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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 28, 2013

Dear State Appraiser Regulatory Official:

The revised Policy Statements, *Requirements and Guidance to State Appraiser Regulatory Programs For Compliance with Title XI*, as adopted by the Appraisal Subcommittee (ASC), provide States with the necessary information to maintain their appraiser regulatory programs in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). The Policy Statements are effective **June 1, 2013** (unless otherwise stated). The *Federal Register* notice contains a summary and supplemental information on the revised Policy Statements and is available at <http://www.gpo.gov/fdsys/pkg/FR-2013-05-28/pdf/2013-12551.pdf>

For the most part, the revised Policy Statements clarify existing requirements contained in the previous Policy Statements, as well as requirements in Title XI as amended by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. There are however a few new requirements for State appraiser regulatory officials to be aware of:

Policy Statement 3 National Registry

- As of July 1, 2013, all States will be required to report disciplinary action via the extranet application as soon as practicable. (Title XI § 1118 (a), 12 U.S.C. 3347; Title XI § 1109 (a), 12 U.S.C. 3338.)
- 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. (Title XI § 1118 (a), 12 U.S.C. 3347.)
- 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. (Title XI § 1118 (a), 12 U.S.C. 3347)
- 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. (Title XI § 1118 (a), 12 U.S.C. 3347.)

Policy Statement 4 Application Process

- 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 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. (Title XI § 1118 (a), 12 U.S.C. 3347.)

- Persons analyzing work product for USPAP compliance must have sufficient knowledge to make that determination. (Title XI § 1118 (a), 12 U.S.C. 3347.)

Policy Statement 5 Reciprocity

- 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. (Title XI § 1122 (b), 12 U.S.C. 3351.)
- 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. (Title XI § 1122 (b), 12 U.S.C. 3351.)

Policy Statement 7 Enforcement

- States must track complaints of alleged appraiser misconduct or wrongdoing using a complaint log. (Title XI § 1118 (a), 12 U.S.C. 3347.)

Policy Statement 8 Interim Sanctions

- Policy Statement 8 is a new Policy Statement addressing the interim sanction authority provided by the Dodd-Frank Act, and sets forth due process considerations in the event such authority is exercised. Pursuant to the Dodd-Frank Act, the ASC has the authority to impose interim actions and suspensions, as an alternative to or in advance of a non-recognition proceeding, against a State agency that fails to have an effective Program.

State appraiser regulatory officials should also be aware of the new rating system included in Appendix A *Compliance Review Process*. The new rating system was adopted to provide greater gradation in the State compliance Findings included in the Compliance Review Report and will apply to Compliance Reviews commencing on or after June 1, 2013.

Please contact your ASC Policy Manager with any questions or concerns.

Sincerely,



James R. Park
Executive Director