Appraisal Subcommittee Advisory Committee for Development of Regulations

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Committee Recommendations to the Appraisal Subcommittee

April 30, 2015

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INTRODUCTION

Process

The Appraisal Subcommittee Advisory Committee for Development of Regulations (ASCAC or Committee) was formed in February 2014.

The Committee met four times in the Washington DC area:

April 16-17, 2014
July 22-23, 2014
October 15-16, 2014
February 12-13, 2015

Each Meeting was open to the public, and public participation was invited and encouraged. A public forum was held at the beginning of each Meeting, with time set aside at the end of each Meeting for final public comments. Members of the public asked questions during the Meeting, and many were asked questions by the ASCAC members.

All Meeting documents, including minutes, are available on the ASC website, and all Meetings noticed in the Federal Register at least 15 days before each Meeting.

The Committee Chair provided an update of the Committee's activities at the Association of Appraiser Regulatory Officials Fall Conference in October 2014.

Recommendations

ASCAC was charged with making recommendations to the Appraisal Subcommittee (ASC) in four areas: Temporary Practice, the National Registries, Information Sharing, and Enforcement. Although not a part of its charter, the Committee also addressed potential uses of ASC grant money for States once those funds are available. If implemented, some recommendations may require significant expenditures by the ASC.

In addition to the recommendations, most of the Committee believes that the ASC must codify its Policy Statements into the Code of Federal Regulations.

LIST OF COMMITTEE MEMBERS

Chair:	**Representing**
Roberta Ouellette - Raleigh, NC	State Government Agencies
Vice Chair:	
Frank Gregoire - St. Petersburg, FL	Real Estate Agents
Members:	
Richard Borges II - Greenwood, IN	Appraisers
Toni Bright - Des Moines, IA	State Government Agencies
Maria Brown - Salem, OR	State Government Agencies
Thomas Callahan - Dorchester, MA	Consumer Advocates
George Demopulos - Providence, RI	Appraisal Management Companies
Blake Feik - Thornton, CO	Lenders
Wayne Hood - Oak Ridge, TN	Lenders
Alan Hummel - St. Paul, MN	Appraisers
Katherine Kelton - Long Beach, CA	Lenders
Louise Lavertu - Concord, NH	State Government Agencies
Jim Martin - Sacramento, CA	State Government Agencies
Christine McEntire - Oklahoma City, OK	State Government Agencies
LeeAnn Moss - Bloomington, IL	Appraisers
Van Stewart - San Antonio, TX	Lenders
Tony Pistilli - Lewisville, TX	Appraisal Management Companies
Juana Watkins - Orlando, FL	State Government Agencies

OVERVIEW OF RECOMMENDATIONS

Temporary Practice

Recommendation 1: Once all States report data to the National Registry on at least a weekly basis, the Committee recommends finding that a letter of good standing is burdensome on States and appraisers if the person being asked for the letter is active on the National Registry.

Recommendation 2: Given the importance of criminal background screening, the Committee recommends that no action be taken regarding the requirement by some States of a criminal background check on an applicant for temporary practice.

Recommendation 3: Currently it appears on the National Registry as if the disciplinary action on a temporary practice permit was taken in the applicant's home State, not the actual State that took disciplinary action. Design the National Registry so it reflects the State that took disciplinary action against the appraiser and the details of the action.

National Registries

Recommendation 1: Absent uniformity across the States, do not include Trainees, either on a voluntary or mandatory basis, on the National Registry.

Recommendation 2: Develop one unique identifier for each appraiser or appraisal management company (AMC) listed on the National Registry that will be used by each State in which the appraiser is credentialed or AMC is registered.

Recommendation 3: Maintain for public viewing, on each appraiser's or AMC's screen, all historical disciplinary actions that impact a registrant's ability to practice.

Recommendation 4: The National Registry notes only if an appraiser is active or inactive in a State. Develop a drop down list within the National Registry to denote the reason an appraiser is listed as inactive, i.e., retired, deceased, license suspension/revocation.

Recommendation 5: Provide additional content to information currently available on the National Registry for each appraiser. See Section 2 in the Appendix, and also refer to *Recommendation 2* under Information Sharing.

Recommendation 6: Appraiser data and information regarding disciplinary actions should be submitted to the ASC as soon as practical and at least weekly.

Recommendation 7: Content for the National Registry of AMCs should include detailed information as set forth in Section 3 in the Appendix.

Recommendation 8: Require that States notify the ASC of any disciplinary action that interrupts a credential holder's ability to practice within five business days after the action is either final or effective.

Information Sharing

Recommendation 1: Provide more information about each appraiser and AMC on the National Registry. See Sections 2 and 3 in the Appendix, and also refer to *Recommendation 5* under National Registries.

Recommendation 2: Maintain the disciplinary action history of an appraiser on the public side of the National Registry so that the public will know of all periods of time in which an appraiser was not active on the National Registry. Also the National Registry should maintain all information regarding registration, such as periods of inactive status.

Recommendation 3: Enhance the ASC website to include much more information on each State appraiser regulatory agency, including information regarding AMCs. See Section 4 in the Appendix.

Recommendation 4: Make it easy for a State appraiser regulatory agency to discover if another State appraiser regulatory agency is in compliance with Title XI. This can be noted on each State agency page, in a separate document, or both.

Enforcement

Recommendation 1: Strictly define the "complaint filing date" as the date the original complaint is received in the State appraiser regulatory agency office.

Recommendation 2: More specifically define "special documented circumstances," as currently used in ASC Policy Statement 7.

Recommendation 3: Clarify what constitutes an "investigation" of the merits of a complaint.

DISCUSSION OF RECOMMENDATIONS

Temporary Practice: ASC Policy Statement 2

Temporary practice is addressed in Policy Statement 2. For the most part, the requirements in the Statement are effective and should be codified into the Code of Federal Regulations. The following recommendations should be considered before they are codified.

I. Most State appraiser regulatory agencies utilize the National Registry to verify credential status on applicants for temporary practice. In order to be a reliable source of information, the National Registry must be robust and updated in a timely fashion. *See the recommendations under the Temporary Practice section on page five of this document.*

Since the information on the National Registry is not updated daily for most States, some States require a letter of good standing to issue a temporary practice permit (TPP). These States may not consider an application for a TPP to be "complete" until the letter is received. Policy Statement 2 states that "Home State agencies may not delay the issuance of a written "letter of good standing" for more than five business days after the receipt of a request." Even so, an applicant for a TPP may have to wait several days before it is issued. Until all information on the National Registry is updated in a more timely fashion, the Committee recommends making no changes regarding the "letter of good standing" for a TPP. Once all States are uploading data at least weekly, the Committee recommends finding the requirement for a letter of good standing to be burdensome to States and appraisers if the person required to provide the letter of good standing is active on the National Registry.

II. Some State agencies require a criminal background check as part of a TPP application. These States may not consider an application for a TPP to be "complete" until the background check is received. States that do require a background check report that they can usually obtain one within a day or two of the request. If a State knows that it will take several days to obtain such a check, either an applicant may have to wait an extended period of time to receive a TPP, or the State will issue the TPP before the results are back. In that case, if the check indicates a criminal history which calls into question whether the TPP should have been granted, the State will hold the results of the check and may refuse to issue a TPP in the future if the applicant files another application for a TPP at a later date.

The Appraiser Qualifications Board of the Appraisal Foundation has recognized the importance of criminal background checks for appraisers, as have lenders and AMCs. As of January 1, 2017, all applicants for an appraiser credential shall possess a background that would not call into question public trust, as determined by the State appraiser regulatory agency. There is no such requirement for existing credential holders.

The Committee recommends that no action be taken regarding the requirement of a criminal background check on an applicant for temporary practice.

III. Some States have taken disciplinary action against appraisers working in their State under a TPP. When the States report this to the ASC pursuant to Policy Statement 3 (requiring State agencies to report as soon as practicable any disciplinary action taken against an appraiser to the

ASC), the manner of which it appears on the National Registry is somewhat misleading. Currently, it appears as if the disciplinary action was taken in the applicant's home State, not the actual State that took disciplinary action. The Committee recommends that the appraiser information on the National Registry reflect the State that took disciplinary action.

National Registries: ASC Policy Statement 3

The National Registry is addressed in Policy Statement 3. For the most part, the requirements in Policy Statement 3 are effective and should be codified into the Code of Federal Regulations. The following recommendations should be considered before they are codified.

The National Registry of real estate appraisers is relied upon by appraisers, government agencies, lenders, AMCs, consumers, and others. In order to be a reliable source of information, the National Registry must be robust and updated in a timely fashion.

Recommendations:

I. Registered Trainees are currently not allowed to join the National Registry. Many States have a formal trainee registration program and issue a trainee credential. These States generally follow the Appraiser Qualifications Board's Trainee Real Property Appraiser criteria, which requires 75 hours of qualifying education as outlined in the Core Curriculum. Some require additional education, and some test Trainees. Some States do not have any program and allow an unlicensed person to work under the supervision of a certified real estate appraiser, often before the unlicensed person has taken any appraiser qualifying education. The ASC does not have the authority under Title XI to require States to have a formal trainee registration program. Absent uniformity across the States, the Committee does not recommend that the National Registry include Trainees, either on a voluntary or mandatory basis.

II. Each appraiser credentialed on the National Registry should have one unique identifier.

III. Currently, the only information available to the public regarding an appraiser's disciplinary action is whether the appraiser is currently unable to appraise. All historical disciplinary actions that could have affected an appraiser's ability to appraise should be maintained for public viewing on each appraiser's screen. In addition, the appraiser's registration status history should also be maintained. This will allow users of appraiser services to determine if an appraiser was able to practice during a specific period of time.

IV. Currently, the National Registry notes only if an appraiser is active or inactive in a State. There is no provision for noting if an appraiser is deceased, is working in an environment that does not require appraisals for federally related transactions, or has simply failed to renew a credential. If an appraiser is inactive, the data screen should have a dropdown list for the reason the person is inactive. If it is not feasible to obtain all of this information, at the very least, the data screen should note if the appraiser is deceased. This would aid in preventing the use of the appraiser's credentials by another person.

V. Data on appraisers on the National Registry is sparse and confusing. States rely on the information on the National Registry in order to grant TPPs as well as reciprocal licenses. Lenders and AMCs rely on the National Registry as part of their due diligence for determining that an appraiser is properly credentialed. The amount of data currently available is minimal, and should be increased. The data screen for each appraiser should be maintained in a list format. The list should contain:

- The unique identifier.
- Date, type of credential held and current status for each State in which the appraiser has been or is credentialed. Each State listed on the screen should have a hotlink to the State website or the page in the information sharing area of the ASC website. *See Information Sharing Section* on next page.
- All disciplinary action taken by any State, either in summary form, a hotlink to a contact person for that State, or a linked copy of the actual order.

VI. Pursuant to current Policy Statement 3, States must submit appraiser data at least monthly to the ASC. Given the increasing reliance on the National Registry, this is not acceptable. States are now required to transmit appraiser data via the extranet application. Appraiser data and information regarding disciplinary actions should be submitted to the ASC as soon as practical and at least weekly. If a State does not submit data via the extranet application, ASC technical staff should contact them to ascertain the reason why this is not done. If it is a funding issue, the ASC should consider a grant to the State to pay for installation of the software and other related costs. Having all States use the extranet application will result in the timely transmission of data in a consistent fashion.

VII. The ASC will be responsible for maintaining a National Registry of AMCs. The Registry should contain the following information on each AMC:

- A unique identifier for each AMC.
- Date issued and current status for each State in which the AMC has been or is registered, with a hotlink to the State website or the page in the information sharing area of the ASC website. *See Information Sharing Section* on next page.
- Name, mailing address, telephone number and email address of the contact person supplied by the AMC.
- Name, address and contact information for any individual or business entity that owns ten percent (10%) or more of the AMC.
- All disciplinary action taken by any State, either in summary form or a linked copy of the actual order. *See Information Sharing Section* on next page.

VIII. Policy Statement 7 requires that States must notify the ASC of any disciplinary action that interrupts a credential holder's ability to practice within five business days after the action is final. For many States, an action does not become "final" until the hearing decision or other notice of the findings and order are served on the appraiser. Since States have little control on when those notices are served, the State may not be able to report the action within five business days of it becoming final. A better way to handle this situation is to require that States notify the ASC within five business days of the date the action becomes effective.

Information Sharing

I. The current ASC website provides limited information about appraisers on the National Registry, most of which is related to whether an appraiser is currently able to appraise properties in the States where the appraiser is credentialed. There should be a hotlink to either a direct contact person for information regarding disciplinary actions, or a website where a member of the public may obtain that information. In addition, the State that took the disciplinary action should be noted on the website. For example, an appraiser may have been reprimanded in one State for an appraisal done in that State pursuant to the TPP. A user who wishes to get more information regarding the disciplinary action will assume that it took place in the State noted on the appraiser's information on the National Registry, rather than contact the State that actually imposed the sanction.

II. Once a disciplinary action has been shown on the public website that information should continue to remain on the public side of the website.[1] This would allow the public to know of all periods of time in which an appraiser was not active on the National Registry. Sections 2 and 3 in the Appendix contain suggested content for appraisers and AMCs.

III. The current ASC website provides a variety of information about each State appraiser regulatory agency, but this data is not easy to find because it is scattered throughout the website. The data should be reorganized so that it is all contained in one location. This data must include information regarding AMCs if the State regulates them. When AMCs are on the National Registry, the ASC should provide disciplinary action information in the same manner as is currently provided for appraisers. This includes providing AMC disciplinary action in the daily email notice. The information on the website must be kept current. Policy Managers are in constant contact with the States and should ensure this information is updated. Section 4 in the Appendix contains suggested content for each State appraiser regulatory agency.

IV. Policy Statement 5 requires that States have a reciprocity policy that issues reciprocal credentials if the appraiser is coming from a home State that is in compliance with Title XI. An ASC finding of "Poor" means that a State is not in compliance. Currently, the only way a State appraiser regulatory agency can discover this information is to ask the ASC or someone from the home State, or read through compliance review findings in the FOIA reading room on the website. This information should be noted on the State appraiser regulatory agency page on the ASC website (see Section 4 in the Appendix). It can also be noted in a separate, clearly marked, and easy to find place on the website.

V. States may not use the terms "licensed" or "certified" for an appraiser credential if the appraiser does not meet AQB Criteria.

[1] See Appendix, Section 1, Lack of Consensus regarding Public versus Private Side of the ASC National Registry, page 17.

Enforcement: ASC Policy Statement 7

Enforcement is addressed in Policy Statement 7. Historically, the most often noted deficiency in a Compliance Review has been a State agency's timeliness and effectiveness in its enforcement program. Often the basis for the issues with a State's enforcement program is a lack of resources.

In order to be effective, an enforcement program should be timely, consistent, and well-documented. The current Policy Statement is generally adequate to address State enforcement programs, although it could use some further development.

I. Policy Statement 7 requires States to process complaints against appraisers within one year of the date the complaint is filed, absent special documented circumstances. Compliance with this requirement is difficult for many States. One area of confusion may be the "complaint filing date." Some States consider this to be the date the original complaint is received in the office. Some consider it to be the date the complaint has been screened and approved to be investigated. This term should be defined as the date the original complaint is received in the State appraiser regulatory agency office.

II. The ASC recently amended Policy Statement 7 to provide more detail regarding Special Documented Circumstances. Essentially, if processing a complaint is beyond the control of the State appraiser regulatory agency and they can document that fact, they are in compliance with Policy Statement 7.

It would be helpful to add more examples of Special Documented Circumstances, as States often are not clear on what exceptions exist. For example, Policy Statement 7 describes one such circumstance as "those periods when State rules require referral of a complaint to another State entity for review and the State agency is precluded from further processing of the complaint until it is returned." This should be clarified to mean a period of time when a case is sent to a separate State agency; for example, to the attorney general's office for prosecution or to an administrative law judge for hearing. Another circumstance is the lapse of time between the date the complaint is initially received and the receipt of all of the necessary information to begin processing it. For example, a State may receive a complaint and log it in, then notice that some necessary information was not received. The State then must contact the Complainant to receive the information before it can proceed. This could take weeks or months, depending on the required information.

III. There needs to be more clarity as to what constitutes an "investigation" of the merits of a complaint. Policy Statement 7 currently requires that a person analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP. It also requires that States must analyze each complaint to determine whether additional violations of federal, or State law or USPAP should be added to the complaint. In some States, the "investigation" may consist simply of a screening of a complaint by a staff member. If the staff member decides that the complaint has no merit, or if it needs only a telephone call or letter to the appraiser, it is either not opened or is opened and closed immediately. In other States a full field investigation is conducted on all complaints. Some States do not accept complaints that are based solely on value. Given that many complaints are from consumers with little or no knowledge of USPAP, complaints from consumers that mention only value should not be dismissed on that basis.

States should be required to analyze all complaints for USPAP compliance even if a USPAP violation is not alleged.

