

**20
24** **ANNUAL REPORT**

APPRAISAL SUBCOMMITTEE

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Letter of Transmittal

June 14, 2025

The President of the Senate

The Speaker of the House of Representatives

Pursuant to Section 1103 of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (12 U.S.C. § 3332), I am pleased to submit the 2024 Annual Report of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

Sincerely,

Luke H. Brown

Acting Chair

Introduction

The Appraisal Subcommittee

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC)¹ was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI). Title XI's purpose 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, and by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."² In general, the ASC oversees the real estate appraisal regulatory framework as it relates to federally related transactions as defined in Title XI.³

Title XI requires the ASC to:

- monitor the requirements established by States⁴:
 - 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
 - for the registration and supervision of the operations and activities of appraisal management companies (AMCs)
- monitor the requirements established by the Federal financial institutions regulatory agencies with respect to:
 - appraisal standards for federally related transactions under their jurisdiction; and
 - 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
- maintain a National Registry of State certified and licensed appraisers (Appraiser Registry) who are eligible to perform appraisals in federally related transactions
- maintain a National Registry of AMCs (AMC Registry) that either are registered with and subject to supervision of a State⁵ appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution⁶
- establish and operate an appraisal complaint national hotline, including a toll-free telephone number and email address, for the referral of complaints concerning alleged violations of appraisal independence standards and/or Uniform Standards of Professional Appraisal Practice (USPAP)
- monitor and review the practices, procedures, activities and organizational structure of the Appraisal Foundation (Foundation)
- transmit an annual report to Congress not later than June 15 of each year that describes the way each function assigned to the ASC has been carried out during the preceding year

¹ The FFIEC was established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. It is an interagency body empowered to set uniform principles for the examination of federally regulated financial institutions.

² Title XI § 1101, 12 U.S.C. § 3331.

³ A federally related transaction includes 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 under the interagency appraisal rules. Title XI § 1121 (4), 12 U.S.C. § 3350(4)), implemented by the Office of the Comptroller of the Currency: 12 CFR 34.42(g) and 34.43(a); Federal Reserve Board: 12 CFR 225.62(g) and 225.63(a); Federal Deposit Insurance Corporation: 12 CFR 323.2(g) and 323.3(a); and National Credit Union Administration: 12 CFR 722.2 and 722.3(b), (c).

⁴ Title XI also covers U.S. territories. See 12 U.S.C. § 3345. Currently, all U.S. States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam and the United States Virgin Islands have State appraiser regulator programs. (American Samoa does not have a State appraiser regulatory program.)

⁵ States are not required to have an AMC regulatory program, 50 States and the District of Columbia have AMC regulatory programs. American Samoa, Guam, the Northern Mariana Islands, Puerto Rico and the United States Virgin Islands do not. Note: Hawaii had a program that sunset on June 30, 2024, and was restored September 1, 2024.

⁶ 12 CFR 1102.400 - 1102.403. The ASC published its rule to implement collection and transmission of annual AMC registry fees in the September 25, 2017, issue of the Federal Register (82 FR 44493). The Final Rule's effective date was November 24, 2017.

Title XI also requires the ASC to:

- make grants in such amounts as it deems appropriate to the Foundation to help defray costs relating to the activities of the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB)
- make grants to State appraiser certifying and licensing agencies in accordance with policies developed by the ASC⁷ to support the efforts of such agencies to comply with Title XI, including—
 - the complaint process, complaint investigations, and appraiser enforcement activities of such agencies
 - the submission of data on State licensed and certified appraisers and AMCs to the Appraiser Registry and the AMC Registry, including information affirming that appraisers or AMCs meet required qualification criteria, and information on formal and informal disciplinary actions
 - reporting to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked or suspended

An unofficial ASC staff version of Title XI is in Appendix H.

The ASC has seven members, each designated respectively by the head of their agency, including the Board of Governors of the Federal Reserve System (Federal Reserve Board), Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Federal Housing Finance Agency (FHFA), and U.S. Department of Housing and Urban Development (HUD). Title XI requires one member of the ASC to be a licensed, certified, or professionally designated appraiser. In 2024, this role was filled by Julie Giesbrecht, the FHFA alternate member, and Brian Barnes, the HUD alternate member. Title XI also requires the FFIEC to appoint a Chairperson from the member representatives to serve a two-year term. In 2024, this role was filled by Zixta Q. Martinez, the CFPB member. However, Luke H. Brown, the FDIC member and ASC Vice Chairperson, is currently serving as Acting Chairperson.

⁷ The ASC adopted a revised grants handbook on January 17, 2024, which includes all the ASC policies and procedures with regard to grants.

Message from the Acting Chairperson

The Appraisal Subcommittee had another busy year in 2024. The ASC focused on its core responsibilities including maintaining the National Registry and the Appraisal Complaint National Hotline (Hotline), monitoring and reviewing the Appraisal Foundation, and performing on-site Compliance Reviews of State appraiser and AMC regulatory programs (State Programs) which were restarted in 2023.

In 2024, the ASC reviewed 25 State Appraiser Programs and 22 State AMC Programs. The ASC saw an overall decline in the number of State Programs that were performing well. State Programs report lingering effects of the global pandemic as the primary cause of lower ratings. Information regarding the 2024 Compliance Reviews can be found on page 8 and in Appendix B.

In 2024, the Foundation leadership changed hands with longstanding President, David Bunton, retiring and the Foundation's Board elevating Kelly Davids, formerly Senior Vice President, to the role of President. The seven ASC member agency representatives were introduced to the Foundation's new leadership at the beginning of 2024. ASC staff continued to engage with the Foundation to meet the ASC's monitor and review mandate, and the change in Foundation leadership has resulted in increased openness to ASC feedback, including on proposed policies such as the Foundation's Standards of Conduct and Ethics (Standards) for Foundation staff and Board members which the Foundation adopted in September.⁸ The Foundation amended the Standards based on ASC feedback, but ASC staff remains engaged with the Foundation to advocate further strengthening of the Standards in the interest of public trust. ASC staff provided reports on ASC activities during the Foundation's 2024 Board of Trustees meetings.

Additionally, the ASC adopted a new monitoring and review policy for the Foundation on November 20, 2024. The new policy specifies that ASC staff plan to attend closed sessions of the Foundation's three Boards to carry out the ASC's monitor and review mandate. Notably, during 2024, the

Foundation invited ASC staff to closed sessions of their meetings, and expressed increased interest in collaboration and cooperation with the ASC.

On December 6, 2024, the ASC proposed, *Appraisal Subcommittee Enforcement Authority Regarding the Effectiveness of State Appraiser and Appraisal Management Company Regulatory Programs*, a rule under its Title XI authority to codify the existing compliance review process for State Appraiser Regulatory Agencies. The proposed rule would implement a framework to govern the ASC's authority regarding the effectiveness of State Programs. The proposed rule would focus on assessing State program effectiveness, outlining requirements for maintaining effective programs, and utilizing ASC authority to address ineffective programs.

The ASC conducted four public quarterly meetings in 2024. During the September 25, 2024, public meeting, the ASC approved the Fiscal Year (FY) 2025 Budget, including:

\$10,729,940 in projected revenue

\$7,670,940 in expenses

\$4,550,000 for grants

The ASC continues to operate its grant program to support State Programs and the Foundation. The ASC announced two Notices of Funding Availability (NOFA), and in 2024, the ASC provided grants to 12 States, including four States that had never received an ASC grant before. The ASC also provided a grant of \$250,000 to the Foundation. More information on ASC grants can be found on page 11.

The ASC continues to operate its Hotline. The Hotline is a mechanism to receive complaints of non-compliance with the appraisal independence standards and/or USPAP from the general public. The ASC then refers the complaint to the appropriate State or Federal Agency. The Hotline incorporates a toll-free telephone number, e-mail address, and website for referring complainants to the appropriate State and/or Federal agency for complaints of alleged violations of USPAP and/

⁸ The Appraisal Foundation, "Standards of Conduct and Ethics for Persons Affiliated with The Appraisal Foundation." <https://appraisalfoundation.sharefile.com/public/share/web-s95fc0b0a741242fab0bceba486d26c211>

or non-compliance with appraisal independence standards. Hotline statistics for 2024 are in Appendix F.

After more than 15 years of service to the ASC, long-time Executive Director Jim Park left his position at the end of 2024. The ASC Board would like to thank Jim for his many years of dedicated service to the ASC, its mission, and its people. Jim had many important accomplishments during his tenure as Executive Director, including implementing provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that apply to the ASC. The ASC Board wishes Jim the very best in all his future endeavors.

Denise Graves, former ASC Deputy Executive Director, retired in 2024. She helped move the agency forward during a time of significant activity, and her depth of expertise in this field will be greatly missed. Jenny Tidwell, longtime Policy Manager, also retired in 2024, her wealth of experience and knowledge will also be greatly missed. The ASC added vital staff in 2024. Matt Ponzar, who is currently serving as Acting Executive Director, joined as the General Counsel, and John Brennan filled the newly created Compliance Manager position; Kelly Luteijn joined as the Regulatory Affairs Specialist, Allison Nespor and Jonathan Stewart came on board as Program Managers, and Karla Cisneros joined as a Grants Management Specialist.

Also, the ASC Board would like to express its continued appreciation for the efforts and commitment of ASC staff, including their dedication and support during this transitional period.

The ASC strives to fulfill its responsibilities under Title XI effectively, efficiently, and transparently and welcomes the opportunity to provide its annual report to Congress.

Appraisal Subcommittee Representatives

(as of December 31, 2024)



Consumer Financial Protection Bureau

Chair: Zixta Martinez since April 2022
Martinez is the Deputy Director.

Alternate Member: David Bleicken
since April 2024



Federal Deposit Insurance Corporation

Vice-Chair: Luke Brown since
May 2022

Brown is the Associate Director
for Supervisory Policy, Division of
Depositor and Consumer Protection.
Alternate Member: Tom Lyons since
May 2022



Board of Governors of the Federal Reserve System

Member: Sarah Chae since
February 2024

Chae is a manager in the Division of
Supervision and Regulation.

Alternate: Keshia King since May 2022



U.S. Department of Housing and Urban Development

Member: Elizabeth Davis since
October 2023

Davis is a Housing Program Officer,
Office of Deputy Assistant Secretary
for Single-Family Housing.

Alternate Member: Brian Barnes since
February 2020



Federal Housing Finance Agency

Member: Maria Fernandez since
October 2014

Fernandez is a Senior Associate
Director, Office of Housing and
Regulatory Policy.

Alternate Member: Julie Giesbrecht
since January 2022



National Credit Union Administration

Member: Ian Marennia since
November 2024

Marennia is Associate General Counsel
in the Office of the General Counsel.

Alternate Member: Mike Dondarski
since November 2024



Office of the Comptroller of the Currency

Member: Enice Thomas since
January 2021

Thomas is the Deputy Comptroller
for Credit Risk Policy.

Alternate Member: Jim Rives since
December 2019

Administration of the Appraisal Subcommittee

Staff Listing

(as of December 31, 2024)

James R. Park, Executive Director

Vacant, Deputy Executive Director

Matt Ponzar, General Counsel

Vacant, Deputy General Counsel

Regeane Frederique, Grants Director

John Brennan, Compliance Manager

Vacant, Attorney-Advisor

Ada L. Bohorfoush, Attorney-Advisor

Natalie E. Lutz, Attorney-Advisor

Lori L. Schuster, Management and Program Analyst

L. Girard Hull, Financial Manager

Brian T. Kelly, Project Manager – IT

Maria M. Brown, Program Manager

Neal R. Fenochietti, Program Manager

Kristi A. Klamet, Program Manager

Tom W. Lewis, Program Manager

Jonathan Stewart, Program Manager

Allison Nespor, Program Manager

Karla Cisneros, Grants Management Specialist

Kelly Luteijn, Regulatory Affairs Specialist

Vacant, Human Resources Specialist

Vacant, Administrative Assistant

ASC Meetings

The ASC held regular virtual open meetings in March, June, September, and November of 2024.

The ASC held a special virtual meeting in January of 2024.

The ASC held special closed virtual meetings in January, February, April, July, August, September, October, November, and December and two special closed meetings in May of 2024.

State Appraiser and AMC Program Oversight

The ASC has issued Policy Statements to provide States with the information necessary to maintain their State Programs in compliance with Title XI. Current Policy Statements are set forth in Appendix H.

The ASC monitors State Programs through virtual and on-site visits to the States. According to the ASC's Compliance Review Process in Appendix H, the ASC performs an on-site Compliance Review of each State at least once every two years. State Programs that evidence noncompliance in one or more areas may be subject to additional oversight, including Follow-up Reviews, an accelerated Review Cycle, and/or off-site monitoring. From 2020-2022 on-site visits to the States were suspended due to ongoing safety precautions related to the coronavirus pandemic. On-site visits resumed in 2023.

The ASC's Compliance Review process is a risk-based review process, focusing on areas of State Programs that are not in compliance with Title XI or that exhibit characteristics that could lead to non-compliance. The ASC's rating criteria for Compliance Review Reports focus on three key components: (1) complying with Title XI mandates; (2) maintaining a strong regulatory program; and (3) limiting overall risk of State Program failure.

Compliance Reviews are scheduled over a three- to four-day period to coincide with a meeting of the State Program's decision-making body whenever possible. Preliminary findings are communicated to the State in an ASC staff report and the State is given 60 days to respond. ASC staff then considers the State's response and makes formal recommendations for final disposition. The ASC, or its designated representative acting under delegated authority, considers the ASC staff report and recommendations along with responses from the State Program before rendering a decision on the conclusions of the review. A final Compliance Review Report and letter to the State with a determination regarding the State's compliance with Title XI is then issued. (See Appendix B, *2024 Compliance Review Findings*.) Actions taken under

delegated authority are presented to the ASC at its next regularly scheduled quarterly meeting.

State Programs are issued one of the following Findings:

- Excellent
- Good
- Needs Improvement
- Not Satisfactory
- Poor

Appraiser Programs

In 2024, for State Appraiser Programs, the ASC Policy Managers completed 25 Compliance Reviews, six Priority Contacts, and no Follow-up Reviews. (See Appendix B, *2024 Compliance Review Findings*.) Of the 25 State Appraiser Program Compliance Reviews completed in 2024, five States (20%) received a Finding of Excellent; 13 States (52%) received a Finding of Good; four States (16%) received a Finding of Needs Improvement; three States (12%) received a finding of Not Satisfactory; and no States received a finding of Poor. The general areas of non-compliance with Title XI and the number of States experiencing those problems are presented in the *2024 Compliance Review Findings* (Appendix B).

The ASC identifies Appraiser Programs that may have a significant impact on the nation's appraiser regulatory system. The following 12 States, listed alphabetically, collectively represent over 50% of the credentialed appraisers on the Appraiser Registry: California, Colorado, Florida, Georgia, Illinois, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Washington. The ASC also conducts a Priority Contact visit for individual States when a specific concern warrants special attention by the ASC.⁹ 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. The ASC conducted six Priority Contacts in 2024, all were virtual.

⁹ Priority Contact visits may be performed onsite or virtually.

AMC Programs

In 2024, the ASC completed 22 Compliance Reviews of State AMC Programs. As more States have developed State AMC Programs, their Compliance Reviews essentially doubled the workload of the ASC Program Managers. These Program Managers perform the State AMC Program Compliance Reviews during the same site visits as the State Appraiser Program Compliance Reviews. This similarly increased the workload of other staff, most of whom support the Compliance Reviews. Further, the State AMC Program Compliance Reviews frequently reveal at least one deficiency in the area of statute, regulations, or policies and procedures, with such findings in 95% of the States reviewed. Nevertheless, of the 22 State AMC Program Compliance Reviews completed in 2024, three States (14%) received a Finding of Excellent; 17 States (77%) received a Finding of Good; one State (4.5%) received a Finding of Needs Improvement; one State (4.5%) received a Finding of Not Satisfactory; and no States received a Finding of Poor. The general areas of non-compliance with Title XI and the number of States experiencing those problems are presented in the *2024 Compliance Review Findings* (Appendix B).

The State Appraiser and AMC Programs that received a Finding of Not Satisfactory are subject to increased scrutiny from the ASC in the form of a compressed review cycle and follow-up reviews. The State Appraiser and AMC Programs that received a finding of Needs Improvement also have some increased scrutiny from the ASC in the form of increased communication between the State and the ASC and the requirement for the State to provide logs or other documentation intermittently between review cycles.

Appraisal Foundation Monitoring and Review

ASC Oversight of the Appraisal Foundation

Monitoring and Reviewing the Foundation

Title XI requires the ASC to “monitor and review the practices, procedures, activities and organizational structure” of the Foundation.¹⁰ Historically, the ASC has carried out this responsibility in several ways, including:

- attendance at all relevant public ASB, AQB and Board of Trustees (BOT) meetings;
- providing informal and formal comments and input on proposed changes to USPAP and *The Real Property Appraiser Qualification Criteria*¹¹ (*Criteria*); and
- providing informal and formal comments and input on activities of the BOT that impact the Foundation’s Title XI-related activities.

In addition to attending Foundation meetings, the ASC provided written comments to the AQB regarding the Concept Paper-Assessment of College Degree Requirements within the *Criteria*, urging the AQB to take a wide lens approach to the *Criteria* and use data driven metrics when considering any changes. The ASC also provided written comments to the BOT regarding the Standards of Conduct and Ethics proposed and adopted by the Foundation. The ASC commented on different versions of the Standards.

The ASC Board maintained an ongoing dialogue with the BOT in 2024.

¹⁰ Title XI § 1103(b), 12 U.S.C. § 3332(b).

¹¹ Appraiser Qualifications Board, *The Real Property Appraiser Qualification Criteria*, January 1, 2022

ASC Grants

The ASC is authorized under Title XI to make grants to the Foundation to help defray the costs related to the activities of the ASB and AQB and to States to support their efforts to comply with Title XI.

The Grants Management Office (GMO) was able to successfully publish two NOFA announcements which allowed for the acceptance of new grant applications seeking ASC grant funding. The first NOFA opportunity was for the State Appraiser Regulatory Agencies Support (SARAS) Grant, which resulted in the submission of fifteen (15) grant applications seeking ASC grant funding. Of the fifteen (15) applications submitted from the States, six (6) were first-time applicants. The second NOFA opportunity was for The Appraisal Foundation Support (TAFS) Grant, which resulted in the submission of a grant application from the Foundation which the ASC funded.

ASC continued to strengthen its commitment to its grant-making authority with the onboarding of a full-time grants management specialist to help ensure grant recipients remain compliant with ASC grants, ultimately helping to reduce the risk of waste, fraud, or abuse of grant funds. ASC also complied with the implementation of the updated [Title 2 of the CFR—Federal Financial Assistance](https://www.ecfr.gov/current/title-2)¹² on all applicable grant agreements to align the requirement set by the Office of Management and Budget (OMB) to all federal agencies that issue federal financial assistance.

The ASC grantmaking-related activities in 2024 included:

State Grants

Title XI authorizes the ASC to make grants directly to the 55 eligible States and U.S. Territories in accordance with policies developed by the ASC in support of States' Title XI activities. Funds can be used to improve State appraiser and AMC regulatory processes.

Grants are awarded on a 3-year cycle with the funding provided annually. Since 2020, the ASC has awarded over \$3M in funds to support activities that included hiring additional investigator staff, training for staff and board members, technology

upgrades, and the creation of a new training experience program to support and accelerate the credentialing of new appraisers. The 2024 SARAS NOFA resulted in grants totaling over \$1.1M being awarded to the States of Arizona, Arkansas, California, Kentucky, Louisiana, Minnesota, Nebraska, North Carolina, Oregon, Texas, Utah, Vermont, and Wisconsin.

The Appraisal Foundation Grant

Title XI authorizes the ASC to make grants to the Foundation. Funds are to be used to help defray the costs of the ASB and AQB, which are authorized by Congress to set uniform standards and minimum qualifications for real estates appraisers. The ASC awarded a grant in the amount of \$250,000 to help defray the costs of the Foundation relating to the activities of its AQB.

¹² <https://www.ecfr.gov/current/title-2>

Strategic Plan

The ASC made progress toward its goals in the 2024-2028 Strategic Plan.

Charged with oversight of the real estate appraisal regulatory framework as it relates to federally related transactions, ASC's vision is to ensure that the public can trust in the accuracy and integrity of real estate appraisals and that the appraisal profession is valued for its critical role in supporting the financial services industry and consumers. As we plan for the future, we remain committed to delivering on our mission, upholding our values of integrity, excellence, collaboration, service, and fairness. In the face of several external factors, like rapid technological advancements and changing economic conditions, the strategic plan enables us to be proactive and innovative.

The ASC was established by Title XI. Title XI's purpose 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.

Mission

The mission of the ASC is to ensure that the appraisal regulatory system promotes real estate appraisals that are conducted with accuracy and independence, in compliance with federal and State regulations. We work to promote excellence in appraisal regulation, support State appraiser regulatory programs, and protect consumers by enforcing the federal requirements State appraisal regulatory programs must follow and monitoring and reviewing the work of the Appraisal Foundation. We aim to maintain public trust in the appraisal profession by ensuring that appraisers are effectively regulated.

Vision

At the ASC, we envision a future where every State appraiser program is compliant with Title XI, every appraiser is highly skilled and ethical, and appraisals promote confidence in the nation's

economy and financial services industry. We strive to lead in promoting excellence in real estate appraisal regulation and fostering collaboration between industry stakeholders. Our vision is to ensure that the public can trust in the accuracy and integrity of real estate appraisals and that the appraisal profession is valued for its competence, independence, and objectivity.

Values

The ASC is guided by the following core values:

- **Integrity:** We hold ourselves to the highest ethical standards and act with honesty, transparency, and accountability in all our interactions.
- **Excellence:** We strive for excellence in all aspects of our work, continually improving our processes and programs to achieve the best possible outcomes.
- **Collaboration:** We believe that collaboration is essential to achieving our mission, and we work to foster strong relationships with our stakeholders to promote mutual understanding, respect, and partnership.
- **Fairness:** We are committed to treating all individuals and organizations with fairness and respect, regardless of their background, identity, or beliefs.
- **Service:** We are dedicated to serving the public by promoting an effective appraisal regulatory system.

These values guide our decisions and actions, and we are committed to upholding them in all our work.

The strategic plan outlines three broad goals:

1. Innovate and modernize our processes, technology, and operations;
2. Support States' ability to maintain compliance with the appraiser and AMC programs; and
3. Increase the agency's ability to attract and retain a competent and skilled talent pool.

Appraiser Registry

Title XI requires the ASC to maintain an appraiser registry of State-certified and licensed appraisers who are eligible to perform appraisals in federally related transactions.¹³ As of December 31, 2024, the Appraiser Registry contained 91,036¹⁴ appraiser credentials, down from 94,522 entries at the end of 2023 (See Appendix C, *National Registry Statistics*.)

The Appraiser Registry is accessible at the ASC's website (www.asc.gov) and is used by appraisers, Federal and State agencies, financial institutions, users of appraisal services, law enforcement, and consumers. Use of the Appraiser Registry is free. The Appraiser Registry allows users to determine whether an appraiser is State certified or licensed to perform appraisals in connection with federally related transactions. Users can also access an appraiser's credential status and determine whether the appraiser's credential is currently suspended, revoked, or surrendered in lieu of State disciplinary action.

The Appraiser Registry facilitates information sharing that assists State Programs in enforcing their appraiser-related statutes and regulations, including temporary practice and reciprocity. Financial institutions and other users can also access the Appraiser Registry to:

- Receive automatic notifications about new revocations, suspensions, surrenders, and certification and license expirations;
- Download publicly available information or parts of the Appraiser Registry into predefined queries and user-customized queries;
- Verify appraiser credentials; and
- Set up automatic queries of Appraiser Registry information using a web service that allows computer systems used by lenders, regulatory agencies, and other authorized parties to integrate directly with the Appraiser Registry.

