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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 25, 2014

Ms. Ann-Margarette Barry, Associate Executive Director  
Board of Registration of Real Estate Appraisers  
Division of Professional Licensure  
1000 Washington Street, Suite 710  
Boston, MA 02118

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

Dear Ms. Barry:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Massachusetts's appraiser regulatory program (Program) on June 10-12, 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.

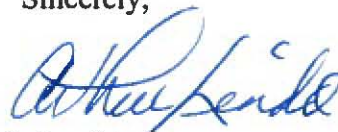
The ASC identified the following area of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;<sup>1</sup> and
- 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>2</sup>

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Massachusetts 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. Joseph Autilio, Executive Director

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<sup>1</sup>12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

<sup>2</sup>12 U.S.C. § 3347; Policy Statement 7 B.

## 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>3</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>3</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: September 25, 2014**

**Massachusetts Appraiser Regulatory Program (State)**

<b>Board of Registration of Real Estate Appraisers (Board) / Decision Making</b>	<b>PM: J. Tidwell</b>	<b>ASC Compliance Review Date: June 10-12, 2014</b>	<b>Review Period: June 2012 to June 2014</b>
<b>Umbrella Agency: Division of Professional Licensure (DPL)</b>		<b>Number of State Credentialed Appraisers on National Registry: 2,084</b>	<b>Review Cycle: Two Year</b>

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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				AQB Criteria requires that prior to reactivation, a credential holder in an inactive status must complete the continuing education (CE) that would have been required if the credential holder had been in active status. Massachusetts Rules and Regulations 264 CMR 4.02:(3)b. states that if a person fails to renew a license or certificate within two years of its expiration, the license or certificate may be reinstated upon presentation of evidence satisfactory to the Board that all required CE for all previous years during which time the license or certificate was inactive has been completed. This does not address failure to have CE for the immediate period prior to inactivity.	On September 4, 2014, the State reported that it believes a "catch-all" provision with respect to the AQB Criteria at 264 CMR 9.06(1) adequately addresses the issue and ensures that the Board's regulations remain in full compliance with the AQB Criteria. This provision states that the Board adopts AQB recommendations for contents and requirements for CE.	The State should amend 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 Statements 1 and 4.
<b>Temporary Practice:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Application Process:</b>		X					
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				Massachusetts reinstated 3 appraiser credentials without requiring all AQB Criteria to be met. CE was required only for the period of inactivity, but not for the immediate period prior to inactivity.	On September 4, 2014, the State reported that its regulation allowed it the authority to immediately institute the AQB Criteria on reinstatement. The State updated its internal office process to mirror the AQB Criteria for reinstatement, created a revised reinstatement application and posted the reinstatement application on its website.	The State must: (1) Ensure the individuals identified as reinstated without meeting AQB Criteria have demonstrated completion of appropriate CE to maintain their credential; and (2) Within 60 days of the date of this Report, the State must provide ASC staff with a written update on the status of the State's resolution of the credentialing issue.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1 C, D.
<b>Reciprocity:</b>	X						
				No compliance issues noted.	N/A	None	None

ASC Compliance Review Report

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**Massachusetts Appraiser Regulatory Program (State)**

**Board of Registration of Real Estate Appraisers (Board) / Decision Making**      **PM: J. Tidwell**      **ASC Compliance Review Date: June 10-12, 2014**      **Review Period: June 2012 to June 2014**

**Umbrella Agency: Division of Professional Licensure (DPL)**      **Number of State Credentialed Appraisers on National Registry: 2,084**      **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>Education:</b>	X			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>		X		Massachusetts had 77 outstanding complaints of which 36 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 7 fall under the exception for special documented circumstances. All 36 cases were in various stages of the disciplinary process, and none were still under investigation.	On September 4, 2014, the State reported that it continues work to reduce the number of cases that are unresolved for more than 1 year.	The State must: (1) Continue monitoring its processes to ensure timely processing of complaints, to further 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; and (2) continue to submit complaint logs to ASC staff quarterly. 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 Title XI and ASC Policy Statement 7. 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 7 B.)							