

October 11, 2023

**Via Email**

Samuel V. Fuller, Associate Commissioner for Banking  
DC Department of Insurance, Securities and Banking  
1050 First Street, NE, Suite 801  
Washington, DC 20002  
[Samuel.fuller@dc.gov](mailto:Samuel.fuller@dc.gov)

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

Dear Samuel Fuller:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the DC AMC regulatory program (AMC Program) on March 23, 2023, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

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(s) of non-compliance:

- States must impose requirements on State-registered AMCs to provide written notice when removing appraisers from the appraiser panel consistent with the AMC Rule;<sup>1</sup>
- States must impose requirements on AMCs consistent with the AMC Rule;<sup>2</sup> and
- States must enforce and document ownership limitations for State-registered AMCs.<sup>3</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. The District of Columbia will remain on a two-year Review Cycle.

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<sup>1</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14 ; 12 CFR 1222.20 – 1222.26.

<sup>2</sup> 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.

<sup>3</sup> 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

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,

A handwritten signature in blue ink, appearing to read "James R. Park". The signature is stylized and fluid, with a large initial "J" and "P".

James R. Park  
Executive Director

Attachment

cc: Brittany Walton, Banking Licensing Specialist, [Brittany.Walton@dc.gov](mailto:Brittany.Walton@dc.gov)

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor**	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

\*\*An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 12, Interim Sanctions.



## ASC State AMC Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: October 11, 2023

**DC AMC Regulatory Program (State)**

<b>State Board Title (Board) - NA</b>	<b>PM: K. Klamet</b>	<b>ASC Compliance Review Date: March 23, 2023</b>	<b>Review Period: March 2021 to March 2023</b>
<b>Umbrella Agency: Department of Insurance, Securities and Banking</b>		<b>Number of AMCs on AMC Registry: 80</b>	<b>Review Cycle: Two Year</b>

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>		X					
States must impose requirements on State-registered AMCs to provide written notice when removing appraisers from the appraiser panel 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)				The State's AMC statute allows an AMC to remove an appraiser from its panel, without notice, within the first 90 days after the appraiser is first added to the panel, when there is no grace period in the AMC Rule.	On August 30, 2023, the State reported that they agree with the findings and have started to take the necessary steps to correct the deficiencies.	The State must continue the process to amend its statute to bring them into compliance with the AMC Rule and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with the AMC Rule.
<b>Statutes, Regulations, Policies and Procedures continued:</b>		X					
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.)				The State's AMC statutes do not set forth AMC registration limitations to all owners based on disciplinary action imposed in accordance with the AMC Rule.	On August 30, 2023, the State reported that they agree with the findings and have started to take the necessary steps to correct the deficiencies.	The State must continue the process to amend its statute to bring them into compliance with the AMC Rule and provide 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 and ASC Policy Statement 8.
<b>Statutes, Regulations, Policies and Procedures continued:</b>		X					
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.)				State statute requires good moral character of only the designated controlling person. The AMC Rule requires AMC owners of more than 10% to be of good moral character.	On August 30, 2023, the State reported that they agree with the findings and have started to take the necessary steps to correct the deficiencies.	The State must continue the process to amend its statute to bring them into compliance with the AMC Rule and provide 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 and ASC Policy Statement 8.
<b>National Registry:</b>			X				
States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.)				The State failed to report one AMC to the AMC Registry, and reported one AMC that did not meet the federal definition.	On August 30, 2023, the State reported that they agree with the findings and have started to take the necessary steps to correct the deficiencies.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
<b>Enforcement:</b>	X						
No compliance issues noted.							