Information about disciplinary actions States reported having taken against appraisers over the past 10 years appears in Appendix E, *Disciplinary Actions Reported by States*.

¹³ Title XI § 1103(a)(3), 12 U.S.C. § 3332(a)(3).

¹⁴ This number does not represent the number of individual appraisers as some appraisers have credentials from multiple States.

AMC Registry

Title XI requires the ASC to maintain an AMC Registry of AMCs that are either registered with and subject to supervision of a State AMC Program or are Federally Regulated.¹⁵ The AMC Registry became available for States to populate on July 16, 2018. As of December 31, 2024, 50 States registered AMCs.

The AMC Registry is accessible at the ASC's website (www.asc.gov) and is used by appraisers, Federal and State agencies, financial institutions, users of appraisal services, law enforcement, and consumers. Use of the AMC Registry is free. The AMC Registry allows users to determine whether an AMC meets the federal definition of an AMC and is registered in a particular State. Users can also access an AMC's registration status and determine whether the AMC is currently suspended, revoked, or surrendered in lieu of State disciplinary action.

The AMC Registry facilitates information sharing that assists State Programs in enforcing their AMC-related statutes and regulations. Financial institutions and other users also can access the AMC Registry to:

- Receive automatic notifications about new revocations, suspensions, surrenders, and registration expirations;
- Download publicly available information or parts of the AMC Registry into predefined queries and user-customized queries; and
- Set up automatic queries of AMC Registry information using a web service that allows computer systems used by lenders, regulatory agencies, and other authorized parties to integrate directly with the AMC Registry.

Information about disciplinary actions States reported having taken against AMCs since the AMC Registry opened in 2018 appears in Appendix E, *Disciplinary Actions Reported by States*.

¹⁵ Title XI § 1103(a)(6), 12 U.S.C. § 3332(a)(6). Federally Regulated AMCs are AMCs owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency (Title XI § 1124 (c), 12 U.S.C. § 3353(c)).

Appraisal Complaint National Hotline

Title XI requires the ASC to maintain a national hotline to receive complaints of non-compliance with the appraisal independence standards and/or USPAP, including complaints from appraisers, individuals, or other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process.¹⁶ The ASC began operation of the Hotline on March 15, 2013. The Hotline refers complainants to the appropriate State and/or Federal agencies to handle complaints of alleged non-compliance with USPAP, appraisal independence standards, or applicable laws. The Hotline consists of three components: a website (ReferMyAppraisalComplaint.asc.gov), an online contact form, and a call center with a toll-free telephone number (877-739-0096).

The Hotline website received 5,329 contacts in calendar year 2024. Additionally, the toll-free telephone number received 645 calls and the email portal received 30 contacts. These contacts resulted in 298 referrals to State and Federal agencies. Appendix F, *Appraisal Complaint National Hotline*, contains more detailed information on the source of contacts, specific agency referrals and whether the contact concerned issues of potential non-compliance with appraisal independence standards or violations of USPAP. Since the Hotline was designed as a referral system, it does not collect data on the resolution of complaints referred to the State or Federal agencies. Appendix G, *Agency Complaint Data*, also contains data reported by the Federal financial institution regulatory agencies and the CFPB concerning complaints received by them during calendar year 2024. The numbers reported in this table differ from those reported in the ASC's table for several reasons. The Hotline is a referral tool available to a wide range of users; consequently, not all complainants who access the Hotline will proceed to filing a complaint with one of the agencies, or some may choose to file a complaint with their State appraiser regulatory agency. Additionally, the reported data includes all appraisal-related complaints received by the Federal agency without identifying whether the complainant used the Hotline to obtain the

referral information. States do not report data on appraisal-related complaints to the ASC, although a State's processing and disposition of complaints are part of the Compliance Review process.

¹⁶ Title XI § 1122(i), 12 U.S.C. § 3351(i).

Activities of the ASC Member Agencies

Following Title XI's adoption in 1989, each of the Federal financial institutions regulatory agencies, FHFA, and HUD adopted appraisal-related rules and policies. The OCC, Federal Reserve Board, FDIC, and NCUA also jointly issued the *Interagency Appraisal and Evaluation Guidelines* (Guidelines) for federally regulated institutions' appraisal and evaluation programs.¹⁷ The Guidelines address an institution's collateral valuation function, including appraisal independence, minimum appraisal standards for federally related transactions, the development and content of evaluations, appraisals for residential tract development lending, and background on USPAP. The appraisal regulations require institutions regulated by the applicable agencies to ensure that appraisals supporting federally related transactions, among other things, comply with USPAP and are performed by a State certified or State licensed appraiser.¹⁸

¹⁷ See 75 Fed. Reg. 77450 (December 10, 2010).

¹⁸ FDIC: 12 CFR 323.1-323.7.; Federal Reserve Board: 12 CFR 225.61(b); 12 CFR 208.50- 208.51; OCC: 12 CFR 34.41-34.47; NCUA: 12 CFR 722.1-7

Interagency Activity

Temporary Exceptions to Appraisal Requirements in Maui County as Affected by Hawaii Wildfires

On March 12, 2024, the FDIC, Federal Reserve Board, NCUA, and OCC issued an action to temporarily pause certain appraisal requirements for real estate-related transactions in Maui County to allow banks and credit unions to work with families and businesses without obtaining appraisals. Banks and credit unions are still required to determine that the value of the real estate supports the institution's decision to enter into the transaction.

As a result of this temporary action, financial institutions were better able to lend or modify loans in areas where wildfire damage has made appraisals challenging to obtain and reduce loan processing times, helping to facilitate recovery from the disaster. This action will expire on August 10, 2026. The agencies will monitor institutions' real estate lending practices to help ensure the transactions are being originated in a safe and sound manner.

Quality Control Standards for Automated Valuation Models (AVM) Rulemaking

In July 2024, the CFPB, FDIC, FHFA, Federal Reserve Board, NCUA, and OCC adopted a final rule designed to implement quality control standards as mandated by the Dodd-Frank Act for AVMs used by mortgage originators and secondary market issuers in valuing residential real estate.¹⁹

Under the final rule, effective October 1, 2025, institutions that engage in certain credit decisions or securitization determinations must adopt policies, practices, procedures, and control systems to ensure that AVMs adhere to quality control standards designed to:

- ensure a high level of confidence in the estimates produced;
- protect against the manipulation of data;
- seek to avoid conflicts of interest;
- require random sample testing and reviews; and
- comply with applicable nondiscrimination laws.

¹⁹ See 89 Fed. Reg. 64538 (August 7, 2024)

Interagency Guidance on Reconsiderations of Value (ROV) of Residential Real Estate

On July 26, 2024, the CFPB, Federal Reserve Board, FDIC, NCUA, and OCC jointly issued guidance addressing ROVs for residential real estate transactions, which advises on policies and procedures that financial institutions may implement to allow consumers to provide financial institutions with information that may not have been considered during an appraisal or if deficiencies are identified in the original appraisal.

Appraisals for Higher-Priced Mortgage Loans Exemption Threshold

On October 4, 2024, the CFPB, Federal Reserve Board, and OCC announced that the 2025 threshold for higher-priced mortgage loans that are subject to special appraisal requirements will increase from \$32,400 to \$33,500. The threshold amount, effective January 1, 2025, is based on the 3.4 percent annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as of June 1, 2024.

The Dodd-Frank Act added special appraisal requirements for higher-priced mortgage loans to the Truth in Lending Act (TILA), including that creditors obtain a written appraisal based on a physical visit to the interior of the home before making a higher-priced mortgage loan. The rules implementing these requirements contain an exemption for loans of \$25,000 or less, adjusted annually to reflect CPI-W increases.

Member Agency Activity

Several ASC member agencies issued appraisal-related rules, guidance, and training in addition to the interagency rulemaking projects.

Federal Reserve Board

In 2024, the Federal Reserve Board, along with other agencies, issued a final rule that would implement quality control standards for AVMs used by mortgage originators and secondary market issuers in valuing real estate collateral securing mortgage loans. In addition, the Federal Reserve Board worked with other agencies to issue final guidance addressing reconsiderations of value for residential real estate transactions, including policies that financial institutions may implement to allow consumers to provide information that may not have been considered during an appraisal or if deficiencies are identified in the original appraisal.

Federal Reserve Board staff continued to engage with stakeholders in the appraisal industry, including panel discussions, to explain the federal banking agencies' appraisal regulations and guidance to financial institutions, appraisal professionals, users of appraisal services, and state appraiser regulators. Federal Reserve Board staff continued to publish Community Banking Connections,²⁰ a web-based publication that provides community bankers with access to information on safe and sound banking practices, which has covered topics related to the appraisal regulations.

Office of the Comptroller of the Currency

In 2024, OCC leadership and staff participated in outreach, policy development, and other activities with various constituents involved in or impacted by the appraisal profession. Constituents included appraisers, industry associations, users of appraisal services, community development organizations, inter-governmental task forces, bankers, and other

regulators. These activities included in-person, virtual, and hybrid meetings, panel discussions, and seminar presentations. The OCC also provided training, information, and guidance on real estate lending, appraisals, and evaluations for internal and external audiences.

Through the affordable homeownership workstream of the OCC's innovative initiative, Project REACH (Roundtable for Economic Access and Change), the OCC regularly convened leaders from banking, business, technology, community groups and national civil rights organizations to address homeownership barriers.

Federal Deposit Insurance Corporation

FDIC staff participated in outreach programs to explain its appraisal regulations and guidance to various members of the appraisal profession as well as users of appraisal services and appraiser regulators throughout 2024. Through this outreach, the FDIC provided information on real estate lending, appraisals, and evaluations. As referenced earlier, the FDIC also worked with the other member agencies on interagency rulemakings for appraisal-related provisions of the Dodd-Frank Act, as well as interagency guidance on reconsiderations of value.

National Credit Union Administration

In July 2024, the NCUA joined the FDIC, OCC, FRB, CFPB, and FHFA to collectively issue a final rule on Quality Controls for Automated Valuation Models, which is mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Additionally, in July 2024, the NCUA also collaborated with the FDIC, OCC, CFPB, and Federal Reserve Board to issue the final *Interagency Guidance on Reconsiderations of Value of Residential Real Estate Valuations*.

²⁰ For more information on Community Banking Connections please visit <https://www.communitybankingconnections.org/>.

Federal Housing Finance Agency

Throughout 2024 and early 2025, the Fannie Mae and Freddie Mac (“the Enterprises”) have implemented policies aimed at modernizing single-family residential valuation, improving appraisal accuracy and quality, reducing the effect of appraiser shortages, and supporting effective risk management. This work included enhancements to the Enterprises’ alternative valuation offerings and ongoing engagement with industry stakeholders including lenders, appraisers, software providers, appraisal management companies, mortgage insurers, and industry trade groups.

The number of active appraisers throughout the country continues to decline.²¹ The overall attrition of appraisers contributes to higher consumer costs and extended loan cycle times, a trend that is more pronounced in rural markets. Alternatives to traditional appraisals, such as desktop and hybrid appraisals, allow the appraiser to determine a credible opinion of value without an onsite visit. These options ease appraiser capacity constraints and reduce loan cycle times in periods of high volume, while promoting appraiser independence. Appraisal waivers, an additional offering on certain loans that meet the loan eligibility criteria, have an added benefit of reducing closing costs. Consumers retain the right to obtain a traditional appraisal, even when alternative valuation products are offered.

The Enterprises began piloting the hybrid appraisal process in 2018 and, after testing hundreds of thousands of loans, announced broad Selling Guide availability for certain single-family and condo homes in February 2025.²² The policies became effective in early 2025.

In October 2024, the Enterprises announced the loan-to-value ratio eligibility expansion of appraisal waivers on certain purchase loans from 80 percent to 90 percent.²³ Purchase loans over 90 percent and up to program limits, that are otherwise eligible for an appraisal waiver, must be accompanied with current Uniform Property Data

(UPD) from an approved property data collector. The policies became effective in February 2025.

The Enterprises also continued a program to attract new entrants into the appraisal field, making significant progress in 2024. The Enterprises engaged with over 600 aspiring appraisers through 14 workshops, university outreach, and industry engagements. Industry partner sponsors are key to the program’s success, and in 2024, the program secured seven new sponsors, bringing the total number of sponsors to 40. Through this work, the Enterprises awarded 275 scholarships in 2024, exceeding the goal of 200, and bringing the total of awarded scholarships to 945 since the program’s inception.

The Reconsideration of Value (ROV) process has been a longstanding mortgage industry practice, which requests that an appraiser reassess the appraised value of a property due to potential appraisal reporting deficiencies, or based upon additional information the appraiser should consider. In May 2024, the Enterprises and HUD published consistent ROV policies,²⁴ with compliance required by October 31, 2024. The new policies provide clear requirements for lenders and appraisers, while also defining consumer and appraiser rights. Additionally, the Enterprises incorporated a new ROV section into the specifications of the redesigned Uniform Residential Appraisal Report (URAR)²⁵ to facilitate tracking of ROV outcomes at the appraisal level upon implementation. The Enterprises continue to explore methods of lender-level tracking.

In November 2024, the Enterprises announced aligned Selling Guide updates to the market area analysis reporting appraisal requirements to enhance appraisal accuracy.²⁶ The Selling Guides now include standardized definitions for “neighborhood” and “market area,” and establish a 12-month minimum timeframe from which the overall market trend is derived. Additionally, appraisers must include an illustration of the methodology used to determine specific

²¹ See https://sf.freddie-mac.com/docs/pdf/report/appraiser_capacity.pdf.

²² See <https://singlefamily.fanniemae.com/media/41601/display> and [Guide Bulletin 2025-1](#).

²³ See [Fannie Mae Announces Changes to Appraisal Alternatives Requirements | Fannie Mae](#) and [Guide Bulletin 2024-16](#).

²⁴ See <https://singlefamily.fanniemae.com/media/39081/display> and <https://guide.freddie-mac.com/app/guide/bulletin/2024-6>.

²⁵ See <https://singlefamily.fanniemae.com/delivering/uniform-mortgage-data-program/uniform-appraisal-dataset> and <https://sf.freddie-mac.com/tools-learning/uniform-mortgage-data-program/uad#technical-resources>.

²⁶ See “Appraisal market areas” at <https://singlefamily.fanniemae.com/media/40811/display> and “Appraisal Market Area Analysis” at <https://guide.freddie-mac.com/app/guide/bulletin/2024-15>.

adjustments for changes in market conditions and provide a market analysis that supports those derived adjustments.

FHFA worked with the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council and all member agencies to publish a proposed rule to implement a framework to govern the ASC's enforcement authority concerning the effectiveness of state regulatory agency appraiser and Appraisal Management Company (AMC) programs. The proposed rule was published in the Federal Register on December 6, 2024²⁷ and the comment period closed on February 4, 2025.

FHFA worked with the OCC, FRB, FDIC, NCUA, and CFPB to issue the final rule on Quality Control Standards for Automated Valuation Models (AVMs), which was published in the Federal Register in August 2024.²⁸ The final rule implements the quality control standards mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) for the use of AVMs by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer's principal dwelling. On February 12, 2025, legislation was introduced in the 119th Congress that would overturn this rule using the Congressional Review Act (CRA).²⁹

The Enterprises continued their efforts in 2024 to leverage technology and data to further promote efficiency and cost savings in mortgage processes focusing on a multiyear project, begun in 2018, to improve appraisal data quality and consistency by updating the Uniform Appraisal Dataset (UAD) and aligning it with current mortgage industry data standards. The UAD and Forms Redesign

project also entails replacing all existing appraisal forms with a single dynamic Uniform Residential Appraisal Report (URAR) that reflects current appraisal data needs across all property types and provides the flexibility to adapt to future needs. The project incorporates extensive feedback from, and reflects collaboration with, appraisers, lenders, vendors, consumer advocates, and other industry stakeholders.

To advance the project, the Enterprises focused on the provision of additional resources, outreach, and training as part of their joint education and communication strategy. Resources included publication of a lender readiness kit³⁰ and additional testing scenarios, distribution of a Compliance Rules Application Programming Interface for vendor use, and provision of a detailed implementation timeline³¹ to spur industry 2025 planning efforts. A November 2024 vendor forum was held to discuss development progress and implementation strategies plus gauge participant readiness and future needs. The Enterprises made available a free 17-module industry training³² focusing on the use and review of the updated URAR and finished development of both instructor-led and online training for appraisers with Appraiser Qualifications Board (AQB) approvals. Education providers are actively seeking state regulatory approval to offer the trainings.

The UAD update and forms redesign effort remain priorities in the 2025 Scorecard, with the Enterprises assisting industry participants to prepare for a "Limited Production Period"³³ ahead of the "Broad Production" in January 2026.³⁴ The Enterprises will continue to seek stakeholder feedback to address any development challenges

²⁷ <https://www.federalregister.gov/documents/2024/12/06/2024-27698/appraisal-subcommittee-enforcement-authority-regarding-the-effectiveness-of-state-appraiser-and->

²⁸ 89 FR 64538 (Aug. 7, 2024) at <https://www.federalregister.gov/documents/2024/08/07/2024-16197/quality-control-standards-for-automated-valuation-models>.

²⁹ H.J. Res. 52, 119th Cong. (as introduced, February 12, 2025) at [BILLS-119hjres52ih.pdf](https://www.congress.gov/bills/119/hjres/52/ih/pdf).

³⁰ See "Lender Readiness Kit" at <https://singlefamily.fanniemae.com/media/39261/display> and <https://sf.freddiemac.com/docs/pdf/uad-lender-readiness-kit.pdf>.

³¹ See "Updated UAD redesign timeline with specific implementation dates" at <https://singlefamily.fanniemae.com/news-events/updated-uad-redesign-timeline-specific-implementation-dates> and <https://singlefamily.fanniemae.com/news-events/updated-uad-redesign-timeline-specific-implementation-dates>.

³² See <https://sf.freddiemac.com/tools-learning/uniform-mortgage-data-program/uad#business-resources> and <https://www.fanniemae.com/course/singlefamily/uadtrainingfiles/story.html>.

³³ The Limited Production Period begins on September 8, 2025, and runs through January 25, 2026.

³⁴ See "Limited Production Readiness Overview for Lenders" at <https://singlefamily.fanniemae.com/media/41631/display> and https://sf.freddiemac.com/docs/pdf/lppannouncement_02_2025.pdf.

and add training materials as required to support mortgage industry implementation efforts.

Department of Housing and Urban Development

Over the past year, HUD's Federal Housing Administration (FHA) played a major role in providing access to affordable mortgage credit that enabled hundreds of thousands of individuals and families to own their own home. More than 82 percent of FHA purchase mortgage insurance endorsements in fiscal year 2024 went to first-time homebuyers.

Also, even as the supply of existing single-family homes for sale diminished over the last three years, the FHA steadily increased the share and number of mortgages it insured for newly constructed homes. In fiscal year 2024, the FHA's endorsement count for mortgages on newly constructed homes was 25.64 percent of its overall forward purchase endorsement count.

To further promote first-time homeownership and the availability of affordable housing, the FHA has taken steps in 2024 to update policies and operations for appraisals underpinning FHA-insured mortgage transactions. FHA continued to review its policies and programs for improvements and took concrete action to modernize appraisal systems and improve appraisal data analysis. These actions included:

- On September 20, 2024, the FHA implemented new functionality in the FHA Catalyst: Electronic Appraisal Delivery (EAD) Module, eliminating the FHA's reliance on its legacy appraisal processing system to receive appraisal submissions. This update laid the foundation for modernization of the FHA's appraisal data storage, dissemination, and analytical capabilities, as detailed in HUD's Single Family Housing Policy Handbook 4000.1.
- The FHA continued to modernize its EAD Module, developing improved analytical tools and appraisal review processes and laying the operational groundwork for future developments responsive to upcoming industry modernization efforts.

Financial Status of the ASC

In FY 2024, the ASC's revenue totaled approximately \$9.7 million, and expenses (including funds included in the budget for the State grants) totaled approximately \$8.8 million. ASC revenue dropped 17% from the FY 2023 total revenue of \$11.8 million, while expenses increased 54% over FY 2023 expenses of \$5.8 million. ASC funds are derived from the Appraiser and AMC Registry fees. The annual Appraiser Registry fee of \$40 is paid by licensed and certified appraisers to be listed on the Appraiser Registry as eligible to perform appraisals for federally related transactions. Appraiser Registry fees totaled \$3.5 million in FY 2024. Annual AMC Registry fees are paid by AMCs consistent with the ASC rule on collection and transmission of AMC Registry fees.³⁵ The fee is based on the number of appraisers who performed an appraisal for a covered transaction during a defined annual period. AMC fees totaled \$6.2 million in FY 2024. Appendix A contains the external auditor's report, including ASC's audited financial statements for FY 2024, ending September 30, 2024. The ASC realized a net gain of approximately \$1 million and has reserves of \$29 million. The ASC continues to monitor its stewardship of the funds entrusted to it. The bar graph reflects expenditures versus budgeted amounts for the most recent five-year period. ASC's continuing efforts to operate in an efficient and effective manner are demonstrated by ASC consistently holding expenditures below budgeted amounts.

³⁵ 12 CFR 1102.400 - 1102.403.

The background is a complex, abstract composition of various geometric shapes, including rectangles, squares, and triangles, in different shades of dark gray and black. These shapes are layered and arranged to create a sense of depth and movement. The word "APPENDICES" is centered in the middle of the image, rendered in a clean, white, sans-serif typeface.

APPENDICES

APPRAISAL SUBCOMMITTEE

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2024 AND 2023**

APPRAISAL SUBCOMMITTEE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Appraisal Subcommittee of the
Federal Financial Institutions Examination Council
Washington, DC 20005

In our audits of the fiscal years 2024 and 2023 financial statements of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC), we found:

- the financial statements as of and for the fiscal year ended September 30, 2024 and 2023 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- internal control over financial reporting was not effective as of September 30, 2024; and
- there was a reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections discuss in more detail (1) our report on the financial statements and on internal control over financial reporting, a section on required supplementary information (RSI) and a section on other information included with the financial statements, (2) our report on compliance with laws, regulations, contracts, and grant agreements which includes an emphasis-of matter paragraph related to an Antideficiency Act (ADA) violation and (3) agency comments and our evaluation.

Report on the Financial Statements and on Internal Control over Financial Reporting

Opinion on the Financial Statements

In accordance with the Accountability of Tax Dollar Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited ASC's financial statements. ASC's financial statements comprise the balance sheets as of September 30, 2024, and 2023; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, ASC's financial statements present fairly, in all material respects, ASC's financial position as of September 30, 2024, and 2023 and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

However, misstatements may nevertheless occur in unaudited financial information reported internally or externally by ASC as a result of the internal control deficiencies described in this report.

Basis for Opinion on the Financial Statements

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of ASC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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Qualified Opinion on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ASC's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ASC's internal control. Accordingly, we do not express an opinion on the effectiveness of the ASC's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 ("FMFIA"), such as those controls relevant to ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we identified the following material weaknesses:

- Grants Payable
- Accounts Receivable
- Property and Equipment

In our opinion, because of the identified material weakness in internal control ASC did not maintain, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established under FMFIA. These matters are further discussed in Exhibit I of this report.

In addition to the material weakness in internal control over Grants Payable, Accounts Receivable and Property and Equipment, we also identified a deficiency in ASC's internal control over financial reporting that we do not consider to be a material weakness or significant deficiency. Nonetheless, this deficiency warrants ASC's management's attention. We have communicated this matter to ASC's management and, where appropriate, will report on them separately.

Emphasis of Matter

In a Decision dated August 28, 2024, the U.S. Government Accountability Office (GAO) determined that the ASC violated the purpose statute, 31 U.S.C. § 1301(a), and the Antideficiency Act, 31 U.S.C. § 1341 when it awarded a cooperative agreement to a nonprofit entity. The ASC does not agree that a violation has occurred, and its report to the President, the Congress, and the Comptroller General, as directed by OMB Circular A-11 § 145.8, and that was coordinated and approved by the Office of Management and Budget (OMB), explained ASC's position. This matter is further discussed in Note 14.

