMPLOYEES (as reported in the most recent Annual Ethics Program Questionnaire)		
1.1	Number of full-time agency employees	11
1.2	Number of agency special Government employees (SGE)	0
1.3	Number of Presidentially appointed, Senate-confirmed (PAS) public financial disclosure reports required to be filed	0
1.4	Number of non-PAS public financial disclosure reports required to be filed	2
1.5	Number of confidential financial disclosure reports required to be filed	9
ETHICS PROGRAM		
1.6	Title of Designated Agency Ethics Official (DAEO)	General Counsel
1.7	Grade level of DAEO	GS-15
1.8	Title of Alternate DAEO (ADAEO)	Management & Program Analyst
1.9	Grade level of ADAEO	GS-13
1.10	Title of the primary, day-to-day ethics program administrator	Management & Program Analyst
1.11	Grade level of the primary, day-to-day ethics program administrator	GS-13
1.12	Current number of full-time ethics officials	0
1.13	Current number of part-time ethics officials	2
1.14	Average full-time equivalent (FTE) value of a part-time ethics official(s) (For example, if part-time ethics officials at the agency generally devote 10 hours per week to ethics work, the average FTE value is 25%.)	10%
1.15	Number of reporting levels between the DAEO and the agency head	1
COMMENTS		
		None

2.0 LEADERSHIP

COMPLIANCE REQUIREMENT		Yes	No	N/A
2.1	OGE has received an up-to-date designation from the agency head naming the DAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2	OGE has received an up-to-date designation from the agency head naming the ADAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMMENTS				
		None		

3.0 ETHICS AGREEMENTS

COMPLIANCE REQUIREMENT		Yes	No	N/A
3.1	During the period under review, all PAS officials complied with their ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.2	During the period under review, all PAS officials complied with their ethics agreements in a timely fashion. <i>See</i> 5 C.F.R. § 2634.804.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.3	During the period under review, the agency notified OGE of ethics agreement compliance in a timely fashion. <i>See</i> DO-09-015.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

ETHICS PROGRAM INSPECTION REPORT

Agency: Appraisal Subcommittee

Report No.: 18-211

Date: March 13, 2018

Period Covered by Review: January 1, 2016 – December 31, 2017

UNITED STATES OFFICE OF
GOVERNMENT ETHICS


 Preventing Conflicts of Interest
 in the Executive Branch

3.4	For all officials currently in PAS positions, the agency maintains documentation of actions taken to comply with ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.5	For all officials currently in PAS positions, ethics agreements are maintained with their financial disclosure reports. <i>See</i> 5 C.F.R. § 2634.805.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
COMMENTS				
(3.1 – 3.5) The Appraisal Subcommittee (ASC) does not have PAS officials.				

4.0	PUBLIC FINANCIAL DISCLOSURE (OGE Form 278, OGE Form 278-T)	Yes	No	N/A
COMPLIANCE REQUIREMENT				
4.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C. app. IV, § 402(d)(1).			
4.1.1	• Collection of public financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1.2	• Review/evaluation of public financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1.3	• Public availability of public financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2	The agency can demonstrate that late filing fees are collected or, where appropriate, waivers are issued when public filers do not timely file financial disclosure reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.3	Public financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4	Public financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.603(g)(1).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%		
4.5	Percentage of sampled non-PAS new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(b).	N/A		
4.6	Percentage of sampled non-PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	100%		
4.7	Percentage of sampled non-PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	N/A		
4.8	Percentage of sampled non-PAS public financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> PA-11-04.	100%		
4.9	Percentage of sampled PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	N/A		
4.10	Percentage of sampled PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	N/A		
4.11	Percentage of sampled PAS annual and termination reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. § 2634.605(a).	N/A		
COMMENTS				
(4.2) ASC did not have any filers subject to the late filing fee or who required a waiver of the fee during the period covered by the inspection. (4.5) ASC did not have any non-PAS officials who were required to file new entrant public reports during the period covered by the inspection. (4.7) ASC did not have any non-PAS officials who were required to file termination public reports during the period covered by the inspection. (4.9 – 4.11) ASC does not have PAS officials.				

