

FYI Cover Page

November 13, 2019

Appraisal Subcommittee Members
(Revised as of October 4, 2019)

Agency	Member	Alternate Member
CFPB	<p>John Schroeder Regional Director – Midwest Region Supervision, Enforcement and Fair Lending Consumer Financial Protection Bureau 230 S. Dearborn Street, Suite 1590 Chicago, IL 60604 P: 312-610-8948 C: 202-591-5938 Email: John.Schroeder@cfpb.gov</p>	<p>Orlando Orellano Assistant Regional Director – Midwest Region Consumer Financial Protection Bureau 230 S. Dearborn Street, Suite 1590 Chicago, IL 60604 P: 312-610-8953 C: 202-573-1010 Email: Orlando.Orellano@cfpb.gov</p>
FDIC	<p>John Jilovec Deputy Regional Director Division of Risk Management Supervision Federal Deposit Insurance Corporation Kansas City Area Office 1100 Walnut Street, Suite 2100 Kansas City, MO 64106 P: 816-234-8141 C: 816-309-1779 Email: JJilovec@fdic.gov</p>	<p>Rae-Ann Miller Associate Director Risk Management Policy Branch Division of Risk Management Supervision Federal Deposit Insurance Corporation 550 17th Street NW Washington, DC 20429 P: 202-898-3898 Email: RMiller@fdic.gov</p>
FHFA	<p>Maria Fernandez Senior Associate Director Office of Housing and Regulatory Policy Division of Housing Mission & Goals Federal Housing Finance Agency 400 7th Street SW Washington, DC 20219 P: 202-649-3102 Email: Maria.Fernandez@fhfa.gov</p>	<p>Robert Witt Senior Policy Analyst Office of Housing & Regulatory Policy Division of Housing Mission & Goals Federal Housing Finance Agency 400 7th Street SW Washington, DC 20219 P: 202-649-3128 Email: Robert.Witt@fhfa.gov</p>
FRB	<p>Arthur Lindo (Chair) Senior Associate Director Division of Banking Supervision and Regulation Board of Governors of the Federal Reserve System 1850 K Street NW Washington, DC 20006 P: 202-452-2695 C: 202-492-3528 Email: Arthur.Lindo@frb.gov</p>	

Appraisal Subcommittee Members
(Revised as of October 4, 2019)

Agency	Member	Alternate Member
HUD		Bobbi Borland Acting Director Home Valuation Policy Division Office of Program Development U.S. Department of Housing & Urban Development 451 7 th Street SW, Room 9274 Washington, DC 20410-8000 P: 202-402-5244 Email: Bobbi.L.Borland@hud.gov
NCUA	Tim Segerson Deputy Director for the Office of Examination & Insurance National Credit Union Administration 1775 Duke Street Alexandria, VA 22314-3428 P: 703-518-6397 C: 716-228-4993 Email: Segerson@ncua.gov	
OCC	Richard Taft (Vice-Chair) Deputy Comptroller of Credit Risk Office of the Comptroller of the Currency 400 7 th Street SW Washington, DC 20219 P: 202-649-6767 Email: Richard.Taft@occ.treas.gov	

State Program Summary Report

State or Territory	AL		AK		AZ		AR		CA		CO		CT		DE		DC		FL		GA		GU		HI	
Review Year	2018		2019		2018		2018		2018		2018		2018		2019		2019		2019		2018		2015		2017	
Review Month	Jan		Aug		Jun		Mar		Oct		Aug		Jun		Mar		Apr		Feb		Mar		Nov		Dec	
ASC Finding	Good		Good		Excel		Good		Excel		Good		Excel		Good		Good		Good		Good		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																2	1		
Temporary Practice:	1														3											
National Registry:		1		1				1								1		1		1		1				
Application Process:				1											1									1		
Reciprocity:																								1		
Education:								1																		
Enforcement										1														1		
TOTAL OUT OF COMPLIANCE	1		-		-		1		-		-		-		-		3		-		-		2		-	
TOTAL AREA OF CONCERN	2		2		-		2		-		1		-		1		1		1		1		4		-	
Last Review Finding	Good (2016)	Good (2017)	Excel (2016)	Good (2016)	Excel (2016)	Excel (2016)	Good (2016)	Good (2017)	Good (2017)	Excel (2016)	Good (2016)	Good (2017)	Good (2017)	Excel (2017)	Excel (2016)	Needs Imp (2013)	Good (2015)									
Previous Review Finding	Good (2014)	Good (2015)	Excel (2014)	Good (2014)	Good (2014)	Excel (2014)	Good (2014)	Good (2015)	Good (2015)	Good (2014)	Good (2015)	Good (2015)	Good (2015)	Needs Imp (2014)	ISC (2007)	Good (2013)										
FTE	5.6	1.5	4.28	3	23	9.6	1.75	0.85	1.2	15.5	5.8	0.14	0.75													
Independent or Under Umbrella (I/UU)	I	UU	UU	I	UU	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	1,369	233	1,349	1,369	10,340	2,553	1,314	548	764	5,921	3,354	21	572													
# Trainees	86	13	173	86	738	n/a	58	34	19	543	103	3	23													
Complaints Received in Review Cycle	107	23	225	107	583	274	60	19	10	258	247	0	14													
Complaints Outstanding	28	5	45	28	134	95	8	6	3	55	50	0	5													
Complaints Outstanding Over 1 Year (No SDC)	0	0	0	0	0	11	0	0	0	0	0	0	0													
Special Documented Circumstances (SDC)	6	1	0	6	11	0	0	1	0	0	2	0	0													
AMC Laws and Regulations	Yes	Yes	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	2019	2017	2019	2019	2017	2019	2018	2019	2015	2018	2018	2018	2018
Review Month	Apr	Nov	Apr	Jul	Oct	May	Apr	June	Nov	Apr	May	Sep	Sep
ASC Finding	Good	Needs Imp	Needs Imp	Excel	Excel	Excel	Excel	Excel	Needs Imp	Excel	Needs Imp	Needs Imp	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		Yes		
Follow-Up (in months)											6		
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		2						2			1
Temporary Practice:				1							1		1
National Registry:		1	3		1	1						3	1
Application Process:	2		1	1	2				1		2	1	2
Reciprocity:													
Education:				1								1	
Enforcement			1						1		2		1
TOTAL OUT OF COMPLIANCE		2		5		3		-	-	-	-	2	-
TOTAL AREA OF CONCERN		2		4		1		-	-	-	-	2	-
Last Review Finding	Exel (2017)	Needs Imp (2013)	Good (2017)	Excel (2017)	Excel (2015)	Excel (2017)	Good (2016)	Good (2017)	Needs Imp (2013)	Good (2016)	Needs Imp (2016)	Good (2016)	Good (2016)
Previous Review Finding	Good (2015)	Needs Imp (2013)	Needs Imp (2015)	Excel (2015)	Excel (2013)	Excel (2015)	Good (2014)	Good (2015)	ISC (2007)	Good (2014)	Needs Imp (2014)	Good (2014)	Good (2014)
FTE	1	3.6	3.5	1	2	3	3	0.61	0.3	3.5	2.75	1.56	2.18
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	Yes
# Credentials on National Registry	723	3,871	2,162	1,093	981	1,412	1,313	564	9	2,200	2,045	2,526	1,946
# Trainees	62	442	149	81	13	214	216	46	0	195	74	439	542
Complaints Received in Review Cycle	38	416	118	52	28	57	49	57	0	100	74	130	170
Complaints Outstanding	6	71	40	6	4	17	9	7	0	12	29	51	25
Complaints Outstanding Over 1 Year (No SDC)	0	8	0	0	0	0	0	0	0	0	4	10	0
Special Documented Circumstances (SDC)	0	17	3	0	0	0	0	0	0	1	6	7	4
AMC Laws and Regulations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Pending	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	2019		2018		2019		2019		2018		2017		2018		2019		2017		2018		2018		2017	
Review Month	May		Jun		Sep		Mar		June		May		Nov		Jun		Sep		Nov		Jun		Aug	
ASC Finding	Excel		Good		Excel		Excel		Good		Excel		Good		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									
Follow-Up (in months)															6									
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										
Temporary Practice:															1									
National Registry:										2								2						
Application Process:															1									
Reciprocity:																								
Education:																								
Enforcement										1														
TOTAL OUT OF COMPLIANCE		-		-		-		-		-		-		-		2		-		-		-		-
TOTAL AREA OF CONCERN		-		1		-		-		3		-		1		-		2		-		-		-
Last Review Finding	Excel (2017)	Excel (2016)	Good (2017)	Good (2017)	Excel (2016)	Excel (2015)							Needs Imp (2016)	Needs Imp (2017)	Needs Imp (2015)	Excel (2016)	Excel (2016)	Excel (2015)						
Previous Review Finding	Needs Imp (2015)	Good (2014)	Good (2015)	Good (2015)	Good (2014)	Good (2013)							Needs Imp (2014)	Good (2015)	Needs Imp (2013)	Excel (2014)	Good (2014)	Good (2013)						
FTE	1.7	2	1.35	1.45	2.4	1.8							2.5	3.6	3.8	5.5	1.4	5.5						
Independent or Under Umbrella (I/UU)	I	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	978	2,045	423	641	967	733							2,611	618	3,804	2,976	297	2,944						
# Trainees	45	74	35	73	87	13							48	83	446	429	34	296						
Complaints Received in Review Cycle	60	77	46	19	61	34							88	33	153	151	23	145						
Complaints Outstanding	3	15	2	4	37	4							17	3	31	33	11	42						
Complaints Outstanding Over 1 Year (No SDC)	0	0	0	0	5	0							0	0	0	0	0	0						
Special Documented Circumstances (SDC)	0	0	0	1	1	0							4	0	5	1	6	0						
AMC Laws and Regulations	Yes	Yes	Yes	Yes	Yes	Yes							Pending	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	2019		2018		2018		2015		2017		2017		2018		2019		2018		2019		2018		2016	
Review Month	Sep		Jul		May		Dec		Oct		Feb		Aug		Jan		Feb		Feb		Aug		Nov	
ASC Finding	Excel		Needs Imp		Needs Imp		Good		Excel		Good		Good		Good		Good		Good		Needs Imp		Needs Imp	
Review Cycle Assigned (in years)	2		2		2		2		2		2		2		2		2		2		2		2	
Required State Actions or Off Site Monitoring			Yes		Yes																Yes		Yes	
Follow-Up (in months)																					12		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	2		1		1							1								2	1
Temporary Practice:																							1	
National Registry:						1					1			1		1		2		1				1
Application Process:								1																
Reciprocity:																								1
Education:																1								
Enforcement			1		1																	2		
TOTAL OUT OF COMPLIANCE	-		2		1		-		-		-		-		1		-		-		3		3	
TOTAL AREA OF CONCERN	-		2		2		2		-		1		1		2		2		1		-		2	
Last Review Finding	Excel (2017)	Excel (2016)		Needs Imp (2016)	Good (2013)	Needs Imp (2015)	Excel (2017)	Excel (2016)	Good (2017)	Excel (2016)	Good (2017)	Needs Imp (2016)	Needs Imp (2014)											
Previous Review Finding	Good (2015)	Good (2014)		Needs Imp (2014)	ISC (2012)	Good (2013)	Needs Imp (2015)	Good (2014)	Excel (2015)	Good (2014)	Good (2015)	Good (2014)	NISC (2012)											
FTE	2.5	5.2		2.85	1	1.7	1.97	2	3	13.5	3.6	0.71	1											
Independent or Under Umbrella (I/UU)	UU	I		UU	UU	UU	UU	UU	UU	I	UU	UU	UU											
Board	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes											
# Credentials on National Registry	1,032	1,487		3,158	27	439	2,039	377	1,936	5,256	1,242	264	27											
# Trainees	75	126		359	n/a	145	205	61	215	999	135	16	n/a											
Complaints Received in Review Cycle	77	76		208	1	4	132	16	119	330	63	10	1											
Complaints Outstanding	36	66		70	1	0	33	4	15	65	15	13	0											
Complaints Outstanding Over 1 Year (No SDC)	0	31		16	0	0	0	0	0	0	0	10	0											
Special Documented Circumstances (SDC)	2	5		11	0	0	0	0	1	6	1	0	0											
AMC Laws and Regulations	Yes	Yes		Yes	No	Pending	Yes	Yes	Yes	Yes	Yes	Yes	No											

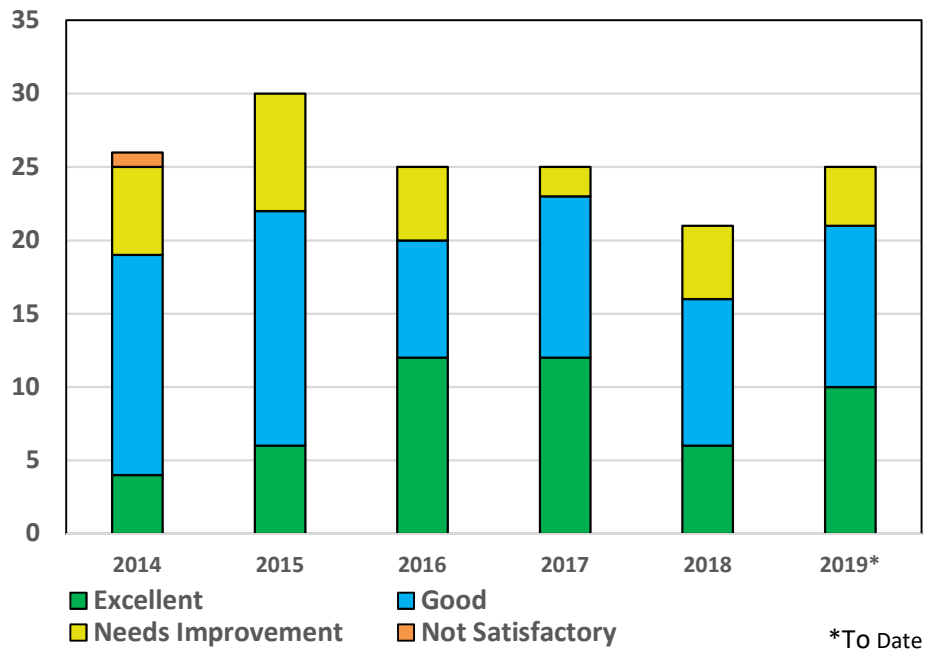
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State Program Summary Report

State or Territory	VA		WA		WV		WI		WY			
Review Year	2019		2018		2018		2017		2019		# Excel	21
Review Month	Jun		Aug		Dec		Jun		Jun		# Good	23
ASC Finding	Excel		Excel		Good		Needs Imp		Good		# Needs Imp	11
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:							2		1		11	14
Temporary Practice:											8	1
National Registry:					1			1			4	25
Application Process:							2				12	8
Reciprocity:											0	2
Education:					1						1	4
Enforcement		1						1			7	7
TOTAL OUT OF COMPLIANCE		-		-		-		2		1	43	
TOTAL AREA OF CONCERN		1		-		2		4		-		61
Last Review Finding	Good (2017)		Excel (2016)		Good (2016)		Good (2015)		Good (2017)			
Previous Review Finding	Needs Imp (2015)		Excel (2014)		Needs Imp (2015)		Needs Imp (2013)		Good (2015)			
FTE	3.13		4.5		2		3.8		1			
Independent or Under Umbrella (I/UU)	UU		UU		I		UU		UU			
Board	Yes		Yes		Yes		Yes		Yes			
# Credentials on National Registry	3,293		2,616		559		1,897		312			
# Trainees	107		363		35		n/a		32			
Complaints Received in Review Cycle	92		204		35		114		4			
Complaints Outstanding	17		25		2		24		1			
Complaints Outstanding Over 1 Year (No SDC)	0		0		0		2		0			
Special Documented Circumstances (SDC)	0		4		1		2		0			
AMC Laws and Regulations	Yes		Yes		Yes		No		Yes			

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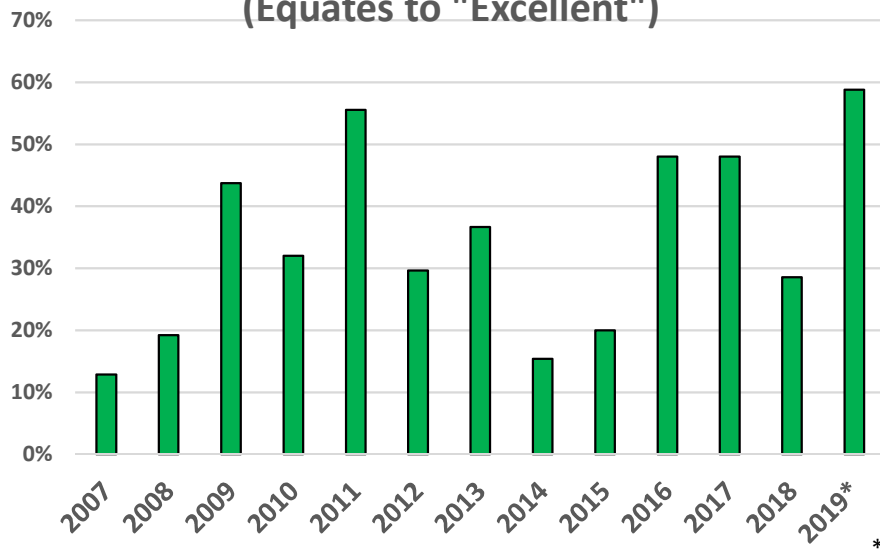
Current ASC Findings**



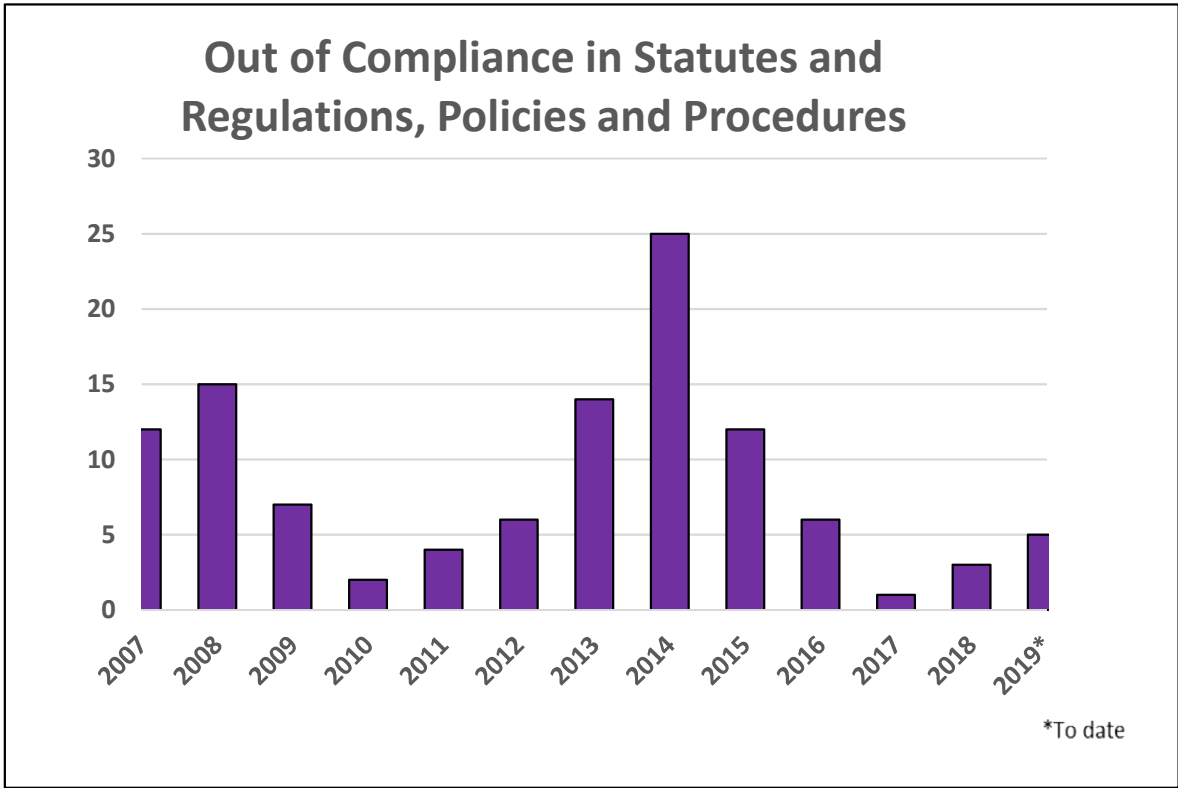
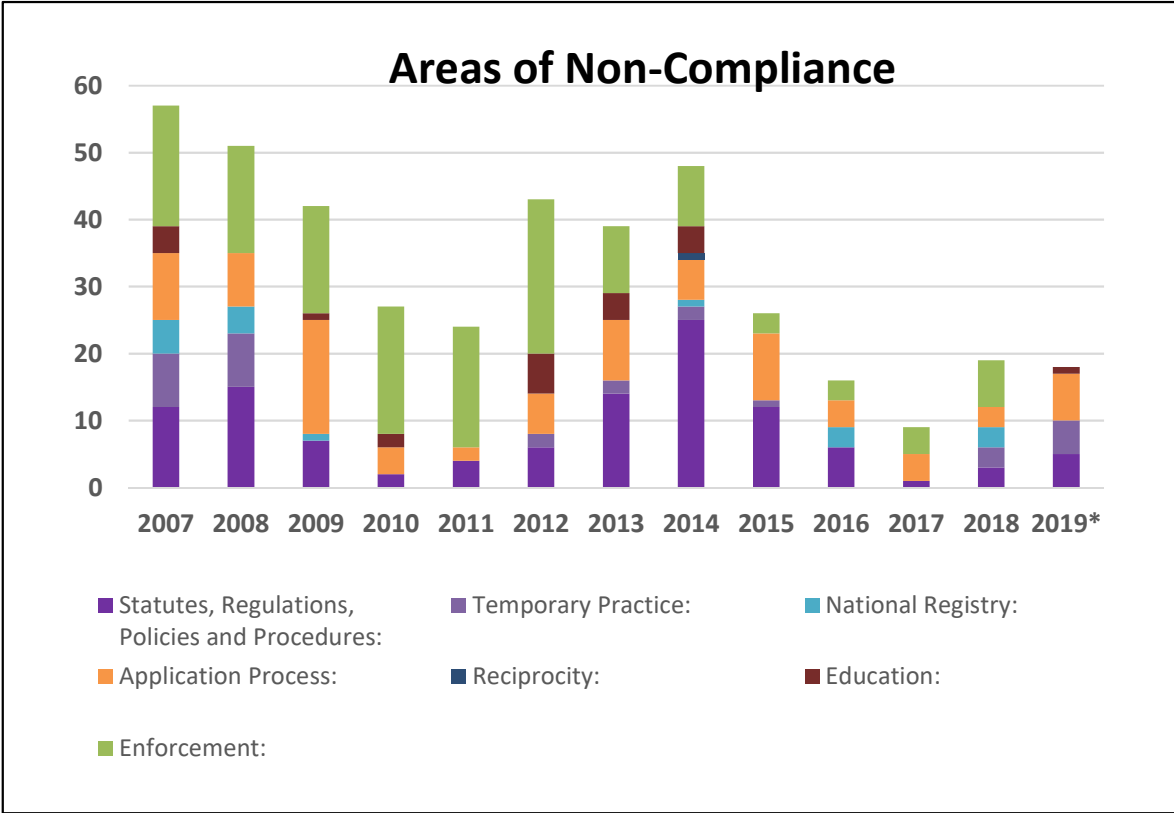
No States Poor

**ASC Findings were changed in 2013

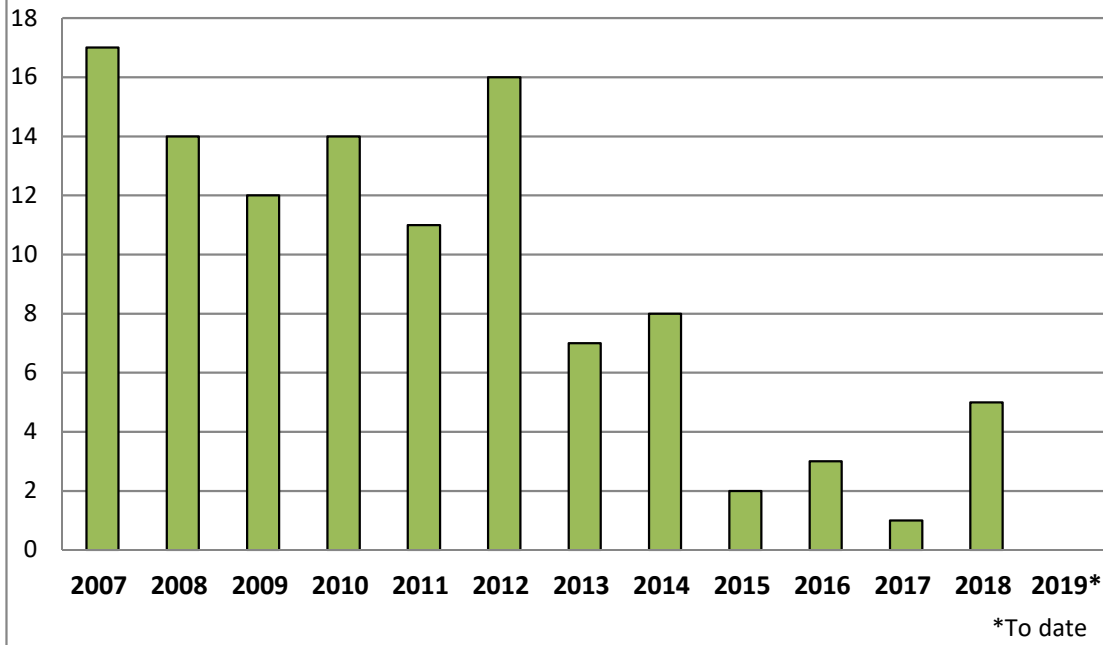
% Reviews with No Compliance Issues (Equates to "Excellent")



*To date



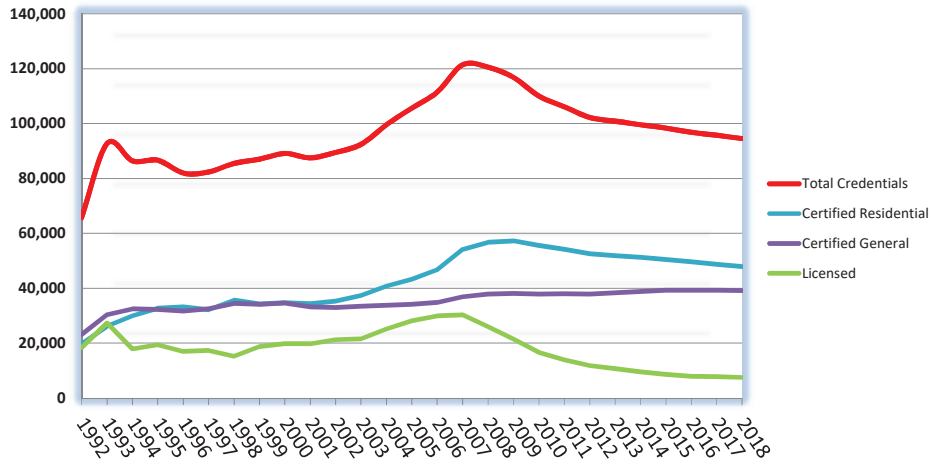
Out of Compliance in Timely Enforcement



Year-End Appraiser Credentials					
Year-End	Certified General	Certified Residential	Licensed	Transitional	Total Credentials
1992	23,133	19,772	18,406	4,405	65,716
1993	30,348	26,163	27,316	8,882	92,709
1994	32,450	29,949	17,960	6,043	86,402
1995	32,305	32,733	19,375	2,244	86,657
1996	31,628	33,141	16,984	226	81,979
1997	32,519	32,161	17,371	318	82,369
1998	34,485	35,697	15,287	23	85,492
1999	34,082	34,237	18,676	24	87,019
2000	34,609	34,702	19,755	28	89,094
2001	33,246	34,401	19,837	23	87,507
2002	32,959	35,233	21,261	37	89,490
2003	33,394	37,418	21,575	47	92,434
2004	33,725	40,726	25,095	46	99,592
2005	34,074	43,327	28,185	52	105,638
2006	34,812	46,701	29,921	51	111,485
2007	36,881	54,177	30,286	63	121,407
2008	37,851	56,704	25,931	65	120,551
2009	38,061	57,253	21,434	43	116,791
2010	37,807	55,522	16,674	23	110,026
2011	38,016	54,201	13,900	13	106,130
2012	37,834	52,504	11,875	12	102,225
2013	38,332	51,893	10,648	1	100,874
2014	38,777	51,240	9,507	0	99,524
2015	39,257	50,472	8,622	0	98,351
2016	39,246	49,631	7,926	0	96,803
2017	39,262	48,720	7,749	0	95,731
2018	39,135	47,908	7,481	0	94,524