Responsibility of Management for the Financial Statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in ASC's Annual Report, and ensuring the consistency of that information with the audited financial statements and the RSI;
- designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA; and
- its assessment about the effectiveness of internal control over financial reporting as of September 30, 2024.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of ASC's internal control over financial reporting. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

ASC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in ASC's Annual Report. The other information comprises introductory, background and statistical sections. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of ASC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

The results of the tests for ASC's compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2024, in connection with our audit of ASC's financial statements and consistent with our auditor's responsibilities, is described below.

Basis for the Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2024 that would be reportable under U.S. generally accepted government auditing standards. This matter is further discussed in Exhibit II of this report. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, and grant agreements applicable to ASC. Accordingly, we do not express such an opinion.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

ASC's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to ASC.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

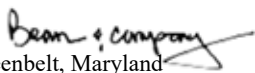
Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to ASC that have a direct effect on the determination of material amounts and disclosures in ASC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to ASC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

We provided ASC with a draft of our report on May 19, 2025, and received ASC's response on May 19, 2025. ASC's response to our report was not subject to the auditing procedures that we applied to our audit of the financial statements and, therefore, we express no opinion on the response.


Greenbelt, Maryland
May 19, 2025

Independent Auditor's Report
Exhibit I Material Weakness in Internal Control Over Financial Reporting
Findings and Recommendations

Finding #2024-01 Grants Payable Not Recorded in the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance

Condition:

The account balance for Grants Payable was not recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and subsequently not presented in the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024 prepared by the General Services Administration's (GSA) External Services Branch.

GSA's External Services Branch provides accounting services to the ASC. The External Services Branch provides guidance for submitting data to ensure that relevant transactions are recorded for inclusion in the fiscal year end closing in the *Fiscal Year End Closing Financial Responsibilities for Client Agencies*. ASC failed to ensure that the Grants Payable account balance recorded in its SAGE Intaact Enterprise Resource Planning System (Sage) trial balance was submitted to the External Services Branch for inclusion in the GTAS trial balance. Additionally, ASC failed to adhere to the *Treasury Financial Manual (TFM) Bulletin 2024-05* for year-end closing activities. As a result, the balance was omitted from ASC's Balance Sheet as of September 30, 2024.

Specifically, ASC did not submit the following account balances to GSA for inclusion in the year end closing and subsequent presentation in the GTAS trial balance. The account balances are recorded in ASC's Sage trial balance.

Account Number	Account Name	Opening balance on 10/01/2023	Debit	Credit	Closing balance on 09/30/2024
20003	Grants Payable	\$ -	\$ 15,000.00	\$ -	\$ 15,000.00
20003-FG	Federal Grants Payable	\$ 0.08	\$ -	\$ 250,000.08	\$ (250,000.00)
20003-SG	State Grants Payable	\$ (2,878.53)	\$ 278,863.82	\$ 2,054,016.66	\$ (1,778,031.37)
					<u>\$ (2,013,031.37)</u>

Criteria:

- *Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 1* states that **other current liabilities** should be used to report current liabilities that are not recognized in specific categories.
- *FASAB SFFAS 5* states that general purpose federal financial reports should recognize probable and measurable future outflows of resources.
- *OMB Circular A-136 Revised (May 2024)*, Section II.3.2.4 states that financial statements must recognize probable and measurable outflows.
- *Treasury Financial Manual (TFM) Bulletin 2024-05*: provides requirements for agencies to accurately record and report year-end account balances.
- *Fiscal Year End Closing Financial Responsibilities for Client Agencies* issued by GSA's External Services Branch, Financial Information & Operations Division (FY 2024) outlines submission responsibilities for client agencies to ensure proper recording of financial data.

Cause:

ASC has not fully implemented the required year-end closing procedures necessary to ensure accurate and comprehensive federal financial statements.

Effect:

The financial statements at the fiscal year end September 30, 2024 are misstated. Specifically, Other Than Intragovernmental Liabilities are understated in the amount of \$2,013,031.37.

Questioned Cost:

There were no questioned costs.

Recommendations:

We recommend that ASC:

- Prepare and record an audit adjustment to accurately reflect the account balance in the financial statements.
- Develop and implement formal procedures to ensure that all year-end account balances recorded in the Sage trial balance are submitted timely and accurately to GSA. These procedures should align with External Services Branch instructions, TFM Bulletins and OMB guidance.
- Perform supervisory reviews to verify that all required balances are appropriately recorded in GTAS and reflected in the financial statements.

Management's Response:

Thank you for your thorough review and audit of our Notice of Finding and Recommendation (NFR) regarding the material weakness in internal control over financial reporting. We appreciate your insights and have carefully reviewed the finding.

The issue identified pertains to the Grants Payable account balance, which was not recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and, as a result, was omitted from the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024, prepared by the General Services Administration's (GSA) External Services Branch.

As a small, independent federal agency with 17 FTEs, the ASC relies on a single Financial Manager to oversee all finance and budget operations. We maintain a service-level agreement with GSA for accounting support. During the fiscal year under audit, the Financial Manager coordinated with GSA on monthly cash receipts and disbursements. However, the Grants Payable account recorded in ASC's internal records was not reflected in GSA's records. We have since worked with GSA to revise the financial statements to include the correct account balance.

To prevent recurrence, ASC will implement a monthly reconciliation process with GSA to ensure that the Grants Payable account on GSA's financial statements aligns with ASC's records. We remain committed to full compliance and continuous improvement in line with best practices. Please let us know if further clarification or additional documentation is needed.



Auditor's Response to Management's Response

We acknowledge ASC's response to the finding. We have no further comment.

Finding #2024-02 Accounts Receivable Not Recorded in the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance**Condition:**

The account balance for Accounts Receivable was not recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and subsequently not presented in the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024, prepared by the General Services Administration's (GSA) External Services Branch. GSA's External Services Branch provides accounting services to ASC.

ASC failed to ensure that the Accounts Receivable account balance recorded in its Sage trial balance was submitted to the External Services Branch for inclusion in the GTAS trial balance. Additionally, ASC failed to adhere to the *Treasury Financial Manual (TFM) Bulletin 2024-05* for year-end closing activities. As a result, the balance was omitted from ASC's Balance Sheet as of September 30, 2024.

Specifically, ASC did not submit the following account balances to GSA for inclusion in the year-end closing and subsequent presentation in the GTAS trial balance. The omitted account balances recorded in ASC's Sage trial balance, but not reflected in the GTAS trial balance, are detailed below:

Account Number	Account Name	Opening Balance on 10/01/2023	Debit	Credit	Closing Balance on 09/30/2024
11000	Accounts Receivable	\$2,342,841	\$2,175,476	\$1,514,620	\$3,003,697

Criteria:

- *Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 1: Accounting for Selected Assets and Liabilities*, paragraph 40 states that "... a receivable should be recognized when a federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date ...".
- *OMB Circular A-136* Revised (May 2024), Section II.3.8.6 states that the entity must disclose gross receivables, the method used to estimate the allowance for uncollectable accounts and the net amount due (*in accordance with SFFAS 1*).
- *Treasury Financial Manual (TFM) Bulletin 2024-05*: provides guidance for yearend closing procedures and proper recording of financial information in GTAS.
- *Fiscal Year End Closing Financial Responsibilities for Client Agencies* issued by GSA's External Services Branch, Financial Information & Operations Division (FY 2024) outlines submission responsibilities for client agencies to ensure proper recording of financial data.

Cause:

ASC did not establish or follow formal procedures to ensure the timely recognition and submission of yearend trial balance data – specifically the Accounts Receivable balances – to GSA for GTAS reporting.

Effect:

The omission of \$3,003,697 in Accounts Receivable resulted in an understatement of ASC's Total Assets (Other than Intragovernmental) as of September 30, 2024, thereby materially misstating the financial statements.

Questioned Cost:

There were no questioned costs.

Recommendation:

We recommend that ASC:

- Prepare and record an audit adjustment to accurately reflect the correct Accounts Receivable balance in the financial statements.
- Develop and implement written procedures to ensure that all year-end account balances recorded in the Sage trial balance are accurate and submitted timely to GSA. These procedures should align with External Services Branch instructions and the TFM Bulletins and OMB guidance.
- Conduct supervisory reviews to verify that financial data reported to GSA agrees with ASC's internal accounting records and is accurately reflected in GTAS.

Implementing these recommendations will strengthen internal control over financial reporting and improve the reliability of ASC's financial statements.

Management's Response:

Thank you for your thorough review and audit of our Notice of Finding and Recommendation (NFR) regarding the material weakness in internal control over financial reporting. We appreciate your insights and have carefully reviewed the finding.

The issue identified pertains to the account balance for Accounts Receivable was not recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and subsequently not presented in the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024, prepared by the General Services Administration's (GSA) External Services Branch. GSA's External Services Branch provides accounting services to ASC.

As a small, independent federal agency with 17 FTEs, the ASC relies on a single Financial Manager to oversee all finance and budget operations. We maintain a service-level agreement with GSA for accounting support. During the fiscal year under audit, the Financial Manager coordinated with GSA on monthly cash receipts and disbursements. However, the Accounts Receivable account recorded in ASC's internal records was not reflected in GSA's records. We have since worked with GSA to revise the financial statements to include the correct account balance.

To prevent recurrence, ASC will implement a monthly reconciliation process with GSA to ensure that the accounts receivable on GSA's financial statements align with the ASC's records. We remain committed to full compliance with the Treasury Financial Manual (TFM) for year-end closing activities and maintain continuous improvement with best practices. Please let us know if further clarification or additional documentation is needed.

Auditor's Response to Management's Response

We acknowledge ASC's response to the finding. We have no further comment.

Finding #2024-03 Property, Plant and Equipment, Net Balance Was Incorrectly Recorded in the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance**Condition:**

The account balance for Property, Plant and Equipment, Net was incorrectly recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and subsequently not presented correctly in the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024 prepared by the General Services Administration's (GSA) External Services Branch. GSA's External Services Branch provides accounting services to the ASC.

ASC failed to update the Fixed Asset Schedule and submit the correct Property, Plant, and Equipment, Net account balances from its Sage accounting system to the GSA for inclusion in the GTAS trial balance. This resulted in the erroneous reporting of PP&E, Net on the financial statements and noncompliance with applicable financial reporting guidance, including Treasury Financial Manual (TFM) Bulletin 2024-05.

Additionally, ASC did not reconcile the balances in the GTAS trial balance with the balances in the Sage accounting system.

Criteria:

- Federal Accounting Standards Advisory Board's (FASAB) *Statement of Federal Financial Accounting Standards (SFFAS) 6: Accounting for Property, Plant and Equipment (PP&E)* provides standards for recording and presenting general PP&E.
- *OMB Circular A-136* Revised (May 2024), Section II.3.2.4 states that financial statements must recognize probable and measurable outflows.
- *Treasury Financial Manual (TFM) Bulletin 2024-05*: provides requirements for agencies to accurately record and report year-end account balances.
- *Fiscal Year End Closing Financial Responsibilities for Client Agencies* issued by GSA's External Services Branch, Financial Information & Operations Division (FY 2024) outlines submission responsibilities for client agencies to ensure proper recording of financial data.

Cause:

ASC did not update its Fixed Asset Schedule as of September 30, 2024, and did not submit accurate account balances from the Sage trial balance to GSA for inclusion in GTAS and the financial statements due to a lack of formal procedures to follow.

Effect:

The Property, Plant, and Equipment, Net balance was misstated in the GTAS trial balance and the financial statements at September 30, 2024. The discrepancies are as follows:

- **GTAS Trial Balance (GSA):** \$18,344.11
- **Balance Sheet (GSA):** \$18,344.11
- **ASC Sage Trial Balance:** \$1,086,900.65

This significant variance indicates a material weakness in internal control over financial reporting and could impair the reliability and accuracy of ASC's financial statements.

Questioned Cost:

There were no questioned costs.

Recommendations:

We recommend that ASC:

- Prepare and record audit adjustments to reflect the accurate Property, Plant, and Equipment, Net balance in the financial statements.
- Develop and implement written procedures to ensure that the Fixed Asset Schedule is reviewed and updated at yearend prior to submission of balances to GSA.
- Establish controls to ensure all yearend account balances in the Sage trial balance are timely and accurately submitted to GSA, in accordance with guidance from GSA's External Services Branch, OMB Circular A-136, and the TFM Bulletins.
- Conduct supervisory reviews of final account balances to verify that the data in ASC's internal accounting records is accurately reflected in GSA's GTAS financial data.

Management's Response:

Thank you for your thorough review and audit of our Notice of Finding and Recommendation (NFR) regarding the material weakness in internal control over financial reporting. We value your insights and have carefully reviewed the finding.

The identified issue pertains to the account balance for Property, Plant and Equipment, Net was incorrectly recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and subsequently not presented correctly in the Appraisal Subcommittee's (ASC's) Balance Sheet as of September 30, 2024 as prepared by the General Services Administration's (GSA) External Services Branch. GSA's External Services Branch provides accounting services to the ASC.

As a small, independent federal agency with 17 FTEs, the ASC relies on a single Financial Manager to oversee all finance and budget operations. We maintain a service-level agreement with GSA for accounting support. During the fiscal year under audit, the Financial Manager coordinated with GSA on monthly cash receipts and disbursements. However, the Property, Plant and Equipment account recorded in ASC's internal records was not reflected in GSA's records. We have since worked with GSA to revise the financial statements to include the correct account balance.

To prevent recurrence, ASC will implement a monthly reconciliation process with GSA to ensure that the accounts receivable account on GSA's financial statements align with the ASC's records. We reaffirm our commitment to full compliance with the Treasury Financial Manual (TFM) for all year-end closing activities. We continue to prioritize adherence to these standards while striving for continuous improvement through the adoption of best practices. Please let us know if further clarification or additional documentation is needed.

Auditor's Response to Management's Response

We acknowledge ASC's response to the finding. We have no further comment.

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Independent Auditor's Report
Exhibit II Noncompliance with Laws & Regulations
Findings and Recommendations

Finding #2024--04 Antideficiency Act Violation

Condition

In a Decision dated August 28, 2024, the U.S. Government Accountability Office (GAO) determined that the Appraisal Subcommittee (ASC) violated the purpose statute, 31 U.S.C. § 1301(a), and the Antideficiency Act, 31 U.S.C. § 1341 when it awarded a cooperative agreement to an ineligible nonprofit entity.

The GAO determined that the ASC had no authority to award a grant for the purpose of developing and creating training to be provided to its regulated entities. The GAO also found that the ASC's appropriation was available to obtain the development of a census survey and a review of appraisal standards and appraiser qualification criteria. An agency violates the Antideficiency Act if it incurs an obligation in excess of legally available amounts. No amount is available for an unauthorized purpose.

The ASC does not agree that a violation has occurred, and its report that was coordinated and approved by the Office of Management and Budget (OMB) explained ASC's position. ASC has stated that it did not violate the purpose statute when it entered into the cooperative agreement because 12 U.S.C. § 3338(b) permits the ASC to make grants to support its activities. The ASC maintains that training for States (regulated entities) is included in the broad authority of 12 U.S.C. § 3338(b). The ASC believes its permanent appropriation permits the agency to use fee collections to support its activities. The cooperative agreement aimed to support ASC's activities. ASC has stated a violation of the purpose statute does not necessarily result in an Antideficiency Act violation. Additionally, ASC states that the choice in funding instrument does not alone violate the Antideficiency Act. The ASC has terminated the cooperative agreement with the nonprofit entity. ASC reported the transaction to the President, the Congress and the Comptroller General as directed by OMB Circular A-11 § 145.8.

Criteria

- Title 31 U.S.C. Section 1351 *Reports on Violations* states If an officer or employee of an executive agency or of the District of Columbia government violates section 1341(a) or 1342 of this title, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall also be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress.
- OMB Circular A-11, PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET, Section 145-REQUIREMENTS FOR REPORTING ANTIDEFICIENCY ACT VIOLATIONS outlines the requirements for reporting Antideficiency Act violations within a federal agency. It clarifies the reporting responsibilities and ensures that agencies have a clear understanding of how to identify and report violations of the Antideficiency Act.

Cause:

The ASC mistakenly interpreted 12 U.S.C. § 3338(b) to permit awarding a grant to any entity other than a State or the Appraisal Foundation. The former Grants Director and former General Counsel did not properly research or interpret the statute. The ASC Board also approved the Cooperative Agreement unanimously.

Effect:

OMB supported ASC's position that it was essentially in compliance with the Antideficiency Act.

Questioned Cost:

There were no questioned costs.

Recommendation:

ASC should implement policies and procedures to ensure that it doesn't happen again.

Management's Response:

The ASC management agreed with the Finding. The ASC has looked at this action to make sure this doesn't happen again and the cooperative agreement has been closed out.

Auditor's Response to Management's Response

We acknowledge ASC's response to the finding. We have no further comment.

Management's Discussion and Analysis

Analysis of Systems, Control, and Legal Compliance

The Appraisal Subcommittee's (ASC) management is responsible for establishing and maintaining adequate internal controls and financial management systems that meet the Federal Manager's Financial Integrity Act (FMFIA) objectives. The ASC conducted its assessment in compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control.

This Management's Discussion and Analysis (MD&A) is prepared in accordance with the agency's financial reporting requirements, as outlined in the Agency Head's transmittal letter dated May 19, 2025 and the form and content requirements as noted in OMB Circular A-136 revised, Financial Reporting Requirements. The transmittal letter also provides a high-level overview of the agency's financial performance and sets the context for the detailed analysis provided in this MD&A.

In October 2022, the ASC migrated to the SAGE Intaact Enterprise Resource Planning System where all ASC financial transactions are recorded and reported. The ASC financial operations are also supported by the Pegasys Financial Services under the General Services Administration External Services Branch.

ASC History

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (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, 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 Section 1121(4) of Title XI (1). The ASC is an FFIEC subcommittee. The FFIEC was established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The FFIEC is an interagency body empowered to set uniform principles for the examination of federally regulated financial institutions.

Title XI requires the ASC to:

- 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; and
 - for the registration and supervision of the operations and activities of appraisal management companies (AMCs)
- monitor the requirements established by the Federal financial institutions' regulatory agencies with respect to:
 - appraisal standards for federally related transactions under their jurisdiction; and
 - 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.

- maintain a national registry of State certified and licensed appraisers (Appraiser Registry) who are eligible to perform appraisals in federally related transactions.
- maintain a National Registry of AMCs (AMC Registry) 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.
- monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation (Foundation).
- transmit an annual report to Congress not later than June 15 of each year that describes how each function assigned to the ASC was carried out during the preceding year.

Title XI also permits the ASC to:

- make grants in such amounts as it deems appropriate to the Foundation to help defray costs relating to the activities of the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB)
- make grants to State appraiser certifying and licensing agencies in accordance with policies developed by the ASC to support the efforts of such agencies to comply with Title XI, including—
 - the complaint process, complaint investigations, and appraiser enforcement activities of such agencies
 - the submission of data on State licensed and certified appraisers and AMCs to the Appraiser Registry and the AMC Registry, including information affirming that appraisers or AMCs meet required qualification criteria, and information on formal and informal disciplinary actions.
 - reporting to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked, or suspended.

The ASC has seven members, each designated respectively by the head of their agency, including the Board of Governors of the Federal Reserve System (Federal Reserve), Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Federal Housing Finance Agency (FHFA), and U.S. Department of Housing and Urban Development (HUD). Title XI also requires the FFIEC to appoint a chairperson from the member representatives to serve a two-year term.

The Appraisal Subcommittee's Mission Statement:

The mission of the Appraisal Subcommittee (ASC) is to provide federal oversight of State appraiser and appraisal management company (AMC) regulatory programs ensuring that the appraisal regulatory system promotes real estate appraisals that are conducted with accuracy and independence, in compliance with federal and State regulations. The ASC works to promote excellence in appraisal regulation, support State appraiser regulatory programs, and protect consumers by enforcing the federal requirements State appraisal regulatory programs must follow and monitoring and reviewing the work of the Appraisal Foundation. We aim to maintain public trust in the appraisal profession by ensuring that appraisers are effectively regulated.

The ASC is guided by the following core values:

- Integrity: We hold ourselves to the highest ethical standards and act with honesty, transparency, and accountability in all our interactions.
- Excellence: We strive for excellence in all aspects of our work, continually improving our processes and programs to achieve the best possible outcomes.
- Collaboration: We believe that collaboration is essential to achieving our mission, and we work to foster strong relationships with our stakeholders to promote mutual understanding, respect, and partnership.
- Fairness: We are committed to treating all individuals and organizations with fairness and respect, regardless of their background, identity, or beliefs.
- Service: We are dedicated to serving the public by promoting an effective appraisal regulatory system.

These values guide our decisions and actions, and we are committed to upholding them in all our work.

The strategic plan outlines three broad goals:

1. Innovate and modernize our processes, technology, and operations;
2. Support States' ability to maintain compliance with the appraiser and AMC programs; and
3. Increase the agency's ability to attract and retain a competent and skilled talent pool.

Strategic Goal 1: Innovate and modernize our processes, technology, and operations.

There are several opportunities for the ASC to advance its technological capabilities and to increase its effectiveness and outreach in an increasingly digitized world. To remain efficient in its internal and public-facing processes, the ASC is using automated processes that can increase the agency's productivity, accessibility, and the speed of its services. Various tools and software have been or are being developed that can help improve the compliance review (CR) process, IT security, data management, and communication with stakeholders.

The ASC is increasing efficiency and strengthening internal control processes in financial and budget management through improved technology and operations by:

1. Converting all State regulatory agencies to the Automated Clearing House system (ACH) for collection of registry fee payments to increase efficiency, reduce costs and enhance the ASC's security.
2. Updating the Administrative Control of Funds Policy for compliance with the Antideficiency Act (31 U.S.C. §§ 1341, 1342, 1349-1351, 1511-1519), OMB Circular A-11 and other applicable laws.
3. Maintaining a one-year operating reserve to provide financial stability and flexibility to cover any unexpected revenue shortfalls or unexpected expenses.
4. Creating a three- to five-year budget process to reduce the time and resources spent on building the required annual budget, thereby improving the ASC's ability to conduct long-term planning and manage resources.
5. Implementing a cloud-based Enterprise Resource Planning (ERP) system that more efficiently manages resources, improves financial reporting, and improves budget management.

Additionally, the ASC continues to implement technology and processes to improve technical assistance and collaboration with stakeholders by:

1. Transitioning all 55 jurisdictions to use Application Programming Interfaces (API) for ASC's

- National Registries to interface data from State regulatory agencies and the ASC's software applications.
2. Developing and implementing Compliance Review software supporting the States' regulatory agencies throughout the entire Compliance Review lifecycle.
 3. Maintaining the security and continued operations of the National Registry to provide reliable and efficient access to appraiser and AMC credentialing information.

Strategic Goal 2: Support States' Ability to Maintain Compliance with the appraiser and AMC programs.

Title XI has charged the ASC with the important responsibilities of oversight and support of the State regulatory agencies. The ASC continues to promote and expand its grant program to the States and the Appraisal Foundation in ways that support key stakeholders.

The ASC seeks to achieve this goal by supporting State regulatory agencies to improve overall appraiser regulation and compliance with Title XI by:

1. Promoting grants and other opportunities to States to allow States to better understand and effectively enforce Title XI requirements.
2. Conducting training for State regulatory staff to provide targeted technical assistance and education on emerging trends and issues within the appraisal regulatory system.
3. Developing and enhancing available training for State agencies as preparation for their Compliance Reviews.

Strategic Goal 3: Increase the Agency's ability to attract and retain a competent and skilled talent pool.

