

# Appraisal Subcommittee Advisory Committee for Development of Regulations

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Committee Recommendations to the  
Appraisal Subcommittee (ASC)

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# Introduction

## Process

~~4-2-day Meetings in Washington, DC~~

~~Full participation by ASCAC members and open to the public~~

~~Committee Chair presentation at October AARO conference~~

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

It 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.

All Meetings noticed in the Federal Register at least 15 days before the Meeting.

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

## Recommendations

ASCAC was charged with making recommendations to the Appraisal Subcommittee 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 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:**

Roberta Ouellette, Raleigh, NC

### **Representing**

Government Agencies

### **Vice Chair:**

Frank Gregoire, St. Petersburg, FL

Real Estate Agents

### **Members:**

Richard Borges II, Greenwood, IN

Appraisers

Toni Bright, Des Moines, IA

Government Agencies

Maria Brown, Salem, OR

Government Agencies

Thomas Callahan, Dorchester, MA

Consumer Advocates

George Demopoulos, 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

Government Agencies

Jim Martin, Sacramento, CA

Government Agencies

Christine McEntire, Oklahoma City, OK

Government Agencies

LeeAnn Moss, Bloomington, IL

Appraisers

Van Stewart, San Antonio, TX

Lenders

Tony Pistilli, Lewisville, TX

Appraisal Management Companies

Juana Watkins, Orlando, FL

Government Agencies

# Overview of Recommendations

## Temporary Practice

*Recommendation 1:* ~~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 temporary practice permit. Once all States report such data weekly, the Committee recommends finding the use of a letter of good standing as burdensome. 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 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. The National Registry should reflect the State that took disciplinary action against the appraiser and the details of the action.

## National Registries

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

*Recommendation 2:* Each appraiser credentialed on the National Registry should have one unique identifier that will be used by each State in which the appraiser is credentialed.

*Recommendation 3:* All historical disciplinary actions should be maintained for public viewing on each appraiser's screen.

*Recommendation 4:* The National Registry notes only if an appraiser is active or inactive in a State. If an appraiser is inactive, the Registry should contain a drop down list for the reason the person is inactive, i.e., retired, deceased, license suspension/revocation.

*Recommendation 5:* Additional content should be added to information currently available on the National Registry for each appraiser. See Section 1 of the Appendix.

*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 Appraisal Management Companies (AMCs) should include detailed information as set forth in Section 2 of 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:* The ASC website must be significantly enhanced to include much more information on each State appraiser regulatory agency. This data must include information regarding appraisal management companies. There should be more information available about each appraiser and appraisal management company on the National Registry. See Sections 1 and 2 in the Appendix.~~

~~*Recommendation 2:* There should be more information available about each appraiser on the National Registry. See Section 1 in the Appendix. The National Registry should maintain the disciplinary action history of an appraiser on the public website so that the public will know of all periods of time in which an appraiser was not active on the National Registry.~~

~~*Recommendation 3:* The ASC should develop an electronic database of all State laws and rules, as well as a digest of all appraiser disciplinary actions.~~

~~*Recommendation 3:* The ASC website must be significantly enhanced to include much more information on each State appraiser regulatory agency. This data must include information regarding appraisal management companies. See Section 3 in the Appendix.~~

~~*Recommendation 4:* The ASC must 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: The “complaint filing date” should be strictly defined as the date the original complaint is received in the State agency office.*

*Recommendation 2: “Special documented circumstances,” as currently used in ASC Policy Statement 7, should be more specifically defined.*

*Recommendation 3: States should be encouraged to use the Voluntary Disciplinary Sanction Matrix.*

*Recommendation 4: There needs to be more clarity as to what constitutes an “investigation” of the merits of a complaint.*

# Discussion of Recommendations

## Temporary Practice: ASC Policy Statement 2

Temporary practice is addressed in ASC 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 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. ASC 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 a TPP 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 temporary practice permit. Once all States are uploading data at least weekly, the Committee recommends finding the requirement for a letter of good standing to be burdensome 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 temporary practice 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 that calls into question whether the application 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 appraisal management companies. As of January 1, 2017, all applicants for an appraiser credential will be required to have a State and national criminal history check. There is no requirement that existing credential holders must undergo this screening. As a result, it could be many years before all credentialed appraisers will have undergone a criminal history check.