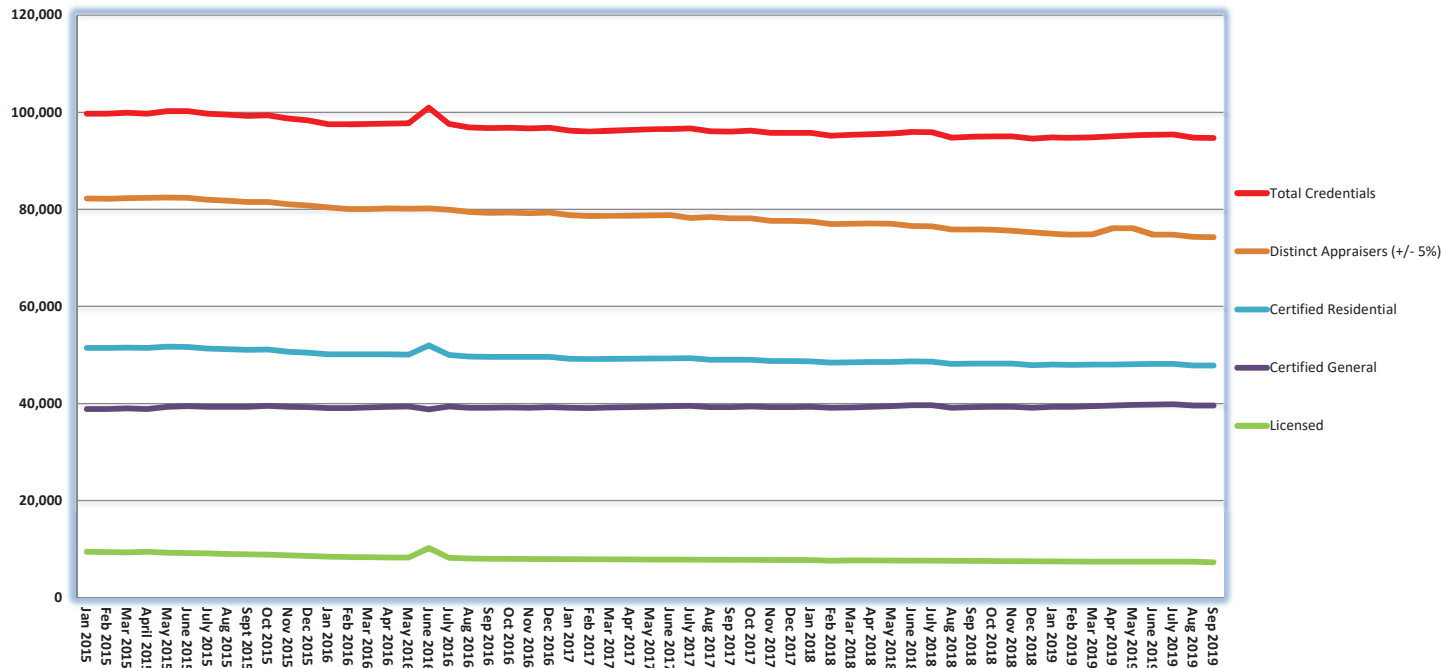
Monthly Appraiser Credential Trends						
Date	Certified General	Certified Residential	Licensed	Transitional	Total Credentials	Appraisers (+/- 5%)
Jan 2015	38,828	51,419	9,460	0	99,707	82,249
Feb 2015	38,865	51,448	9,358	0	99,671	82,187
Mar 2015	39,012	51,538	9,342	0	99,892	82,299
Apr 2015	38,828	51,419	9,460	0	99,707	82,354
May 2015	39,315	51,680	9,249	0	100,242	82,428
June 2015	39,435	51,617	9,195	0	100,247	82,366
July 2015	39,290	51,335	9,101	0	99,726	81,950
Aug 2015	39,309	51,164	9,009	0	99,482	81,740
Sept 2015	39,284	51,056	8,889	0	99,229	81,527
Oct 2015	39,480	51,085	8,833	0	99,398	81,502
Nov 2015	39,282	50,672	8,751	0	98,705	81,069
Dec 2015	39,257	50,472	8,622	0	98,351	80,806
Jan 2016	39,032	50,105	8,378	0	97,515	80,407
Feb 2016	39,027	50,104	8,379	0	97,510	80,062
Mar 2016	39,187	50,107	8,325	0	97,619	80,055
Apr 2016	39,288	50,097	8,294	0	97,679	80,170
May 2016	39,352	50,072	8,277	0	97,701	80,114
June 2016	38,818	51,936	10,202	0	100,956	80,160
July 2016	39,394	50,010	8,196	0	97,600	79,935
Aug 2016	39,099	49,672	8,078	0	96,849	79,441
Sep 2016	39,092	49,622	7,995	0	96,709	79,297
Oct 2016	39,201	49,622	8,001	0	96,824	79,334
Nov 2016	39,128	49,591	7,934	0	96,653	79,219
Dec 2016	39,246	49,631	7,926	0	96,803	79,302
Jan 2017	39,119	49,210	7,899	0	96,228	78,794
Feb 2017	39,029	49,131	7,842	0	96,002	78,577
Mar 2017	39,196	49,173	7,851	0	96,220	78,663
Apr 2017	39,256	49,214	7,854	0	96,324	78,683
May 2017	39,333	49,265	7,852	0	96,450	78,732
June 2017	39,429	49,259	7,855	0	96,543	78,789
July 2017	39,513	49,309	7,833	0	96,655	78,235
Aug 2017	39,265	48,994	7,793	0	96,052	78,386
Sep 2017	39,241	49,005	7,759	0	96,005	78,174
Oct 2017	39,404	49,022	7,778	0	96,204	78,142
Nov 2017	39,229	48,763	7,757	0	95,749	77,596
Dec 2017	39,262	48,720	7,749	0	95,731	77,629
Jan 2018	39,316	48,689	7,744	0	95,749	77,478
Feb 2018	39,087	48,420	7,635	0	95,142	76,968
Mar 2018	39,190	48,492	7,644	0	95,326	77,034
Apr 2018	39,310	48,530	7,628	0	95,468	77,066
May 2018	39,418	48,556	7,637	0	95,611	77,002
June 2018	39,627	48,700	7,638	0	95,965	76,551
July 2018	39,623	48,603	7,643	0	95,869	76,519
Aug 2018	39,126	48,126	7,529	0	94,781	75,825
Sep 2018	39,246	48,195	7,518	0	94,959	75,822
Oct 2018	39,300	48,219	7,514	0	95,033	75,751
Nov 2018	39,302	48,217	7,503	0	95,022	75,548
Dec 2018	39,135	47,908	7,481	0	94,524	75,339
Jan 2019	39,320	47,990	7,483	0	94,793	74,894
Feb 2019	39,305	47,953	7,449	0	94,707	74,793
Mar 2019	39,468	48,007	7,426	0	94,901	74,839
Apr 2019	39,589	48,039	7,413	0	95,041	76,110
May 2019	39,728	48,085	7,424	0	95,237	76,129
June 2019	39,778	48,130	7,424	0	95,332	74,763
July 2019	39,846	48,146	7,411	0	95,403	74,760
Aug 2019	39,551	47,824	7,377	0	94,752	74,332
Sep 2019	39,573	47,836	7,308	0	94,717	74,262

Yearly Appraiser Credential Trends

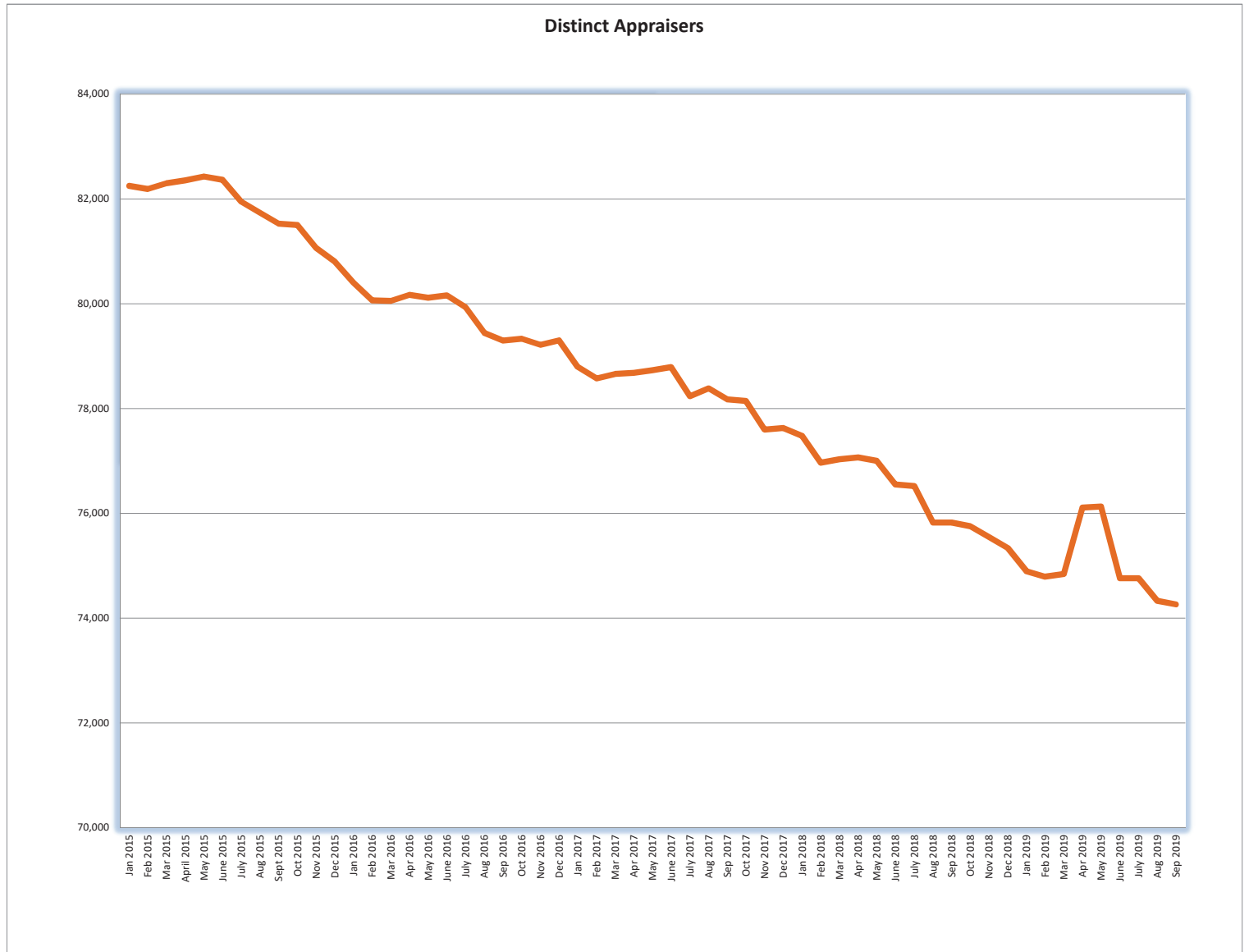


Monthly Appraisers Credential Trends

As of September 26, 2019



State or Territory	Number of Distinct Active Appraisers Sep 26, 2019 (+/- 5%)
Alabama	1334
Alaska	214
Arizona	2081
Arkansas	847
California	9388
Colorado	2675
Connecticut	1238
Delaware	561
District Of Columbia	781
Florida	6085
Georgia	3251
Guam	21
Hawaii	512
Idaho	722
Illinois	3715
Indiana	2208
Iowa	1071
Kansas	973
Kentucky	1347
Louisiana	1314
Maine	569
Maryland	2136
Massachusetts	1931
Michigan	2519
Minnesota	1987
Mississippi	972
Missouri	1958
Montana	427
Nebraska	673
Nevada	984
New Hampshire	687
New Jersey	2683
New Mexico	592
New York	3715
North Carolina	2913
North Dakota	307
Northern Mariana Islands	3
Ohio	2873
Oklahoma	1030
Oregon	1444
Pennsylvania	3004
Puerto Rico	341
Rhode Island	426
South Carolina	2131
South Dakota	394
Tennessee	1958
Texas	5198
Utah	1210
Vermont	271
Virgin Islands	25
Virginia	3291
Washington	2636
West Virginia	598
Wisconsin	1943
Wyoming	313
All States and Territories	74262



2019 Annual Employee Survey Results For Appraisal Subcommittee

1. **Interpretation of Results:** (to be written by agency)
2. **How the survey was conducted:** The survey was conducted online from September 9, 2019, to September 27, 2019.
3. **Description of sample:** All 12 full-time permanent employees of the agency were surveyed.
4. **Survey items and response choices:** See the tables on the following pages.
5. **Number of employees surveyed, number who responded, and representativeness of respondents:** Of the 12 employees surveyed, 10 responded, for a 83% response rate. These respondents are representative of the population.

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

Response Rate: 83%

Prescribed Questions: Personal Work Experiences								
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree		Total
1. The people I work with cooperate to get the job done.	Frequencies	6	3	1	0	0		10
	Percentages	60.0%	30.0%	10.0%	0.0%	0.0%		100.0%
2. I am given a real opportunity to improve my skills in my organization.	Frequencies	4	3	2	0	0		9
	Percentages	44.4%	33.3%	22.2%	0.0%	0.0%		100.0%
3. My work gives me a feeling of personal accomplishment.	Frequencies	5	3	2	0	0		10
	Percentages	50.0%	30.0%	20.0%	0.0%	0.0%		100.0%
4. I like the kind of work I do.	Frequencies	5	4	1	0	0		10
	Percentages	50.0%	40.0%	10.0%	0.0%	0.0%		100.0%
5. I have trust and confidence in my supervisor.	Frequencies	5	3	2	0	0		10
	Percentages	50.0%	30.0%	20.0%	0.0%	0.0%		100.0%
Item Text		Very Good	Good	Fair	Poor	Very Poor		Total
6. Overall, how good a job do you feel is being done by your immediate supervisor?	Frequencies	7	1	2	0	0		10
	Percentages	70.0%	10.0%	20.0%	0.0%	0.0%		100.0%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

Response Rate: 83%

Prescribed Questions: Recruitment, Development, & Retention								
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Do Not Know	Total
7. The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.	Frequencies	6	2	2	0	0	0	10
	Percentages	60.0%	20.0%	20.0%	0.0%	0.0%		100.0%
8. My work unit is able to recruit people with the right skills.	Frequencies	2	3	3	1	0	1	9
	Percentages	22.2%	33.3%	33.3%	11.1%	0.0%		100.0%
9. I know how my work relates to the agency's goals and priorities.	Frequencies	5	5	0	0	0	0	10
	Percentages	50.0%	50.0%	0.0%	0.0%	0.0%		100.0%
10. The work I do is important.	Frequencies	5	3	2	0	0	0	10
	Percentages	50.0%	30.0%	20.0%	0.0%	0.0%		100.0%
11. Physical conditions (for example, noise level, temperature, lighting, cleanliness in the workplace) allow employees to perform their jobs well.	Frequencies	8	1	0	0	0	1	9
	Percentages	88.9%	11.1%	0.0%	0.0%	0.0%		100.0%
12. Supervisors in my work unit support employee development.	Frequencies	6	3	1	0	0	0	10
	Percentages	60.0%	30.0%	10.0%	0.0%	0.0%		100.0%
13. My talents are used well in the workplace.	Frequencies	5	3	1	1	0	0	10
	Percentages	50.0%	30.0%	10.0%	10.0%	0.0%		100.0%
14. My training needs are assessed.	Frequencies	5	3	1	1	0	0	10
	Percentages	50.0%	30.0%	10.0%	10.0%	0.0%		100.0%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

Response Rate: 83%

Prescribed Questions: Performance Culture								
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Do Not Know	Total
15. Promotions in my work unit are based on merit.	Frequencies	4	3	2	1	0	0	10
	Percentages	40.0%	30.0%	20.0%	10.0%	0.0%		100.0%
16. In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.	Frequencies	1	4	4	0	0	1	9
	Percentages	11.1%	44.4%	44.4%	0.0%	0.0%		100.0%
17. Creativity and innovation are rewarded.	Frequencies	2	3	4	0	0	1	9
	Percentages	22.2%	33.3%	44.4%	0.0%	0.0%		100.0%
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	No Basis to Judge	Total
18. In my most recent performance appraisal, I understood what I had to do to be rated at different performance levels (e.g., Fully Successful, Outstanding).	Frequencies	5	4	0	0	0	1	9
	Percentages	55.6%	44.4%	0.0%	0.0%	0.0%		100.0%
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Do Not Know	Total
19. In my work unit, differences in performance are recognized in a meaningful way.	Frequencies	3	4	3	0	0	0	10
	Percentages	30.0%	40.0%	30.0%	0.0%	0.0%		100.0%
20. Pay raises depend on how well employees perform their jobs.	Frequencies	1	5	4	0	0	0	10
	Percentages	10.0%	50.0%	40.0%	0.0%	0.0%		100.0%
21. My performance appraisal is a fair reflection of my performance.	Frequencies	6	4	0	0	0	0	10
	Percentages	60.0%	40.0%	0.0%	0.0%	0.0%		100.0%
22. Discussions with my supervisor about my performance are worthwhile.	Frequencies	5	4	1	0	0	0	10
	Percentages	50.0%	40.0%	10.0%	0.0%	0.0%		100.0%
23. Supervisors work well with employees of different backgrounds.	Frequencies	4	4	2	0	0	0	10
	Percentages	40.0%	40.0%	20.0%	0.0%	0.0%		100.0%
24. My supervisor supports my need to balance work and family issues.	Frequencies	8	2	0	0	0	0	10
	Percentages	80.0%	20.0%	0.0%	0.0%	0.0%		100.0%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

Response Rate: 83%

Prescribed Questions: Leadership								
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Do Not Know	Total
25. I have a high level of respect for my organization's senior leaders.	Frequencies	4	2	4	0	0	0	10
	Percentages	40.0%	20.0%	40.0%	0.0%	0.0%		100.0%
26. In my organization, leaders generate high levels of motivation and commitment in the workforce.	Frequencies	3	3	3	1	0	0	10
	Percentages	30.0%	30.0%	30.0%	10.0%	0.0%		100.0%
27. Managers review and evaluate the organization's progress toward meeting its goals and objectives.	Frequencies	4	5	1	0	0	0	10
	Percentages	40.0%	50.0%	10.0%	0.0%	0.0%		100.0%
28. Employees are protected from health and safety hazards on the job.	Frequencies	5	3	0	0	0	2	8
	Percentages	62.5%	37.5%	0.0%	0.0%	0.0%		100.0%
29. Employees have a feeling of personal empowerment with respect to work processes.	Frequencies	2	5	2	1	0	0	10
	Percentages	20.0%	50.0%	20.0%	10.0%	0.0%		100.0%
30. My workload is reasonable.	Frequencies	3	7	0	0	0	0	10
	Percentages	30.0%	70.0%	0.0%	0.0%	0.0%		100.0%
31. Managers communicate the goals and priorities of the organization.	Frequencies	4	3	2	1	0	0	10
	Percentages	40.0%	30.0%	20.0%	10.0%	0.0%		100.0%
32. My organization has prepared employees for potential security threats.	Frequencies	4	3	3	0	0	0	10
	Percentages	40.0%	30.0%	30.0%	0.0%	0.0%		100.0%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

Response Rate: 83%

Prescribed Questions: Job Satisfaction								
Item Text		Very Satisfied	Satisfied	Neither	Dis-satisfied	Very Dis-satisfied		Total
33. How satisfied are you with the information you receive from management on what's going on in your organization?	Frequencies	3	5	1	1	0		10
	Percentages	30.0%	50.0%	10.0%	10.0%	0.0%		100.0%
34. How satisfied are you with your involvement in decisions that affect your work?	Frequencies	4	3	2	1	0		10
	Percentages	40.0%	30.0%	20.0%	10.0%	0.0%		100.0%
35. How satisfied are you with your opportunity to get a better job in your organization?	Frequencies	3	3	3	1	0		10
	Percentages	30.0%	30.0%	30.0%	10.0%	0.0%		100.0%
36. How satisfied are you with the recognition you receive for doing a good job?	Frequencies	5	4	1	0	0		10
	Percentages	50.0%	40.0%	10.0%	0.0%	0.0%		100.0%
37. How satisfied are you with the policies and practices of your senior leaders?	Frequencies	4	1	3	2	0		10
	Percentages	40.0%	10.0%	30.0%	20.0%	0.0%		100.0%
38. How satisfied are you with the training you receive for your present job?	Frequencies	4	4	1	1	0		10
	Percentages	40.0%	40.0%	10.0%	10.0%	0.0%		100.0%
39. Considering everything, how satisfied are you with your job?	Frequencies	6	4	0	0	0		10
	Percentages	60.0%	40.0%	0.0%	0.0%	0.0%		100.0%
40. Considering everything, how satisfied are you with your pay?	Frequencies	4	4	2	0	0		10
	Percentages	40.0%	40.0%	20.0%	0.0%	0.0%		100.0%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**

Surveys Sent: 12

Surveys Returned: 10

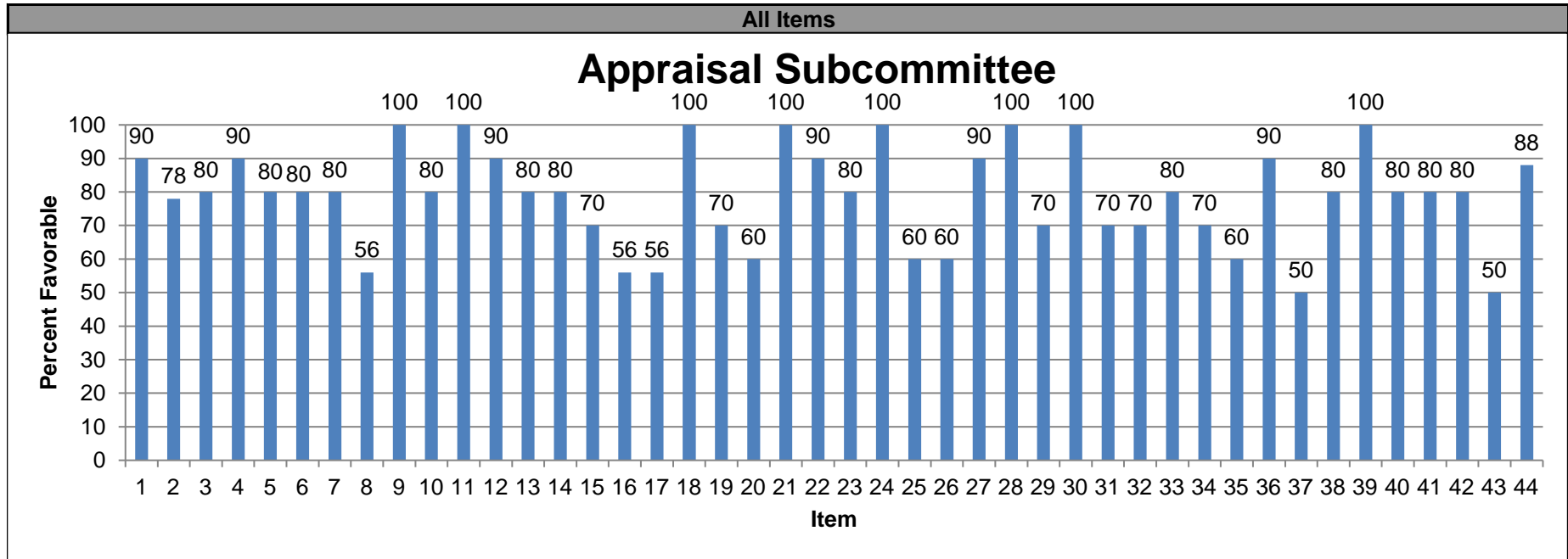
Response Rate: 83%

Additional Questions								
Item Text		Very Satisfied	Satisfied	Neither	Dis-satisfied	Very Dis-satisfied		Total
41. Considering everything, how satisfied are you with your organization?	Frequencies	5	3	2	0	0		10
	Percentages	50.0%	30.0%	20.0%	0.0%	0.0%		100.0%
Item Text		Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Do Not Know	Total
42. I recommend my organization as a good place to work.	Frequencies	6	2	2	0	0	0	10
	Percentages	60.0%	20.0%	20.0%	0.0%	0.0%		100.0%
43. I believe the results of this survey will be used to make my agency a better place to work.	Frequencies	3	2	3	1	1	0	10
	Percentages	30.0%	20.0%	30.0%	10.0%	10.0%		100.0%
44. I can disclose a suspected violation of any law, rule or regulation without fear or reprisal.	Frequencies	3	4	1	0	0	2	8
	Percentages	37.5%	50.0%	12.5%	0.0%	0.0%		100.0%

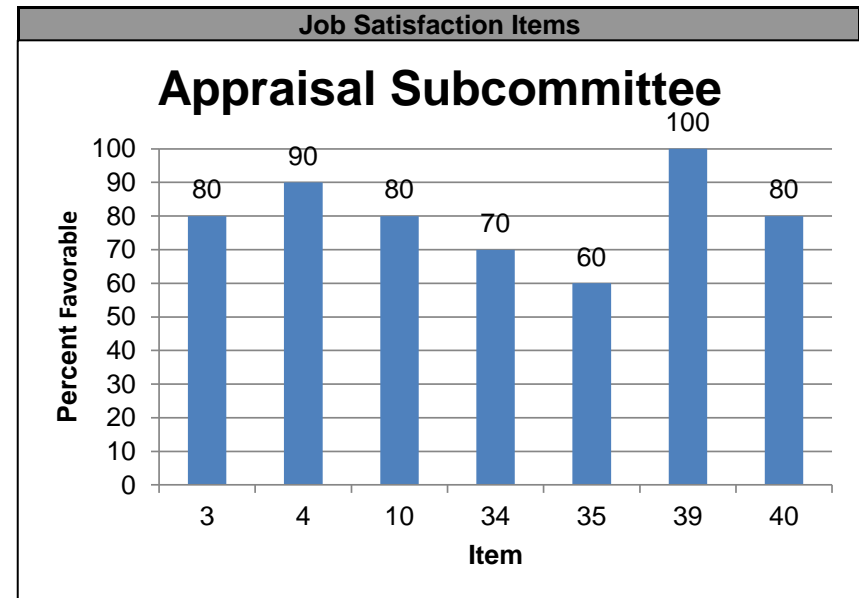
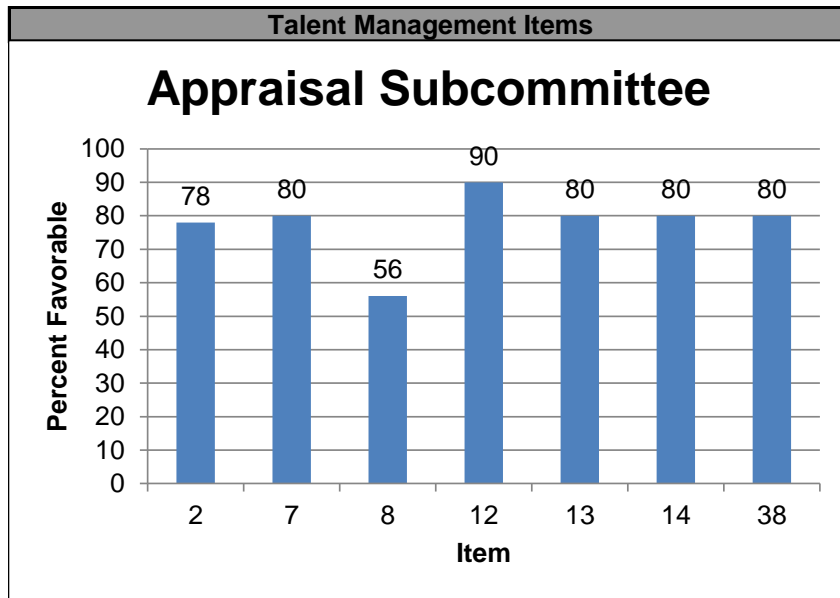
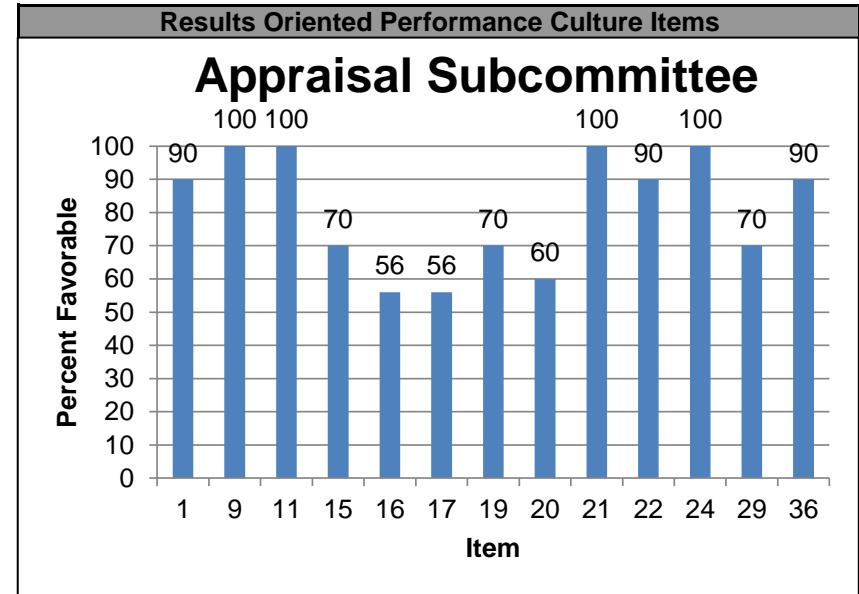
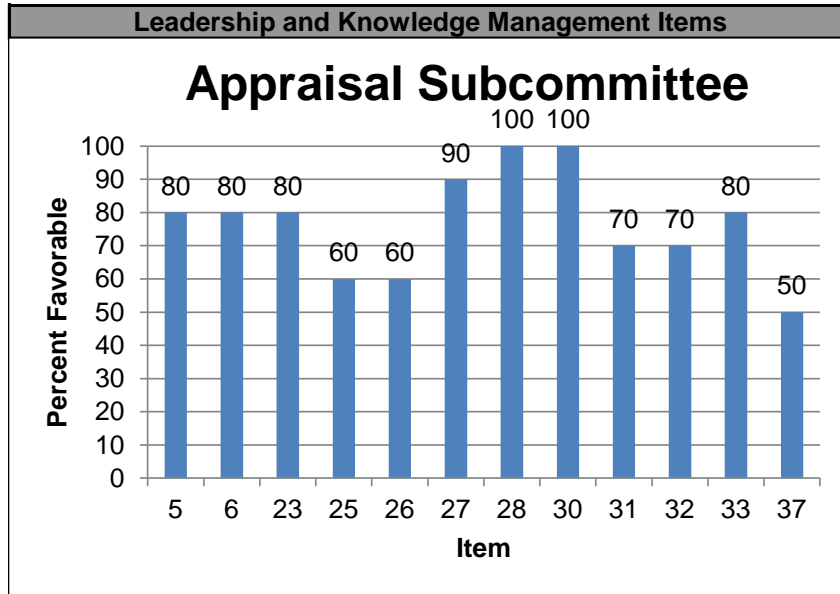
HCAAF Indices

Index	% Favorable
Leadership and Knowledge Management	77%
Results Oriented Performance Culture	81%
Talent Management	78%
Job Satisfaction	80%

**2019 Annual Employee Survey Results For
Appraisal Subcommittee**



**2019 Annual Employee Survey Results For
Appraisal Subcommittee
Results by HCAAF Index**



**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
MAY 8, 2019**

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 – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Richard Taft

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

OBSERVERS: Appraisal Institute – Brian Rodgers
CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FHFA – Ming-Yuen Meyer-Fong
FRB – Carmen Holly
NCUA – Rachel Ackmann
OCC – Will Binkley
Self-Employed Appraiser – Rick Thomas

The Meeting was called to order at 10:00 a.m. by A. Lindo.