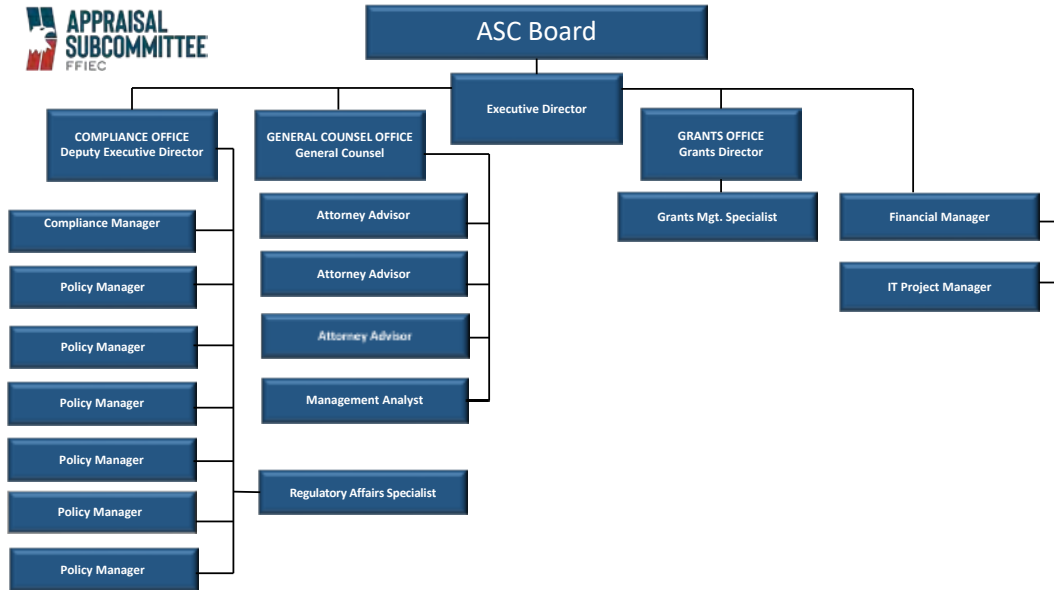
The ASC values a work environment where everyone can thrive and succeed, allowing staff career advancement, succession planning, and skills improvement by:

1. Employing a staffing model that includes the positions needed to effectively manage agency operational needs, including senior staff as well as entry- and mid-level positions.
2. Leveraging Federal Employee Viewpoint Survey (FEVS) results and conducting brainstorming workshops with employees and Board members to make improvements to the overall organizational structure.

Economic Conditions

ASC revenue is generated by fees collected from the National Registry of Appraisers and AMCs. The U.S. economy continues to experience higher interest rates than in the recent past. This has decreased lending and appraisal activity which will potentially impact ASC revenue.

Appraisal Subcommittee Organizational Chart



Financial Information

Limitations to the Financial Statements

The financial statements have been prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of the 31 U.S.C. § 3515(b). The statements are prepared from records of the ASC in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Principal Financial Statements

The Principal Financial Statements (Statements) have been prepared to report on the financial position and results of operations of the ASC. ASC's management is responsible for selecting the accounting principles necessary for fair presentation of ASC's financial statements, which includes ensuring compliance with the GAAP hierarchy fair presentation of information contained in the principal financial statements. The Statements have been prepared from the books and records of the ASC in accordance with formats prescribed by the Office of Management and Budget (OMB) in OMB Circular A-136, Financial Reporting Requirements, revised.

The Balance Sheets provides information on assets, liabilities, and net position similar to balance sheets reported in the private sector. Intra-departmental balances have been eliminated from the amounts presented.

The Statements of Net Cost reports the components of the net costs of the ASC's operations for the period. The net cost of operations consists of the gross cost incurred by the ASC less any exchange (i.e., earned) revenue from our activities. Intra-departmental balances have been eliminated from the amounts presented.

The Statements of Changes in Net Position reports the beginning net position, the transactions that affect net position for the period, and the ending net position. Intra-departmental transactions have been eliminated from the amounts presented.

The Statements of Budgetary Resources provides information on how budgetary resources were made available and their status at the end of the year. Information in this statement is reported on the budgetary basis of accounting. Intra-departmental transactions have not been eliminated from the amounts presented.

Required Supplementary Information includes Management's Discussion and Analysis.

Notes to the Financial Statements describe significant accounting policies as well as detailed information on select statement lines.

APPRAISAL SUBCOMMITTEE

Balance Sheets
As of September 30, 2024 and 2023

		<u>Assets</u>	<u>2024</u>	<u>2023</u>
Assets:				
Intragovernmental Assets:				
Fund Balance With Treasury				
Unrestricted Fund Balance with Treasury	(Note 2)	\$ 27,748,043	\$ 25,587,509	
Restricted Fund Balance with Treasury	(Note 2)	5,562,665	4,521,800	
Total Intragovernmental Assets		<u>33,310,708</u>	<u>30,109,309</u>	
Accounts Receivable, Net	(Note 3)	3,003,697	2,342,841	
Property, Plant and Equipment, Net	(Note 4)	<u>1,088,850</u>	<u>1,411,837</u>	
Total Assets		<u><u>37,403,255</u></u>	<u><u>33,863,987</u></u>	
		<u>Liabilities and Net Position</u>		
Liabilities:				
Intragovernmental Liabilities:				
Accrued Funded Payroll and Leave	(Note 8)	\$ 19,056	\$ 55,875	
Federal Employee Salary, Leave, and Benefits Payable	(Note 5)	319,174	264,123	
Total Intragovernmental Liabilities		<u>338,230</u>	<u>319,998</u>	
Other than Intragovernmental Liabilities:				
Unearned Revenues	(Note 1)	1,508,508	1,424,898	
Restricted Funds Held for Others	(Note 1)	4,625,600	4,254,918	
Accounts Payable		150,325	73,382	
Grants Payable	(Note 8)	<u>2,013,031</u>	<u>2,879</u>	
Total Other than Intragovernmental Liabilities		<u>8,297,464</u>	<u>5,756,077</u>	
Total Liabilities		<u>8,635,694</u>	<u>6,076,075</u>	
Net Position:				
Cumulative Results of Operations - All		<u>28,767,561</u>	<u>27,787,912</u>	
Total Net Position		<u>28,767,561</u>	<u>27,787,912</u>	
Total Liabilities and Net Position		<u><u>\$ 37,403,255</u></u>	<u><u>\$ 33,863,987</u></u>	

The accompanying notes are an integral part of the Financial Statements.

APPRAISAL SUBCOMMITTEE
Statements of Net Cost
For The Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Program Costs:		
Public Costs	\$ 8,803,173	\$ 5,695,555
Less: Earned Revenue	(9,782,822)	(11,733,580)
Net Program Costs	<u>\$ (979,649)</u>	<u>\$ (6,038,025)</u>

The accompanying notes are an integral part of the Financial Statements.

APPRAISAL SUBCOMMITTEE

**Statements of Changes in Net Position
For The Years Ended September 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cumulative Results of Operations:		
Beginning Balance	\$ 27,787,912	\$ 21,749,886
Beginning Balance, As Adjusted	<u>27,787,912</u>	<u>21,749,886</u>
 Budgetary Financing Sources:		
Appropriations used	-	-
 Other Financing Sources:		
Imputed financing	<u>-</u>	<u>-</u>
Total Financing Sources	-	-
 Net Cost of Operations (+/-)	<u>979,649</u>	<u>6,038,025</u>
Net Change	979,649	6,038,025
 Cumulative Results of Operations	<u><u>\$ 28,767,561</u></u>	<u><u>\$ 27,787,912</u></u>
 Unexpended Appropriations:		
Beginning Balance	\$ -	\$ -
Beginning Balance, As Adjusted	<u>-</u>	<u>-</u>
 Budgetary Financing Sources:		
Appropriations received	10,348,565	10,279,230
Other adjustments	-	-
Appropriations used	<u>(10,348,565)</u>	<u>(10,279,230)</u>
Total Budgetary Financing Sources	<u>-</u>	<u>-</u>
Total Unexpended Appropriations	<u>-</u>	<u>-</u>
 Net Position	<u><u>\$ 28,767,561</u></u>	<u><u>\$ 27,787,912</u></u>

The accompanying notes are an integral part of the Financial Statements.

APPRAISAL SUBCOMMITTEE

**Statements of Budgetary Resources
For The Years Ended September 30, 2024 and 2023**

	2024	2023
	<u>Budgetary</u>	<u>Budgetary</u>
Budgetary Resources:		
Unobligated balance brought forward, October 1	\$ 22,437,843	\$ 18,326,441
Unobligated balance brought forward, October 1, as adjusted	22,437,843	18,326,441
Recoveries from prior year unpaid obligations	304,754	132,749
Recoveries from prior year paid obligations	-	2,551
Other changes in unobligated balance	-	-
Unobligated balance from prior year budget authority, net	22,742,597	18,461,741
Appropriations (Discretionary and Mandatory)	10,348,565	10,279,230
Total Budgetary Resources	<u>\$ 33,091,162</u>	<u>\$ 28,740,971</u>
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	\$ 6,962,424	\$ 6,303,128
Unobligated balance, end of year		
Apportioned, unexpired accounts	-	-
Unapportioned, unexpired accounts	26,128,738	22,437,843
Unexpired unobligated balance, end of year	26,128,738	22,437,843
Expired unobligated balance, end of year	-	-
Unobligated balance, end of year	26,128,738	22,437,843
Total Status of Budgetary Resources	<u>\$ 33,091,162</u>	<u>\$ 28,740,971</u>
Change in Obligated Balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	\$ 647,113	\$ 549,217
New obligations and upward adjustments	6,962,424	6,303,128
Outlays (gross) (-)	(6,371,565)	(6,072,483)
Recoveries of prior year unpaid obligations	(304,754)	(132,749)
Unpaid obligations, end of year	933,218	647,113
Uncollected payments:		
Uncollected payments, Fed sources, brought forward, October 1 (-)	-	-
Change in uncollected payments, Fed sources (+/-)	-	-
Uncollected payments, Fed sources, end of year (-)	-	-
Obligated balance, start of year (+/-)	647,113	549,217
Obligated balance, end of year (+/-)	<u>\$ 933,218</u>	<u>\$ 647,113</u>
Budget Authority and Outlays, Net:		
Budget authority, gross (discretionary and mandatory)	\$ 10,348,565	\$ 10,279,230
Actual offsetting collections (discretionary and mandatory)	-	(2,552)
Recoveries of prior year paid obligations (discretionary and mandatory)	-	2,552
Budget authority, net (total) (discretionary and mandatory)	10,348,565	10,279,230
Outlays (gross) (discretionary and mandatory)	(6,371,565)	(6,072,483)
Actual offsetting collections (discretionary and mandatory)	-	2,552
Outlays, net (total) (discretionary and mandatory)	(6,371,565)	(6,069,931)
Agency Outlays, net (discretionary and mandatory)	<u>\$ (6,371,565)</u>	<u>\$ (6,069,931)</u>

The accompanying notes are an integral part of the Financial Statements.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

Note 1 *Summary of Significant Accounting Policies*

Organization

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (the “Appraisal Subcommittee” or “ASC”) was created by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”) of 1989. The mission of the Appraisal Subcommittee is to monitor the certification and licensing programs of the States to determine compliance with Title XI of FIRREA. The purpose of this title is to ensure that the 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. In accordance with Title XI of FIRREA, an appraiser must be registered to perform appraisals connected to federal transactions. Effective January 1, 2012, ASC raised the annual fee assessed to the States from \$25 per registered appraiser to \$40.

The federal financial institutions regulatory agencies include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau (“CFPB”), the Office of the Comptroller of the Currency, and the National Credit Union Administration. The member agencies of the Appraisal Subcommittee include the federal financial institutions regulatory agencies, the Department of Housing and Urban Development, and the Federal Housing Finance Agency (“FHFA”). The CFPB and FHFA were added as members to the ASC as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”).

Effective November 24, 2017, the ASC adopted a final rule to implement collection and transmission of appraisal management company (“AMC”) annual registry fees under the Dodd-Frank Act. The first full year of collection of AMC fees began on October 1, 2018. The ASC adopted Section 1102.402 of title 12 Code of Federal Regulations. Section 1102.402 establishes the annual AMC registry fee for States that elect to register and supervise AMCs follows:

In the case of an AMC that has been in existence for more than a year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC on a covered transaction in such date during the previous year. If an AMC has not been in existence for more than a year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC on a covered transaction in such State since the AMC commenced doing business.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

Reporting Entity

The ASC's financial statements should be read with the realization that they are for a component of the U.S. Government whose liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the Federal Government acting in its capacity.

Basis of Accounting and Presentation

These financial statements have been prepared from the accounting records of ASC in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), and the form and content for entity financial statements specified by the Office of Management and Budget ("OMB") in OMB Circular No. A-136, Financial Reporting Requirements (OMB Circular A-136) as amended. GAAP for federal entities are standards prescribed by the Federal Accounting Standards Advisory Board ("FASAB"), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants. The accompanying financial statements are prepared as required by the Accountability of Tax Dollars Act of 2002.

OMB Circular No. A-136 requires agencies to prepare financial statements, which include Balance Sheets, Statements of Net Cost, Statement of Changes in Net Position, and Statements of Budgetary Resources. The Balance Sheets present, as of September 30, 2024 and 2023, amounts of future economic benefits owned or managed by ASC (assets), amounts owed by ASC (liabilities), and amounts, which comprise the difference (net position). The Statements of Net Cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within ASC and other reporting entities. The Statements of Budgetary Resources report on an agency's budgetary activity.

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Significant assumptions made in these financial statements include future collection of receivables and deferring revenue on the receipt of 25% of the incremental fee from \$25 to \$40.

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

Budgetary Basis of Accounting

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law. Budgetary accounting measures appropriation and consumption of budget/spending authority and facilitates compliance with legal

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

constraints and controls over the use of federal funds. Under budgetary reporting principles, budgetary resources are consumed at the time an obligation is incurred. Only those liabilities for which valid obligations have been established are considered to consume budgetary resources.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Fund Balance with U.S. Treasury

Fund Balance with the U.S. Treasury is the aggregate amount of the ASC's funds with Treasury in expenditure, receipt, and revolving fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases. The ASC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of the Treasury. Treasury disburses funds for the agency upon request.

Restricted Fund Balance with U.S. Treasury

Restricted fund balance with the U.S. Treasury are amounts restricted by law that the Appraisal Subcommittee received in conjunction with the \$15 fee increase, as permitted by the Dodd-Frank Act. As part of the fee increase that was effective January 1, 2012, Congress specifically required the ASC to set aside 25% of the increase without specifications as to how it could be used. Accordingly, these funds have been classified as a liability on the balance sheets.

Accounts Receivable

Accounts receivable consist of amounts due to the Appraisal Subcommittee for Appraisal Management Company (AMC) and National Registry (NR) fees. As of September 30, 2024 and 2023, management is of the opinion that an allowance for doubtful accounts is not necessary.

Property and Equipment, Net

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to ten years. The capitalization threshold is \$5,000 for assets with a useful life of three or more years. For bulk purchases, items will be capitalized when the individual useful lives are at least three years and have an aggregate value of \$15,000 or more.

Annual and Sick Leave Program

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefits cost. An unfunded liability is recognized as earned but unused annual leave since, from a budgetary standpoint, this annual leave will be paid from future funding sources when the leave is used by employees. The amount accrued is based upon the current pay rates of the employees. Sick leave is expensed when used and no liability is recognized as employees have no right to be paid for unused sick leave.

Revenue

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

The ASC revenue is generated by fees collected from the National Registry of Appraisers and appraisal management companies (AMCs). The annual Appraiser Registry fee is paid by licensed and certified appraisers to be listed on the Appraiser Registry as eligible to perform appraisals for federally related transactions. Annual AMC Registry fees are paid by AMCs consistent with the ASC rule on collection and transmission of AMC Registry fees. The fee is based on the number of appraisers who performed an appraisal for a covered transaction during a defined annual period.

Unearned Revenues

Registry fees received in advance are deferred and recognized as earned during the applicable fee year.

Tax Status

The Appraisal Subcommittee is a federal governmental agency and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Note 2 Fund Balance with Treasury

	2024	2023
Status of Fund Balance with Treasury		
Unobligated Balance - Unrestricted		
(a) Available	\$ 27,748,043	\$ 25,587,509
(b) Unavailable	-	-
Unobligated Balance - Restricted		
(a) Available	5,562,665	4,521,800
(b) Unavailable	-	-
Obligated Balance not yet Disbursed	933,218	647,113
Non-Budgetary FBWT	-	-
Total	<u>\$ 34,243,926</u>	<u>\$ 30,756,422</u>

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements
September 30, 2024 and 2023**Note 3** *Accounts Receivable*

	2024	2023
Fees		
Appraisal Management Company Registry (AMC)	\$ 1,703,715	\$ 1,365,525
National Registry (NR)	1,299,982	977,316
Total	<u>\$ 3,003,697</u>	<u>\$ 2,342,841</u>

Note 4 *Property and Equipment, Net*

Property and equipment, net at September 30, consist of the following:

	2024	2023
<i>Property and equipment not depreciated:</i>		
Internal Use Software in Development	\$ 617,031	\$ 617,031
<i>Property and equipment depreciated:</i>		
Computer equipment	531,692	508,892
Internal Use Software	1,032,729	1,032,729
Total property and equipment	<u>2,181,452</u>	<u>2,158,652</u>
Less: Accumulated Depreciation	<u>1,092,602</u>	<u>746,814</u>
Net Property and Equipment	<u>\$ 1,088,850</u>	<u>\$ 1,411,837</u>

Note 5 *Liabilities Not Covered by Budgetary Resources*

	2024	2023
Total liabilities not covered by budgetary resources	<u>\$ 269,205</u>	<u>\$ 264,123</u>

Note 6 *Appraisal Foundation Grant*

Title XI of FIRREA provides that amounts appropriated for, or collected by, the Appraisal Subcommittee be used to make grants to The Appraisal Foundation (the "Foundation") to help defray costs of the Foundation relating to the activities of its Appraisal Standards Board ("ASB"), Appraiser Qualifications Board ("AQB"), and State Investigator Training Grants.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

Note 7 Retirement and Benefit Plans

The Appraisal Subcommittee contributes to the Civil Service Retirement System and the Federal Employees' Retirement System administered by the Office of Personnel Management for the benefit of U.S. Government employees. The retirement plans are participatory. Under the Civil Service Retirement System, the employer and employee each contribute amounts ranging from 7-8 percent of salary to the plan. Under the Federal Employees' Retirement System, 13 percent of salary is contributed by the Appraisal Subcommittee and 1 percent of salary is contributed by the employee.

The Appraisal Subcommittee contributes up to 5 percent of base pay for participants in the Thrift Savings Plan under the Federal Employees Retirement System. Contributions by the Appraisal Subcommittee during fiscal years 2024 and 2023 for the Civil Service Retirement System and the Federal Employees' Retirement System plans aggregated approximately \$523,000 and \$474,000, respectively.

Although the Appraisal Subcommittee contributes a portion of pension benefits for its employees participating in the retirement plans and withholds the necessary payroll deductions from them, it has no liability for future payments to employees under those programs and is not accountable for the assets of the Civil Service and Federal Employees' Retirement Systems, nor does the Appraisal Subcommittee have actuarial data concerning the accumulated plan benefits or the unfunded pension liability relating to its employees. These amounts are reported by the Office of Personnel Management for the retirement systems and are not allocated to individual employers. The Office of Personnel Management also accounts for all health and life insurance programs for retired federal employees.

Note 8 Other Liabilities

Other intragovernmental liabilities consist of Employee Contributions and Payroll Taxes Payable in the amounts shown below.

	Non-Current	2024 Current	Total
Intragovernmental			
Employer contributions and payroll taxes	\$ -	\$ 19,056	\$ 19,056
Other than Intragovernmental			
Other liabilities with budgetary resources (grants payable)	-	2,013,031	2,013,031
Total Other Liabilities	\$ -	\$ 2,032,087	\$ 2,032,087
		2023 Current	Total
Intragovernmental			
Employer contributions and payroll taxes	\$ -	\$ 55,875	\$ 55,875
Other than Intragovernmental			
Other liabilities with budgetary resources (grants payable)	-	2,879	2,879
Total Other Liabilities	\$ -	\$ 58,754	\$ 58,754

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements
September 30, 2024 and 2023**Note 9 Leases**

ASC's operating lease expense for the fiscal year ended September 30, 2024, was \$5,086.56 and will remain in effect through 07/31/2025 with terms of an adjustment of 3% beginning 08/01/2025.

Note 10 Interagency Transactions

In conducting its administrative operations, the Appraisal Subcommittee uses the services of various other federal agencies. The largest of the administrative service arrangements is with the U.S. General Services Administration for certain accounting and reporting functions, and processing of payroll and related benefits. These interagency costs for FY 2024 were \$1,712,984.77.

FY 2024 \$282,892.31 - OPM Costs - from GSA statements

FY 2024 \$1,712,984.77 - Total intragovernmental costs - from GSA statements

FY 2023 \$150,000 - from B&C's FY 2023 audit report.

Note 11 Reconciliation of Net Cost of Operations to Budget

	2024	2023
Net Cost	\$ 6,069,932	\$ 5,695,555
<i>Components of Net Cost that are not part of Net Outlays:</i>		
Property and equipment depreciation	(399,358)	(236,645)
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(1,427,136)	(493,593)
(Increase) / Decrease in Liabilities		
Accounts payable	76,943	277,672
Grants payable	2,010,152	494,109
Salaries and benefits	18,232	3,359
<i>Components of Net Outlays that are not part of Net Cost:</i>		
Acquisition of capital assets	22,800	329,475
Net Outlays - Budgetary	\$ 6,371,565	\$ 6,069,932

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

A reconciliation of net cost of operations to budget is presented above to show the relationship between accrual-based (financial accounting) information in the statement of net cost and obligation-based (budgetary accounting) information in the statement of budgetary resources. This reconciliation ensures that the proprietary and budgetary accounts in the financial management system are in balance. For FY 2024 and 2023, the ASC reconciled the difference between the \$6.0 million and \$5.8 million in obligated resources and the \$5.7 million and \$5.6 million in the net cost of operations, respectively, by adjusting for offsetting collections, adjustments, recoveries, financing resources not part of the net cost of operations, and depreciation.

Note 12 Undelivered Orders at September 30

At September 30, 2024 and 2023, budgetary resources obligated for undelivered orders were as follows:

	<u>2024</u>		
	<u>Federal</u>	<u>NonFederal</u>	<u>Total</u>
Unpaid Undelivered Orders	\$ 123,161	\$ 590,717	\$ 713,878
Paid Undelivered Orders	971,185	-	971,185
Total Undelivered Orders	<u>\$ 1,094,346</u>	<u>\$ 590,717</u>	<u>\$ 1,685,063</u>

	<u>2023</u>		
	<u>Federal</u>	<u>NonFederal</u>	<u>Total</u>
Unpaid Undelivered Orders	\$ 50,893	\$ 266,307	\$ 317,200
Paid Undelivered Orders	4,799	-	4,799
Total Undelivered Orders	<u>\$ 55,692</u>	<u>\$ 266,307</u>	<u>\$ 321,999</u>

Note 13 Explanation of Differences Between the SBR and the Budget of the U.S. Government

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, requires an explanation of material differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources (SBR) to the related actual balances published in the Budget of the United States Government (Budget).

The Fiscal Year 2025 Budget of the United States Government, with the “Actual” column completed for 2023, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

Balances reported in the FY 2024 SBR and the related FY 2025 President's Budget reflected the following:

2023	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 28,740,971	\$ 6,303,132	\$ -	\$ 6,069,931
Difference 2 - Rounding (+ / -)	259,029	696,872	-	930,068.78
Budget of the U.S. Government	<u>\$ 29,000,000</u>	<u>\$ 7,000,004</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>

Note 14 *Legal Compliance – Antideficiency Act (ADA) Violation*

In a Decision dated August 28, 2024, the U.S. Government Accountability Office (GAO) determined that the Appraisal Subcommittee (ASC) violated the purpose statute, 31 U.S.C. § 1301(a), and the Antideficiency Act, 31 U.S.C. § 1341 when it awarded a cooperative agreement to a nonprofit entity.

