

**20
25** ANNUAL REPORT

**APPRAISAL
SUBCOMMITTEE**



FEDERAL FINANCIAL INSTITUTIONS
EXAMINATION COUNCIL

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Letter of Transmittal

June 15, 2026

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 2025 Annual Report of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

Sincerely,

Luke H. Brown

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 of FIRREA or 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 States:⁴
 - 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 institution.⁶
- 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 (TAF or 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.

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).

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, among other things, 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 or any regulated institution 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 regulatory Programs. (American Samoa does not have such a program.)

⁵ States are not required to have an AMC Program; 50 States and the District of Columbia have AMC Programs. American Samoa, Guam, the Northern Mariana Islands, Puerto Rico and the American Virgin Islands do not have AMC Programs.

⁶ 12 CFR 1102.400 - 1102.403.

- 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; and
 - 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 Board 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), Federal Housing Finance Agency (FHFA), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), 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 2025, 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 2025, Luke H. Brown, the FDIC member and then ASC Vice Chairperson, served as ASC Acting Chairperson. On March 26, 2026, the FFIEC appointed Luke H. Brown ASC Chairperson for the term of April 1, 2026 to March 31, 2028.

⁷ The ASC adopted a revised grants handbook on January 17, 2024.

Message from the Chairperson

I am pleased to share the ASC's 2025 accomplishments and look forward to continuing our work with the Board and the ASC staff to advance ASC's statutory responsibilities.

In 2025, the ASC continued to prioritize its core mission responsibilities: performing Compliance Reviews of State appraiser and AMC regulatory programs (State Programs), maintaining the National Registry and the Appraisal Complaint National Hotline (Hotline), and monitoring and reviewing the Foundation.

ASC staff conducted periodic in-person Compliance Reviews to determine whether State appraiser certifying and licensing regulatory agencies maintained effective oversight programs. In 2025, ASC staff completed a total of 37 State Appraiser Program and 36 State AMC Program Compliance Reviews, visiting 28 states in conjunction with conducting reviews. Following a general decline in State Programs' performance subsequent to the global pandemic, the ASC has begun to observe signs of performance leveling off and modest improvement. Information regarding the 2025 Compliance Reviews can be found later in this report and in Appendix B.

In an effort to provide State Program officials with opportunities to interact with ASC staff outside the compliance review environment and enhance State Program compliance, the ASC implemented Appraiser Regulatory Chat Session webinars. The webinars provide an informal forum for State Program officials to engage with the ASC Compliance Review staff. During these sessions, ASC staff highlight some of the most common issues identified during Compliance Reviews, discuss upcoming changes to any criteria requirements for State Programs, and encourage grant applications. This informal setting creates an opportunity for State Program officials to ask questions, allows participants to learn from the answers, and promotes open dialogue between State Program officials and the ASC staff. The ASC views these sessions as an important form of outreach and education.

The ASC also continued to maintain its Hotline, which provides the public with a channel for submitting complaints of potential non-compliance with appraisal independence and USPAP standards. The ASC refers complaints to State or Federal

agencies for review. In 2025, the ASC received 411 call-center calls and 48 email inquiries for a total of 459 interactions. Additional Hotline statistics for 2025 are in Appendix F.

As required by statute, the ASC continued to monitor and review the Foundation. ASC staff provided updates and shared information during the Foundation's Board of Trustees meetings, monitored meetings of the Foundation's independent boards (the Appraisal Standards Board and Appraiser Qualifications Board), reviewed Foundation issuances and communications, and met regularly with Foundation staff.

The ASC conducted three public meetings in 2025. During the September 16 public meeting, the ASC Board approved the Fiscal Year 2026 Budget, including \$9,829,804 in projected revenue and \$8,442,240 in projected expenses.

In 2025, the ASC also welcomed new Board members from the Federal Reserve, FHFA, and NCUA. In addition to focusing on ASC's core mission, the Board continued its oversight of ASC operations and workforce management. For example, recognizing the ASC's short- and long-term Information Technology (IT) needs, the Board approved a new contractor to support the day-to-day IT operations while ASC staff explored options for upgrading ASC's technology systems.

The ASC Board selected an Acting Executive Director, Frederick Griefer, to oversee day-to-day operations of the ASC until the hiring process for a permanent Executive Director concludes. Since he joined ASC last August, Acting Executive Director Griefer has provided strong leadership and renewed energy to ASC's mission, priorities, and staff.

The ASC also established a Strategic Hiring Committee and developed a Staffing Plan to fill critical positions needed to meet statutory responsibilities, including the vacant Executive Director position. During the year, a number of ASC staff members retired or left the agency to pursue other opportunities. Lori Schuster, longtime ASC Management and Program Analyst, retired in 2025 after more than 30 years of service to the ASC. Her expansive knowledge of the ASC has always been valued and she is greatly missed. Program Manager Kristi Klamet retired in 2025 and Program Manager

Johnny Stewart also left the agency. We appreciated the wealth of experience and knowledge of State programs they provided during their time with ASC. L. Girard Hull also left the ASC after serving as the Financial Manager for 12 years.

Finally, the ASC Board would like to express its appreciation for the ASC staff's dedication and their continuing efforts to advance ASC's mission.

The ASC strives to fulfill its responsibilities under Title XI effectively, efficiently, and transparently, and welcomes the opportunity to provide its 2025 Annual Report to Congress.

Appraisal Subcommittee Representatives

(as of December 31, 2025)

Member Representatives



Consumer Financial Protection Bureau

Vacant



Federal Deposit Insurance Corporation

Acting Chair: Luke H. Brown, Member since May 2022

Brown is the Associate Director for Supervisory Policy, Division of Depositor and Consumer Protection.



Board of Governors of the Federal Reserve System

Member: Todd Vermilyea since September 2025

Vermilyea is a Senior Advisor, Division of Supervision and Regulation.

Alternate Member: 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: Siobhan Kelly since June 2025

Kelly is Senior Associate Director, Division of Housing Mission & Goals.

Alternate Member: Julie Giesbrecht since January 2022



National Credit Union Administration

Member: Michael Dondarski since August 2025

Dondarski is an Associate Director in the Office of Examination and Insurance.

Alternate Member: Kevin Johnson since August 2025



Office of the Comptroller of the Currency

Member: Enice Thomas since January 2021

Thomas is the Deputy Comptroller for Credit Risk, Office of the Chief National Bank Examiner.

Alternate Member: Jim Rives since December 2019

Staffing and Meetings of the Appraisal Subcommittee

Staff Listing

(as of December 31, 2025)

Frederick Grier, Acting Executive Director

Regeane Frederique, Acting Deputy Executive Director & Grants Director

Matt Ponzar, General Counsel

Hattie DuBois, Deputy General Counsel

Natalia Mandrus, Attorney-Advisor

Ada L. Bohorfoush, Attorney-Advisor

Natalie Lutz, Attorney-Advisor

John Brennan, Compliance Manager

Maria Brown, Program Manager

Neal Fenochietti, Program Manager

Tom Lewis, Program Manager

Allison Nespor, Program Manager

Vacant, Program Manager

Vacant, Program Manager

Brian Kelly, IT Project Manager

Kelly Luteijn, Regulatory Affairs Specialist

Vacant, Financial Manager

Karla Cisneros, Grants Management Specialist

Vacant, Management and Program Analyst

Vacant, Human Resources Manager

Vacant, Administrative Assistant

ASC Meetings

The ASC held regular public virtual meetings in June, September, and December of 2025.

The ASC held special closed virtual meetings in January, April, July, October, November and two special closed meetings in May of 2025.

Strategic Plan

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

Charged with oversight of the appraisal regulatory framework as it relates to federally related transactions, the ASC's vision includes ensuring 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 rapid technological advancements, changing economic conditions, and other external factors, the strategic plan enables ASC to be proactive and innovative.

Mission

The mission of the ASC is to ensure that the appraisal regulatory system promotes real estate appraisals that are conducted with accuracy, independence, and impartiality, 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 as well as monitoring and reviewing the work of the Appraisal Foundation. Our goal is 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.

Goals

The strategic plan outlines three broad goals:

1. Innovate and modernize our processes, technology, and operations;
2. Support States' ability to maintain compliance with Title XI and strengthen Foundation oversight; and
3. Increase the agency's competency and skills.

In order to be effective in Goals 1 and 2 the agency must have the proper staff resources. In accordance with Executive Order 14356, *Ensuring Continued Accountability in Federal Hiring*, ASC established a Strategic Hiring Committee (SHC). The SHC helps to ensure that ASC hiring decisions align with the national interest, agency needs, and Administration priorities, as well as ASC's Merit Hiring Plan and annual Staffing Plan.

State Appraiser and AMC Program Oversight

The ASC issues Policy Statements to provide States with the information necessary to maintain their Appraiser Programs and AMC Programs in compliance with Title XI. Current Policy Statements are set forth in Appendix H, which follows this Annual Report.

The ASC monitors State Appraiser and AMC Programs through virtual and on-site visits to the States. This includes performing an on-site Compliance Review of each State at least once every two years. (See [Appendix D, Tools for Monitoring State Compliance with Title XI.](#)) Programs that evidence noncompliance in one or more areas may be subject to additional oversight, including Follow-up Reviews, an accelerated Review Cycle, or off-site monitoring.

The ASC's Compliance Review process is risk-based, focusing on areas of State Appraiser or AMC 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 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 Board, 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. 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, 2025 Compliance Review Findings.](#)) Actions taken under delegated authority are presented to the ASC Board at its next regularly scheduled meeting.

State Programs are issued one of the following Findings:

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

Appraiser Programs

In 2025, for Appraiser Programs, ASC Program Managers completed 37 Reviews and 5 Priority Contacts. (See [Appendix B, 2025 Compliance Review Findings.](#)) Of the 37 Appraiser Program Compliance Reviews completed in 2025, 7 States (19%) received a Finding of Excellent; 20 States (54%) received a Finding of Good; 8 States (22%) received a Finding of Needs Improvement; 2 States (5%) received a finding of Not Satisfactory; and no State 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 *2025 Compliance Review Findings* ([Appendix B](#)).

The ASC designates Appraiser Programs that may have a significant impact on the nation's appraiser regulatory system as Priority Contacts for mid Review cycle check ins. The following 12 States, listed alphabetically, are Priority Contacts and 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 conducted 5 Priority Contact check ins in 2025; all were virtual. The primary purpose of a Priority Contact check in is to review topical issues, evaluate regulatory compliance issues, and maintain a close working relationship with the State. The ASC may also conduct a Priority Contact visit for individual States when a specific concern warrants special attention by the ASC.⁸ No Priority Contacts due to specific concerns were conducted in 2025.

⁸ Priority Contact visits may be performed onsite or virtually.

AMC Programs

In 2025, ASC Program Managers completed 36 Compliance Reviews of AMC Programs. The AMC Compliance Reviews revealed at least one deficiency in compliance with statutes, regulations, or policies and procedures in 78% of the States reviewed. Nevertheless, of the 36 AMC Program Compliance Reviews completed in 2025, 6 States (17%) received a Finding of Excellent; 26 States (73%) received a Finding of Good; 3 States (8%) received a Finding of Needs Improvement; 1 State (2%) 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 *2025 Compliance Review Findings* (Appendix B).

The ASC applies greater scrutiny to States that were rated “Not Satisfactory” by shortening the Review Cycle and conducting Follow-up Reviews. The ASC enhances monitoring of States that were rated “Needs Improvement” by increasing communication and requiring the State to provide logs or other documentation intermittently between review cycles.

Monitoring and Review of The Appraisal Foundation

ASC Oversight of the Appraisal Foundation

Title XI requires the ASC to “monitor and review the practices, procedures, activities and organizational structure” of the Foundation.⁹ Historically, the ASC has carried out this responsibility in several ways, including:

- attending 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 AQB’s *Real Property Appraiser Qualification 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 Acting Executive Director(s) and Acting Chair held informal discussions with representatives of the Foundation.

The ASC Leadership also maintained an ongoing dialogue with the Foundation’s BOT in 2025 in accordance with past practices.

⁹ Title XI § 1103(b), 12 U.S.C. § 3332 (b).