APPENDIX

Section 1: Lack of Consensus regarding Public versus Private Side of the ASC National Registry

There is significant disagreement among Committee members regarding how to treat information the ASC has regarding disciplinary actions that do not affect an appraiser's ability to practice, such as reprimands or additional education. Some members, mostly State government agency and appraiser representatives, believe that information regarding those disciplinary actions should continue to be available only to State regulators on the password-protected (private) side of the National Registry for the following reasons:

a. Publishing other disciplinary actions on the National Registry may have serious consequences for appraisers, such as being removed from lender and AMC approved lists, even though the infraction might be only a minor violation of a State rule.

b. The ASC does not have the authority to publish information about an appraiser if it does not affect the ability of the appraiser to practice.

c. For some States, this information is confidential. It is released to the ASC on the condition that it remains confidential, or at least available only to other State appraiser regulatory agencies. If this information were to be made available to the public, those States may refuse to send it to the ASC, resulting in a violation of Policy Statement 3.

d. If only some States send in such information, it will be misleading to users of the National Registry as an appraiser may have disciplinary action in a State, but it would not be reported. Users may interpret that to mean that the appraiser has not had disciplinary action in a State, when in fact there had been such action. The information on the National Registry would therefore not only be misleading and confusing, it could also be harmful to the public.

Other members of the Committee believe that such information should be available on the public side of the National Registry because:

a. The information is currently sent to the ASC, and may be available to the public through a FOIA request to the State. Some members questioned whether there is a reason to keep it on a private side of the National Registry and unavailable to the public.

b. Members of the public are interested in this information and have the right to know if an appraiser has been disciplined for any reason. Disciplinary action is generally taken for violation of law, rules, or USPAP, and even if a violation is found to be minor by a State, it is up to the users to determine if the information is material to them.

c. Federal law mandates that lenders screen appraisers for qualifications related to individual assignment risk in addition to being licensed or certified. Since the National Registry is specifically designed to accommodate federally related transactions, appraiser competency issues identified by a State should be made public

to assist lenders with promoting safety and soundness and consumer protection at the individual assignment level.

d. If the information is already publicly available on the individual States website (and is in many States), there is no reason to prevent this information from being available on the National Registry. For States that do not already provide this information publicly or have regulatory restrictions regarding data that can be publicized in that State, the National Registry can state "This State does not provide disciplinary action data outside of suspensions, revocations, and voluntary surrenders."

Section 2: Proposed Content for Appraisers on the ASC National Registry

Current fields:

Public:

Licensing State
State License Number
National Registry Number (unique identifier)
First Name
Middle Name
Last Name
Name Suffix
Company Name
Appraiser's street address
City
State
Zip
County
Telephone Number
Effective Date of License
Expiration Date of License
License Type
Status
Conforms to AQB Criteria
Disciplinary Action Type: suspension, revocation, voluntary surrender, restriction
Disciplinary Action Effective Date
Disciplinary Action Ending Date

Private:

Disciplinary Action Type (any disciplinary action)
Disciplinary Action Effective Date
Disciplinary Action Ending Date

Proposed Additional Fields:

Link to disciplinary action (hotlink to contact person or State disciplinary action website)
Maintain appraiser license history, including historical disciplinary actions
Temporary Practice disciplinary actions

Section 3: Proposed Content for Appraisal Management Companies on the ASC National Registry

Public:

Name
Unique identifier
Mailing address
Physical address
Telephone number
Website
General email
Contact name (AMC to determine)
Contact's title
Name of individuals and/or entities that own 10% or more of the company
List of all States in which AMC is or has been registered
State contact information and hotlink for each State in which AMC is registered
Status for each registration held
Effective date of each registration
Expiration date of each registration
Disciplinary actions that affect AMCs ability to operate: suspension, revocation, voluntary surrender
Appraisal license disciplinary actions that affect individuals that own 10% or more of the company: suspension, revocation, voluntary surrender

Private:

Contact's email
Employer Identification Number
All disciplinary actions

Section 4: Proposed Content for Each State Appraiser Regulatory Agency on the ASC Website

Contact Information:

Name
Mailing address
Physical address
Website
Phone number
Fax Number
General email
Administrator's Name
Link to forms
Link to State correspondence

National Registry:

Law type (mandatory/voluntary)
All appraisers in State on National Registry?
Frequency of update
Issue non-AQB compliant credentials?
In compliance with Title XI?

Laws and Rules:

Link to law
Link to rules
Link to contact person in agency for law/rule changes

Renewals and Continuing Education:

Frequency of renewal
Fees
Letter of good standing required?
Continuing education cycle
Additional State education requirements (yes or no)

Temporary practice:

Link to temporary practice permit application on website
Link to State Rule on temporary practice

Reciprocity:

Link to form on website
Link to rule

Qualifying Education Courses:

Contact name
Contact email
Link to application form
Link to rule

Complaints:

Link to appraiser complaint form
Link to AMC complaint form
Provide disciplinary action on website? (link)

Other:

Have formal trainee registration?
Compliance Review standing

Appraisal Management Companies:

Have registration/regulation program?
Effective date
Link to law
Link to rules
Link to forms
Bond required: (yes or no)
Other requirements:

Section 5: Proposed Sanctions for Enforcement of ASC Regulations

A. DEFINITIONS

Warning: A letter that informs the State that its program is not conducting its business in compliance with Title XI and ASC Policy Statements.

Training for Board members: Requiring all sitting Board members to attend a workshop regarding a specific topic, usually the role of a State appraiser regulatory agency. May also include training in another topic such as USPAP.

Training for staff: Requiring some or all Board staff to attend a workshop regarding a specific topic, such as investigator training or USPAP.

Consultation with State authorities: ASC staff and possibly agency members contacting State officials such as the Governor's office or State legislative members. Contact may be in writing or in person.

Meeting with affected parties: ASC staff and possibly State agency members contacting parties such as State Banking Commissions and real estate broker/appraiser trade organizations.

Require State use of Voluntary Disciplinary Sanction Matrix: Requiring the State to use the Matrix in determining sanctions for enforcement of appraiser complaints.

Expedited review: Scheduling a compliance review or follow up before the usual two-year period. Review may be electronic.

Continuous monitoring: Requiring reports on required or agreed upon corrective actions on a monthly or quarterly basis. Additional monitoring may include on-site monitoring as well as off-site monitoring.

Interim removal of credential from the National Registry: May be an individual credential or a group of credentials.

Removal of credential from the National Registry: May be an individual credential or a group of credentials.

Interim derecognition: Derecognizing some or all of credentials to perform federally related transactions issued by the State.

No new credentials added to the National Registry
No upgrades issued to specific credentials to perform federally related transactions
No temporary practice permits issued to perform federally related transactions

Derecognition: Removal of credentials from the National Registry issued by a State, and not accepting any new credentials from that State. As a result, there would be no appraisals of property within that State that could be used for federally related transactions.

B. AGGRAVATING AND MITIGATING CIRCUMSTANCES

AGGRAVATING CIRCUMSTANCES

An aggravating factor is any information or evidence regarding the deficiency that might result in an increased sanction. Aggravating circumstances include:

- Pattern of prior deficiencies of another type that have not been corrected.
- Pattern of prior deficiencies of the same type
- Numerous deficiencies of various types
- Refusal to acknowledge the deficiency
- Lack of cooperation with the ASC staff
- A lack of willingness or lack of efforts to correct deficiencies
- Deficiencies are material and, if not corrected in a timely manner, will pose a potential risk to the program, licensees, financial institutions or agencies or to the public
- Submission of false statements or documents, or other deceptive practices
- Board member involved in a decision who had a conflict of interest or bias that affected the outcome of a matter
- Other deficiencies in the program that might indicate systemic issues
- Risk of program failure
- Systemic failure to exercise reasonable care toward equitable enforcement

MITIGATING CIRCUMSTANCES

A mitigating factor is any information or evidence regarding the deficiency that might result in a decreased sanction. Mitigating circumstances include:

- No prior deficiencies of any type
- Prior deficiencies of another type that were minor and have been corrected
- Understanding and acknowledgement of deficiency
- Immediate steps taken to correct the issue
- Personnel issues such as illness or loss of a key staff member
- Change in leadership
- State otherwise has an effective and efficient regulatory program
- The occurrence of a natural disaster
- Board member who had a conflict of interest was cleared by a State ethics agency before participating in a matter (unless the ASC finds the conflict created a bias that affected the outcome)

C. SANCTIONS MATRIX

Key	Sanctions	Definitions
1	Warning	A letter that informs the State that its program is not conducting its business in compliance with Title XI and ASC Policy Statements.
2	Training - Board members	Requiring all sitting Board members to attend a workshop regarding a specific topic, usually the role of a State appraiser regulatory agency. May also include training in another topic such as USPAP.
3	Training - State Staff members	Requiring some or all State Board staff to attend a workshop regarding a specific topic, such as investigator training or USPAP.
4	Consultation with State authorities	ASC staff and possibly agency members contacting State officials such as the Governor's office or State legislative members. Contact may be in writing or in person.
5	Meeting with affected parties	ASC staff and possibly State agency members contacting parties such as State Banking Commissions and real estate broker/appraiser trade organizations.
6	Expedited review 6 mos - every year	Scheduling a Compliance Review or Follow-up Review before the usual two-year period. May be electronic.
7	Continuous Monitoring	Requiring reports on required or agreed-upon corrective actions on a monthly or quarterly basis. Additional monitoring may include on-site monitoring as well as off-site monitoring.
8	State use of matrix	Requiring the State to use the Matrix in determining sanctions for enforcement of appraiser complaints.
9	Interim removal of credential not to exceed 90 days	May be an individual credential or group of credentials within a State.
10	Removal of credential - individual appraiser	May be an individual credential or group of credentials within a State.
11	Interim derecognition of State appraisal program	Derecognizing some or all of the credentials to perform federally related transactions issued by the State. Also, no new credentials will be issued; no upgrades will be issued to specific credential(s); or no temporary practice permits will be issued.
12	Derecognition of State appraisal program	Removal of credentials from the National Registry issued by a State and not accepting any new credentials from that State. As a result, there would be no appraisals of property within that State that could be used for federally related transactions.

Sanction Matrix - Recommendations from National Registry - Information Sharing Subgroup

	Type of violation:	Minor 1st	Minor 2nd	Minor 3rd	Material 1st	Material 2nd	Material 3rd	Significant 1st	Significant 2nd	Significant 3rd	Severe 1st	Severe 2nd	Severe 3rd	Subgroup Comments
National Registry (includes Information Sharing)	**Policy Statement 3**													
Does not transmit a roster listing individuals who have received a State certification or license at least monthly.	3.A, 3.D							1, 3				3, 4	11*	*No new credentials issued.
Places non-AQB compliant appraisers on the Registry.	3.A							1, 3 (if appropriate)				3, 4	9, 10, 11	
For appraisers who choose not to be on the Registry, fails to place a notice on the pocket card.	3.A	1	1	1										
Does not have or enforce a policy to restrict access to submit information to the National Registry.	3.A				1, 3 (if appropriate)	6, 7						4		
Does not remit Registry fees in a timely fashion.	3.B							1 (3 warnings)				4	9	
Has not designated an Authorized Registry Official.	3.C	1	3	4										
Does not report the most serious disciplinary actions (i.e., voluntary surrenders, suspensions and revocations, or any action that interrupts a credential holder's ability to practice) within 5 business days after the action is final.	3.D										1,3,7	4,5	11*	No new credentials issued (any of the three: new, renewals, temporary practice)
Does not use the extranet program to report disciplinary action.	3.D				1	3	4							
Must report all disciplinary actions to the National Registry in 30 days.	3.D							3	4				11	
Using a federally recognized credential or designation that is not easily distinguished from federally recognized credentials.	1.E.				1	4,5	7							

Sanction Matrix - Recommendations From Enforcement Subgroup

	Type of violation:	Minor 1st	Minor 2nd	Minor 3rd	Material 1st	Material 2nd	Material 3rd	Significant 1st	Significant 2nd	Significant 3rd	Severe 1st	Severe 2nd	Severe 3rd	Subgroup Comments
Enforcement	**Policy Statement 7**													
Cases not resolved within 1 year with no special circumstances documented.	7.B				1, 2, 3				4,5	6,7				After discussion at October Meeting, moved from Significant 1,2,3 to Material 1, Significant 2, Significant 3.
Dismissal of case without consideration of merit.	7.B.1										4	7	11	
Persons analyzing complaints for USPAP compliance must be knowledgeable in USPAP.	7.B.2							2,3	4	7				After discussion at October Meeting, moved from Material to Significant.
Not analyzing to determine if additional violations should be added to the complaint.	7.B.2							1	4	7				After discussion at October Meeting, moved from Material to Significant.
Enforcement dispositions are not consistent.					1	2, 3, 7	8							
Enforcement dispositions are not appropriate and equitable.	7.B.2							2, 3	7	4, 8				
Complaint files are not well-documented and do not clearly show the status of the complaints.	7.B.3				1	2, 3	7							
Complaint log inadequate.	7.B.4							1	2, 3	7				
Complaint log missing.	7.B.4										4, 5	6, 7	11	

Sanction Matrix - Recommendations From Temporary Practice Subgroup

	Type of violation:	Minor 1st	Minor 2nd	Minor 3rd	Material 1st	Material 2nd	Material 3rd	Significant 1st	Significant 2nd	Significant 3rd	Severe 1st	Severe 2nd	Severe 3rd	Subgroup Comments
Temporary Practice	**Policy Statement 2**													
State does not have temporary practice system.	2.A										1	4, 5	12	Clearly essential requirement.
Does not use National Registry to verify status of applicant.	2.A													No sanctions due to no requirement.
Does not issue TPP on a temporary assignment basis.	2.B.1.a				1	2, 3	7							Easily cured by training.
Does not issue TPP within 5 business days.	2.B.1.b							1	2, 3	4, 5				Requires process & commitment.
TPP does not have actual date of issuance.	2.B.1.c				1	2, 3	7							Easily cured by training.
Does not take regulatory responsibility for a temporary practitioner's bad acts.	2.B.1.d							1	2, 3	2, 3				Difficult for TPP issuing state so sanction not severe.
Does not notify the appraiser's home State agency in the case of disciplinary action concerning a temporary practitioner.	2.B.1.e							1	2, 3	2, 3				Easily cured by training; monitoring will accomplish goal.
Does not allow at least one extension of TPP.	2.B.1.f							1	4, 5	7				Public pressure with State contact.
Limits the valid time period of a temporary practice permit to less than 6 months.	2.B.2.a							1	4, 5	7				Public pressure with State contact.
Limits an appraiser to one temporary practice permit per calendar year.	2.B.2.b							1	4, 5	7				Public pressure with State contact.
Charges a temporary practice permit fee exceeding $250, including one extension fee.	2.B.2.c							1	4, 5	7				Public pressure with State contact.
Imposes appraiser qualification requirements upon temporary practitioners that exceed AQB Criteria.	2.B.2.d										1	4, 5	7, 11	Major item but should not stop commerce in State.
Requires temporary practitioners to obtain a certification or license in the State.	2.B.2.e										1	4, 5	7, 11	Major item but should not stop commerce in State.
Requires temporary practitioners to affiliate with an in-State appraiser.	2.B.2.f										1	4, 5	7, 11	Major item but should not stop commerce in State.
Refuses to register appraisers seeking temporary practice in a State that does not have a licensed or certified level credential.	2.B.2.g										1	4, 5	7, 11	Major item but should not stop commerce in State.
Delays the issuance of a written "letter of good standing" or similar document for more than 5 business days after request.	2.B.3.a							1	2, 3	4, 5				Requires process & commitment.
Fail to take disciplinary action, if appropriate, when one of its appraisers is disciplined in another State.	2.B.3.b							Competency & S.R. Issues 1	Competency & S.R. Issues 2, 3	Competency & S.R. Issues 4, 5	Ethics & Fraud Issues 1	Ethics & Fraud Issues 2, 3	Ethics & Fraud Issues 11, 12	Bifurcated into discipline areas per 2.B.3.b with Ethics & Fraud severe.

Section 6: Suggested uses for ASC State Grant Funds

Although not a specific charge to the Committee, we do make the following suggestions for use of ASC State grant money when it becomes available.

1. The current investigator training should be continued. Additional levels of training should be explored. The number of people entitled to attend the training should be based on the staff size of the State agency or the number of appraisers in the State. That way States with a large number of staff would be able to send more people to training sessions.

2. It may not be advisable to give an unrestricted financial grant to a State agency. In many States, this could result in an equivalent reduction in current and even future State funding for the agency. If a financial grant were tied to a finding of "Poor" on a compliance review, this could result in States that were teetering between "Fair" and "Poor" rating to decide to pursue a "Poor" rating since it would result in an influx of funds. Some States do not need a financial grant as their funding is already adequate.

3. One-time grants to States should be considered for assistance with acquiring technology (such as the SOAP system), for staff training, or for temporary staff to address a particular issue facing the State.

4. Additional areas of live training should be explored. Although several Board members have attended the investigator training, it could be helpful to have a separate training session just for Board members. In addition, training for agency attorneys could assist those attorneys in understanding the regulatory system and USPAP. *

5. Online training should also be considered.* Some possibilities are:

    a. A one or two hour online training program on the regulatory scheme that would be useful for new board and staff members, attorneys, appraisers, non-appraisers, and administrative law judges.

    b. A more comprehensive online training program for new board members that also covers matters such as due process.

    c. An online training program for administrative law judges regarding USPAP and other issues in disciplinary hearings.

    d. Short online training programs for agency staff on areas such as temporary practice, reciprocity, using the extranet to upload data to the National Registry, the ASC website, etc.

    e. Other online training programs that would be helpful for non-appraisers.

    f. Online training program that would provide a basic understanding of the functions of an AMC.

6. Other one-time grants designed to address issues discovered during compliance reviews or to address unforeseen circumstances facing a program, such as those resulting from a natural disaster.

