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

August 17, 2016

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

RE: ASC Compliance Review of Massachusetts' Appraiser Regulatory Program

Dear Ms. Barry:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Massachusetts' appraiser regulatory program (Program) on May 23-26, 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 "Needs Improvement." Areas of concern that were identified are being addressed by the Program. 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 that appropriate corrective actions have been taken 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

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<sup>1</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>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: Needs Improvement**  
**Final Report Issue Date: August 17, 2016**

**Massachusetts Appraiser Regulatory Program (State)**

<b>Board of Registration of Real Estate Appraisers (Board) / Decision Making</b>	PM: J. Tidwell	ASC Compliance Review Date: May 23-26, 2016	Review Period: June 2014 to May 2016
<b>Umbrella Agency: Division of Professional Licensure</b>		Number of State Credentialed Appraisers on National Registry: 2,103	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, 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.)				A review of the State's Regulations revealed that they have a number of areas in which they are not in compliance with the minimum AQB Criteria. Massachusetts law and regulations contain various catch-all provisions which allow the State to comply with AQB Criteria in practice.	On July 27, 2016, the State reported the Board scheduled a rule hearing for August 18, 2016, to address and correct the areas of non-compliance.	The State should continue the process of amending its regulations to reflect what is required in practice and in AQB Criteria.	Upon adoption, please provide ASC staff with copies of the adopted regulation changes.
<b>Temporary Practice:</b>			X				
States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 5.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On July 27, 2016, the State reported that a computer transition caused the temporary delay in processing; the time discrepancy has been remedied and future requests will be processed timely or contain a documented reason for the delay.	The State should monitor the process to ensure temporary practice permits are issued within 5 days of application receipt.	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>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Application Process:</b>			X				
States must complete audits of affidavits for continuing education credit claimed within sixty days from the date the renewed credential is issued. (12 U.S.C. § 3347; Policy Statement 4 F.)				Appraisers that renewed their credentials by affidavit between October and December of 2015 received their post-renewal audit notifications in March 2016.	On July 27, 2016, the State reported that a computer transition caused the temporary delay in auditing; the time discrepancy has been remedied and future audits will be processed timely.	The State should monitor the process to ensure continuing education audits are completed within 60 days of renewal.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.

ASC Compliance Review Report

**ASC Finding: Needs Improvement**  
**Final Report Issue Date: August 17, 2016**

**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: May 23-26, 2016</b>	<b>Review Period: June 2014 to May 2016</b>
<b>Umbrella Agency: Division of Professional Licensure</b>	<b>Number of State Credentialed Appraisers on National Registry: 2,103</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>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>		X					
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.)				The State had 39 outstanding complaints of which 13 were unresolved for more than 1 year and 4 were unresolved for more than 2 years. Of the aged complaints, 4 were removed under the exemption for special documented circumstances. Of the remaining 17 aged cases, all had been investigated and were in various stages of the disciplinary process.  Complaint investigation and resolution has been cited in the last three Reviews of the program.	On July 27, 2016, the State reported that it has made and will continue to make progress in eliminating a backlog of older cases until it is in compliance.	The State has made progress in reducing the backlog of aged complaints. The State must continue to monitor its process 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 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.