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Appraisal Subcommittee
Federal Financial Institutions Examination Council

September 12, 2016

Mr. Richard Maloney, Director
Trade Practices Division
Department of Consumer Protection
165 Capitol Avenue, Room 110
Hartford, CT 06106

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

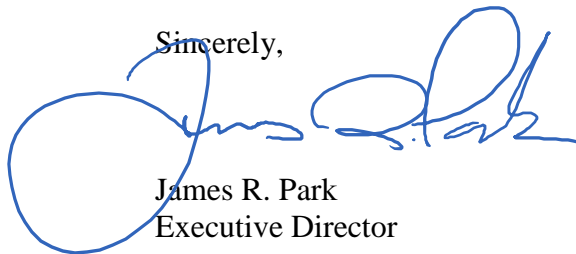
Dear Mr. Maloney:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Connecticut appraiser regulatory program (Program) on June 6-8, 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." Areas of concern that were identified are being addressed by the Program. Connecticut 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. Michelle Seagull, Deputy Commissioner
Ms. Julianne Avallone, Legal Director
Ms. Linda M. Kieft-Robitaille, Real Estate Examiner

ASC Finding Descriptions

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

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

¹ 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: September 12, 2016

Connecticut Appraiser Regulatory Program (State)		
Connecticut Real Estate Appraisal Commission (Commission)/ Decision Making	PM: V. Metcalf	ASC Compliance Review Date: June 6-8, 2016
Umbrella Agency: Department of Consumer Protection		Number of State Credentialed Appraisers on National Registry: 1,272
Review Period: July 2014 to June 2016		
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				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:			X	The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On August 17, 2016, the State replied that effective August 1st, temporary practice applications primarily will be received online, to prompt quicker internal processing procedures. Any paper applications will be identified and removed from the batch flow to ensure 5-day processing.	The State should monitor the new procedures for temporary practice permit processing to ensure compliance with Title XI and ASC Policy Statement 2.	ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2 during the next Review.
National Registry:			X	The State did not add one suspension and two fines imposed by the Commission in 2014 to the National Registry until 2016.	On August 17, 2016, the State responded that all missing disciplinary actions were reported to the National Registry. Going forward, the State will report disciplinary actions within 48 hours after an action is taken.	The State should monitor the new procedure to ensure all disciplinary actions are submitted to the ASC National Registry in a timely manner.	ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3 during the next Review.
Application Process:			X	The 2014 Connecticut audit of affidavits for continuing education (CE) claimed resulted in a 12% failure rate.	On August 17, 2016, the State reported it has increased the 2016 audited population by an additional 15%. The State will also email a notice to all appraisers highlighting the importance of compliance.	The State should monitor the audit process and take additional remedial action if more than 10% of audited affidavits for CE fail to meet the minimum AQB Criteria to ensure compliance with Title XI and ASC Policy Statement 4.	ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4-during the next Review.

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: September 12, 2016

Connecticut Appraiser Regulatory Program (State)		Connecticut Real Estate Appraisal Commission (Commission)/ Decision Making		PM: V. Metcalf	ASC Compliance Review Date: June 6-8, 2016	Review Period: July 2014 to June 2016
Umbrella Agency: Department of Consumer Protection				Number of State Credentialed Appraisers on National Registry: 1,272		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				
Application Process continued:			X				
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The AQB Criteria requires applicants for the Certified General appraiser classification to complete 300 creditable class hours as specified in the Required Core Curriculum. Connecticut issued a Certified General credential to an applicant who did not possess education in all of the Required Core Curriculum areas.	On August 17, 2016, the State reported they evaluated courses completed by the applicant in the 1970s and concluded that these courses satisfied AQB requirements.	The State should implement an effective policy and procedure to ensure in the future, application files contain documentation to support compliance with AQB Criteria.	ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 during the next Review.
Application Process continued:			X				
States must maintain adequate documentation to support verification of all claimed education. (12 U.S.C. § 3347; Policy Statement 4 B, C.)				The AQB Criteria requires applicants for the Certified General credential to hold a Bachelor's degree or higher from an accredited college or university. The State issued a certified general credential without verifying the applicant held a Bachelor's degree.	On August 17, 2016, the State provided a copy of the applicant's transcript evidencing receipt of a Bachelor's degree.	The State should implement an effective policy and procedure to ensure in the future, application files contain documentation to support compliance with AQB Criteria.	ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4 during the next Review.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:			X				
States must ensure that appraiser education courses are consistent with AQB Criteria. (12 U.S.C. § 3347; Policy Statement 6 A.)				AQB Criteria permits State appraiser regulatory agencies to award no more than 7 hours of CE during a CE cycle to credentialed appraisers who attend a single open appraiser regulatory agency meeting of not less than 2 hours in length where attendance for the required period of time is verified by State staff. The Commission awarded its members 14 hours of CE credit for work performed in service to the Commission during the CE cycle.	On August 17, 2016, the State reported that, effective immediately, the Commission will not grant CE that does not meet AQB Criteria to Commission members under any circumstances. The State further responded that all the current Commission members had the requisite hours of CE independent of the granted hours. The only individual to have benefited from the granted hours is deceased.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None