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

July 18, 2016

Mr. Steven O'Farrell, Commission Chair,  
Commission of Real Estate Appraisers, Appraisal Management Companies  
and Home Inspectors  
500 North Calvert Street, #302  
Baltimore, MD 21202

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

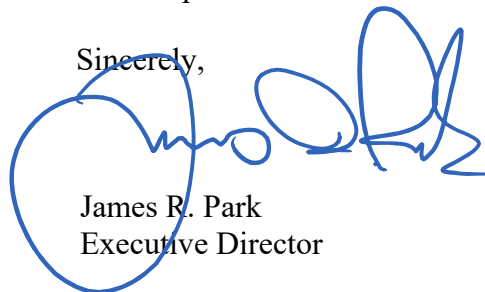
Dear Mr. O'Farrell:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Maryland appraiser regulatory program (Program) on April 12-13, 2016, 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." An area of concern that was identified is being addressed by the Program. Maryland will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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, Executive Director  
Ms. Victoria Wilkins, Commissioner

## 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>1</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>1</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 18, 2016

Maryland Appraiser Regulatory Program (State)

Commission of Real Estate Appraisers, Appraisal Management Companies and Home Inspectors/ Decision Making	PM: C. Brooks	ASC Compliance Review Date: April 12-13, 2016	Review Period: February 2014 to April 2016
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Umbrella Agency: Division of Occupational and Professional Licensing	Number of State Credentialed Appraisers on National Registry: 2,314	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>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 states that Supervisory Appraisers must have been State-certified in "good standing" for a period of at least 3 years in the jurisdiction in which the Trainee Appraiser practices. The Supervisory Appraiser requirements set forth in Maryland's regulations do not require the Supervisory Appraiser to be State-certified in the jurisdiction in which the Trainee Appraiser practices for at least 3 years.	On July 1, 2016, the State reported that a proposed amendment to their regulations to bring them into compliance was in the process of adoption but was superseded by the AQB's removal of this requirement from AQB Criteria, effective July 1, 2016.	None	None
<b>Statutes, Regulations, Policies and Procedures continued:</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.)				Title XI requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose appraiser regulatory program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made. Maryland's Regulation §09.19.08.02 B does not comply with Title XI.	On July 1, 2016, the State reported that an amendment to their regulations to adopt a reciprocal policy that complies with Title XI is scheduled for final action in August 2016.	The State must continue the process to amend its regulations to bring them into compliance with Title XI and ASC Policy Statement 5, and provide the ASC staff with a copy of the final rules once adopted.	This concern was noted by ASC staff previously in the April 2014 Review. During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
<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						
				No compliance issues noted.	N/A	None	None
<b>Reciprocity:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Education:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>							
				No compliance issues noted.	N/A	None	None