ASC Grants

The ASC is authorized 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) published two Notice of Funding Availability (NOFA) announcements about 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 seven grant applications. Of the seven applications submitted from the States, four were first-time applicants. The second NOFA opportunity was the Appraisal Foundation Support Grant, for which TAF submitted an application and was subsequently awarded the grant. The ASC also completed the implementation of the updated Uniform Guidance for all Federal grant agreements and other guidance issued by the Office of Management and Budget (OMB) to all Federal agencies that issue Federal financial assistance.

The ASC grantmaking-related activities in 2025 included:

State Appraiser Regulatory Agencies Support (SARAS) 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 three-year cycle with the funding provided annually. Since 2020, the ASC has awarded over \$3,000,000 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. During the reporting period, new awards totaling \$731,292 were issued to California, Michigan, Texas, Vermont, and Virginia to support the first year of approved project activities. Continuation awards totaling \$734,696 were also provided to Arizona, Arkansas, California, Kentucky, Louisiana,

Minnesota, Nebraska, Oregon, Texas, Utah, Vermont, and Wisconsin. Combined, new and continuation awards amounted to \$1,465,988.

The Appraisal Foundation Support (TAFS) Grant

Title XI authorizes the ASC to make grants to the Foundation, whose ASB and AQB are authorized by Congress to set uniform standards and minimum qualifications for real estate appraisers. Funds are to be used to help defray the costs of these Boards. During 2025, The ASC awarded a grant in the amount of \$300,000 to help defray the costs of the Foundation relating to the activities of its AQB, with a focus on an Occupational Analysis to determine the knowledge, skills, and abilities necessary to establish the minimum qualifications for licensure as a real estate appraiser.

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 (Appraiser Registry).¹⁰ As of December 31, 2025, the Appraiser Registry contained 89,618¹¹ appraiser credentials, down from 91,036 entries at the end of 2024 (See Appendix C, *National Appraiser Credential 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 also can 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.

States reported 755 disciplinary actions taken against appraisers in 2025. This compares to 791 disciplinary actions taken against appraisers in 2024 and an average of 854 per year for the last 10 years. (See Appendix E, *Disciplinary Actions Reported by States*.)

¹⁰ Title XI § 1103(a)(3), 12 U.S.C. § 3332(a)(3).

¹¹ 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 a Registry of AMCs that are either registered with and subject to supervision of a State AMC Program or are federally regulated.¹² The AMC Registry became available for States to populate on July 16, 2018. As of December 31, 2025, 50 States registered AMCs (the same number as in 2024).

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.

States reported 87 disciplinary actions taken against AMCs in 2025. This compares to 68 disciplinary actions taken against AMCs in 2024 and an average of 51 per year over the past 6 years (the AMC Registry opened in 2018). (See Appendix E, *Disciplinary Actions Reported by States*.)

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

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 USPAP, including complaints from appraisers, individuals, or other entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process.¹³ The ASC began operation of the Appraisal Complaint National Hotline (Hotline) on March 15, 2013. The Hotline refers complainants to the appropriate State and Federal agencies to handle complaints of alleged non-compliance with USPAP, appraisal independence standards, and 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 8,056 visits in calendar year 2025. Additionally, the toll-free telephone number received 411 calls and the email portal received 48 contacts. These contacts resulted in 315 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 institutions regulatory agencies and the CFPB concerning complaints received by them during calendar year 2025. 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 they 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.

¹³ 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 FDIC, Federal Reserve, NCUA, and OCC also jointly issued *Interagency Appraisal and Evaluation Guidelines* (Guidelines) for federally regulated institutions' appraisal and evaluation programs.¹⁴ 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.¹⁵

¹⁴ See 75 *Fed. Reg.* 77450 (December 10, 2010).

¹⁵ FDIC: 12 CFR 323.1-323.7.; Federal Reserve: 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

Interagency Statement on Supervisory Practices Regarding Financial Institutions Affected by the California Wildfires and Straight-line Wind

On January 14, 2025, the FDIC, Federal Reserve, NCUA, OCC, and California Department of Financial Protection and Innovation jointly issued a statement on the impact of the California wildfires and straight-line winds on financial institution customers and operations and encouraged institutions operating in affected areas to meet the financial services needs of their communities. The statement provided information related to lending, temporary facilities, publishing requirements, regulatory reporting requirements, Community Reinvestment Act considerations, and investments in municipal securities and loans and linked to interagency guidance regarding supervisory flexibility for appraisal requirements among other items.

Temporary Exceptions to FIRREA Appraisal Requirements in Los Angeles County Affected by California Wildfires and Straight-line Winds

On April 18, 2025, the FDIC, Federal Reserve, NCUA, and OCC issued an action to temporarily pause certain appraisal requirements for real estate related transactions in Los Angeles County to allow banks and credit unions to work with families and businesses without obtaining appraisals. The agencies noted that 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 obtaining appraisals challenging and reduce loan processing times, helping to facilitate recovery from the disaster. This action will expire on January 8, 2028. The agencies stated that they will monitor institutions' real estate lending practices to help ensure the transactions are being originated in a safe and sound manner.

Appraisals for Higher-Priced Mortgage Loans Exemption Threshold

On December 15, 2025, the CFPB, Federal Reserve, and OCC announced that the 2026 threshold for higher-priced mortgage loans that are subject to special appraisal requirements will increase from \$33,500 to \$34,200. The threshold amount, effective January 1, 2026, is based on the 2.1 percent annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as of June 1, 2025. The Dodd-Frank Act added special appraisal requirements for higher-priced mortgage loans to the Truth in Lending Act, 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 projects noted above.

Board of Governors of the Federal Reserve System

Federal Reserve 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 staff continued to publish Community Banking Connections,¹⁶ a web-based publication that provides information to community bankers and has covered topics related to appraisal regulations.

Office of the Comptroller of the Currency

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 barriers to homeownership.

Federal Deposit Insurance Corporation

The FDIC provided guidance and outreach to the lending community through several programs, which included training on appraisals and evaluation. Outreach included participation in panel discussions to explain the banking agencies' appraisal regulations and guidance to various members of the appraisal profession as well as users of appraisal services and appraiser regulators. The FDIC also continued to coordinate with the other member agencies on issues related to the appraisal regulations.

National Credit Union Administration

The NCUA issued a press release in January 2025 indicating that the agency was closely monitoring the wildfires across the Greater Los Angeles area, that deposits remained insured, and that resources were available to help affected credit unions.

Federal Housing Finance Agency

Throughout 2025, the FHFA continued to monitor Fannie Mae and Freddie Mac (the Enterprises) products and policies, focused on improving the quality and consistency of appraisal data, creating operational efficiencies, reducing lender and consumer costs, and supporting effective risk management. This work included enhancements to the Enterprises' alternative valuation offerings, the launch of the Limited Production Period for the Uniform Appraisal Dataset (UAD) 3.6 and Forms Redesign project,¹⁷ and ongoing engagement with industry stakeholders including lenders, appraisers, software providers, appraisal management companies, mortgage insurers, and industry trade groups.

Department of Housing and Urban Development

HUD serves an important role in the residential mortgage market through its Federal Housing Administration (FHA) Title II forward mortgage insurance programs. FHA insurance protects qualified lenders against mortgage losses,

¹⁶ For more information on Community Banking Connections please visit <https://www.communitybankingconnections.org/>.

¹⁷ <https://singlefamily.fanniemae.com/delivering/uniform-mortgage-data-program/uniform-appraisal-dataset> | <https://sf.freddie.com/tools-learning/uniform-mortgage-data-program/uad>

facilitating the availability of mortgage credit for the purchase of a home or to refinance an existing mortgage, particularly for first-time and low-to-moderate-income homebuyers.

FHA's Office of Single Family Housing focused on rescinding or eliminating cumbersome regulations and policies that negatively impact the cost of FHA-insured lending and loan affordability. FHA rescinded more than a dozen unnecessary or outdated policies including certain FHA appraisal requirements. These rescissions included removal of burdensome steps that an appraiser must complete during each assignment. Through these changes, FHA is better aligning its appraisal policies with industry standards and reducing unnecessary costs and delays that are passed through to homebuyers.

Additionally, FHA continued its ongoing technology modernization effort, building on the investment in the FHA Catalyst platform during the first Trump Administration. On August 27, 2025, FHA announced its planned adoption of the modernized UAD 3.6. Building on FHA's collaboration with the industry, implementation of this initiative will align with the industry and strengthen FHA's collateral risk management capabilities. FHA systems, including the Electronic Appraisal Delivery portal, are currently being updated in preparation for the transition.

Financial Status of the ASC

In fiscal year 2025, the ASC's revenue totaled approximately \$9.2 million, and expenses (including the State and TAF grants) totaled approximately \$6.8 million. ASC revenue slightly decreased from the 2024 total revenue of \$9.8 million, while expenses decreased 22.73% from 2024 expenses of \$8.8 million. The reduction in expenses is attributable to agency-wide efforts to review expenditures and identify opportunities for cost savings. ASC funds are derived from the Appraiser and AMC Registry fees.¹⁸ 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. Annual AMC Registry fees are paid by AMCs consistent with the ASC rule on collection and transmission of AMC Registry fees. The AMC fee is \$25 per appraiser based on the number of appraisers on an AMC's panel who performed an appraisal for a covered transaction during a defined annual period.

Appendix A contains the ASC audited financial statements for fiscal year 2025, ending September 30, 2025. The ASC realized a net gain and has reserves of \$38 million.

¹⁸ See 12 U.S.C. 3338.

APPENDICES

APPRAISAL SUBCOMMITTEE

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025

APPRAISAL SUBCOMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

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

In our audit of the fiscal year 2025 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, 2025 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles; and
- internal control over financial reporting was not effective as of September 30, 2025; and
- no reportable noncompliance 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 (OI) included with the financial statements, (2) our report on compliance with laws, regulations, contracts, and grant agreements, and (3) agency comments and our evaluation of the comments.

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

Opinion on the Financial Statements

In accordance with the Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited ASC's financial statements. ASC's financial statements comprise the balance sheet as of September 30, 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal year 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, 2025 and its net cost of operations, changes in net position, and budgetary resources for the fiscal year 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 the 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 ASC’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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
- Undelivered Orders
- Operating Expenses and Disbursements

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, 2025, based on criteria established under FMFIA. These matters are further discussed in Exhibit I of this report.

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

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- its assessment about the effectiveness of internal control over financial reporting as of September 30, 2025.

Auditor's Responsibilities for the Audit 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 2025 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to ASC. Accordingly, we do not express such an opinion.

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.

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



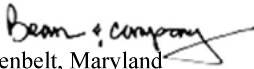
did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to ASC. We caution that noncompliance may occur and not be detected by these tests.

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 4, 2026 and received ASC’s response on May 7, 2026. 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 13, 2026



FINDING AND RECOMMENDATIONS

Finding #2025-01 Grants Payable Not Recorded in the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance and Financial Statements

Condition:

The FY 2025 Grants Payable balance was not recorded in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance and, as a result, was not presented in ASC's Balance Sheet as of September 30, 2025, prepared by the General Services Administration's (GSA) External Services Branch.

GSA's External Services Branch, which provides accounting services to ASC, issues guidance to ensure that all relevant financial transactions are submitted and recorded for fiscal year-end closing in the *Fiscal Year End Closing Financial Responsibilities for Client Agencies*. ASC did not submit the Grants Payable account balance to GSA for inclusion in the GTAS adjusted trial balance. Additionally, ASC did not comply with year-end closing requirements outlined in *Treasury Financial Manual (TFM) Bulletin 2025-07*.

This finding is a repeat of prior Finding #2024-01. Although the condition existed during part of the audit period, management corrected the issue prior to issuance of this report, and testing confirmed remediation.

Criteria:

Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) 5 defines "liability" as a probable future outflow or other sacrifice of resources as a result of past transactions or events. General purpose federal financial reports should recognize probable and measurable future outflows or other sacrifices of resources arising from (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date. The liability for a nonexchange transaction should be recognized for any unpaid amounts due as of the reporting date.

OMB Circular A-136 Revised (July 14, 2025), II.3.2.4 Liabilities states that financial statements must recognize probable and measurable future outflows or other sacrifices of resources arising from: (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) non-exchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date. Liabilities must be recognized when they are incurred regardless of whether they are covered by available budgetary resources, including liabilities related to canceled appropriations. Similarly, liabilities must be recognized when they are incurred regardless of whether (or when) they will result in the recording of budgetary obligations.

Treasury Financial Manual (TFM) Bulletin 2025-07: 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 2025) outlines submission responsibilities for client agencies to ensure proper recording of financial data.