The GAO determined that the ASC had no authority to award a grant for the purpose of developing and creating training to be provided to its regulated entities. The GAO also found that the ASC's appropriation was available to obtain the development of a census survey and a review of appraisal standards and appraiser qualification criteria. An agency violates the Antideficiency Act if it incurs an obligation in excess of legally available amounts. No amount is available for an unauthorized purpose.

The ASC does not agree that a violation has occurred, and its report to the President, the Congress, and the Comptroller General, as directed by OMB Circular A-11 § 145.8. and that was coordinated and approved by the Office of Management and Budget (OMB), explained ASC's position. ASC states that it did not violate the purpose statute when it entered into the cooperative agreement because 12 U.S.C. § 3338(b) permits the ASC to make grants to support its activities. The ASC maintains that training for States (regulated entities) is included in the broad authority of 12 U.S.C. § 3338(b). The ASC believes its permanent appropriation permits the agency to use fee collections to support its activities. The cooperative agreement aimed to support ASC's activities. Additionally, ASC states that the choice in funding instrument does not alone violate the Antideficiency Act.

The ASC has terminated the cooperative agreement with the nonprofit agency.

Note 15 *Reclassification of Account*

During the current fiscal period, Unearned Revenue and Restricted Funds Held for Others have been reclassified from Intragovernmental Liabilities to Other than Intragovernmental Liabilities. This change was made to better reflect the nature and purpose of the account in accordance with applicable accounting standards and financial reporting requirements. The reclassification does not impact the total financial position of the entity but enhances the clarity and accuracy of financial disclosures.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements September 30, 2024 and 2023

Note 16 *Management's Acceptance of Financial Statements*

Subsequent Events

Management has evaluated subsequent events through May 16, 2025, the date for which the financial statements were available for issuance. Management has accepted the financial statements and did not identify any events subsequent to September 30, 2024, requiring disclosure in the financial statements.

2019-2020 AND 2023-2024 APPRAISER PROGRAM COMPLIANCE REVIEW FINDINGS*

AREAS OF NON-COMPLIANCE	2019	2020	2023	2024
Requirement/ Guidance Areas	27 States Reviewed	12 States Reviewed	19 States Reviewed	25 States Reviewed
Statutes, Regulations, Policies and Procedures:	5	3	1	6
Temporary Practice:	5	1	6	9
National Registry:	0	2	4	11
Application Process:	7	2	4	19
Reciprocity:	0	0	0	1
Education:	1	0	1	8
Enforcement:	0	1	4	13
STATE COMPLIANCE STATUS	2019	2020	2023	2024
Requirement/ Guidance Areas	27 States Reviewed	12 States Reviewed	19 States Reviewed	25 States Reviewed
Excellent	11	2	7	5
Good	12	6	12	13
Needs Improvement	4	3	0	4
Not Satisfactory	0	1	0	3
Poor	0	0	0	0

The table above documents 2019-2020 and 2023-2024 Compliance Review Findings by requirement and areas of guidance.

*Due to the pandemic, there were no State Compliance Reviews performed in 2021 and 2022.

2019-2020 AND 2023-2024 APPRAISAL MANAGEMENT COMPANY PROGRAM COMPLIANCE REVIEW FINDINGS*

AREAS OF NON-COMPLIANCE	2019	2020	2023	2024
Requirement/ Guidance Areas	14 States Reviewed	9 States Reviewed	19 States Reviewed	22 States Reviewed
Statutes, Regulations, Policies and Procedures:	8	2	18	22
National Registry:	0	0	15	23

Enforcement: 0 0 0 0

STATE COMPLIANCE STATUS	2019	2020	2023	2024
Requirement/ Guidance Areas	14 States Reviewed	9 States Reviewed	19 States Reviewed	22 States Reviewed
Excellent	6	6	2	3
Good	8	2	17	17
Needs Improvement	0	1	0	1
Not Satisfactory	0	0	0	1
Poor	0	0	0	0

The table above documents 2019-2020 and 2023-2024 Compliance Review Findings by requirement and areas of guidance.

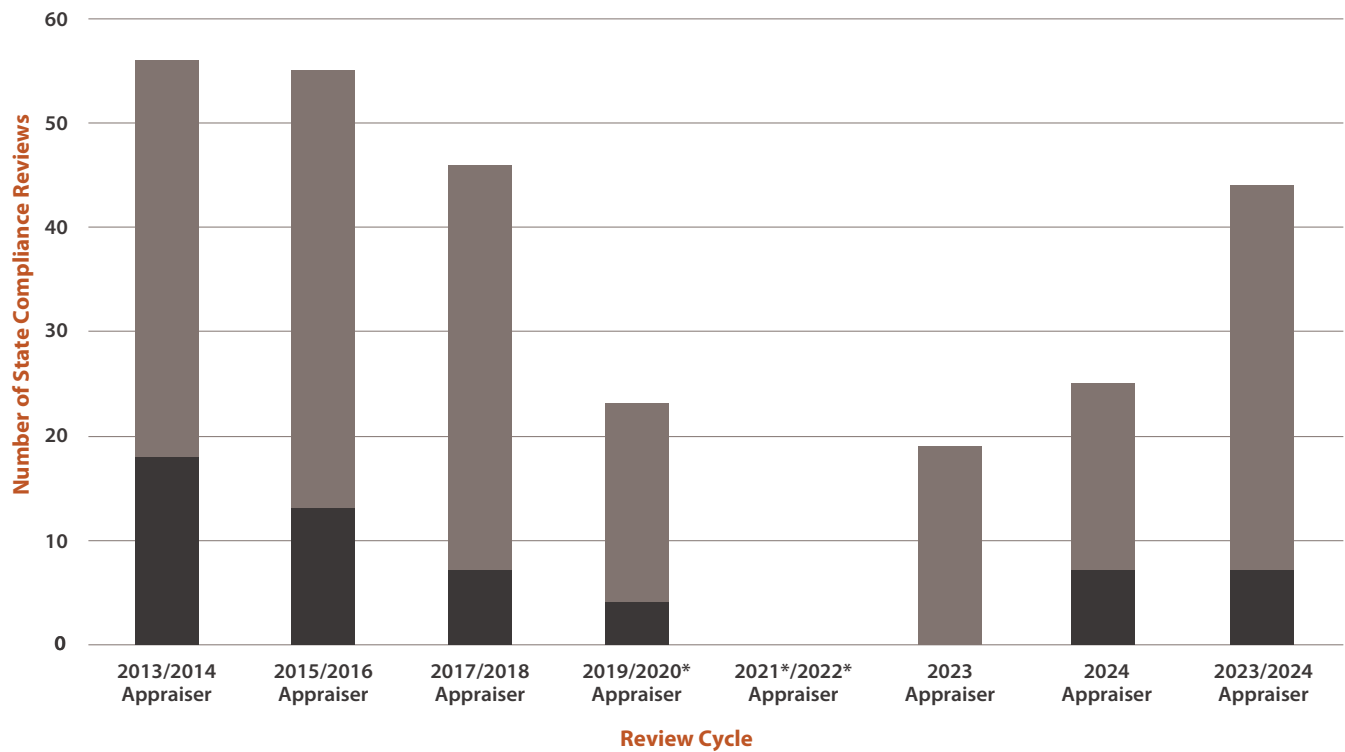
*Due to the pandemic, there were no State Compliance Reviews performed in 2021 and 2022.

2024 APPRAISER PROGRAM COMPLIANCE REVIEW SUMMARY			
STATE APPRAISER PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
Alaska	July 2024	Good	Two-Year
California	November 2023	Good	Two-Year
Colorado	September 2023	Excellent	Two-Year
Guam	May 2024	Needs Improvement	Two-Year
Hawaii	August 2024	Good	Two-Year
Idaho	June 2024	Needs Improvement	Two-Year
Illinois	October 2023	Good	Two-Year
Indiana	April 2023	Not Satisfactory	One-Year
Iowa	July 2024	Excellent	Two-Year
Kentucky	January 2024	Good	Two-Year
Louisiana	September 2023	Good	Two-Year
Maine	June 2024	Good	Two-Year
Maryland	February 2024	Needs Improvement	Two-Year
Massachusetts	May 2023	Good	Two-Year
Michigan	July 2023	Good	Two-Year
Montana	March 2024	Excellent	Two-Year
Nevada	June 2023	Needs Improvement	Two-Year
New Mexico	December 2023	Good	Two-Year
North Carolina	October 2023	Excellent	Two-Year
South Carolina	August 2023	Good	Two-Year
South Dakota	September 2023	Not Satisfactory	One-Year
Texas	April 2024	Excellent	Two-Year
Virgin Islands	May 2024	Not Satisfactory	One-Year
West Virginia	November 2023	Good	Two-Year
Wisconsin	March 2024	Good	Two-Year

2024 AMC PROGRAM COMPLIANCE REVIEW SUMMARY			
STATE APPRAISER PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
Alaska	July 2024	Good	Two-Year
California	November 2023	Good	Two-Year
Colorado	September 2023	Excellent	Two-Year
Idaho	June 2024	Needs Improvement	Two-Year
Illinois	October 2023	Good	Two-Year
Indiana	April 2023	Not Satisfactory	One-Year
Iowa	July 2024	Excellent	Two-Year
Kentucky	January 2024	Good	Two-Year
Louisiana	September 2023	Good	Two-Year
Maine	June 2024	Good	Two-Year
Maryland	February 2024	Good	Two-Year
Massachusetts	May 2023	Good	Two-Year
Michigan	July 2023	Good	Two-Year
Montana	March 2024	Good	Two-Year
Nevada	June 2023	Good	Two-Year
New Mexico	December 2023	Good	Two-Year
North Carolina	October 2023	Good	Two-Year
South Carolina	August 2023	Good	Two-Year
South Dakota	September 2023	Good	Two-Year
Texas	April 2024	Excellent	Two-Year
West Virginia	November 2023	Good	Two-Year
Wisconsin	March 2024	Good	Two-Year

ASC FINDINGS BY REVIEW CYCLE

REVIEW CYCLE	2013/2014 APPRAISER	2015/2016 APPRAISER	2017/2018 APPRAISER	2019/2020* APPRAISER	2021*/2022* APPRAISER	2023 APPRAISER	2024 APPRAISER	2023/2024 APPRAISER
Number of Reviews	56	55	46	27	0	19	25	44
In Substantial Compliance, Excellent or Good	38	42	39	19	N/A	19	18	37
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	18	13	7	4	N/A	0	7	7
Not in Compliance or Poor	0	0	0	0	N/A	0	0	0
% In Substantial Compliance, Excellent or Good	68%	76%	85%	70%	N/A	100%	72%	84%

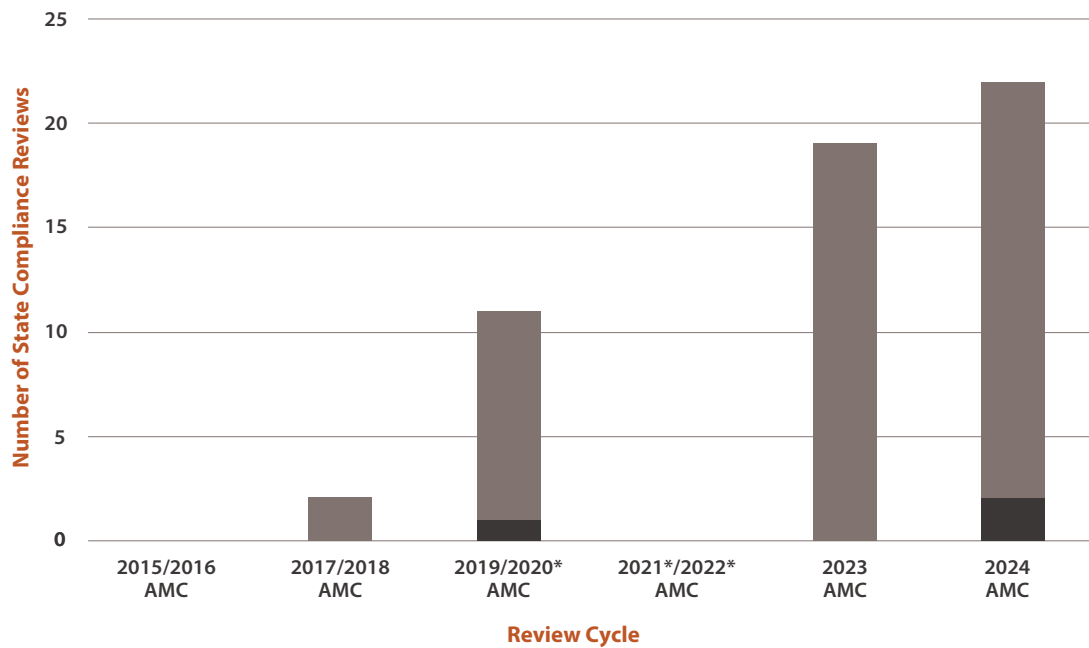


*Pandemic Interrupted

■ Needs Improvement

■ Excellent/Good

ASC FINDINGS BY REVIEW CYCLE						
REVIEW CYCLE	2015/2016 AMC	2017/2018 AMC	2019/2020* AMC	2021*/2022* AMC	2023 AMC	2024 AMC
Number of Reviews	0	2	12	0	19	22
In Substantial Compliance, Excellent or Good	0	2	10	0	19	20
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	0	0	1	0	0	2
Not in Compliance or Poor	0	0	0	0	0	0
% In Substantial Compliance, Excellent or Good		100%	83%		100%	91%



*Pandemic Interrupted

■ Needs Improvement

■ Excellent/Good

YEAR-END APPRAISER CREDENTIALS					
YEAR END	CERTIFIED GENERAL	CERTIFIED RESIDENTIAL	LICENSED	TRANSITIONAL	TOTAL CREDENTIALS
1992	23,133	19,772	18,406	4,405	65,716
1993	30,348	26,163	27,316	8,882	92,709
1994	32,450	29,949	17,960	6,043	86,402
1995	32,305	32,733	19,375	2,244	86,657
1996	31,628	33,141	16,984	226	81,979
1997	32,519	32,161	17,371	318	82,369
1998	34,485	35,697	15,287	23	85,492
1999	34,082	34,237	18,676	24	87,019
2000	34,609	34,702	19,755	28	89,094
2001	33,246	34,401	19,837	23	87,507
2002	32,959	35,233	21,261	37	89,490
2003	33,394	37,418	21,575	47	92,434
2004	33,725	40,726	25,095	46	99,592
2005	34,074	43,327	28,185	52	105,638
2006	34,812	46,701	29,921	51	111,485
2007	36,881	54,177	30,286	63	121,407
2008	37,851	56,704	25,931	65	120,551
2009	38,061	57,253	21,434	43	116,791

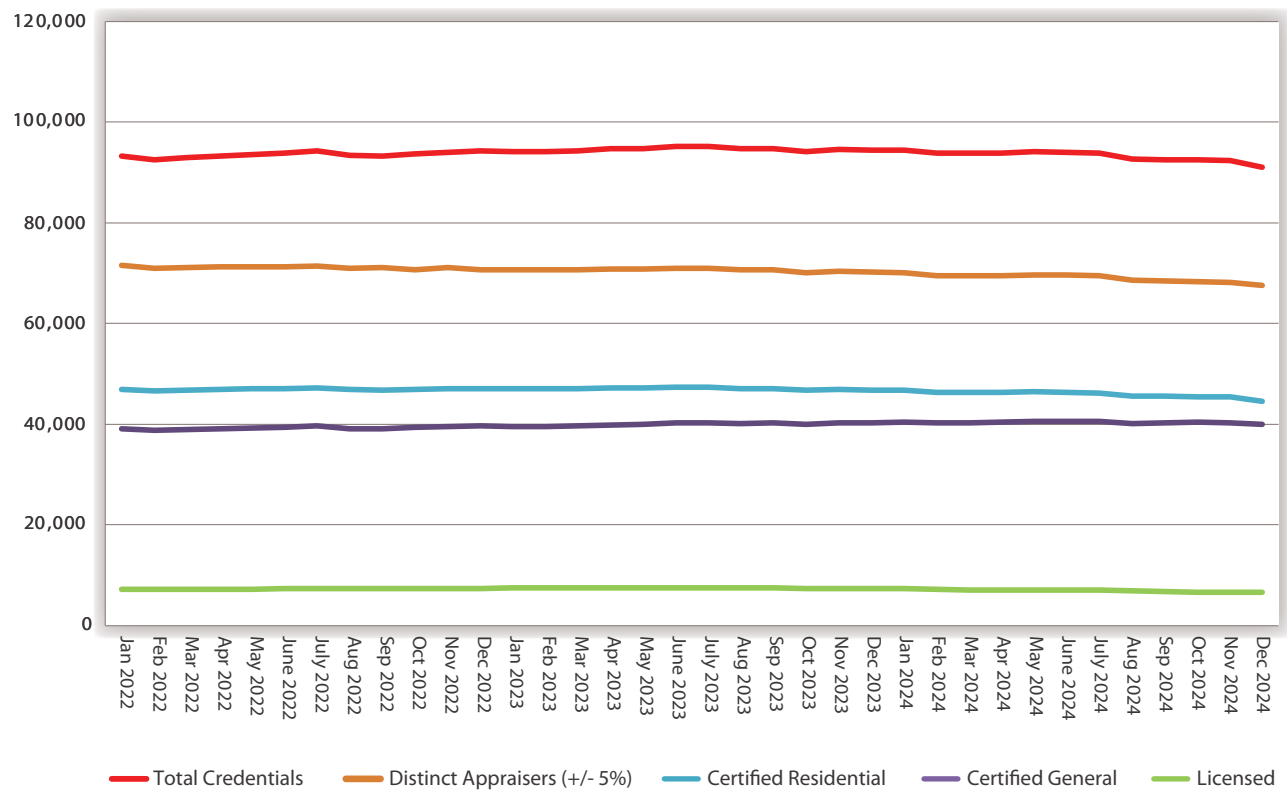
YEAR-END APPRAISER CREDENTIALS					
YEAR END	CERTIFIED GENERAL	CERTIFIED RESIDENTIAL	LICENSED	TRANSITIONAL	TOTAL CREDENTIALS
2010	37,807	55,522	16,674	23	110,026
2011	38,016	54,201	13,900	13	106,130
2012	37,834	52,504	11,875	12	102,225
2013	38,332	51,893	10,648	1	100,874
2014	38,777	51,240	9,507	0	99,524
2015	39,257	50,472	8,622	0	98,351
2016	39,246	49,631	7,926	0	96,803
2017	39,262	48,720	7,749	0	95,731
2018	39,135	47,908	7,481	0	94,524
2019	39,606	47,776	7,321	0	94,703
2020	39,070	47,073	7,061	0	93,204
2021	39,110	46,903	7,249	0	93,262
2022	39,730	47,131	7,438	0	94,299
2023	40,349	46,834	7,339	0	94,522
2024	39,935	44,538	6,563	0	91,036

MONTHLY APPRAISER CREDENTIAL TRENDS *AS OF DECEMBER 31, 2024

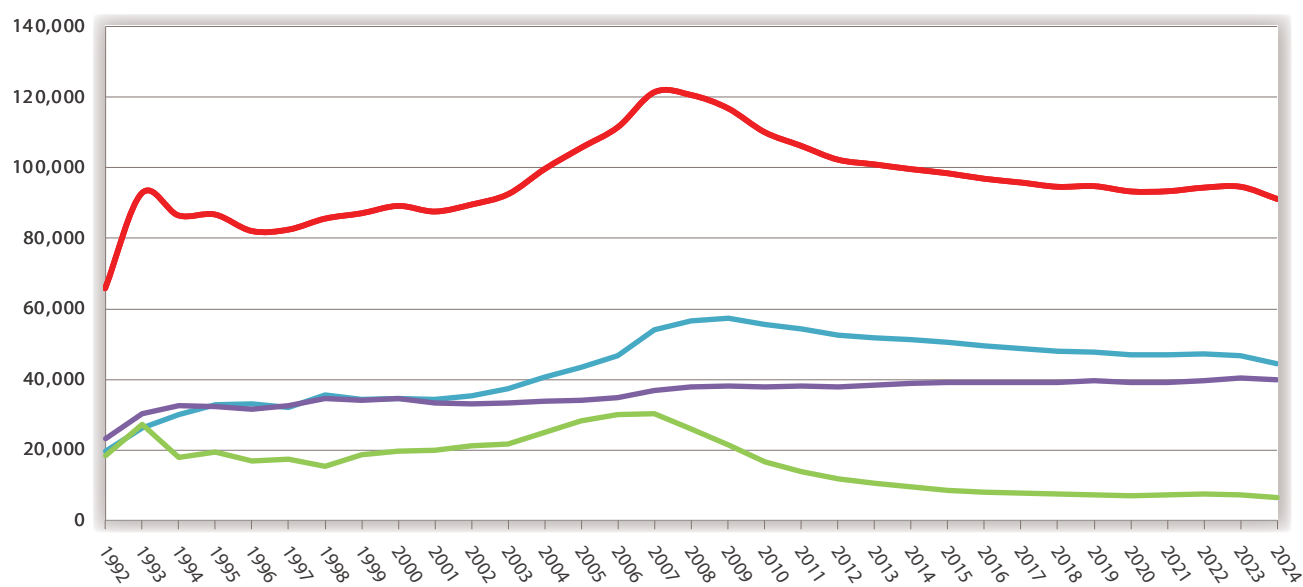
DATE	CERTIFIED GENERAL	CERTIFIED RESIDENTIAL	LICENSED	TRANSITIONAL	TOTAL CREDENTIALS	DISTINCT APPRAISERS (+/- 5%)
Jan 2022	39,146	46,904	7,247	0	93,297	71,518
Feb 2022	38,788	46,648	7,153	0	92,589	70,969
Mar 2022	39,030	46,809	7,181	0	93,020	71,150
Apr 2022	39,122	46,870	7,211	0	93,203	71,228
May 2022	39,312	47,009	7,273	0	93,594	71,342
June 2022	39,395	47,077	7,324	0	93,796	71,317
July 2022	39,639	47,213	7,400	0	94,252	71,437
Aug 2022	39,173	46,915	7,360	0	93,448	70,919
Sep 2022	39,178	46,791	7,342	0	93,311	71,063
Oct 2022	39,370	46,892	7,389	0	93,651	70,749
Nov 2022	39,595	47,040	7,420	0	94,055	71,084
Dec 2022	39,730	47,131	7,438	0	94,299	70,679
Jan 2023	39,591	47,078	7,498	0	94,167	70,761
Feb 2023	39,576	47,058	7,482	0	94,116	70,634
Mar 2023	39,707	47,144	7,493	0	94,344	70,715
Apr 2023	39,890	47,262	7,538	0	94,690	70,836
May 2023	39,987	47,292	7,511	0	94,790	70,792
June 2023	40,263	47,406	7,529	0	95,198	70,946