REPORTS

- **Chairman**

A. Lindo welcomed observers to the Meeting. He reported that the ASC is operating within its budget and has adequate reserve funds. A 30-day Notice for Comment is being finalized for publication in the *Federal Register* regarding the Temporary Waiver submission from the North Dakota Governor's Office, Department of Financial Institutions and North Dakota Bankers Association. R. Taft asked whether grant funds could be used for outreach to assist persons wishing to enter the appraisal profession. A. Ritter responded that the Dodd-Frank Act requires grant funding to States, but added the ASC Grants Director, to be introduced at today's Meeting, may provide further input. A. Lindo acknowledged J. Park's ten years of service to the ASC and presented a plaque of appreciation.

- **Executive Director**

J. Park updated the ASC on recent staff activities.

- C. Walker has taken a new position at HUD. B. Borland, currently the alternate member, is the acting HUD representative.
- M. Abbott was introduced to the ASC as the part-time Grants Director. M. Abbott said he would like to conduct outreach with States to see what they would like grants to cover and if those requests are grant eligible. He will also review the ASC's current practices regarding the Foundation and Investigator Training Program grants. R. Taft asked how many hours M. Abbott works for the ASC. M. Abbott responded that he devotes approximately 8-20 hours a week to the ASC. J. Park noted that M. Abbott's current detail runs through May 31st and can be extended.
- J. Park reported on the Association of Appraiser Regulatory Officials (AARO) Spring Conference that was held last week in Denver, CO. The Temporary Waiver submission from North Dakota was of interest to many attendees. The Appraiser Qualifications Board (AQB) held a public meeting preceding the AARO Conference. A demonstration of the *Practical Applications of Real Estate Appraisal* was presented.
- The end of the Statutory Implementation Period is August 10, 2019. After that date, if an appraisal management company (AMC) is not registered with a participating State, the AMC will be restricted from providing services for federally related transactions in that State. While the ASC has begun Compliance Reviews of State AMC Programs that did not receive a one-year extension, after that date, all State AMC Programs will be reviewed in conjunction with the Appraiser Program Compliance Reviews. After June 4, 2020, participating States will be reviewed for compliance with the ASC rule on implementation of AMC registry fees. A. Ritter noted that she and D. Graves presented an overview of the AMC Program Compliance Review process at the AARO Conference. J. Park said that the District of Columbia is undecided on setting up an AMC program. Six States are currently adding AMCs to the AMC Registry and the ASC has received approximately \$250,000 in fees.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Appraiser Program Compliance Reviews completed pursuant to delegated authority since the ASC's February 13th Meeting. Four State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. New Jersey, Tennessee, Utah and West Virginia were awarded a Finding of "Good" and all will remain on a two-year Review Cycle. One State Appraiser Program Compliance Review was completed and approved by the Chairman under delegated authority. The U.S. Virgin Islands received a finding of "Needs Improvement" and will remain on a two-year Review Cycle. They are subject to specific requirements and monitoring to correct the concerns.

There were two State AMC Program Compliance Reviews finalized and approved by the Executive Director under delegated authority. Tennessee and Utah were awarded a Finding of "Good" and will remain on a two-year Review Cycle.

- **Financial Manager**

G. Hull reported that the FY18 audit has been finalized. The ASC received a clean opinion with no findings, material weaknesses, compliance issues, or internal control deficiencies. The FY18 budget was expended at 99% with total FY18 expenditures at approximately \$3.6M. FY18 revenue for the ASC totaled \$3.6M representing 95% of the projected FY18 revenue amount of \$3.8M. The FY18 Appraisal Foundation \$350,000 grant award was expended at 95% or \$333,000. The Investigator Training Program (ITP) \$310,00 grant award was expended at \$213,000 or 69%.

G. Hull also reported on the FY19 mid-year budget status as of March 31st. Expenditures totaled \$1.7M versus the \$1.9M budgeted with most expenses under or near targeted mid-year levels. The ASC has received \$1.9M in revenue versus budgeted revenue of \$1.7M. The revenue is slightly higher due to Appraiser Registry credentials remaining level in addition to AMC Registry revenue.

He reported that three grant reimbursements totaling \$83,000 have been received and processed. They covered the period of October through December 2018 for costs of the ongoing work of the AQB and the Appraisal Standards Board (ASB) as well as an ASB Meeting held in October. Thus far, \$83,000 of the \$350,000 Foundation grant has been expended. Regarding the ITP grant, \$5,000 of the \$278,000 grant has been expended for personnel expenses supporting the ITP. R. Taft noted that the FY19 financial statement shows 50% of the grants have been expended. G. Hull responded that funds are accrued monthly and is not the actual amount reimbursed. A. Lindo asked if the grants will be fully used in FY19. J. Park responded that the Level One ITP course was held in April and the Foundation has not submitted a reimbursement for it yet. The Level Two and Three courses will be held over the summer. He also noted that attendance was down in 2018 so expenses were lower. R. Taft asked if unspent grant amounts from the ITP can be reallocated to the Foundation grant. J. Park responded "yes." M. Abbott added that practices can be put in place for more robust training programs. Whether the funds go to the Foundation or not will

be determined. The ASC could move to, for example, a three-year grant program and unexpended funds could be rolled over to the 2nd year and would be reduced commensurately in the third year. M. Hatheway noted that, with additional revenue, there is more flexibility in how the funds can be used. M. Abbott suggested challenge grants and that the ASC could work with community colleges to set up training for those interested in entering the appraisal profession.

- **Notation Vote**

L. Schuster reported that the notation vote to approve the November 5, 2018 ASC Roundtable Summary for distribution and publication in the 2018 ASC Annual Report passed by 7-0 votes, respectively.

ACTION ITEMS

- **February 13, 2019 Open Session Minutes**

R. Taft made a motion to approve the February 13th open session meeting minutes as presented. T. Segerson seconded and all members present voted to approve.

- **April 15, 2019 Special Session Minutes**

R. Taft made a motion to approve the April 15th special session meeting minutes as presented. T. Segerson seconded and all members present voted to approve.

- **2018 ASC Annual Report**

A. Bohorfoush said that approval is requested so that the Report can be finalized and printed before the June 15th deadline. V. Spicer requested to incorporate edits from CFPB and asked the vote be tabled so that the CFPB can review the changes. She suggested a notation vote to be sent on Thursday with a deadline for votes to be submitted of Monday, May 13th. A. Lindo added that he is working on the Chairman's message.

The Open Session adjourned at 10:30 a.m. The next ASC Meeting will be held on August 28, 2019.

**APPRAISAL SUBCOMMITTEE
OPEN SESSION SPECIAL MEETING MINUTES
JULY 9, 2019**

LOCATION: Partnership for Public Service
1100 New York Avenue NW, Suite 200 East, Washington, DC 20005

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Philip Neary
FDIC – Marianne Hatheway
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Richard Taft

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

OBSERVERS: See Attachment

The Special Meeting was called to order at 10:10 a.m. by A. Lindo.

ACTION ITEM

- **State of North Dakota Temporary Waiver Request**

A. Lindo welcomed observers to the Meeting. The ASC is considering a Temporary Waiver Request (Request) from the North Dakota Governor's Office, the North Dakota Department of Financial Institutions and the North Dakota Bankers Association (collectively, the Requester). [Procedural status: On August 1, 2018, a letter requesting a temporary waiver was submitted to the ASC by the Requester. On September 7, 2018, ASC staff replied to the Requester by letter, in which ASC staff described the information required to file a completed waiver request pursuant to 12 CFR §§ 1102.2 and 1102.3. The Requester submitted additional information in a letter dated April 10, 2019, in response to the ASC's September 7, 2018 letter. On April 15, 2019, the ASC convened a Special Meeting and determined to publish a notice for comment on the request for temporary waiver in the *Federal Register*. The notice for comment was published on May 30th with comments due

on July 1st. Regulations.GOV shows 109 comments received in total with 105 viewable comments due to duplicates and 2 withdrawals.]

J. Park provided some background on temporary waiver requests and requirements. He said the Requester seeks a waiver of appraiser credentialing requirements for federally related transactions (FRTs) under \$500,000 for 1-to-4 family residential real estate transactions and under \$1,000,000 for agricultural and commercial real estate transactions throughout the State of North Dakota for a period of not less than five years. He noted that most comments in response to the *Federal Register* notice were from North Dakota appraisers who were against approval of the Request. There were four responses from lending institutions in North Dakota that were in support of the Request.

A. Lindo invited the Requesters to speak. L. Kruse of the North Dakota Department of Financial Institutions (DFI) stated DFI's mission and the reasons for the Request. She emphasized that a scarcity of appraisers in the State was leading to a delay in turnaround times on appraisal reports which was affecting the closing of loans. She said population is not the only indicator of scarcity and that in North Dakota there is scarcity by reason of geography. She said the high cost of appraisals is paid by the customer which causes harm. DFI does not feel the waiver would cause safety and soundness issues. She commented on the Interagency Advisory on the Availability of Appraisers issued in May of 2017 and stated that in a meeting with Federal agency representatives, she was told that waivers could be used to address scarcity. She said the request was submitted and provided evidence in good faith to provide relief to consumers.

M. Foss spoke next representing the North Dakota Bankers Association (NDBA). She was the General Counsel for the NDBA when the Request was submitted in August 2018. She said that NDBA reached out to the North Dakota Real Estate Appraiser Qualifications and Ethics Board (Appraiser Board) to express concerns about an appraiser shortage in the State, and that NDBA also participated in various committees to address the scarcity issue which has caused lenders delays in assigning and receiving appraisal reports. She said the shortage does cause delay and lost loans because reports cannot be completed. She noted that since the request was submitted, the North Dakota Attorney General released an opinion on June 26th stating that permits are required to perform appraisals in North Dakota, but that existing exceptions in the law provide the foundation needed to implement any waiver that the ASC would grant. She does not feel that safety and soundness of the financial system would be affected as lenders located in North Dakota have shown their ability to evaluate for safety and soundness of a loan. She added that if approved, the waiver would be more available to agricultural and commercial loans.

C. Kost, Appraiser Member of the Real Estate Appraiser Qualifications and Ethics Board (Appraiser Board), spoke on behalf of the Board. He asked the ASC to deny the Request as the Appraiser Board feels that scarcity was not adequately addressed by the Requesters. Approval of the Request would also supersede the Appraiser Board's authority. He referred to comments in response to the *Federal Register* notice by the Association of Appraiser Regulatory Officials (AARO) and the Appraiser Board and other comments from in-State appraisers who have been turned away from lender appraiser panels. He said the

AARO comment requested great deference be granted to the Appraiser Board as being in the best position to evaluate any scarcity. He noted that lenders have not attended any recent Appraiser Board Meetings and refuted the claim that either NDBA or DFI met with State appraisers to address the perceived shortage. He added that appraisers are eager to work with lenders but need to be given that opportunity. He stated that in 3 years, there has been no attempt to resolve differences. He commented that it is a well-supported conclusion that the number of appraisers in North Dakota is on par with other rural States and that timeliness in providing appraisals is improving. He said that lenders supporting a waiver are not interested in adding more appraisers to panel. He questioned how using uncredentialed appraisers would protect consumers; would appraisers with revoked credentials be allowed to appraise; how enforcement against an uncredentialed appraiser would be handled since the Appraiser Board would have no jurisdiction; what consequences would exist for lenders who participate in fraudulent appraisals; would users of appraisal services be made aware of an uncredentialed appraiser's background and would the use outweigh the risk. He suggested there are alternatives to granting a waiver stating that Licensed or apprentice appraisers are under-utilized, that SB2155 (now Title XI § 1127. *Exemption From Appraisals of Real Estate Located in Rural Areas* [12 U.S.C. 3356]) covers 90% of ND FRTs. He added that increased data availability would shorten the appraiser's turnaround time, citing the example of assessor records not being available online in the State. He also noted there are limitations to MLS and extreme weather slows everything down in the State. He noted a comment in response to the *Federal Register* notice that there is a lack of communication between lenders and appraisers.

R. Taft asked L. Kruse why geography and not population was the basis used to determine scarcity. L. Kruse responded that appraisers in North Dakota may cover multiple counties because of the rural geography of the State. The Requester also reviewed commercial and residential growth in North Dakota over the past few years. While the North Dakota economy did experience a slowdown in 2014, there was still growth. R. Taft asked how a temporary waiver would provide relief. L. Kruse responded that the scarcity issue has been ongoing, and the appraiser profession can be difficult to enter. She commented that while there has been some relief in the form of loosened Appraiser Qualifications Board Criteria, and the passage of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), it will take time for those changes to be realized. R. Witt asked what the State has done to provide relief to procure timely appraisals to address delays. He added that if lenders are not utilizing Licensed appraisers on their panels that would not determine a scarcity. L. Kruse responded that transactions valued at or higher than \$1,000,000 must be appraised by Certified appraisers; lenders selling in the secondary market also want to utilize only Certified appraisers. R. Witt said that appraisers may serve multiple counties, not just the county they reside in. L. Kruse responded that North Dakota lenders are using all available appraisers, even out-of-State appraisers, but local appraisers are more knowledgeable of the area. She added that the cost of a report can increase if an out-of-State appraiser has to be used; weather, geography and long distances are also reasons for delay. She added that approximately 40% of appraisers in North Dakota limit their work to metropolitan areas of the State. M. Foss added that an employee within a lending institution does not need to be credentialed if they are only providing an estimate of value to their

employer. R. Witt asked if mostly smaller, rural lenders would use the temporary waiver. M. Foss responded “yes,” and added that some small lenders have ceased making residential loans because of the delay in receiving a completed appraisal report and federal requirements; larger lenders have marketing and mortgage origination programs and she does not think that they will alter their programs. R. Clayburgh, the President of the NDBA, said that not all in-State appraisers are available to all lenders as some appraisers limit their work to specific lenders or appraisal types. He said legislative leadership brought lenders and appraisers together to address education requirements and that there is a potential for State educational institutions to set up a program to assist those who want to enter the appraisal profession. He added that lending has slowed due to the difficulty in finding comparables which delays lenders from receiving completed appraisal reports. He feels that the information provided by the Requesters supported the Request. M. Hatheway asked M. Foss if there have been discussions with the Appraiser Board to discuss scarcity. M. Foss said this has been a longstanding issue. In her opinion, the problem is known to the Appraiser Board but no solutions have been put forth. She stated that in May 2017, the FDIC published FIL-19-2017 which inspired the State to act on the issues of scarcity and delay. She added that the Request is temporary and could be terminated once other solutions were put into place. T. Segerson asked what transactions would be covered under this temporary waiver, if granted, and also asked about the effect of Title XI § 1127. *Exemption From Appraisals of Real Estate Located in Rural Areas* (Section 1127) on scarcity. L. Kruse responded that few lenders have used the rural waiver authority under Section 1127 as they are awaiting the regulatory agencies to finalize rules since the law was vague on what constitutes good effort in contacting appraisers. She said they are also hopeful there will be a decision to raise the residential threshold. The Request, if approved, would mostly apply to commercial loans as lenders want to support the community and support small commercial loans. R. Taft asked how many commercial transactions in rural areas are FRTs. L. Kruse said there are not many but added that delays can hinder opportunities for rural areas. A. Lindo asked C. Kost why delivery times in North Dakota are longer than those in neighboring rural States. C. Kost responded that Minnesota has a higher number of appraisers from larger metropolitan areas, such as Minneapolis, who are willing to do rural appraisals. He did not feel that delivery times in North Dakota varied that much with turnaround times in Montana. He added other rural States may have better automated systems in which to obtain data and that the State could potentially help counties and municipalities develop more robust data systems. L. Kruse added that South Dakota and Minnesota also have issues with shortages and delays. C. Kost noted that turnaround times in North Dakota have improved over the past few years. A. Lindo asked ASC members for their opinions on approving the Request and if there are other possible solutions. M. Hatheway suggested a middle ground, noting the ASC cannot approve a waiver of USPAP-compliant appraisals. She proposed granting a temporary waiver for 1-2 years and added there should also be increased dialog between lenders and appraisers, similar to what we have seen in Tennessee. She commented that geography resulting in longer travel does contribute to delay. She stated she is supportive of approving a waiver for a shorter period of time while coming up with other solutions. P. Neary agreed with M. Hatheway’s suggestions. R. Taft acknowledged that delays could be occurring and added the State could address some of the issues such as lack of available data. He also supported short-term relief while the State and appraisers work towards other solutions. He

added if the regulatory agencies do approve raising the residential threshold, that could alleviate part of the problem, and that the length of any temporary waiver for residential appraisals should be correlated with when the regulatory agencies make a decision on the residential threshold. He commented that commercial real estate loans are more troublesome, in that there is less data. He noted the State and appraisers need to work together to understand each other's issues and that extending the temporary waiver beyond two years would not resolve the problems. He added that Section 1127 was self-enabling and lenders can decide now if they wish to use it. B. Borland stated that appraiser scarcity has not been proven by the Requesters and that commenters to the *Federal Register* notice also did not feel there was a delay in turnaround times. She would not vote for a temporary waiver to cover the entire State. R. Witt noted that a more robust data system would decrease turnaround time and could also help with the ability to do remote appraising along with using non-appraisers to gather data. He agreed with B. Borland that there was not a scarcity leading to a delay and would vote no on a temporary waiver as the current request is too general. He added that the Requesters could submit a narrowed temporary waiver request with better data. He also indicated that research back 10 years shows loans have declined. T. Segerson stated he has concerns with the scarcity justification. He noted both sides made strong cases for their positions. He added he would be more comfortable with a targeted temporary waiver for a shorter period than M. Hatheway suggested. He commented that the data provided on turnaround times did not show if it varies across the State. He would like to see conditions imposed on any temporary waiver such as collaboration between appraisers and lenders to determine where the challenges lie and joint research and hard data on where the challenges are. He affirmed that Section 1127 is self-enabling. He indicated he would not approve a temporary waiver to the request as submitted, but would consider alternatives. A. Lindo suggested providing a temporary waiver for residential lending but for less than five years with conditions. R. Witt stated that FHFA research did not show scarcity or delay. He noted that in rural areas, appraisals will take longer and that is customary for the market. A. Lindo questioned if such areas have been underserved, is that acceptable. R. Taft commented because these seem to be long-term issues, we should be looking to keep the waiver short term and require action by stakeholders to address the longer-term challenges. R. Witt responded that could be addressed by setting up a more robust MLS or data statewide, or by using remote appraisals, or property data collection by a non-appraiser. A. Lindo noted that most ASC members did not want to approve the Request as submitted, adding a temporary waiver could be targeted to specific areas and items. R. Witt questioned whether the ASC's decision will have any effect on helping the State address the issue. A. Lindo responded that the ASC can approve a recommendation today and work with the State and appraisers to find solutions and to also implement those solutions. R. Taft noted the Request was broad and the ASC could limit approval to rural areas. R. Taft asked L. Kruse if she knows of specific rural areas where there are issues. L. Kruse responded that while the ASC could note specific lenders or counties, she did not want to appear as if the Requester had geographical preferences. She is open to dialogue to find appropriate rural areas and she felt that Fargo could be considered a rural area since it is surrounded by rural counties. R. Witt asked L. Kruse if she is aware of the challenges that lenders are facing finding appraisers. L. Kruse responded that smaller lenders have fewer appraisers on their rosters while other small lenders are unable to find any appraisers, so the exemption provided by

Section 1127 is not helpful. L. Kruse noted that any recommendations by the ASC concerning automation of data would need legislative action by the State and the legislature does not meet until 2021. R. Witt suggested the National Association of Realtors may have MLS coverage in North Dakota. C. Kost responded that realtors in North Dakota are exploring that option. R. Witt asked whether commercial data is easily available. C. Kost responded that it varies and researching for commercial data can increase the turnaround time. B. Borland asked if the ASC did approve a temporary waiver that allowed an appraiser to take the exam and gain the education and experience within a specified timeframe, would that be helpful. C. Kost said it may and noted that the AQB Criteria lowered the education and experience requirements in 2018. He added that online education is readily available; gaining experience is more difficult as a trainee must locate and work under a supervisory appraiser. He added the Appraisal Foundation's proposed Practical Applications of Real Estate Appraisal (PAREA) may be helpful once it is developed. C. Kost said that consumers should be made aware that an appraiser has not attained all of the education and experience. A. Lindo responded that if an exam is taken and passed, why should consumers be notified about the appraiser's lack of education. C. Kost said that a single exam cannot cover everything learned through education and experience. R. Taft noted that lenders will still be required to obtain an appraisal that is USPAP compliant. If appraisals are non-USPAP compliant, the regulator could cite that during an examination. T. Segerson felt that small lenders would use a credentialed appraiser in most circumstances but allowing transitional appraisers could provide relief. C. Kost said the issue of oversight of uncredentialed appraisers needs to be clarified since the Appraiser Board would not have enforcement authority. J. Park noted that transitional licensing was used when State appraiser programs were first developed and allowing that category in this instance could be revisited. B. Borland asked if data was available regarding the number of residential loans below \$250,000 and commercial loans below \$500,000. L. Kruse responded that lenders would need to provide that information. B. Borland noted that increasing the limit to \$500,000 may not have much impact in rural areas. L. Kruse said that may be true for small towns but there are larger, more expensive homes now. M. Hatheway amended her proposal to offer a two-year waiver for residential and commercial appraisals subject to the condition that if the regulatory agencies were to increase the residential threshold, the temporary waiver for residential appraisals would expire 30-60 days after the effective date of that increase. A temporary waiver for commercial appraisals would be effective for two years. She added a lender could be cited by a regulator for appraisals that are not USPAP compliant and the ASC would encourage lenders and appraisers to communicate to find solutions within that two-year period. R. Taft suggested instead a one-year waiver with a one-year option; lenders and appraisers would need to communicate and recommend solutions; both the State and Appraiser Board would need to provide a status update to the ASC before the option year would be approved. R. Taft also agreed that if the regulatory agencies raise the residential threshold, the temporary waiver for residential loans could expire 60 days after the effective date of the increase. A. Lindo agreed with R. Taft's proposal. C. Kost noted that the Appraiser Board has had no communications with the lenders since the initial request was filed in August 2018. He is not optimistic about the two sides working together. He added a Statewide waiver is not appropriate as the metropolitan areas do not have a scarcity of appraisers; nor did the Requesters prove there is a scarcity. He said if there is a scarcity in a

geographical area of the State, and it can be proven, those areas should be considered for a temporary waiver. He stated the Appraiser Board has not heard of concerns about scarcity and that this is not a systematic statewide issue. He said the Appraiser Board expressed willingness to work with the Requesters on compiling data but did not receive a response. R. Clayburgh stated that the Requesters met with appraisers after the initial letter was sent in August 2018. The Appraiser Board members are appointed by the Governor and should work with the Requesters to find solutions, and there is an incentive for both sides to work together; otherwise the temporary waiver would expire after one year. He added lenders can lobby the State legislature to enact legislation to develop a database. M. Hatheway said that the Final Order should include wording regarding the option to extend for one year; otherwise the Requesters would need to resubmit a Request. She said the Requester should provide an update to the ASC in advance of the one-year expiration as to what both sides have discussed so that the ASC can determine whether or not to enact the option year. A. Ritter said the ASC would need to vote in open session to approve the option year. T. Segerson said it is important that if the ASC approves the option year, there should be clear and convincing evidence from the Requester, including data on loan activity, that scarcity and delay exists. He added data for metropolitan and rural areas needs to be provided and there should be ample time for both sides to obtain information. M. Hatheway questioned how much data would be available after one year and added communication between the lenders and appraisers would be of value. T. Segerson said he would hope to see numbers improve regarding the state of scarcity and timeliness of appraisals; that should be part of deliberations when deciding whether or not to extend. He added ASC should not automatically renew and stated he would not be inclined to do so with data available now. He reiterated the need for data for metropolitan and rural areas, and said there is plenty of time for parties to get information, including geographical data. B. Borland asked the Requesters who will do appraisals and how will those persons be trained. L. Kruse responded the lender would be responsible for training those persons. A. Lindo added that the regulator will evaluate bank performance and compliance with USPAP. A. Lindo confirmed the vote to be on granting a waiver in part for both residential and commercial for one year; ASC having option to extend for one year on showing of scarcity and delay, and showing progress made based on a status update to the ASC, with progress toward solutions and understanding challenges on both sides, with data to support extending the waiver, with a termination of the residential waiver 60 days after passage if the residential threshold is increased.

A. Lindo took a roll call vote:

M. Hatheway – yes; R. Taft – yes; T. Segerson – yes; B. Borland – no; R. Witt – no;

P. Neary – yes; A. Lindo – yes.

R. Taft reiterated the importance of the parties working together and that a waiver is not a permanent solution. A. Lindo confirmed that the FFIEC must concur before an Order can become effective. A. Ritter said the draft Final Order will be sent to ASC members for review and comment before it is sent to the FFIEC.

The Open Session adjourned at 12:55 p.m. The next ASC Meeting will be August 28, 2019.

