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Appraisal Subcommittee
Federal Financial Institutions Examination Council

March 11, 2014

Ms. Anne Petit, Superintendent
Division of Real Estate Professional Licensing
Ohio Real Estate Appraiser Board
77 South High Street, 20th Floor
Columbus, OH 43215-6133

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

Dear Ms. Petit:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Ohio appraiser regulatory program (Program) on November 19-21, 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." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

- States must regulate, supervise and discipline their credentialed appraisers.¹

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

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

Sincerely,



Arthur Lindo
Chairman

Attachment

cc: Mr. Andre Porter, Director, Ohio Department of Commerce
Mr. Donald Leto, Chairman Real Estate Appraiser Board

¹ Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 7.

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 Compliance Review Report

ASC Finding: Good

Final Report Issue Date: March 11, 2014

Ohio Appraiser Regulatory Program (Program)

Ohio Real Estate Appraiser Board (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: November 19-21, 2013	Review Period: November 2011 to November 2013
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Umbrella Agency: Ohio Department of Commerce (Department), Division of Real Estate & Professional Licensing (Division)	Number of State Credentialed Appraisers on National Registry: 3,061	Review Cycle: Two Year
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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					
Ohio 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 14 hours of continuing education (CE) per year. Ohio's regulation §1301:11-7-01(A) requires Registered Assistants (Trainees) complete 14 hours of CE after 2 years of registration. Ohio has an annual continuing education/renewal cycle.	On February 6, 2014, the Division reported that the requisite amendment to §1301:11-7-01(A) became effective on January 27, 2014.	None	None	The Division's resolution addresses the concern.
Ohio Statutes, Regulations, Policies and Procedures continued:			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 specifies that Supervisory Appraisers shall be responsible to, among other things, provide direct supervision, personally inspect property with trainee until trainee is deemed competent, and review and sign reports. Ohio's regulatory provisions for Supervisory Appraisers do not include those performance requirements. However, in practice, the State appears to comply.	On February 6, 2014, the Division reported that it has drafted a rule to add the performance requirements for supervisors.	None	To strengthen the Program, Ohio should continue the process of amending its regulations to reflect what is required in practice and in AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Temporary Practice:	X							
				No compliance issues noted.	N/A	None	None	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

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: March 11, 2014

Ohio Appraiser Regulatory Program (Program)

Ohio Real Estate Appraiser Board (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: November 19-21, 2013	Review Period: November 2011 to November 2013
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Umbrella Agency: Ohio Department of Commerce (Department), Division of Real Estate & Professional Licensing (Division)	Number of State Credentialed Appraisers on National Registry: 3,061	Review Cycle: Two Year
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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					
Education:	X			No compliance issues noted.	N/A	None	None	None
Enforcement:		X						
States must regulate, supervise and discipline their credentialed appraisers. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 7.)				By policy, the Division dismissed complaints involving appraisals that were more than 5 years old when the complaint was received. The Division established a 5 year limitation policy in early 2012 based on the Record Keeping Rule in USPAP, which specifies that appraisers must retain their workfile for at least 5 years.	On February 6, 2014, the Division reported that, when possible, it will identify the specific reason complaints closed upon receipt are deemed non-viable or non-judicial. The Division also stated that it will continue to close some cases based on the 5-year record keeping period found in USPAP and Ohio Code. The Division contends that pursuing only those cases in which the respondent has happened to maintain a work file beyond that period results in inconsistent complaint resolutions which is contrary to ASC Policy.	The Division must ensure that the merits of the complaints filed against appraisers are properly investigated and not closed based solely on a 5-year limitation Policy.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.