

Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 8, 2010

Mr. Jerry Farrell, Jr., Commissioner
Connecticut Department of Consumer Protection
165 Capitol Avenue
Hartford, CT 06016

RE: ASC Compliance Review of Connecticut's appraiser regulatory program

Dear Commissioner Farrell:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Connecticut's appraiser regulatory program (Program) on July 12-14, 2010. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. The ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. In its response, the State indicated that corrective actions are in process to address the following area of concern identified by the ASC:

- States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria.¹

Through off-site monitoring and during the next Review, ASC staff will confirm that the State's corrective actions as indicated were completed. Please also be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle
Chairman

Attachment
cc: Mr. Christopher Italia, Chairman

¹ Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.

ASC Compliance Review Report

Finding: In Substantial Compliance
Report Issue Date: December 8, 2010

Connecticut Appraiser Regulatory Program (Program)

Real Estate Appraisal Commission (Commission) PM: N. Fenochietti
/ Decision Making

ASC Compliance Review (Review) Date: July 12-14, 2010

Review Period: July 2009 to July 2010

Umbrella Agency: Connecticut Department of Consumer Protection (Department)

Number of State credentialed appraisers on National Registry:
1,454

Issue: FINAL

| Requirement/Guidance | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required State Actions | Recommended State Actions | General Comments |
|---|--|----|----|--|--|------------------------|---|--|
| | YES | NO | AC | | | | | |
| Connecticut Statutes, Regulations, Policies and Procedures: | | | X | | | | | |
| States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.) | | | | <p>A review of the State's regulations and statutes revealed the following inconsistencies with Appraiser Qualifications Board Real Property Appraiser Qualification Criteria (AQB Criteria):</p> <p>Regulations: (1) §20-504-4(e) does not provide for the scope of supervision or the supervising appraiser's State certification number to be included on the experience log; (2) §20-504-7(3) does not limit non-student activities to 50% of the requisite 14 hours of continuing education each year; and (3) §20-504-9(1) does not include the State Licensed credential as eligible for temporary practice permit.</p> <p>Statute: §512 does not require approval for instructors of appraisal education.</p> <p>Despite the conflicting provisions in the regulations and statute, ASC staff found no incidents where these provisions were applied to any aspect of the Program.</p> | <p>On September 20, 2010, the Commission reported to ASC staff the following:</p> <p>A public hearing was held on July 12, 2010 concerning proposed amendments to the regulations. The Attorney General's (AG) office will review the proposed amendments to ensure "legal sufficiency." Following the AG's approval, an affirmative vote by the Legislature's Regulation Review Committee (Committee) is required. The Commission believes the amendments will likely be approved at the Committee's September 28, 2010 meeting.</p> <p>The required statutory amendment has been drafted and will be filed during the next legislative session of the Connecticut General Assembly, which will convene on January 5, 2011.</p> | NONE | Connecticut should continue the process of amending its regulations and statute to be consistent with AQB Criteria. | Upon adoption, please provide ASC staff with copies of these regulation and statute changes. |

ASC Compliance Review Report

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Connecticut Appraiser Regulatory Program (Program)

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| Requirement/Guidance | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required State Actions | Recommended State Actions | General Comments |
|----------------------|--|----|----|-----------------------------|----------------|------------------------|------------------------------|------------------|
| | YES | NO | AC | | | | | |
| Temporary Practice: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |
| National Registry: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |
| Application Process: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |
| Reciprocity: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |
| Education: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |
| Enforcement: | X | | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None | None |