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*For any technology, training, or other uses of ASC grant funding, it is advisable to use a widely distributed Request for Proposal (RFP) process so that individuals or entities can express their interest, qualifications, resources, and cost regarding the topic or topics of such RFPs.

Section 7: Advisory Committee Documents

1. Advisory Committee Charter
2. Balanced Membership Plan
3. By-Laws and Operating Procedures
4. Title XI of FIRREA, as amended by the Dodd-Frank Act
5. ASC Policy Statements

Amended Advisory Committee Charter
Appraisal Subcommittee Advisory Committee for Development of Regulations

1. Committee's Official Designation: The committee is known as the Appraisal Subcommittee Advisory Committee for Development of Regulations (ASCAC).

2. Authority: The Appraisal Subcommittee (ASC) was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, 12 U.S.C. 3331 – 3355 (Title XI). Title XI's purpose is to "provide that Federal financial and public policy interests in real estate transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, and by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision." In general, the ASC oversees the real estate appraisal process as it relates to federally related transactions as defined in Title XI. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) included amendments to Title XI and expanded the ASC's authority to include rulemaking authority. Section 1106 of Title XI states:

   > For purposes of prescribing regulations, the Appraisal Subcommittee shall establish an advisory committee of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies, and hold meetings as necessary to support the development of regulations.

   The ASC set rulemaking as a priority in the ASC 2014-18 Strategic Plan.

   Pursuant to the provisions of Section 1106 of Title XI as amended by the 2010 Dodd-Frank Act, the Federal Advisory Committee Act (FACA) of 1972 (5 U.S.C., Appendix, as amended), and 41 C.F.R. § 102-3.50(a) (required by statute), the ASC established ASCAC.

3. Objectives, Scope and Description of Duties: ASCAC, pursuant to Section 1106 of Title XI, shall provide independent advice and recommendations to the ASC from the points of view of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies regarding the development of regulations which may be prescribed by the ASC concerning: (1) temporary practice; (2) national registries; (3) information sharing; and (4) enforcement. The ASC is primarily seeking independent advice from ASCAC concerning sanctions ASCAC deems advisable for purposes of enforcement of regulations promulgated by the ASC to State appraiser regulatory programs.

4. Agency or Official to Whom ASCAC Reports: ASCAC reports to the ASC Executive Director, James R. Park.

5. Support: The ASC staff shall provide support, as deemed necessary for ASCAC's performance, and shall ensure compliance with the requirements of FACA, the Government in the Sunshine Act of 1976 (5 U.S.C. § 552b), and governing Federal statutes and regulations, including ethics.

6. Estimated Annual Operating Costs and Staff Support: The estimated annual operating costs, to include travel, meetings, and contracting support, is approximately $162,514, which includes ASC staff time based on estimated percentage that will be devoted to support of ASCAC.

7. Designated Federal Officer (DFO): A full-time ASC employee, appointed in accordance with agency procedures, will serve as the DFO. The DFO will approve or call all of ASCAC's meetings, prepare approved meeting agendas, attend all ASCAC meetings, and adjourn any meeting when the DFO determines adjournment to be in the public interest.

8. Estimated Number and Frequency of Meetings: ASCAC shall meet at the call of ASCAC's DFO in consultation with ASCAC's Chairperson. The estimated number of meetings by ASCAC is four per calendar year. Given the ASC's need to promulgate rules in the near future, ASCAC shall do its best to complete its work soon after the fourth meeting. Not later than 60 days after its final meeting, the Chairperson of ASCAC shall submit to the ASC Executive Director a written report containing ASCAC's recommendations regarding the development of rulemaking for the State appraiser regulatory programs.

   Members of ASCAC serve without compensation. However, members traveling from beyond the Washington, DC, metro commuting area may be reimbursed in accordance with Federal Travel Regulations for per diem and travel expenses incurred in order to attend ASCAC meetings.

9. Termination: ASCAC shall operate for a term of two years from the date the original charter was filed with Congress unless, prior to such time the charter is renewed in accordance with Section 14(a)(2) of the Federal Advisory Committee Act, or the Chairman of the ASC, with the concurrence of the ASC members, shall direct ASCAC to terminate on an earlier date.

10. Membership and Designation: ASCAC will not exceed 18 members. Membership of ASCAC will represent a balance of expertise across the broad range of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies. All ASCAC members will have extensive experience concerning the appraiser regulatory framework for federally related transactions. ASCAC members are nominated by the ASC Executive Director and approved by the Chairman of the ASC in consultation with ASC members. The term of the appointment to ASCAC is for two years. The ASCAC Chairperson and Vice Chairperson will be nominated by the ASC

Executive Director and selected by the ASC Chairman in consultation with ASC members to serve in that capacity for two years, and may be reappointed.

Each member who is not a regular government employee shall serve on ASCAC as the representative of an organization or identifiable group of persons with interests affected by the work of ASCAC, unless it is specified at the time of appointment that the member is appointed to serve as a special government employee. Representative members serve on ASCAC primarily to convey the views and interests of the organizations or groups they represent. To the extent permitted by FACA and other laws, membership should also be consistent with achieving the greatest impact, scope and credibility among diverse stakeholders.

Federally registered lobbyists shall not be appointed to ASCAC.

11. Subcommittees: The ASC/ASCAC will not form subcommittees.

12. Recordkeeping: The records of ASCAC shall be handled in accordance with General Records Schedule 26, Item 2 and approved agency records disposition policies and procedures. These records shall be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. 552.

13. Filing Date:

This amended charter is filed with the Chairman of the ASC, the congressional committees that have jurisdiction over the ASC, the Committee Management Secretariat, and the Library of Congress. Filing of the original charter constituted the establishment of ASCAC.

Date filed with Congress June 18, 2014

14. Approved:

6/17/2014
Date

Arthur Lindo, ASC Chairman

Amended Balanced Membership Plan [amended 6/18/2014]

(1) Committee Name.
Appraisal Subcommittee Advisory Committee for Development of Regulations (ASCAC).

(2) Authority.
Pursuant to the provisions of Section 1106 of Title XI as amended by the 2010 Dodd-Frank Act, the Federal Advisory Committee Act (FACA) of 1972 (5 U.S.C., Appendix, as amended), and 41 C.F.R. § 102-3.50(a) (required by statute), the Appraisal Subcommittee (ASC) established ASCAC.

(3) Mission/Function.
Pursuant to the committee charter, the objectives and scope of activities of ASCAC is to provide independent advice and recommendations to the ASC from the points of view of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies regarding the development of regulations which may be prescribed by the ASC concerning: (1) temporary practice; (2) national registries; (3) information sharing; and (4) enforcement. The ASC is primarily seeking independent advice from ASCAC concerning sanctions ASCAC deems advisable for purposes of enforcement of regulations promulgated by the ASC to State appraiser regulatory programs.

(4) Points of View.
Pursuant to statute, ASCAC membership shall represent industry participants, including appraisers, lenders, consumer advocates, real estate agents and government agencies. Given the statutory amendments to Title XI, appraisal management companies will also be represented as industry participants.

All ASCAC members will have extensive experience concerning the appraiser regulatory framework for federally related transactions. The points of view are to reflect those entities that are active participants in this framework that may be immediately and directly affected by ASCAC's recommendations regarding development of regulations which may be prescribed by the ASC.

While participants in appraiser regulatory framework share a common interest to protect Federal financial and public policy interests in real estate related transactions by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision, they often have conflicting interests with respect to regulatory issues. By appointing representatives across the broad range of industry participants as required by statute, the ASC expects to hear diverse viewpoints as well as benefit from members' high level practical expertise in the appraiser regulatory framework. Consideration will be given to a broad representation of geographic areas, gender, race, ethnicity, and disability.

Approximate number of individuals representing various perspectives:

Appraisers - 3
Lenders - 4 (1 smaller, 1 larger, 1 non-bank, 1 community bank)
Consumer advocates - 1
Real estate agents – 1
Government agencies (State appraiser regulatory agencies) - 7
Appraisal Management Companies (AMCs) – 2

It is anticipated that committee members will be Representatives rather than Special or Regular Government Employees.

(5) Other balance factors.
State appraiser regulatory agencies will be selected to provide a balanced and diverse representation of geographic region and appraiser population. Federally registered lobbyists shall not be appointed to ASCAC.

(6) Candidate Identification Process.
Pursuant to the charter, members of the committee are nominated by the ASC Executive Director and approved by the ASC Chairman in consultation with ASC members. The term of the appointment is for two years. The ASCAC Chairperson and Vice Chairperson will be nominated by the ASC Executive Director and selected by the ASC Chairman in consultation with ASC members to serve in that capacity for two years, and may be reappointed.

Associations representing appraisers, lenders, consumer advocacy groups and real estate agents will be contacted to nominate individuals to represent the interests of their organization. Representation of State appraiser regulatory agencies will be based on section 5 above. Potential members will be identified and recommended to the ASC Chairman by the ASC Executive Director working with the Designated Federal Officer (DFO) and the agency's FACA attorney. A short list of the best qualified candidates will be developed for approval by the ASC Chairman in consultation with ASC members. The resulting top candidates will be contacted for interest and availability. Formal letters of invitation to serve will be extended by the DFO.

(7) Vacancies.
Appointments to fill vacancies will be handled in the same manner as other appointments to ASCAC. While the amended charter states ASCAC will not exceed 18 members, the charter does not specify a fixed minimum or required number of members. When a member leaves ASCAC, the committee Chairperson working with the DFO will make a determination as to whether the interest represented by the member in question remains adequately represented by other members. Depending on the determination that is made, the member may be replaced by another individual representing the same or a different interest or may not be replaced.

(8) Date: June 18, 2014

Appraisal Subcommittee Advisory Committee for Development of Regulations

Amended By-Laws and Operating Procedures

The following By-Laws and Operating Procedures (By-Laws) will govern the operations of the Appraisal Subcommittee's Advisory Committee for Development of Regulations (ASCAC).

Section I: Functions, Objective, Organization and Operation

The functions of ASCAC are advisory only. Its objective is to provide independent advice and recommendations to the ASC from the points of view of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies regarding the development of regulations which may be prescribed by the ASC concerning: (1) temporary practice; (2) national registries; (3) information sharing; and (4) enforcement. The ASC is primarily seeking independent advice from ASCAC concerning sanctions ASCAC deems advisable for purposes of enforcement of regulations promulgated by the ASC to State appraiser regulatory programs. ASCAC shall provide its advice and recommendations, analysis and information directly to the ASC Executive Director. ASCAC has been formed by the authority vested in § 1106 of Title XI as amended by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. The Federal Advisory Committee Act, 5 U.S.C. App. 2 §§ 1-16, as amended (FACA), governs the creation and operation of advisory committees within the Executive Branch of the Federal Government. In the event of any inconsistencies between the By-Laws and FACA (including its implementing regulations), ASCAC will carry out its Charter in accordance with FACA (including its implementing regulations).

Section II: Members

ASCAC will not exceed 18 members. Membership of ASCAC will represent a balance of expertise across the broad range of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies. All ASCAC members will have extensive experience concerning the appraiser regulatory framework for federally related transactions. ASCAC members are nominated by the ASC Executive Director and approved by the Chairman of the ASC in consultation with ASC members. The term of the appointment to ASCAC is for two years. The ASCAC Chairperson and Vice Chairperson will be nominated by the ASC Executive Director and selected by the ASC Chairman in consultation with ASC members to serve in that capacity for two years, and may be reappointed. The ASC Chairman has appointed the Designated Federal Officer (DFO) in accordance with FACA.

Each member who is not a regular government employee shall serve on ASCAC as the representative of an organization or identifiable group of persons with interests affected by the work of ASCAC, unless it is specified at the time of appointment that the member is appointed to serve as a special government employee. Representative members serve on ASCAC primarily to convey the

views and interests of the organizations or groups they represent. To the extent permitted by FACA and other laws, membership should also be consistent with achieving the greatest impact, scope and credibility among diverse stakeholders. Federally registered lobbyists shall not be appointed.

Section III: Meetings

(A) In General. ASCAC shall meet at the call of the DFO in consultation with ASCAC's Chairperson. The estimated number of meetings by ASCAC is four per calendar year. Given the ASC's need to promulgate rules in the near future, ASCAC shall do its best to complete its work soon after the fourth meeting. Not later than 60 days after its final meeting, the Chairperson of ASCAC shall submit to the ASC Executive Director a written report containing ASCAC's recommendations regarding the development of rulemaking for the State appraiser regulatory programs.

Members of ASCAC serve without compensation. However, members traveling from beyond the Washington, DC, metro commuting area may be reimbursed in accordance with Federal Travel Regulations for per diem and travel expenses incurred in order to attend ASCAC meetings.

An official meeting consists of a quorum of the members then serving on ASCAC. The DFO shall approve ASCAC's meetings and ensure compliance with the requirements of FACA and its implementing regulations. The Chairperson will preside at all meetings of ASCAC and may specify the use of rules of parliamentary procedure consistent with the By-Laws. Subject to such reasonable guidelines and procedures as the Chairperson may adopt, members may participate in a meeting by means of conference telephone or similar communications equipment if all Members can hear one another at the same time and members of the public entitled to hear them can do so.

(B) Notice. ASCAC will publish notice of each meeting in the *Federal Register* at least 15 calendar days before the meeting, unless there are exceptional circumstances in which case the reason will be included in the *Federal Register* notice. The notice will include (1) the name of the Committee; (2) the time, date, place, and purpose of the meeting; (3) a summary of the agenda and/or the topics to be discussed; (4) a statement as to whether all or part of the meeting will be open to the public and, if any part is closed, a statement as to why, citing the specific statutory provision that serves as a basis for closure; and (5) the name and telephone number of the DFO or other official who may be contacted for additional information concerning the meeting.

(C) Agenda. The DFO will distribute the agenda to the members before each meeting and will make available copies of the agenda to members of the public attending the meeting. Items for the agenda may be submitted by any member of ASCAC or by any member of the public.

(D) Quorum. A quorum will consist of a majority of members currently serving on ASCAC.

(E) Voting. A member must attend a meeting either in person or by telephone to cast a vote. When a decision or recommendation of ASCAC is required, the Chairperson will request a motion for a vote. Any member may make a motion for a vote. No second after a proper motion will be required to bring any issue or recommendation to a vote. The issuance of a final report of ASCAC shall also require approval of a majority of the members; however that vote may be by notation vote of ASCAC members.

(F) Open Meetings. Unless otherwise determined in advance, all meetings of ASCAC will be open to the public. Once an open meeting has begun, it may not be closed for any reason. If, during the course of an open meeting, matters inappropriate for public disclosure arise during discussion, the Chairperson will order such discussion to cease and will schedule the matter for closed session in accordance with FACA. All materials brought before, or presented to ASCAC during an open meeting will be made available to the public for review during the meeting. All such materials also will be made available on the ASC website as soon as practicable afterwards. The Chairperson of ASCAC may decide in advance to exclude oral public statements during a meeting. The meeting notice published in the *Federal Register* will invite written statements. The public may submit written statements to ASCAC at any time through the ASC website or as directed by the *Federal Register* notice.

(G) Activities Not Subject to Notice and Open Meeting Requirements. Consistent with FACA regulations, the following activities are excluded from the procedural requirements contained in §§ 111(B) and 111(F): (a) Preparatory work (meetings of two or more ASCAC members convened solely to gather information, conduct research or analyze relevant issues and facts in preparation for a meeting of ASCAC, or to draft position papers for deliberation by ASCAC); and (b) Administrative work (meetings of two or more ASCAC members convened solely to discuss administrative matters of ASCAC or to receive administrative information from a Federal officer or agency.

(H) Closed Meetings. All or parts of meetings of ASCAC may be closed in limited circumstances in accordance with applicable law. Requests for closed meetings will be submitted in accordance with the Government in the Sunshine Act, and applicable FACA guidelines. ASC General Counsel must determine that closing the meeting is consistent with the provisions of the Government in the Sunshine Act. The notice of the ASCAC meeting published in the *Federal Register* must include information on the closure.

(I) Information Gathering. ASCAC may devote portions of its meetings to receive oral comments, recommendations, and expressions of concern from the public. The Chairperson of ASCAC may specify reasonable guidelines and procedures for conducting such portions of the meetings, such as requirements for submitting requests to appear, written statements in advance and placing limitations on the number of persons who may appear and the duration of their appearance.

(J) Minutes. The DFO will assure the preparation of minutes of each meeting of ASCAC from either notes taken at the meeting itself or from the transcript of the meeting, and submit them to the Chairperson of ASCAC for certification of their accuracy. The minutes must be certified by the Chairperson of ASCAC within 90 calendar days of the meeting. The DFO will distribute copies of the certified minutes to each member. Minutes of open or closed meetings will be made available to the public consistent with FACA requirements. The minutes will include a list of the persons who were present at the meeting, and a full description of the matters discussed and the resolution, if any, made by ASCAC regarding such matters, and copies of all reports or other documents received, issued or approved by the Commission at the meeting.

Section IV: Records

The records of ASCAC shall be handled in accordance with General Records Schedule 26, Item 2 or other approved agency records disposition schedule. These records shall be available for public inspection and copying, subject to the Freedom of Information Act, *5* U.S.C. *552.*

Section V: Expenses and Administrative Support

Expenses related to the operation of the ASCAC in accordance with applicable law will be borne by the ASC. Administrative support will be provided by the ASC.

Section VI: Amendments

The By-Laws may be amended from time to time by review of the Chairperson and the DFO as representative of the ASC.