MONTHLY APPRAISER CREDENTIAL TRENDS *AS OF DECEMBER 31, 2024						
DATE	CERTIFIED GENERAL	CERTIFIED RESIDENTIAL	LICENSED	TRANSITIONAL	TOTAL CREDENTIALS	DISTINCT APPRAISERS (+/- 5%)
July 2023	40,285	47,392	7,541	0	95,218	70,958
Aug 2023	40,107	47,111	7,509	0	94,727	70,667
Sep 2023	40,225	47,096	7,457	0	94,778	70,667
Oct 2023	39,991	46,725	7,382	0	94,098	70,081
Nov 2023	40,332	46,907	7,427	0	94,666	70,376
Dec 2023	40,349	46,834	7,339	0	94,522	70,298
Jan 2024	40,417	46,760	7,312	0	94,489	70,141
Feb 2024	40,233	46,373	7,188	0	93,794	69,573
Mar 2024	40,306	46,346	7,143	0	93,795	69,519
Apr 2024	40,442	46,370	7,121	0	93,933	69,572
May 2024	40,607	46,421	7,104	0	94,132	69,664
June 2024	40,650	46,342	7,078	0	94,070	69,592
July 2024	40,609	46,231	7,053	0	93,893	69,460
Aug 2024	40,147	45,636	6,858	0	92,641	68,587
Sept 2024	40,254	45,573	6,755	0	92,582	68,466
Oct 2024	40,368	45,450	6,694	0	92,512	68,285
Nov 2024	40,323	45,388	6,665	0	92,376	68,209
Dec 2024	39,935	44,538	6,563	0	91,036	67,550

Monthly Appraiser Credential Trends



Yearly Appraisers Credential Trends As of December 31, 2024

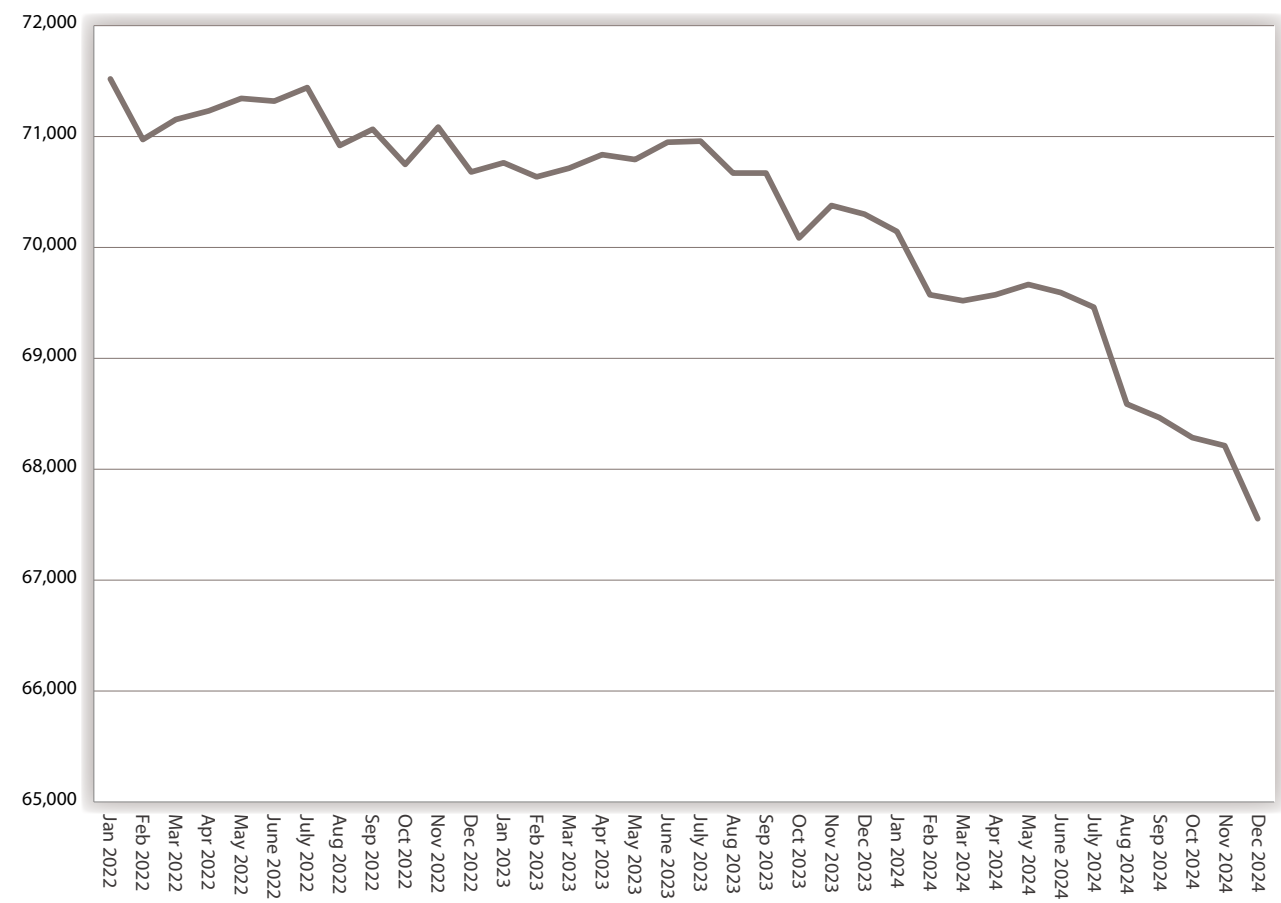


STATE OR TERRITORY	NUMBER OF DISTINCT ACTIVE APPRAISERS NOVEMBER 26, 2024 (+/- 5%)
Alabama	1352
Alaska	259
Arizona	2165
Arkansas	911
California	7631
Colorado	2736
Connecticut	1185
Delaware	539
District Of Columbia	741
Florida	5523
Georgia	3045
Guam	22
Hawaii	493
Idaho	833
Illinois	3125
Indiana	1997
Iowa	1164
Kansas	1063
Kentucky	1336
Louisiana	1338
Maine	611
Maryland	2119
Massachusetts	1857
Michigan	2430

STATE OR TERRITORY	NUMBER OF DISTINCT ACTIVE APPRAISERS NOVEMBER 26, 2024 (+/- 5%)
Minnesota	1710
Mississippi	997
Missouri	1874
Montana	483
Nebraska	686
Nevada	964
New Hampshire	669
New Jersey	2425
New Mexico	610
New York	3324
North Carolina	3090
North Dakota	322
Northern Mariana Islands	4
Ohio	2694
Oklahoma	1143
Oregon	1350
Pennsylvania	3068
Puerto Rico	268
Rhode Island	449
South Carolina	2185
South Dakota	412
Tennessee	2148
Texas	5783
Utah	1284

STATE OR TERRITORY	NUMBER OF DISTINCT ACTIVE APPRAISERS NOVEMBER 26, 2024 (+/- 5%)
Vermont	242
Virgin Islands	24
Virginia	3069
Washington	2504
West Virginia	590
Wisconsin	1770
Wyoming	357
All States and Territories	68209

DISTINCT APPRAISERS



Tools for Monitoring State Compliance with Title XI

MONITORING TOOL	DESCRIPTION	FREQUENCY
Routine Compliance Reviews	Full on-site Reviews of State appraiser regulatory Programs.	Every 2 years or annually if ASC determines a State needs closer monitoring.
Follow-up Compliance Reviews	On-site Reviews focused on areas of noncompliance identified during routine Compliance Reviews.	6 to 12 months after previous Compliance Review.
Priority Contact Visits	On-site visits, usually to States with large populations of appraisers, to discuss potentially problematic emerging issues and maintain a close working relationship with the State agency.	As needed.
Off-site Monitoring	Telephone or e-mail contacts with State agencies regarding emerging compliance issues and progress in addressing previously identified issues.	Continuous.

Appraiser Disciplinary Action Reported by States

January 1, 2015 - December 31, 2024

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCATION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
Alabama	22	0	0	62	10	34	0	1	1	0	3	16	149
Alaska	3	0	0	7	0	9	1	1	0	0	0	2	23
Arizona	40	0	0	11	0	0	13	4	7	0	6	2	83
Arkansas	20	0	2	23	0	2	17	0	3	0	5	0	72
California	517	0	40	429	1	5	105	24	98	0	43	0	1262
Colorado	35	2	0	44	6	16	4	15	13	0	14	61	210
Connecticut	1	0	0	105	0	0	1	1	4	0	1	2	115
Delaware	17	0	0	30	45	2	7	0	3	0	0	0	104
District Of Columbia	11	0	0	5	5	0	0	2	3	0	0	0	26
Florida	124	0	0	147	1	53	99	43	15	0	0	0	482
Georgia	0	0	0	0	9	170	0	13	6	0	0	0	198
Guam	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	3	0	0	10	0	0	0	0	1	0	0	0	14
Idaho	18	0	0	40	0	35	16	1	2	0	0	1	113
Illinois	22	0	1	145	22	4	10	14	85	0	8	11	322
Indiana	0	0	0	2	3	0	22	0	6	0	1	1	35
Iowa	21	0	2	3	3	6	1	2	4	0	16	36	94
Kansas	16	2	0	10	0	0	1	1	0	0	3	0	33
Kentucky	32	0	0	24	2	7	0	3	10	0	1	0	79
Louisiana	15	0	0	24	22	0	1	0	0	0	0	0	62
Maine	35	0	0	44	21	2	9	2	8	0	7	23	151
Maryland	18	0	0	80	10	0	0	0	14	0	5	0	127
Massachusetts	85	0	0	92	21	0	57	11	9	0	9	0	284
Michigan	5	0	0	108	6	45	59	5	15	0	2	0	245
Minnesota	54	0	0	100	0	38	2	4	16	0	2	58	274
Mississippi	20	0	0	1	0	4	2	0	4	0	2	2	35
Missouri	0	0	0	0	0	9	24	8	10	0	3	0	54

Appraiser Disciplinary Action Reported by States

January 1, 2015 - December 31, 2024

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCATION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
Montana	8	0	0	7	1	1	2	2	2	0	1	0	24
Nebraska	4	1	0	2	0	1	2	0	2	0	2	3	17
Nevada	87	0	0	34	0	0	0	8	7	0	3	11	150
New Hampshire	1	0	0	1	1	0	0	5	1	0	0	0	9
New Jersey	27	0	0	73	9	1	5	2	13	0	4	0	134
New Mexico	0	0	0	1	0	0	0	4	2	0	1	22	30
New York	150	0	0	202	12	0	0	13	15	0	2	7	401
North Carolina	85	0	0	0	50	4	6	2	30	0	7	6	190
North Dakota	8	0	0	11	0	3	1	1	1	0	2	1	28
Ohio	74	0	0	72	4	0	0	3	35	0	0	0	188
Oklahoma	117	1	5	190	2	138	59	10	174	0	10	9	715
Oregon	63	0	0	81	3	2	1	4	9	0	14	9	186
Pennsylvania	59	0	0	80	8	2	14	7	12	0	9	4	195
Puerto Rico	0	0	0	0	0	0	0	1	0	0	0	0	1
Rhode Island	1	0	0	1	3	0	1	0	1	0	0	0	7
South Carolina	40	0	0	39	41	1	4	1	6	0	15	0	147
South Dakota	11	0	2	15	6	1	0	0	3	0	2	2	42
Tennessee	64	0	0	46	0	2	0	2	15	0	3	45	177
Texas	147	0	5	112	4	99	45	13	50	0	31	18	524
Utah	24	3	0	27	0	1	5	2	1	0	3	1	67
Vermont	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	46	0	0	81	0	2	13	11	10	0	1	83	247
Washington	23	0	0	29	0	0	23	8	9	0	1	0	93
West Virginia	3	0	0	1	4	4	0	2	5	0	1	1	21
Wisconsin	82	0	29	0	104	2	0	2	42	0	25	0	286
Wyoming	3	0	0	5	0	0	1	0	0	0	1	0	10
Total	2261	9	86	2656	439	705	633	258	782	0	269	437	8535

AMC Disciplinary Action Report by States

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCATION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0
California	0	0	0	0	0	0	0	0	0	0	1	0	1
Connecticut	0	0	0	0	0	0	0	0	0	0	1	0	1
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida	0	0	0	46	0	0	0	0	7	0	0	0	53
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0
Illinois	0	0	0	0	0	0	0	0	0	0	1	0	1
Iowa	0	0	0	0	0	0	0	0	0	0	0	0	0
Maine	0	0	0	1	0	0	0	0	1	0	0	1	3
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	0	0	0	1	0	1
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0
Ohio	0	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	0
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0

AMC Disciplinary Action Report by States

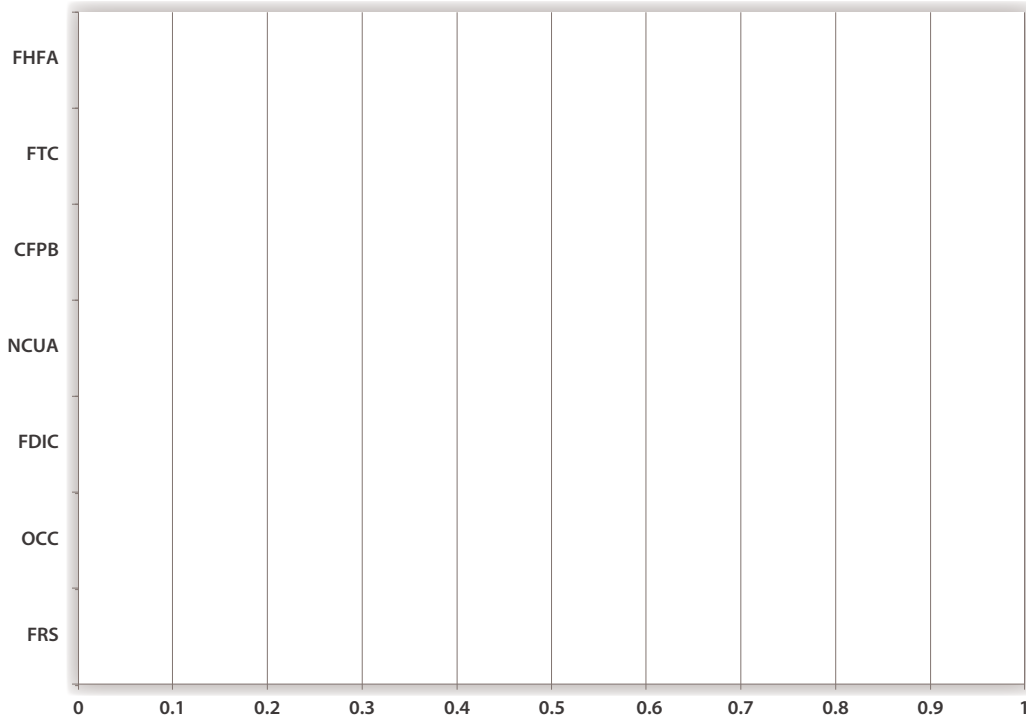
STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCATION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
Texas	0	0	0	1	0	0	0	0	0	0	0	1	2
Utah	0	0	0	2	0	0	0	0	0	0	0	0	2
Virginia	0	0	0	1	0	0	0	0	0	0	0	1	2
West Virginia	0	0	0	0	0	0	0	0	0	0	1	0	1
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	51	0	0	0	0	8	0	5	3	67

2024				
IN-BOUND SOURCE	YTD 2024 TOTALS	REFERRAL TYPE	DESCRIPTION	YTD 2024 TOTALS
Call Center Calls	645	Complainant	Appraiser	16
Call Center Referrals			AMC	1
Email Referral	30		Bank, savings and loan, thrift, credit union, or other financial institution	7
Website Hits/Visits	5329		Mortgage broker, lender, or loan originator	9
Federal Agency Referrals	0		Settlement services provider	5
State Agency Referrals	298			123
MEMBER AGENCY REFERRALS			Consumer*	93
AGENCY	2024 TOTALS		Real Estate Agent	0
FRS	0		Attorney	0
OCC	0		Insurance Agent	0
FDIC	0		Federal Entity	1
NCUA	0		Blank/Undefined	29
CFPB	0	Complaint	USPAP	73
FTC	0		Appraisal Independence	41

2024				
IN-BOUND SOURCE	YTD 2024 TOTALS	REFERRAL TYPE	DESCRIPTION	YTD 2024 TOTALS
FHFA	0	Complaint Against	Appraiser	34
*Consumer consists of the following self-identified categories: Property Owner, Homeowner, Buyer, Borrower, Seller and Loan Applicant.			AMC	12
			Bank, savings and loan, thrift, credit union, or other financial institution	5
			Mortgage broker, lender, or loan originator	7
			Settlement services provider	11
			Other	4
		Property Type	1-4 Unit Residential	259
			Commercial	24
			No Property	15
		Federal Loan Type	FHA	61
			VA	25
			USDA	7
			None	205