ETHICS PROGRAM INSPECTION REPORT

Agency: Appraisal Subcommittee

Report No.: 18-211

Date: March 13, 2018

Period Covered by Review: January 1, 2016 – December 31, 2017

UNITED STATES OFFICE OF
GOVERNMENT ETHICS

Preventing Conflicts of Interest
in the Executive Branch

5.0 CONFIDENTIAL FINANCIAL DISCLOSURE

COMPLIANCE REQUIREMENT		Yes	No	N/A
5.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).			
5.1.1	• Collection of confidential financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1.2	• Review/evaluation of confidential financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Confidential financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3	The agency's OGE-approved alternative confidential financial disclosure system complies with plans approved by OGE. <i>See</i> 5 C.F.R. § 2634.905(a).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.4	Confidential financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.604.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%		
5.5	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).	N/A		
5.6	Percentage of sampled confidential annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(a).	100%		
5.7	Percentage of sampled confidential financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. §§ 2634.605(a), 2634.909(a).	100%		
COMMENTS				
(5.3) ASC does not have an OGE-approved alternative confidential financial disclosure system. (5.5) No new entrant reports were required to be filed at ASC during the period covered by the inspection.				

6.0 INITIAL ETHICS ORIENTATION

COMPLIANCE REQUIREMENTS		Yes	No	N/A
6.1	All initial ethics orientation material contains:			
6.1.1	• Current contact information of relevant ethics official(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.2	• Copy of the Standards of Ethical Conduct and any agency supplemental standards to keep or review; or • Summaries of the Standards, any agency supplemental standards, and 14 Principles for employees to keep	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	The agency can demonstrate that it has an effective process to ensure that new employees receive initial ethics orientations. <i>See</i> 5 C.F.R. § 2638.703(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		%		
6.3	Percentage of new agency employees who received initial ethics orientation within 90 days.	N/A		
COMMENTS				
(6.3) ASC did not hire any new employees during the period covered by the inspection.				

7.0 Annual Ethics Training

COMPLIANCE REQUIREMENTS		Yes	No	N/A
Each calendar year, public filers, confidential filers, and certain other employees must complete ethics training which meets specified requirements. <i>See</i> 5 C.F.R. §§ 2638.307 and 2638.308.				
7.1	The training presentation(s) addressed concepts related to financial conflicts of interest, impartiality, misuse of position and gifts. <i>See</i> 5 C.F.R. §§ 2638.307(e)(1) and 2638.308(f)(1).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ETHICS PROGRAM INSPECTION REPORT