Cause:

- ASC did not have personnel with sufficient skills, knowledge, or experience (SKE) to properly identify and report Grants Payables in accordance with federal accounting standards.

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- ASC did not implement the required effective year-end closing procedures to ensure completeness and accuracy of liabilities in GTAS and the comprehensive federal financial statements.

Effect:

The *General Fund Financial Statements as of and for the Fiscal Year Ended September 30, 2025*, are materially misstated. Specifically, *Other Than Intragovernmental Liabilities* accounts are understated by \$1,537,667 due to the omission of Grants Payable.

Questioned Cost:

There were no questioned costs.

Recommendation:

We recommend that ASC:

- Establish and implement formal year-end closing procedures to ensure all liabilities are identified, recorded, and reported in accordance with federal requirements.
- Implement supervisory review controls procedures to ensure that:
 - financial data submitted to GSA is complete and accurate and agrees with ASC's internal accounting records, and
 - financial statements and disclosures accurately reflect GTAS reported balances.
- Implement procedures to ensure compliance that the year-end guidance provided in *Treasury Financial Manual (TFM) Bulletin No. 2025-07* and *Fiscal Year End Closing Financial Responsibilities for Client Agencies* is followed. This will help to ensure the integrity of the financial statements.
- Obtain qualified financial management and accounting personnel with the expertise necessary to perform year-end obligation reconciliations in accordance with federal accounting standards and GSA requirements.

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 the ASC's financial statements. We appreciate your insights and have carefully considered the findings and recommendations provided.

As a small independent federal agency with 22 approved full-time equivalent employees (FTEs) and only 17 filled positions for most of FY2025, the ASC has historically relied on a single Financial Manager to oversee finance and budget operations. The Financial Manager position remained vacant for approximately seven months during the fiscal year. During that period, management reassigned certain financial responsibilities to other ASC personnel as collateral duties, with support provided by GSA staff through a GSA service-level agreement for accounting services. Although supporting documentation and records were maintained by the responsible personnel, some of those employees have since departed the agency. As a result, ASC management is coordinating with GSA to retrieve and consolidate the necessary source documentation. Once obtained, the ASC will ensure the documentation is centrally maintained.

To help prevent recurrence, the ASC is implementing a centralized financial management filing system to ensure financial records and supporting documentation are consistently maintained in a single, accessible location.

The ASC is in the process of hiring a Financial Manager who will oversee financial operations, including accounting, financial reporting, reconciliation, and audit coordination. Once in place, he or she will review prior transactions and make any necessary adjustments to applicable account balances. In addition, the ASC is evaluating the use of a third-party consultant to assess and recommend improvements to the agency's financial policies, procedures, and internal controls, with the intent to support the implementation of any necessary enhancements identified through that review, and Brown and Company's Financial Statement Audit.

To further strengthen internal controls and reduce key-person dependency, the ASC plans to consider repurposing a portion of a full-time equivalent position to support certain ASC financial management responsibilities. This new hire would have financial management expertise and coordinate and work the Financial Manager to create a redundancy to reduce the potential risk of key-person dependency. The ASC will also implement the procedures recommended by Brown & Company to improve financial oversight and documentation practices.

The ASC remains committed to strengthening its financial management processes, maintaining compliance with applicable standards, and pursuing continuous improvement in accordance with best practices. Please let us know if any additional clarification or supporting documentation is needed.

Auditor's Response to Management's Response:

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

Finding #2025-02 Accounts Receivable Activity Not Properly Recorded in the Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance and Incorrectly Presented in the Balance Sheet as of September 30, 2025

Condition:

The GTAS adjusted trial balance did not reflect accounts receivable activity for FY 2025. ASC did not perform a reconciliation of accounts receivable to ensure the accuracy and completeness of the year-end balance. As a result, the Accounts Receivable, Net balance presented in the Balance Sheet as of September 30, 2025 - prepared by the General Services Administration's (GSA) External Services Branch - was incorrect. GSA's External Services Branch provides accounting services to ASC. The balance presented represented the prior year adjusting journal entry recorded in FY 2024 and not the FY 2025 activity.

The Audit Team documented \$1,136,982 in accounts receivable activity for FY 2025 that was not recorded in the GTAS adjusted trial balance.

This finding is a repeat of prior Finding #2024-02. Although the condition existed during part of the audit period, management corrected the issue prior to issuance of this report, and testing confirmed remediation.

Criteria:

Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) 1 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,

(e.g., taxes not received by the date they are due), or goods or services provided. If the exact amount is unknown, a reasonable estimate should be made.

OMB Circular A-136 Revised (July 14, 2025), II.3.2.3. Assets states that Accounts Receivable, Net represents Federal entity claims for payment from other (Federal or nonfederal) entities and are composed of taxes receivable, net and other receivables, net.

Treasury Financial Manual (TFM) Bulletin No. 2025-07: provides guidance for year-end closing procedures for FY2025.

Fiscal Year End Closing Financial Responsibilities for Client Agencies issued by GSA's External Services Branch, Financial Information & Operations Division (FY 2025) outlines the requirement for agencies related to billing related items for Accounts Receivable or Interagency/Reimbursable agreement billings for inclusion in FY2025 activity.

Cause:

ASC did not have personnel with sufficient skills, knowledge, or experience to perform required year-end reconciliation procedures for accounts receivable. Formal reconciliation procedures were not performed, and supervisory review controls were not implemented to detect discrepancies.

ASC did not implement the necessary year-end closing procedures required by *Fiscal Year End Closing Financial Responsibilities for Client Agencies FY 2025* issued by GSA's External Services Branch, Financial Information & Operations Division. Additionally, ASC did not adhere to the TFM Bulletin 2025-07 and ensure that all account balances were included in the *General Fund Financial Statements As Of and For The Fiscal Year Ended September 30, 2025*, prepared by GSA.

Effect:

The General Fund Financial Statements as of September 30, 2025, are materially misstated. Specifically, the Accounts Receivable, Net balance is inaccurate and does not reflect FY 2025 activity.

Questioned Cost:

There were no questioned costs.

Recommendation:

- Obtain qualified financial management and accounting personnel with the expertise in federal accounting necessary to perform year-end obligation reconciliations in accordance with federal accounting standards and GSA requirements.
- Implement formal reconciliation procedures for accounts receivable, including periodic and year-end reconciliations.
- Implement supervisory review controls and procedures to ensure that:
 - financial data reported to GSA agrees with ASC's internal accounting records, and
 - financial statement disclosures accurately reflect GTAS reported amounts.

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 the ASC’s financial statements. We appreciate your insights and have carefully considered the finding and recommendations provided.

As a small independent federal agency with 22 approved full-time equivalent employees (FTEs) and only 17 filled positions for most of FY2025, the ASC has historically relied on a single Financial Manager to oversee finance and budget operations. The Financial Manager position remained vacant for approximately seven months during the fiscal year. During that period, management reassigned certain financial responsibilities to other ASC personnel as collateral duties, with support provided by GSA staff through a GSA service-level agreement for accounting services. Although supporting documentation and records were maintained by the responsible personnel, some of those employees have since departed the agency. As a result, ASC management is coordinating with GSA to retrieve and consolidate the necessary source documentation. Once obtained, the ASC will ensure the documentation is centrally maintained.

To help prevent recurrence, the ASC is implementing a centralized financial management filing system to ensure financial records and supporting documentation are consistently maintained in a single, accessible location.

The ASC is in the process of hiring a Financial Manager who will oversee financial operations, including accounting, financial reporting, reconciliation, and audit coordination. Once in place, he or she will review prior transactions and make any necessary adjustments to applicable account balances. In addition, the ASC is evaluating the use of a third-party consultant to assess and recommend improvements to the agency’s financial policies, procedures, and internal controls, with the intent to support the implementation of any necessary enhancements identified through that review, and Brown and Company’s Financial Statement Audit.

To further strengthen internal controls and reduce key-person dependency, the ASC plans to consider repurposing a portion of a full-time equivalent position to support certain ASC financial management responsibilities. This new hire would have financial management expertise and coordinate and work the Financial Manager to create a redundancy to reduce the potential risk of key-person dependency. The ASC will also implement the procedures recommended by Brown & Company to improve financial oversight and documentation practices.

The ASC remains committed to strengthening its financial management processes, maintaining compliance with applicable standards, and pursuing continuous improvement in accordance with best practices. Please let us know if any additional clarification or supporting documentation is needed.

Auditor’s Response to Management’s Response:

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



Finding #2025-03 Undelivered Orders were Not Recorded Correctly in the Notes to Financial Statements As of and For the Fiscal Year Ended September 30, 2025

Condition:

The Total Undelivered Orders balance disclosed in the Notes to the Financial Statements did not agree with the undelivered orders balance reported in the Governmentwide Treasury Account Symbol (GTAS) adjusted trial balance as of September 30, 2025. The GTAS adjusted trial balance was prepared by the General Services Administration’s (GSA) External Services Branch, which provides accounting services to ASC.

ASC did not perform a reconciliation between the undelivered orders balance in GTAS adjusted trial balance and the amount reported in the financial statement note. As a result, the amounts presented in the Notes were misstated. As stated in this document, the GTAS balances were account 4801 for \$4,013,882.36 plus account 4802 for \$34,790.52, total \$4,048,672.88. The amount disclosed in the Notes did not match these balances.

Undelivered orders note as presented in the Notes to Financial Statements:

Note 11 – Undelivered Orders at the End of the Period

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
Intragovernmental	\$ 851,465.62	\$ 34,790.52	\$ 886,256.14
Other than Intragovernmental	\$ 1,779,702.87	\$ -	\$ 1,779,702.87
Total Undelivered Orders			\$ 2,665,959.01

Undelivered orders account balance as presented in the GTAS adjusted trial balance:

Row Labels	Grand Total	
4801	\$4,013,882.36	USSGL Account Title Undelivered Orders - Obligations, Unpaid
4802	<u>\$ 34,790.52</u>	USSGL Account Title: Undelivered Orders - Obligations, Prepaid/Advanced
Total	<u>\$4,048,672.88</u>	

Although the condition existed during part of the audit period, management corrected the issue prior to issuance of this report, and testing confirmed remediation.

Criteria:

Federal Accounting Standards Advisory Board’s (FASAB) Statement of Federal Financial Accounting Standards (SFFAS)7: Accounting for Revenue and Other Financing Sources and Concepts for reconciling



Budgetary and Financial Accounting, paragraph 79(a) states that an agency should disclose “the amount of budgetary resources obligated for undelivered orders at the end of the period.”

OMB Circular A-136 Revised (July 2025), Section II.3.8.25 D. states that the entity must disclose “the amount of budgetary resources obligated for undelivered orders at the end of the period,” pursuant to SFFAS 7, paragraph 79(a), separately disclosing paid and unpaid amounts for both Federal and non-federal orders.

Treasury Financial Manual (TFM) Bulletin No. 2025-07: provides guidance for yearend closing procedures and reconciling unliquidated obligations before the end of FY 2025.

Fiscal Year End Closing Financial Responsibilities for Client Agencies issued by GSA’s External Services Branch, Financial Information & Operations Division (FY 2025) outlines the requirement for agencies to reconcile the Open Obligations Report to internal records and to provide a semi-annual certification as to the accuracy of open obligations.

Cause:

ASC did not have personnel with the skills, knowledge, or experience to execute the required year-end reconciliation procedures for open obligations. Formal reconciliation procedures were not followed, and supervisory review did not detect the discrepancy.

Effect:

The undelivered orders balance disclosed in the Notes to the Financial Statements was misstated, resulting in inaccurate financial reporting and a material weakness in internal control over financial reporting.

Questioned Cost:

There were no questioned costs.

Recommendation:

- Obtain qualified financial management and accounting personnel with the expertise necessary to perform year-end obligation reconciliations in accordance with federal accounting standards and GSA requirements.
- Implement supervisory review procedures to ensure that:
 - financial data reported to GSA agrees with ASC’s internal accounting records, and
 - financial statement disclosures accurately reflect GTAS reported amounts.

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 the ASC’s financial statements. We appreciate your insights and have carefully considered the finding and recommendations provided.