Given the importance of such screening, 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 temporary practice permit. 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 were 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 ASC Policy Statement 3. For the most part, the requirements in 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, appraisal management companies, 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 that do, 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. The ASC has already begun work on this project.

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 should be maintained for public viewing on each appraiser's screen. This will allow consumers 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 forestall 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 in the National Registry in order to grant TPPs as well as reciprocal licenses. Lenders and appraisal management companies 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 hot link to the State web site or the page in the information sharing area of the ASC web site. *See Information Sharing Section below.*
- Name and State of all trainees supervised by the appraiser.
- All disciplinary action taken by any State, either in summary form, a hot link to a contact person for that State, or a linked copy of the actual order. *See Section 5 below.*

VI. Pursuant to current ASC 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 to the ASC should be submitted 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 appraisal management companies (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 hot link to the State web site or the page in the information sharing area of the ASC web site. *See Information Sharing Section below.*
- 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 below.*

VIII. ASC 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 licensed. Information regarding disciplinary actions should continue to be available only to State regulators on the password-protected (private) side of the Registry. 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 temporary practice permit. A consumer 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 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. This would allow the public to know of all periods of time in which an appraiser was not active on the Registry. Sections 1 and 2 in the appendix contain suggested content for appraisers and appraisal management companies.

III. The current ASC website provides a variety of information about each State appraiser regulatory agency, but this data is not easy to find and 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 appraisal management companies if the State regulates them. When appraisal management companies 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 listserve. 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 3 in the appendix contains suggested content for each State agency.

IV. ASC 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 1 in the Appendix). It can also be noted in a separate, clearly marked, and easy to find place on the website.

~~Suggestions for Information Sharing on ASC Website~~

~~1. Recommendations in 3 areas~~

~~2. 1<sup>st</sup> area — website~~

~~3. Second area — National Registry~~

~~Add daily email for AMCs as well as appraisers~~

~~4. Third area —~~

~~A. Have a “button” for State Regulatory information that includes the information in the  
— appendix~~

~~B. Note on the ASC home page any States that are rated as “poor” or “not in compliance”~~

~~C. Include all States and Territories~~

~~D. Use hot links~~

~~E. Keep information updated. Use ASC Policy Managers as primary source of information~~

## Enforcement: ASC Policy Statement 7

Enforcement is addressed in ASC 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. ASC 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 strictly defined as the date the original complaint is received in the State agency office.

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

III. In 2009, the Appraisal Foundation Board of Trustees established the Consistent Enforcement Task Force. The Task Force developed a Voluntary Disciplinary Action Matrix Document that suggests various types and levels of sanctions against appraisers for violations of USPAP. The Matrix has been updated with each edition of USPAP. It is a useful tool for State agencies and its use should be encouraged.

IV. There needs to be more clarity as to what constitutes an "investigation" of the merits of a complaint. ASC 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 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 is a USPAP violation is not alleged.

# Appendix

## Section 1: 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  
Street address  
City  
State  
Zip  
County  
Company Name  
Telephone Number  
Effective Date of License  
Expiration Date of License  
License Type  
Status  
Confirms to AQB Criteria  
Disciplinary Action Type (if it affects current ability to practice)  
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  
~~Name and States of all trainees supervised by the appraiser~~