Agency: Appraisal Subcommittee

Report No.: 18-211

Date: March 13, 2018

Period Covered by Review: January 1, 2016 – December 31, 2017

UNITED STATES OFFICE OF GOVERNMENT ETHICS

Preventing Conflicts of Interest
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7.2	The agency provided employees with either the following written materials or written instruction for accessing them: The summary of the Standards of Conduct distributed by the Office of Government Ethics or an equivalent summary prepared by the agency; provisions of any supplemental agency regulation that the DAEO determines to be relevant or a summary of those provisions; such other written materials as the DAEO determines should be included; instructions for contacting the agency's ethics officials. <i>See</i> 5 C.F.R. § 2638.304(e)(2).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.3	The agency's annual ethics training complies with the formatting requirements for public filers, confidential filers, and certain other employees. <i>See</i> 5 C.F.R. §§ 2638.307(d) and 2638.308(e).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.4	The agency's program for annual ethics training complies with the tracking requirements for public filers, confidential filers, and certain other employees. <i>See</i> 5 C.F.R. §§ 2638.307(f) and 2638.308(g).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.5	The agency can demonstrate it has an effective process for ensuring covered public filers, other than those whose pay is set at Level I or Level II of the Executive Schedule, complete live annual ethics training at least once every two years. <i>See</i> 5 C.F.R. § 2638.308(e)(2).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS		Training Format		
		Live	Interactive	
Percentage of public filers who completed annual ethics training before the end of the calendar year. <i>See</i> 5 C.F.R. § 2638.308(a).				
7.6	• Executive Schedule Level I and Level II. <i>See</i> 5 C.F.R. § 2638.308(e)(1).	N/A	N/A	
7.7	• Other PAS and Equivalent. <i>See</i> 5 C.F.R. § 2638.308(e)(2).	N/A	N/A	
7.8	• SES and Equivalent. <i>See</i> 5 C.F.R. § 2638.308(e)(3).	100%	0%	
Percentage of confidential filers and certain other employees who completed annual ethics training before the end of the calendar year. <i>See</i> 5 C.F.R. § 2638.307(a)(d).				
7.9	• Employees required to file an annual confidential financial disclosure report. <i>See</i> 5 C.F.R. § 2638.307(a)(1).	100%	0%	
7.10	• Employees appointed by the President. <i>See</i> 5 C.F.R. § 2638.307(a)(2).	N/A	N/A	
7.11	• Employees of the Executive Office of the President. <i>See</i> 5 C.F.R. § 2638.307(a)(2).	N/A	N/A	
7.12	• Contracting officers described in 41 U.S.C. § 2101. <i>See</i> 5 C.F.R. § 2638.307(a)(3).	N/A	N/A	
7.13	• Other employees designated by the head of the agency. <i>See</i> 5 C.F.R. § 2638.307(a)(4).	N/A	N/A	
COMMENTS				
(7.0) OGE reviewed the annual ethics training ASC employees received in 2017 to determine whether the materials provided were in accordance with the updated regulations that went into effect on January 1, 2017. (7.2) At the end of training the ASC ADAEO refers the employees to the OGE website where the Standards of Conduct are located and recommends that they review the regulations for additional information. However this information was not provided in writing. As a result of this inspection finding, ASC's ADAEO provided covered employees written instructions for accessing summaries of the Standards of Conduct.				

8.0 ETHICS ADVICE AND COUNSELING

COMPLIANCE REQUIREMENT		Yes	No	N/A
8.1	Based on a sample collected by OGE, guidance provided by agency ethics officials to employees appears to be consistent with applicable laws and regulations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
COMMENTS				
(8.1) No written advice and counseling was provided for ethics related issues during the period covered by the inspection.				

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RECOMMENDATION			
#	Element	RECOMMENDATION	Compliance Due
1	7.2	<p><u>RECOMMENDATION:</u> Ensure employees required to complete annual ethics training receive written materials or written instruction for accessing 1) the summary of the Standards of Conduct distributed by the Office of Government Ethics or an equivalent summary prepared by the agency, 2) other written materials as the DAEO determines should be included, and 3) instructions for contacting the agency's ethics officials.</p> <p><u>AGENCY RESPONSE:</u> ASC's ADAEO provided employees required to complete annual ethics training written instructions for accessing summaries of the Standards of Conduct.</p> <p><u>OGE COMMENT:</u> The provision of written instructions for accessing the summaries of the Standards of Conduct brings the agency into full compliance with training requirements and OGE has closed the recommendation.</p>	Closed

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
NOVEMBER 13, 2017**

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

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Veronica Spicer
FDIC – Marianne Hatheway
FHFA – Bob Witt
HUD – Cheryl Walker
NCUA – Tim Segerson
OCC – Richard Taft (Vice-Chair)

ASC STAFF: Executive Director – Jim Park
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Policy Manager – Claire Brooks
Policy Manager – Jenny Tidwell
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Ben Gibbs
FDIC – Kim Stock
FRB – Gillian Burgess
FRB – Carmen Holly
FRB – Matt Suntag
FRB – Kirin Walsh
OCC – Chris Manthey
OCC – Joanne Phillips

The Meeting was called to order at 10:05 a.m. by R. Taft.

REPORTS

- **Chairman**

R. Taft welcomed observers to the Meeting. He noted that the ASC will hold a Roundtable on November 13th with lenders, regulatory agencies, appraisal management companies, appraiser trade groups and State regulators. The Roundtable will focus on various federal appraisal statutory and regulatory requirements, exploring opportunities to harmonize those requirements, as well as the future of appraisal and alternate valuation products in mortgage and commercial lending.