As a small independent federal agency with 22 approved full-time equivalent employees (FTEs) and only 17 filled positions for most of FY2025, the ASC has historically relied on a single Financial Manager to oversee finance and budget operations. The Financial Manager position remained vacant for approximately



seven months during the fiscal year. During that period, management reassigned certain financial responsibilities to other ASC personnel as collateral duties, with support provided by GSA staff through a GSA service-level agreement for accounting services. Although supporting documentation and records were maintained by the responsible personnel, some of those employees have since departed the agency. As a result, ASC management is coordinating with GSA to retrieve and consolidate the necessary source documentation. Once obtained, the ASC will ensure the documentation is centrally maintained.

To help prevent recurrence, the ASC is implementing a centralized financial management filing system to ensure financial records and supporting documentation are consistently maintained in a single, accessible location.

The ASC is in the process of hiring a Financial Manager who will oversee financial operations, including accounting, financial reporting, reconciliation, and audit coordination. Once in place, he or she will review prior transactions and make any necessary adjustments to applicable account balances. In addition, the ASC is evaluating the use of a third-party consultant to assess and recommend improvements to the agency's financial policies, procedures, and internal controls, with the intent to support the implementation of any necessary enhancements identified through that review, and Brown and Company's Financial Statement Audit.

To further strengthen internal controls and reduce key-person dependency, the ASC plans to consider repurposing a portion of a full-time equivalent position to support certain ASC financial management responsibilities. This new hire would have financial management expertise and coordinate and work the Financial Manager to create a redundancy to reduce the potential risk of key-person dependency. The ASC will also implement the procedures recommended by Brown & Company to improve financial oversight and documentation practices.

The ASC remains committed to strengthening its financial management processes, maintaining compliance with applicable standards, and pursuing continuous improvement in accordance with best practices. Please let us know if any additional clarification or supporting documentation is needed.

Auditor's Response to Management's Response:

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

Finding #2025-04 Documentation Was Not Provided to Support Undelivered Orders

Condition:

During the testing of undelivered orders, ASC did not provide sufficient support documentation for one of the six samples selected. Requested supporting documentation for the undelivered orders included the purchase order and contracts supporting the original obligation or contract, and any current modification in effect if applicable, and documentation certifying that the recorded balance represents valid and authorized current obligations.

Criteria:

Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS)7: Accounting for Revenue and Other Financing Sources and Concepts for reconciling Budgetary and Financial Accounting, paragraph 79(a) states that an agency should disclose "the amount of budgetary resources obligated for undelivered orders at the end of the period."

OMB Circular A-136 Revised (July 2025), Section II.3.8.25 D. states that the entity must disclose “the amount of budgetary resources obligated for undelivered orders at the end of the period,” pursuant to SFFAS 7, paragraph 79(a), separately disclosing paid and unpaid amounts for both Federal and non-federal orders.

Treasury Financial Manual (TFM) Bulletin No. 2025-07: provides guidance for yearend closing procedures and reconciling unliquidated obligations before the end of FY 2025.

Fiscal Year End Closing Financial Responsibilities for Client Agencies issued by GSA’s External Services Branch, Financial Information & Operations Division (FY 2025) outlines the requirement for agencies to reconcile the Open Obligations Report to internal records and to provide a semi-annual certification as to the accuracy of open obligations.

Cause:

- ASC did not have personnel with sufficient skills, knowledge and experience to perform periodic reviews of open obligations.
- ASC did not maintain adequate documentation to support recorded substantiated obligations.

Effect:

- Without the supporting documentation, the validity of undelivered orders could not be determined.
- The GTAS trial balance account for undelivered orders may be overstated.

Questioned Cost:

We questioned \$249,996.00 in costs related to unsupported undelivered orders.

Recommendation:

We recommend that ASC:

- Determined the validity of the unsupported undelivered orders.
- Adjust applicable account balances as necessary, including de-obligating invalid fund amounts.
- Obtain qualified personnel with appropriate financial management and accounting expertise.
- Implement and conduct supervisory review procedures to verify the validity and accuracy of undelivered orders.

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 the ASC’s financial statements. We appreciate your insights and have carefully considered the finding and recommendations provided.

As a small independent federal agency with 22 approved full-time equivalent employees (FTEs) and only 17 filled positions for most of FY2025, the ASC has historically relied on a single Financial Manager to oversee finance and budget operations. The Financial Manager position remained vacant for approximately seven months during the fiscal year. During that period, management reassigned certain financial responsibilities to other ASC personnel as collateral duties, with support provided by GSA staff through a

GSA service-level agreement for accounting services. Although supporting documentation and records were maintained by the responsible personnel, some of those employees have since departed the agency. As a result, ASC management is coordinating with GSA to retrieve and consolidate the necessary source documentation. Once obtained, the ASC will ensure the documentation is centrally maintained.

To help prevent recurrence, the ASC is implementing a centralized financial management filing system to ensure financial records and supporting documentation are consistently maintained in a single, accessible location.

The ASC is in the process of hiring a Financial Manager who will oversee financial operations, including accounting, financial reporting, reconciliation, and audit coordination. Once in place, he or she will review prior transactions and make any necessary adjustments to applicable account balances. In addition, the ASC is evaluating the use of a third-party consultant to assess and recommend improvements to the agency's financial policies, procedures, and internal controls, with the intent to support the implementation of any necessary enhancements identified through that review, and Brown and Company's Financial Statement Audit.

To further strengthen internal controls and reduce key-person dependency, the ASC plans to consider repurposing a portion of a full-time equivalent position to support certain ASC financial management responsibilities. This new hire would have financial management expertise and coordinate and work the Financial Manager to create a redundancy to reduce the potential risk of key-person dependency. The ASC will also implement the procedures recommended by Brown & Company to improve financial oversight and documentation practices.

The ASC remains committed to strengthening its financial management processes, maintaining compliance with applicable standards, and pursuing continuous improvement in accordance with best practices. Please let us know if any additional clarification or supporting documentation is needed.

Auditor's Response to Management's Response:

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

Finding #2025-05 Insufficient Documentation to Support Operating Expenses and Disbursements

Condition:

During the testing of operating expenses and disbursements, ASC did not provide the requested supporting documentation for the 23 of 33 samples selected. Requested supporting documentation for testing included Grant Drawdowns, contracts, vendor invoices, and support for Intra-governmental Payment and Collection (IPA)/G-Invoicing transactions.

Criteria:

AU-C Section 500 Audit Evidence addresses the requirements of auditors to obtain sufficient and appropriate evidence.

OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix A requires agencies to maintain control over reporting (ICOR).

Treasury Financial Manual (TFM) Bulletin No. 2025-07: provides guidance for yearend closing procedures.

Fiscal Year End Closing Financial Responsibilities for Client Agencies issued by GSA's External Services Branch, Financial Information & Operations Division (FY 2025) provides guidance for yearend closing procedures.

Cause:

- ASC did not have personnel with sufficient skills, knowledge, and experience to perform periodic reviews of disbursements, reconcile supporting documentation to recorded balances, validate the accuracy and allowability of disbursements, and ensure agreement to the GTAS reported amounts.
- ASC did not maintain adequate documentation to substantiate operating expenses and disbursement transactions.

Effect:

- Without the supporting documentation, the validity, accuracy, and completeness of operating expenses and disbursement could not be determined. The GTAS Trial Balance account for Operating Expense/Program Costs is unsupported and may be materially misstated.

Questioned Cost:

We questioned \$2,464,828.59 in operating costs/disbursements sampled that lacked supporting documentation.

Recommendation:

We recommend that ASC:

- Determined the validity and allowability of disbursements transactions lacking in supporting documentation.
- Adjust the applicable account balances as necessary to reflect valid and supported transactions.
- Establish and implement procedures to ensure all disbursements are properly documented, retained, and readily available for audit.
- Obtain qualified financial management and accounting personnel with sufficient expertise in federal financial reporting and internal control requirements.
- Implement supervisory review controls to ensure that:
 - Disbursements are supported by appropriate documentation (e.g., contracts, invoices, IPAC/G-Invoicing support); and
 - Financial data reported in GTAS is complete, accurate, and supported.

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 the ASC's financial statements. We appreciate your insights and have carefully considered the finding and recommendations provided.

As a small independent federal agency with 22 approved full-time equivalent employees (FTEs) and only 17 filled positions for most of FY2025, the ASC has historically relied on a single Financial Manager to oversee finance and budget operations. The Financial Manager position remained vacant for approximately



seven months during the fiscal year. During that period, management reassigned certain financial responsibilities to other ASC personnel as collateral duties, with support provided by GSA staff through a GSA service-level agreement for accounting services. Although supporting documentation and records were maintained by the responsible personnel, some of those employees have since departed the agency. As a result, ASC management is coordinating with GSA to retrieve and consolidate the necessary source documentation. Once obtained, the ASC will ensure the documentation is centrally maintained.

To help prevent recurrence, the ASC is implementing a centralized financial management filing system to ensure financial records and supporting documentation are consistently maintained in a single, accessible location.

The ASC is in the process of hiring a Financial Manager who will oversee financial operations, including accounting, financial reporting, reconciliation, and audit coordination. Once in place, he or she will review prior transactions and make any necessary adjustments to applicable account balances. In addition, the ASC is evaluating the use of a third-party consultant to assess and recommend improvements to the agency's financial policies, procedures, and internal controls, with the intent to support the implementation of any necessary enhancements identified through that review, and Brown and Company's Financial Statement Audit.

To further strengthen internal controls and reduce key-person dependency, the ASC plans to consider repurposing a portion of a full-time equivalent position to support certain ASC financial management responsibilities. This new hire would have financial management expertise and coordinate and work the Financial Manager to create a redundancy to reduce the potential risk of key-person dependency. The ASC will also implement the procedures recommended by Brown & Company to improve financial oversight and documentation practices.

The ASC remains committed to strengthening its financial management processes, maintaining compliance with applicable standards, and pursuing continuous improvement in accordance with best practices. Please let us know if any additional clarification or supporting documentation is needed.

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.

The ASC financial operations are 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 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 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 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.

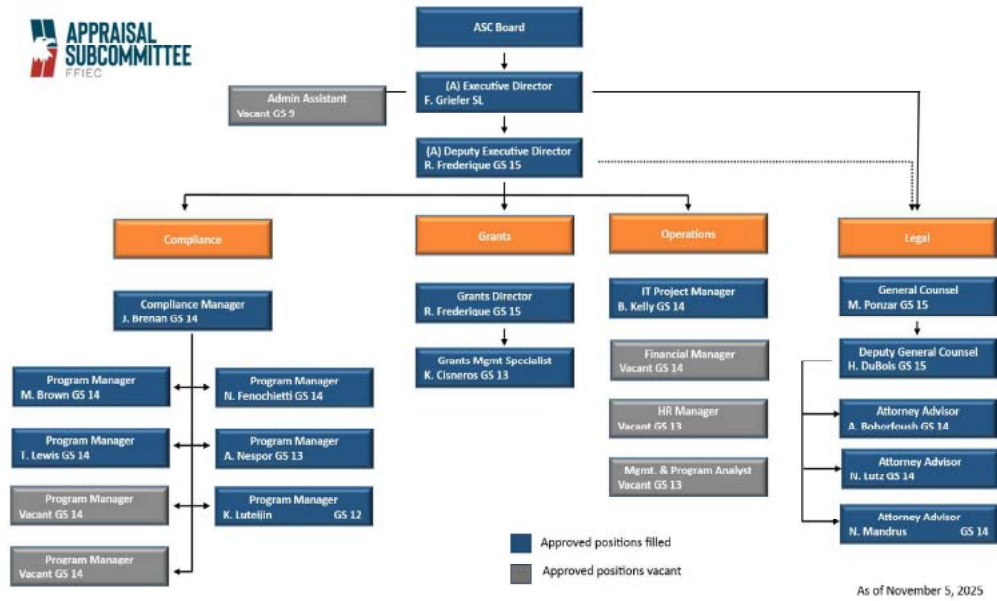
The ASC values a work environment where everyone can thrive and succeed, allowing staff career advancement, succession planning, and skills improvement by:

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. 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 Sheet provide 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 Statement 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 Statement 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 Statement 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 Sheet
As of September 30, 2025
(In Thousands)