June 17, 2014

Title XI of FIRREA
Real Estate Appraisal Reform [12 U.S.C. 3331-3351]
as amended by the Dodd-Frank Reform Act

§ 1101. Purpose [12 U.S.C. 3331]

The purpose of this title is to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

§ 1102. Establishment of Appraisal Subcommittee of the Federal Financial Institutions Examination Council [12 U.S.C. 3310]

The Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3301 et seq.) is amended by adding at the end thereof the following new section:

§ 1011. Establishment of Appraisal Subcommittee

There shall be within the Council a subcommittee to be known as the Appraisal Subcommittee, which shall consist of the designees of the heads of the Federal financial institutions regulatory agencies, the Bureau of Consumer Financial Protection, and the Federal Housing Finance Agency. Each such designee shall be a person who has demonstrated knowledge and competence concerning the appraisal profession. At all times at least one member of the Appraisal Subcommittee shall have demonstrated knowledge and competence through licensure, certification, or professional designation within the appraisal profession.

§ 1103. Functions of Appraisal Subcommittee [12 U.S.C. 3332]

(a) *In general*. The Appraisal Subcommittee shall—

~~(1) monitor the requirements established by States for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility;~~

(1) monitor the requirements established by States—

(A) for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and

(B) for the registration and supervision of the operations and activities of an appraisal management company;

(2) monitor the requirements established by the Federal financial institutions regulatory agencies [and the Resolution Trust Corporation] with respect to—

(A) appraisal standards for federally related transactions under their jurisdiction, and

(B) determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser;

(3) maintain a National Registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions; ~~and~~

(4) [Omitted] terminated effective May 15, 2000, pursuant to § 3003 of Act Dec. 21, 1995, P.L. 104-66, which appears as 31 USCS § 1113 note (see also page 170 of House Document No. 103-7);

(5) transmit an annual report to the Congress not later than June 15 of each year that describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year. The report shall also detail the activities of the Appraisal Subcommittee, including the results of all audits of State appraiser regulatory agencies, and provide an accounting of disapproved actions and warnings taken in the previous year, including a description of the conditions causing the disapproval and actions taken to achieve compliance; and

(6) maintain a national registry of appraisal management companies that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution.

(b) *Monitoring and reviewing Foundation.* The Appraisal Subcommittee shall monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation.

§ 1104. Chairperson of Appraisal Subcommittee; term of Chairperson; meetings [12 U.S.C. 3333]

(a) *Chairperson.* The Council shall select the Chairperson of the subcommittee. The term of the Chairperson shall be 2 years.

(b) *Meetings; quorum; voting.* The Appraisal Subcommittee shall meet in public session after notice in the Federal Register, but may close certain portions of these meetings related to personnel and review of preliminary State audit reports at the call of the Chairperson or a majority of its members when there is business to be conducted. A majority of members of the Appraisal Subcommittee shall constitute a quorum but 2 or more members may hold hearings.

Decisions of the Appraisal Subcommittee shall be made by the vote of a majority of its members. The subject matter discussed in any closed or executive session shall be described in the Federal Register notice of the meeting.

§ 1105. Officers and staff [12 U.S.C. 3334]

The Chairperson of the Appraisal Subcommittee shall appoint such officers and staff as may be necessary to carry out the functions of this title consistent with the appointment and compensation practices of the Council.

§ 1106. Powers of Appraisal Subcommittee [12 U.S.C. 3335]

The Appraisal Subcommittee may, for the purpose of carrying out this title, establish advisory committees, hold hearings, prescribe regulations in accordance with chapter 5 of title 5, *United States Code* (commonly referred to as the Administrative Procedures Act) after notice and opportunity for comment, sit and act at times and places, take testimony, receive evidence, provide information, and perform research, as the Appraisal Subcommittee considers appropriate. Any regulations prescribed by the Appraisal Subcommittee shall (unless otherwise provided in this title) be limited to the following functions: temporary practice, national registry, information sharing, and enforcement. For purposes of prescribing regulations, the Appraisal Subcommittee shall establish an advisory committee of industry participants, including appraisers, lenders, consumer advocates, real estate agents, and government agencies, and hold meetings as necessary to support the development of regulations.

§ 1107. Procedures for establishing appraisal standards and requiring the use of certified and licensed appraisers [12 U.S.C. 3336]

Appraisal standards and requirements for using State certified and licensed appraisers in federally related transactions pursuant to this title shall be prescribed in accordance with procedures set forth in section 553 of title 5, United States Code, including the publication of notice and receipt of written comments or the holding of public hearings with respect to any standards or requirements proposed to be established.

§ 1108. Startup funding [12 U.S.C. 3337]

(a) *In general*. For purposes of this title, the Secretary of the Treasury shall pay to the Appraisal Subcommittee a one-time payment of $ 5,000,000 on the date of the enactment of this Act [enacted Aug. 9, 1989]. Thereafter, expenses of the subcommittee shall be funded through the collection of registry fees from certain certified and licensed appraisers pursuant to section 1109 [*12 USCS § 3338*] or, if required, pursuant to section 1122(b) of this title [*12 USCS § 3351(b)*].

(b) *Additional funds*. Except as provided in section 1122(c) of this title [*12 USCS § 3351(b)*], funds in addition to the funds provided under subsection (a) may be made available to the Appraisal Subcommittee only if authorized and appropriated by law.

(c) *Repayment of Treasury loan*. Not later than September 30, 1998, the Appraisal Subcommittee shall repay to the Secretary of the Treasury the unpaid portion of the $5,000,000 paid to the Appraisal Subcommittee pursuant to this section.

§ 1109. Roster of State certified or licensed appraisers; authority to collect and transmit fees [12 U.S.C. 3338]

(a) *In general*. Each State with an appraiser certifying and licensing agency whose certifications and licenses comply with this title, shall—

(1) transmit to the Appraisal Subcommittee, no less than annually, a roster listing individuals who have received a State certification or license in accordance with this title; ~~and~~

(2) transmit reports on the issuance and renewal of licenses and certifications, sanctions, disciplinary actions, license and certification revocations, and license and certification suspensions on a timely basis to the national registry of the Appraisal Subcommittee;

(3) transmit reports on a timely basis of supervisory activities involving appraisal management companies or other third-party providers of appraisals and appraisal management services, including investigations initiated and disciplinary actions taken; and

(~~2) collect from such individuals who perform or seek to perform appraisals in federally related transactions, an annual registry fee of not more than $ 25, such fees to be transmitted by the State agencies to the Council on an annual basis.~~

(4) collect—

(A) from such individuals who perform or seek to perform appraisals in federally related transactions, an annual registry fee of not more than $40, such fees to be transmitted by the State agencies to the Council on an annual basis; and

(B) from an appraisal management company that either has registered with a State appraiser certifying and licensing agency in accordance with this title or operates as a subsidiary of a federally regulated financial institution, an annual registry fee of—

(i) in the case of such a company that has been in existence for more than a year, $25 multiplied by the number of appraisers working for or contracting with such company in such State during the previous year, but where such $25 amount may be adjusted, up to a maximum of $50, at the discretion of the Appraisal Subcommittee, if necessary to carry out the Subcommittee's functions under this title; and

(ii) in the case of such a company that has not been in existence for more than a year, $25 multiplied by an appropriate number to be determined by the Appraisal Subcommittee, and where such number will be used for determining the fee of all such companies that were not in existence for more than a year, but where such $25 amount may be adjusted, up to a maximum of $50, at the discretion of the Appraisal

Subcommittee, if necessary to carry out the Subcommittee's functions under this title.

~~Subject to the approval of the Council, the Appraisal Subcommittee may adjust the dollar amount of registry fees, up to a maximum of $ 50 per annum, as necessary to carry out its functions under this title.~~

Subject to the approval of the Council, the Appraisal Subcommittee may adjust the dollar amount of registry fees under paragraph (4)(A), up to a maximum of $80 per annum, as necessary to carry out its functions under this title. The Appraisal Subcommittee shall consider at least once every 5 years whether to adjust the dollar amount of the registry fees to account for inflation. In implementing any change in registry fees, the Appraisal Subcommittee shall provide flexibility to the States for multi-year certifications and licenses already in place, as well as a transition period to implement the changes in registry fees. In establishing the amount of the annual registry fee for an appraisal management company, the Appraisal Subcommittee shall have the discretion to impose a minimum annual registry fee for an appraisal management company to protect against the under reporting of the number of appraisers working for or contracted by the appraisal management company.

[*Incremental Revenues*.—Incremental revenues collected pursuant to the increases required by this subsection shall be placed in a separate account at the United States Treasury, entitled the ''Appraisal Subcommittee Account.'']

(b) *Use of amounts appropriated or collected*. Amounts appropriated for or collected by the Appraisal Subcommittee under this section shall be used—

(1) to maintain a registry of individuals who are qualified and eligible to perform appraisals in connection with federally related transactions;

(2) to support its activities under this title;

(3) to reimburse the general fund of the Treasury for amounts appropriated to and expended by the Appraisal Subcommittee during the 24-month startup period following the date of the enactment of this title [enacted Aug. 9, 1989]; ~~and~~

(4) to make grants in such amounts as it deems appropriate to the Appraisal Foundation, to help defray those costs of the foundation relating to the activities of its Appraisal Standards and Appraiser Qualification Boards;

(5) to make grants to State appraiser certifying and licensing agencies, in accordance with policies to be developed by the Appraisal Subcommittee, to support the efforts of such agencies to comply with this title, including—

(A) the complaint process, complaint investigations, and appraiser enforcement activities of such agencies; and

(B) the submission of data on State licensed and certified appraisers and appraisal management companies to the National appraisal registry, including information affirming that the appraiser or appraisal management company meets the required qualification criteria and formal and informal disciplinary actions; and

(6) to report to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked, or suspended.

[Obligations authorized under this subsection may not exceed 75 percent of the fiscal year total of incremental increase in fees collected and deposited in the ''Appraisal Subcommittee Account'' pursuant to subsection (h).]

§ 1110. Functions of Federal financial institutions regulatory agencies relating to appraisal standards [12 U.S.C. 3339]

Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of each such agency or instrumentality. These rules shall require, at a minimum—

(1) that real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation;

~~and~~

(2) that such appraisals shall be written appraisals. Each such agency or instrumentality may require compliance with additional standards if it makes a determination in writing that such additional standards are required in order to properly carry out its statutory responsibilities; and

(3) that such appraisals shall be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice.

§ 1111. Time for proposal and adoption of standards [12 U.S.C. 3340]

Appraisal standards established under this title shall be proposed not later than 6 months and shall be adopted in final form and become effective not later than 12 months after the date of the enactment of this Act [enacted Aug. 9, 1989].

§ 1112. Functions of Federal financial institutions regulatory agencies relating to appraiser qualifications [12 U.S.C. 3341]

(a) *In general*. Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe, in accordance with sections 1113 and 1114 of this title [*12 USCS §§ 3342, 3343*], which categories of federally related transactions should be appraised by a State certified appraiser and which by a State licensed appraiser under this title.

(b) *Threshold level*. Each Federal financial institutions regulatory agency and the Resolution Trust Corporation may establish a threshold level at or below which a certified or licensed appraiser is not required to perform appraisals in connection with federally related transactions,

if such agency determines in writing that such threshold level does not represent a threat to the safety and soundness of financial institutions and receives concurrence from the Bureau of Consumer Financial Protection that such threshold level provides reasonable protection for consumers who purchase 1–4 unit single-family residences.

(c) *GAO study of appraisals in connection with real estate related financial transactions below the threshold level*.

(1) *GAO studies*. The Comptroller General of the United States may conduct, under such conditions as the Comptroller General determines appropriate, studies on the adequacy and quality of appraisals or evaluations conducted in connection with real estate related financial transactions below the threshold level established under subsection (b), taking into account—

(A) the cost to any financial institution involved in any such transaction;

(B) the possibility of losses to the Deposit Insurance Fund or the National Credit Union Share Insurance Fund;

(C) the cost to any customer involved in any such transaction; and

(D) the effect on low-income housing.

(2) *Reports to Congress and the appropriate Federal financial institutions regulatory agencies*. Upon completing each of the studies referred to in paragraph (1), the Comptroller General shall submit a report on the Comptroller General's findings and conclusions with respect to such study to the Federal financial institutions regulatory agencies, the Committee on Banking, Finance and Urban Affairs of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate, together with such recommendations for legislative or administrative action as the Comptroller General determines to be appropriate.

§ 1113. Transactions requiring the services of a State certified appraiser [12 U.S.C. 3342]

In determining whether an appraisal in connection with a federally related transaction shall be performed by a State certified appraiser, an agency or instrumentality under this title shall consider whether transactions, either individually or collectively, are of sufficient financial or public policy importance to the United States that an individual who performs an appraisal in connection with such transactions should be a State certified appraiser, except that—

(1) a State certified appraiser shall be required for all federally related transactions having a value of $1,000,000 or more; and

(2) 1-to-4 unit, single family residential appraisals may be performed by State licensed appraisers unless the size and complexity requires a State certified appraiser, where a complex 1-to-4 unit single family residential appraisal means an appraisal for which the property to be appraised, the form of ownership, the property characteristics, or the market conditions are atypical.

§ 1114. Transactions requiring the services of a State licensed appraiser [12 U.S.C. 3343]

All federally related transactions not requiring the services of a State certified appraiser shall be performed by either a State certified or licensed appraiser.

§ 1115. Time for proposal and adoption of rules [12 U.S.C. 3344]

As appropriate, rules issued under sections 1113 and 1114 [*12 USCS §§ 3342 and 3343*] shall be proposed not later than 6 months and shall be effective upon adoption in final form not later than 12 months after the date of the enactment of this Act [enacted Aug. 9, 1989].

§ 1116. Certification and licensing requirements [12 U.S.C. 3345]

(a) *In general*. For purposes of this title, the term "State certified real estate appraiser" means any individual who has satisfied the requirements for State certification in a State or territory whose criteria for certification as a real estate appraiser currently meets the minimum criteria for certification issued by the Appraiser Qualification Board of the Appraisal Foundation.

(b) *Restriction*. No individual shall be a State certified real estate appraiser under this section unless such individual has achieved a passing grade upon a suitable examination administered by a State or territory that is consistent with and equivalent to the Uniform State Certification Examination issued or endorsed by the Appraiser Qualification Board of the Appraisal Foundation.

(c) *"State licensed appraiser" defined*. As used in this section, the term "State licensed appraiser" means an individual who has satisfied the requirements for State licensing in a State or territory whose criteria for the licensing of a real estate appraiser currently meet or exceed the minimum criteria issued by the Appraisal Qualifications Board of The Appraisal Foundation for the licensing of real estate appraisers.

(d) *Additional qualification criteria*. Nothing in this title shall be construed to prevent any Federal agency or instrumentality under this title from establishing such additional qualification criteria as may be necessary or appropriate to carry out the statutory responsibilities of such department, agency, or instrumentality.

(e) ~~*Authority of Appraisal Subcommittee*. The Appraisal Subcommittee shall not set qualifications or experience requirements for the States in licensing real estate appraisers, including a de minimus [de minimis] standard. Recommendations of the Subcommittee shall be nonbinding on the States.~~

(e) *Minimum Qualification Requirements*.— Any requirements established for individuals in the position of 'Trainee Appraiser' and 'Supervisory Appraiser' shall meet or exceed the minimum

qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation. The Appraisal Subcommittee shall have the authority to enforce these requirements.

§ 1117. Establishment of State appraiser certifying and licensing agencies [12 U.S.C. 3346]

To assure the availability of State certified and licensed appraisers for the performance in a State of appraisals in federally related transactions and to assure effective supervision of the activities of certified and licensed appraisers, a State may establish a State appraiser certifying and licensing agency. The duties of such agency may additionally include the registration and supervision of appraisal management companies and the addition of information about the appraisal management company to the national registry.

§ 1118. Monitoring of State appraiser certifying and licensing agencies [12 U.S.C. 3347]

(a~~) *In general*. The Appraisal Subcommittee shall monitor State appraiser certifying and licensing agencies for the purpose of determining whether a State agency's policies, practices, and procedures are consistent with this title. The Appraisal Subcommittee and all agencies, instrumentalities, and federally recognized entities under this title shall not recognize appraiser certifications and licenses from States whose appraisal policies, practices, or procedures are found to be inconsistent with this title.~~

(a) *In general*.—The Appraisal Subcommittee shall monitor each State appraiser certifying and licensing agency for the purposes of determining whether such agency—

(1) has policies, practices, funding, staffing, and procedures that are consistent with this title;

(2) processes complaints and completes investigations in a reasonable time period;

(3) appropriately disciplines sanctioned appraisers and appraisal management companies;

(4) maintains an effective regulatory program; and

(5) reports complaints and disciplinary actions on a timely basis to the national registries on appraisers and appraisal management companies maintained by the Appraisal Subcommittee.

The Appraisal Subcommittee shall have the authority to remove a State licensed or certified appraiser or a registered appraisal management company from a national registry on an interim basis, not to exceed 90 days, pending State agency action on licensing, certification, registration, and disciplinary proceedings. The Appraisal Subcommittee and all agencies, instrumentalities, and Federally recognized entities under this title shall not recognize appraiser certifications and licenses from States whose appraisal policies, practices, funding, staffing, or procedures are found to be inconsistent with this title. The Appraisal Subcommittee shall have the authority to impose sanctions, as described in this section, against a State agency that fails to have an effective appraiser regulatory program. In determining whether such a program is effective, the Appraisal Subcommittee shall include an analysis of the licensing and certification of appraisers,

the registration of appraisal management companies, the issuance of temporary licenses and certifications for appraisers, the receiving and tracking of submitted complaints against appraisers and appraisal management companies, the investigation of complaints, and enforcement actions against appraisers and appraisal management companies. The Appraisal Subcommittee shall have the authority to impose interim actions and suspensions against a State agency as an alternative to, or in advance of the derecognition of a State agency.