- **Executive Director**

J. Park reported on ASC activities since September 1st.

- The Appraiser Qualifications Board (AQB) met on September 7-8 in Minneapolis and discussed ongoing changes to the Real Property Appraiser Qualification Criteria (AQB Criteria). The AQB is considering several changes to the AQB Criteria including lowering the number of required experience hours and alternative tracks to becoming a Certified Residential appraiser that do not require a college degree. The Fourth Exposure Draft was released for public comment on November 1st. And, for the first time in several years, the number of persons taking the appraisal examination has increased and the average age of those test takers has decreased.
- The Appraisal Standards Board met on October 12-13 and discussed potential changes to the Uniform Standards of Professional Appraisal Practice (USPAP). The 2018/19 USPAP was published and includes significant improvements and functionality in the electronic version.
- The National Registry upgrades implemented in July 2017 have been well received by States. Approximately one-third of States have converted to the Unique Identification Number and ASC staff anticipates that the majority of States will complete conversion by the end of 2017.
- Approximately 180 persons attended the Association of Appraiser Regulatory Officials Fall Conference in Washington DC in mid-October. ASC staff gave an update of ASC activities and participated in some presentations.

J. Park reported, that due to recent hurricanes, Puerto Rico will extend credentials for up to 90 days to allow appraisers to complete continuing education. He added that it may take up to one year for Puerto Rico and the U.S. Virgin Islands to get their programs fully operational. He noted that Texas is also allowing appraisers in counties affected by Hurricane Harvey an additional 90 days to complete continuing education. M. Hatheway said that California could also be affected due to the recent wildfires. R. Taft asked if the

AQB has programs to help military veterans who may wish to become appraisers. J. Park said “no” and added the Foundation could participate in job fairs that are held for veterans. He suggested that the ASC write a letter to the Foundation supporting programs for veterans. R. Witt said the Department of Veterans Affairs (VA) should be copied on the letter. He noted that it may be possible to waive college requirements for veterans or create a career path for them. J. Park said this has been discussed before and the Foundation may ask for grant funds to design such a program. R. Witt said that the VA may support this effort as the VA appraiser panel is in need of appraisers.

- **Delegated State Compliance Reviews**

C. Brooks reported on State Compliance Reviews completed pursuant to delegated authority since the ASC’s September 13th Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Ohio and Oklahoma were each awarded a Finding of “Excellent” and each will remain on a two-year Review Cycle. Montana and Tennessee were each awarded a Finding of “Good” and will remain on a two-year Review Cycle. New Mexico and Wisconsin were finalized and approved by the Chairman. They were each given a finding of “Needs Improvement” and will remain on a two-year Review Cycle with Follow-up Reviews conducted within the next 12 months. ASC staff also conducted a Follow-up Review of Pennsylvania. They have resolved the required actions regarding the continuing education audit and are making significant progress towards addressing timely enforcement. V. Spicer, R. Taft and R. Witt noted that the Tennessee appeal needs to include documentation for the file on the results of the appeal panel’s decision on changing the rating. A. Ritter responded that the change of rating was communicated to Tennessee but that it may not have been in letter format. J. Park said the Chair delegated the Executive Director to sign the revised Tennessee Compliance Review. R. Witt asked if States will be notified of the ASC’s Compliance Review appeal process. A. Ritter responded that D. Graves is outlining the Compliance Review process in general for a future Briefing to address the panel’s recommendations. M. Hatheway said the process should be transparent.

- **Financial Manager**

G. Hull reported that the Appraisal Foundation submitted its July grant reimbursement request in the amount of \$127,879 for grant-eligible expenditures. This includes expenses associated with the National Uniform Appraiser Exam Meetings held July 26-28 in New Orleans and the Level 2 Investigator Training course held on July 10-12 in Tampa. The total grant budget is \$659,085 and \$148,323 remains available.

The FY17 ASC audit is scheduled to start on December 5th. The ASC did meet its targeted revenue for FY17. Expenditure totals are being finalized and should be close to the FY17 budget estimates.

ACTION ITEMS

- **September 13, 2017 Open Session Minutes**

M. Hatheway made a motion to approve the September 13th open session meeting minutes as presented. V. Spicer seconded and all members present voted to approve.