Attachments: Observer List

ASC Special Meeting Observers

July 9, 2019

Affiliation	Name
Allterra Group	Joan Trice
American Society of Appraisers	John Russell
American Society of Farm Managers & Rural Appraisers	Stephen Frerichs
Appraisal Foundation	Dave Bunton
Appraisal Institute	Bill Garber
Appraisal Institute	Brian Rodgers
Conference of State Bank Supervisors	Susanna Barnett
Conference of State Bank Supervisors	Daniel Berkland
Conference of State Bank Supervisors	Mary Beth Quist
Conference of State Bank Supervisors	Alisha Sears
Consumer Financial Protection Bureau	Paul Sanford
Federal Deposit Insurance Corporation	Michael Briggs
Federal Deposit Insurance Corporation	Suzy Gardner
Federal Financial Institutions Exam. Council	Judith Dupre
Federal Housing Finance Agency	Ming-Yuen Meyer-Fong
Federal Reserve Board	Carmen Holly
Federal Reserve Board	Matt Suntag
National Credit Union Administration	Rachel Ackman
North Dakota Appraiser Board	Dave Campbell
North Dakota Appraiser Board	Corey Kost
North Dakota Appraiser Board	Tim Timian
North Dakota Appraisers Association	Joe Ibach
North Dakota Bankers Association	Rick Clayburgh
North Dakota Bankers Association	Marilyn Foss
North Dakota Dept. of Financial Institutions	Lise Kruse
North Dakota Senator Cramer's Office	Jason Stverak
Office of the Comptroller of the Currency	Joanne Phillips
Office of the Comptroller of the Currency	James Rives

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 13, 2019

David Derry, Chair
Board of Certified Real Estate Appraisers
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community, and Economic Development
333 Willoughby Avenue, 9th Floor
Juneau, AK 99801

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

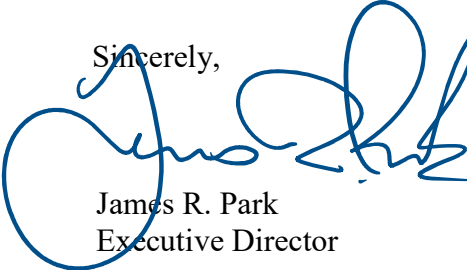
Dear Mr. Derry:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Alaska appraiser regulatory program (Appraiser Program) on July 29 – August 2, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the Appraiser Program. Alaska will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Alaska Appraiser Program 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. Sara Chambers, Division Director
Mr. Joseph Bonnell, Records and Licensing Supervisor
Mr. Allen Alcancia, Licensing Examiner

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 State Appraiser Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: September 13, 2019

Alaska Appraiser Regulatory Program (State)					
Alaska Board of Certified Real Estate Appraisers (Board)		PM: C. Brooks		ASC Compliance Review Date: July 29 – August 2, 2019	
Umbrella Agency: Division of Corporations Business and Professional Licensing		Number of State Credentialed Appraisers on Appraiser Registry: 235		Review Period: July 2017 to July 2019	
				Review Cycle: Two Year	

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:			X				
States must ensure the accuracy of all data submitted to the Appraiser Registry. (12 U.S.C. § 3347; Policy Statement 3 A, D, E.)				When processing renewals, effective dates on 4 entries in the Appraiser Registry were entered incorrectly and not corrected until it was brought to the State's attention by ASC staff.	On June 30, 2019, the State reported new procedures to validate the information added to the Appraiser Registry. In addition, on August 28, 2019, the State outlined new procedures for the next renewal to further reduce the chance of errors.	The State should monitor the new procedures for entering data on the Appraiser Registry to ensure compliance with ASC Policy Statement 3.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:			X				
States must implement a reliable validation procedure for affidavits accepted for continuing education credit claimed for credential renewal. (12 U.S.C. § 3347; Policy Statement 4 C 2.)				The State did not include Trainees in the post renewal audit of CE affidavits after the 2017 renewal.	On August 28, 2019, the State reported new procedures for CE audits that will ensure a sampling of all license types. In addition, the State will begin procedures to codify in regulation a method of pulling 10% of each license type.	The State should continue the process to amend the regulations to reflect its new procedures for CE audits.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 19, 2019

Mr. Paul Morgan, Chairman
Real Estate Appraiser Board
Bureau of Occupational Licenses
PO Box 83720
Boise ID 83720-0063

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

Dear Mr. Morgan:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Idaho appraiser regulatory program (Appraiser Program) on April 15-17, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the Idaho Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria;¹ and
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.²

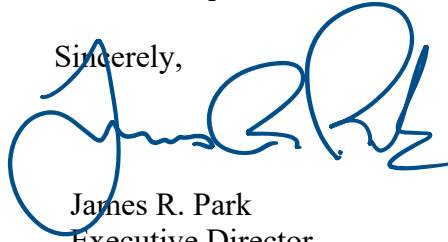
ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Idaho will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 4 A.

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

This letter and the attached Report are public records and available on the ASC website.
Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James R. Park', is positioned above the printed name and title.

James R. Park
Executive Director

Attachment

cc: Ms. Kelley Packer, Bureau Chief

Ms. Cesley Metcalfe, Technical Records Specialist II

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: August 19, 2019

Idaho Appraiser Regulatory Program (State)

Idaho Real Estate Appraiser Board (Board) PM: V. Metcalf

ASC Compliance Review Date: April 15-17, 2019

Review Period: April 2017 - April 2019

Umbrella Agency: Bureau of Occupational Licenses

Number of State Credentialed Appraisers on National Registry: 723

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.)				AQB Criteria only allows State appraiser regulatory agencies to grant deferrals of continuing education (CE) for active military or those impacted by a state or federally-declared disaster. Idaho regulation 24.18.01 section 401.06 authorizes the Board to defer CE for other reasons, such as hardship, health, or other good cause.	On July 11, 2019, the State reported that a recent reauthorization of administrative rules process allowed Idaho regulation 24.18.01 section 401.06 to expire as of June 30, 2019. Therefore, Idaho law and rule no longer allows for deferrals. No CE waivers were ever granted.	None	None
Statutes, Regulations, Policies and Procedures continued:			X				
States must require that appraisals be performed in accordance with the latest version of USPAP. (12 U.S.C. § 3331; 12 U.S.C. § 3347; Policy Statement 1 F.)				Idaho Statute 54-4107 (e) cites "negligence or incompetence as defined by USPAP" as actions for which the Board may refuse to issue, refuse to renew, suspend, revoke, or otherwise sanction an appraiser's credential. Neither negligence or incompetence is defined in USPAP.	On July 11, 2019, the State reported that it will discuss amending Idaho Statute 54-4107(e) the next time the statutes are open for revision.	The State should amend its statute to bring it into compliance.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement F.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:			X				
States are required to report all disciplinary actions via the extranet application within 5 business days after the disciplinary action is final, as determined by State law. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.)				The State did not report all disciplinary actions to the ASC National Registry timely.	On July 11, 2019, the State reported that the licensing and investigative staff have begun to provide disciplinary actions timely.	The State should monitor its procedures for reporting discipline to ensure compliance with Title XI and ASC Policy Statement 3.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: August 19, 2019

Idaho Appraiser Regulatory Program (State)			
Idaho Real Estate Appraiser Board (Board)	PM: V. Metcalf	ASC Compliance Review Date: April 15-17, 2019	Review Period: April 2017 - April 2019
Umbrella Agency: Bureau of Occupational Licenses		Number of State Credentialed Appraisers on National Registry: 723	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Application Process:		X					
States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 A.)				Appraiser credentials were issued to 2 applicants whose examination was more than 12 months over the 24-month validity period.	On July 11, 2019, the State reported its implementation of preventative steps to ensure future compliance.	The State must monitor the new application processing procedures to ensure compliance with AQB Criteria and ASC Policy Statement 4.	ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4 and AQB Criteria during the next Review.
Application Process continued:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought. (12 U.S.C. § 3347; Policy Statement 4 B, C.)				The State issued 1 appraiser credential without verifying the applicant had completed the required courses consistent with AQB Criteria.	On July 11, 2019, The State reported that on June 21, 2019, they inactivated the credential on the National Registry; and replaced the credential with one clearly stating that the licensee is not eligible for federally-related transactions.	The State must verify that all applicants have successfully completed courses consistent with AQB Criteria for the appraiser credential sought.	ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4 and AQB Criteria during the next Review.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None



Appraisal Subcommittee
Federal Financial Institutions Examination Council

August 21, 2019

Ms. Deanna Alexander, Board Director
Real Estate Appraiser Licensure & Certification Board
Indiana Professional Licensing Agency
402 W. Washington Street, Room W072
Indianapolis, IN 46204

Ms. Jennifer Barth, Supervising Deputy Attorney General
Licensing, Enforcement & Homeowner Protection Unit
Office of the Attorney General
302 W. Washington Street, 5th Floor
Indianapolis, IN 46204

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

Dear Ms. Alexander and Ms. Williams:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Indiana appraiser regulatory program (Appraiser Program) on April 2-5, 2019, to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Indiana Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must 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;¹
- States must complete audits of affidavits for continuing education credit within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date);² and
- States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria.³

¹ 12 U.S.C. § 3351; Policy Statement 2.

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

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

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

A handwritten signature in black ink, appearing to read "Arthur Lindo".

Arthur Lindo
Chairman

Attachment

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: August 21, 2019

Indiana Appraiser Regulatory Program (State)

Indiana Real Estate Appraiser Licensure & Certification Board (Board)

PM: N. Fenochietti

ASC Compliance Review Date: April 02-05, 2019

Review Period: January 2017 to April 2019

Umbrella Agency: Indiana Professional Licensing Agency

Number of State Credentialed Appraisers on National Registry: 2,162

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					
States must 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. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On July 1, 2019, the State reported that a process has been put in place for staff to make sure temporary practice permits are issued within 5 business days.	The State must monitor the process to ensure temporary practice permits are issued within 5 days of application receipt.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:			X				
States are required to report all disciplinary actions via the extranet application within 5 business days after the disciplinary action is final, as determined by State law. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.)				The State did not report all disciplinary actions to the ASC National Registry within 5 days of the date the action is final.	On July 1, 2019, the State reported that it is implementing procedures to ensure all disciplinary actions are reported within the required timeframe.	The State should monitor the new procedure to ensure all disciplinary actions are reported within 5 business days after the disciplinary action is final.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: August 21, 2019

Indiana Appraiser Regulatory Program (State)		
Indiana Real Estate Appraiser Licensure & Certification Board (Board)	PM: N. Fenochietti	ASC Compliance Review Date: April 02-05, 2019
Umbrella Agency: Indiana Professional Licensing Agency	Number of State Credentialed Appraisers on National Registry: 2,162	Review Period: January 2017 to April 2019
		Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Application Process:		X					
States must complete audits of affidavits for continuing education credit claimed must be completed within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date). (12 U.S.C. § 3347; Policy Statement 4 C.)				The State did not conduct a prompt post-approval audit of continuing education (CE) affidavits within 60 business days of the scheduled renewal date.	On July 1, 2019, the State reported that the Board completed the CE affidavit audit.	The State must complete audits of affidavits for CE credit within sixty (60) business days from the date the credential is scheduled for renewal.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
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.)				The State audited 2% of CE affidavits resulting in a failure rate of 14%.	The State did not respond to this concern.	Within 60 days of the date of this Report, the State must provide ASC staff with a plan to take remedial action to address the apparent weaknesses of its CE affidavit process. ASC staff will review the plan to determine if the remedial actions are effective and acceptable.	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.
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 17, 2019

Ms. Brandy March, Executive Officer
Real Estate Appraiser Examining Board
Division of Banking, Finance Bureau
Iowa Department of Commerce
200 East Grand Avenue, Suite 350
Des Moines, IA 50309

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

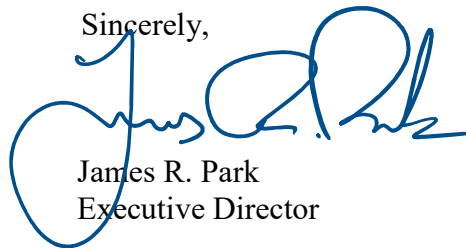
Dear Ms. March:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Iowa appraiser regulatory program (Appraiser Program) on July 16-19, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Excellent." Iowa will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Iowa Appraiser Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. Ronald L. Hansen, Superintendent of Banking
Mr. Rodney Reed, Bureau Chief – Finance
Mr. Fred Greder, Board Chairman
Mr. Luke Dawson, Legal Counsel

ASC Finding Descriptions

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

ASC Finding: Excellent
 Final Report Issue Date: September 17, 2019

Iowa Appraiser Regulatory Program (State)

Real Estate Appraiser Examining Board (Board)	PM: V. Metcalf	ASC Compliance Review Date: July 16-19, 2019	Review Period: July 2017 - July 2019
Umbrella Agency: Department of Commerce, Division of Banking		Number of State Credentialed Appraisers on Appraiser Registry: 1,093	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

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

August 29, 2019

Ms. Karen Bivins, Board Administrator
Board of Real Estate Appraisers
Office of Professional & Occupational Regulation
Department of Professional and Financial Regulation
35 State House Station
Augusta, ME 04333

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

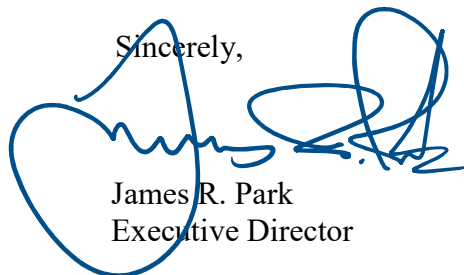
Dear Ms. Bivins:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Maine appraiser regulatory program (Appraiser Program) on June 4-6, 2019, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The Appraiser Program has been awarded an ASC Finding of "Excellent." Maine will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Maine Appraiser Program 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. Wendyann Boston, Chair

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 State Appraiser Program Compliance Review Report

ASC Finding: Excellent
 Final Report Issue Date: August 29, 2019

Maine Appraiser Regulatory Program (State)

Maine Board of Real Estate Appraisers (Board)	PM: V. Metcalf	ASC Compliance Review Date: June 4-6, 2019	Review Period: May 2017 - June 2019
Umbrella Agency: Department of Professional & Financial Regulation		Number of State Credentialed Appraisers on Appraiser Registry: 564	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

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 17, 2019

Mr. Thomas Stevens, Board Chairman
Board of Real Estate Appraisers
P O Box 200513
Helena, MT 59620-0513

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

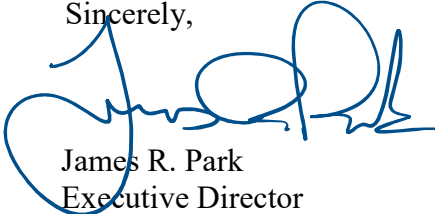
Dear Mr. Stevens:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Montana appraiser regulatory program (Appraiser Program) on September 23-27, 2019, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The Appraiser Program has been awarded an ASC Finding of "Excellent." Montana will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Montana Appraiser Program 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. Sharon Peterson, Executive Officer
Mr. David Cook, Deputy Division Administrator

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 State Appraiser Program Compliance Review Report

ASC Finding: Excellent
 Final Report Issue Date: October 17, 2019

Montana Appraiser Regulatory Program (State)

Montana Board of Real Estate Appraisers (Board) PM: J. Tidwell

ASC Compliance Review Date: September 23-27, 2019

Review Period: June 2017 to September 2019

Umbrella Agency: Montana Department of Labor & Industry

Number of State Credentialed Appraisers on Appraiser Registry: 423

Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None



Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 8, 2019

Ms. Theresa Montoya, Board Administrator
Real Estate Appraisers Board
New Mexico Regulation and Licensing Department
Toney Anaya Building
2550 Cerrillos Road, Second Floor
Santa Fe, NM 87505

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

Dear Ms. Montoya:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Mexico appraiser regulatory program (Appraiser Program) on June 4-7, 2019 to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the New Mexico Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must 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;¹ and
- States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure.²

ASC staff will confirm appropriate corrective actions have been taken during a Follow-up Review in approximately six months. New Mexico will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3351; Policy Statement 2.

² 12 U.S.C. § 3351; Policy Statement 4 C.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arthur Lindo".

Arthur Lindo
Chairman

Attachment

cc: Mr. Dean Zantow, Board Chair
Ms. Ruth Romero, Outgoing Board Administrator
Ms. Marguerite Salazar, Superintendent
Ms. Priscilla Garcia, Director
Ms. Kathy Ortiz, Deputy Director
Mr. John Kreienkamp, Board Counsel

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ³	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

³ An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: October 8, 2019

New Mexico Appraiser Regulatory Program (State)

New Mexico Real Estate Appraisers Board (Board) PM: J. Tidwell ASC Compliance Review Date: June 4-7, 2019 Review Period: June 2017 to June 2019

Umbrella Agency: New Mexico Regulation and Licensing Department (Department) Number of State Credentialed Appraisers on Appraiser Registry: 618 Review Cycle: Two Year with Follow-up

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 have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The 7 member Board has 2 vacant positions. This leaves the Board vulnerable to a lack of quorum for meetings and enforcement actions.	On August 20, 2019, the State reported the Governor's Office appointed 2 new Board Members to fill the vacancies.	None	None
Temporary Practice:		X					
States must 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. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On August 20, 2019, the State reported the Department assigned staff and a back-up to review and approve temporary permit requests in order to issue them within 5 business days of receipt of a completed application.	The State must monitor the new procedures to ensure temporary practice permits are issued within 5 days of application receipt.	During a Follow-up Review in approximately 6 months and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 2.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:		X					
States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure. (12 U.S.C. § 3351; Policy Statement 4 C.)				The State's validation procedures did not include a prompt post-approval audit. 45-90 days prior to the scheduled renewal, the State sent out a notice identifying who would be audited.	On August 20, 2019, the State reported changing the policy to require notice of CE audit after the credential expiration date.	Within 60 days of this Report, the State must conduct at least a 10% CE audit of the appraisers who renewed their credentials in 2018 and 2019.	During a Follow-up Review in approximately 6 months and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
 Final Report Issue Date: October 8, 2019

New Mexico Appraiser Regulatory Program (State)

New Mexico Real Estate Appraisers Board (Board)	PM: J. Tidwell	ASC Compliance Review Date: June 4-7, 2019	Review Period: June 2017 to June 2019
Umbrella Agency: New Mexico Regulation and Licensing Department (Department)	Number of State Credentialed Appraisers on Appraiser Registry: 618		Review Cycle: Two Year with Follow-up

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

September 26, 2019

Ms. Christine McEntire, Director
Mr. Stephen C. Walton, Vice-Chair
Oklahoma Real Estate Appraiser Board
Five Corporate Plaza
3625 N.W. 56th Street, Suite 100
Oklahoma City, OK 73112

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

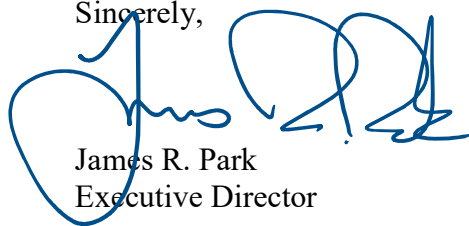
Dear Ms. McEntire and Mr. Walton:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Oklahoma appraiser regulatory program (Appraiser Program) on September 4-6, 2019, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The Appraiser Program has been awarded an ASC Finding of "Excellent." Oklahoma will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Oklahoma Appraiser Program 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

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 State Appraiser Program Compliance Review Report

ASC Finding: Excellent
Final Report Issue Date: September 26, 2019

Oklahoma Appraiser Regulatory Program (State)			
Oklahoma Real Estate Appraiser Board (Board)	PM: C. Brooks	ASC Compliance Review Date: September 4-6, 2019	Review Period: September 2017 to September 2019
Umbrella Agency: Independent		Number of State Credentialed Appraisers on Appraiser Registry: 1,032	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

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 15, 2019

Ms. Christine Martine, Executive Director
Real Estate Appraiser Board
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400
Richmond, VA 23233

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

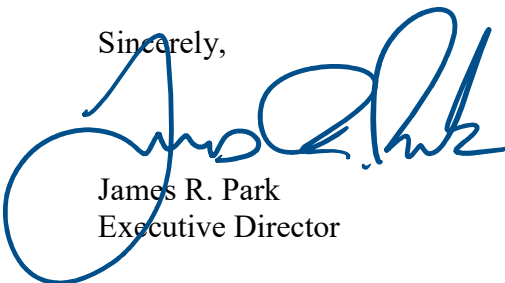
Dear Ms. Martine:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virginia appraiser regulatory program (Appraiser Program) on June 25-27, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Excellent." Virginia will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Virginia Appraiser Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. Jim Chapman, Board and Regulatory Administrator

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 State Appraiser Program Compliance Review Report

ASC Finding: Excellent
 Final Report Issue Date: October 15, 2019

Virginia Appraiser Regulatory Program (State)
 Real Estate Appraiser Board (Board) PM: C. Brooks ASC Compliance Review Date: June 25-27, 2019 Review Period: August 2017 to June 2019
 Umbrella Agency: Department of Professional and Occupational Regulation Number of State Credentialed Appraisers on Appraiser Registry: 3,293 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

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 24, 2019

Ms. Nicole Novotny Smith, Executive Director
Wyoming Real Estate Commission
Wyoming Certified Real Estate Appraiser Board
2617 E. Lincolnway, Suite H
Cheyenne, WY 82002

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

Dear Ms. Novotny Smith:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Wyoming appraiser regulatory program (Appraiser Program) on June 18-20, 2019, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

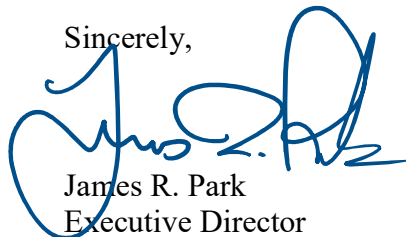
The ASC identified the following area of non-compliance:

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

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

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

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

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

² An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: October 24, 2019

Wyoming Appraiser Regulatory Program (State)			
Wyoming Certified Real Estate Appraiser Board (Board)	PM: K. Klamet	ASC Compliance Review Date: June 18-20, 2019	Review Period: August 2017 to June 2019
Umbrella Agency: Wyoming Real Estate Commission		Number of State Credentialed Appraisers on Appraiser Registry: 312	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.)				Up to 1/2 of an appraiser's CE requirement may be granted for participation, other than as a student, in such activities as teaching or authoring a textbook. The State's regulation exceeds the number of hours that may be acquired from these types of activities.	On September 19, 2019, the State reported they will promulgate revised rules, effective January 1, 2020, to address and correct the area of non-compliance.	The State must continue the process of amending its regulations to reflect what is required in practice and in AQB Criteria.	Upon adoption, please provide ASC staff with copies of the adopted regulation changes.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

August 19, 2019

Mr. Paul Morgan, Chairman
Real Estate Appraiser Board
Bureau of Occupational Licenses
PO Box 83720
Boise ID 83720-0063

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

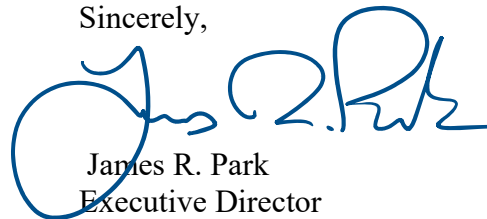
Dear Mr. Morgan:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Idaho AMC regulatory program (AMC Program) on April 15- 17, 2019, 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 AMC Program has been awarded an ASC Finding of "Excellent." Idaho will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Idaho AMC Program 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. Kelley Packer, Bureau Chief
Ms. Cesley Metcalfe, Technical Records Specialist II

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC State AMC Program Compliance Review Report

ASC Finding: Excellent
Final Report Issue Date: August 19, 2019

Idaho AMC Regulatory Program (State)

Idaho Real Estate Appraiser Board PM: V. Metcalf ASC Compliance Review Date: April 15 - 17, 2019 Review Period: April 2017 - April 2019

Umbrella Agency: Bureau of Occupational Licenses Number of AMCs on National Registry: 0 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
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

September 17, 2019

Mr. Rodney Reed, Bureau Chief
Division of Banking, Finance Bureau
Iowa Department of Commerce
200 East Grand Avenue, Suite 350
Des Moines, IA 50309

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

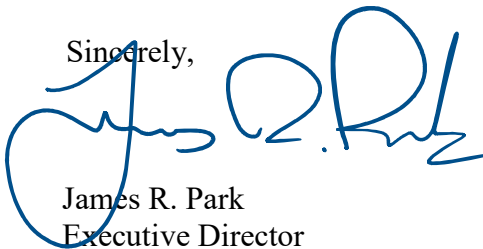
Dear Mr. Reed:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Iowa AMC regulatory program (AMC Program) on July 16 -19, 2019, 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 AMC Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the AMC Program. Iowa will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Iowa AMC Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. Ronald L. Hansen, Superintendent of Banking
Ms. Brandy March, Executive Officer
Mr. Zak Hingst, Legal Counsel

ASC Finding Descriptions

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

ASC State AMC Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: September 17, 2019

Iowa AMC Regulatory Program (State)

State Board Title (Board): N/A PM: V. Metcalf ASC Compliance Review Date: July 16-19, 2019 Review Period: July 2017 - July 2019
 Umbrella Agency: Department of Commerce, Division of Banking Number of AMCs on AMC Registry: 87 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
National Registry:			X				
States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice). (Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338; Policy Statement 9.)				The State failed to submit AMC Registry information for a State Registered AMC eligible to be on the AMC Registry.	On September 4, 2019, the State reported that the deficiency was addressed by immediately adding the missing AMC to the AMC Registry. In addition, the State updated the policies and procedures manual and checklist to ensure compliance.	The State should monitor the revised procedures for reporting AMC information to the AMC Registry to ensure compliance with Title XI and ASC Policy Statement 9.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
National Registry continued:			X				
States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118 (a), 12 U.S.C. § 3347; Policy Statement 9.)				The State failed to report 2 AMC Registry entries to reflect the change in their legal names.	On September 4, 2019, the State reported that the AMC names were immediately corrected. In addition, the State updated the policy and procedures manual and checklist to ensure compliance.	The State should monitor the revised procedures for reporting AMC information to the AMC Registry to ensure compliance with Title XI and ASC Policy Statement 9.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
Enforcement:	X			No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 17, 2019

Mr. Thomas Stevens, Board Chairman
Board of Real Estate Appraisers
P O Box 200513
Helena, MT 59620-0513

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

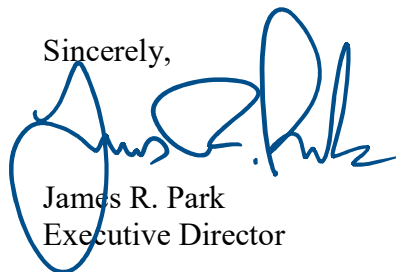
Dear Mr. Stevens:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Montana AMC regulatory program (AMC Program) on September 23-27, 2019, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The AMC Program has been awarded an ASC Finding of "Excellent." Montana will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Montana AMC Program 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. Sharon Peterson, Executive Officer
Mr. David Cook, Deputy Division Administrator

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC State AMC Program Compliance Review Report

ASC Finding: Excellent
 Final Report Issue Date: October 17, 2019

Montana AMC Regulatory Program (State)			
Montana Board of Real Estate Appraisers (Board)	PM: J. Tidwell	ASC Compliance Review Date: September 23-27, 2019	Review Period: June 2017 to September 2019
Umbrella Agency: Montana Department of Labor & Industry		Number of AMCs on AMC Registry: 0	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
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 8, 2019

Ms. Theresa Montoya, Board Administrator
Real Estate Appraisers Board
New Mexico Regulation and Licensing Department
Toney Anaya Building
2550 Cerrillos Road, Second Floor
Santa Fe, NM 87505

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

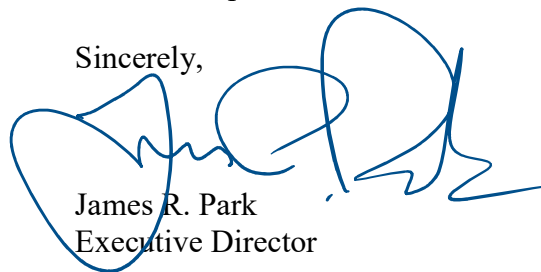
Dear Ms. Montoya:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Mexico AMC regulatory program (AMC Program) on June 4-7, 2019 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 AMC Program has been awarded an ASC Finding of "Excellent." New Mexico will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the New Mexico AMC Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. Dean Zantow, Board Chair
Ms. Ruth Romero, Outgoing Board Administrator
Marguerite Salazar, Superintendent
Ms. Priscilla Garcia, Director
Ms. Kathy Ortiz, Deputy Director
Mr. John Kreienkamp, Board Counsel