Assets:			
Intragovernmental Assets:			
Fund Balance With Treasury	(Note 2)	\$	38,742
Advances and Prepayments			35
Total Intragovernmental Assets			<u>38,777</u>
Other than Intragovernmental Assets:			
Accounts Receivable, Net	(Note 3)		<u>1,137</u>
Total Other than Intragovernmental Assets:			<u>1,137</u>
Total Assets		\$	<u>39,914</u>
Liabilities:			
Intragovernmental Liabilities:			
Other Liabilities	(Note 6)	\$	<u>22</u>
Total Intragovernmental Liabilities			22
Other than Intragovernmental Liabilities:			
Accounts Payable			12
Federal Employee Salary, Leave, and Benefits Payable			305
Other Liabilities	(Note 6)		<u>1,538</u>
Total Other than Intragovernmental Liabilities			1,855
Total Liabilities			<u>1,877</u>
Net Position:			
Cumulative Results of Operations - Funds from Other than Dedicated Collection			<u>38,037</u>
Total Net Position			<u>38,037</u>
Total Liabilities and Net Position		\$	<u>39,914</u>

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

APPRAISAL SUBCOMMITTEE
Statement of Net Cost
As of September 30, 2025
(In Thousands)

Program Costs:		
Gross Cost	(Note 13)	\$ <u>6,779</u>
Net Program Cost		<u>6,779</u>
Net Cost of Operations		<u>\$ 6,779</u>

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

APPRAISAL SUBCOMMITTEE
Statement of Changes in Net Position
As of September 30, 2025
(In Thousands)

	<u>Funds Other than Dedicated Collections (Consolidated Totals)</u>	<u>Consolidated Total</u>
Cumulative Results of Operations:		
Beginning Balance	\$ 35,867	\$ 35,867
Nonexchange Revenue	9,212	9,212
Imputed Financing (Note 8)	354	354
Other (+/-)	(617)	(617)
Net Cost of Operations (Note 13)	<u>(6,779)</u>	<u>(6,779)</u>
Net Change in Cummulative Results of Operations	<u>2,170</u>	<u>2,170</u>
Total Cummulative Results of Operations	<u>38,037</u>	<u>38,037</u>
Net Position	<u>\$ 38,037</u>	<u>\$ 38,037</u>

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

APPRAISAL SUBCOMMITTEE
Statement of Budgetary Resources
As of September 30, 2025
(In Thousands)

Budgetary Resources:

Unobligated balance from prior year budget authority, net (discretionary and mandatory)	(Note 11)	\$ 24,664
Appropriations (Discretionary and Mandatory)		<u>8,993</u>
Total Budgetary Resources		<u><u>\$ 33,657</u></u>

Status of Budgetary Resources:

New obligations and upward adjustments (total)	(Note 10)	\$ 8,423
Unobligated balance, end of year:		
Exempt from apportionment, unexpired accounts		25,156
Unapportioned, unexpired accounts		<u>78</u>
Unexpired unobligated balance, end of year		<u>25,234</u>
Unobligated balance, end of year (total)		<u>25,234</u>
Total Budgetary Resources		<u><u>\$ 33,657</u></u>

Outlays, Net:

Outlays, net (total) (discretionary and mandatory)	\$ 5,647
Agency Outlays, net (discretionary and mandatory)	<u><u>\$ 5,647</u></u>

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

APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025

Note 1 Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared from the accounting records of the ASC in accordance with generally accepted accounting principles (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, 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.

OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2025, amounts of future economic benefits owned or managed by the ASC (assets), amounts owed by the ASC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports 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 the ASC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with standard government practice. 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.

Revenues and Other Financing Sources

The ASC's activities, including grants awarded to the Appraisal Foundation, were initially funded from a one-time appropriation of \$5 million. These funds were repaid to Treasury in 1998. The ASC is now operating on fee income from (1) appraisal management companies and (2) state-licensed and state-certified real estate appraisers in the National Registry.

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.

APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025

Note 1 Summary of Significant Accounting Policies (continued)

Advances and Prepayments

Advances are cash outlays made by the ASC to its employees, contractors, grantees, or others to cover a part or all the recipients' anticipated expenses or as advance payments for the costs of goods and services the entity receives. Prepayments are payments made by the ASC to cover certain periodic expenses before those expenses are incurred. Financing payments (such as progress payments, performance-based payments, etc.) on work in process are generally recognized as a cost for work performed and not included in advances and prepayments.

Property, Plant, and Equipment, Net

Property, Plant and Equipment (PP&E) consists of capitalized equipment, furniture and fixtures, and software. There are no restrictions on the use or convertibility of property, plant, or equipment.

The ASC capitalizes PP&E with a useful life of at least two years and individually costing more than \$10,000 (\$25,000 for leasehold improvements). Bulk purchases of lesser value items are capitalized when the cost is \$25,000 or greater.

Assets are depreciated on a straight-line basis over the estimated used life of the property. Information technology equipment and software are depreciated over a useful life of three years. All other equipment is depreciated over a five-year useful life. Furniture and fixtures are depreciated over a seven-year useful life and leasehold improvements over a ten-year useful life.

The ASC owns no land or buildings.

Note 2 Fund Balance with Treasury

ASC's fund balance with treasury comes from appropriations and the reimbursable agreements. As of September 30, 2025, no reimbursable agreements had been entered.

A. Fund Balance with Treasury	
General Fund	\$ 31,094
Trust Fund	7,648
	<u>\$ 38,742</u>
B. Status of Fund Balance with Treasury	
1) Unobligated Balance	\$ 33,568
2) Obligated Balance not yet Disbursed	5,174
Total Budgetary Resources	<u>\$ 38,742</u>

APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025

Note 3 Accounts Receivable, Net

ASC has appraisal fees receivable due from nonfederal entities. The total receivable as of September 30, 2025, was \$1,137. ASC uses specific identification for any allowance for doubtful accounts. As of September 30, 2025, no allowance for doubtful accounts has been established.

Note 4 General Property, Plant, and Equipment, Net

Depreciation and amortization expense for the years ended September 30, 2025, was \$467. There were no additions of property, plant and equipment during the fiscal year ended September 30, 2025. The adjustments to beginning balances were fully depreciated assets not previously reported.

	<u>Equipment</u>	<u>Internal-Use Software</u>
Balance, beginning of the year, unadjusted	\$ 58	\$ 1,650
Add: Fully depreciated assets	<u>231</u>	<u>391</u>
Balance, beginning of the year, adjusted	289	2,041
Accumulated Depreciation	(289)	(1,401)
Dispositions	<u>-</u>	<u>(640)</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

Note 5 Liabilities Not Covered by Budgetary Resources

Liabilities of ASC are classified as liabilities covered or not covered by budgetary resources. The only liabilities not covered by budgetary resources are unfunded leave. Liabilities as of September 30, 2025, consisted of the following:

Other than Intragovernmental:

Unfunded leave	<u>\$ 247</u>
Total liabilities not covered by budgetary resources	\$ 247
Total liabilities covered by budgetary resources	<u>\$ 1,630</u>
Total liabilities	<u>\$ 1,877</u>

**APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025**

Note 6 Other Liabilities

Other Intragovernmental liabilities for the year ended September 30, 2025, consist of Employer Contributions and Payroll Taxes Payable in the amounts shown below:

	Non-Current	Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable	\$ -	\$ 22	\$ 22
Other than Intragovernmental			
Other liabilities with budgetary resources (grants payable)	<u>-</u>	<u>1,538</u>	<u>1,538</u>
Total Other Liabilities	<u>\$ -</u>	<u>\$ 1,560</u>	<u>\$ 1,560</u>

Note 7 Leases

During the fiscal year ended September 30, 2025, ASC terminated its lease agreement for office space, effective July 31, 2025. This decision was driven by a strategic shift in the Company’s operations to a permanent virtual presence model, which eliminated the need for physical office locations. ASC’s operating lease expense for the fiscal year ended September 30, 2025, was \$9.

Note 8 Inter-Entity Costs

ASC recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs relate to employee benefits. ASC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2025, inter-entity costs were as follows:

Office of Personnel Management	<u>\$ 354</u>
Total Imputed Financing Sources	<u>\$ 354</u>

The portion of the ASC’s program costs related to Intragovernmental Costs and Other than Intragovernmental Costs are shown as follows. Intragovernmental Costs are costs incurred from exchange transactions with other federal entities (e.g., building lease payments to government agencies). Other than Intragovernmental Costs are costs incurred from exchange transactions with non-federal entities (i.e., all other program costs).

Intragovernmental Costs	Other than Intragovernmental Costs	Total Gross Program Costs
\$3,429	\$3,350	\$6,779

APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025

Note 9 Undelivered Orders at the End of the Period

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

	Unpaid Undelivered Orders	Paid Undelivered Orders	Total Undelivered Orders
Intragovernmental	\$ 851	\$ 35	\$ 886
Other than Intragovernmental	2,693	-	2,693
Total Undelivered Orders	<u>\$ 3,544</u>	<u>\$ 35</u>	<u>\$ 3,579</u>

Note 10 Apportionment Categories of New Obligations and Upward Adjustments: Direct Reimbursable Obligations

The ASC is exempt from apportionment. For FY 2025, direct obligations were incurred as follows:

Exempt	\$ 8
Total Obligations	<u>\$ 8</u>

Note 11 Net Adjustments To Unobligated Balance, Brought Forward, October 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2025, and consisted of the following:

Unobligated Balance Brought Forward, October 1	\$ 24,116
Recoveries of Prior Year Obligations	548
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$ 24,664</u>

Note 12 Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States 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 Budget that will include FY 2024 actual budgetary execution information is scheduled for publication in February 2025, which will be available through OMB's website at <http://www.whitehouse.gov/omb>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

APPRAISAL SUBCOMMITTEE
Notes to the Financial Statements
As of September 30, 2025

Note 12 Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government (continued)

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

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 33,091	\$ 8,975	\$ -	\$ 6,372
Difference 1 - Statement-only adjustment	-	(2,013)	-	-
Difference 2 - Rounding (+ / -)	(91)	38	-	(372)
Budget of the U.S. Government	<u>\$ 33,000</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>

Note 13 Reconciliation of Net Operating Cost and Net Budgetary Outlays

ASC has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

Net Operating Cost (SNC)	\$ 3,429	\$ 3,350	\$ 6,779
Components of Net Operating Costs			
Not Part of the Budgetary Outlays			
Property, plant and equipment depreciation expense	-	(467)	(467)
Increase (Decrease) in Assets not affecting Budget Outlays			
Other assets	(936)	-	(936)
(Increase) /Decrease in Liabilities not affecting Budget Outlays:			
Accounts payable	-	138	138
Federal employees salaries, leave, and benefits payable	-	14	14
Other liabilities	(2)	475	473
Other Financing Sources			
Imputed Cost	(354)	-	(354)
Total Components of Net Costs Not Part of the Budget Outlays	<u>\$ (1,292)</u>	<u>\$ 160</u>	<u>\$ (1,132)</u>
Total Net Outlays (Calculated Total)	<u>\$ (1,292)</u>	<u>\$ 160</u>	<u>\$ (1,132)</u>
Budgetary Agency Outlay, net (SBR Line 4210)			
Budgetary Agency Outlays, net			<u>\$ 5,647</u>

Note 14 Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 4, 2026, which is the date the financial statements were issued.