- **“Reporting Requirements” Proposed Information Collection: OMB Clearance pursuant to Paperwork Reduction Act**

A. Ritter presented the Proposed Information Collection Request (ICR) that, if approved, will be posted in the *Federal Register* for a 60-day comment period. The ICR lists the required data fields that States will need to submit to the AMC Registry. R. Taft asked if the ICR includes the information that AMCs must provide to States. A. Ritter responded that the ICR only covers what States must submit to the ASC. R. Taft and V. Spicer asked for clarification of the burden estimate to States. A. Ritter responded that the estimate was in response to a comment to the Proposed Rule on AMC registry fees from a State that thought the ASC estimate for adding AMCs to the Registry was too low. B. Kelly added that States would most likely only have to submit updated information regarding the appraiser panel totals when they do renewals; all fields will not need to be resubmitted unless there is a change, *i.e.*, an address or owner name change. R. Taft asked that ASC staff clarify the response time and burden estimates. There was additional discussion on changing the title, “Reporting Requirements for AMCs on the National Registry.” R. Taft asked A. Ritter to make the requested changes and distribute a redline to the ASC for review. M. Hatheway suggested that a notation vote be done. R. Witt asked when the ICR would be published in the *Federal Register*. A. Ritter responded that it could be published in early December if the ASC approves it by notation vote.

- **Bulletin on AMC Registry Fees**

A. Ritter presented the draft Bulletin to States. (A. Lindo joined the Meeting). The Bulletin will inform States that the ASC will open the AMC Registry to States no later than June 4, 2018. At that time, States that elect to register and supervise AMCs (participating States) will be able to enter AMCs on the AMC Registry if they have collected AMC registry fees in accordance with the Final Rule. The Bulletin will also inform States that the ASC recognizes that participating States may need to amend their rules and/or regulations, or revise their operating procedures, to implement collection of AMC registry fees. After June 4, 2020, any participating State’s Compliance Review will include review of requirements for entering AMCs on the AMC Registry. Up and until June 4, 2020, a State may have a compliant AMC Program regardless of whether it is ready to enter AMCs on the AMC Registry. She would like to distribute the Bulletin to States before the Final Rule is effective on November 24, 2017. After further discussion of minor edits, A. Lindo moved for approval and M. Hatheway seconded; all members present voted to approve.

- **Bulletin on 12-month extension of Implementation Period for AMC Programs**

A. Ritter presented the draft Bulletin to States. The Bulletin will provide information regarding State applications for extension of the Implementation Period for registration and supervision of AMCs. Title XI as amended by the Dodd-Frank Act imposes a statutory restriction on performance of services by AMCs for federally related transactions (FRTs) that applies after August 10, 2018 (Implementation Period). The ASC, with the approval of the Federal Financial Institutions Examination Council (FFIEC), may extend this period for an additional 12 months if the ASC makes a finding that the State has made substantial progress in establishing an AMC Program. The Bulletin explains that a State may make a request in writing to the ASC for a 12-month extension of the Implementation Period. Requests should be received by June 10, 2018. A. Lindo asked if a State could submit a request after June 10th. A. Ritter responded “yes.” R. Taft suggested that the agencies’ Final Rule implementation date of August 10, 2018 be included in the Bulletin and A. Ritter said she would do so. A. Lindo made a motion to approve the Bulletin with edits as suggested and authorize the Chair to review and sign the Bulletin. R. Taft moved for approval and R. Witt seconded; all members present voted to approve.

- **ASC Rules of Operation – Meeting Schedule**

J. Park suggested that the ASC switch to a quarterly meeting schedule. If approved, the ASC could meet the second Wednesday in March, June, September and December. A. Lindo said Briefings could be held in between Meetings if needed. He asked that ASC Meetings be held in advance of FFIEC Meetings. R. Taft suggested holding Meetings in February, May, August and November. J. Park said a Special Meeting could be held in September to approve the ASC’s fiscal year budget. M. Hatheway said she would like to discuss this with principals at FDIC before a decision is made. After further discussion, A. Lindo asked ASC staff to schedule a conference call with ASC members in mid-December to discuss changing the meeting schedule.

The Open Session adjourned at 11:45 a.m. The next ASC Meeting date is to be determined.