ASC Finding Descriptions

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

ASC State AMC Program Compliance Review Report

ASC Finding: Excellent
 Final Report Issue Date: October 8, 2019

New Mexico AMC Regulatory Program (State)			
New Mexico Real Estate Appraisers Board (Board)	PM: J. Tidwell	ASC Compliance Review Date: June 4-7, 2019	Review Period: June 2017 to June 2019
Umbrella Agency: New Mexico Regulation and Licensing Department (Department)		Number of AMCs on AMC Registry: 0	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
National Registry:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 26, 2019

Ms. Christine McEntire, Director
Mr. Stephen C. Walton, Vice-Chair
Oklahoma Real Estate Appraiser Board
Five Corporate Plaza
3625 N.W. 56th Street, Suite 100
Oklahoma City, OK 73112

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

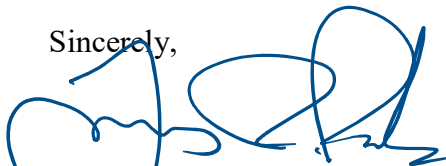
Dear Ms. McEntire and Mr. Walton:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Oklahoma AMC regulatory program (AMC Program) on September 4-6, 2019, 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 AMC Program has been awarded an ASC Finding of "Excellent." Oklahoma will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Oklahoma AMC Program 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

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC State AMC Program Compliance Review Report						ASC Finding: Excellent	
						Final Report Issue Date: September 26, 2019	
Oklahoma AMC Regulatory Program (State)							
Oklahoma Real Estate Appraiser Board (Board)		PM: C. Brooks		ASC Compliance Review Date: September 4-6, 2019		Review Period: September 2017 to September 2019	
Umbrella Agency: Independent				Number of AMCs on AMC Registry: 0		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
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 15, 2019

Ms. Christine Martine, Executive Director
Real Estate Appraiser Board
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400
Richmond, VA 23233

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

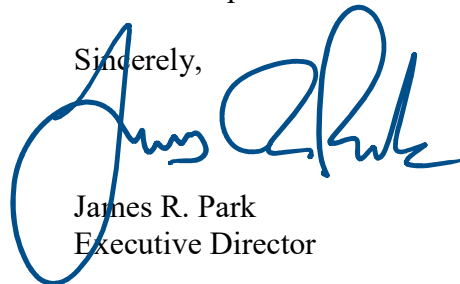
Dear Ms. Martine:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virginia AMC regulatory program (AMC Program) on June 25-27, 2019, to determine the AMC 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 AMC Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the AMC Program. Virginia will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Virginia AMC Program is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. Jim Chapman, Board and Regulatory Administrator

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC State AMC Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: October 15, 2019

AMC Virginia Regulatory Program (State)

Real Estate Appraiser Board (Board) PM: C. Brooks ASC Compliance Review Date: June 25-27, 2019 Review Period: August 2017 to June 2019
 Umbrella Agency: Department of Professional and Occupational Regulation Number of AMCs on AMC Registry: 0 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				
Participating States must enforce and document ownership limitations for State-registered 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; Policy Statement 8.)				An AMC shall not be registered or included on the AMC National 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. The regulation incorrectly limits the requirement to owners of 10% or more	On September 16, 2019, the State reported that the statute correctly applies the ownership requirement to any entity and or person. The State also reported that if there is a conflict between the statute and regulation, the statute prevails. However, the board will amend the regulation to mirror the statute.	The State should amend the rules to bring them into compliance with Title XI, and provide ASC staff with a copy of the final rules once adopted.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 24, 2019

Ms. Nicole Novotny Smith, Executive Director
Wyoming Real Estate Commission
Wyoming Certified Real Estate Appraiser Board
2617 E. Lincolnway, Suite H
Cheyenne, WY 82002

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

Dear Ms. Novotny Smith:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Wyoming AMC regulatory program (AMC Program) on June 18-20, 2019, 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 AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

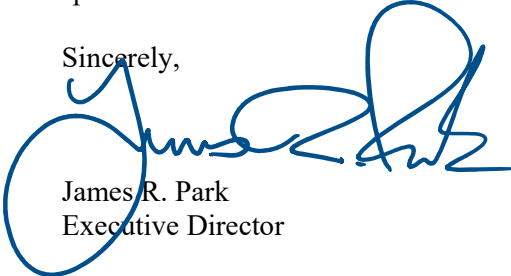
The ASC identified the following area(s) of non-compliance:

- Participating States must impose requirements on AMCs consistent with the AMC Rule;¹ and
- Participating States must enforce and document ownership limitations for State-registered AMCs.²

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

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

¹ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

² 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

ASC Finding Descriptions

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

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

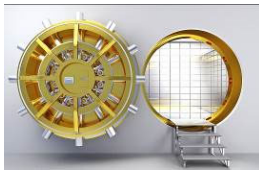
ASC State AMC Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: October 24, 2019

Wyoming AMC Regulatory Program (State)

Wyoming Certified Real Estate Appraiser Board (Board)	PM: K. Klamet	ASC Compliance Review Date: June 18-20, 2019	Review Period: August 2017 to June 2019
Umbrella Agency: Wyoming Real Estate Commission		Number of AMCs on AMC Registry: 0	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					
Participating States must impose requirements on AMCs consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				A regulated AMC must notify appraisers on its appraiser panel before their removal from the panel. The State allows regulated AMCs to remove an appraiser from its panel, without notice, within the first 90 days after the appraiser is first added to the appraiser panel.	On September 19, 2019, the State reported the statutes governing AMCs will be amended and submitted to the Wyoming Legislature for their consideration during the 2020 Legislative session. The language, if adopted, will remove the 90-day window wherein an AMC may remove an appraiser from their panel without notice.	The State must continue the process to amend its statutes to bring them into compliance with the AMC rule and Policy Statement 8.	Upon adoption, please provide ASC staff with copies of the adopted statute changes.
Statutes, Regulations, Policies and Procedures continued:		X					
Participating States must enforce and document ownership limitations for State-registered 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; Policy Statement 8.)				A regulated AMC is not barred from being registered by a State or included on the AMC National Registry if the appraiser credential 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. The State omits the requirement that the credential must have been reinstated.	On September 19, 2019, the State reported the statutes governing AMC's will be amended and submitted to the Wyoming Legislature for their consideration during the 2020 Legislative session. The language, if adopted, should clarify AMC ownership privileges.	The State must continue the process to amend its statutes to bring them into compliance with the AMC rule and Policy Statement 8.	Upon adoption, please provide ASC staff with copies of the adopted statute changes.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None



September 4, 2019

Denise Graves, Deputy Executive Director
Appraisal Subcommittee
1325 G Street N.W.
Suite 500
Washington, DC 20005

RE: ASC Staff Compliance Review Preliminary Findings
Iowa Real Estate Appraiser Examining Board Response

Dear Ms. Graves:

On behalf of the Iowa Real Estate Appraiser Board (Board) and staff, I wish to express our sincere appreciation to you and your staff following the recent review of the Iowa appraiser regulatory program. Vicki Metcalf was especially helpful and has been a vital asset to Iowa throughout the years as we maintain a compliant appraiser program. Her quick and thorough replies to questions have enabled Iowa to maintain our excellent status.

The compliance review allows Board members and all staff members, ranging from licensing specialist, legal counsel, and supervisory officials within the Iowa Division of Banking, to hold in depth conversations regarding enforcement, best practices, recent news, and upcoming changes. This type of communication allows us to further foster our relationship with the Appraisal Subcommittee and keep lines of communication open. It forces us to perform in depth reviews of our rules, processes, and efficacy on a regular basis. I believe that this is the foundation to our success in running the appraisal program.

Once again, thank you for your staff's professionalism during the 2019 Appraisal Subcommittee audit. If I can ever be of assistance to you, please feel free to contact me at 515-725-9025 or via email at: brandy.march@iowa.gov.

Sincerely,

Brandy March, MPA, CPM
Executive Officer, Iowa Real Estate Appraiser Examining Board
Appraisal Management Company Regulator

cc via email: Ronald Hansen, Superintendent of Banking
Rod Reed, Bureau Chief
Luke Dawson, Assistant Attorney General
Fred Greder, Board Chair



The Appraisal FOUNDATION

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

APPRAISER QUALIFICATIONS BOARD

TO: All Interested Parties

FROM: Mark A. Lewis, Chair
Appraiser Qualifications Board

RE: First Exposure Draft
Practical Applications of Real Estate Appraisal (PAREA)

DATE: September 5, 2019

Background

The Appraiser Qualifications Board (AQB) continues to examine an alternative to the traditional supervisor/trainee model for gaining appraisal experience. The difficulties expressed by trainees trying to find qualified supervisory appraisers willing to train them are numerous and well documented. This continues to present a significant challenge to entry into the appraisal profession. Left unaddressed, the situation could ultimately erode public trust in the profession.

Because the difficulties chronicled in finding a supervisor are most pronounced in the residential sector of the profession, it is the AQB's sole focus at this time. If the Practical Applications of Real Estate Appraisal (PAREA) concept proves as successful as the AQB thinks it will, the AQB may ultimately consider development of PAREA for non-residential appraisal (although that would not occur for quite some time). It is also important to understand that the long-standing supervisor/trainee model will not be eliminated; it remains an excellent model when and where trainees can align with competent and willing supervisors.

All interested parties are encouraged to comment in writing to the AQB before October 25, 2019. The AQB will also accept verbal comments at its public meeting in St. Petersburg, Florida on Friday, November 1, 2019. Respondents should be assured that each member of the AQB will thoroughly read and consider all comments.

Written comments on this exposure draft can be submitted by mail and email.

Mail: Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: AQBcomments@appraisalfoundation.org

IMPORTANT NOTE: All written comments will be posted for public viewing on The Appraisal Foundation's website exactly as submitted to the AQB. Names may be redacted upon request.

The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.

If you have any questions regarding this exposure draft, please contact Magdalene Vasquez, Qualifications Program Manager at The Appraisal Foundation, via e-mail at magdalene@appraisalfoundation.org or by calling (202) 624-3074.

A free, one-hour webinar discussing this exposure draft will be conducted on Friday, September 13, 2019 at 1:00 pm ET. You may register by visiting https://zoom.us/webinar/register/WN_H4RhRlyGRA6fV5B9cgKOLQ.

The next AQB public meeting will be on Friday, November 1, 2019, in St. Petersburg, Florida. You may register to either attend the meeting in person or watch it via live stream by visiting: https://www.appraisalfoundation.org/TAFCore/Events/Event_Display.aspx?EventKey=AQB201911.

**First Exposure Draft:
*Practical Applications of Real Estate Appraisal (PAREA)***

**Issued: September 5, 2019
Comment Deadline: October 25, 2019**

Each section of this exposure draft begins with rationale for the proposed changes to the Real Property Appraiser Qualification Criteria (*Criteria*). The rationale is identified as such and does not have line numbering. Where proposed changes to the *Criteria* are noted, the exposure draft contains line numbers. This difference is intended to distinguish those parts that explain the changes to the *Criteria* from the proposed changes themselves.

When commenting on various aspects of the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues that the AQB should consider.

Unless otherwise noted, where text is proposed to be deleted from the *Criteria*, that text is shown as strikethrough. For example: ~~This is strikethrough text proposed for deletion.~~ Text that is proposed to be added to the *Criteria* is underlined. For example: This is text proposed for insertion.

For ease in identifying the various issues being addressed, the exposure draft is presented in sections.

TABLE OF CONTENTS

Section	Issue	Page
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2	PAREA Program Parameters	6
3	PAREA Content Outlines	13
4	Guide Note 11 (GN-11): <i>Delivery Methods and Techniques in PAREA Training</i>	31

Section 1: General Information

The AQB's public examination of the Practical Applications of Real Estate Appraisal (PAREA) began with a Concept Paper published on July 9, 2015. As the PAREA concept continued to evolve, the AQB identified important aspects of the concept that arose as part of its due diligence. Most recently, the AQB published a Discussion Draft on March 28, 2019, and this summer the Board has been deliberating over the feedback received. This exposure draft continues that examination, and moves PAREA one step closer from concept to reality. Nevertheless, the potential impact PAREA could have necessitates the AQB's "get it right, not just get it done" approach.

The AQB continues to believe that PAREA could provide appraiser training in a manner that meets, and in some cases, exceeds the training available in the existing supervisor/trainee model. Indeed, there are some outstanding supervisory appraisers with the ability to provide trainees with excellent training. However, the number of such supervisory appraisers has continued to dwindle over recent years.

In addition, even the most competent supervisor is limited in the type of training that can be provided. Most supervisors would provide training based on the constraints of their appraisal practice. For example, a supervisor whose practice focuses on urban properties in a large metropolitan market may not have the opportunity to train someone on how to appraise a rural ranch property on acreage. In addition, regardless of the type of practice, all supervisors might have limited opportunities to train on properties that possess a variety of physical, functional, or external characteristics, whereas such traits could be added or modified in PAREA with the push of a button. Lastly, supervisors are generally limited to provide training subject to the conditions in the marketplace where they practice. Again, a simple push of a button could change market conditions completely, resulting in the participant having a much broader-based training experience.

PAREA Modules

The AQB is developing PAREA experience modules for the Licensed Residential and Certified Residential classifications. As referenced on page 1 of this document, the AQB is not developing an experience module for the Certified General classification at this time.

Individuals will be able to complete a single module or both modules. Individuals already holding a valid Licensed Residential real property appraiser credential will be able to enroll in the Certified Residential module (subject to prerequisite requirements) without completing the Licensed Residential module first.

Methods of PAREA Training

PAREA is designed to offer practical *experience* in a simulated and controlled environment, incorporating the concepts learned in a participant's qualifying education. Multiple types of training techniques could be utilized, including, but not limited to:

- **Computer Based Learning:** Participants utilize a software application to answer questions, collect data, perform analyses, etc. Examples might include case study exercises, or applications teaching participants how to collect information from MLS.
- **Video Gaming:** Solutions created to evaluate a participant's ability to recognize situations and respond accordingly. Examples might include judging how a participant may alter their scope of work if new assignment conditions are introduced.
- **Video Tutorial:** Participants may watch video on how to perform a task, and are then expected to perform the task themselves. Examples might include showing how an appraiser communicates with a client to determine the intended use, intended user, scope of work, etc. or, how appraisers view and photograph comps.
- **Virtual Assistant:** Participants may interact with a virtual assistant or avatar, to guide the training. An example might include directing a participant on effective methods to navigate a website or database.
- **Virtual Reality Training:** Participants may utilize virtual reality systems where the participant is immersed into various scenarios. An example might include training on how to properly measure a house.

Delivery of PAREA Training

Once the AQB adopts the final Criteria requirements for PAREA, The Appraisal Foundation intends to develop a "model" PAREA program, which would be made available via licensing agreements to entities wishing to offer PAREA training. For entities that desire to develop their own "equivalent" PAREA training program, minimum specifications will be available and such programs will be reviewed for equivalency by the AQB.

Section 2: PAREA Program Parameters

1. Maximum Allowable Experience

Feedback received on this topic was somewhat mixed. Some believe that regardless of the quality training PAREA could offer, participants should still be required to obtain *some* portion of “traditional” training to satisfy the experience requirements. Others believe that because of the technological advances PAREA may offer, participants would be *better* suited if they could obtain 100% of the required experience through PAREA training. Those in this camp are quicker to embrace the role technology can potentially play, and cite shortcomings in the more traditional experience model, such as those discussed previously in this document.

Some feedback received suggested that requiring participants to obtain *any* amount of experience under the current model simply does not resolve the problem because participants may still encounter difficulty finding a qualified supervisor that would provide quality training for the remaining required hours.

The AQB believes that PAREA will offer comprehensive, thorough training, which would result in successful participants satisfying the experience requirements. As a result, the AQB is proposing that PAREA be eligible for up to 100% of the required experience for the Licensed Residential and Certified Residential classifications, respectively. State appraiser regulatory agencies have the option, as they do with all AQB *Criteria* requirements, to be more restrictive or stringent. In this case, states that do not wish to allow PAREA to satisfy all of the required experience would be able to limit the percentage of experience allowed for PAREA in their own states.

Successful completion of PAREA training may also count towards the “generic” (i.e., residential) experience required (currently 3,000 hours) for the Certified General classification. Because PAREA only applies to 1-4 unit residential properties, all applicants for a Certified General credential will have to complete a minimum of 1,500 hours of non-residential experience using methods other than PAREA.

Also, the AQB is not proposing any “partial credit” opportunities for PAREA participants. That is, participants must successfully complete PAREA in order to receive credit.

2. Prerequisites

The AQB believes that the best chance of success for PAREA participants requires completion of *all* the qualifying education for the classification prior to enrolling in a PAREA program.

Therefore, for someone seeking a Licensed Residential credential, the AQB is proposing requiring completion of all of the qualifying education required for the Licensed Residential credential *prior to beginning PAREA training*, which consists of the following:

First Exposure Draft: *Practical Applications of Real Estate Appraisal* (PAREA)

<i>Basic Appraisal Principles</i>	30 hours
<i>Basic Appraisal Procedures</i>	30 hours
<i>National USPAP Course</i>	15 hours
<i>Residential Market Analysis and Highest and Best Use</i>	15 hours
<i>Residential Appraiser Site Valuation and Cost Approach</i>	15 hours
<i>Residential Sales Comparison and Income Approaches</i>	30 hours
<i>Residential Report Writing and Case Studies</i>	<u>15 hours</u>
Total	150 hours

For someone seeking a Certified Residential credential, the AQB is proposing requiring completion of all of the qualifying education required for the Certified Residential credential *prior to beginning PAREA training*, which consists of the following:

<i>Basic Appraisal Principles</i>	30 hours
<i>Basic Appraisal Procedures</i>	30 hours
<i>National USPAP Course</i>	15 hours
<i>Residential Market Analysis and Highest and Best Use</i>	15 hours
<i>Residential Appraiser Site Valuation and Cost Approach</i>	15 hours
<i>Residential Sales Comparison and Income Approaches</i>	30 hours
<i>Residential Report Writing and Case Studies</i>	15 hours
<i>Statistics, Modeling and Finance</i>	15 hours
<i>Advanced Residential Applications and Case Studies</i>	15 hours
<i>Appraisal Subject Matter Electives</i>	<u>20 hours</u>
Total	200 hours

3. Level of Supervision/Minimum Supervisor Qualifications

Certain aspects of PAREA will allow technology to determine whether the participant has properly comprehended portions of the training. However, the AQB believes it is vitally important to have participants interact with qualified, competent, and experienced appraisers at key designated touchstones throughout the process to ensure proper comprehension of the training. The AQB is referring to such individuals in PAREA as “Mentors,” which is distinguished from “Supervisors” in the current training model, to avoid confusion between the two. PAREA participants will not be able to progress in PAREA training without having demonstrated to their Mentor that they have satisfied the training objectives.

As proposed, individuals wishing to serve as Mentors for PAREA will need to meet the same qualification requirements for ethics and competency that Supervisory Appraisers do in the current training model.

4. Verification of Experience

The AQB is proposing that an individual successfully completing PAREA will receive a certificate of completion, which could be provided to a state appraiser regulatory agency,

verifying that the individual satisfied 100% of the experience required for the particular program (i.e., Licensed Residential or Certified Residential). Successful PAREA participants will not receive “logs” or additional information related to their participation in PAREA.

5. USPAP-Compliant Appraisal Reports

To successfully complete PAREA training, participants will be required to produce a specified number of USPAP-compliant appraisal reports, representing a variety of appraisal assignments. The production of the required appraisal reports will serve as a final evaluation of a participant’s comprehension of PAREA training. Participants will not receive a certificate of completion for PAREA until the appraisal reports are evaluated and deemed to be compliant with USPAP by the PAREA Mentors.

1 **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS**

2 **V. Generic Experience Criteria**

- 3 A. Education may not be substituted for experience, except as shown in
4 Sections D and E below.
- 5 B. The quantitative experience requirements must be satisfied by time spent in
6 the appraisal process. The appraisal process consists of: analyzing factors
7 that affect value; defining the problem; gathering and analyzing data; applying
8 the appropriate analysis and methodology; and arriving at an opinion and
9 correctly reporting the opinion in compliance with USPAP.
- 10 C. Hours may be treated as cumulative in order to achieve the necessary
11 number of hours of appraisal experience.

12 1. Cumulative is defined as experience that may be acquired over multiple
13 time periods.

14 2. The following is an example of cumulative experience:

15	Year 1	200 Hours
16	Year 2	800 Hours
17	Year 3	600 Hours
18	Year 4	400 Hours
19	<u>Year 5</u>	<u>500 Hours</u>
20	Total	2,500 Hours

21 D. There need not be a client in a traditional sense (e.g., a client hiring an
22 appraiser for a business purpose) in order for an appraisal to qualify for
23 experience, but experience gained for work without a traditional client cannot
24 exceed 50% of the total experience requirement.

25 Practicum courses that are approved by the AQB Course Approval Program
26 or state appraiser regulatory agencies can satisfy the non-traditional client
27 experience requirement. A practicum course must include the generally
28 applicable methods of appraisal practice for the credential category. Content
29 includes, but is not limited to: requiring the student to produce credible
30 appraisals that utilize an actual subject property; performing market research
31 containing sales analysis; and applying and reporting the applicable appraisal
32 approaches in conformity with USPAP. Assignments must require problem
33 solving skills for a variety of property types for the credential category.

34 Experience credit shall be granted for the actual classroom hours of
35 instruction and hours of documented research and analysis as awarded from
36 the practicum course approval process.

37 E. Practical Applications of Real Estate Appraisal (PAREA) programs approved
38 by the AQB utilize simulated training, and serve as an alternative to the
39 traditional Supervisor/Trainee experience model. To qualify as creditable
40 experience, AQB-approved PAREA programs shall:

- 41 1. Contain, at a minimum, the content specified in the Practical Applications
42 of Real Estate Appraisal section of this *Criteria*;
- 43 2. Require participants to possess the following prerequisites prior to
44 commencement of training:
- 45 a. Licensed Residential: 150 hours of qualifying education as specified in
46 the Required Core Curriculum for the Licensed Residential Real
47 Property Appraiser classification.
- 48 b. Certified Residential: 200 hours of qualifying education as specified in
49 the Required Core Curriculum for the Certified Residential Real
50 Property Appraiser classification; and
- 51 i. Possession of a valid Licensed Residential Real Property Appraiser
52 credential; or
- 53 ii. Successful completion of an AQB-approved PAREA program for
54 the Licensed Residential Real Property Appraiser classification;
- 55 3. Provide an adequate number of Mentors to ensure timely and competent
56 mentoring for all program participants;
- 57 4. Ensure Mentors meet or exceed the following qualifications:
- 58 a. Mentors shall be state-certified appraisers and in “good standing” for a
59 period of at least three (3) years prior to being eligible to become a
60 Mentor; and
- 61 b. Mentors shall not have been subject to any disciplinary action, within
62 any jurisdiction, within the last three (3) years that affected the
63 Mentor’s legal eligibility to engage in appraisal practice, or to act as a
64 Supervisory Appraiser. A Mentor subject to a disciplinary action would
65 be considered to be in “good standing” three (3) years *after* the
66 successful completion/termination of the imposed sanction; and
- 67 5. Ensure program participants produce appraisal reports that comply with
68 USPAP, and meet or exceed the following requirements:
- 69 a. Licensed Residential
- 70 i. No fewer than three (3) appraisal reports;
- 71 ii. Reports must represent a variety of assignment types and
72 property types that are consistent with the program content; and
- 73 iii. Reports must comply with the edition of USPAP that is in effect at
74 the time.
- 75 b. Certified Residential
- 76 i. No fewer than three (3) appraisal reports;
- 77 ii. Reports must represent a variety of assignment types and
78 property types that are consistent with the program content; and

- 79 iii. Reports must comply with the edition of USPAP that is in effect at
80 the time; and
- 81 6. Provide each program participant that successfully completes PAREA
82 training with a certificate of completion, subject to the following:
- 83 a. Participants may not receive partial credit for PAREA training;
84 b. Participants may not receive a certificate of completion until all
85 required components of PAREA training have been successfully
86 completed and approved by a program Mentor;
- 87 c. Certificates of completion must be signed by an individual from the
88 training entity qualified to verify a participant's successful completion;
89 and
- 90 d. Certificates of completion must not contain an expiration date or other
91 constraints that either limit or restrict the participant's ability to receive
92 appropriate credit; and
- 93 7. Allow participants successfully completing approved PAREA programs to
94 receive the following experience credit:
- 95 a. For participants completing an approved *Licensed Residential*
96 program:
- 97 i. Licensed Residential classification: up to 100 percent of the
98 required experience hours.
- 99 ii. Certified Residential classification: up to 67 percent of the required
100 experience hours.
- 101 iii. Certified General classification: up to 33 percent of the total
102 required experience, none of which is eligible towards the required
103 non-residential hours.
- 104 b. For participants completing an approved *Certified Residential* program:
- 105 i. Licensed Residential classification: up to 100 percent of the
106 required experience hours.
- 107 ii. Certified Residential classification: up to 100 percent of the required
108 experience hours.
- 109 iii. Certified General classification: up to 50 percent of the total
110 required experience, none of which is eligible towards the required
111 non-residential hours.
- 112 EF. An hour of experience is defined as verifiable time spent in performing tasks
113 in accordance with acceptable appraisal practice. Acceptable real property
114 appraisal practice for experience credit includes appraisal, appraisal review,
115 appraisal consulting, and mass appraisal.

116 All experience must be obtained after January 30, 1989, and must be
117 USPAP-compliant. An applicant's experience must be in appraisal work
118 conforming to Standards 1, 2, 3, 4, 5, and/or 6, where the appraiser
119 demonstrates proficiency in appraisal principles, methodology, procedures
120 (development), and reporting conclusions.

121 FG. Documentation in the form of reports, certifications, or file memoranda, or, if
122 such reports and memoranda are unavailable for good cause, other evidence
123 at the credentialing authority's discretion that the work is compliant with
124 USPAP must be provided as part of the state experience verification process
125 to support the experience claimed.

126 GH. The verification for experience credit claimed by an applicant shall be on
127 forms prescribed by the state certification/licensing agency, which shall
128 include:

- 129 1. Type of property;
- 130 2. Date of report;
- 131 3. Address of appraised property;
- 132 4. Description of work performed by the trainee/applicant and scope of the
133 review and supervision of the supervising appraiser;
- 134 5. Number of actual work hours by the trainee/applicant on the assignment;
135 and
- 136 6. The signature and state certification number of the supervising appraiser,
137 if applicable. Separate appraisal logs shall be maintained for each
138 supervising appraiser, if applicable.

139 HI. There is no maximum time limit during which experience may be obtained.

Section 3: PAREA Content Outlines

Rationale

The AQB believes PAREA may alleviate the challenges in obtaining appraisal experience as described at the outset of this document. PAREA training would be developed for the Licensed Residential and Certified Residential real property appraiser classifications. Following are some fundamental principles to understand prior to addressing the key questions found in the remaining sections of this document.

Note: Because the proposed PAREA section is new in its entirety, the full text is not being shown in underscore format on the following pages.