(b) *Disapproval by Appraisal Subcommittee*. The Federal financial institutions, regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation shall accept certifications and licenses awarded by a State appraiser certifying the licensing agency unless the Appraisal Subcommittee issues a written finding that—

(1) the State agency fails to recognize and enforce the standards, requirements, and procedures prescribed pursuant to this title;

(2) the State agency is not granted authority or sufficient funding by the State which is adequate to permit the agency to carry out its functions under this title; or

(3) decisions concerning appraisal standards, appraiser qualifications and supervision of appraiser practices are not made in a manner that carries out the purposes of this title.

(c) *Rejection of State certifications and licenses.*

(1) *Opportunity to be heard or correct conditions*. Before refusing to recognize a State's appraiser certifications or licenses, the Appraisal Subcommittee shall provide that State's certifying and licensing agency a written notice of its intention not to recognize the State's certified or licensed appraisers and ample opportunity to provide rebuttal information or to correct the conditions causing the refusal.

(2) *Adoption of procedures.* The Appraisal Subcommittee shall adopt written procedures for taking actions described in this section.

(3) *Judicial review.* A decision of the subcommittee under this section shall be subject to judicial review.

§ 1119. Recognition of State certified and licensed appraisers for purposes of this title [12 U.S.C. 3348]

(a) *Effective date for use of certified or licensed appraisers only.*

(1) *In general*. Not later than December 31, 1992, all appraisals performed in connection with federally related transactions shall be performed only by individuals certified or licensed in accordance with the requirements of this title.

(2) *Extension of effective date*. Subject to the approval of the Council ~~council~~, the Appraisal Subcommittee may extend, until December 31, 1991, the effective date for the use of certified or licensed appraisers if it makes a written finding that a State has made

substantial progress in establishing a State certification and licensing system that appears to conform to the provisions of this title.

(b) *Temporary waiver of appraiser certification or licensing requirements for State having scarcity of qualified appraisers.* Subject to the approval of the Council, the Appraisal Subcommittee may waive any requirement relating to certification or licensing of a person to perform appraisals under this title if the Appraisal Subcommittee or a State agency whose certifications and licenses are in compliance with this title, makes a written determination that there is a scarcity of certified or licensed appraisers to perform appraisals in connection with federally related transactions in a State, or in any geographical political subdivision of a State, leading to significant delays in the performance of such appraisals. The waiver terminates when the Appraisal Subcommittee determines that such significant delays have been eliminated.

(c) *Reports to State certifying and licensing agencies*. The Appraisal Subcommittee, any other Federal agency or instrumentality, or any federally recognized entity shall report any action of a State certified or licensed appraiser that is contrary to the purposes of this title to the appropriate State agency for a disposition of the subject of the referral. The State agency shall provide the Appraisal Subcommittee or the other Federal agency or instrumentality with a report on its disposition of the matter referred. Subsequent to such disposition, the subcommittee or the agency or instrumentality may take such further action, pursuant to written procedures, it deems necessary to carry out the purposes of this title.

§ 1120. Violations in obtaining and performing appraisals in federally related transactions [12 U.S.C. 3349]

(a) *Violations*. Except as authorized by the Appraisal Subcommittee in exercising its waiver authority pursuant to section 1119(b) [*12 USCS § 3348(b)*], it shall be a violation of this section—

(1) for a financial institution to seek, obtain, or give money or any other thing of value in exchange for the performance of an appraisal by a person who the institution knows is not a State certified or licensed appraiser in connection with a federally related transaction; and

(2) for the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Resolution Trust Corporation to knowingly contract for the performance of any appraisal by a person who is not a State certified or licensed appraiser in connection with a real estate related financial transaction defined in section 1121(5) [12 USCS § 3350(5)] to which such association or corporation is a party.

(b) *Penalties*. A financial institution that violates subsection (a)(1) shall be subject to civil penalties under section 8(i)(2) of the Federal Deposit Insurance Act or section 206(k)(2) of the Federal Credit Union Act [12 USCS § 1818(i)(2) or 1786(k)(2)], as appropriate.

(c) *Proceeding.* A proceeding with respect to a violation of this section shall be an administrative proceeding which may be conducted by a Federal financial institutions regulatory agency in accordance with the procedures set forth in subchapter II of chapter 5 of title 5, United States Code [5 USCS §§ 551 et seq.].

§ 1121. Definitions [12 U.S.C. 3350]

For purposes of this title:

(1) *State appraiser certifying and licensing agency*. The term "State appraiser certifying and licensing agency" means a State agency established in compliance with this title.

(2) *Appraisal Subcommittee; subcommittee*. The terms "Appraisal Subcommittee" and "subcommittee" mean the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(3) *Council.* The term "Council" means the Federal Financial Institutions Examination Council.

(4) *Federally related transaction*. The term "federally related transaction" means any real estate-related financial transaction which—

(A) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and

(B) requires the services of an appraiser.

(5) *Real estate related financial transaction*. The term "real estate-related financial transaction" means any transaction involving—

(A) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

(B) the refinancing of real property or interests in real property; and

(C) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(6) *Federal financial institutions regulatory agencies.* The term "Federal financial institutions regulatory agencies" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation ~~Corporations~~, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

(7) *Financial institution.* The term "financial institution" means an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act [12 USCS § 1813] or an insured credit union as defined in section 101 of the Federal Credit Union Act [*12 USCS § 1752*].

(8) *Chairperson*. The term "Chairperson" means the Chairperson of the Appraisal Subcommittee selected by the ~~council~~ Council.

(9) *Foundation*. The terms "Appraisal Foundation" and "Foundation" means [mean] the Appraisal Foundation established on November 30, 1987, as a not for profit corporation under the laws of Illinois.

(10) *Written appraisal*. The term "written appraisal" means a written statement used in connection with a federally related transaction that is independently and impartially prepared by a licensed or certified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by presentation and analysis of relevant market information.

(11) *Appraisal Management Company*.—
The term 'appraisal management company' means, in connection with valuing properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized either by a creditor of a consumer credit transaction secured by a consumer's principal dwelling or by an underwriter of or other principal in the secondary mortgage markets, that oversees a network or panel of more than 15 certified or licensed appraisers in a State or 25 or more nationally within a given year—

(A) to recruit, select, and retain appraisers;
(B) to contract with licensed and certified appraisers to perform appraisal assignments;
(C) to manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or
(D) to review and verify the work of appraisers.

§ 1122. Miscellaneous provisions [12 U.S.C. 3351]

(a) *Temporary practice.*

(1) In general. A State appraiser certifying or licensing agency shall recognize on a temporary basis the certification or license of an appraiser issued by another State if—

(A) the property to be appraised is part of a federally related transaction,
(B) the appraiser's business is of a temporary nature, and
(C) the appraiser registers with the appraiser certifying or licensing agency in the State of temporary practice.

(2) *Fees for temporary practice*. A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice under this subsection.

(b) *Reciprocity*. ~~The Appraisal Subcommittee shall encourage the States to develop reciprocity~~

~~agreements that readily authorize appraisers who are licensed or certified in one State (and who are in good standing with their State appraiser certifying or licensing agency) to perform appraisals in other States~~.
Notwithstanding any other provisions of this title, a federally related transaction shall not be appraised by a certified or licensed appraiser unless the State appraiser certifying or licensing agency of the State certifying or licensing such appraiser has in place a policy of issuing a reciprocal certification or license for an individual from another State when—

(1) the appraiser licensing and certification program of such other State is in compliance with the provisions of this title; and

(2) the appraiser holds a valid certification from a State whose requirements for certification or licensing meet or exceed the licensure standards established by the State where an individual seeks appraisal licensure.

(c) *Supplemental funding*. Funds available to the Federal financial institutions regulatory agencies may be made available to the ~~Federal Financial Institutions Examination Council~~ Financial Institutions Examination Council to support the ~~council's~~ Council's functions under this title.

(d) *Prohibition against discrimination*. Criteria established by the Federal financial institutions regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation for appraiser qualifications in addition to State certification or licensing ~~shall not exclude a certified or licensed appraiser for consideration for an assignment solely by virtue of membership or lack of membership in any particular appraisal organization.~~ may include education achieved, experience, sample appraisals, and references from prior clients. Membership in a nationally recognized professional appraisal organization may be a criteria considered, though lack of membership therein shall not be the sole bar against consideration for an assignment under these criteria.

(e) *Other requirements*. A corporation, partnership, or other business entity may provide appraisal services in connection with federally related transactions if such appraisal is prepared by individuals certified or licensed in accordance with the requirements of this title. An individual who is not a State certified or licensed appraiser may assist in the preparation of an appraisal if—

(1) the assistant is under the direct supervision of a licensed or certified individual; and

(2) the final appraisal document is approved and signed by an individual who is certified or licensed.

(f) *Studies.*

(1) *Study*. The Appraisal Subcommittee shall—

(A) conduct a study to determine whether real estate sales and financing information and data that is available to real estate appraisers in the States is sufficient to permit appraisers to properly estimate the values of properties in

connection with federally related transactions; and

(B) study the feasibility and desirability of extending the provisions of this title to the function of personal property appraising and to personal property appraisers in connection with Federal financial and public policy interests.

(2) *Report.* The Appraisal Subcommittee shall— (A) report its findings to the Congress with respect to the study described in paragraph (1)(A) no later than 12 months after the date of the enactment of this title [enacted Aug. 9, 1989], and (B) report its findings with respect to the study described in paragraph (1)(B) to Congress not later than 18 months after the date of the enactment of this title [enacted Aug. 9, 1989].

(g) *Appraiser Independence Monitoring*.—The Appraisal Subcommittee shall monitor each State appraiser certifying and licensing agency for the purpose of determining whether such agency's policies, practices, and procedures are consistent with the purposes of maintaining appraiser independence and whether such State has adopted and maintains effective laws, regulations, and policies aimed at maintaining appraiser independence.

(h) *Approved Education*.—The Appraisal Subcommittee shall encourage the States to accept courses approved by the Appraiser Qualification Board's Course Approval Program.

(i) *Appraisal Complaint National Hotline*.—If, 6 months after the date of the enactment of this subsection, the Appraisal Subcommittee determines that no national hotline exists to receive complaints of non-compliance with appraisal independence standards and Uniform Standards of Professional Appraisal Practice, including complaints from appraisers, individuals, or other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process, the Appraisal Subcommittee shall establish and operate such a national hotline, which shall include a toll-free telephone number and an email address. If the Appraisal Subcommittee operates such a national hotline, the Appraisal Subcommittee shall refer complaints for further action to appropriate governmental bodies, including a State appraiser certifying and licensing agency, a financial institution regulator, or other appropriate legal authorities. For complaints referred to State appraiser certifying and licensing agencies or to Federal regulators, the Appraisal Subcommittee shall have the authority to follow up such complaint referrals in order to determine the status of the resolution of the complaint.

§ 1123. Emergency exceptions for disaster areas [12 U.S.C. 3352]

(a) *In general*. Each Federal financial institutions regulatory agency may, by regulation or order, make exceptions to this title, and to standards prescribed pursuant to this title, for transactions involving institutions for which the agency is the primary Federal regulator with respect to real property located within a disaster area if the agency—

(1) makes the exception not later than 30 months after the date on which the President determines, pursuant to section 401 of the Robert T. Stafford Disaster Relief and

Emergency Assistance Act [*42 USCS § 5170*], that a major disaster exists in the area; and
(2) determines that the exception—
(A) would facilitate recovery from the major disaster; and
(B) is consistent with safety and soundness.

(b) *3-year limit on exceptions*. Any exception made under this section shall expire not later than 3 years after the date of the determination referred to in subsection (a)(1).

(c) *Publication required*. Any Federal financial institutions regulatory agency shall publish in the Federal Register a statement that—
(1) describes any exception made under this section; and
(2) explains how the exception—
(A) would facilitate recovery from the major disaster; and
(B) is consistent with safety and soundness.

(d) *"Disaster area" defined.* For purposes of this section, the term "disaster area" means an area in which the President, pursuant to section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act [*42 USCS § 5170*], has determined that a major disaster exists.

§ 1124. Appraisal Management Company Minimum Requirements.

(a) In General.—The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall jointly, by rule, establish minimum requirements to be applied by a State in the registration of appraisal management companies. Such requirements shall include a requirement that such companies—
(1) register with and be subject to supervision by a State appraiser certifying and licensing agency in each State in which such company operates;
(2) verify that only licensed or certified appraisers are used for federally related transactions;
(3) require that appraisals coordinated by an appraisal management company comply with the Uniform Standards of Professional Appraisal Practice; and
(4) require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

(b) *Relation to State Law*.—Nothing in this section shall be construed to prevent States from establishing requirements in addition to any rules promulgated under subsection (a).

(c) *Federally Regulated Financial Institutions*.—The requirements of subsection (a) shall apply to an appraisal management company that is a subsidiary owned and controlled by a financial

institution and regulated by a Federal financial institution regulatory agency. An appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency shall not be required to register with a State.

(d) *Registration Limitations*.—An appraisal management company shall not be registered by a State or included on the national registry if such company, 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. Additionally, each person that owns more than 10 percent of an appraisal management company shall be of good moral character, as determined by the State appraiser certifying and licensing agency, and shall submit to a background investigation carried out by the State appraiser certifying and licensing agency.

(e) *Reporting*.—The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall jointly promulgate regulations for the reporting of the activities of appraisal management companies to the Appraisal Subcommittee in determining the payment of the annual registry fee.

(f) *Effective Date*.—

(1) *In General*.—No appraisal management company may perform services related to a federally related transaction in a State after the date that is 36 months after the date on which the regulations required to be prescribed under subsection (a) are prescribed in final form unless such company is registered with such State or subject to oversight by a Federal financial institutions regulatory agency.

(2) *Extension of Effective Date*.—Subject to the approval of the Council, the Appraisal Subcommittee may extend by an additional 12 months the requirements for the registration and supervision of appraisal management companies if it makes a written finding that a State has made substantial progress in establishing a State appraisal management company registration and supervision system that appears to conform with the provisions of this title.

§ 1125. Automated Valuation Models Used to Estimate Collateral Value for Mortgage Lending Purposes.

(a) *In general*.—Automated valuation models shall adhere to quality control standards designed to—

(1) ensure a high level of confidence in the estimates produced by automated valuation models;

(2) protect against the manipulation of data;

(3) seek to avoid conflicts of interest;

(4) require random sample testing and reviews; and

(5) account for any other such factor that the agencies listed in subsection (b) determine to be appropriate.

(b) *Adoption of Regulations*.—The Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection, in consultation with the staff of the Appraisal Subcommittee and the Appraisal Standards Board of the Appraisal Foundation, shall promulgate regulations to implement the quality control standards required under this section.

(c) *Enforcement*.—Compliance with regulations issued under this subsection shall be enforced by—

(1) with respect to a financial institution, or subsidiary owned and controlled by a financial institution and regulated by a Federal financial institution regulatory agency, the Federal financial institution regulatory agency that acts as the primary Federal supervisor of such financial institution or subsidiary; and

(2) with respect to other participants in the market for appraisals of 1-to-4 unit single family residential real estate, the Federal Trade Commission, the Bureau of Consumer Financial Protection, and a State attorney general.

(d) *Automated Valuation Model Defined*.— For purposes of this section, the term 'automated valuation model' means any computerized model used by mortgage originators and secondary market issuers to determine the collateral worth of a mortgage secured by a consumer's principal dwelling.

§ 1126. Broker Price Opinions.

(a) *General Prohibition*.—In conjunction with the purchase of a consumer's principal dwelling, broker price opinions may not be used as the primary basis to determine the value of a piece of property for the purpose of a loan origination of a residential mortgage loan secured by such piece of property.

(b) *Broker Price Opinion Defined*.—For purposes of this section, the term 'broker price opinion' means an estimate prepared by a real estate broker, agent, or sales person that details the probable selling price of a particular piece of real estate property and provides a varying level of detail about the property's condition, market, and neighborhood, and information on comparable sales, but does not include an automated valuation model, as defined in section 1125(c).

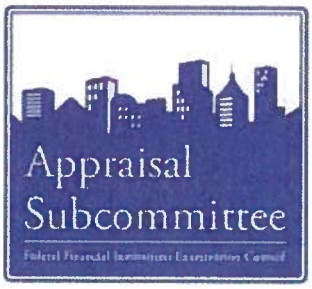
Appraisal Subcommittee

Federal Financial Institutions Examination Council

POLICY STATEMENTS

(Revised)

Requirements and Guidance to State Appraiser Regulatory Programs For Compliance with Title XI



[June 1, 2013]

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Introduction and Purpose

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), as amended (Title XI), established the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC).[1] The purpose of Title XI is to provide protection of Federal financial and public policy interests by upholding Title XI requirements for appraisals performed for federally related transactions. Specifically those appraisals shall be performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.

