

Appraisal Subcommittee
Federal Financial Institutions Examination Council

April 10, 2013

Mr. James Martin, Director
Office of Real Estate Appraisers
1102 Q Street, Suite 4100
Sacramento, CA 95811

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

Dear Mr. Martin:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the California appraiser regulatory program (Program) on October 28 – November 2, 2012. 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 not in substantial 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 should resolve all complaints filed against appraisers within one year, except for special documented circumstances.¹

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

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,



Darrin Benhart
Acting Chairman

Attachment

cc: Ms. Elizabeth Seaters, Chief of Licensing and Enforcement
Ms. Kathleen Chovan, Department Counsel

¹ Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

“ASC Finding” Defined for ASC Compliance Review Report

1. IN SUBSTANTIAL COMPLIANCE

Applies when no issues of non-compliance or violations of Title XI, ASC Policy Statements or AQB Criteria are identified.

2. NOT IN SUBSTANTIAL COMPLIANCE

Applies when there are one or more issues of non-compliance or violations of Title XI, ASC Policy Statements and/or AQB Criteria but the concerns do not rise to the level of “not in compliance.”

3. NOT IN COMPLIANCE

Applies when the number, seriousness, and/or repetitiveness of the Title XI, ASC Policy Statements and/or AQB Criteria violations warrant this finding.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: April 10, 2013

California Appraiser Regulatory Program (Program)

California Office of Real Estate Appraisers (Agency)	PM: N. Fenochietti	ASC Compliance Review Date: October 29 - November 2, 2012	Review Period: October 2010 to October 2012
Independent		Number of State Credentialed Appraisers on National Registry: 11,749	Review Cycle: Two Year

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					
California Statutes, Regulations, Policies and 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
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>California had 259 outstanding complaints of which 86 were unresolved for more than 1 year. Of the complaints outstanding for more than one year, 3 fell under the exception for special documented circumstances.</p> <p>Of the remaining 83 cases, 11 are at the Agency pending investigation or other Agency action and 72 are at various stages of adjudication with the Office of the Attorney General.</p>	On January 28, 2013, California reported to ASC staff that 27 of the 86 aged complaints have been resolved. Litigation and/or negotiations continue on the remaining 59 cases.	California must continue to submit quarterly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.	To strengthen the Program, California should continue to monitor complaint management procedures to ensure compliance with Title XI and ASC Policy Statement 10E.	<p>Although California is still out of compliance in enforcement, the ASC commends California's continued progress toward complaint resolution.</p> <p>Through off-site monitoring and during the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 10E.</p>