140 **PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA)**

141 **Minimum Content Requirements – Licensed Residential Classification**

142 **General Considerations and Responsibilities**

143 **I. Understanding and Applying Appraisal Professionalism**

- 144 A. Define appraisal professionalism
- 145 B. Professional etiquette
- 146 C. Provide introduction to appraisal profession
- 147 D. Discuss importance of professionalism
- 148 E. Discuss licensing and importance of Supervisor/Trainee course
- 149 F. Demonstrate examples of various appraisal communications

150 **II. Aligning with a Mentor/Firm**

- 151 A. Steps in selecting credible mentor
 - 152 1. Type of research necessary to find a mentor
 - 153 2. How to interview a mentor/types of questions
 - 154 3. Judging mentors business model for ethics and professionalism
 - 155 4. After preliminary research, how to judge mentor’s qualifications
- 156 B. Use of regulatory website to verify professional standing
- 157 C. Introduction to professional appraisal organizations in order to verify/observe
- 158 reputation. Encourage attendance at meeting

159 **III. Appraisal Data, Software and Tools: Guidelines for Selection of Data Sources and Appraisal Software**

- 161 A. Selection of appropriate data sources for residential appraisal practice
 - 162 1. Discuss minimum software requirements
 - 163 2. Provide overview of how software interacts with data portals
- 164 B. Overview of software options (vendors) and common forms
- 165 C. Understanding of information security and data usage
- 166 D. Common tools: measuring devices, cameras, etc.
 - 167 1. Exhibit use of various measuring devices
 - 168 2. Use of camera v. smartphone

169 **Problem Identification**

170 **I. Understanding Assignment Parameters**

- 171 A. Perform initial review of order/engagement letter, determine authoritative lines of
- 172 communication. Provide interactive exercise in extracting key information from
- 173 engagement letter

174 **II. Understanding Assignment Elements and Competency Issues**

- 175 A. Examination of appraisal request and other documents provided (e.g., title report,
- 176 purchase contract) to determine key assignment elements. {Standards Rule 1-
- 177 2(a) – 1-2(d), Scope of Work Rule} and/or contractual obligations. Determine
- 178 relevant appraisal_assignment conditions. Understanding client, intended use,
- 179 intended users, engagement letter terms, various assignment types, basis for
- 180 assignment conditions, extraordinary assumptions, and hypothetical conditions

- 181 B. Provide exercise for defining the problem. Goal is for participant to establish
182 appropriate steps in appraisal process
183 C. Exercises should contain overlays introducing key engagement items that could
184 affect scope of work
185 D. Ensure that exercise demonstrates impact on both assignment conditions and
186 elements
187 E. Include exercises where appraiser can identify during problem definition process
188 the existence of possible extraordinary assumptions and/or hypothetical
189 conditions
190 F. Demonstrate how competency issues are identified and will be resolved

191 **III. Market, Neighborhood, and Subject Property Research**

- 192 A. Preliminary online/archival research to gain basic market area and subject
193 property information
194 B. Must include general and neighborhood market analysis
195 1. Overview of available data sources for market area information
196 2. How to identify/verify the subject's market area
197 3. Analyze market area strengths/weaknesses
198 4. Define the market and neighborhood boundaries
199 C. Retrieval/analysis of preliminary information necessary for understanding subject
200 site and improvements
201 1. Review of public record information including site and improvement
202 information
203 2. MLS/online sites as a verification source
204 D. Based on information gathered in III.B above, must establish basis to identify key
205 relevant property characteristics {Standards Rule 1-2(e)}

206 **IV. Obtaining Preliminary Subject Property Information**

- 207 A. Setting the inspection appointment with related requests/requirements. Using
208 client-provided applications
209 B. Specificity of time requirement and process for inspection
210 C. Verification of individual providing access
211 D. Review of inspections and reports provided by others

212 **V. Review with Mentor**

- 213 A. Ensure the problem identification process was performed properly leading to an
214 appropriate scope of work

215 **Property Identification/Inspection**

216 **I. Initial Site Identification**

- 217 A. Sources of data required to obtain site identification
218 B. Understanding site characteristics/influences
219 1. Provide exercises with overlays depicting adverse site influences or site
220 benefits. Start with basic unimpeded site and progress with overlays
221 2. Identification of positive site influences (e.g., amenities, views)
222 3. Exercise in analyzing surplus or excess land

- 223 C. Zoning, general plan information
224 1. Identify where to locate all sources of information
225 2. Verification of revisions to zoning/general plan
226 3. Variances, use restrictions
227 4. Impact on highest & best use
228 D. Environmental issues, flood zone/earthquake information. Understanding
229 unusual issues
230 1. Location of relevant information
231 2. Communicate any unusual findings to the client to confirm whether
232 assignment is to be completed
- 233 **II. Verification of Neighborhood and Market Area**
234 A. As identified in Property Identification above, provide in-depth observations to
235 determine positive/adverse influences.
236 B. Define neighborhood and market characteristics, proximity to services
237 C. Conduct virtual inspection/review of subject's market area
238 D. Opportunity to overlay with various influences
- 239 **III. Subject Site Inspection**
240 A. Verify similarity to plat. Observation of site utility, its surrounding influences, and
241 possible views
242 B. Suitability for development. Raw land versus improved lot, ownership and
243 property rights
244 C. Analysis of site improvements and useable site area.
245 1. Understanding site setbacks
246 2. Determine how useable site area relates to surrounding properties and its
247 impact on marketability
248 D. What constitutes a view amenity?
249 1. Various view types
250 2. Where is view from?
251 3. Provide overlays of varying degrees of views and impact on marketability
252 E. Awareness of Potential Highest and Best Use Considerations
253 1. Show relationship of previously discussed site and improvement issues to
254 Highest and Best use
2. Demonstrate how these characteristics impact Highest and Best use
conclusion
- 255 **IV. Subject Property Improvements Inspection**
256 A. Include overview of architectural styles
257 1. Types/quality of construction
258 2. Floor plan issues, determination of room counts
259 3. Observable condition factors and description of upgrades
260 4. Recognition of potential/existing adverse influences
261 B. Pre-inspection sources and verifications of data
262 C. Physical inspection to determine relevant physical characteristics (thorough and
263 robust explanations)

264 D. Inspection safety issues

265 **V. Measuring the Subject Property**

266 A. Include methods and ultimately determining GLA

267 1. Basements

268 2. Stairways

269 3. Below grade living area (split level)

270 4. Accessory dwelling units, outbuildings, etc.

271 5. Awareness of special assignment conditions

272 6. Common rounding practices

273 B. Include virtual exercises in measuring subject properties

274 C. Discuss all measuring options (tape measures, rollers, lasers, etc.)

275 D. Other sources for obtaining GLA

276 **VI. Sketch Completion**

277 A. Include sketch completion exercises

278 B. Exercises must include final GLA determination (what areas should be extracted
279 from GLA)

280 **VII. Review with Mentor**

281 A. Ensure all elements of inspection process have been performed properly,
282 including neighborhood, site, and improvements

283 **Market Analysis / Highest and Best Use**

284 **I. Highest and Best Use**

285 A. Overview of pertinent data, including actual use/intended use

286 B. Thorough discussion of physically possible, legally permissible, economically
287 feasible, and maximally productive. Ensure compliance with Standards Rule 1-
288 3(b)

289 C. Communication of Highest and Best Use

290 1. When is "stating" appropriate

291 2. Appropriate commentary to support conclusion

292 **II. Performing Neighborhood and Market Research**

293 A. Identify the market area boundaries, physical characteristics, and specific
294 property location, including:

295 1. Major streets and highways

296 2. Streams

297 3. Railroads

298 4. Hills

299 5. Vacant land

300 6. Other physical barriers

301 B. Identify the following trends/characteristics in the defined neighborhood and
302 market area

303 1. After identifying the neighborhood and market area, research data and
304 information sufficient for identifying the following items:

305 a. Location

- 306 1) Urban
- 307 2) Suburban
- 308 3) Rural
- 309 b. Adequacy of utilities
- 310 c. Public transportation
- 311 d. Land use regulations
 - 312 1) Subject zoning
 - 313 2) Subdivision regulations
 - 314 3) Covenants and conditions
 - 315 4) Building codes
- 316 e. Percentage of land built-up
 - 317 1) One unit
 - 318 2) 2-4 unit
 - 319 3) Multi-Family
 - 320 4) Commercial
 - 321 5) Other (identify)
- 322 f. Growth rate
 - 323 1) Slow
 - 324 2) Stable
 - 325 3) Rapid
- 326 g. Property values
 - 327 1) Increasing
 - 328 2) Stable
 - 329 3) Declining
- 330 h. Supply and demand
 - 331 1) Shortage
 - 332 2) In balance
 - 333 3) Oversupply
- 334 i. Marketing Time
 - 335 1) Under 3 months
 - 336 2) 3-6 months
 - 337 3) Over 6 months
- 338 j. Housing prices (show in \$ amounts)
 - 339 1) Low
 - 340 2) High
 - 341 3) Predominant
- 342 k. Dwelling ages
 - 343 1) Low
 - 344 2) High
 - 345 3) Predominant
- 346 C. Identify all available sources used for researching neighborhood and market
- 347 data, including:
- 348 1. Local Multiple Listing Service (MLS)
- 349 2. Data aggregators

- 350 3. GIS mapping systems
- 351 4. Local planning offices
- 352 5. Visual inspection

353 **III. Process of Sales Analysis**

- 354 A. Identify the sources of sales data, including:
 - 355 1. MLS
 - 356 a. Requires legal access to MLS
 - 357 b. Visual tutorial on function, available data, tools
 - 358 c. How to verify
 - 359 2. City/County (public) transfer records
 - 360 a. What is a record?
 - 361 b. How to access
 - 362 c. How to verify
 - 363 3. Data providers
 - 364 a. Free services
 - 365 b. Fee for use services
 - 366 c. Credibility/reliability of sources
 - 367 d. How to verify
 - 368 4. Appraiser office files
 - 369 a. Confidentiality concerns
 - 370 b. Credibility/reliability
 - 371 c. How to verify
 - 372 5. Real estate agents/brokers
 - 373 a. Credibility/reliability
 - 374 b. Communication/interview process
 - 375 c. How to verify
- 376 B. Select the same or similar property types, uses, and characteristics.
 - 377 1. Identify elements of comparison
- 378 C. Identify all relevant current listings, expired listings, withdrawn listings, offers (if
- 379 available), FSBO, closed sales, and pending sales
 - 380 1. Comparables
 - 381 2. Subject property

382 **IV. Review with Mentor**

- 383 A. Ensure all necessary steps in highest and best use analysis and market analysis
- 384 were performed properly

385 **V. Valuation Approaches and Techniques**

- 386 A. Identify Appropriate Approaches to Value
 - 387 1. Three approaches to value are available for consideration in an appraisal
 - 388 assignment
 - 389 a. Sales comparison approach
 - 390 b. Cost approach
 - 391 c. Income approach

- 392 2. Consider each approach to value and determine the appropriateness based
393 on the intended use of the assignment
- 394 3. Acceptability is based on necessity for credibility of assignment results
- 395 4. Select the data considered most meaningful and relevant
- 396 B. Sales Comparison Approach
- 397 1. Analyze quality and quantity of data
- 398 a. Identify relevant units of comparison
- 399 b. Data and information collected must be analyzed for comparability and
400 consistency
- 401 2. Select the sales that are considered the most appropriate for subject property
402 comparability (demonstrate the process)
- 403 a. Verify the data
- 404 1) Methods of verification
- 405 (a) Interview one of the parties to the transaction
- 406 (b) Real estate agents
- 407 (c) Closing agents
- 408 (d) Lending institutions
- 409 (e) Property managers
- 410 (f) Closing transfer documents
- 411 2) Identifying Primary vs. Secondary Data Sources
- 412 (a) Primary data is assembled from information collected and verified
413 by the appraiser regarding the property being appraised, cost data,
414 comparable sales, rentals, and relevant local market characteristics
- 415 (b) Secondary data is information regarding the value influences from
416 social, economic, governmental, and environmental that are outside
417 the property boundaries being appraised
- 418 b. Identify and apply appropriate adjustments to comparables based on
419 differences to the subject property. Demonstrate applicable tools and
420 methods, including:
- 421 1) Paired sales analysis
- 422 2) Statistical and other graphic analysis
- 423 3) Trend analysis
- 424 4) Qualitative differences, including:
- 425 (a) Relative comparison analysis
- 426 (b) Ranking analysis
- 427 c. Elements of comparison include:
- 428 1) Real property rights conveyed
- 429 2) Financing
- 430 3) Sale conditions
- 431 4) Market conditions
- 432 5) Location
- 433 6) Physical characteristics
- 434 7) Economic conditions

- 435 8) Zoning/Property use
436 9) Non-realty items
437 d. Reconciliation is the final step of the sales comparison approach
438 3. Review with Mentor
439 a. Ensure the sales comparison approach has been performed properly
440 C. Cost approach
441 1. Develop site value of the subject as vacant using recognized methods or
442 techniques
443 a. Include contributory value of site improvements
444 2. Replacement or reproduction cost
445 3. Data for the cost calculations
446 a. Cost manuals/services
447 b. Builder's costs
448 c. Direct vs. indirect costs
449 d. Entrepreneurial profit/incentive
450 4. Calculate cost new for the improvements
451 5. Calculate depreciation (demonstrate and apply types, consider market trends)
452 a. Physical depreciation
453 b. Functional obsolescence
454 c. External factors
455 6. Reconciliation is the final step of the cost approach
456 D. Income approach
457 1. Collection and verification of pertinent rental data (actual vs. contract)
458 a. Comparable properties that have sold, and were rented
459 b. Comparable properties that are rented at the time of search
460 c. Analyze comparable properties income, expenses, and lease terms
461 2. GRM (Gross Rent Multiplier)
462 a. GRM is calculated using gross income (sale price / monthly rent = GRM)
463 3. Reconciliation is the final step of the income approach
464 **VI. Review with Mentor**
465 A. Ensure all approaches to value were adequately considered, and cost and
466 income approaches were performed properly (if applicable)
467 **VII. Final Reconciliation**
468 A. Analyze accuracy and sufficiency of data
469 B. Analyze strengths of weaknesses of each approach to value and their
470 applicability to the subject property
471 C. Analyze consistency of data and development
472 D. Analyze the quality and quantity of data
473 E. Review calculations
474 F. Develop the final opinion of value
475 **VIII. Review with Mentor**
476 A. Ensure final reconciliation was performed properly and determine appropriate
477 reporting

478 **Appraisal Report Development/Delivery**

479 **I. Report Development**

- 480 A. Standards Rule 2-1 minimum standard (not misleading, sufficient, assumptions,
481 etc.)
- 482 1. Ability to describe the subject property and comparable properties used in the
483 analysis (ensure compliance with STANDARD 2)
 - 484 a. Technical terms
 - 485 b. Common industry phrases and descriptors
 - 486 c. Fair lending do's and don'ts
 - 487 d. Identify relevant information using industry typical approaches and
488 technologies
 - 489 2. Ability to describe a market area and a neighborhood (same subset as above)
 - 490 3. Letter of transmittal
 - 491 a. Identify applicable information
 - 492 b. Required signatures for letter of transmittal
 - 493 c. Identify applicable information
 - 494 4. Report format
 - 495 a. Review and be familiar with various report formats such as narrative vs.
496 standard industry pre-fabricated forms and formats
 - 497 b. Comply with all applicable assignment elements and conditions
 - 498 c. Awareness and compliance with state regulatory requirements
 - 499 d. Describe scope of work
 - 500 1) Boiler plate v. customized comments
 - 501 2) Demonstrate ability to create an appropriate scope of work by
502 reviewing property data, assignment conditions, and other information
 - 503 3) Sufficiently describe the extent of the scope of work performed
 - 504 e. Ensure applicable appropriate addenda, exhibits, photos, etc. are included
 - 505 1) Understand adequacy/relevance/integrity of photos, maps, and exhibits
506 – how/where to upload in a report
 - 507 2) How to customize map boundaries and delineate comparable and
508 subject locations for report display
 - 509 3) Fair lending training – dos and don'ts for photos, exhibits.
 - 510 4) Demonstrate an ability to use commercially available tools to create
511 appropriate addenda, photos, maps, drawings, inclusion of other
512 documents, tables and graphs to describe the subject and
513 comparables and to support other conclusions in the report
 - 514 5. Certification
 - 515 a. Ensure familiarity with pre-printed content and applicability.
 - 516 b. Understand when and where USPAP boilerplate can be edited or
517 augmented
 - 518 c. Demonstrate the ability to create a custom certification and to understand
519 what is proper to include
 - 520 d. Understand the difference between certification and limiting conditions
 - 521 6. Workfile

- 522 a. RECORD KEEPING RULE – demonstrate understanding of how long
523 records must be retained
- 524 b. Understand authorized and unauthorized access to the file
- 525 c. Information security controls for confidential information
- 526 d. Appropriate methods of safe destruction for confidential electronic and
527 paper files
- 528 e. Demonstrate an ability to store and compile documents effectively as part
529 of this experience program, in relevant formats, electronic media, paper
530 and internet cloud storage systems
- 531 7. Report preparation
- 532 a. Report (written or oral)
- 533 b. Receipt authorization – who gets a copy?
- 534 c.

535 **II. Review with Mentor**

- 536 A. Ensure that the key components of an appraisal report and report format are
537 appropriate for assignment(s)

538 **III. Communication of Assignment Results**

- 539 A. Adequacy and relevance of information
- 540 1. USPAP compliance
- 541 2. Ability to apply USPAP in various real world situations. Also demonstrate the
542 ability to properly describe how USPAP applies. Demonstrate the ability to
543 accept various assignment types and comply with USPAP.
- 544 3. Assignment conditions
- 545 a. State requirements
- 546 b. Client-specific requirements
- 547 1) Demonstrate the ability to meet client expectations conveyed through
548 the engagement letter or other instruction methods
- 549 B. Adequate support for analysis
- 550 1. Explain and support rationale for excluding any of the traditional approaches
- 551 2. Explain and support reconciliation
- 552 3. Participants will gain experience reconciling results from various real life
553 scenarios
- 554 4. Explain all assumptions
- 555 5. Participants will gain experience by conveying assumptions in writing using
556 narrative comments as well as standard language in common industry forms
- 557 6. Explain and support all extraordinary assumptions and hypothetical conditions
558 (state their use may have effect on assignment results)
- 559 7. Participants will gain experience in differing scenarios utilizing extraordinary
560 and ordinary assumptions. They will gain experience through different
561 valuation scenarios utilizing hypothetical conditions in valuation assignments
- 562 C. Review and proofread report for errors and omissions
- 563 1. Subsequent revisions/corrections

- 564 a. Recognize and understand a legitimate revision/correction request as
565 allowed under appraiser independence
566 1) Participants will gain experience responding to various types of
567 reconciliations, from minor clerical or administrative issues to requests
568 to include additional sales or listing to data to request to not include
569 certain observations. Participants will gain experience responding to
570 various scenarios in an appropriate manner ensuring public trust
571 b. Appropriate vs inappropriate responses to bona fide revision/correction
572 requests
573 D. Submission of report
574 1. Methods of delivery
575 2. Demonstrate the ability to submit reports electronically in various formats to
576 various portals. Demonstrate ability to create a written copy in an industry
577 acceptable format
578 **IV. Review with Mentor**
579 A. Ensure understanding of effective appraisal report presentation and required
580 content
581 B. Ensure compliance with Standards Rule 2-2

582 **Minimum Content Requirements – Certified Residential Classification**

583 **Problem Identification**

584 **I. Identification of Complex Properties – Sources**

- 585 A. Engagement letter details
- 586 B. Preliminary research of public records
- 587 C. Preliminary research of market data

588 **II. Relevant Scope of Work and Competency Issues Involved**

- 589 A. Based on preliminary research and analysis, how might this impact scope of
- 590 work
- 591 B. How competency issues will be resolved

592 **Complex Ownership and Market Conditions**

593 **I. Forms of Complex Ownership**

- 594 A. Co-ops
- 595 B. Life estates
- 596 C. Valuation of a leased fee estate with rental analysis
- 597 D. Valuation of leasehold interest
- 598 E. Residence subject to a ground lease
- 599 F. Rental restrictions
- 600 G. Private road issues (use and maintenance agreements/costs)
- 601 H. Easements-dominant and servient tenements
- 602 I. Encroachments

603 **II. Identifying Complex Market Conditions**

- 604 A. Impact of disasters
- 605 B. Major employer arrives/leaves
- 606 C. Municipality rent control policies

607 **III. Review with Mentor**

- 608 A. Ensure understanding of how issues uncovered during property identification
- 609 process relate to complexity. Also, focus on complex ownership issues and
- 610 market conditions.

611 **Residential Market Analysis/Highest and Best Use**

612 **I. Market Analysis Issues Related to Highest and Best Use**

- 613 A. Current market conditions
- 614 B. Over/under supply
- 615 C. Location within growth corridor
- 616 D. Transportation adjacency; changing area attributes, amenities
- 617 E. Neighborhood gentrification

618 **II. Highest and Best Use Analysis-Complex**

- 619 A. House on commercial land
- 620 B. Property subject to enhanced public improvements
- 621 1. Eminent domain takings

622 2. Subject property as economic remainder

623 3. Historical registry

624 **III. Special Assessments**

625 **Physical Characteristics of Complex Properties**

626 **I. Unique Design Features**

627 **II. High Quality/Amenity Properties**

628 **III. Over-improvements**

629 **IV. Physical Deficiencies of Improvements**

630 **V. Positive or Negative Locational Influences**

631 **VI. Functional Inadequate and Super Adequate Impact**

632 **VII. Vacant Sites (Including View Amenities, Surplus Land)**

633 **VIII. Issues Covered Under Site and Cost Approaches**

634 **Use of Key Statistical Concepts**

635 **I. Key Market Driving Influences**

636 A. Determine most appropriate units of comparison (market drivers) in multi-unit
637 residential properties (e.g., \$/unit, \$/SF, \$/bedroom)

638 B. Identify market preferences for characteristics and amenities (e.g., parking, #
639 beds, # baths, GLA)

640 **II. Adjustment Support**

641 A. Identify and support applicable adjustments (e.g., size, time (market conditions),
642 distance from employment/shopping/service centers)

643 **III. Population/Employment Trends**

644 A. Determine relationships between employment, population and residential units
645 (SUR vs. MUR) over time

646 **IV. Review with Mentor**

647 A. Ensure key analytical issues related to market conditions and highest & best use
648 are effectively addressed.

649 **Site Valuation and Cost Approaches**

650 **I. Site Valuation**

651 A. Extract comparable land/site sales to adequately support adjustments for and
652 contributing value of unique attributes associated with complex vacant sites
653 (view, entitlements, amenities, surplus/excess land)

654 **II. Methods of Land/Site Valuation**

- 655 A. Allocation
- 656 B. Market extraction
- 657 C. Ground rent capitalization
- 658 D. Land residual method; and
- 659 E. Sales comparison
 - 660 1. Sites w/ surplus land
 - 661 2. Excess land
 - 662 3. One-off sites subject to adverse influences
 - 663 a. Heavy traffic: (arterials, highways)
 - 664 b. Noxious influences
 - 665 c. Adverse surrounding influences
 - 666 4. Site-usability
 - 667 a. Topographical issues
 - 668 b. Suitability for supporting a structure
 - 669 c. Understanding encroachments/development restrictions
 - 670 5. One-off sites w/amenities
 - 671 a. Views: water, mountain, scenic, surrounding
 - 672 b. Unique site locations: golf course
 - 673 c. White water v. blue water ocean views
 - 674 d. Water facing-price/front foot

675 **III. Construction Costs**

- 676 A. Related to high amenity structures
- 677 B. Local cost influences

678 **IV. Functional Obsolescence**

- 679 A. Distinguish between curable and incurable forms
- 680 B. Analyze and support conclusions on obsolescence, including lack thereof,
681 associated with these complex properties
- 682 C. Examples:
 - 683 1. Overbuilt living area for market
 - 684 2. Swimming pools
 - 685 3. Garage inadequacy
 - 686 4. Over-improvement items: flooring, appliances
 - 687 5. Inadequate living space (e.g. bedrooms)

688 **Sales Comparison Approach**

689 **I. Sales Concessions**

- 690 A. Is the subject property subject to sales concessions?
- 691 B. Identification of sales concessions in comparable data
- 692 C. Cash equivalency related to financing terms

693 **II. Identifying and Applying Atypical Adjustments**

- 694 A. High amenity custom quality adjustments
- 695 B. Site adjustments
 - 696 1. Views

- 697 2. Surplus land
- 698 3. Adjustments reflecting nearby adverse influences
- 699 C. Adjustment support/matched pairs, statistical methods
- 700 1. Declining or escalating market
- 701 2. Isolating a specific adjustment item-matched pair
- 702 D. Adjustment support for unique one-off property sales
- 703 E. Extract support for contributing value for complex characteristics from
- 704 comparable sales data and other market sources for use in determining
- 705 adjustments and/or the curable/incurable nature of obsolescence

706 **III. Review with Mentor**

- 707 A. Ensure the sales comparison approach has been performed properly.

708 **Income Approach**

709 **I. 1-4 Unit Appraisals**

- 710 A. Collection of comparable rent data
- 711 1. Overview of data sources
- 712 a. MLS and other data sources
- 713 b. Public records
- 714 c. Property managers
- 715 d. Tenant interviews
- 716 B. Complex rental adjustments
- 717 1. Understanding impact of complex amenities
- 718 2. Expense allocations between comparables
- 719 C. Unique multi-unit assignments
- 720 1. Location premiums within PUD/condo
- 721 2. Impact of rent control or subsidies
- 722 3. Student housing
- 723 4. Seasonal and short-term rentals
- 724 D. GRM analysis
- 725 1. Non-market rent impact on GRM
- 726 2. Reconciling GRM indicators

727 **II. Review with Mentor**

- 728 A. Review the approaches to value and ensure proper analysis and support for their conclusions. This section also requires final reconciliation review.

729 **Writing and Reasoning Skills**

730 **I. Data Presentation**

- 731 A. Determine when presentation of data in tables, charts and graphs provides greater clarity than narrative
- 732 B. Stress benefit of succinct narrative using active voice, direct statements, shorter words, shorter paragraphs and placing the bottom line up front
- 733 C. Have another proofread whenever possible

736 **II. Discussion of Approaches to Value**

- 737 A. Adjust depth of discussion to the intended user(s). Illustrate distinctions between
738 intended users that are more “knowledgeable” versus those who are less
739 “knowledgeable”
740 B. Dedicate more narrative to approaches used in the assignment. Excluded
741 approaches require only enough narrative to adequately explain the
742 reason(s)/support for their exclusion

743 **III. Support for Conclusions**

- 744 A. Clearly state conclusions throughout the report - not just when opining value.
745 Conclusions include how the subject ranks within its market for size, condition,
746 amenities, location, as well as value indications for various approaches
747 performed. Each conclusion requires credible support and logical reconciliation

748 **IV. Summary of Data and Reconciliation of Value Approaches**

- 749 A. Summarize the quantity, quality, reliability, and relevance of data available for
750 application in each approach performed. The reconciliation and final value
751 opinion must be consistent with the conclusions of this summary regarding the
752 most germane approach to value

753 **V. Proper Use of English Diction/Understandable Presentation**

- 754 A. Use active voice where possible
755 B. Use short sentences and paragraphs
756 C. State conclusion at the beginning
757 D. Use concise wording
758 E. Use graphs, tables, charts, and bullets where they shorten and clarify
759 presentation
760 F. Use spell check and grammar check. Proofread yourself and give to another to
761 proofread

762 **VI. Review with Mentor**

- 763 A. Ensure understanding of effective appraisal report presentation and required
764 content
765 B. Ensure compliance with Standards Rule 2-2

Section 4: Guide Note 11 (GN-11): *Delivery Methods and Techniques in PAREA Training*

In Section 3 of this document, the AQB is proposing minimum content outlines for Licensed Residential and Certified Residential PAREA programs. If adopted, the content would become part of the *Criteria* and, therefore, binding. As a result, any entity wishing to develop PAREA training would be required to meet, at a minimum, these content outlines.

In this section, the AQB is proposing a Guide Note that describes *how* the required content in PAREA *should* be delivered. Because Guide Notes are not binding,¹ entities would not necessarily be required to follow the methods described;² however, these methods might be considered a “safe harbor” for those wishing to develop PAREA simulated training programs.

The Appraisal Foundation (Foundation) intends to develop a “model” PAREA training program that would follow the delivery methods identified in the Guide Note, and allow qualified entities to offer the training via license agreements. For entities wishing to create their own PAREA training, the AQB would review such programs for equivalency to the “model” training program developed by the Foundation.

Note: Because the proposed Guide Note 11 is new in its entirety, the full text is not being shown in underscore format on the following pages.

¹ Although Guide Notes are not binding from the AQB perspective, certain state appraiser regulatory agencies and other entities may choose to mandate compliance with them.

² The types of tools for PAREA training and potential examples of their use appear in Section 1 of this document.

766 **AQB GUIDE NOTE 11 (GN-11)**

767 **AQB GUIDANCE FOR DELIVERY METHODS AND TECHNIQUES IN PAREA**
768 **TRAINING**

769 Guide Note 11 (GN-11) contains guidance for the delivery of PAREA training. The
770 suggested delivery methods and techniques follow each of the required content areas as
771 identified in the PAREA section of the *Criteria*, and are abbreviated using the following
772 legend:

Method	Abbreviation
Computer Based Learning	CBL
Video Gaming	VG
Video Tutorial	VT
Virtual Assistant	VA
Virtual Reality Training	VRT

773 These delivery methods and techniques may be amended from time-to-time to reflect
774 changes in technology or required PAREA content.

