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Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 18, 2017

Commissioner Ian Harlow
Bureau of Professional and Occupational Affairs
Department of State
One Penn Center
2601 North 3rd Street
Harrisburg, PA 17110

RE: Appraisal Subcommittee Staff Follow-Up Review

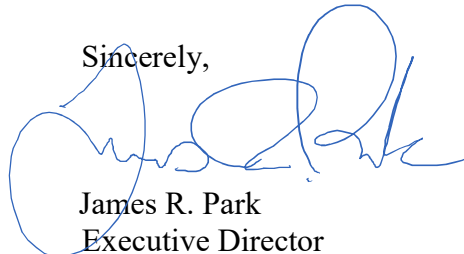
Dear Commissioner Harlow:

Thank you for your cooperation and your staff's assistance in the September 20, 2017, Appraisal Subcommittee (ASC) staff Follow-up Review. This was a Follow-up Review of the May 10-12, 2016, ASC Compliance Review of the Pennsylvania appraiser regulatory program.

As detailed in the attached Follow-up Report, Pennsylvania made progress in addressing the three non-compliance concerns identified in the May 2016 Compliance Review Report. Pennsylvania resolved the required actions regarding the continuing education audit, continues to address amendments to the regulations to bring them into compliance with AQB Criteria and is making significant progress toward addressing timely enforcement.

This letter and the attached Follow-up Report are public record and available on the ASC website in accordance with the Freedom of Information Act. Please contact us if you have any questions.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Mr. D. Thomas Smith, Chair
Ms. Heidi Weirich, Board Administrator
Ms. Jacqueline Wolfgang, Board Counsel
Mr. Ray Michalowski, Senior Prosecutor

ASC Staff Follow-Up Report: 2016 Compliance Review

Pennsylvania Appraiser Regulatory Program (State)		
State Board of Certified Real Estate Appraisers (Board)	Follow-Up Review Date: September 20, 2017	Follow-Up Report Issue Date: October 18, 2017
Umbrella Agency: Department of State, Bureau of Professional and Occupational Affairs	ASC Compliance Review Date: May 10-12, 2016	PM: C. Brooks
Follow-Up of Compliance Review Report Dated: September 14, 2016	ASC Finding: Needs Improvement	

Applicable Federal Citations	ASC Staff Assessment			Required/Recommended State Actions from the September 14, 2016 Compliance Review Report	Status as of September 20, 2017 Follow-Up	Further Required Actions/Comments
	Compliance (YES/NO)	Areas of Concern (AC)				
	Yes	No	AC			
Statutes, Regulations, Policies and Procedures:		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.)				The State must continue the process to amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with quarterly updates on the progress of the amendments.	The State has provided quarterly updates to ASC staff. State staff is continuing the process of amending the regulations to bring them into compliance with AQB Criteria. The regulations are undergoing an entire re-write to reference the AQB Criteria where ever applicable. October 18, 2016, the rulemaking package was forwarded to the Bureau’s Regulatory Counsel for review and approval. Regulatory Counsel is reviewing the entire proposed regulatory package. Upon approval by Regulatory Counsel, the General Revisions will be forwarded to the Bureau’s Deputy Chief Counsel and Department of State Policy Office, the Governor’s Policy and Budget Office, the Office of General Counsel, and the Office of Attorney General before being delivered to IRRC and the legislative committees.	Further Required Actions: The State must continue the process to amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with quarterly updates on the progress of the amendments. Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1.
Application Process:			X			
States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 C.)				Within 60 days of the date of this Report, the State must provide ASC staff a copy of the newsletter article outlining CE requirements, the revised course approval application and an update on the efforts to obtain software allowing licensees to upload course completion certificates.	State staff provided a copy of the news letter article and revised course approval application on November 9, 2016. The State continues to work with the State IT department to obtain software allowing licensees to upload course completion certificates. The 2017 CE audit is in process and 209 credential holders (5%) of the licensees were selected for audit.	Further Required Actions: None Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.

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	Yes	No	AC			
Enforcement:		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.)				<p>The State must continue to develop and monitor its revised processes to ensure timely processing of complaints to reduce the backlog of aged complaints, and to ensure that the complaints of appraiser misconduct or wrongdoing are resolved on a timely basis as required by ASC Policy Statement 7.</p> <p>The State must continue to submit complaint logs and provide updates on the progress of its plan to reduce the backlog of aged complaints to ASC staff quarterly. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.</p>	<p>Since the Compliance Review, the State reduced the number of aged complaints by 46%. During the Follow-up Review, the State had 87 outstanding complaints of which 21 were unresolved for more than 1 year and 15 were unresolved for more than 2 years. Of the aged complaints, 8 were removed under the exemption for special documented circumstances.</p> <p>In the effort to reduce the backlog of disciplinary cases and to prevent them from recurring in the future, the Office of General Council performed a complete review of all cases. Revised procedures are being implemented, an additional prosecutor has been added to the appraisal prosecution team and the State is moving forward with a conditional dismissal type of program.</p>	<p>Further Required Actions: The State must continue to submit complaint logs and provide updates on the progress of its plan to reduce the backlog of aged complaints to ASC staff quarterly.</p> <p>Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.</p>