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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

July 30, 2014

Mr. George Fair, Chairman  
Commission of Real Estate Appraisers, Appraisal  
Management Companies and Home Inspectors  
500 N Calvert Street #302  
Baltimore, MD 21202

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

Dear Mr. Fair:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Maryland appraiser regulatory program (Program) on April 4, 7-8, 2014, 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.

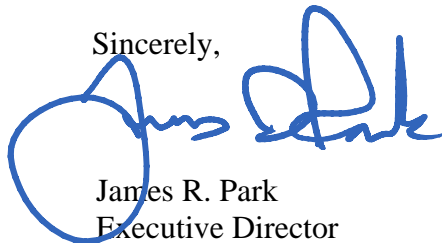
The ASC identified the following area of non-compliance:

- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.<sup>1</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Maryland 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

cc: Ms. Patricia Schott, Administrator

Mr. Michael Vorgetts, Acting Commissioner, Division of Occupational & Professional Licensing

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<sup>1</sup> 12 U.S.C. § 3351; Policy Statement 5

## ASC Finding Descriptions

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

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

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<sup>2</sup> 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: July 30, 2014

**Maryland Appraiser Regulatory Program (Program)**

Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors (Commission)/ Decision Making	PM: V. Metcalf	ASC Compliance Review Date: April 4, 7-8, 2014	Review Period: February 2012 to April 2014
Umbrella Agency: Department of Labor, Licensing and Regulation, Division of Occupational and Professional Licensing (Department)		Number of State Credentialed Appraisers on National Registry: 2,364	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					
<b>Statutes, Regulations, Policies and Procedures:</b>		X						
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Maryland's statutes and regulations do not comply with the requirements of Title XI and ASC Policy Statement 5.	On June 24, 2014, the State acknowledged that its statutes and regulations do not comply with Title XI. The Commission will request the Department to introduce legislation during the 2015 General Assembly session to amend its statutes. The Commission will adopt regulations to correspond with the amended statutes.	Maryland must amend its statutes and regulations to bring them into compliance with Title XI. A copy of the amended statutes and regulations must be provided to ASC staff once adopted.	None	None
<b>Temporary Practice:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Application Process:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Reciprocity:</b>			X					
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Maryland's statutes and regulations do not comply with the requirements of Title XI and ASC Policy Statement 5, although effective July 1, 2013, Maryland adopted a written policy in compliance with those requirements.	On June 24, 2014, the State confirmed that it adopted written policies and processes for reciprocal applications in compliance with Title XI.	None	None	None
<b>Education:</b>	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: July 30, 2014

**Maryland Appraiser Regulatory Program (Program)**

<b>Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors (Commission)/ Decision Making</b>	<b>PM: V. Metcalf</b>	<b>ASC Compliance Review Date: April 4, 7-8, 2014</b>	<b>Review Period: February 2012 to April 2014</b>
<b>Umbrella Agency: Department of Labor, Licensing and Regulation, Division of Occupational and Professional Licensing (Department)</b>	<b>Number of State Credentialed Appraisers on National Registry: 2,364</b>		<b>Review Cycle: Two Year</b>

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					
<b>Enforcement:</b>			<b>X</b>					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7B.)				Maryland had 33 outstanding complaints of which 7 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 2 fell under the exception for special documented circumstances.  The remaining 26 cases, are pending investigation or are at various stages of adjudication with the Office of the Attorney General.	On June 24, 2014, the State reported that 6 of the 7 complaints that had been open for more than 1 year at the time of Review have been closed. The remaining complaint is expected to be resolved within 30 days.	None	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7B.