775 **LICENSED RESIDENTIAL**

776 **General Considerations and Responsibilities**

777 **I. Understanding and Applying Appraisal Professionalism**

- 778 A. Define appraisal professionalism
779 B. Professional etiquette
780 C. Provide introduction to appraisal profession
781 D. Discuss importance of professionalism
782 E. Discuss licensing and importance of Supervisor/Trainee course
783 F. Demonstrate examples of various appraisal communications

784 **Methods and Techniques**

- 785 • Demonstrate examples of good and bad communication, using a variety of
786 methods (e.g., email, text), underscoring proper professionalism and an
787 appraiser’s responsibility to others [VT]
788 • Incorporate telephonic and verbal examples [VT/VA]
789 • Highlight USPAP considerations (e.g., improper influence, prior services)
790 [VT/VG]
791 • Demonstrate navigating a typical state appraiser regulatory agency website to
792 identify applicable laws and regulations (i.e., “know your regulator”) [CBL/VA]
793 • Demonstrate Appraiser Independence Requirements (AIR), with examples of
794 acceptable and unacceptable conditions [CBL/VT/VG]

795 **II. Aligning with a Mentor/Firm**

- 796 A. Steps in selecting credible mentor
797 1. Type of research necessary to find a mentor
798 2. How to interview a mentor/types of questions

- 799 3. Judging mentors business model for ethics and professionalism
800 4. After preliminary research, how to judge mentor’s qualifications
801 B. Use of regulatory website to verify professional standing
802 C. Introduction to professional appraisal organizations in order to verify/observe
803 reputation. Encourage attendance at meeting

804 **Methods and Techniques**

- 805 • Conduct an interview, demonstrating good and bad techniques [VT/VA]
806 • Perform background tasks to determine reputation (e.g., networking, affiliated
807 industries, BBB) [VT/CBL]
808 • Introduce and navigate Appraisal Subcommittee website (www.asc.gov) as well
809 as TAF website (www.appraisalfoundation.org) and associated resources
810 [VT/VA/CBL]
811 • Create awareness and demonstrate benefits of membership in professional
812 organizations. Compare and contrast, provide local sources for major
813 organizations (e.g., AI, ASA/NAIFA, ASFMRA, State Appraiser Coalitions)
814 [VT/VA/CBL]

815 **III. Appraisal Data, Software and Tools: Guidelines for Selection of Data Sources**
816 **and Appraisal Software**

- 817 A. Selection of appropriate data sources for residential appraisal practice
818 1. Discuss minimum software requirements
819 2. Provide overview of how software interacts with data portals
820 B. Overview of software options (vendors) and necessary forms to include
821 C. Understanding of information security and data usage
822 D. Common tools: measuring devices, cameras, etc.
823 1. Exhibit use of various measuring devices
824 2. Use of camera v. smartphone

825 **Methods and Techniques**

- 826 • Identify various appraisal-related technology tools [VT/VA]
827 • Introduce and demonstrate the use of generic appraisal software [VA/VG/CBL]
828 • Identify and demonstrate the use of various measuring tools [VA/VG/CBL]
829 • Require completion of training on a base level camera as well as instruction of
830 camera etiquette – no photos of children, personal effects, etc. [VT/VA/VG]
831 • Develop challenges around GLB/Privacy/InfoSec [VT/VA/VG]

832 **Problem Identification**

833 **I. Understanding Assignment Parameters**

- 834 A. Perform initial review of order/engagement letter, determine authoritative lines of
835 communication. Provide interactive exercise in extracting key information from
836 engagement letter

837 **II. Understanding Assignment Elements and Competency Issues**

- 838 A. Examination of appraisal request, title report, purchase contract, etc. to
839 determine key assignment elements. {Standards Rule 1-2(a) – 1-2(d), Scope of
840 Work Rule} and/or contractual obligations. Determine relevant appraisal

- 841 assignment conditions. Understanding client, intended use, intended users,
842 engagement letter terms, various assignment types, basis for assignment
843 conditions, extraordinary assumptions, and hypothetical conditions
844 B. Provide exercise for defining the problem. Goal is for participant to establish
845 appropriate steps in appraisal process
846 C. Exercise should contain overlays in key engagement items that could affect
847 scope of work
848 D. Ensure that exercise demonstrates impact on both assignment conditions and
849 elements
850 E. Include exercises where appraiser can identify during problem definition process
851 the existence of possible extraordinary assumptions and/or hypothetical
852 conditions
853 F. How competency issues will be resolved

854 Methods and Techniques

- 855 • Identify key items from an engagement letter – demonstrate correct and incorrect
856 examples [VT/VA/CBL]
- 857 • Identify procedures for creating a workfile, using both electronic and hard copy
858 formats [VT/VA/CBL]
- 859 • Provide multiple examples for determining appropriate Scope of Work and
860 identifying appraiser competency issues [VT/VG]
- 861 • Provide multiple examples of atypical assignment conditions/elements
862 [VT/VA/CBL]

863 **III. Market, Neighborhood, and Subject Property Research**

- 864 A. Preliminary online/archival research to gain basic market area and subject
865 property information
- 866 B. Must include general and neighborhood market analysis
867 1. Overview of available data sources for market area information
868 2. How to identify/verify the subject's market area
869 3. Analyze market area strengths/weaknesses
870 4. Define the market and neighborhood boundaries
- 871 C. Retrieval/analysis of preliminary information necessary for understanding subject
872 site and improvements
873 1. Review of public record information including site and improvement
874 information
875 2. MLS/online sites as a verification source
- 876 D. Based on information gathered in III.B above, must establish basis to identify key
877 relevant property characteristics {Standards Rule 1-2(e)}

878 Methods and Techniques

- 879 • Collect data on simulated neighborhood using multiple examples and iterations (e.g.,
880 census, population trends, imitated zoning) [VT/VA/VG/CBL]
- 881 • Visually illustrate typical area boundaries (e.g., roadways, natural boundaries,
882 zoning clusters) using multiple examples [VT/CBL/VG]

- 883 • Use simulated data tools (e.g., MLS, aggregators) to identify and determine price
884 trends, market supply (current and historical information) [VT/VA/CBL]
885 • Using simulated property record system, obtain attributes of a subject property
886 [VA/CBL]

887 **IV. Obtaining Preliminary Subject Property Information**

- 888 A. Setting the inspection appointment with related requests/requirements. Using
889 client-provided applications
890 B. Specificity of time requirement and process for inspection
891 C. Verification of individual providing access
892 D. Review of inspections and reports provided by others

893 Methods and Techniques

- 894 • Create multiple scenarios to determine the adequacy of inspections (i.e., personal
895 inspection, inspection by third party, and virtual inspection) and third party reports to
896 ensure an appropriate Scope of Work [VA/CBL]
897 • Create multiple scenarios (using good and bad examples) for inspection scheduling,
898 communication, verification of data, etc. [VT/VA/VG]
899 • Conduct specific Q&A examples with virtual agent/broker, tenant, property owner,
900 etc. [VT/VA/VG]

901 **V. Review with Mentor**

- 902 A. Ensure the problem identification process was performed properly leading to an
903 appropriate scope of work

904 Methods and Techniques

- 905 • Ensure an appropriate Scope of Work has been planned
906 • Ensure participant is competent to continue

907 **Property Identification/Inspection**

908 **I. Initial Site Identification**

- 909 A. Sources of data required to obtain site identification
910 B. Understanding site characteristics/influences
911 1. Provide exercises with overlays depicting adverse site influences or site
912 benefits. Start with basic unimpeded site
913 2. Identification of positive site amenities; views
914 3. Exercise in analyzing surplus or excess land
915 C. Zoning, general plan information
916 1. Location of all sources of information
917 2. Verification of revisions to zoning/general plan
918 3. Variances, use restrictions
919 4. Impact on highest & best use
920 D. Environmental issues, flood zone/earthquake information. Understanding
921 unusual issues
922 1. Location of relevant information

923 2. Communicate any unusual findings to the client to confirm assignment is to
924 be completed

925 Methods and Techniques

- 926 • Demonstrate zoning map and analysis [VT/VA/CBL]
- 927 • Demonstrate flood map system and analysis [VT/VA/CBL]
- 928 • Demonstrate earthquake map and analysis [VT/VA/CBL]
- 929 • Demonstrate sample GIS system and analysis [VT/VA/CBL]
- 930 • Demonstrate plat map reading and analysis g [VT/VA/CBL]
- 931 • Provide multiple examples of atypical factors (e.g., external, non-conformance,
932 environmental, excess land, suspected issues) and analysis [VT/VA]

933 **II. Verification of Neighborhood and Market Area**

- 934 A. As identified in Property Identification above with in-depth observation to
935 determine positive/adverse influences.
- 936 B. Define neighborhood and market characteristics, proximity to services
- 937 C. Conduct actual inspection/review of subject's market area
- 938 D. Opportunity to overlay with various influences

939 Methods and Techniques

- 940 • Virtual neighborhood tours identifying positive and negative influences [VT/VA/VRT]
- 941 • Demonstrate use of web-based mapping tools (e.g., Google Earth, Google Maps)
942 and how to use analytics [VT/VA/CBL]

943 **III. Subject Site Inspection**

- 944 A. Verify similarity to plat. Observation of site utility, its surrounding influences, and
945 possible views
- 946 B. Suitability for development. Raw land versus improved lot, ownership and
947 property rights
- 948 C. Analysis of site improvements and useable site area.
 - 949 1. Understanding site setbacks
 - 950 2. Determine how useable site area relates to surrounding properties and its
951 impact on marketability
- 952 D. What constitutes a view amenity?
 - 953 1. Various view types
 - 954 2. Where is view from?
 - 955 3. Provide overlays of varying degrees of views and impact on marketability
- 956 E. Awareness of Potential Highest and Best Use Considerations
 - 957 1. Show relationship of previously discussed site and improvement issues to
958 Highest and Best use
 - 959 2. Demonstrate how these characteristics impact Highest and Best use
960 conclusion

961 Methods and Techniques

- 962 • Illustrate different site conditions, offer multiple options within each example –
963 provide description choices, demonstrate appropriate analyses of scenarios
964 [VT/VA/VRT]

965 **IV. Subject Property Improvements Inspection**

- 966 A. Include overview of architectural styles
967 1. Types/quality of construction
968 2. Floor plan issues, determination of room counts
969 3. Observable condition factors and description of upgrades
970 4. Recognition of potential/existing adverse influences
971 B. Pre-inspection sources and verifications of data
972 C. Physical inspection to determine relevant physical characteristics (thorough and
973 robust explanations)
974 D. Inspection safety issues

975 Methods and Techniques

- 976 • Provide multiple examples (variety) of architecture, material types for exterior and
977 interior surfaces, condition, quality, mechanicals, electrical systems and provide
978 exercises for proper identification and analysis [VT/CBL]
979 • Identify physical and functional obsolescence, lack of conformity [VT/CBL]

980 **V. Measuring the Subject Property**

- 981 A. Include methods and ultimately determining GLA
982 1. Basements
983 2. Stairways
984 3. Below grade living area (split level)
985 4. Accessory dwelling units, outbuildings, etc.
986 5. Awareness of special assignment conditions
987 6. Common rounding practices
988 B. Include actual exercise in measuring a subject property
989 C. Discuss all measuring options (tape measures, rollers, lasers, etc.)
990 D. Other sources for obtaining GLA

991 **VI. Sketch Completion**

- 992 A. Include sketch completion exercises
993 B. Exercises must include final GLA determination (what areas should be extracted
994 from GLA)

995 Methods and Techniques

- 996 • Demonstrate sketch measurement software applications using computers, tablets,
997 hand held devices, etc. for various home designs (e.g., 1-story, 2-story, split-level,
998 bi-level) [VT/VA/VG/VRT]
999 • Include multiple variations (e.g., bay windows, overhangs, open space 2nd story,
1000 basements, etc.) [VT/VA/VG/VRT]
1001 • Include various tools (e.g., laser, roller, tape, etc.) [VT/VA/VG/VRT]
1002 • Calculate square footage from plans and specs [VT/VA/VG/VRT]

1003 • Complete several examples on a sketch program [VT/VA/VG/VRT]

1004 **VII. Review with Mentor**

1005 A. Ensure all elements of inspection process have been performed properly,
1006 including neighborhood, site, and improvements

1007 Methods and Techniques

1008 • Ensure participant is competent to continue

1009 **Market Analysis / Highest and Best Use**

1010 **I. Highest and Best Use**

1011 A. Overview of pertinent data, including actual use/intended use

1012 B. Thorough discussion of physically possible, legally permissible, economically
1013 feasible, and maximally productive. Ensure compliance with S.R. 1-3(b)

1014 C. Communication of Highest and Best Use

1015 1. When is “stating” appropriate

1016 2. Appropriate commentary to support conclusion

1017 Methods and Techniques

1018 • Using several sample properties, develop a coherent analysis of Highest and Best
1019 Use for each [VT/VG/CBL]

1020 • Provide correct examples on each property that satisfies understanding the concept
1021 [VT/VG/CBL]

1022 **II. Performing Neighborhood and Market Research**

1023 A. Identify the market area boundaries, physical characteristics, and specific
1024 property location, including:

1025 1. Major streets and highways

1026 2. Streams

1027 3. Railroads

1028 4. Hills

1029 5. Vacant land

1030 6. Other physical barriers

1031 B. Identify the following trends/characteristics in the defined neighborhood and
1032 market area

1033 1. After identifying the neighborhood and market area, research data and
1034 information sufficient for identifying the following items:

1035 a. Location

1036 1) Urban

1037 2) Suburban

1038 3) Rural

1039 b. Adequacy of utilities

1040 c. Public transportation

1041 d. Land use regulations

1042 1) Subject zoning

1043 2) Subdivision regulations

- 1044 3) Covenants and conditions
 1045 4) Building codes
 1046 e. Percentage of land built-up
 1047 1) One unit
 1048 2) 2-4 unit
 1049 3) Multi-Family
 1050 4) Commercial
 1051 5) Other (identify)
 1052 f. Growth rate
 1053 1) Slow
 1054 2) Stable
 1055 3) Rapid
 1056 g. Property values
 1057 1) Increasing
 1058 2) Stable
 1059 3) Declining
 1060 h. Supply and demand
 1061 1) Shortage
 1062 2) In balance
 1063 3) Oversupply
 1064 i. Marketing Time
 1065 1) Under 3 months
 1066 2) 3-6 months
 1067 3) Over 6 months
 1068 j. Housing prices (show in \$ amounts)
 1069 1) Low
 1070 2) High
 1071 3) Predominant
 1072 k. Dwelling ages
 1073 1) Low
 1074 2) High
 1075 3) Predominant
 1076 C. Identify all available sources used for researching neighborhood and market
 1077 data, including:
 1078 1. Local Multiple Listing Service (MLS)
 1079 2. GIS mapping systems
 1080 3. Local planning offices
 1081 4. Visual inspection

1082 Methods and Techniques

- 1083 • Perform a sample neighborhood “fly-by” with characteristics as specified above
 1084 being identified [VT/VA/VRT]
 1085 • Review simulated MLS data to evaluate supply/demand [VT/VA/VG/CBL]

- 1086 • Review public and private sources (e.g., proprietary data, Trulia, Zillow)
- 1087 [VT/VA/CBL]
- 1088 • Analyze information from simulations to reveal trends on growth, values, prices,
- 1089 marketing times [VT/VA/VG/CBL]

1090 **III. Process of Sales Analysis**

- 1091 A. Identify the sources of sales data, including:
 - 1092 1. MLS
 - 1093 a. Requires legal access to MLS
 - 1094 b. Visual tutorial on function, available data, tools
 - 1095 c. How to verify
 - 1096 2. City/County (public) transfer records
 - 1097 a. What is a record?
 - 1098 b. How to access
 - 1099 c. How to verify
 - 1100 3. Data providers
 - 1101 a. Free services
 - 1102 b. Fee for use services
 - 1103 c. Credibility/reliability of sources
 - 1104 d. How to verify
 - 1105 4. Appraiser office files
 - 1106 a. Confidentiality concerns
 - 1107 b. Credibility/reliability
 - 1108 c. How to verify
 - 1109 5. Real estate agents/brokers
 - 1110 a. Credibility/reliability
 - 1111 b. Communication/interview process
 - 1112 c. How to verify
- 1113 B. Select the same or similar property types, uses, and characteristics.
 - 1114 1. Identify elements of comparison
- 1115 C. Identify all relevant current listings, expired listings, withdrawn listings, offers (if
 - 1116 available), FSBO, closed sales, and pending sales
 - 1117 1. Comparables
 - 1118 2. Subject property

1119 Methods and Techniques

- 1120 • Demonstrate a typical MLS search, and other less common search options [VT/VA]
- 1121 • Perform searches to identify applicable sales from a group of potential transactions
- 1122 [VT/VA/VG/CBL]
- 1123 • Develop and demonstrate rationale for selection of sales [VT/VG/CBL]
- 1124 • Conduct an interactive interview (incorporating checklist) on sales data confirmation
- 1125 [VT/VA]
- 1126 • Research prior sales history with simulated data sites (e.g., assessor, public records,
- 1127 proprietary sources) [VT/VG/CBL]
- 1128 • Identify appropriate elements of comparison [VT/VA/CBL]

- 1129 • Introduce confidentiality issues related to use of non-public information [VT/VA/VG]
1130 • Update workfile with results, incorporate electronic vs. paper vs. combination
1131 [VT/VA]

1132 **IV. Review with Mentor**

- 1133 A. Ensure all necessary steps in highest and best use analysis and market analysis
1134 were performed properly

1135 Methods and Techniques

- 1136 • Ensure participant is competent to continue

1137 **V. Valuation Approaches and Techniques**

1138 A. Identify Appropriate Approaches to Value

- 1139 1. Three approaches to value are available for consideration in an appraisal
1140 assignment

1141 a. Sales comparison approach

1142 b. Cost approach

1143 c. Income approach

1144 2. Consider each approach to value and determine the appropriateness based
1145 on the intended use of the assignment

1146 3. Acceptability is based on necessity for credibility of assignment results

1147 4. Select the data considered most meaningful and relevant

1148 B. Sales Comparison Approach

1149 1. Analyze quality and quantity of data

1150 a. Identify relevant units of comparison

1151 b. Data and information collected must be analyzed for comparability and
1152 consistency

1153 2. Select the sales that are considered the most appropriate for subject property
1154 comparability (demonstrate the process)

1155 a. Verify the data

1156 1) Methods of verification

1157 (a) Interview one of the parties to the transaction

1158 (b) Real estate agents

1159 (c) Closing agents

1160 (d) Lending institutions

1161 (e) Property managers

1162 (f) Closing transfer documents

1163 2) Identifying Primary vs. Secondary Data Sources

1164 (a) Primary data is assembled from information collected and verified
1165 by the appraiser regarding the property being appraised, cost data,
1166 comparable sales, rentals, and relevant local market characteristics

1167 (b) Secondary data is information regarding the value influences from
1168 social, economic, governmental, and environmental that are outside
1169 the property boundaries being appraised

- 1170 b. Identify and apply appropriate adjustments to comparables based on
1171 differences to the subject property. Demonstrate applicable tools and
1172 methods, including:
1173 1) Paired sales analysis
1174 2) Statistical and other graphic analysis
1175 3) Trend analysis
1176 4) Qualitative differences, including:
1177 (a) Relative comparison analysis
1178 (b) Ranking analysis
1179 c. Elements of comparison include:
1180 1) Real property rights conveyed
1181 2) Financing
1182 3) Sale conditions
1183 4) Market conditions
1184 5) Location
1185 6) Physical characteristics
1186 7) Economic conditions
1187 8) Zoning/Property use
1188 9) Non-realty items
1189 d. Reconciliation is the final step of the sales comparison

1190 Methods and Techniques

- 1191 • Using simulated data, identify applicable approach(es) to value [VT/VG/CBL]
1192 • Complete multiple sales comparison analyses using previously selected data for
1193 both vacant land and improved sites, incorporating applicable techniques to estimate
1194 appropriate adjustments [VT/VG/CBL]
1195 • Add complexity at a basic level for commonly encountered external influences,
1196 super-adequacies, functional obsolescence [VT/VA/VG/CBL]
1197 • Develop value opinions for multiple scenarios [VT/VG/CBL]
1198 • Demonstrate proper and improper examples of reconciliation, develop appropriate
1199 reconciliation [VT/VG/CBL]

1200 3. Review with Mentor

- 1201 a. Ensure the sales comparison approach has been performed properly

1202 Methods and Techniques

- 1203 • Verify analyses and opinions are credible; if not, return to data selection
1204 • Ensure participant is competent to continue

1205 C. Cost approach

- 1206 1. Develop site value of the subject as vacant using recognized methods or
1207 techniques
1208 a. Include contributory value of site improvements
1209 2. Replacement or reproduction cost
1210 3. Data for the cost calculations
1211 a. Cost manuals/services

- 1212 b. Builder's costs
- 1213 c. Direct vs. indirect costs
- 1214 d. Entrepreneurial profit/incentive
- 1215 4. Calculate cost new for the improvements
- 1216 5. Calculate depreciation (demonstrate and apply types, consider market trends)
- 1217 a. Physical depreciation
- 1218 b. Functional obsolescence
- 1219 c. External factors
- 1220 6. Reconciliation is the final step of the cost approach

1221 Methods and Techniques

- 1222 • Complete a basic cost new, utilize several different cost approach models
- 1223 [VT/VG/CBL]
- 1224 • Develop credible opinions of site value [VT/VG/CBL]
- 1225 • Add basic level complexity (e.g., new homes, remodeled homes, homes having
- 1226 inadequacies) [VT/VA/VG/CBL]
- 1227 • Develop supportable depreciation estimates, age-life method, add basic level
- 1228 complexities (e.g., repairs, obsolescence) [VT/VG/CBL]
- 1229 • Develop indicated values by the cost approach [VT/VG/CBL]
- 1230 • Demonstrate proper and improper examples of reconciliation, develop appropriate
- 1231 reconciliation on multiple examples [VT/VA/VG/CBL]

1232 D. Income approach

- 1233 1. Collection and verification of pertinent rental data (actual vs. contract)
- 1234 a. Comparable properties that have sold, and were rented
- 1235 b. Comparable properties that are rented at the time of search
- 1236 c. Analyze comparable properties income, expenses, and lease terms
- 1237 2. GRM (Gross Rent Multiplier)
- 1238 a. GRM is calculated using gross income (sale price / monthly rent = GRM)
- 1239 3. Reconciliation is the final step of the income approach

1240 Methods and Techniques

- 1241 • Develop appropriate comparison factors involved for gross rental estimate, sources
- 1242 [VT/VG/CBL]
- 1243 • Identify comparables using simulated data sources (e.g., MLS, interviews,
- 1244 proprietary sources, door knocking, etc.) for rental information [VT/VA/CBL]
- 1245 • Develop credible opinions of market rent [VT/VG/CBL]
- 1246 • Develop GRM's from simulated comparable properties [VT/VG/CBL]
- 1247 • Develop indicated values by the income approach [VT/VG/CBL]
- 1248 • Demonstrate proper and improper examples of reconciliation, develop appropriate
- 1249 reconciliation [VT/VG/CBL]

1250 I. Review with Mentor

- 1251 A. Ensure all approaches to value were adequately considered, and cost and
- 1252 income approaches were performed properly (if applicable)

1253 Methods and Techniques

- 1254 • Verify analyses and opinions are credible; if not, return to data selection section
1255 above and repeat subsequent steps
1256 • Ensure participant is competent to continue

1257 **VIII. Final Reconciliation**

- 1258 A. Analyze accuracy and sufficiency of data
1259 B. Analyze strengths of weaknesses of each approach to value and their
1260 applicability to the subject property
1261 C. Analyze consistency of data and development
1262 D. Analyze the quality and quantity of data
1263 E. Review calculations
1264 F. Develop the final opinion of value

1265 Methods and Techniques

- 1266 • Demonstrate multiple scenarios using the various approaches to analyze their
1267 strengths and weaknesses [VT/VA/VG/CBL]
1268 • Perform check for accuracy of math and calculations [VT/VA/VG/CBL]
1269 • Demonstrate proper and improper examples of reconciliation, develop appropriate
1270 reconciliation [VT/VA/VG/CBL]

1271 **VII. Review with Mentor**

- 1272 A. Ensure final reconciliation was performed properly and determine appropriate
1273 reporting

1274 Methods and Techniques

- 1275 • Verify analyses and opinions are credible; if not, return to data selection
1276 • Ensure participant was competent

1277 **Appraisal Report Development/Delivery**

1278 **I. Report Development**

- 1279 A. Standards Rule 2-1 minimum standard (not misleading, sufficient, assumptions,
1280 etc.)
1281 1. Ability to describe the subject property and comparable properties used in the
1282 analysis (ensure compliance with STANDARD 2)
1283 a. Technical terms
1284 b. Common industry phrases and descriptors
1285 c. Fair lending do's and don'ts
1286 d. Identify relevant information using industry typical approaches and
1287 technologies
1288 2. Ability to describe a market area and a neighborhood (same subset as above)
1289 3. Letter of transmittal
1290 a. Identify applicable information
1291 b. Required signatures for letter of transmittal
1292 c. Identify applicable information
1293 4. Report format

- 1294 a. Review and be familiar with various report formats such as narrative v.
1295 standard industry pre-fabricated forms and formats (URAR 1004MC)
1296 b. Comply with all applicable assignment elements and conditions (URAR,
1297 1004MC)
1298 c. Awareness and compliance with state regulatory requirements
1299 d. Describe scope of work
1300 1) Boilerplate and/or customized comments
1301 2) Demonstrate ability to create an appropriate scope of work by
1302 reviewing property data, assignment conditions, and other information
1303 3) Sufficiently describe the extent of the scope of work performed
1304 e. Ensure applicable appropriate addenda, exhibits, photos, etc. are included
1305 1) Understand adequacy/relevance/integrity of photos, maps, and exhibits
1306 – how/where to upload in a report
1307 2) How to customize map boundaries and delineate comparable and
1308 subject locations for report display
1309 3) Fair lending training – dos and don'ts for photos, exhibits.
1310 4) Demonstrate an ability to use commercial tools to create appropriate
1311 addenda, photos, maps, drawings, inclusion of other documents,
1312 tables and graphs to describe the subject and comparables and to
1313 support other conclusions in the report
1314 5. Certification
1315 a. Ensure familiarity with pre-printed content found in common GSE and
1316 government forms, and their applicability.
1317 b. Understand when and where USPAP boilerplate can be edited
1318 c. Demonstrate the ability to create a custom certification and to understand
1319 what is proper to include
1320 d. Understand the difference between certification and limiting conditions
1321 6. Workfile
1322 a. RECORD KEEPING RULE – demonstrate understanding of how long
1323 records must be retained
1324 b. Understand authorized and unauthorized access to the file
1325 c. Information security controls for confidential information
1326 d. Appropriate methods of safe destruction for confidential electronic and
1327 paper files
1328 e. Demonstrate an ability to store and compile documents effectively as part
1329 of this experience program, in relevant formats, electronic media, paper
1330 and internet cloud storage systems
1331 7. Report preparation
1332 a. Report (written or oral)
1333 b. Receipt authorization – who gets a copy?