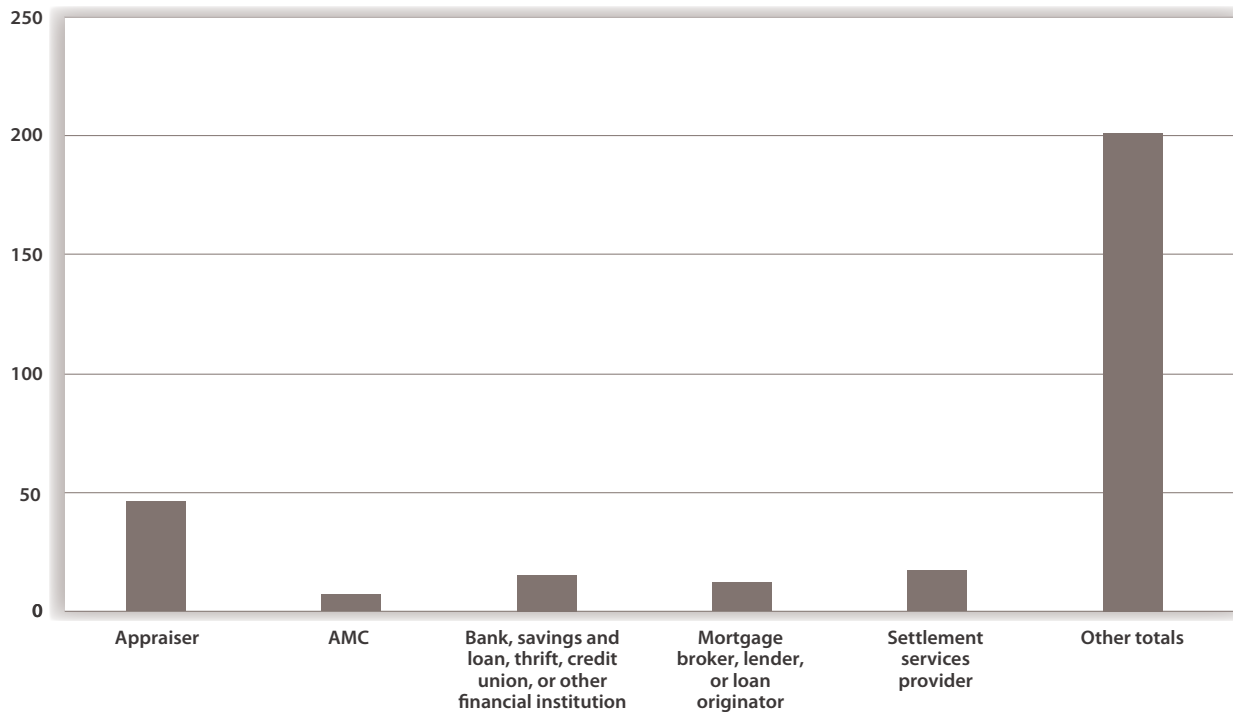
Federal Agency Referrals

2024



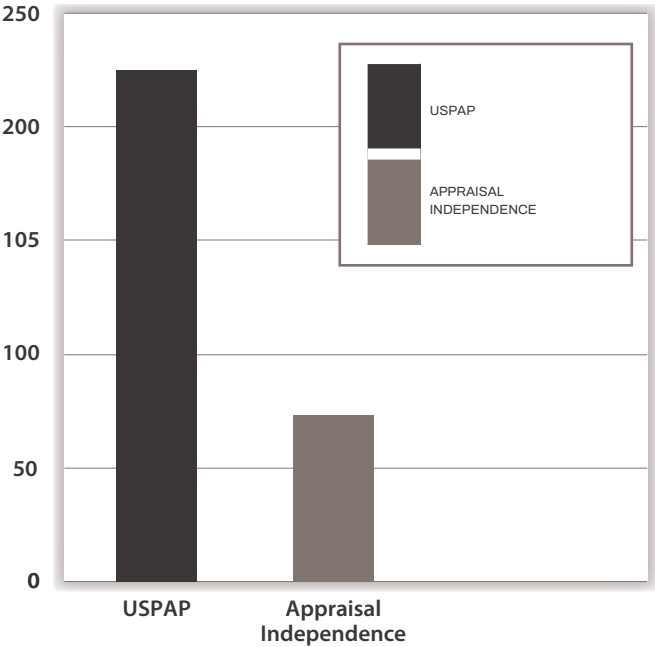
Complainant Type

2024



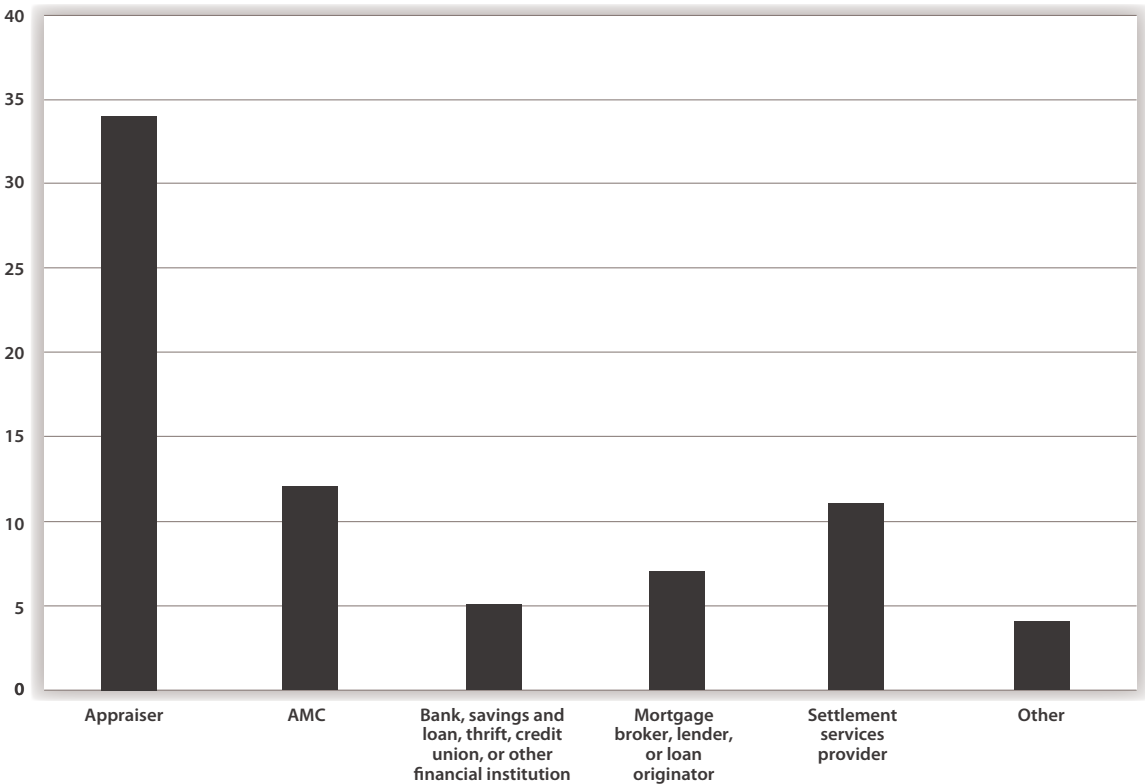
Complaint Type

2024



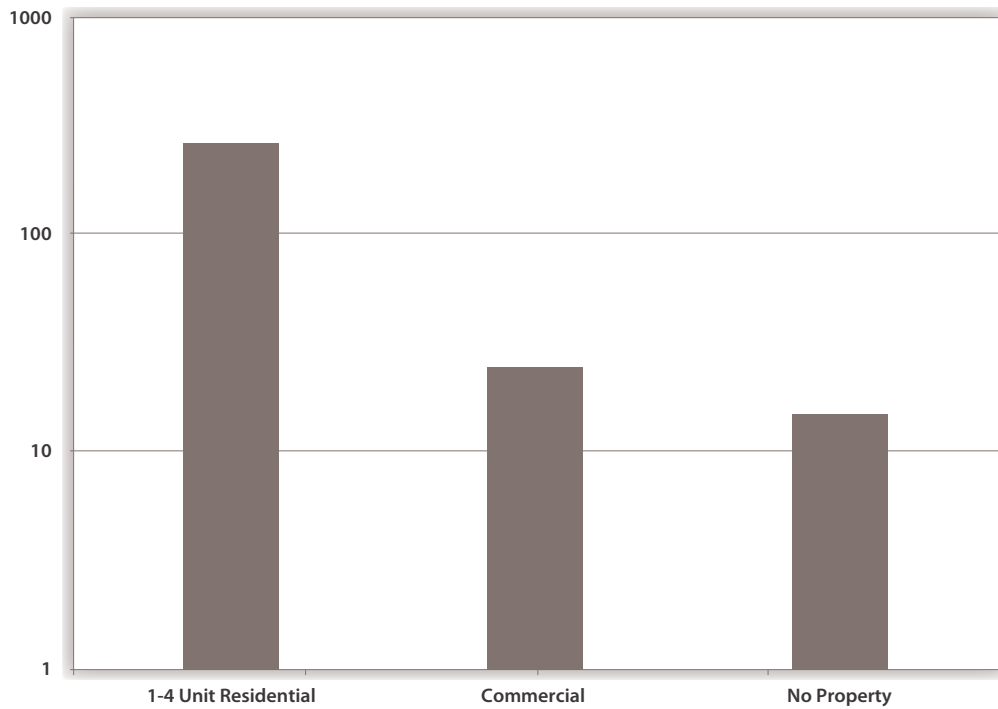
Complaint Against

2024



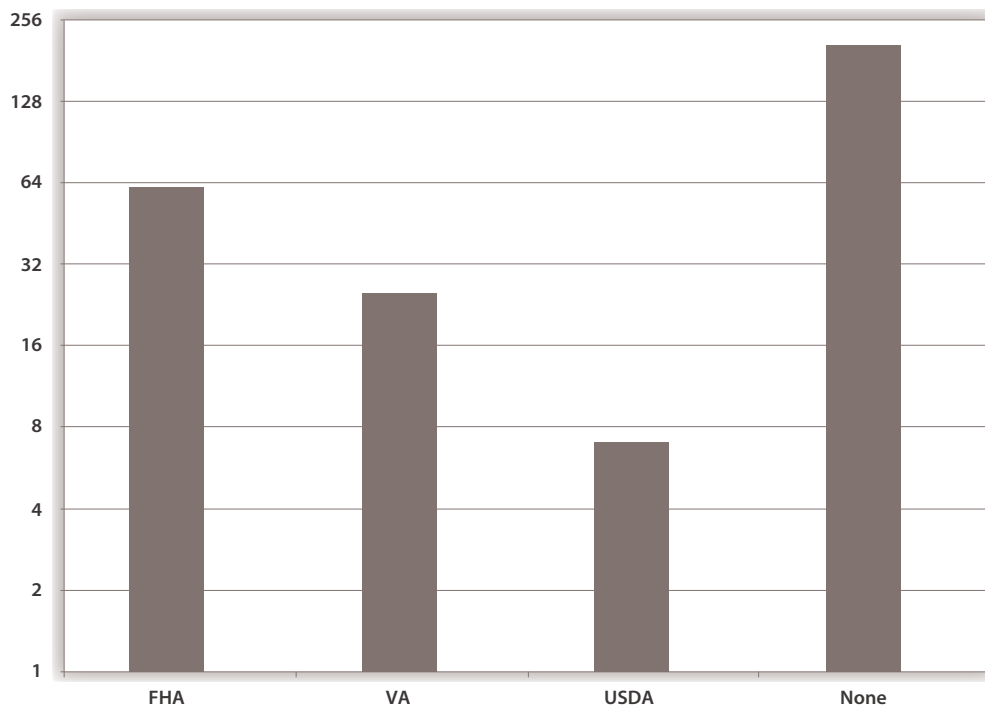
Property Type

YTD 2024



Federal Loan Type

YTD 2024



COMPLAINANT	AGENCY					
	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Appraiser	1	0	1	5	9	16
Appraisal Management Company	0	0	1	1	0	2
Business Property Owner	2	0	1	0	0	3
Financial Institution Lender	0	0	0	0	2	2
Individual Property Owner	17	1	12	14	166	0
Mortgage Broker	0	0	0	0	1	0
Non-Financial Institution Lender	0	0	0	0	0	0
Other	0	0	2	0	15	0
COMPLAINT AGAINST	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Appraiser	9	1	5	5	55	75
Appraisal Management Company	2	0	0	0	17	19
Lender	15	0	14	13	107	149
Other	2	0	3	2	14	0
COMPLAINT TYPE	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Non-Compliance with USPAP	8	1	3	2	115	0
Appraisal Independence	4	0	1	0	34	0
Other	8	0	14	18	44	84

**Unofficial ASC staff version of Title XI
Title XI of FIRREA Real Estate Appraisal
Reform [12 U.S.C. 3331-3356] as
amended by the Dodd-Frank Act and the
Economic Growth, Regulatory Relief and
Consumer Protection 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—

(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;

(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;
- (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
- (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 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.

(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];
- (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.

§ 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;

- (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) *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 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, 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, 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.

(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.* 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 to support the 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 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

[12 U.S.C. 3353]

(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.

[12 U.S.C. 3354]

(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

[12 U.S.C. 3355]

(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).

§ 1127. Exemption From Appraisals of Real Estate Located in Rural Areas

[12 U.S.C. 3356]

(a) *Definitions.* In this section—

- (1) the term ‘mortgage originator’ has the meaning given the term in section 103 of the Truth in Lending Act (15 U.S.C. 1602); and
- (2) the term ‘transaction value’ means the amount of a loan or extension of credit, including a loan or extension of credit that is part of a pool of loans or extensions of credit.

(b) *Appraisal Not Required.* Except as provided in subsection (d), notwithstanding any other provision of law, an appraisal in connection with a federally related transaction involving real property or an interest in real property is not required if—

- (1) the real property or interest in real property is located in a rural area, as described in section 1026.35(b)(2)(iv)(A) of title 12, Code of Federal Regulations;
- (2) not later than 3 days after the date on which the Closing Disclosure Form, made in accordance with the final rule of the Bureau of Consumer Financial Protection entitled ‘Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)’ (78 Fed. Reg. 79730 (December 31, 2013)), relating to the federally related transaction is given to the consumer, the mortgage originator or its agent, directly or indirectly—

- (A) has contacted not fewer than 3 State certified appraisers or State licensed appraisers, as applicable, on the mortgage originator’s approved appraiser list in the market area in accordance with part 226 of title 12, Code of Federal Regulations; and

(B) has documented that no State certified appraiser or State licensed appraiser, as applicable, was available within 5 business days beyond customary and reasonable fee and timeliness standards for comparable appraisal assignments, as documented by the mortgage originator or its agent;

(3) the transaction value is less than \$400,000; and

(4) the mortgage originator is subject to oversight by a Federal financial institutions regulatory agency.

(c) *Sale, Assignment, or Transfer.* A mortgage originator that makes a loan without an appraisal under the terms of subsection (b) shall not sell, assign, or otherwise transfer legal title to the loan unless—

(1) the loan is sold, assigned, or otherwise transferred to another person by reason of the bankruptcy or failure of the mortgage originator;

(2) the loan is sold, assigned, or otherwise transferred to another person regulated by a Federal financial institutions regulatory agency, so long as the loan is retained in portfolio by the person;

(3) the sale, assignment, or transfer is pursuant to a merger of the mortgage originator with another person or the acquisition of the mortgage originator by another person or of another person by the mortgage originator; or

(4) the sale, loan, or transfer is to a wholly owned subsidiary of the mortgage originator, provided that, after the sale, assignment, or transfer, the loan is considered to be an asset of the mortgage originator for regulatory accounting purposes.

(d) *Exception.* Subsection (b) shall not apply if—

(1) a Federal financial institutions regulatory agency requires an appraisal under section 225.63(c), 323.3(c), 34.43(c), or 722.3(e) of title 12, Code of Federal Regulations; or

(2) the loan is a high-cost mortgage, as defined in section 103 of the Truth in Lending Act (15 U.S.C. 1602).

(e) *Anti-Evasion.* Each Federal financial institutions regulatory agency shall ensure that any mortgage originator that the Federal financial institutions regulatory agency oversees that makes a significant amount of loans under subsection (b) is complying with the requirements of subsection (b) (2) with respect to each loan.

Department of Housing and Urban Development Reform Act of 1989

§ 142 FHA Operations

[12 U.S.C. § 1708(g)]

(a) Appraisal standards.

(1) The Secretary shall prescribe standards for the appraisal of all property to be insured by the Federal Housing Administration. Such appraisals shall be performed in accordance with uniform standards, by individuals who have demonstrated competence and whose professional conduct is subject to effective supervision. These standards shall require at a minimum—

(A) that the appraisals of properties to be insured by the Federal Housing Administration shall be performed in accordance with generally accepted appraisal standards promulgated by the Appraisal Foundation a not-for-profit corporation established on November 30, 1987 under the laws of Illinois; and

(B) that each appraisal is a written statement used in connection with a real estate 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.

(2) The Appraisal Subcommittee of the Federal Financial Institutions Examination Council shall include the Secretary or his designee.

Appraisal Subcommittee

Federal Financial Institutions Examination Council

POLICY STATEMENTS

(Revised – March 2018)

Requirements and Guidance to

State Appraiser Certifying and Licensing Agencies

For Compliance with Title XI

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Introduction and Purpose

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 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 States² for certification and licensing of appraisers qualified to perform appraisals in connection with federally related transactions.³ Title XI as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act)⁴ expanded the ASC's core functions to include monitoring of the requirements established by States that elect to register and supervise the operations and activities of appraisal management companies⁵ (AMCs).⁶

The ASC performs periodic Compliance Reviews⁷ of each State appraiser regulatory program (Appraiser Program) to determine compliance or lack thereof with Title XI, and to assess implementation of minimum requirements for credentialing of appraisers as adopted by the Appraiser Qualifications Board (*The Real Property Appraiser Qualification Criteria* or AQB Criteria). As a result of the Dodd-Frank Act amendments to Title XI, States with an AMC regulatory program (AMC Program)

will be evaluated during the Compliance Review to determine compliance or lack thereof with Title XI, and to assess implementation of the minimum requirements for State registration and supervision of AMCs as established by the AMC Rule.⁸

The ASC is issuing these revised Policy Statements⁹ in three parts to provide States with the necessary information to maintain their Appraiser Programs and AMC Programs in compliance with Title XI:

Part A, *Appraiser Program* – Policy Statements 1 through 7 correspond with the categories that are: (a) evaluated during the Appraiser Program Compliance Review; and (b) included in the *ASC's Compliance Review Report of the Appraiser Program*.

Part B, *AMC Program* – Policy Statements 8 through 10 correspond with the categories that are: (a) evaluated during the AMC Program Compliance Review; and (b) included in the *ASC's Compliance Review Report of the AMC Program*.

Part C, *Interim Sanctions* – Policy Statement 12 sets forth required procedures in the event that interim sanctions are imposed against a State by the ASC for non-compliance in either the Appraiser Program or the AMC Program.

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, Bureau of Consumer Financial Protection, 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 Pub. L. 111-203, 124 Stat. 1376.

⁵ Title XI § 1103 (a)(1)(B), 12 U.S.C. § 3332.

⁶ See Appendix B, Glossary of Terms, for the definition of "appraisal management company" or AMC.

⁷ See Appendix A, Compliance Review Process.

⁸ The Dodd-Frank Act required the Office of the Comptroller of the Currency; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; National Credit Union Administration; Bureau of Consumer Financial Protection; and Federal Housing Finance Agency to establish, by rule, minimum requirements to be imposed by a participating State appraiser certifying and licensing agency on AMCs doing business in the State. (Title XI § 1124 (a), 12 U.S.C. 3353(a)). Those rules were finalized and published on June 9, 2015, at 80 Federal Register 32658 with an effective date of August 10, 2015. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 – 323.14; 12 CFR 1222.20 – 1222.26.)

⁹ These Policy Statements, adopted February 14, 2018, supersede all previous Policy Statements adopted by the ASC.

PART A: APPRAISER PROGRAM

POLICY STATEMENT 1

Statutes, Regulations, Policies and Procedures Governing

State Appraiser 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.¹⁰ The ASC recognizes that each State may have legal, fiscal, regulatory or other factors that may influence the structure and organization of its Appraiser Program. Therefore, a State has flexibility to structure its Appraiser 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 board¹¹ 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, Appraiser 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 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 Appraiser 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 an Appraiser Program's effectiveness, including the adequacy of State boards, committees, or commissions responsible for carrying out Title XI-related duties.

C. Minimum Criteria

Title XI requires States to adopt and/or implement all relevant AQB Criteria. Requirements established by a State for certified residential or certified general appraisers, as well as requirements established for licensed appraisers, trainee appraisers and supervisory appraisers must meet or exceed applicable AQB Criteria.

D. Federally Recognized Appraiser Classifications

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.

State Licensed Appraisers

"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. The permitted scope of practice and designation for State licensed appraisers must be consistent with State and Federal laws, including regulations and supplementary guidance.

Trainee Appraisers

"Trainee appraisers" means those individuals who have satisfied the requirements for credentialing in a State whose criteria for

¹⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹¹ See Appendix B, *Glossary of Terms*, for the definition of "State board."

credentialing meet or exceed the applicable minimum AQB Criteria. Any minimum qualification requirements established by a State for individuals in the position of “trainee appraiser” or “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. The permitted scope of practice and designation for trainee 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 trainee, State licensed, certified residential or certified general 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 designations¹² 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.¹³ States that have incorporated USPAP into State law should ensure that statutes or regulations are updated timely to adopt the current version of USPAP, or if State law allows, automatically

incorporate the latest version of USPAP as it becomes effective. 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.

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.

G. Exemptions

Title XI and the Federal financial institutions regulatory agencies’ regulations specifically require the use of State certified or licensed appraisers in connection with the appraisal of certain real estate-related financial transactions.¹⁴ 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

¹² See Appendix B, *Glossary of Terms*, for the definition of “non-federally recognized credentials or designations.”

¹³ See Appendix B, *Glossary of Terms* for the definition of “Uniform Standards of Professional Appraisal Practice.”

¹⁴ Title XI § 1112, 12 U.S.C. § 3341; Title XI § 1113, 12 U.S.C. § 3342; Title XI § 1114, 12 U.S.C. § 3343.

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.

H. ASC Staff Attendance at State Board Meetings

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 Appraiser Program. 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. States 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.

I. Summary of Requirements

1. States must require that appraisals be performed in accordance with the latest version of USPAP.¹⁵
2. States must, at a minimum, adopt and/or implement all relevant AQB Criteria.¹⁶
3. States must have policies, practices and procedures consistent with Title XI.¹⁷
4. States must have funding and staffing sufficient to carry out their Title XI-related duties.¹⁸
5. States must use proper designations and permitted scope of practice for certified

residential; certified general; licensed; and trainee classifications.¹⁹

6. State board members, and any persons in policy or decision-making positions, must perform their responsibilities consistent with Title XI.²⁰
7. States' certification and licensing requirements must meet the minimum requirements set forth in Title XI.²¹
8. State requirements for trainee appraisers and supervisory appraisers must meet or exceed the AQB Criteria.
9. State agencies must be granted adequate authority by the State to maintain an effective regulatory Appraiser Program in compliance with Title XI.²²

¹⁵ Title XI § 1101, 12 U.S.C. § 3331; Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

¹⁶ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347.

¹⁷ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹⁸ *Id.*; Title XI § 1118 (b), 12 U.S.C. § 3347.

¹⁹ 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*.

²⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

²¹ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345.

²² 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 assignment²³ for a federally related transaction. States are not, however, required to grant temporary practice permits to trainee appraisers. 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 does not impose “excessive fees or burdensome requirements,” as determined by the ASC.²⁴ Thus, a credentialed appraiser²⁵ 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 of Appraisers 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.²⁶ Adherence by State agencies to the following mandates and prohibitions will deter the imposition of excessive fees or burdensome requirements.

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 justifying delay or other action;
- c. issue temporary practice permits designating the permit’s effective date;
- 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 agency²⁷ in the case of disciplinary action concerning a temporary practitioner;
- f. allow at least one temporary practice permit extension through a streamlined process;
- g. track all temporary practice permits using a permit log which includes the name of the applicant, date application received, date completed application received, date of issuance, and date of expiration, if any (States are strongly encouraged to maintain this information in an electronic, sortable format); and
- h. maintain documentation sufficient to demonstrate compliance with this Policy Statement.

Host State agencies may not:

- a. limit the valid time period of a temporary practice permit to less than 6 months
(unless the applicant requests a specific end date and the applicant is allowed an extension if required to complete the assignment, the applicant’s credential is no longer in active status during that period of time);

²³ See Appendix B, *Glossary of Terms*, for the definition of “assignment.”

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

²⁵ See Appendix B, *Glossary of Terms*, for the definition of “credentialed appraisers.”

²⁶ Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

²⁷ See Appendix B, *Glossary of Terms*, for the definition of “home State agency.”

- b. limit an appraiser to one temporary practice permit per calendar year;²⁸
- c. charge a temporary practice permit fee exceeding \$250, including one extension fee;
- d. impose State appraiser qualification requirements for education, experience and/or exam upon temporary practitioners;
- 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.

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
- b. fail to consider and, if appropriate, take disciplinary action when one of its certified or licensed appraisers is disciplined by another State.

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.²⁹
- 2. States must adhere to mandates, prohibitions and documentation requirements as set forth above in Section B above, titled *Excessive Fees or Burdensome Requirements*.³⁰

²⁸ 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.

²⁹ Title XI § 1122 (a) (1), 12 U.S.C. § 3351.

³⁰ Title XI § 1122 (a) (2), 12 U.S.C. § 3351.

POLICY STATEMENT 3

National Registry of Appraisers (Appraiser Registry)

A. Requirements for the Appraiser 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.³¹ 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 ASC³² from individuals who have received certification or licensing. States must notify the ASC as soon as practicable if a credential holder listed on the Appraiser 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 licensed appraisers in active status on the Appraiser Registry are eligible to perform appraisals in connection with federally related transactions. Only those appraisers whose registry fees have been transmitted to the ASC will be eligible to be on the Appraiser Registry for the period subsequent to payment of the fee.

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 Appraiser Program must ensure that any potential user of that appraiser's services is aware that the appraiser is not eligible to perform appraisals for federally related transactions. The Appraiser 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 Appraiser Registry.

The ASC extranet application allows States to update their appraiser credential information directly to the Appraiser 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 Appraiser Registry entries. Designated State personnel are required to protect the right of access, and not share their User Name or Password with anyone. States 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 Appraiser Registry.

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 Appraiser 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 appraisers on the Appraiser Registry only for the number of years for which the ASC has received payment. Nonpayment by a State of an appraiser's registry fee may result in the status of that appraiser being listed as "inactive." States must reconcile and pay registry invoices in a timely manner (45 calendar days after the invoice date). 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 Appraiser Registry, for whatever the reason, renders an appraiser ineligible to perform appraisals in connection with federally related transactions.

³¹ Title XI § 1103 (a) (3), 12 U.S.C. § 3332.

³² 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.)

C. Access to Appraiser Registry Data

The ASC website provides free access to the public portion of the Appraiser Registry at www.asc.gov. The public portion of the Appraiser 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 must 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 Appraiser 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 Appraiser 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.

States must report all disciplinary action³³ taken against an appraiser to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.³⁴ States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.³⁵ 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 appraiser's status must be changed on the Appraiser 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.³⁶

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 invoices in a timely manner (45 calendar days after the invoice date).³⁷
2. States must report all disciplinary action taken against an appraiser to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.³⁸
3. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.³⁹
4. 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

³³ See Appendix B, *Glossary of Terms*, for the definition of "disciplinary action."

³⁴ *Id.*

³⁵ Title XI § 1118 (a), 12 U.S.C. § 3347.

³⁶ *Id.*

³⁷ Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338.

³⁸ *Id.*

³⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

appraiser’s status must be changed on the Appraiser 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.⁴⁰

5. 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.⁴¹
6. States must ensure that the authorization information provided to the ASC is updated and accurate.⁴²
7. States must adopt and implement a written policy to protect the right of access to the Appraiser Registry, as well as the ASC issued User Name and Password.⁴³
8. States must ensure the accuracy of all data submitted to the Appraiser Registry.⁴⁴
9. States must submit appraiser data (other than discipline) 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.⁴⁵
10. 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.⁴⁶

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *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 (certified, licensed, trainee and supervisory). 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.⁴⁷ Effective January 1, 2017, AQB Criteria also requires States to assess whether an applicant for a real property appraiser credential possesses a background that would not call into question public trust. The basis for such assessment shall be a matter left to the individual States, and must, at a minimum, be documented to the file.

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 calendar days after receipt of a completed application). Any delay in the processing of applications must be sufficiently documented in the file to explain the delay. States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria.

States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance, upgrade and renewal of a credential so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations. Documentation must include:

1. Application receipt date;
2. Education;
3. Experience;
4. Examination;
5. Continuing education; and

6. Any administrative or disciplinary action taken in connection with the application process, including results of any continuing education audit.

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.

States may not accept an affidavit for claimed qualifying education from applicants for any federally recognized credential.⁴⁸ States must maintain 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.

States may not accept an affidavit for continuing education claimed from applicants for reinstatement. Applicants for reinstatement must submit documentation to support claimed continuing education and States must maintain adequate documentation to support verification of claimed education.

2. Renewal Applications

⁴⁷ Includes applications for credentialing of trainee, licensed, certified residential or certified general classifications.

⁴⁸ 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 incremental amount of education required to move from the non-certified to the certified classification. This requirement applies to all federally recognized credentials.

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 selected from each federally recognized credential level 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.

b. Minimum Standards

- 1) Validation must include a prompt post-approval audit. Each audit of an affidavit for continuing education credit claimed must be completed within 60 business days from the date the credential is scheduled for renewal (based on the credential's expiration date). To ensure the audit is a statistically relevant representation, a sampling of credentials that were renewed after the scheduled expiration date and/or beyond the date the sample was selected, must also be audited to ensure that a credential holder may not avoid being selected for a continuing education audit by renewing early or late.
- 2) States must audit the continuing education-related affidavit for each credentialed appraiser selected in the sampling procedure.
- 3) States must determine that 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, and the appraiser has failed to complete any remedial action offered, 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 within five (5) business days after taking such action in order for the appraiser's record on the Appraiser Registry to be updated appropriately.
- 5) If a State determines that a renewal applicant knowingly falsely attested to completing the continuing education required by AQB Criteria, the State must take appropriate administrative and/or disciplinary action and report such action, if deemed to be discipline, to the ASC within five (5) business days.
- 6) If more than ten percent of the audited appraisers fail to meet the AQB Criteria, the State must take remedial action⁴⁹ 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.
- 7) In the case of a renewal being processed after the credential's expiration date, but within the State's allowed grace period for a late renewal, the State must establish a reliable process to audit affidavits for continuing education (e.g., requiring documentation of all continuing education).

⁴⁹ For example: a State may conduct an additional audit using a higher percentage of audited appraisers; or a State may publicly post action taken to sanction non-compliant appraisers to increase awareness in the appraiser community of the importance of compliance with continuing education requirements.

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.

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 any federally recognized credential.⁵⁰

1. Validation Required

States must implement a reliable validation procedure to verify that each applicant's experience meets AQB Criteria, including but not limited to, being USPAP compliant and containing the required number of hours and months.

