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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

August 20, 2014

Mr. Travis N. Gery, Esquire  
Commissioner, Bureau of Professional and Occupational Affairs  
Department of State  
Pennsylvania Board of Certified Real Estate Appraisers  
PO Box 2649  
Harrisburg, PA 17105

**RE: ASC Compliance Review of Pennsylvania's Appraiser Regulatory Program**

Dear Mr. Gery:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Pennsylvania appraiser regulatory program (Program) on May 5-8, 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 "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

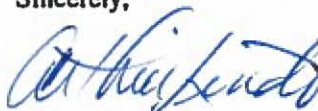
The ASC identified the following area of non-compliance:

- 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.<sup>1</sup>

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Pennsylvania 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: The Honorable Carol Aichele, Secretary of the Commonwealth  
Mr. Paul C. Kaufman, Chairman, State Board of Certified Real Estate Appraisers  
Mr. Kevin C. Schmidt, Chief Counsel, Department of State  
Mr. John Soprano, Director, Bureau of Enforcement and Investigation, Department of State  
Mr. Christopher K. McNally, Counsel, State Board of Certified Real Estate Appraisers  
Ms. Heidi Weirich, Administrator, State Board of Certified Real Estate Appraisers

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<sup>1</sup> 12 U.S.C. § 3347; Policy Statement 7B

## 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.

<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: Needs Improvement  
Final Report Issue Date: August 20, 2014

**Pennsylvania Appraiser Regulatory Program (Program)**

State Board of Certified Real Estate Appraisers (Board) / Decision Making	PM: J. Tidwell	ASC Compliance Review Date: May 5-8, 2014	Review Period: May 2012 to May 2014
Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs		Number of State Credentialed Appraisers on National Registry: 3,311	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/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.)				Pennsylvania's statute does not comply with the requirements of Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On July 14, 2014, the State reported House Bill 1600 was introduced to amend the statute to conform with Title XI.	The State should continue the process to amend its statute to reflect what is being done in practice.	Upon passage, please provide ASC staff with copies of the adopted statute change.
<b>Temporary Practice:</b>	X						
				No compliance issues noted.	N/A	None	
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	
<b>Application Process:</b>	X						
				No compliance issues noted.	N/A	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.)				The State's statutory authority is not consistent with the State's practice or federal requirements. However, in practice, it appears Pennsylvania complies with Title XI concerning reciprocity.	N/A	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.

ASC Compliance Review Report

ASC Finding: Needs Improvement  
Final Report Issue Date: August 20, 2014

**Pennsylvania Appraiser Regulatory Program (Program)**

State Board of Certified Real Estate Appraisers (Board) / Decision Making	PM: J. Tidwell	ASC Compliance Review Date: May 5-8, 2014	Review Period: May 2012 to May 2014
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Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs	Number of State Credentialed Appraisers on National Registry: 3,311	Review Cycle: Two Year
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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Education:</b>	X			No compliance issues noted.	N/A	None	
<b>Enforcement:</b>		X		Pennsylvania had 102 outstanding complaints of which 44 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 9 fall under the exception for special documented circumstances.	On July 14, 2014, the State reported that it continues to make progress in bringing its enforcement into compliance with ASC Policy Statement 7. There has been a steady reduction in the total number of pending cases. In addition, changes in office procedures and processes implemented over the past several years and the addition of a "pre-review" appraiser has reduced internal administrative time for complaint resolution. The State vowed to continue to seek ways to streamline its complaint process to ensure timely complaint investigation and resolution.	The State must monitor its revised processes to ensure timely processing of complaints, to reduce the backlog of aged complaints, and to ensure complaints of appraiser misconduct or wrongdoing are resolved in a timely manner as required by ASC Policy Statement 7.  The State 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.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.