2025 APPRAISER PROGRAM COMPLIANCE REVIEW SUMMARY

STATE APPRAISER PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
Alabama	December 2024	Good	Two-Year
Arizona	January 2025	Excellent	Two-Year
Arkansas	October 2024	Good	Two-Year
Colorado	September 2025	Good	Two-Year
Connecticut	April 2025	Good	Two-Year
Delaware	September 2025	Good	Two-Year
District of Columbia	March 2025	Excellent	Two-Year
Florida	February 2025	Good	Two-Year
Georgia	October 2024	Needs Improvement	Two-Year
Indiana	May 2025	Good	Two-Year
Kansas	November 2024	Needs Improvement	Two-Year
Louisiana	August 2025	Excellent	Two-Year
Massachussets	June 2025	Good	Two-Year
Michigan	July 2025	Excellent	Two-Year
Minnesota	March 2025	Good	Two-Year
Mississippi	August 2024	Needs Improvement	Two-Year
Missouri	March 2025	Good	Two-Year
Nebraska	March 2025	Excellent	Two-Year
New Hampshire	August 2024	Not Satisfactory	One-Year

2025 APPRAISER PROGRAM COMPLIANCE REVIEW SUMMARY			
STATE APPRAISER PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
New Jersey	February 2025	Good	Two-Year
New York	November 2024	Good	Two-Year
North Carolina	October 2025	Excellent	Two-Year
North Dakota	May 2025	Good	Two-Year
Northern Mariana Islands	May 2024	Needs Improvement	Two-Year
Ohio	December 2024	Good	Two-Year
Oklahoma	June 2025	Good	Two-Year
Oregon	June 2025	Good	Two-Year
Pennsylvania	August 2025	Excellent	Two-Year
Puerto Rico	October 2024	Not Satisfactory	One-Year
Rhode Island	July/August 2024	Needs Improvement	Two-Year
South Carolina	July 2025	Good	Two-Year
South Dakota	September 2025	Good	Two-Year
Tennessee	April 2025	Good	Two-Year
Utah	August 2024	Needs Improvement	Two-Year
Vermont	May 2024	Needs Improvement	Two-Year
Virginia	September 2024	Needs Improvement	Two-Year
Wyoming	October 2024	Good	Two-Year

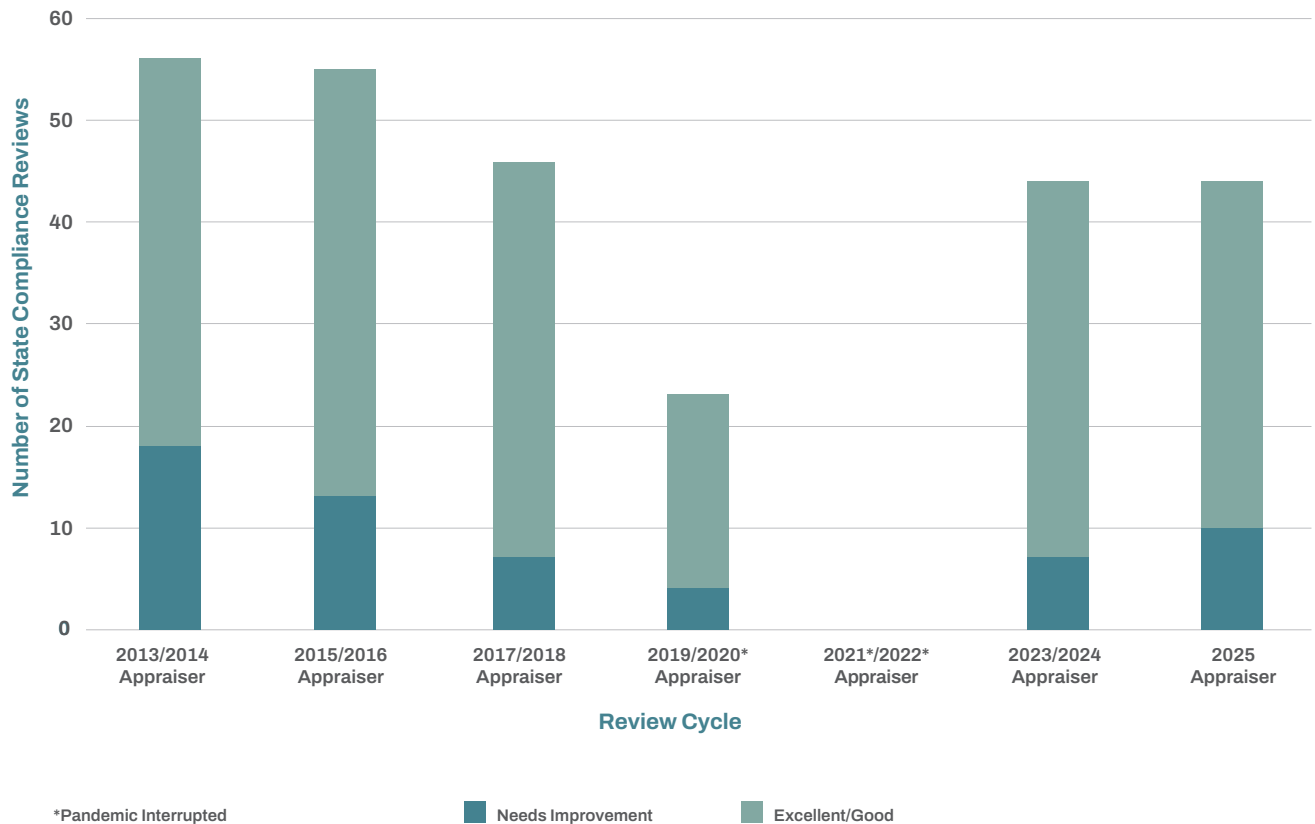
2025 AMC PROGRAM COMPLIANCE REVIEW SUMMARY

STATE AMC PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
Alabama	December 2024	Needs Improvement	Two-Year
Arizona	January 2025	Good	Two-Year
Arkansas	October 2024	Good	Two-Year
Colorado	September 2025	Good	Two-Year
Connecticut	April 2025	Good	Two-Year
Delaware	September 2025	Good	Two-Year
District of Columbia	March 2025	Good	Two-Year
Florida	February 2025	Good	Two-Year
Georgia	October 2024	Good	Two-Year
Indiana	May 2025	Good	Two-Year
Kansas	November 2024	Good	Two-Year
Louisiana	August 2025	Excellent	Two-Year
Massachusetts	June 2025	Good	Two-Year
Michigan	July 2025	Good	Two-Year
Minnesota	March 2025	Good	Two-Year
Mississippi	August 2024	Needs Improvement	Two-Year
Missouri	March 2025	Good	Two-Year
Nebraska	March 2025	Excellent	Two-Year

2025 AMC PROGRAM COMPLIANCE REVIEW SUMMARY			
STATE AMC PROGRAM	MONTH OF REVIEW	ASC FINDING	REVIEW CYCLE
Nevada	July 2025	Good	Two-Year
New Hampshire	August 2024	Not Satisfactory	One-Year
New Jersey	February 2025	Good	Two-Year
New York	November 2024	Good	Two-Year
North Carolina	October 2025	Excellent	Two-Year
North Dakota	May 2025	Good	Two-Year
Ohio	December 2024	Good	Two-Year
Oklahoma	June 2025	Good	Two-Year
Oregon	June 2025	Excellent	Two-Year
Pennsylvania	August 2025	Excellent	Two-Year
Rhode Island	July/August 2024	Good	Two-Year
South Carolina	July 2025	Excellent	Two-Year
South Dakota	September 2025	Good	Two-Year
Tennessee	April 2025	Good	Two-Year
Utah	August 2024	Good	Two-Year
Vermont	May 2024	Good	Two-Year
Virginia	September 2024	Needs Improvement	Two-Year
Wyoming	October 2024	Good	Two-Year

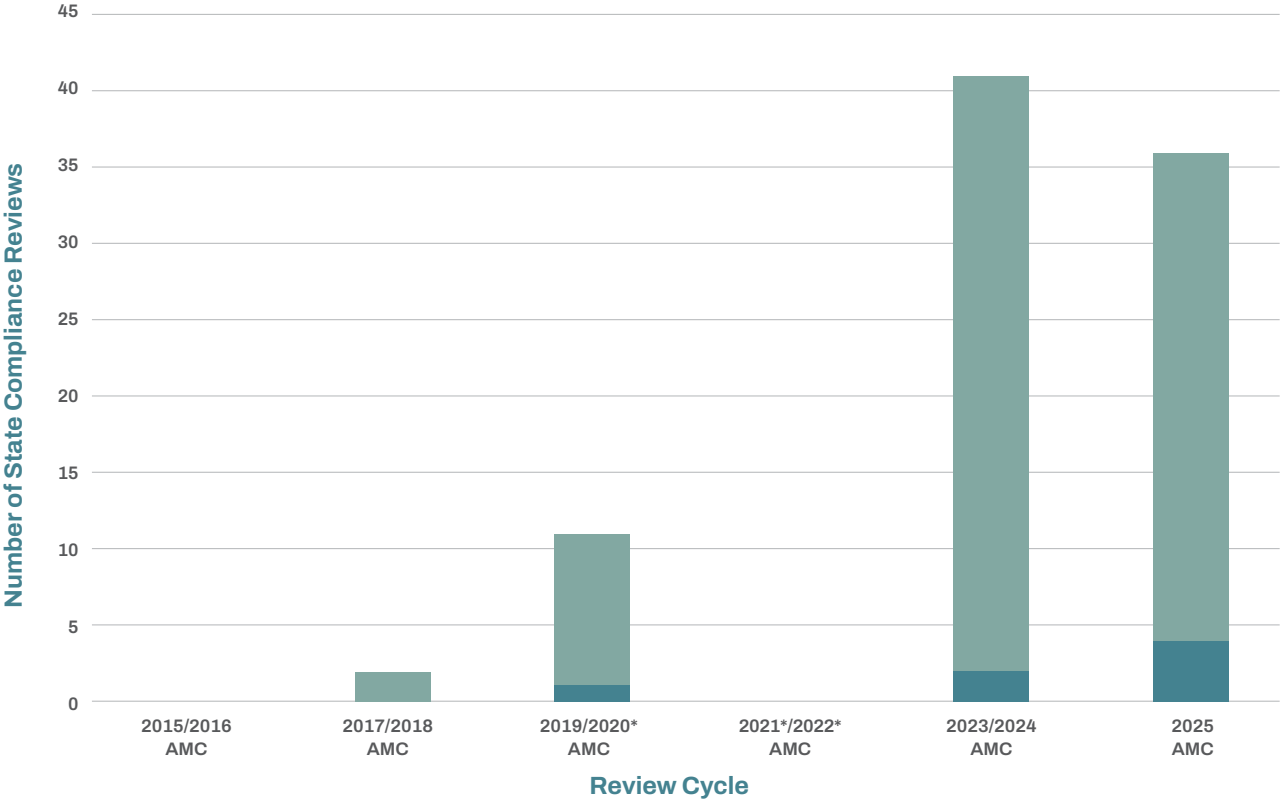
ASC FINDINGS BY REVIEW CYCLE							
REVIEW CYCLE	2013/2014 APPRAISER	2015/2016 APPRAISER	2017/2018 APPRAISER	2019/2020* APPRAISER	2021*/2022* APPRAISER	2023/2024 APPRAISER	2025 APPRAISER
Number of Reviews	56	55	46	27	0	44	37
In Substantial Compliance, Excellent or Good	38	42	39	19	N/A	37	27
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	18	13	7	4	N/A	7	10
Not in Compliance or Poor	0	0	0	0	N/A	0	0
% In Substantial Compliance, Excellent or Good	68%	76%	85%	70%	N/A	84%	73%

ASC Findings by Review Cycle Appraiser



ASC FINDINGS BY REVIEW CYCLE						
REVIEW CYCLE	2015/2016 AMC	2017/2018 AMC	2019/2020* AMC	2021*/2022* AMC	2023/2024 AMC	2025 AMC
Number of Reviews	0	2	12	0	41	36
In Substantial Compliance, Excellent or Good	0	2	10	0	39	32
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	0	0	1	0	2	4
Not in Compliance or Poor	0	0	0	0	0	0
% In Substantial Compliance, Excellent or Good		100%	83%	N/A	95%	89%