2. Validation Procedures, Objectives and Requirements

a. Experience Hours Validation

States must determine the hours and time period claimed on the experience log are accurate. Appraiser Program staff or State board members must select the work product to validate the experience hours claimed; applicants may not have any role in this selection process.

b. USPAP Compliance

States must analyze a representative sample of the applicant's work product for compliance with USPAP. 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 be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.

c. Determination of Experience Time Periods

Experience time periods must conform to requirements set forth in the AQB Criteria for the credential sought.

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 to validate the experience hours claimed and each appraisal assignment analyzed by the State for USPAP compliance, 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

⁵⁰ See Policy Statement 1D and E for discussion of "federally recognized credential" and "non-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.

1. States must process applications in a consistent, equitable and well-documented manner.⁵¹
2. States must ensure appraiser credential applications submitted for processing do not contain invalid examinations as established by AQB Criteria.⁵²
3. States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance, upgrade or renewal of a credential so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.⁵³
6. States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure.⁵⁹
7. Audits of affidavits for continuing education credit claimed must be completed within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date).⁶⁰
8. In the case of a renewal being processed after the credential's expiration date, but within the State's allowed grace period for a late renewal, the State must establish a reliable process to audit affidavits for continuing education (e.g., requiring documentation of all continuing education).⁶¹

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.⁵⁴
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.⁵⁵
3. States must maintain adequate documentation to support verification.⁵⁶
4. States may not accept an affidavit for education claimed from applicants for any federally recognized credential.⁵⁷
5. States may not accept an affidavit for continuing education claimed from applicants for reinstatement.⁵⁸
9. 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.⁶²
10. States are required to take appropriate administrative and/or disciplinary action when it is determined that an applicant knowingly falsely attested to completing continuing education.⁶³
11. When a State determines that an appraiser's continuing education does not meet AQB Criteria, and the appraiser has failed to complete any remedial action offered, 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 within five (5) business days after taking

⁵¹ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵² Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁵³ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁶⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

such action in order for the appraiser's record on the Appraiser Registry to be updated appropriately.⁶⁴

Experience

1. States may not accept an affidavit for experience credit claimed from applicants for any federally recognized credential.⁶⁵
2. States must ensure that appraiser experience logs conform to AQB Criteria.⁶⁶
3. States must use a reliable means of validating appraiser experience claims on all initial or upgrade applications for appraiser credentialing.⁶⁷
4. States must select the work product to validate the experience hours claimed on all initial or upgrade applications for appraiser credentialing.⁶⁸
5. States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing.⁶⁹
6. States must exercise due diligence in determining whether submitted documentation of experience or work product demonstrates compliance with USPAP on all initial or upgrade applications for appraiser credentialing.⁷⁰
7. Persons analyzing work product for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.⁷¹
8. Experience time periods must conform to requirements set forth in the AQB Criteria for the credential sought.⁷²

Examination

1. States must ensure that an appropriate AQB-approved qualifying examination is administered for each of the federally recognized credentials requiring an examination.⁷³

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁶⁷ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶⁸ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*

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

⁷³ *Id.*

POLICY STATEMENT 5

Reciprocity

A. Reciprocity Policy

Title XI contemplates the reasonably free movement of certified and licensed appraisers across State lines. The ASC monitors Appraiser Programs for compliance with the reciprocity provision of Title XI as amended by the Dodd-Frank Act.⁷⁴ 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 State⁷⁵ meet or exceed those of the reciprocal credentialing State (Reciprocal State).⁷⁶

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 obtaining reciprocal credentials.

For purposes of implementing the reciprocity policy, States with an ASC Finding⁷⁷ 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."

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).

Example 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.

Example 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.

Example 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

⁷⁴ Title XI § 1122 (b), 12 U.S.C. § 3351.

⁷⁵ As they exist at the time of application for reciprocal credential.

⁷⁶ *Id.*

⁷⁷ See Appendix A, *Compliance Review Process*, for an explanation of ASC Findings.

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.⁷⁸

D. Well-Documented Application Files

States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.

E. Summary of Requirements

1. States 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 in order for the State's appraisers to be eligible to perform appraisals for federally related transactions.⁷⁹
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.⁸⁰
3. States must obtain and maintain sufficient relevant documentation pertaining to an application for issuance of a credential by reciprocity so as to enable understanding of the facts and determinations in the matter and the reasons for those determinations.⁸¹

⁷⁸ 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.

⁷⁹ Title XI § 1122 (b), 12 U.S.C. § 3351.

⁸⁰ *Id.*

⁸¹ Title XI § 1118 (a), 12 U.S.C. § 3347.

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 may not continue to accept AQB approved courses after the AQB's expiration date unless the course content is reviewed and approved by the State.

States should ensure that educational providers are afforded equal treatment in all respects.⁸²

States are encouraged 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, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery.

States may not continue to accept courses after the AQB-approved organization's approval of course design and delivery date has expired.

C. Summary of Requirements

1. States must ensure that appraiser education courses are consistent with AQB Criteria.⁸³
2. States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.⁸⁴
3. States must ensure the delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery.⁸⁵

⁸² 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.

⁸³ Title XI § 1118 (a), 12 U.S.C. § 3347; AQB *Real Property Appraiser Qualification Criteria*.

⁸⁴ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁸⁵ 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.⁸⁶

B. Enforcement Process

States must ensure that the system for processing and investigating complaints⁸⁷ 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.⁸⁸ 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 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 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 be able to 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 solely on a State’s statute of limitations that results in dismissal of a complaint without the investigation of the merits of the complaint is inconsistent with the Title XI requirement that States assure effective supervision of the activities of credentialed appraisers.⁸⁹

3. Consistent and Equitable Enforcement

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

4. Well-Documented Enforcement

States must obtain and maintain sufficient relevant documentation pertaining to a matter so as to enable understanding of the facts and

⁸⁶ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁸⁷ See Appendix B, *Glossary of Terms*, for the definition of “complaint.”

⁸⁸ The one-year period for resolution of complaints is not intended to have the impact of a statute of limitation or statute of repose.

⁸⁹ Title XI § 1117, 12 U.S.C. § 3346.

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 any USPAP violations are identified and considered, whether or not they were the subject of the complaint;
- 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, AMC, bank regulator, appraiser, hotline) or name of complainant
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.⁹⁰
2. States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date, except for special documented circumstances.⁹¹
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.⁹²
4. States must track complaints of alleged appraiser misconduct or wrongdoing using a complaint log.⁹³
5. States must appropriately document enforcement files and include rationale.⁹⁴
6. States must regulate, supervise and discipline their credentialed appraisers.⁹⁵

⁹⁰ Title XI § 1118 (a), 12 U.S.C. § 3347.

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.*

7. Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must be able to document how such persons are so qualified.⁹⁶

⁹⁶ *Id.*

PART B: AMC PROGRAM

POLICY STATEMENT 8

Statutes, Regulations, Policies and Procedures Governing State AMC Programs

A. Participating States and ASC Oversight

States are not required to establish an AMC registration and supervision program. For those States electing to participate in the registration and supervision of AMCs (participating States), ASC staff will informally monitor the State's progress to implement the requirements of Title XI and the AMC Rule.⁹⁷ Formal ASC oversight of State AMC Programs will begin at the next regularly scheduled Compliance Review of a State after a State elects to register and supervise AMCs pursuant to the AMC Rule. Formal ASC oversight will consist of evaluating AMC Programs in participating States during the Compliance Review process to determine compliance or lack thereof with Title XI, and to assess implementation of the minimum requirements for State registration and supervision of AMCs as established by the AMC Rule. Upon expiration of the statutory implementation period (see Policy Statement 11, *Statutory Implementation Period*), Compliance Reviews will include ASC oversight of AMC Programs for any participating State.

B. Relation to State Law

Participating States may establish requirements in addition to those in the AMC Rule.

Participating States may also have a more expansive definition of AMCs.⁹⁸ However, if a participating State has a more expansive definition of AMCs than in Title XI (thereby encompassing State regulation of AMCs that are not within the Title XI definition of AMC), the State must ensure

such AMCs are identified as such in the State database, just as States currently do for non-federally recognized credentials or designations. Only those AMCs that meet the Federal definition of AMC will be eligible to be on the AMC Registry.

C. Funding and Staffing

The Dodd-Frank Act amended Title XI to require the ASC to determine whether participating States have sufficient funding and staffing to meet their Title XI requirements. Compliance with this provision requires that a State must provide its AMC 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 an AMC Program's effectiveness, including the adequacy of State boards, committees, or commissions responsible for carrying out Title XI-related duties.

D. Minimum Requirements for Registration and Supervision of AMCs as Established by the AMC Rule

1. AMC Registration and Supervision

If a State chooses to participate in the registration and supervision of AMCs in accordance with the AMC Rule, the State will be required to comply with the minimum requirements set forth in the AMC Rule. States should refer to the AMC Rule for compliance requirements⁹⁹ as this Policy Statement merely summarizes what the AMC Rule requires of participating States.

- (a) The AMC Rule includes requirements for participating States to establish and maintain within the State appraiser certifying and licensing agency an AMC

⁹⁷ Title XI § 1103 (a)(1)(B), 12 U.S.C. § 3332. AMC Rule means the interagency final rule on minimum requirements for State registration and supervision of AMCs (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 – 323.14; 12 CFR 1222.20 – 1222.26.

⁹⁸ Title XI as amended by the Dodd-Frank Act defines "appraisal management company" to mean, in part, an external third party that oversees a network or panel of more than 15 appraisers (State certified or licensed) in a State, or 25 or more appraisers nationally (two or more States) within a given year. (12 U.S.C. 3350(11)). Title XI as amended by the Dodd-Frank Act also allows States to adopt requirements in addition to those in the AMC Rule. (12 U.S.C. 3353(b)). For example, States may decide to supervise entities that provide appraisal management services, but do not meet the size thresholds of the Title XI definition of AMC. If a State has a more expansive regulatory framework that covers entities that provide appraisal management services but do not meet the Title XI definition of AMC, the State should only submit information regarding AMCs meeting the Title XI definition to the AMC Registry.

⁹⁹ See footnote 97.

Program with the legal authority and mechanisms to:

- (1) Review and approve or deny AMC initial registration applications and/or renewals for registration;
 - (2) Examine records of AMCs and require AMCs to submit information;
 - (3) Verify that appraisers on AMCs' panels hold valid State credentials;
 - (4) Conduct investigations of AMCs to assess potential violations of appraisal-related laws, regulations, or orders;
 - (5) Discipline, suspend, terminate, or deny renewal of the registration of an AMC that violates appraisal-related laws, regulations, or orders; and
 - (6) Report an AMC's violation of appraisal-related laws, regulations, or orders, as well as disciplinary and enforcement actions and other relevant information about an AMC's operations, to the ASC.
- (b) The AMC Rule includes requirements for participating States to impose requirements on AMCs that are not Federally regulated AMCs¹⁰⁰ to:
- (1) Register with and be subject to supervision by the State appraiser certifying and licensing agency;
 - (2) Engage only State-certified or State-licensed appraisers for federally related transactions in conformity with any federally related transaction regulations;
 - (3) Establish and comply with processes and controls reasonably designed to ensure that the AMC, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite education, expertise, and experience necessary

to competently complete the appraisal assignment for the particular market and property type;

- (4) Direct the appraiser to perform the assignment in accordance with USPAP; and
- (5) Establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with the requirements of section 129E(a) through (i) of the Truth in Lending Act, 15 U.S.C. 1639e(a) through (i), and regulations thereunder.

2. Ownership Limitations for State-registered AMCs

A. Appraiser certification or licensing of Owners

An AMC subject to State registration shall not be registered by a State or included on the AMC Registry if such AMC, 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 for a substantive cause,¹⁰¹ as determined by the State appraiser certifying and licensing agency. A State's process for review could, for example, be by questionnaire, or affidavit, or background screening, or otherwise. States must document to the file the State's method of review and the result.

B. Good Moral Character of Owners

An AMC shall not be registered by a State if any person that owns more than 10 percent of the AMC—

- (1) Is determined by the State not to have good moral character; or
- (2) Fails to submit to a background investigation carried out by the State.

¹⁰⁰ "Federally regulated AMCs," meaning AMCs that are subsidiaries owned and controlled by an insured depository institution or an insured credit union and regulated by a Federal financial institutions regulatory agency, are not required to register with the State (Title XI § 1124 (c), 12 U.S.C. § 3353(c)).

¹⁰¹ An AMC subject to State registration is not barred from being registered by a State or included on the AMC Registry of AMCs if the license or certificate of the appraiser with an ownership interest was not revoked for a substantive cause and has been reinstated by the State or States in which the appraiser was licensed or certified. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 – 323.14; 12 CFR 1222.20 – 1222.26.)

A State's process for review could, for example, be by questionnaire, or affidavit, or background screening, or otherwise. The ASC would expect written documentation of the State's method of review and the result.

3. Requirements for Federally Regulated AMCs

Participating States are not required to identify Federally regulated AMCs¹⁰² operating in their States, but rather the Federal financial institution regulatory agencies are responsible for requiring such AMCs to identify themselves to participating States and report required information.

A Federally regulated AMC shall not be included on the AMC Registry if such AMC, 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 for a substantive cause, as determined by the ASC.

E. Summary of Requirements

1. Participating States must establish and maintain an AMC Program with the legal authority and mechanisms consistent with the AMC Rule.¹⁰³
2. Participating States must impose requirements on AMCs consistent with the AMC Rule.¹⁰⁴
3. Participating States must enforce and document ownership limitations for State-registered AMCs.¹⁰⁵
4. Only those AMCs that meet the Federal definition of AMC will be eligible to be on the AMC Registry. Therefore, participating States that have a more expansive definition of AMCs than in the AMC Rule must ensure such non-Federally recognized AMCs are identified as such in the State database.¹⁰⁶
5. States must have funding and staffing sufficient to carry out their Title XI-related duties.¹⁰⁷

¹⁰² See footnote 97.

¹⁰³ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 – 323.14; 12 CFR 1222.20 – 1222.26.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ Title XI § 1118 (b), 12 U.S.C. § 3347.

¹⁰⁷ *Id.*

POLICY STATEMENT 9

National Registry of AMCs (AMC Registry)

A. Requirements for the AMC Registry

Title XI requires the ASC to maintain the AMC Registry of AMCs that are either registered with and subject to supervision of a participating State or are operating subsidiaries of a Federally regulated financial institution.¹⁰⁸ Title XI further requires the States to transmit to the ASC: (1) reports on a timely basis of supervisory activities involving AMCs, including investigations resulting in disciplinary action being taken; and (2) the registry fee as set by the ASC¹⁰⁹ from AMCs that are either registered with a participating State or are Federally regulated AMCs.¹¹⁰

As with appraiser registry fees, Title XI, § 1109(a) (4)(b) requires the AMC registry fee to be collected by each participating State and transmitted to the ASC. Therefore, as with appraisers, an AMC will pay a registry fee in each participating State in which the AMC operates. As with appraisers, an AMC operating in multiple participating States will pay a registry fee in multiple States in order to be on the AMC Registry for each State.

States must notify the ASC as soon as practicable if an AMC listed on the AMC Registry is no longer registered with or operating in the State. The ASC extranet application allows States to update their AMC information directly to the AMC Registry.

B. Registry Fee and Invoicing Policies

Each State must remit to the ASC the annual registry fee, as set by the ASC, for AMCs to be listed on the AMC Registry. Requests to prorate refunds or partial-year registrations will not be granted. If a State collects multiple-year fees for multiple-years, 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 AMCs on the AMC Registry only for the number of years for which the ASC has received payment. States must reconcile and pay registry invoices in a timely

manner (45 calendar days after receipt of the invoice).

C. Reporting Requirements

State agencies must report all disciplinary action¹¹¹ taken against an AMC to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement. For the most serious disciplinary actions (*e.g.*, any action that interrupts an AMCs ability to provide appraisal management services), the AMCs status must be changed on the AMC Registry to “inactive.” A Federally regulated AMC operating in a State must report to the State the information required to be submitted by the State to the ASC, pursuant to the ASC’s policies regarding the determination of the AMC registry fee.

D. Access to AMC Registry Data

The ASC website provides free access to the public portion of the AMC Registry at www.asc.gov. The public portion of the AMC 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 must ensure that the authorization information provided to the ASC is updated and accurate. States must adopt and implement a written policy to protect the right of access, as well as the ASC issued User Name and Password.

¹⁰⁸ Title XI § 1103 (a) (6), 12 U.S.C. § 3332.

¹⁰⁹ Title XI § 1109 (a) (4), 12 U.S.C. § 3338.

¹¹⁰ Title XI § 1109 (a) (3) and (4), 12 U.S.C. § 3338.

¹¹¹ See Appendix B, *Glossary of Terms*, for the definition of “disciplinary action.”

E. Summary of Requirements

1. States must reconcile and pay registry invoices in a timely manner (45 calendar days after receipt of the invoice).¹¹²
2. State agencies must report all disciplinary action taken against an AMC to the ASC via the extranet application within 5 business days after the disciplinary action is final, as determined by State law.¹¹³
3. States not reporting via the extranet application must provide, in writing to the ASC, a description of the circumstances preventing compliance with this requirement.¹¹⁴
4. For the most serious disciplinary actions (*e.g.*, any action that interrupts an AMC's ability to provide appraisal management services), the AMC's status must be changed on the AMC Registry to "inactive."¹¹⁵
5. States must notify the ASC as soon as practicable if an AMC listed on the AMC Registry is no longer registered with or operating in the State.
6. 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.¹¹⁶
7. States must adopt and implement a written policy to protect the right of access to the AMC Registry, as well as the ASC issued User Name and Password.¹¹⁷
8. States must ensure the accuracy of all data submitted to the AMC Registry.¹¹⁸

¹¹² Title XI § 1118 (a), 12 U.S.C. § 3347; Title XI § 1109 (a), 12 U.S.C. § 3338.

¹¹³ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

POLICY STATEMENT 10

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 AMCs and maintains an effective regulatory program.¹¹⁹

B. Enforcement Process

States must ensure that the system for processing and investigating complaints¹²⁰ and sanctioning AMCs is administered in a timely, effective, consistent, equitable, and well-documented¹²¹ manner.

1. Timely Enforcement

States must process complaints against AMCs in a timely manner to ensure effective supervision of AMCs. 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 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 complaints, and if allegations are proven, take appropriate disciplinary or remedial action.

3. Consistent and Equitable Enforcement

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

4. Well-Documented Enforcement

States must 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;
- 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 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

¹¹⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹²⁰ See Appendix B, *Glossary of Terms*, for the definition of “complaint.”

¹²¹ See Appendix B, *Glossary of Terms*, for the definition of “well-documented.”

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, AMC, bank regulator, appraiser, hotline) or name of complainant
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 AMC Program or Court of Appeals)
7. Method of disposition (e.g., dismissal, letter of warning, consent order, final order)

4. States must track complaints of alleged AMC misconduct or wrongdoing using a complaint log.¹²⁵
5. States must appropriately document enforcement files and include rationale.¹²⁶

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.¹²²
2. States must resolve all complaints filed against AMCs within one year (12 months) of the complaint filing date, except for special documented circumstances.¹²³
3. States must ensure that the system for processing and investigating complaints and sanctioning AMCs is administered in an effective, consistent, equitable, and well-documented manner.¹²⁴

¹²² Title XI § 1118 (a), 12 U.S.C. § 3347.

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ *Id.*

POLICY STATEMENT 11

Statutory Implementation Period

Title XI and the AMC Rule set forth the statutory implementation period.¹²⁷ The AMC Rule was effective on August 10, 2015. As of 36 months from that date (August 10, 2018), an AMC may not provide appraisal management services for a federally related transaction in a non-participating State unless the AMC is a Federally regulated AMC. Appraisal management services may still be provided for federally related transactions in non-participating States by individual appraisers, by AMCs that are below the minimum statutory panel size threshold, and as noted, by Federally regulated AMCs.

The ASC, with the approval of the Federal Financial Institutions Examination Council (FFIEC), may extend this statutory implementation period for an additional 12 months if the ASC makes a finding that a State has made substantial progress toward implementing a registration and supervision program for AMCs that meets the standards of Title XI.¹²⁸

¹²⁷ Title XI § 1124 (f)(1), 12 U.S.C. § 3353 and 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26.

¹²⁸ Title XI § 1124 (f)(2), 12 U.S.C. § 3353.

PART C: INTERIM SANCTIONS

POLICY STATEMENT 12

Interim Sanctions

A. Authority

Title XI grants the ASC authority to impose sanctions on a State that fails to have an effective Appraiser or AMC Program.¹²⁹ The ASC may remove a State credentialed appraiser or a registered AMC from the Appraiser or AMC Registry on an interim basis, not to exceed 90 days, pending State agency action on licensing, certification, registration and disciplinary proceedings as an alternative to or in advance of a non-recognition proceeding.¹³⁰ In determining whether an Appraiser or AMC Program is effective, the ASC shall conduct an analysis as required by Title XI. An ASC Finding of Poor on the Compliance Review Report¹³¹ issued to a State at the conclusion of an ASC Compliance Review may trigger an analysis by the ASC for potential interim sanction(s). 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 Title XI of the State's licensing and certification of appraisers, the registration of AMCs, the issuance of temporary licenses and certifications for appraisers, the receiving and tracking of submitted complaints against appraisers and AMCs, the investigation of complaints, and enforcement actions against appraisers and AMCs.¹³² 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

¹²⁹ Title XI § 1118 (a), 12 U.S.C. § 3347.

¹³⁰ *Id.*

¹³¹ See Appendix A – Compliance Review Process.

¹³² Title XI § 1118 (a), 12 U.S.C. § 3347.

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 Meeting¹³³ 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 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.¹³⁴

¹³³ 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.

¹³⁴ 5 U.S.C. § 703 - *Form and venue of proceeding*.

APPENDICES

Appendix A – Compliance Review Process

The ASC monitors State Appraiser and AMC Programs for compliance with Title XI. The monitoring of State Programs 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 Appraiser Program and the seven compliance areas addressed in Policy Statements 1 through 7. ASC staff reviews a participating State’s AMC Program and the three compliance areas addressed in Policy Statements 8 through 10. 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 compliance areas. The sampling is intended to be representative of a State Program in its entirety.

Based on the Review, ASC staff provides the State with an ASC staff report for the Appraiser Program, and if applicable, an ASC staff report for the AMC Program, detailing preliminary findings. The State is given 60 days to respond to the ASC staff report(s). At the conclusion of the Review, a Compliance Review Report (Report) is issued to the State for the Appraiser Program, and if applicable, a Report is also issued for the AMC Program, with the ASC Finding on each Program’s overall compliance, or lack thereof, with Title XI. Deficiencies resulting in non-compliance in any of the compliance areas are cited in the Report. “Areas of Concern” 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.

ASC FINDING	RATING CRITERIA	REVIEW CYCLE (PROGRAM HISTORY OR NATURE OF DEFICIENCY MAY WARRANT A MORE ACCELERATED REVIEW CYCLE.)
Excellent	<ul style="list-style-type: none"> • 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 	Two-year
Good	<ul style="list-style-type: none"> • 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 	Two-year
Needs Improvement	<ul style="list-style-type: none"> • 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 	Two-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • 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 	One-year
Poor ¹³⁵	<ul style="list-style-type: none"> • 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

¹³⁵ An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 12, *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 Appraiser 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

Appraisal management company (AMC):

Refers to, 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.

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 or appraiser applicant, for allegations of unlicensed appraisal activity, or complaints

involving AMCs. A complaint may be in the form of a referral, letter of inquiry, or other document alleging 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 or registration
- b. suspension of credential or registration
- c. written consent agreements, orders or reprimands
- d. probation or any other restriction on the use of a credential
- e. fine
- f. voluntary surrender¹³⁶
- 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

¹³⁶ A voluntary surrender that is not deemed disciplinary by State law or regulation, or is not related to any disciplinary process need not be reported as discipline provided the individual's Appraiser Registry record is updated to show the credential is inactive.

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 trainee, State licensed, certified residential or certified general classifications as defined in Policy Statement 1, and which is not recognized by Title XI.

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, AMC representatives, 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.

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.

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