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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 18, 2013

Ms. Louise Lavertu, Executive Director
Joint Board of Licensure and Certification
57 Regional Drive
Concord, NH 03301-8518

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

Dear Ms. Lavertu:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Hampshire's appraiser regulatory program (Program) on July 9-11, 2013 to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." New Hampshire will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached. An area of concern was identified that is being addressed by the Program.

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

Sincerely,



Arthur Lindo
Chairman

Attachment

cc: Ms. Patricia Sherman, Board Chair
Ms. Bobbie Carter, Program Specialist

ASC Finding Descriptions

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

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

¹ An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: November 18, 2013

New Hampshire Appraiser Regulatory Program (Program)			
New Hampshire Real Estate Appraisers Board (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: July 9-11, 2013	Review Period: July 2011 and July 2013
Umbrella Agency: New Hampshire Joint Board of Licensure and Certification		Number of State Credentialed Appraisers on National Registry: 783	Review Cycle: Two Year Cycle

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					
New Hampshire Statutes, Regulations, Policies and Procedures:			X					
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				AQB Criteria requires a Supervising Appraiser to be in good standing and not subject to any disciplinary action within the last two years that affects the supervisor's legal eligibility to engage in appraisal practice. New Hampshire Code Admin. R. Rab 305.02 does not meet AQB Criteria because it does not include discipline where the action limits an appraiser's ability to engage in appraisal practice.	On November 1, 2013, The Board stated that it believes Administrative Rule Rab 305.01 and 305.02 adequately cover the AQB criteria regarding Supervisory Appraisers. The Board is aware that there may be sanctions in other jurisdictions that may not be covered by the description of good standing in RAB 305.02(e). In addition, the Board stated It does not believe it is possible or practical to define every circumstance in every jurisdiction that may disqualify a Supervisory Appraiser's eligibility to supervise.	None	To strengthen the Program, New Hampshire should revise RAB 305.02(e) to provide that any disciplinary action taken by any jurisdiction affecting the Supervisory Appraiser's legal ability to engage in appraisal practice prevents them from serving as a supervisor.	During the next Review, ASC staff will pay particular attention to this area to ensure New Hampshire is applying AQB Criteria appropriately in its supervision of Supervisory Appraisers.
Temporary Practice:	X							
State agencies must adhere to mandates and prohibitions as determined by the ASC that deter the imposition of excessive fees or burdensome requirements for temporary practice. (Title XI § 1122 (a) (1), 12 U.S.C. § 3351; ASC Policy Statement 2.)				During the Compliance Review, ASC staff discovered 54 files for temporary practice permits issued between January 2011 and July 2012 were destroyed. Board staff reported that a former staff member erroneously believed the files of expired temporary practice permits could be discarded. The large number of missing files prevented ASC Staff from determining compliance, if any, with applicable requirements. All temporary practice applications received after July 2012 were retained and available for review.	On November 1, 2013, the Program staff reported that in order to prevent any future unauthorized destruction of Real Estate Appraiser Board records the Joint Board administration established an internal records retention policy. A copy of the policy was provided to ASC staff.	None	None	The Board's resolution addresses the concern.

ASC Compliance Review Report

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Final Report Issue Date: November 18, 2013

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New Hampshire Real Estate Appraisers Board (Board) / Decision Making
PM: V. Metcalf

ASC Compliance Review Date: July 9-11, 2013

Review Period: July 2011 and July 2013

Umbrella Agency: New Hampshire Joint Board of Licensure and Certification

Number of State Credentialed Appraisers on National Registry: 783

Review Cycle: Two Year Cycle

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					
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:	X			The Board issued 2 certified residential appraiser credentials to applicants based on examination results that did not meet AQB Criteria because the examination approval was over the 24 months allowed by AQB Criteria.	On November 1, 2013, the Board reported that it waived the administrative rule establishing a deadline for the acceptance of applications under the Segmented Approach, allowing the applicants in question to have qualified under the Segmented Approach.	None	None	The Board's resolution addresses the concern.
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