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Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 30, 2017

Mr. Jonathan Stewart, Division Director
Division of Real Estate
Real Estate Appraiser Licensing and Certification Board
P O Box 146711
Salt Lake City, UT 84114

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

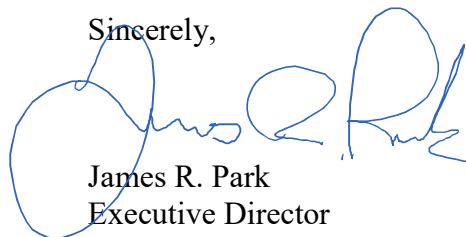
Dear Mr. Stewart:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Utah appraiser regulatory program (Program) on July 11-13, 2017, 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 and will be monitored by ASC Staff. Utah 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: Mr. Justin Barney, Hearing Officer
Mr. Mark Fagergren, Director of Licensing and Education
Ms. Kadee Wright, Chief Investigator
Ms. Kendelle Christiansen, Licensing Specialist

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: October 30, 2017

| | | | |
|--|----------------------|--|---|
| Utah Appraiser Regulatory Program (State) | | | |
| Real Estate Appraiser Licensing & Certification Board (Board) | PM: K. Klamet | ASC Compliance Review Date: July 11-13, 2017 | Review Period: May 2015 to July 2017 |
| Umbrella Agency: Department of Commerce, Division of Real Estate (Division) | | Number of State Credentialed Appraisers on National Registry: 1,206 | 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 | | | | |
| States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.) | | | | The State's lack of sufficient legal resources has resulted in the AG's office failing to timely resolve complaints. | On October 3, 2017, the Division reported that the AG's office allocated an additional Assistant Attorney General to represent the Division. The Division now has 3 full-time AG's. In addition, the Division created a new attorney position, Real Estate Analyst, to assist in drafting stipulations and representing the Division at licensing and enforcement hearings. | The State should ensure the Program has sufficient funding and staffing for an effective and timely complaint resolution process. | ASC staff will pay particular attention to this area during the next Review to verify the effectiveness of the additional legal resources as required by Title XI. |
| Temporary Practice: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| National Registry: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| Application Process: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| Reciprocity: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| Education: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |

| ASC Compliance Review Report | | | | | ASC Finding: Good | | |
|--|--|---------------|---|--|--|---|--|
| | | | | | Final Report Issue Date: October 30, 2017 | | |
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| Umbrella Agency: Department of Commerce, Division of Real Estate (Division) | | | Number of State Credentialed Appraisers on National Registry: 1,206 | | | 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 | | | | |
| 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.) | | | | The State had 36 outstanding complaints of which 5 were unresolved for more than 1 year and 10 were unresolved for more than 2 years. Of the aged complaints, 5 were removed under the exemption for special documented circumstances. | On October 3, 2017, the Division reported that 9 of the 15 aged complaints have been resolved. Litigation and/or negotiations continue on the 6 remaining cases. | The State should employ ways to process complaints of appraiser misconduct or wrongdoing in a timely manner to ensure compliance with ASC Policy Statement 7. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7. |