ASC Findings by Review Cycle AMC



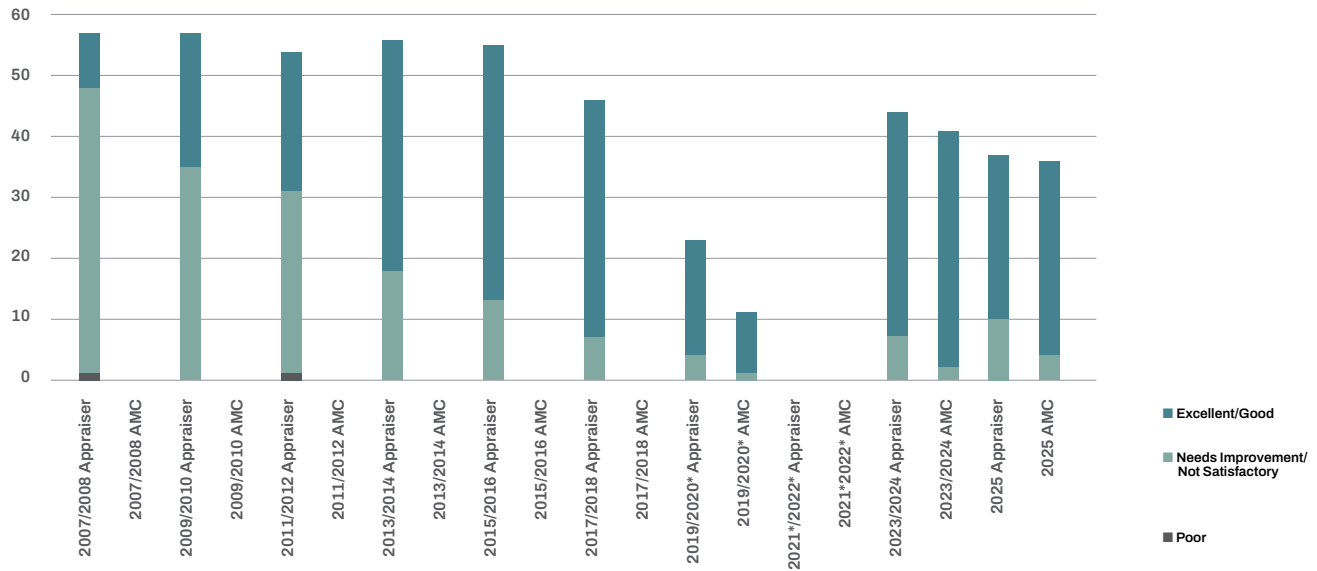
*Pandemic Interrupted

■ Needs Improvement

■ Excellent/Good

ASC FINDINGS BY REVIEW CYCLE										
REVIEW CYCLE	REVIEW CYCLE	2007/2008 APPRAISER	2007/2008 AMC	2009/2010 APPRAISER	2009/2010 AMC	2011/2012 APPRAISER	2011/2012 AMC	2013/2014 APPRAISER	2013/2014 AMC	2015/2016 APPRAISER
Number of Reviews		57	0	57	0	54	0	56	0	55
In Substantial Compliance, Excellent or Good	Excellent/ Good	9	0	22	0	23	0	38	0	42
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	Needs Improvement	47	0	35	0	30	0	18	0	13
Not in Substantial Compliance, Needs Improvement, or Not Satisfactory	Poor	1	0	0	0	1	0	0	0	0
% In Substantial Compliance, Excellent or Good		16%		39%		43%		68%		76%

ASC Findings by Review Cycle Appraiser and AMC



2015/2016 AMC	2017/2018 APPRAISER	2017/2018 AMC	2019/2020* APPRAISER	2019/2020* AMC	2021*/2022* APPRAISER	2021*/2022* AMC	2023/2024 APPRAISER	2023/2024 AMC	2025 APPRAISER	2025 AMC
0	46	2	27	12	0	0	44	41	37	36
0	39	2	19	10	N/A	0	37	39	27	32
0	7	0	4	1	N/A	0	7	2	10	4
0	0	0	0	0	N/A	0	0	0	0	0
	85%	100%	70%	83%	N/A		84%	95%	73%	89%

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
2025	40,583	42,912	6,123	0	89,618

MONTHLY APPRAISER CREDENTIAL TRENDS *AS OF DECEMBER 31, 2025						
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, 2025						
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
Sep 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 *AS OF DECEMBER 31, 2025

DATE	CERTIFIED GENERAL	CERTIFIED RESIDENTIAL	LICENSED	TRANSITIONAL	TOTAL CREDENTIALS	DISTINCT APPRAISERS (+/- 5%)
Jan 2025	39,837	44,293	6,475	0	90,605	67,199
Feb 2025	40,247	44,519	6,533	0	91,299	67,651
March 2025	40,532	44,757	6,573	0	91,862	67,728
April 2025	40,716	44,723	6,556	0	91,995	67,736
May 2025	40,575	44,340	6,466	0	91,381	67,472
June 2025	40,641	44,256	6,432	0	91,329	67,324
July 2025	40,250	43,700	6,345	0	90,295	66,728
Aug 2025	40,495	43,745	6,349	0	90,589	66,820
Sep 2025	40,505	43,506	6,231	0	90,242	66,455
Oct 2025	40,317	43,091	6,192	0	89,600	66,034
Nov 2025	40,832	43,544	6,316	0	90,692	65,968
Dec 2025	40,583	42,912	6,123	0	89,618	65,857

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, 2025

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCAION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND DISCIPLINARY ACTION	TOTAL
Alabama	26	0	0	67	11	39	0	1	2	0	3	16	149
Alaska	3	0	0	7	0	10	1	1	0	0	0	2	23
Arizona	41	0	0	11	0	0	13	5	7	0	8	2	83
Arkansas	20	0	2	23	0	2	17	0	3	0	5	0	72
California	614	0	43	481	1	5	112	29	102	0	47	0	1262
Colorado	35	2	0	47	6	21	4	19	13	0	15	61	210
Connecticut	2	0	0	113	0	0	1	1	4	0	1	2	115
Delaware	19	0	0	35	47	2	7	0	3	0	0	0	104
District Of Columbia	12	0	0	6	5	0	0	2	3	0	0	0	26
Florida	138	0	0	165	2	53	104	46	16	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	27	0	0	19	0	45	16	1	1	0	0	1	113
Illinois	22	0	1	146	22	4	10	15	91	0	8	11	322
Indiana	0	0	0	2	6	0	24	0	8	0	1	1	35
Iowa	21	0	2	3	3	6	1	2	4	0	16	36	94
Kansas	19	2	0	12	0	0	1	1	0	0	3	0	33
Kentucky	37	0	0	28	2	7	0	3	10	0	2	0	79
Louisiana	16	0	0	25	23	0	2	0	1	0	0	0	62
Maine	39	0	0	48	21	3	10	2	8	0	7	23	151
Maryland	18	0	0	83	10	0	0	0	14	0	5	0	127
Massachusetts	86	0	0	98	22	0	59	11	9	0	9	0	284
Michigan	5	0	0	118	6	62	69	5	20	0	6	0	245
Minnesota	61	0	0	109	0	46	2	4	18	0	2	58	274
Mississippi	22	0	0	1	0	4	2	0	4	0	2	2	35
Missouri	0	0	0	0	0	29	30	8	12	0	4	0	54
Montana	8	0	0	8	1	1	2	2	2	0	1	0	24
Nebraska	5	1	0	3	0	1	3	0	2	0	2	3	17
Nevada	89	0	0	38	0	2	0	8	7	0	5	11	150
New Hampshire	1	0	0	1	1	0	0	5	1	0	0	0	9
New Jersey	28	0	0	74	9	1	5	2	13	0	5	0	134
New Mexico	0	0	0	1	0	0	0	4	2	0	1	22	30
New York	184	0	0	244	12	0	0	13	18	0	4	7	401
North Carolina	92	0	1	0	56	6	7	2	30	0	7	6	190
North Dakota	8	0	0	11	0	3	1	1	1	0	2	1	28
Ohio	80	0	0	77	4	0	0	4	38	0	0	0	188

Appraiser Disciplinary Action Reported by States

January 1, 2015 - December 31, 2025

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCAION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
Oklahoma	120	1	5	193	2	172	59	10	182	0	10	9	715
Oregon	63	0	0	82	3	2	1	4	9	0	16	9	186
Pennsylvania	63	0	0	86	9	2	14	8	14	0	10	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	53	0	0	40	43	1	4	1	6	0	16	0	147
South Dakota	11	0	2	15	6	1	0	0	3	0	2	2	42
Tennessee	65	0	0	46	0	2	0	2	15	0	3	45	177
Texas	150	0	5	117	4	103	45	13	54	0	32	18	524
Utah	31	3	0	33	0	1	5	2	2	0	3	1	67
Vermont	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	50	0	0	84	0	2	18	11	11	0	1	83	247
Washington	25	0	0	33	0	0	25	8	9	0	1	0	93
West Virginia	4	0	0	1	4	4	0	2	5	0	1	1	21
Wisconsin	165	0	68	2	207	6	0	4	95	0	63	0	286
Wyoming	3	0	0	5	0	0	1	0	0	0	1	0	10
Total	2585	9	129	2852	560	818	676	276	880	0	330	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	1	0	0	0	0	6	0	7
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	0	0	0	1	0	0	0	0	0	0	0	1	2
Arkansas	0	0	0	0	0	0	0	0	0	0	1	0	1
California	0	0	0	2	0	0	1	0	1	0	6	0	10
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0	0	0	0	0	4	0	4
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0
District Of Columbia	0	0	0	0	0	0	0	0	0	0	5	0	5
Florida	0	0	0	142	11	1	1	11	22	0	0	0	188
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	1	0	1
Illinois	0	0	0	0	0	0	0	0	0	0	2	2	4
Iowa	0	0	0	3	0	0	0	0	0	0	2	3	8
Kansas	0	0	0	0	0	0	0	1	0	0	0	0	1
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0	0
Maine	0	0	0	2	0	0	0	0	1	0	0	2	5
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	1	0	0	6	1	8
Mississippi	0	0	0	0	0	0	0	0	0	0	1	0	1
Missouri	0	0	0	0	0	0	0	1	0	0	0	0	1
Montana	0	0	0	1	0	0	0	0	0	0	1	0	2
Nebraska	0	0	0	4	0	0	4	0	0	0	1	0	9
Nevada	0	0	0	0	0	0	0	0	0	0	0	0	0

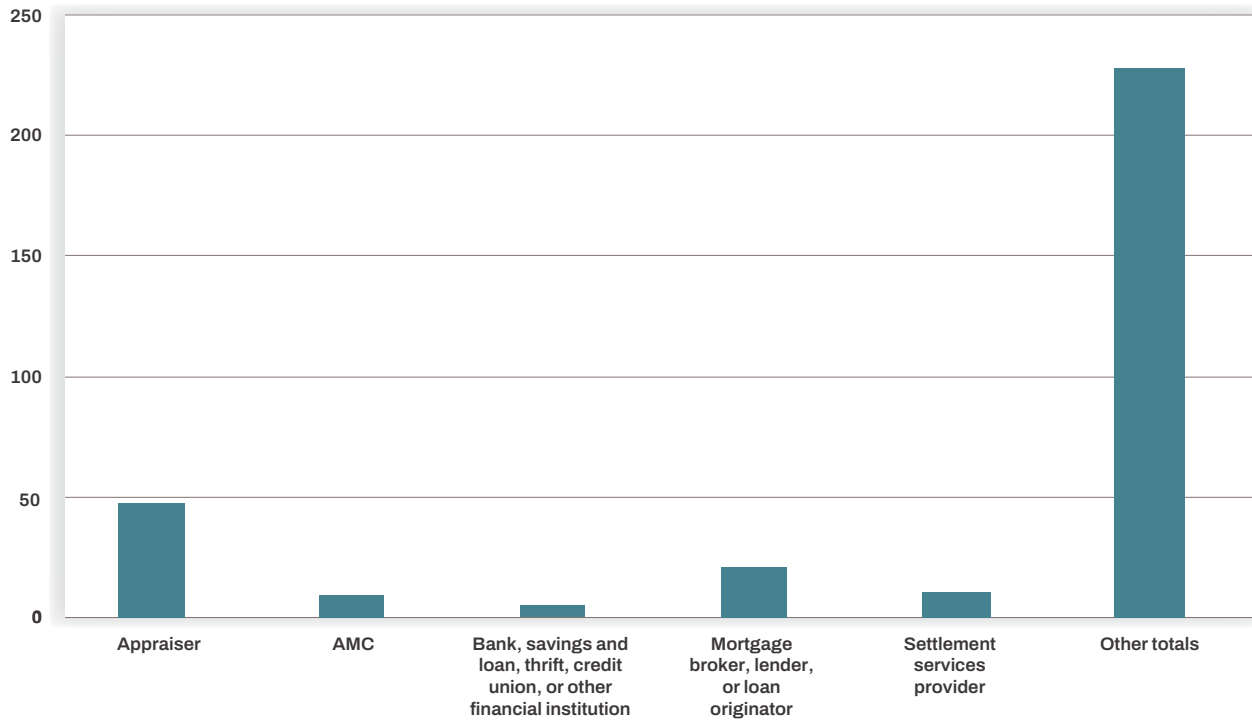
AMC Disciplinary Action Report by States

