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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 7, 2020

Mr. Brendan Hughes, First Executive Deputy Secretary of State
Division of Licensing Services
New York State Department of State
One Commerce Plaza
99 Washington Avenue, 5th Floor
Albany, NY 12201

RE: ASC Compliance Review of New York's Appraiser Regulatory Program

Dear Mr. Hughes:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New York appraiser regulatory program (Appraiser Program) on October 8-10, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the New York Appraiser Program is attached.

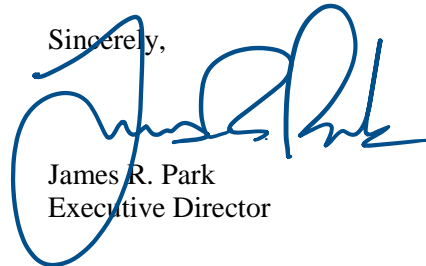
The ASC identified the following areas of non-compliance:

- States must notify the ASC as soon as practicable of voluntary surrenders, suspensions, revocations, or any other action that interrupts a credential holder's ability to practice;¹ and
- States must report all disciplinary action taken against an appraiser to the ASC.²

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. New York 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. Whitney Clark, First Deputy Secretary of State for Business Development
Ms. Amy Penzabene, Director, Division of Licensing Services

¹ 12 U.S.C. § 3347; Policy Statement 3 D, E.

² 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D.

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 ³ | <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.

³ 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 State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: January 7, 2020

| | | | |
|---|----------------------|---|--|
| New York Appraiser Regulatory Program (State) | | | |
| New York State Board of Real Estate Appraisal (Board) | PM: C. Brooks | ASC Compliance Review Date: October 8-10, 2019 | Review Period: September 2017 to October 2019 |
| Umbrella Agency: Department of State, Division of Licensing Services | | Number of State Credentialed Appraisers on Appraiser Registry: 3,710 | 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 9-member Board has 3 vacant positions. During the Compliance Review period, 3 out of the 6 meetings held did not have a quorum. | On December 6, 2019, the State reported they are working with the appointing authorities to fill the positions. The State also noted, while the NYS Board of Real Estate Appraisal assists with implementing new regulations, the program is independently managed by State staff. | The State should continue to monitor the appointment process and encourage the appointment of members to the 3 vacant positions. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1. |
| Temporary Practice: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| National Registry: | | X | | | | | |
| States must notify the ASC as soon as practicable of voluntary surrenders, suspensions, revocations, or any other action that interrupts a credential holder's ability to practice. (12 U.S.C. § 3347; Policy Statement 3 D, E.) | | | | The State did not report a suspension to the Appraiser Registry timely. The suspension became effective in June 2019, but was not reported until October 2019. | On December 6, 2019, the State reported new policies and procedures will be implemented, and additional staff trained, to report discipline to the Appraiser Registry to ensure discipline is reported timely. | The State must implement and monitor the new process to ensure all discipline is reported to the Appraiser Registry timely. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3. |
| National Registry continued: | | X | | | | | |
| States must report all disciplinary action taken against an appraiser to the ASC. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D.) | | | | The State did not report fines and/or additional education on 3 credentials. | On December 6, 2019, the State reported new policies and procedures will be implemented, and additional staff trained, to report discipline to the Appraiser Registry to ensure discipline is reported timely. | The State must implement and monitor the new process to ensure all discipline is reported to the Appraiser Registry timely. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3. |
| 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 State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: January 7, 2020

New York Appraiser Regulatory Program (State)

New York State Board of Real Estate Appraisal
(Board)

PM: C. Brooks

ASC Compliance Review Date: October 8-10, 2019

Review Period: September 2017 to October 2019

Umbrella Agency: Department of State, Division of Licensing Services

Number of State Credentialed Appraisers on Appraiser Registry: 3,710

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 | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |