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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 18, 2020

Ms. Elizabeth Tanner, Director
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920-0942

RE: ASC Compliance Review of Rhode Island's Appraiser Regulatory Program

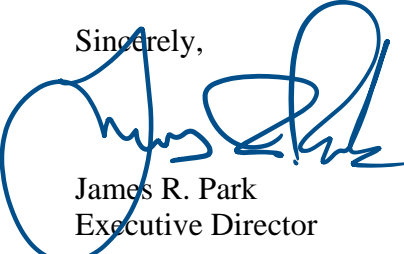
Dear Ms. Tanner:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Rhode Island appraiser regulatory program (Appraiser Program) on October 2-3, 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." Areas of concern that were identified are being addressed by the Appraiser Program. Rhode Island will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Rhode Island Appraiser Program 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. Pamela Toro, Associate Director, Legal Division
Ms. Donna Costantino, Associate Director, Commercial Licensing
Ms. Amy Stewart, Senior Legal Counsel
Mr. William DeLuca, Real Estate Administrator
Ms. Tina Taylor, Licensing Aide, Appraiser Section
Mr. Don DeFedele, Chief Securities Examiner, Securities Regulation Division

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 12, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: March 18, 2020

Rhode Island Appraiser Regulatory Program (State)							
Rhode Island Real Estate Appraisers Board (Board)		PM: K. Klamet		ASC Compliance Review Date: October 2-3, 2019		Review Period: October 2017 to October 2019	
Umbrella Agency: Department of Business Regulation				Number of State Credentialed Appraisers on Appraiser Registry: 428		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:	<input checked="" type="checkbox"/>			No compliance issues noted.	N/A	None	None
Temporary Practice:			<input checked="" type="checkbox"/>	No compliance issues noted.	N/A	None	None
States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On January 9, 2020, the State reported 2 staff personnel were trained to process temporary permits. At the same time, the State reported the Administrator implemented a new procedure to ensure timely completion of processing applications.	The State should monitor the new procedures for temporary practice permit processing to ensure compliance with Title XI and ASC Policy Statement 2.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:	<input checked="" type="checkbox"/>			No compliance issues noted.	N/A	None	None
Application Process:			<input checked="" type="checkbox"/>	No compliance issues noted.	N/A	None	None
States must use a reliable means of validating appraiser experience claims. (12 U.S.C. § 3347; Policy Statement 4 D.)				The State credentialed 2 appraisers without properly validating the applicants experience hours or that the work product was USPAP compliant.	On January 9, 2020, the State reported that new procedures were implemented to ensure the experience hours claimed are valid and the work product is compliant with USPAP.	The State addressed the experience concerns regarding the two credentialed appraisers. However, the state should monitor the new procedures implemented to ensure an effective process of validating experience claims and USPAP compliance.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Reciprocity:	<input checked="" type="checkbox"/>			No compliance issues noted.	N/A	None	None
Education:	<input checked="" type="checkbox"/>			No compliance issues noted.	N/A	None	None
Enforcement:	<input checked="" type="checkbox"/>			No compliance issues noted.	N/A	None	None