Pursuant to Title XI, one of the ASC's core functions is to monitor the requirements established by the States[2] for certification and licensing of appraisers qualified to perform appraisals in connection with federally related transactions.[3] The ASC performs periodic Compliance Reviews[4] of each State appraiser regulatory program (Program) to determine compliance, or lack thereof, with Title XI, and to assess the Program's implementation of the AQB Criteria as adopted by the Appraiser Qualifications Board (AQB).

Pursuant to authority granted to the ASC under Title XI, the ASC is issuing these Policy Statements[5] to provide States with the necessary information to maintain their Programs in compliance with Title XI. Policy Statements 1 through 7 correspond with the categories that are evaluated during the Compliance Review process and included in the ASC Compliance Review Report (Report). Policy Statement 8 entitled *Interim Sanctions* sets forth required procedures in the event that interim sanctions are imposed against a State by the ASC.

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[1] The ASC board is made up of seven members. Five members are designated by the heads of the FFIEC agencies (Board of Governors of the Federal Reserve System, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration). The other two members are designated by the heads of the Department of Housing and Urban Development and the Federal Housing Finance Agency.

[2] See Appendix B, Glossary of Terms, for the definition of "State."

[3] See Appendix B, Glossary of Terms, for the definition of "federally related transaction."

[4] See Appendix A, Compliance Review Process.

[5] These Policy Statements, adopted April 10, 2013, supersede all previous Policy Statements adopted by the ASC, the most recent version of which was issued in October 2008.

POLICY STATEMENT 1

Statutes, Regulations, Policies and Procedures Governing State Programs

A. State Regulatory Structure

Title XI requires the ASC to monitor each State appraiser certifying and licensing agency for the purpose of determining whether each such agency has in place policies, practices and procedures consistent with the requirements of Title XI.[6] The ASC recognizes that each State may have legal, fiscal, regulatory or other factors that may influence the structure and organization of its Program. Therefore, a State has flexibility to structure its Program so long as it meets its Title XI-related responsibilities.

States should maintain an organizational structure for appraiser certification, licensing and supervision that avoids conflicts of interest. A State agency may be headed by a board, commission or an individual. State board[7] or commission members, or employees in policy or decision-making positions, should understand and adhere to State statutes and regulations governing performance of responsibilities consistent with the highest ethical standards for public service. In addition, Programs using private entities or contractors should establish appropriate internal policies, procedures, and safeguards to promote compliance with the State agency's responsibilities under Title XI and these Policy Statements.

B. Funding and Staffing

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended Title XI to require the ASC to determine whether States have sufficient funding and staffing to meet their Title XI requirements. Compliance with this provision requires that a State must provide its Program with funding and staffing sufficient to carry out its Title XI-related duties. The ASC evaluates the sufficiency of funding and staffing as part of its review of all aspects of a Program's effectiveness, including the adequacy of State boards, committees, or commissions responsible for carrying out Title XI-related duties.

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[6] Title XI § 1118 (a), 12 U.S.C. § 3347.
[7] *See* Appendix B, *Glossary of Terms,* for the definition of "State board."

C. Minimum Criteria

Title XI requires States to adopt and/or implement all relevant AQB Criteria. Historically, requirements established by a State for certified residential or certified general classifications have been required to meet or exceed AQB Criteria. Effective July 1, 2013, requirements established by a State for licensed appraisers, as well as for trainee and supervisory appraisers, must also meet or exceed the AQB Criteria, as required by the Dodd-Frank Act.

D. Federally Recognized Appraiser Classifications

1. ***State Certified Appraisers***

   "State certified appraisers" means those individuals who have satisfied the requirements for residential or general certification in a State whose criteria for certification meet or exceed the applicable minimum AQB Criteria. Permitted scope of practice and designation for State certified residential or certified general appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

2. ***State Licensed Appraisers***

   As of July 1, 2013, "State licensed appraisers" means those individuals who have satisfied the requirements for licensing in a State whose criteria for licensing meet or exceed the applicable minimum AQB Criteria. Effective July 1, 2013, the permitted scope of practice and designation for State licensed appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

3. ***Trainee Appraiser and Supervisory Appraiser***

   As of July 1, 2013, any minimum qualification requirements established by a State for individuals in the position of "trainee appraiser" and "supervisory appraiser" must meet or exceed the applicable minimum AQB Criteria. ASC staff will evaluate State designations such as "registered appraiser," "apprentice appraiser," "provisional appraiser," or any other similar designation to determine if, in substance, such designation is consistent with a "trainee appraiser" designation and, therefore, administered to comply with Title XI. Effective July 1, 2013, the permitted scope of practice and designation for trainee appraisers and supervisory appraisers must be

consistent with State and Federal laws, including regulations and supplementary guidance.

Any State or Federal agency may impose additional appraiser qualification requirements for State licensed, certified residential or certified general classifications or for trainee and supervisor classifications, if they consider such requirements necessary to carry out their responsibilities under Federal and/or State statutes and regulations, so long as the additional qualification requirements do not preclude compliance with AQB Criteria.

E. Non-federally Recognized Credentials

States using non-federally recognized credentials or designations[8] must ensure that they are easily distinguished from the federally recognized credentials.

F. Appraisal Standards

Title XI and the Federal financial institutions regulatory agencies' regulations mandate that all appraisals performed in connection with federally related transactions be in written form, prepared in accordance with generally accepted appraisal standards as promulgated by the Appraisal Standards Board (ASB) in the Uniform Standards of Professional Appraisal Practice (USPAP), and be subject to appropriate review for compliance with USPAP.[9] States that have incorporated USPAP into State law should ensure that statutes or regulations are updated timely to adopt the latest version of USPAP, or if State law allows, automatically incorporate the latest version of USPAP. States should consider ASB Advisory Opinions, Frequently Asked Questions, and other written guidance issued by the ASB regarding interpretation and application of USPAP.

Any State or Federal agency may impose additional appraisal standards if they consider such standards necessary to carry out their responsibilities, so long as additional appraisal standards do not preclude compliance with USPAP or the Federal financial institutions regulatory agencies' appraisal regulations for work performed for federally related transactions.

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[8] *See* Appendix B, *Glossary of Terms*, for the definition of "non-federally recognized credentials or designations."
[9] *See* Appendix B, *Glossary of Terms* for the definition of "Uniform Standards of Professional Appraisal Practice."

The Federal financial institutions regulatory agencies' appraisal regulations define "appraisal" and identify which real estate-related financial transactions require the services of a state certified or licensed appraiser. These regulations define "appraisal" as a "written statement independently and impartially prepared by a qualified appraiser setting forth an opinion as to the market value of an adequately described property as of a specific date(s) supported by the presentation and analysis of relevant market information." Per these regulations, an appraiser performing an appraisal review which includes the reviewer providing his or her own opinion of value constitutes an appraisal. Under these same regulations, an appraisal review that does not include the reviewer providing his or her own opinion of value does not constitute an appraisal. Therefore, under the Federal financial institutions regulatory agencies' regulations, only those transactions that involve appraisals for federally related transactions require the services of a state certified or licensed appraiser.

H. Exemptions

Title XI and the Federal financial institutions regulatory agencies' regulations specifically require the use of only State certified or licensed appraisers in connection with the appraisal of certain real estate-related financial transactions.[10] A State may not exempt any individual or group of individuals from meeting the State's certification or licensing requirements if the individual or group member performs an appraisal when Federal statutes and regulations require the use of a certified or licensed appraiser. For example, an individual who has been exempted by the State from its appraiser certification or licensing requirements because he or she is an officer, director, employee or agent of a federally regulated financial institution would not be permitted to perform an appraisal in connection with a federally related transaction.

I. ASC Staff Attendance at State Board Meetings

ASC staff regularly attends open State board meetings as part of the on-site Compliance Review process. States are expected to make available for review by ASC staff minutes of closed meetings and executive sessions. The efficacy of the ASC's Compliance Review process rests on the ASC's ability to obtain reliable information about all areas of a State's Program. States

[10] Title XI § 1112, 12 U.S.C. § 3341; Title XI § 1113, 12 U.S.C. § 3342; Title XI § 1114, 12 U.S.C. § 3343.

are encouraged to allow ASC staff to attend closed and executive sessions of State board meetings where such attendance would not violate State law or regulation or be inconsistent with other legal obligations of the State board. ASC staff is obligated to protect information obtained during the Compliance Review process concerning the privacy of individuals and any confidential matters.

J. Summary of Requirements

1. States must require that appraisals be performed in accordance with the latest version of USPAP.[11]
2. States must, at a minimum, adopt and/or implement all relevant AQB Criteria.[12]
3. States must have policies, practices and procedures consistent with Title XI.[13]
4. States must have funding and staffing sufficient to carry out their Title XI-related duties.[14]
5. States must use proper designations and permitted scope of practice for certified residential or certified general classifications, and as of July 1, 2013, a State must use the proper designations and permitted scope of practice for the licensed classification, and trainee and supervisor classifications.[15]
6. State board members, and any persons in policy or decision-making positions, must perform their responsibilities consistent with Title XI.[16]
7. States' certification and licensing requirements must meet the minimum requirements set forth in Title XI.[17]
8. State agencies must be granted adequate authority by the State to maintain an effective regulatory Program in compliance with Title XI.[18]

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[11] Title XI § 1101, 12 U.S.C. § 3331; Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*
[12] Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347.
[13] Title XI § 1118 (a), 12 U.S.C. § 3347.
[14] *Id;* Title XI § 1118 (b), 12 U.S.C. § 3347.
[15] Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1113, 12 U.S.C. § 3342; AQB *Real Property Appraiser Qualification Criteria.*
[16] Title XI § 1118 (a), 12 U.S.C. § 3347.
[17] Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345.
[18] Title XI § 1118 (b), 12 U.S.C. § 3347.

POLICY STATEMENT 2

Temporary Practice

A. Requirement for Temporary Practice

Title XI requires State agencies to recognize, on a temporary basis, the certification or license of an out-of-State appraiser entering the State for the purpose of completing an appraisal assignment[19] for a federally related transaction. The out-of-State appraiser must register with the State agency in the State of temporary practice (Host State). A State may determine the process necessary for "registration" provided such process complies with Title XI and is not" burdensome" as determined by the ASC or involve excessive fees. Thus, a credentialed appraiser[20] from State A has a statutory right to enter State B (the Host State) to perform an assignment concerning a federally related transaction, so long as the appraiser registers with the State agency in State B prior to performing the assignment. Though Title XI contemplates reasonably free movement of credentialed appraisers across State lines, an out-of-State appraiser must comply with the Host State's real estate appraisal statutes and regulations and is subject to the Host State's full regulatory jurisdiction. States should utilize the National Registry to verify credential status on applicants for temporary practice.

B. Excessive Fees or Burdensome Requirements

Title XI prohibits States from imposing excessive fees or burdensome requirements, as determined by the ASC, for temporary practice.[21] Adherence by State agencies to the following mandates and prohibitions will deter the imposition of excessive fees or burdensome requirements.

1. Host State agencies must:
    a. issue temporary practice permits on an assignment basis;
    b. 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

[19] *See* Appendix B, *Glossary of Terms*, for the definition of "assignment."
[20] *See* Appendix B, *Glossary of Terms,* for the definition of "credentialed appraisers."
[21] Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

justifying delay or other action;

c. issue temporary practice permits designating the actual date of issuance;

d. take regulatory responsibility for a temporary practitioner's unethical, incompetent and/or fraudulent practices performed while in the State;

e. notify the appraiser's home State agency[22] in the case of disciplinary action concerning a temporary practitioner; and

f. allow at least one temporary practice permit extension through a streamlined process.

2. Host State agencies may not:

   a. limit the valid time period of a temporary practice permit to less than 6 months, except in the case of an appraiser not holding a credential in active status for at least that period of time;

   b. limit an appraiser to one temporary practice permit per calendar year;[23]

   c. charge a temporary practice permit fee exceeding $250, including one extension fee;

   d. impose State appraiser qualification requirements upon temporary practitioners that exceed AQB Criteria for the credential held;

   e. require temporary practitioners to obtain a certification or license in the State of temporary practice;

   f. require temporary practitioners to affiliate with an in-State licensed or certified appraiser;

   g. refuse to register licensed or certified appraisers seeking temporary practice in a State that does not have a licensed or certified level credential; or

   h. prohibit temporary practice.

3. Home State agencies may not:

   a. delay the issuance of a written "letter of good standing" or similar document for more than five business days after receipt of a request; or

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[22] See Appendix B, Glossary of Terms, for the definition of "home State agency."

[23] State agencies may establish by statute or regulation a policy that places reasonable limits on the number of times an out-of-State certified or licensed appraiser may exercise his or her temporary practice rights in a given year. If such a policy is not established, a State agency may choose not to honor an out-of-State certified or licensed appraiser's temporary practice rights if it has made a determination that the appraiser is abusing his or her temporary practice rights and is regularly engaging in real estate appraisal services within the State.

b. fail to take disciplinary action, if appropriate, when one of its certified or licensed appraisers is disciplined by another State agency for unethical, incompetent or fraudulent practices under a temporary practice permit.

C. Summary of Requirements

1. States must recognize, on a temporary basis, appraiser credentials issued by another State if the property to be appraised is part of a federally related transaction.[24]
2. State agencies must adhere to mandates and prohibitions as determined by the ASC that deter the imposition of excessive fees or burdensome requirements for temporary practice.[25]

[24] Title XI § 1122 (a) (1), 12 U.S.C. § 3351.
[25] Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

POLICY STATEMENT 3

National Registry

A. Requirements for the National Registry

Title XI requires the ASC to maintain a National Registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions.[26] Title XI further requires the States to transmit to the ASC: (1) a roster listing individuals who have received a State certification or license in accordance with Title XI; (2) reports on the issuance and renewal of licenses and certifications, sanctions, disciplinary actions, revocations and suspensions; and (3) the Registry fee as set by the ASC[27] from individuals who have received certification or licensing. States must notify the ASC as soon as practicable if a credential holder listed on the National Registry does not qualify for the credential held.

Roster and Registry fee requirements apply to all individuals who receive State certifications or licenses, originally or by reciprocity, whether or not the individuals are, in fact, performing or planning to perform appraisals in federally related transactions. If an appraiser is certified or licensed in more than one State, the appraiser is required to be on each State's roster of certified or licensed appraisers, and a Registry fee is due from each State in which the appraiser is certified or licensed.

Only AQB-compliant certified and, effective July 1, 2013, AQB-compliant licensed appraisers in active status on the National Registry are eligible to perform appraisals in connection with federally related transactions.

Some States may give State certified or licensed appraisers an option to not pay the Registry fee. If a State certified or licensed appraiser chooses not to pay the Registry fee, then the Program must

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[26] Title XI § 1103 (a) (3), 12 U.S.C. § 3332.

[27] Title XI § 1109, *Roster of State certified or licensed appraisers; authority to collect and transmit fees,* requires the ASC to consider at least once every 5 years whether to adjust the dollar amount of the registry fees to account for inflation. (Title XI § 1109 (a), 12 U.S.C. § 3338.)

ensure that any potential user of that appraiser's services is aware that the appraiser's certificate or license is limited to performing appraisals in connection with non-federally related transactions.[28] The Program must place a conspicuous notice directly on the face of any evidence of the appraiser's authority to appraise stating, "Not Eligible To Appraise Federally Related Transactions," and the appraiser must not be listed in active status on the National Registry.

The ASC extranet application allows States to update their appraiser credential information directly to the National Registry. Only Authorized Registry Officials are allowed to request access for their State personnel (see section C below). The ASC will issue a User Name and Password to the designated State personnel responsible for that State's National Registry entries. Designated State personnel are required to protect the right of access, and not share their User Name or Password with anyone. State agencies must adopt and implement a written policy to protect the right of access, as well as the ASC issued User Name and Password. The ASC will provide detailed specifications regarding the data elements on the National Registry and reporting procedures to those States not using the ASC extranet application.[29] The ASC strongly encourages the States to utilize the extranet application as a more secure method of submitting information to the National Registry.

The ASC creates a unique National Registry number for each listed appraiser and protects each appraiser's privacy rights. This unique identifier is available to appropriate State and Federal regulatory agencies to simplify multi-State queries regarding specific appraisers.

B. Registry Fee and Invoicing Policies

Each State must remit to the ASC the annual Registry fee, as set by the ASC, for State certified or licensed appraisers within the State to be listed on the National Registry. Requests to prorate refunds or partial-year registrations will not be granted. If a State collects multiple-year fees for multiple-year certifications or licenses, the State may choose to remit to the ASC the total amount of the multiple-year Registry fees or the equivalent annual fee amount. The ASC will, however, record

[28] *See* Appendix B, *Glossary of Terms*, for the definition of "non-federally related transactions."
[29] *See* section D, *Information Sharing,* below requiring all States to report disciplinary action via the extranet application by July 1, 2013.

appraisers on the National Registry only for the number of years for which the ASC has received payment. Nonpayment by a State of an appraiser's National Registry fee may result in the status of that appraiser being listed as "inactive." When a State's failure to pay a past due invoice results in appraisers being listed as inactive, the ASC will not change those appraisers back to active status until payment is received from the State. An inactive status on the National Registry, for whatever the reason, renders an appraiser ineligible to perform appraisals in connection with federally related transactions.

C. Access to National Registry Data

The ASC website provides free access to the public portion of the National Registry at www.asc.gov. The public portion of the National Registry data may be downloaded using predefined queries or user-customized applications.