## Section 2: 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

Contact's email

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

~~Bond required for States?~~

~~Amount of bond~~

Status for each registration held

Effective date of each registration

Expiration date of each registration

Disciplinary actions that affect AMCs ability to operate

### Private:

Contact's email

Employer Identification Number

All disciplinary actions

## Section 3: Proposed Content for Each State Regulatory Agency on the ASC Website

### Contact Information:

Name  
Mailing address  
Physical address  
Website  
Phone number  
Fax Number  
General email  
~~General contact name~~ Administrator's Name  
~~Contact's email~~  
Link to forms  
Newsletter?  
How often?  
Contact to get on mailing list:  
Social media page  
Link to State correspondence

### National Registry:

Law type (mandatory/voluntary/mandatory for FRTs)  
All appraisers in State on National Registry?  
~~Fee for National Registry~~ (moved to Fees)  
Use Simple Object Access Protocol (SOAP)?  
Frequency of update  
Compliance Review Standing

### Laws and Rules:

Link to law  
Link to rules  
~~Link to proposed rules~~ and rule changes  
Link to proposed law changes  
Link to contact person in agency for law/rule changes  
Contact to get on mailing list:

### Renewals and Continuing Education:

Frequency of renewal  
Fees  
Letter of good standing required?  
Continuing education cycle

Additional State education requirements (yes or no)

**Fees:**

Appraiser application

Fee for National Registry (include additional fees such as administrative fee if State charges one).

Appraiser renewal

Reciprocal application

Temporary Practice

Letter of good standing

Duplicate license

Other

AMC application

AMC renewal

Letter of good standing

Other

**Temporary practice:**

Link to form on website

How many assignments per year?

Time limit on TPP?

Extensions granted?

Period of extension

Use Federal Registry or requires Letter of Good Standing?

Need TPP for review (yes/if come to State/if give value)?

Additional requirements

**Reciprocity:**

Link to form on website

Other requirements

Require reciprocity agreement with applicant's state?

Continuing education (proof/affidavit/Letter of Good Standing)

Residency requirement?

Other requirements

**Qualifying Education Courses:**

Contact name

Contact email

Link to application form

Require State approval?

Accept courses taken in another State?

Accept AQB approved courses without in-State approval?  
Approval cycle  
Course approval/renewal fees  
Instructor approval fees  
Other fees

**Complaints:**

Link to appraiser complaint form  
Link to AMC complaint form  
Provide disciplinary action on website? (link)  
Statute of limitations on complaints

**Other:**

[Residency requirements?](#)  
[Have formal trainee registration?](#)  
[Compliance Review standing](#)  
[Link to State/ASC Correspondence](#)

**Appraisal Management Companies:**

Have registration/regulation program?  
Effective date  
Link to law  
Link to rules  
Link to forms  
Bond required:  
[Recovery fund](#)

Other requirements:

## Section 4: Proposed Sanctions for Enforcement of ASC Regulations

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

| *Revocation of credential from the National Registry:* May be in individual credential or a group of credentials.

*Interim derecognition:* Derecognizing some or all of credentials issued by the State:

| No new credentials issued or added to the National Registry

No upgrades issued to specific credential

No temporary practice permits issued

*Derecognition:* Removal of credentials issued by a State from the National Registry, 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.

## 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:

- ~~Prior deficiencies of another type that have not been corrected~~ Pattern of prior deficiencies of another type that have not been corrected.
- Pattern of pPrior 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 ~~ability~~ 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
- Other deficiencies in the program that might indicate systemic issues
- Risk of program failure

### 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 ~~efficient-effective and efficient~~ regulatory program
- The occurrence of a natural disaster

## Sanctions Matrix

Sanctions matrices will be added.

## Section 5: 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 is not advisable to give a direct 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 on 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. 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.
4. Online training should also be considered. Some possibilities are:
  - a. A one or two hour video on the regulatory scheme that would be useful for new board and staff members, attorneys, and administrative law judges.
  - b. A more comprehensive video for new board members that also covers matters such as due process.
  - c. A video for administrative law judges regarding USPAP and other issues in disciplinary hearings.
  - d. Short videos for agency staff on areas such as temporary practice, reciprocity, using the extranet to upload data to the National Registry, the ASC website, etc.

## Section **56**: 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