

November 14, 2023

**Via Email**

Debbie Yanosy, Real Estate Examiner  
Department of Consumer Protection  
450 Columbus Boulevard, Suite 901  
Hartford, CT 06103  
[Debbie.Yanosy@ct.gov](mailto:Debbie.Yanosy@ct.gov)

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

Dear Debbie Yanosy:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Connecticut AMC regulatory program (AMC Program) on April 25-27, 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 areas of non-compliance:

- States must have the authority to collect and transmit to the Appraisal Subcommittee annual registry fees from an appraisal management company that either has registered with a State appraiser certifying and licensing agency or operates as a subsidiary of a federally regulated financial institution.<sup>1</sup>
- States shall not require an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency to register with a State.<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. Connecticut will remain on a two-year Review Cycle.

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<sup>1</sup> Title XI § 1109(a)(4), 12 U.S.C. § 3338(a)(4)

<sup>2</sup> Title XI § 1124(c), 12 U.S.C. § 3353(c)

<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; Policy Statement 8.

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 cursive, with a large initial "J" and "P".

James R. Park  
Executive Director

Attachment

cc: Bryan Cafferelli, Commissioner, [Bryan.Cafferelli@ct.gov](mailto:Bryan.Cafferelli@ct.gov)  
Pamela Brown, Director, [Pamela.Brown@ct.gov](mailto:Pamela.Brown@ct.gov)  
Vicky Bullock, Staff Attorney, [Vicky.Bullock@ct.gov](mailto:Vicky.Bullock@ct.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: November 14, 2023

<b>Connecticut AMC Regulatory Program (State)</b>			
Connecticut Real Estate Appraisal Commission	PM: T. Lewis	ASC Compliance Review Date: April 25-27, 2023	Review Period: May 2021 to March 2023
Umbrella Agency: Department of Consumer Protection		Number of AMCs on AMC Registry: 125	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				
<b>Statutes, Regulations, Policies and Procedures:</b>		X					
States must have the authority to collect and transmit to the Appraisal Subcommittee annual registry fees from an appraisal management company that either has registered with a State appraiser certifying and licensing agency or operates as a subsidiary of a federally regulated financial institution. (Title XI § 1109(a)(4), 12 U.S.C. § 3338(a)(4)).				The State does not have the authority to collect and transmit annual registry fees from Federally regulated AMCs for the AMC Registry.	On August 15, 2023, the State reported that the State drafted proposed legislation to address this issue.	The State must continue the process of amending its statute to bring them into compliance with Title XI and provide ASC staff with a copy once finalized.	None
<b>Statutes, Regulations, Policies and Procedures (Continued)</b>		X					
States shall not require an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency to register with a State. (Title XI § 1124(c), 12 U.S.C. § 3353(c))				The State's exemption for Federally regulated AMCs does not comply with Title XI.	On August 15, 2023, the State reported that the State drafted proposed legislation to address this issue.	The State must continue the process of amending its statute to bring them into compliance with Title XI and provide ASC staff with a copy once finalized.	None
<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.)				The State failed to enforce the ownership limitations on renewing AMCs.	On August 15, 2023, the State reported that they modified their process for enforcing and documenting ownership limitations for State-registered AMCs.	The State should monitor its modified process for enforcing and documenting ownership limitations for State-registered AMCs to ensure compliance with Title XI.	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 reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice). (Title XI § 1118, 12 U.S.C. § 3347; Title XI § 1109, 12 U.S.C. § 3338; Policy Statement 9.)				The State did not reconcile and pay registry invoices in a timely manner.	On August 15, 2023 the State reported that they were caught up with all outstanding registry invoices. The State further reported that program staff underwent training to streamline the invoice payment approval process, ensuring invoices are reconciled and paid within the specified time frame.	The State should monitor their process to ensure National Registry of AMC Invoices are reconciled and paid timely.	None
<b>National Registry (Continued):</b>		X					



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Umbrella Agency: Department of Consumer Protection      Number of AMCs on AMC Registry: 125      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				
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 as inactive; a name change of one AMC; and 13 AMCs that met the federal definition of an AMC to the National Registry of AMCs.	On August 15, 2023, the State reported that they acknowledge the instances of noncompliance in this area and advised that changes to reporting requirement procedures were made to prevent future discrepancies. The State made corrections and added the qualifying registrants to the National Registry of AMCs.	The State should monitor its revised procedures for reporting AMC information to the National Registry of AMCs to ensure compliance with Title XI.	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>National Registry (Continued)</b>			X				
States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee. (Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26;12 CFR 1102.403; Policy Statements 8 and 9.)				The State failed to ensure State registered AMCs met the federal definition to be eligible to be on the National Registry of AMCs.	On August 15, 2023, the State reported that staff received training on the eligibility criteria and proper collection of registry fees, and implemented a streamlined application process to ensure eligible applicants are qualified and placed on the National Registry of AMCs.	The State should monitor its revised procedures for reporting AMC information to the National Registry of AMCs to ensure compliance with Title XI.	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>Enforcement:</b>	X						
				No compliance issues noted.	N/A	None	None