Access to the full database, which includes non-public data (e.g., certain disciplinary action information), is restricted to authorized State and Federal regulatory agencies. States must designate a senior official, such as an executive director, to serve as the State's Authorized Registry Official, and provide to the ASC, in writing, information regarding the designated Authorized Registry Official. States should ensure that the authorization information provided to the ASC is updated and accurate.

D. Information Sharing

Information sharing (routine exchange of certain information among lenders, governmental entities, State agencies and the ASC) is essential for carrying out the purposes of Title XI. Title XI requires the ASC, any other Federal agency or instrumentality, or any federally recognized entity to report any action of a State certified or licensed appraiser that is contrary to the purposes of Title XI to the appropriate State agency for disposition. The ASC believes that full implementation of this Title XI requirement is vital to the integrity of the system of State appraiser regulation. States are encouraged to develop and maintain procedures for sharing of information among themselves.

The National Registry's value and usefulness are largely dependent on the quality and frequency

of State data submissions. Accurate and frequent data submissions from all States are necessary to maintain an up-to-date National Registry. States must submit appraiser data in a secure format to the ASC at least monthly. If there are no changes to the data, the State agency must notify the ASC of that fact in writing. States are encouraged to submit data as frequently as possible.

State agencies must report as soon as practicable any disciplinary action[30] taken against an appraiser to the ASC. Prior to July 1, 2013, at a minimum, this information must be submitted with the State's monthly, or more frequent, Registry data submission. As of July 1, 2013, all States will be required to report disciplinary action via the extranet application. States not reporting via the extranet application will be required to provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement. For the most serious disciplinary actions (i.e., voluntary surrenders, suspensions and revocations, or any action that interrupts a credential holder's ability to practice), the State agency must notify the ASC of such action as soon as practicable, but no later than five (5) business days after the disciplinary action is final, in order for the appraiser's status to be changed on the National Registry to "inactive," thereby making the appraiser ineligible to perform appraisals for federally related transactions or other transactions requiring the use of State certified or licensed appraisers.

Title XI also contemplates the reasonably free movement of certified and licensed appraisers across State lines. This freedom of movement assumes, however, that certified and licensed appraisers are, in all cases, held accountable and responsible for their actions while performing appraisal activities.

E. Summary of Requirements

1. States must reconcile and pay National Registry invoices in a timely manner.[31]
2. States must submit all disciplinary actions to the ASC for inclusion on the National Registry.[32]
3. As of July 1, 2013, all States will be required to report disciplinary action via the extranet

[30] *See* Appendix B, *Glossary of Terms*, for the definition of "disciplinary action."
[31] Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338.
[32] *Id.*

application as soon as practicable.[33]

4. States must designate a senior official, such as an executive director, who will serve as the State's Authorized Registry Official, and provide to the ASC, in writing, information regarding the selected Authorized Registry Official, and any individual(s) authorized to act on their behalf.[34] (States should ensure that the authorization information provided to the ASC is kept current.)
5. States using the ASC extranet application must implement written policies to ensure that all personnel with access to the National Registry protect the right of access and not share the User Name or Password with anyone.[35]
6. States must ensure the accuracy of all data submitted to the National Registry.[36]
7. States must submit appraiser data to the ASC at least monthly. If a State's data does not change during the month, the State agency must notify the ASC of that fact in writing.[37]
8. 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.[38]
9. If a State certified or licensed appraiser chooses not to pay the Registry fee, the State must ensure that any potential user of that appraiser's services is aware that the appraiser's certificate or license is limited to performing appraisals only in connection with non-federally related transactions.[39]

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[33] *Id.*
[34] Title XI § 1118 (a), 12 U.S.C. § 3347.
[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*
[39] *Id.*

POLICY STATEMENT 4

Application Process

AQB Criteria sets forth the minimum education, experience and examination requirements applicable to all States for credentialing of real property appraisers. In the application process, States must, at a minimum, employ a reliable means of validating both education and experience credit claimed by applicants for credentialing.[40]

A. Processing of Applications

States must process applications in a consistent, equitable and well-documented manner. Applications for credentialing should be timely processed by State agencies (within 90 days). Any delay in the processing of applications should be sufficiently documented in the file to explain the delay. States must ensure appraiser credential applications submitted for processing do not contain expired examinations as established by AQB Criteria.

B. Qualifying Education for Initial or Upgrade Applications

States must verify that:

(1) the applicant's claimed education courses are acceptable under AQB Criteria; and

(2) the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.

Documentation must be provided to support education claimed by applicants for initial credentialing or upgrade. States may not accept an affidavit for education claimed from applicants for certification. Effective July 1, 2013, States may not accept an affidavit for education claimed from applicants for any federally recognized credential.[41] States must maintain

[40] Includes applications for credentialing of State licensed, certified residential or certified general classifications, and trainee and supervisor classifications.

[41] If a State accepts education-related affidavits from applicants for initial licensure in any non-certified classification, upon the appraiser's application to upgrade to a certified classification, the State must require documentation to support the appraiser's educational qualification for the certified classification, not just the

adequate documentation to support verification of education claimed by applicants.

C. Continuing Education for Reinstatement and Renewal Applications

1. *Reinstatement Applications*

States must verify that:

(1) the applicant's claimed continuing education courses are acceptable under AQB Criteria; and

(2) the applicant has successfully completed all continuing education consistent with AQB Criteria for reinstatement of the appraiser credential sought.

Documentation must be provided to support continuing education claimed by applicants for reinstatement. States may not accept an affidavit for continuing education claimed from applicants for reinstatement. States must maintain adequate documentation to support verification of claimed education.

2. *Renewal Applications*

States must ensure that continuing education courses for renewal of an appraiser credential are consistent with AQB Criteria and that continuing education hours required for renewal of an appraiser credential were completed consistent with AQB Criteria. States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure that adheres to the following objectives and requirements:

a. *Validation objectives* – The State's validation procedures must be structured to permit acceptable projections of the sample results to the entire population of subject appraisers. Therefore, the sample must include an adequate number of affidavits to have a reasonable chance of identifying appraisers who fail to comply with AQB Criteria, and the sample must include a statistically relevant representation of the appraiser population being sampled.

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incremental amount of education required to move from the non-certified to the certified classification. This requirement applies to all federally recognized credentials effective July 1, 2013.

b. Minimum Standards – The following minimum standards apply to these audits:

1) Validation must include a prompt post-approval audit. Each audit of an affidavit for continuing education credit claimed must be completed within 60 days from the date the renewed credential is issued;
2) States must audit the continuing education-related affidavit for each credentialed appraiser selected in the sampling procedure;
3) The State must determine that the education courses claimed conform to AQB Criteria and that the appraiser successfully completed each course;
4) When a State determines that an appraiser's continuing education does not meet AQB Criteria, the State must take appropriate action to suspend the appraiser's eligibility to perform appraisals in federally related transactions until such time that the requisite continuing education has been completed. The State must notify the ASC as soon as practicable after taking such action in order for the appraiser's record on the National Registry to be updated appropriately; and
5) If more than ten percent of the audited appraisers fail to meet the AQB Criteria, the State must take remedial action[42] to address the apparent weakness of its affidavit process. The ASC will determine on a case-by-case basis whether remedial actions are effective and acceptable.

c. Documentation – States must maintain adequate documentation to support its affidavit renewal and audit procedures and actions.

d. List of Education Courses – To promote accountability, the ASC encourages States accepting affidavits for continuing education credit claimed for credential renewal to require that the appraiser provide a list of courses to support the affidavit.

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[42] For example:

(1) a State may conduct an additional audit using a higher percentage of audited appraisers; or
(2) a State may publically post action taken to sanction non-compliant appraisers to increase awareness in the appraiser community of the importance of compliance with continuing education requirements.

D. Experience for Initial or Upgrade Applications

States must ensure that appraiser experience logs conform to AQB Criteria. States may not accept an affidavit for experience credit claimed by applicants for certification. Effective July 1, 2013, States may not accept an affidavit for experience credit claimed by applicants for any federally recognized credential.[43]

1. Validation Required

States must implement a reliable validation procedure to verify that each applicant's:

(1) experience meets AQB Criteria;

(2) experience is USPAP compliant; and

(3) experience hours have been successfully completed consistent with AQB Criteria.

2. Validation Procedures, Objectives and Requirements

a. Selection of Work Product

Program staff or State board members must select the work product to be analyzed for USPAP compliance; applicants may not have any role in selection of work product. States must analyze a representative sample of the applicant's work product.

b. USPAP Compliance

For appraisal experience to be acceptable under AQB Criteria, it must be USPAP compliant. States must exercise due diligence in determining whether submitted documentation of experience or work product demonstrates compliance with USPAP. Persons analyzing work product for USPAP compliance must have sufficient knowledge to make that determination.

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[43] *See* Appendix B, *Glossary of Terms,* for the definition of "federally recognized credential." If prior to July 1, 2013, a State accepted experience-related affidavits from applicants for initial licensure in any non-certified classification, upon the appraiser's application to upgrade to a certified classification, the State must require experience documentation to support the appraiser's qualification for the certified classification, not just the incremental amount of experience required to move from the non-certified to the certified classification. For example, if a State accepted an experience affidavit from an appraiser to support the appraiser's initial hours to qualify for the licensed classification, and subsequently that appraiser applies to upgrade to the certified residential classification, the State must require documentation to support the full experience hours required for the certified residential classification, not just the difference in hours between the two classifications.

c. Determination of Experience Time Periods

When measuring the experience time period required by AQB Criteria, States must review each appraiser's experience log and note the dates of the first and last acceptable appraisal activity performed by the applicant. At a minimum, the time period spanned between those appraisal activities must comply with the AQB Criteria.

d. Supporting Documentation

States must maintain adequate documentation to support validation methods. The applicant's file, either electronic or paper, must include the information necessary to identify each appraisal assignment selected and analyzed by the State, notes, letters and/or reports prepared by the official(s) evaluating the report for USPAP compliance, and any correspondence exchanged with the applicant regarding the appraisals submitted. This supporting documentation may be discarded upon the completion of the first ASC Compliance Review performed after the credential issuance or denial for that applicant.

E. Examination

States must ensure that an appropriate AQB-approved qualifying examination is administered for each of the federally recognized appraiser classifications requiring an examination.

F. Summary of Requirements

Processing of Applications

1. States must process applications in a consistent, equitable and well-documented manner.[44]
2. States must ensure appraiser credential applications submitted for processing do not contain expired examinations as established by AQB Criteria.[45]

[44] Title XI § 1118 (a), 12 U.S.C. § 3347.
[45] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*

Education

1. States must verify that the applicant's claimed education courses are acceptable under AQB Criteria, whether for initial credentialing, renewal, upgrade or reinstatement.[46]
2. States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.[47]
3. States must maintain adequate documentation to support verification.[48]
4. States may not accept an affidavit for education claimed from applicants for certification. Effective July 1, 2013, States may not accept an affidavit for education claimed from applicants for any federally recognized credential.[49]
5. States may not accept an affidavit for continuing education claimed from applicants for reinstatement.[50]
6. States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure.[51]
7. Audits of affidavits for continuing education credit claimed must be completed within sixty days from the date the renewed credential is issued.[52]
8. States are required to take remedial action when it is determined that more than ten percent of audited appraiser's affidavits for continuing education credit claimed fail to meet the minimum AQB Criteria.[53]
9. States must require the 7-hour National USPAP Update Course for renewals consistent with AQB Criteria.[54]
10. States must take appropriate action to suspend an appraiser's eligibility to perform appraisals in federally related transactions when it determines that the appraiser's continuing education does not meet AQB Criteria until such time that the requisite

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[46] *Id.*
[47] *Id.*
[48] Title XI § 1118 (a), 12 U.S.C. § 3347.
[49] *Id.*
[50] *Id.*
[51] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*
[52] Title XI § 1118 (a), 12 U.S.C. § 3347.
[53] *Id.*
[54] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*

continuing education has been completed. The State must notify the ASC as soon as practicable after taking such action in order for the appraiser's record on the National Registry to be updated appropriately.[55]

Experience

1. States may not accept an affidavit for experience credit claimed from applicants for certification. Effective July 1, 2013, States may not accept an affidavit for experience credit claimed from applicants for any federally recognized credential.[56]
2. States must ensure that appraiser experience logs conform to AQB Criteria.[57]
3. States must use a reliable means of validating appraiser experience claims on all initial or upgrade applications for appraiser credentialing.[58]
4. States must select the work product to be analyzed for USPAP compliance on all initial or upgrade applications for appraiser credentialing.[59]
5. States must analyze a representative sample of the applicant's work product on all initial or upgrade applications for appraiser credentialing.[60]
6. States must exercise due diligence in determining whether submitted documentation of experience or work product demonstrates compliance with USPAP on all initial applications for appraiser credentialing.[61]
7. Persons analyzing work product for USPAP compliance must have sufficient knowledge to make that determination.[62]

Examination

1. States must ensure that an appropriate AQB-approved qualifying examination is administered for each of the federally recognized credentials requiring an examination.[63]

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[55] Title XI § 1118 (a), 12 U.S.C. § 3347.
[56] *Id.*
[57] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*
[58] Title XI § 1118 (a), 12 U.S.C. § 3347.
[59] Title XI § 1118 (a), 12 U.S.C. § 3347.
[60] *Id.*
[61] *Id.*
[62] *Id.*
[63] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria.*

POLICY STATEMENT 5

Reciprocity

A. Reciprocity Policy

Title XI contemplates the reasonably free movement of certified and licensed appraisers across State lines. Beginning July 1, 2013, the ASC will monitor Programs for compliance with the reciprocity provision of Title XI as amended by the Dodd-Frank Act.[64] Title XI requires that in order for a State's appraisers to be eligible to perform appraisals for federally related transactions, the State must have a policy in place for issuing reciprocal credentials IF:

a. the appraiser is coming from a State (Home State) that is "in compliance" with Title XI as determined by the ASC; AND

b. (i) the appraiser holds a valid credential from the Home State; AND
(ii) the credentialing requirements of the Home State (as they exist at the time of application for reciprocal credential) meet or exceed those of the reciprocal credentialing State (Reciprocal State) (as they exist at the time of application for reciprocal credential).

An appraiser relying on a credential from a State that does not have such a policy in place may not perform appraisals for federally related transactions. A State may be more lenient in the issuance of reciprocal credentials by implementing a more open door policy. However, States cannot impose additional impediments to issuance of reciprocal credentials.[65]

For purposes of implementing the reciprocity policy, States with an ASC Finding[66] of "Poor" do not satisfy the "in compliance" provision for reciprocity. Therefore, States are not required to recognize, for purposes of granting a reciprocal credential, the license or certification of an appraiser credentialed in a State with an ASC Finding of "Poor."

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[64] Title XI § 1122 (b), 12 U.S.C. § 3351.
[65] Effective July 1, 2013, States will be evaluated for compliance with this Title XI requirement.
[66] *See* Appendix A, *Compliance Review Process*, for an explanation of ASC Findings.

B. Application of Reciprocity Policy

The following examples illustrate application of reciprocity in a manner that complies with Title XI. The examples refer to the reciprocity policy requiring issuance of a reciprocal credential IF:

a. the appraiser is coming from a State that is "in compliance"; AND

b. (i) the appraiser holds a valid credential from that State; AND

(ii) the credentialing requirements of that State (as they currently exist) meet or exceed those of the reciprocal credentialing State (as they currently exist).

1. Additional Requirements Imposed on Applicants

State A requires that prior to issuing a reciprocal credential the applicant must certify that disciplinary proceedings are not pending against that applicant in any jurisdiction. Under b (ii) above, if this requirement is not imposed on all of its own applicants for credentialing, STATE A cannot impose this requirement on applicants for reciprocal credentialing.

2. Credentialing Requirements

An appraiser is seeking a reciprocal credential in STATE A. The appraiser holds a valid credential in STATE Z, even though it was issued in 2007. This satisfies b (i) above. However in order to satisfy b (ii), STATE A would evaluate STATE Z's credentialing requirements as they currently exist to determine whether they meet or exceed STATE A's current requirements for credentialing.

3. Multiple State Credentials

An appraiser credentialed in several states is seeking a reciprocal credential in State A. That appraiser's initial credentials were obtained through examination in the original credentialing State and through reciprocity in the additional States. State A requires the applicant to provide a "letter of good standing" from the State of original credentialing as a condition of granting a reciprocal credential. State A may not impose such a requirement since Title XI does not distinguish between credentials obtained by examination and credentials obtained by reciprocity for purposes of granting reciprocal credentials.

C. Appraiser Compliance Requirements

In order to maintain a credential granted by reciprocity, appraisers must comply with the

credentialing State's policies, rules and statutes governing appraisers, including requirements for payment of certification and licensing fees, as well as continuing education.[67]

D. Summary of Requirements

1. Effective July 1, 2013, in order for a State's appraisers to be eligible to perform appraisals for federally related transactions, the State must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.[68]
2. States may be more lenient in the issuance of reciprocal credentials by implementing a more open door policy; however, States may not impose additional impediments to issuance of reciprocal credentials.[69]

[67] A State may offer to accept continuing education (CE) for a renewal applicant who has satisfied CE requirements of a home State; however a State may not impose this as a requirement for renewal, thereby imposing a requirement for the renewal applicant to retain a home State credential.
[68] Title XI § 1122 (b), 12 U.S.C. § 3351.
[69] *Id.*

POLICY STATEMENT 6

Education

AQB Criteria sets forth minimum requirements for appraiser education courses. This Policy Statement addresses proper administration of education requirements for compliance with AQB Criteria. (For requirements concerning qualifying and continuing education in the application process, see Policy Statement 4, *Application Process*.)