1334 Methods and Techniques

- 1335 • Verify required contents of workfile, incorporating examples of items that
1336 should/should not be included [VT/VA/VG/CBL]

- 1337 • Demonstrate/use document storage examples (e.g., password, back-up)
- 1338 [VT/VA/CBL]
- 1339 • Complete appraisal reports using several styles (e.g., forms such as 1004, condo, 2-
- 1340 4 units, short narrative) [VG/CBL]
- 1341 • Provide samples of prior service disclosures (i.e., certifications) [VT/VA]
- 1342 • Provide opportunities to create multiple versions of required exhibits (e.g., photos,
- 1343 sketches, maps) using simulated data [VT/VA/VG/CBL]
- 1344 • Provide sample certifications, include correct and incorrect examples
- 1345 [VT/VA/VG/CBL]
- 1346 • Provide sample limiting conditions, include correct and incorrect examples
- 1347 [VT/VA/VG/CBL]

1348 **II. Review with Mentor**

- 1349 A. Ensure that the key components of an appraisal report and report format are
- 1350 appropriate for assignment(s)

1351 **III. Communication of Assignment Results**

- 1352 A. Adequacy and relevance of information
- 1353 1. USPAP compliance
- 1354 2. Ability to apply USPAP in various real world situations. Also demonstrate the
- 1355 ability to properly describe how USPAP applies. Demonstrate the ability to
- 1356 accept various assignment types and comply with USPAP.
- 1357 3. Assignment conditions
- 1358 a. State requirements
- 1359 b. Client-specific requirements
- 1360 1) Demonstrate the ability to meet client expectations conveyed through
- 1361 the engagement letter or other instruction methods

1362 **Methods and Techniques**

- 1363 • Ensure adequacy and relevancy of information in report [VT/VG/CBL]
 - 1364 • Demonstrate examples of reports containing information specifically required by
 - 1365 clients, regulators, or applicable assignment conditions [VA/VT/VG/CBL]
- 1366 B. Adequate support for analysis
- 1367 1. Explain and support rationale for excluding any of the traditional approaches
- 1368 2. Explain and support reconciliation
- 1369 3. Participants will gain experience reconciling results from various real life
- 1370 scenarios
- 1371 4. Explain all assumptions
- 1372 5. Participants will gain experience by conveying assumptions in writing using
- 1373 narrative comments as well as standard language in common industry forms
- 1374 6. Explain and support all extraordinary assumptions and hypothetical conditions
- 1375 (state their use may have effect on assignment results)
- 1376 7. Participants will gain experience in differing scenarios utilizing extraordinary
- 1377 and ordinary assumptions. They will gain experience through different
- 1378 valuation scenarios utilizing hypothetical conditions in valuation assignments

- 1379 C. Review and proofread report for errors and omissions
1380 1. Subsequent revisions/corrections
1381 a. Recognize and understand a legitimate revision/correction request as
1382 allowed under appraiser independence
1383 1) Participants will gain experience responding to various types of
1384 reconciliations, from minor clerical or administrative issues to requests
1385 to include additional sales or listing to data to request to not include
1386 certain observations. Participants will gain experience responding to
1387 various scenarios in an appropriate manner ensuring public trust
1388 b. Appropriate vs inappropriate responses to bona fide revision/correction
1389 requests
1390 D. Submission of report
1391 1. Methods of delivery
1392 2. Demonstrate the ability to submit reports electronically in various formats to
1393 various portals. Demonstrate ability to create a written copy in an industry
1394 acceptable format

1395 Methods and Techniques

- 1396 • Ensure accuracy and consistency of information throughout report [VT/VG/CBL]
1397 • Provide various report samples that contain both adequate and inadequate
1398 communication [VT/VA]
1399 • Provide opportunities to review and correct errors in reports [VT/VA/VG/CBL]
1400 • Provide opportunities to review and correct inappropriate assumptions, extraordinary
1401 assumptions and hypothetical conditions [VT/VA/VG/CBL]
1402 • Provide various samples of appropriate and inappropriate requests for corrections,
1403 clarifications and Reconsiderations of Value, demonstrating appropriate responses
1404 (e.g., no changes, modifications to report, requirement for new assignment, etc.)
1405 [VT/VA/VG/CBL]

1406 **IV. Review with Mentor**

- 1407 A. Ensure understanding of effective appraisal report presentation and required
1408 content
1409 B. Ensure compliance with Standards Rule 2-2

1410 CERTIFIED RESIDENTIAL

1411 **Problem Identification**

1412 **I. Identification of Complex Properties – Sources**

- 1413 A. Engagement letter details
1414 B. Preliminary research of public records
1415 C. Preliminary research of market data

1416 Methods and Techniques

- 1417 • Provide sample engagement letters for review and analysis [VT/VA/CBL]
1418 • Provide samples of complex residential properties (e.g., ADUs, 2-4 unit group
1419 homes, student housing, short-term rentals, co-ops, leaseholds, etc.) [VT/VA/CBL]

- 1420 • Perform required research using simulated data (e.g., public sources, proprietary
1421 databases) [VT/VA/VG/CBL]

1422 **II. Relevant Scope of Work and Competency Issues Involved**

- 1423 A. Based on preliminary research and analysis, how might this impact scope of
1424 work
1425 B. How competency issues will be resolved

1426 Methods and Techniques

- 1427 • Provide samples of incomplete or inappropriate scope of work descriptions to be
1428 corrected [VT/VA/VG/CBL]
1429 • Require exercises to evaluate competency (e.g., recognized experts, journals, texts,
1430 professional libraries) and proceed accordingly [VA/VG/CBL]

1431 **Complex Ownership and Market Conditions**

1432 **I. Forms of Complex Ownership**

- 1433 A. Co-ops
1434 B. Life estates
1435 C. Valuation of a leased fee estate with rental analysis
1436 D. Valuation of leasehold interest
1437 E. Residence subject to a ground lease
1438 F. Rental restrictions
1439 G. Private road issues (use and maintenance agreements/costs)
1440 H. Easements-dominant and servient tenements
1441 I. Encroachments

1442 Methods and Techniques

- 1443 • Identify attributes and characteristics of various complex ownership types
1444 [VT/VA/CBL]
1445 • Identify attributes and characteristics of various complex property uses [VT/VA/CBL]
1446 • Introduce considerations related to properties subject to rental restrictions,
1447 homeowner associations/CCRs, private roads, easements, encroachments, etc.
1448 [VT/VA/VG/CBL]

1449 **II. Identifying Complex Market Conditions**

- 1450 A. Impact of disasters
1451 B. Major employer arrives/leaves
1452 C. Municipality rent control policies

1453 Methods and Techniques

- 1454 • Provide case studies of areas recently impacted by natural disasters
1455 [VT/VA/CBL/VRT]
1456 • Analyze effects on markets impacted by local or regional influences (e.g.,
1457 employment centers, polluter water tables, environmental, etc.) [VT/VG/CBL/VRT]
1458 • Perform techniques to handle macro-market conditions (e.g., departure/arrival of
1459 major employer, natural disasters, governmental influences) [VT/VG/CBL/VRT]

1460 **III. Review with Mentor**

1461 A. Ensure understanding of how issues uncovered during property identification
1462 process relate to complexity. Also, focus on complex ownership issues and
1463 market conditions.

1464 Methods and Techniques

- 1465 • Ensure participant is competent to continue

1466 **Residential Market Analysis/Highest and Best Use**

1467 **I. Market Analysis Issues Related to Highest and Best Use**

- 1468 A. Current market conditions
1469 B. Over/under supply
1470 C. Location within growth corridor
1471 D. Transportation adjacency; changing area attributes, amenities
1472 E. Neighborhood gentrification

1473 **II. Highest and Best Use Analysis-Complex**

- 1474 A. House on commercial land
1475 B. Property subject to enhanced public improvements
1476 1. Eminent domain takings
1477 2. Subject property as economic remainder
1478 3. Historical registry

1479 **III. Special Assessments**

1480 Methods and Techniques

- 1481 • Exercises extracting and analyzing data from publicly identified sectors (e.g.,
1482 SMSAs, census tracts, municipalities, counties, zip codes) [VT/VA/VG/CBL]
1483 • Exercises obtaining updates from local sources (e.g., builders association,
1484 apartment owners association, developers, real estate analysts) [VT/VA/VG/CBL]
1485 • Exercises obtaining building permit information from local agency [VT/VA/VG/CBL]
1486 • Exercises analyzing impact of property influences (e.g., residential street to highway,
1487 residential to commercial zoning) [VT/VG/CBL]
1488 • Exercises analyzing impact of neighborhood changes (e.g., gentrification,
1489 revitalization, reinvestment districts, building trends) [VT/VG/CBL]

1490 **Physical Characteristics of Complex Properties**

1491 **I. Unique Design Features**

1492 **II. High Quality/Amenity Properties**

1493 **III. Over-improvements**

1494 **IV. Physical Deficiencies of Improvements**

1495 **V. Positive or Negative Locational Influences**

1496 **VI. Functional Inadequate and Super Adequate Impact**

1497 **VII. Vacant Sites (Including View Amenities, Surplus Land)**

1498 **VIII. Issues Covered Under Site and Cost Approaches**

1499 Methods and Techniques

- 1500 • Identify and analyze impact of complex property characteristics (e.g., atypical size,
1501 view, design, historical ranking) [VT/VA/VG]
- 1502 • Exercises comparing and analyzing typical homes with outliers [VT/VG/CBL]

1503 **Use of Key Statistical Concepts**

1504 **I. Key Market Driving Influences**

1505 A. Determine most appropriate units of comparison (market drivers) in multi-unit
1506 residential properties (e.g., \$/unit, \$/SF, \$/bedroom)

1507 B. Identify market preferences for characteristics and amenities (e.g., parking, #
1508 beds, # baths, GLA)

1509 **II. Adjustment Support**

1510 A. Identify and support applicable adjustments (e.g., size, time (market conditions),
1511 distance from employment/shopping/service centers)

1512 **III. Population/Employment Trends**

1513 A. Determine relationships between employment, population and residential units
1514 (SUR vs. MUR) over time

1515 Methods and Techniques

- 1516 • Complete exploratory data analysis and generate representative sample data to
1517 identify different unit price indicators by requiring candidate to analyze several
1518 options and select the option with the most robust statistical results [VT/VG/CBL]
- 1519 • Express several types of simulated data with the candidate building models which
1520 generate the most accurate and reliable results [VT/VG/CBL]
- 1521 • Incorporate in all exploratory data analysis exercises utilizing relevant descriptive
1522 statistics (e.g., median, mean, mode, standard deviation, coefficient of variation)
1523 [VT/VG/CBL]

1524 **IV. Review with Mentor**

1525 A. Ensure key analytical issues related to market conditions and highest & best use
1526 are effectively addressed

1527 **Site Valuation and Cost Approaches**

1528 **I. Site Valuation**

1529 A. Extract comparable land/site sales to adequately support adjustments for and
1530 contributing value of unique attributes associated with complex vacant sites
1531 (view, entitlements, amenities, surplus/excess land)

1532 **II. Methods of Land/Site Valuation**

- 1533 A. Allocation
- 1534 B. Market extraction
- 1535 C. Ground rent capitalization
- 1536 D. Land residual method; and

- 1537 E. Sales comparison
1538 1. Sites w/ surplus land
1539 2. Excess land
1540 3. One-off sites subject to adverse influences
1541 a. Heavy traffic: (arterials, highways)
1542 b. Noxious influences
1543 c. Adverse surrounding influences
1544 4. Site-usability
1545 a. Topographical issues
1546 b. Suitability for supporting a structure
1547 c. Understanding encroachments/development restrictions
1548 5. One-off sites w/amenities
1549 a. Views: water, mountain, scenic, surrounding
1550 b. Unique site locations: golf course
1551 c. White water v. blue water ocean views
1552 d. Water facing-price/front foot

1553 **III. Construction Costs**

- 1554 A. Related to high amenity structures
1555 B. Local cost influences

1556 **IV. Functional Obsolescence**

- 1557 A. Distinguish between curable and incurable forms
1558 B. Analyze and support conclusions on obsolescence, including lack thereof,
1559 associated with these complex properties
1560 C. Examples:
1561 1. Overbuilt living area for market
1562 2. Swimming pools
1563 3. Garage inadequacy
1564 4. Over-improvement items: flooring, appliances
1565 5. Inadequate living space (e.g. bedrooms)

1566 **Methods and Techniques**

- 1567 • Develop multiple samples that use each of the basic site valuation techniques
1568 [VT/VA/VG/CBL]
1569 • Develop multiple samples that use multiple techniques to estimate cost new
1570 [VT/VA/VG/CBL]
1571 • Develop multiple examples to estimate functional obsolescence [VT/VA/VG/CBL]
1572 • Develop an indicated value of a complex property using the cost approach (VT/CBL)

1573 **Sales Comparison Approach**

1574 **I. Sales Concessions**

- 1575 A. Is the subject property subject to sales concessions?
1576 B. Identification of sales concessions in comparable data
1577 C. Cash equivalency related to financing terms

1578 **II. Identifying and Applying Atypical Adjustments**

- 1579 A. High amenity custom quality adjustments
1580 B. Site adjustments
1581 1. Views
1582 2. Surplus land
1583 3. Adjustments reflecting nearby adverse influences
1584 C. Adjustment support/matched pairs, statistical methods
1585 1. Declining or escalating market
1586 2. Isolating a specific adjustment item-matched pair
1587 D. Adjustment support for unique one-off property sales
1588 E. Extract support for contributing value for complex characteristics from
1589 comparable sales data and other market sources for use in determining
1590 adjustments and/or the curable/incurable nature of obsolescence

1591 Methods and Techniques

- 1592 • Develop multiple exercises requiring identification and determination of impact of
1593 sales concessions (e.g., assumption of closing costs, payments made outside of
1594 transaction) [VT/VA/VG/CBL]
1595 • Develop multiple exercises using statistical techniques (e.g., paired sales analysis,
1596 regression analysis) to analyze simulated data and estimate adjustments
1597 [VT/VA/VG/CBL]

1598 **III. Review with Mentor**

- 1599 A. Ensure the sales comparison approach has been performed properly.

1600 Methods and Techniques

- 1601 • Ensure participant is competent to continue

1602 **Income Approach**

1603 **I. 1-4 Unit Appraisals**

- 1604 A. Collection of comparable rent data
1605 1. Overview of data sources
1606 a. MLS and other data sources
1607 b. Public records
1608 c. Property managers
1609 d. Tenant interviews
1610 B. Complex rental adjustments
1611 1. Understanding impact of complex amenities
1612 2. Expense allocations between comparables
1613 C. Unique multi-unit assignments
1614 1. Location premiums within PUD/condo
1615 2. Impact of rent control or subsidies
1616 3. Student housing
1617 4. Seasonal and short-term rentals
1618 D. GRM analysis
1619 1. Non-market rent impact on GRM
1620 2. Reconciling GRM indicators

1621 Methods and Techniques

- 1622 • Provide exercises extracting expense information via market participant interviews
1623 (e.g., agents/brokers, property managers, prior property information) [VT/VG/CBL]
1624 • Provide exercises identifying and analyzing unique property characteristics (e.g.,
1625 view, physical characteristics, parking limitations, floor location) [VT/VG/CBL]
1626 • Provide exercises identifying and analyzing non-market rent on GRM [VT/VG/CBL]

1627 **II. Review with Mentor**

- 1628 A. Review the approaches to value and ensure proper analysis and support for their
1629 conclusions. This section also requires final reconciliation review.

1630 Methods and Techniques

- 1631 • Ensure participant is competent to continue

1632 **Writing and Reasoning Skills**

1633 **I. Data Presentation**

- 1634 A. Determine when presentation of data in tables, charts and graphs provides
1635 greater clarity than narrative
1636 B. Stress benefit of succinct narrative using active voice, direct statements, shorter
1637 words, shorter paragraphs and placing the bottom line up front
1638 C. Have another proofread whenever possible

1639 **II. Discussion of Approaches to Value**

- 1640 A. Adjust depth of discussion to the intended user(s). Experienced users of
1641 appraisal products do not require extensive explanation. Less informed users
1642 require more explanation of the basic concepts and theories for proper
1643 understanding
1644 B. Dedicate more narrative to approaches used in the assignment. Excluded
1645 approaches require only enough narrative to adequately explain the
1646 reason(s)/support for their exclusion

1647 **III. Support for Conclusions**

- 1648 A. Clearly state conclusions throughout the report - not just when opining on value.
1649 Conclusions include how the subject ranks within its market for size, condition,
1650 amenities, location, as well as value indications for various approaches
1651 performed. Each conclusion requires credible support and logical reconciliation

1652 **IV. Summary of Data and Reconciliation of Value Approaches**

- 1653 A. Summarize the quantity, quality, reliability, and relevance of data available for
1654 application in each approach performed. The reconciliation and final value
1655 opinion must be consistent with the conclusions of this summary regarding the
1656 most germane approach to value

1657 **V. Proper Use of English Diction/Understandable Presentation**

- 1658 A. Use active voice where possible
1659 B. Use short sentences and paragraphs
1660 C. State conclusion at the beginning
1661 D. Use concise wording

- 1662 E. Use graphs, tables, charts, and bullets where they shorten and clarify
1663 presentation
1664 F. Use spell check and grammar check. Proofread yourself and give to another to
1665 proofread

1666 Methods and Techniques

- 1667 • Ensure accuracy and consistency of information throughout report [VT/VG/CBL]
1668 • Provide various report samples that contain both adequate and inadequate
1669 communication [VT/VA]
1670 • Provide opportunities to review and correct errors in reports [VT/VG/CBL]
1671 • Provide opportunities to review and correct inappropriate assumptions, extraordinary
1672 assumptions and hypothetical conditions [VT/VG/CBL]
1673 • Provide various samples of appropriate and inappropriate requests for corrections,
1674 clarifications and Reconsiderations of Value, demonstrating appropriate responses
1675 (e.g., no changes, modifications to report, requirement for new assignment, etc.)
1676 [VT/VG/CBL]

1677 **VI. Review with Mentor**

- 1678 A. Ensure understanding of effective appraisal report presentation and required
1679 content
1680 B. Ensure compliance with Standards Rule 2-2



The Appraisal FOUNDATION

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

APPRAISAL STANDARDS BOARD

TO: All Interested Parties

FROM: Wayne R. Miller, Chair
Appraisal Standards Board

RE: **Concept Paper – Evaluation Standards in USPAP**

DATE: September 3, 2019

I. Issue

The Appraisal Standards Board (ASB) is seeking your feedback on the concept of developing standards for performing evaluations in the *Uniform Standards of Professional Appraisal Practice* (USPAP).

II. Background

USPAP was written in 1986-87 to codify uniform minimum standards for all types of appraisal services including real property, personal property, business valuation, and mass appraisal. The purpose was to maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. Today the mission remains the same, but USPAP has adapted as new developments in markets, technology, and other factors have led to changes in the profession.

One change is the increase in the market's demand for evaluations. As early as 1989, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) allowed banks and other financial institutions to obtain *evaluations* of real estate collateral in certain federally-related transactions below a threshold amount when an appraisal may not be necessary. Beginning in 2010 the use of evaluations began to noticeably increase.

There are two reasons for this increase. First, in 2010, the five agencies listed below updated the *Interagency Appraisal and Evaluation Guidelines (Guidelines)*:

- Office of the Comptroller of the Currency (OCC)
- Board of Governors of the Federal Reserve System (Board)
- Federal Deposit Insurance Corporation (FDIC)
- Office of Thrift Supervision (OTS)
- National Credit Union Administration (NCUA)

These *Guidelines* identify specific types of real property financial transactions that do not require an appraisal and set forth content guidelines for financial institutions to follow when ordering or completing evaluations.

A second factor contributing to the growth of evaluations has been the agencies' recent decisions to increase appraisal threshold amounts. This has led to a reduction in the number of transactions requiring appraisals, particularly for new loan originations.

III. Controversy and Confusion

As the number of assignments eligible for evaluations has grown more significant, there has been controversy and confusion among appraisers, regulators and policy makers about aspects of the *Guidelines*. Some reasons for this controversy and confusion become apparent in the answers to common questions from the different perspectives of the *Guidelines*, *USPAP*, and state regulatory agencies.

Is an evaluation an appraisal, or not?

- **USPAP:** Yes. USPAP has a broad definition of “appraisal” that encompasses all opinions of value. Thus, according to USPAP an evaluation is an appraisal, albeit one with a narrow scope of work. In addition, many states have statutorily defined “appraisal” as any opinion of value.
- **Guidelines:** No. Unlike USPAP, the *Guidelines* draw a bright-line distinction between an “appraisal” and an “evaluation” based upon differences in required analyses and report content.
- **State regulatory agencies:** Different answers, depending upon the state.

Who is allowed to perform appraisals?

- **USPAP:** USPAP has no authority to specify who is allowed to perform appraisals.
- **Guidelines:** Only state licensed or certified appraisers may perform appraisals. According to the *Guidelines* appraisals must be performed by:

“... state certified or licensed appraisers in accordance with requirements set forth in the appraisal regulation. In determining competency for a given appraisal assignment, an institution must consider an appraiser’s education and experience. While an institution must confirm that the appraiser holds a valid credential from the appropriate state appraiser regulatory authority, a state certification or license is a minimum credentialing requirement. Appraisers are expected to be selected for individual assignments based on their competency to perform the appraisal, including knowledge of the property type and specific property market.”

- **State Regulatory Agencies:** When an appraisal is completed for a federally-related transaction, it must be performed by a state licensed or certified appraiser.

Who enforces standards for appraisals?

- **USPAP:** No enforcement. According to the PREAMBLE, *“Neither The Appraisal Foundation nor its Appraisal Standards Board is a government entity with the power to make, judge, or enforce law.”*

- **Guidelines:** The *Guidelines* specify that appraisals must be performed by state licensed or certified appraisers. Therefore state regulators enforce standards for real property appraisals.
- **State Regulatory Agencies:** State authorities are entrusted with the responsibility to enforce standards related to the qualifications and performance of real property appraisers.

Who is allowed to perform evaluations?

- **USPAP:** USPAP has no authority to specify who is allowed to perform evaluations.
- **Guidelines:** Qualified individuals may perform evaluations. For evaluations, the *Guidelines* place responsibility upon each financial institution for hiring appropriately qualified individuals. Among other criteria, the financial institution is advised that “*Persons who perform evaluations should possess the appropriate appraisal or collateral valuation education, expertise, and experience relevant to the type of property being valued. Such persons may include appraisers, real estate lending professionals, agricultural extension agents, or foresters.*”
- **State Regulatory Agencies:** The individual who can perform evaluations varies by state. Some states specifically exempt appraisers performing evaluations from USPAP compliance and state appraiser regulatory agency oversight. Other states require state licensed or certified appraisers to comply with USPAP when performing evaluations. A further subset of states do not permit evaluations unless they are performed by state licensed or certified appraisers.
- **Who enforces standards for evaluations?** There are currently no enforceable development or reporting standards for evaluations. The *Guidelines* are intended for clarification; they are not rules. According to the Purpose, “*...these Guidelines provide federally regulated institutions and examiners clarification on the Agencies’ expectations for prudent appraisal and evaluation policies, procedures, and practices.*”

Is it possible to perform an evaluation in compliance with USPAP and state laws and regulations?

Yes, but some of the reporting requirements may not mesh. For example, when reporting an evaluation opinion of value in a USPAP-compliant report, an appraiser must include the following contradictory labels:

- USPAP requires the evaluation report to *prominently state* whether it is an Appraisal Report or a Restricted Appraisal Report.
- Some states mandate that in addition to the required USPAP label, the evaluation report must *state on its face*, “*This is not an appraisal.*”

To complicate matters further, the *Guidelines* are written to provide guidance to federally regulated financial institutions and examiners – they are not written for appraisers or others completing evaluations.

It is also important to note that recent rulings have determined that federal guidance, such as the *Guidelines*, is merely guidance and is therefore not enforceable. This underscores the fact that there are no true standards for the performance of evaluations. Furthermore, when evaluations are performed by individuals who are not credentialed (or are exempted from oversight by state laws), there is no publicly accountable entity to turn to if the

evaluation is not completed competently, and if the results are called into question by the institution or by an institution's customers.

IV. Challenges and Questions

USPAP has sometimes been viewed as similar to building codes adopted by states and municipalities. To ensure public safety, licensed electricians and other professionals are required to follow the specified code, and building inspectors verify compliance. Individuals without specific credentials are unlikely to be able to obtain permits, and those who perform their own electrical work (for example) do so at their own risk including possible legal exposure. In this analogy, the set of standards (USPAP or a building code) may change but generally this happens only very slowly. This is because new technology, processes, and products have only limited impact upon basic safety codes.

Another analogy compares licensed, certified, or accredited appraisers to doctors or lawyers, who have successfully completed their state's required training and examinations. In these fields it used to be that only doctors were permitted to practice medicine, and only attorneys were permitted to practice law. However, today, there has been a shift in these professions so that physician assistants and paralegals, for example, now may perform tasks that used to be restricted to doctors and lawyers.

Whether welcome or unwelcome, it is clear that a similar shift is underway in the appraisal profession today. In the context of changing laws and regulations, appraisal products, and technology, the ASB is seeking input about whether USPAP should make an accommodation for evaluations, and if so, how to distinguish them from appraisals.

The ASB is seeking input on the following specific topics:

- Should the ASB investigate whether it would help foster public trust in valuations if they set minimum standards for evaluations? None of the USPAP Rules or development and reporting standards currently exist for non-appraisers who perform evaluations, because the *Guidelines* provide only broad guidance. Would it be beneficial to give everyone performing an evaluation a clear set of standards to follow including, for example, rules related to ethics and competency?
- What specific Rules or Standards Rules (in STANDARDS 1 and 2) would need to be modified or eliminated if the ASB were to develop specific standards for evaluations?
- If the ASB develops standards for evaluations, how would that impact Advisory Opinion 13, *Performing Evaluations of Real Property Collateral to Conform with USPAP*? If the ASB does not develop standards for evaluations, should the guidance in AO-13 be modified?
- Are USPAP Rules and Standards still the minimums required to protect public trust in the appraisal profession? If not, then are there any Rules or Standards Rules that should be considered for significant revision or elimination? Or, is USPAP a “safety code” that is best left in place despite pressure to reduce the requirements?
- Should the ASB modify the DEFINITION of *appraisal* to differentiate it from an evaluation? If evaluations were included as a separate category in USPAP, what would be the regulatory implications?
- How might the ASB help resolve the nomenclature issue so appraisers can prepare evaluation reports that comply with USPAP without the use of contradictory or confusing labels?
- How might USPAP reporting standards be changed and/or how might the ASB more effectively communicate the flexibility of USPAP to appraisers, regulators, clients, and policy makers?
 - Veteran appraisers understand the SCOPE OF WORK RULE and think that USPAP reporting requirements provide all the flexibility that is needed for appraisers to write evaluations or offer other services. Indeed, one of the first lines of *STANDARD 2: Real Property Appraisal, Reporting* states: “STANDARD 2 does not dictate the form, format, or style of real property appraisal reports.”
 - But not all understand or agree. For example, the *Guidelines* state: “Unlike an appraisal report that must be written in conformity with the requirements of USPAP, there is no standard format for documenting the information and analysis performed to reach a market value conclusion in an evaluation.” In March 2016, the Director of the Division of Banking Supervision and Regulation reiterated that there is no “standard format” for an evaluation “in contrast with the requirements of USPAP.”

Written comments on this concept paper can be submitted by mail and email. **Please submit your comments by October 11, 2019.**

Mail: Appraisal Standards Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: asbcomments@appraisalfoundation.org

IMPORTANT NOTE: All written comments will be posted for public viewing on The Appraisal Foundation's website exactly as submitted to the ASB. Names may be redacted upon request.

The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.

Learn more about this concept paper in a free WEBINAR on September 10, 2019, with Wayne Miller, Chair of ASB, and John Brennan, Vice President Appraisal Issues, by registering here: https://zoom.us/webinar/register/WN_gHPurbf0RLafGykE5NznrQ

The ASB plans to hold a public hearing on this topic on October 18, 2019, in Washington, DC. Your input is needed and greatly appreciated. The following panels are tentatively planned: State Appraiser Regulators; Appraiser Organizations; and Financial Institutions. You may register to attend the meeting in person, or watch it via live stream:

https://www.appraisalfoundation.org/TAFCore/Events/Event_Display.aspx?EventKey=ASB201910

If you have any questions regarding this concept paper, please contact Aida Dedajic, Standards Board Program Manager at The Appraisal Foundation, via e-mail at aida@appraisalfoundation.org or by calling (202) 624-3058.

PRESS RELEASE



ASB Hears Diverse Array of Opinions Regarding Evaluations at Public Hearing

(Washington, DC) October 18, 2019 – At a standing room only public meeting, the Appraisal Standards Board (ASB), an independent board of The Appraisal Foundation, heard a diverse array of opinions about evaluations. The ASB deviated from its standard meeting format, implementing a Congressional-style hearing with three panels of expert witnesses.

“The ASB is in the very early stages of considering establishing standards for evaluations,” said The Appraisal Foundation President David Bunton. “They are in the fact-finding phase of their consideration. The Board is here to listen to the advantages as well as the concerns surrounding the role of evaluations.

The ASB released its concept paper about evaluations six weeks ago. Since that time, the Board received more than 65 comments in response prior to today’s public meeting. At the meeting, the three panels included constituents from lenders and financial institutions, state appraiser regulators, and professional appraiser organizations.

ASB Chair Wayne Miller noted in his opening remarks, “The reason the ASB is looking at this is that the purpose of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote and maintain a high level of public trust in the valuation practice. There are no standards for evaluations and rising de minimus levels will likely cause an increase in the use of evaluations.”

The Board heard about the confusion in the marketplace as to who can perform evaluations, when appraisers can perform evaluations and whether they are required to comply with USPAP when doing so. Chair Miller continued, “Appraisers are mentioned as individuals who can perform evaluations per the Interagency Guidance provided to financial institutions, yet, the ASB has heard from some appraisers that they are effectively precluded from performing evaluations due to some of the requirements of USPAP.”

“The diverse array of opinions demonstrates how complex the issue of establishing standards for evaluations is,” said John Brenan, Vice President, Appraisal Issues for The Appraisal Foundation. “Every point from leveling the playing field for appraisers, to bringing clarity to a confused marketplace, to protecting state’s rights, and the impact on homebuyers was presented and discussed.”

The ASB has made no decision about establishing standards for evaluations. The Board will continue to listen to stakeholders, and be completely transparent as it moves forward in its deliberations.

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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

that appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at www.appraisalfoundation.org.