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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 10, 2019

Mr. David Mangler, Director
Division of Professional Regulation
Council on Real Estate Appraisers
861 Silver Lake Blvd, Suite 203
Dover, DE 19904

RE: ASC Compliance Review of Delaware's Appraisal Management Company (AMC) Regulatory Program

Dear Mr. Mangler:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Delaware AMC regulatory program (AMC Program) on March 19 - 21, 2019, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

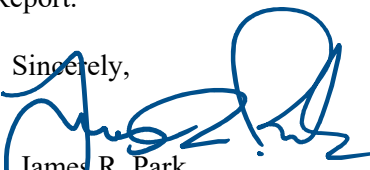
The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

- Participating States must enforce and document ownership limitations for State-registered AMCs.¹
- Participating States must impose requirements on AMCs consistent with the AMC Rule.²

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Delaware 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,

James R. Park
Executive Director

Attachment

cc: Ms. Jennifer Witte, Administrative Specialist II
Dr. Pamela Zickafoose, Executive Director

¹ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

² 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

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	<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.

ASC State AMC Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: July 10, 2019

Delaware AMC Regulatory Program (State)

Council on Real Estate Appraisers (Council) PM: V. Metcalf ASC Compliance Review Date: March 19-21, 2019 Review Period: January 2017 to March 2019
Umbrella Agency: Division of Professional Regulation Number of AMCs on National Registry: 120 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					
Participating States must enforce and document ownership limitations for State-registered AMCs. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				An AMC shall not be registered or included on the AMC National Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause. The State limits the requirement to owners of 10% or more.	On June 5, 2019, the State reported that section three of House Bill 154, which was introduced on May 14, 2019, eliminates the current allowance in Delaware for a revoked or suspended real estate appraiser to have an ownership interest in an AMC.	The State must continue the process to amend its Statute to bring it into compliance with the AMC Rule and provide the ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule and ASC Policy Statement 8.
Statutes, Regulations, Policies and Procedures continued:		X					
Participating States must impose requirements on AMCs consistent with the AMC Rule. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				A regulated AMC must notify appraisers on its appraiser panel before their removal from the panel. The State allows regulated AMCs to remove an appraiser from its panel, without notice, within the first sixty days after the appraiser is first added to the appraiser panel.	On June 5, 2019, the State reported that section four of House Bill 154, which was introduced on May 14, 2019, disallows AMCs from removing an appraiser from its appraiser panel without prior notice.	The State must continue the process to amend its Statute to bring it into compliance with the AMC Rule and provide the ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule and ASC Policy Statement 8.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None