A. Course Approval

States must ensure that approved appraiser education courses are consistent with AQB Criteria and maintain sufficient documentation to support that approved appraiser education courses conform to AQB Criteria.

States should ensure that course approval expiration dates assigned by the State coincide with the endorsement period assigned by the AQB's Course Approval Program or any other AQB-approved organization providing approval of course design and delivery.

States should ensure that educational providers are afforded equal treatment in all respects.[70]

The ASC encourages States to accept courses approved by the AQB's Course Approval Program.

B. Distance Education

States must ensure that distance education courses meet AQB Criteria and that the delivery mechanism for distance education courses offered by a non-academic provider has been approved by an AQB-approved organization providing approval of course design and delivery.

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[70] For example:

(1) consent agreements requiring additional education should not specify a particular course provider when there are other providers on the State's approved course listing offering the same course; and

(2) courses from professional organizations should not be automatically approved and/or approved in a manner that is less burdensome than the State's normal approval process.

C. Summary of Requirements

1. States must ensure that appraiser education courses are consistent with AQB Criteria.[71]
2. States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.[72]
3. States must ensure the delivery mechanism for distance education courses offered by a non-academic provider has been approved by an AQB-approved organization providing approval of course design and delivery.[73]

[71] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.
[72] Title XI § 1118 (a), 12 U.S.C. § 3347.
[73] Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

POLICY STATEMENT 7

State Agency Enforcement

A. State Agency Regulatory Program

Title XI requires the ASC to monitor the States for the purpose of determining whether the State processes complaints and completes investigations in a reasonable time period, appropriately disciplines sanctioned appraisers and maintains an effective regulatory program.[74]

B. Enforcement Process

States must ensure that the system for processing and investigating complaints[75] and sanctioning appraisers is administered in a timely, effective, consistent, equitable, and well-documented manner.

1. Timely Enforcement

States must process complaints of appraiser misconduct or wrongdoing in a timely manner to ensure effective supervision of appraisers, and when appropriate, that incompetent or unethical appraisers are not allowed to continue their appraisal practice. Absent special documented circumstances, final administrative decisions regarding complaints must occur within one year (12 months) of the complaint filing date. Special documented circumstances are those extenuating circumstances (fully documented) beyond the control of the State agency that delays normal processing of a complaint such as: complaints involving a criminal investigation by a law enforcement agency when the investigative agency requests that the State refrain from proceeding; final disposition that has been appealed to a higher court; documented medical condition of the respondent; ancillary civil litigation; and complex fraud cases that involve multiple individuals and reports. Such special documented circumstances also include those periods when State rules require referral of a complaint to another State entity for review and the State agency is precluded from further processing of the complaint until it is returned. In that

[74] Title XI § 1118 (a), 12 U.S.C. § 3347.
[75] *See* Appendix B, *Glossary of Terms*, for the definition of "complaint."

circumstance, the State agency should document the required referral and the time period during which the complaint was not under its control or authority.

2. Effective Enforcement

Effective enforcement requires that States investigate allegations of appraiser misconduct or wrongdoing, and if allegations are proven, take appropriate disciplinary or remedial action. Dismissal of an alleged violation solely due to an "absence of harm to the public" is inconsistent with Title XI. Financial loss or the lack thereof is not an element in determining whether there is a violation. The extent of such loss, however, may be a factor in determining the appropriate level of discipline.

Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP and States must document how such persons are so qualified.

States must analyze each complaint to determine whether additional violations, especially those relating to USPAP, should be added to the complaint.

Closure of a complaint based on a State's statute of limitations results in dismissal of a complaint without the investigation of the merits of the complaint, and is inconsistent with the Title XI requirement that States assure effective supervision of the activities of credentialed appraisers.[76]

3. Consistent and Equitable Enforcement

Absent specific documented facts or considerations, substantially similar cases within a State should result in similar dispositions.

[76] Title XI § 1117, 12 U.S.C. § 3346.

4. Well-Documented Enforcement

"Well-documented" means that States obtain and maintain sufficient relevant documentation pertaining to a matter so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

a. Complaint Files

Complaint files must:

- include documentation outlining the progress of the investigation;
- demonstrate that appraisal reports are analyzed and all USPAP violations are identified;
- include rationale for the final outcome of the case (i.e., dismissal or imposition of discipline);
- include documentation explaining any delay in processing, investigation or adjudication;
- contain documentation that all ordered or agreed upon discipline, such as probation, fine, or completion of education is tracked and that completion of all terms is confirmed; and
- be organized in a manner that allows understanding of the steps taken throughout the complaint, investigation, and adjudicatory process.

b. Complaint Logs

States must track all complaints using a complaint log. The complaint log must record all complaints, regardless of their procedural status in the investigation and/or resolution process, including complaints pending before the State board, Office of the Attorney General, other law enforcement agencies, and/or offices of administrative hearings. The complaint log must include the following information (States are strongly encouraged to maintain this information in an electronic, sortable format):

1. Case number
2. Name of respondent
3. Actual date the complaint was received by the State
4. Source of complaint (e.g., consumer, lender, bank regulator,

appraiser, hotline)

5. Current status of the complaint
6. Date the complaint was closed (e.g., final disposition by the administrative hearing agency, Office of the Attorney General, State Appraiser Regulatory Agency or Court of Appeals)
7. Method of disposition (e.g., dismissal, letter of warning, consent order, final order)

C. Summary of Requirements

1. States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations.[77]
2. States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date, except for special documented circumstances.[78]
3. States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner.[79]
4. States must track complaints of alleged appraiser misconduct or wrongdoing using a complaint log.[80]
5. States must appropriately document enforcement files and include rationale.[81]
6. States must regulate, supervise and discipline their credentialed appraisers.[82]
7. Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must document how such persons are so qualified.[83]

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[77] Title XI § 1118 (a), 12 U.S.C. § 3347.
[78] *Id.*
[79] *Id.*
[80] *Id.*
[81] *Id.*
[82] *Id.*
[83] *Id.*

POLICY STATEMENT 8

Interim Sanctions

A. Authority

Title XI grants the ASC authority to impose interim sanctions on individual appraisers pending State agency action and on State agencies that fail to have an effective Program as an alternative to or in advance of a non-recognition proceeding. In determining whether a Program is effective the ASC shall conduct an analysis as required by Title XI. An ASC Finding of Poor on the Report issued to a State at the conclusion of an ASC Compliance Review will trigger an analysis by the ASC for potential interim sanction(s).[84] The following provisions apply to the exercise by the ASC of its authority to impose interim sanction(s) on State agencies.

B. Opportunity to be Heard or Correct Conditions

The ASC shall provide the State agency with:

1. written notice of intention to impose an interim sanction; and
2. opportunity to respond or to correct the conditions causing such notice to the State.

Notice and opportunity to respond or correct the conditions shall be in accordance with section C, *Procedures*.

C. Procedures

This section prescribes the ASC's procedures which will be followed in arriving at a decision by the ASC to impose an interim sanction against a State agency.

1. Notice

The ASC shall provide a written Notice of intention to impose an interim sanction (Notice) to the State agency. The Notice shall contain the ASC's analysis as required by

[84] Imposition of an interim sanction against a State agency may result in appraisers credentialed by that State being removed from the National Registry on an interim basis, not to exceed 90 days, pending State agency action.

Title XI of the State's licensing and certification of appraisers, the issuance of temporary licenses and certifications for appraisers, the receiving and tracking of submitted complaints against appraisers, the investigation of complaints, and enforcement actions against appraisers.[85] The ASC shall verify the State's date of receipt, and publish both the Notice and the State's date of receipt in the *Federal Register.*

2. State Agency Response

Within 15 days of receipt of the Notice, the State may submit a response to the ASC's Executive Director. Alternatively, a State may submit a Notice Not to Contest with the ASC's Executive Director. The filing of a Notice Not to Contest shall not constitute a waiver of the right to a judicial review of the ASC's decision, findings and conclusions. Failure to file a Response within 15 days shall constitute authorization for the ASC to find the facts to be as presented in the Notice and analysis. The ASC, for good cause shown, may permit the filing of a Response after the prescribed time.

3. Briefs, Memoranda and Statements

Within 45 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, the State agency may file with the ASC's Executive Director a written brief, memorandum or other statement providing factual data and policy and legal arguments regarding the matters set out in the Notice and analysis.

4. Oral Presentations to the ASC

Within 45 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, the State may file a request with the ASC's Executive Director to make oral presentation to the ASC. If the State has filed a request for oral presentation, the matter shall be heard within 45 days. An oral presentation shall be considered as an opportunity to offer, emphasize and clarify the facts, policies and laws concerning the proceeding, and is not a Meeting[86] of the ASC. On the appropriate date and time, the State agency will make the oral presentation before the ASC. Any ASC member may ask

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[85] *Id.*

[86] The proceeding is more in the nature of a Briefing not subject to open meeting requirements. The presentation is an opportunity for the State to brief the ASC – to offer, emphasize and clarify the facts, policies and laws concerning the proceeding, and for the ASC members to ask questions. Additional consideration is given to the fact that this stage of the proceeding is pre-decisional.

pertinent questions relating to the content of the oral presentation. Oral presentations will not be recorded or otherwise transcribed. Summary notes will be taken by ASC staff and made part of the record on which the ASC shall decide the matter.

5. Conduct of Interim Sanction Proceedings

(a) *Written Submissions.* All aspects of the proceeding shall be conducted by written submissions, with the exception of oral presentations allowed under subsection 4 above.

(b) *Disqualification.* An ASC member who deems himself or herself disqualified may at any time withdraw. Upon receipt of a timely and sufficient affidavit of personal bias or disqualification of such member, the ASC will rule on the matter as a part of the record.

(c) *Authority of ASC Chairperson.* The Chairperson of the ASC, in consultation with other members of the ASC whenever appropriate, shall have complete charge of the proceeding and shall have the duty to conduct it in a fair and impartial manner and to take all necessary action to avoid delay in the disposition of proceedings.

(d) *Rules of Evidence*

Except as is otherwise set forth in this section, relevant material and reliable evidence that is not unduly repetitive is admissible to the fullest extent authorized by the Administrative Procedure Act (5 U.S.C. §§ 551-559) and other applicable law.

6. Decision of the ASC and Judicial Review

Within 90 days after the date of receipt by the State agency of the Notice as published in the *Federal Register*, or in the case of oral presentation having been granted, within 30 days after presentation, the ASC shall issue a final decision, findings and conclusions and shall publish the decision promptly in the *Federal Register*. The final decision shall be effective on issuance. The ASC's Executive Director shall ensure prompt circulation of the decision to the State agency. A final decision of the ASC is a prerequisite to seeking judicial review.

7. Computing Time

Time computation is based on business days. The date of the act, event or default from which the designated period of time begins to run is not included. The last day is included unless it is a Saturday, Sunday, or Federal holiday, in which case the period runs until the end of the next day which is not a Saturday, Sunday or Federal holiday.

8. Documents and Exhibits

Unless otherwise provided by statute, all documents, papers and exhibits filed in connection with any proceeding, other than those that may be withheld from disclosure under applicable law, shall be placed by the ASC's Executive Director in the proceeding's file and will be available for public inspection and copying.

9. Judicial Review

A decision of the ASC under this section shall be subject to judicial review. The form of proceeding for judicial review may include any applicable form of legal action, including actions for declaratory judgments or writs of prohibitory or mandatory injunction in a court of competent jurisdiction.[87]

[87] 5 U.S.C. § 703 - *Form and venue of proceeding.*

Appendix A – Compliance Review Process

The ASC monitors State Programs for compliance with Title XI. The monitoring of a State Program is largely accomplished through on-site visits known as a Compliance Review (Review). A Review is conducted over a two- to four-day period, and is scheduled to coincide with a meeting of the Program's decision-making body whenever possible. ASC staff reviews the seven compliance areas addressed in Policy Statements 1 through 7. Sufficient documentation demonstrating compliance must be maintained by a State and made available for inspection during the Review. ASC staff reviews a sampling of documentation in each of the seven compliance areas. The sampling is intended to be representative of the State Program in its entirety.

Based on the Review, ASC staff provides the State with an ASC staff report detailing preliminary findings. The State is given 60 days to respond to the ASC staff report. At the conclusion of the Review, a Compliance Review Report (Report) is issued to the State with the ASC Finding on the Program's overall compliance, or lack thereof, with Title XI. Deficiencies resulting in non-compliance in any of the seven compliance areas are cited in the Report. "Areas of Concern"[88] which potentially expose a Program to compliance issues in the future are also addressed in the Report. The ASC's final disposition is based upon the ASC staff report, the State's response and staff's recommendation.

The following chart provides an explanation of the ASC Findings and rating criteria for each ASC Finding category. The ASC Finding places particular emphasis on whether the State is maintaining an effective regulatory Program in compliance with Title XI.

[88] *See* Appendix B, *Glossary of Terms*, for the definition of "Areas of Concern."

ASC Finding	Rating Criteria	Review Cycle*
Excellent	• 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	• 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	• 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	• 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[89]	• 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.

[89] 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*.

The ASC has two primary Review Cycles: two-year and one-year. Most States are scheduled on a two-year Review Cycle. States may be moved to a one-year Review Cycle if the ASC determines more frequent on-site Reviews are needed to ensure that the State maintains an effective Program. Generally, States are placed on a one-year Review Cycle because of non-compliance issues or serious areas of concerns that warrant more frequent on-site visits. Both two-year and one-year Review Cycles include a review of all aspects of the State's Program.

The ASC may conduct Follow-up Reviews and additional monitoring. A Follow-up Review focuses only on specific areas identified during the previous on-site Review. Follow-up Reviews usually occur within 6-12 months of the previous Review. In addition, as a risk management tool, ASC staff identifies State Programs that may have a significant impact on the nation's appraiser regulatory system in the event of Title XI compliance issues. For States that represent a significant percentage of the credentials on the National Registry, ASC staff performs annual on-site Priority Contact visits. The primary purpose of the Priority Contact visit is to review topical issues, evaluate regulatory compliance issues, and maintain a close working relationship with the State. This is not a complete Review of the Program. The ASC will also schedule a Priority Contact visit for a State when a specific concern is identified that requires special attention. Additional monitoring may be required where a deficiency is identified and reports on required or agreed upon corrective actions are required monthly or quarterly. Additional monitoring may include on-site monitoring as well as off-site monitoring.

Appendix B – Glossary of Terms

AQB Criteria: Refers to the *Real Property Appraiser Qualification Criteria* as established by the Appraiser Qualifications Board of the Appraisal Foundation setting forth minimum education, experience and examination requirements for the licensure and certification of real property appraisers, and minimum requirements for "Trainee" and "Supervisory" appraisers.

Assignment: As referenced herein, for purposes of temporary practice, "assignment" means one or more real estate appraisals and written appraisal report(s) covered by a single contractual agreement.

Complaint: As referenced herein, any document filed with, received by, or serving as the basis for possible inquiry by the State agency regarding alleged violation of Title XI, Federal or State law or regulation, or USPAP by a credentialed appraiser, appraiser applicant, or for allegations of unlicensed appraisal activity. A complaint may be in the form of a referral, letter of inquiry, or other document alleging appraiser misconduct or wrongdoing.

Credentialed appraisers: Refers to State licensed, certified residential or certified general appraiser classifications.

Disciplinary action: As referenced herein, corrective or punitive action taken by or on behalf of a State agency which may be formal or informal, or may be consensual or involuntary, resulting in any of the following:

a. revocation of credential
b. suspension of credential
c. written consent agreements, orders or reprimands
d. probation or any other restriction on the use of a credential
e. fine
f. voluntary surrender in lieu of disciplinary action
g. other acts as defined by State statute or regulation as disciplinary

With the exception of voluntary surrender, suspension or revocation, such action may be exempt from reporting to the National Registry if defined by State statute, regulation or written policy as "non-disciplinary."

Federally related transaction: Refers to any real estate related financial transaction which: a) a federal financial institutions regulatory agency engages in, contracts for, or regulates; and b) requires the services of an appraiser. (See Title XI § 1121 (4), 12 U.S.C. § 3350.)

Federal financial institutions regulatory agencies: Refers to the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration. (See Title XI § 1121 (6), 12 U.S.C. § 3350.)

Home State agency: As referenced herein, State agency or agencies that grant an appraiser a licensed or certified credential. Residency in the home State is not required. Appraisers may have more than one home State agency.

Non- federally recognized credentials or designations: Refers to any State appraiser credential or designation other than State licensed, certified residential or certified general classifications, and trainee and supervisor classifications as defined in Policy Statement 1, and which is not recognized by the federal regulators for purposes of their appraisal regulations.

Real estate related financial transaction: Any transaction involving:

a) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

b) the refinancing of real property or interests in real property; and

c) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(See Title XI § 1121 (5), 12 U.S.C. 3350.)

State: Any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, and the United States Virgin Islands. (American Samoa does not have a Program.)

State board: As referenced herein, "State board" means a group of individuals (usually appraisers, bankers, consumers, and/or real estate professionals) appointed by the Governor or a similarly positioned State official to assist or oversee State Programs. A State agency may be headed by a board, commission or an individual.

Uniform Standards of Professional Appraisal Practice (USPAP): Refers to appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation establishing minimum requirements for development and reporting of appraisals, including real property appraisal. Title XI requires appraisals prepared by State certified and licensed appraisers to be performed in conformance with USPAP.