STATE	ADDITIONAL EDUCATION	DOWNGRADE	LIMITED	MONETARY FINE	OFFICIAL REPRIMAND	OTHER	PROBATION	REVOCATION	SUSPENSION	TP ACTION	VOLUNTARY SURRENDER	WARNING, CORRECTIVE ACTION, AND ORDISCIPLINARY ACTION	TOTAL
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	1	0	1
New York	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	2	0	2
Ohio	0	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	0	5	0	0	0	0	0	0	0	0	5
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0
Pennsylvania	0	0	0	5	2	0	0	0	0	0	1	0	8
Rhode Island	0	0	0	0	0	0	0	0	0	0	1	0	1
South Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0	0	0	1	0	2	0	3
Tennessee	0	0	0	0	0	0	0	0	0	0	0	5	5
Texas	0	0	0	1	0	0	0	0	0	0	0	1	2
Utah	0	0	0	8	0	0	0	0	0	0	1	0	9
Virginia	0	0	0	5	0	0	0	0	0	0	3	4	12
Washington	0	0	0	0	0	0	0	0	0	0	0	0	0
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	2	0	2
Total	0	0	0	179	13	2	6	14	25	0	50	19	308

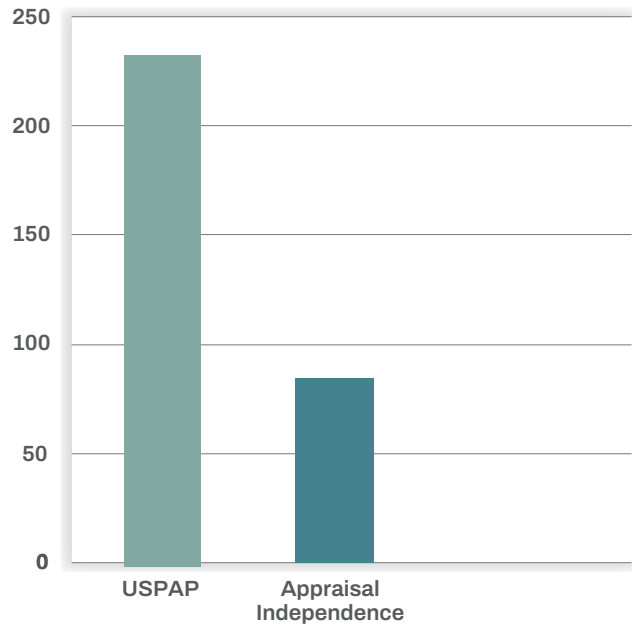
2025					
IN-BOUND SOURCE	YTD 2025 TOTALS	REFERRAL TYPE	DESCRIPTION	YTD 2025 TOTALS	
Call Center Calls	411	Complainant	Appraiser	49	
Call Center Referrals			AMC	9	
Email Referral	48		Bank, savings and loan, thrift, credit union, or other financial institution	4	
Website Hits/Visits	8056		Mortgage broker, lender, or loan originator	18	
Federal Agency Referrals	0		Settlement services provider	10	
State Agency Referrals	315		Other Totals	225	
MEMBER AGENCY REFERRALS			Consumer*	223	
AGENCY	2025 TOTALS		Real Estate Agent	0	
FRS	0		Attorney	1	
OCC	0		Insurance Agent	0	
FDIC	0		Federal Entity	0	
NCUA	0		Blank/Undefined	1	
CFPB	0		Complaint	USPAP	231
FTC	0			Appraisal Independence	84
FHFA	0	Complaint Against	Appraiser	50	
*Consumer consists of the following self-identified categories: Property Owner, Homeowner, Buyer, Borrower, Seller and Loan Applicant.			AMC	16	
			Bank, savings and loan, thrift, credit union, or other financial institution	4	
			Mortgage broker, lender, or loan originator	9	
			Settlement services provider	1	
			Other	4	

2025				
IN-BOUND SOURCE	YTD 2025 TOTALS	REFERRAL TYPE	DESCRIPTION	YTD 2025 TOTALS
		Property Type	1-4 Unit Residential	288
			Commercial	23
			No Property	4
		Federal Loan Type	FHA	81
			VA	36
			USDA	9
			None	189

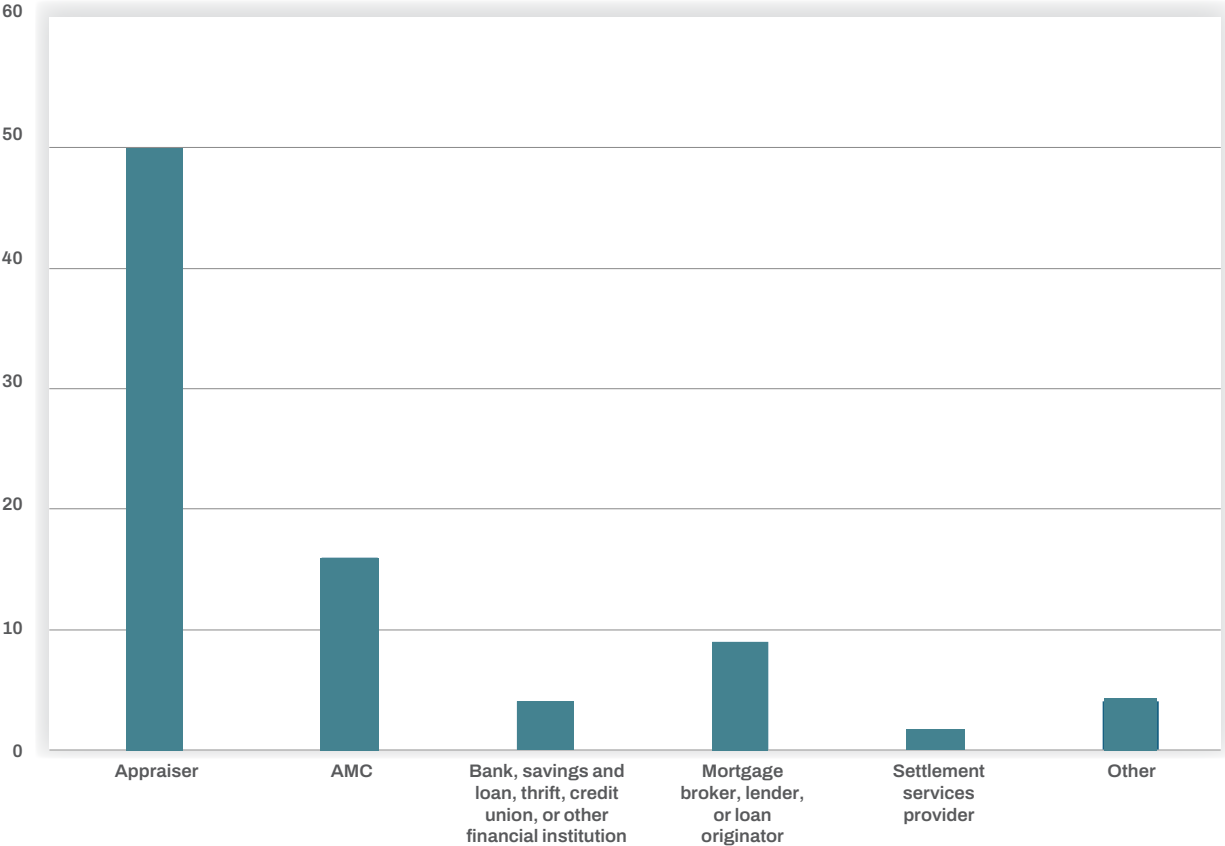
Complainant Type 2025



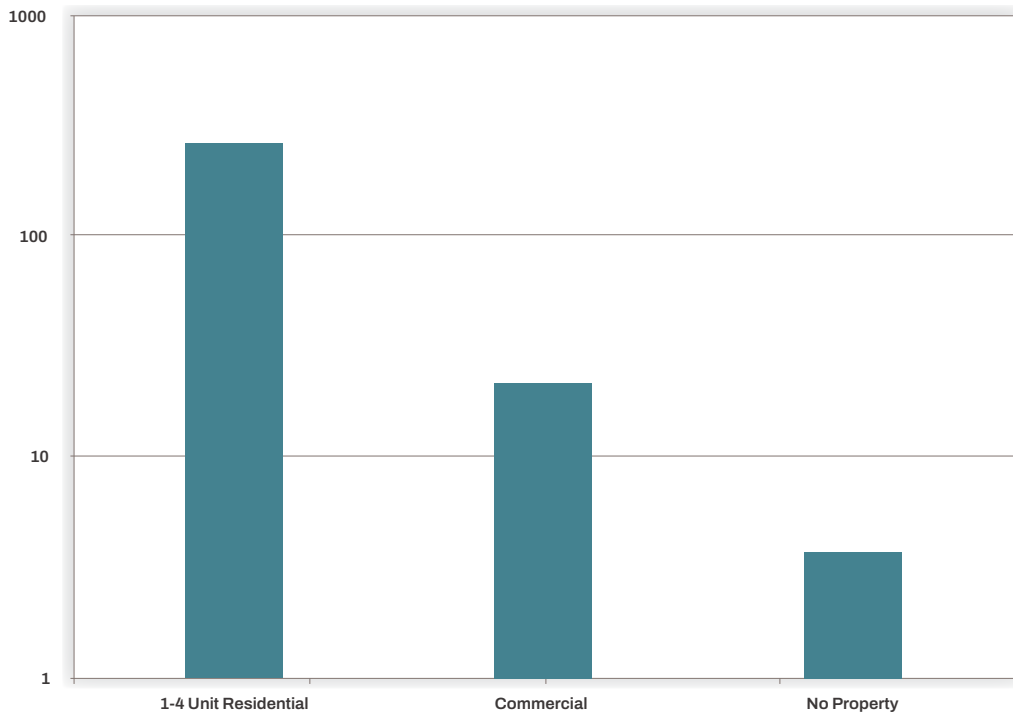
Complaint Type 2025



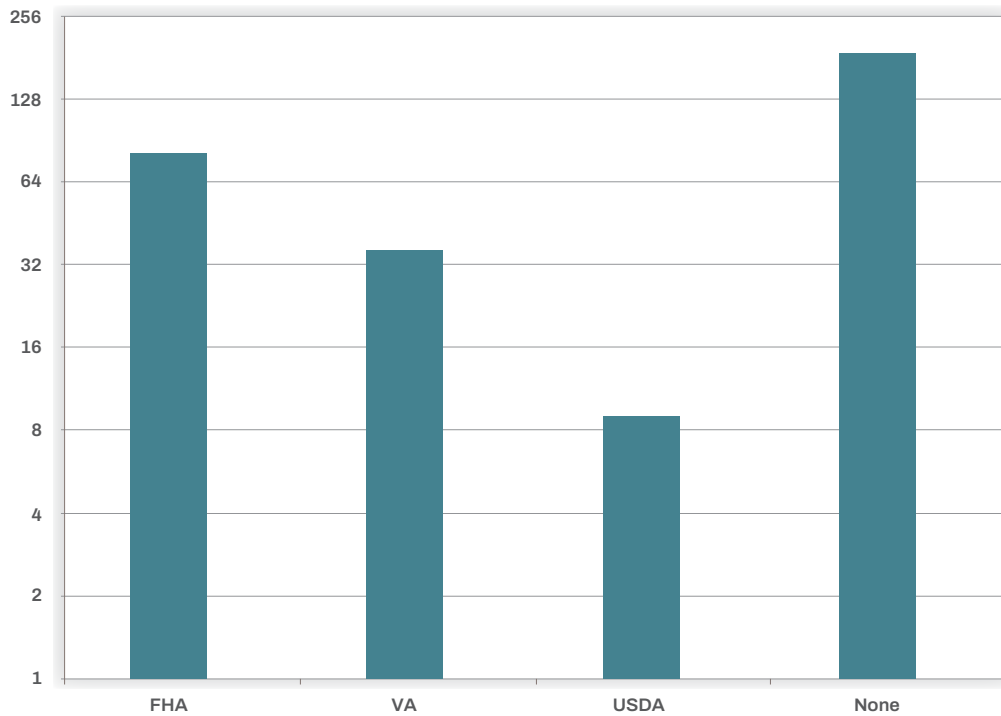
Complaint Against 2025



Property Type 2025



Federal Loan Type 2025



Agency Complaint Data

January–December 2025

COMPLAINANT	AGENCY					
	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Appraiser	1	0	0	3	6	10
Appraisal Management Company	0	0	0	0	0	0
Business Property Owner	1	0	0	0	6	7
Financial Institution Lender	0	0	0	1	0	1
Individual Property Owner	14	3	1	35	369	422
Mortgage Broker	0	0	0	0	0	0
Non-Financial Institution Lender	0	0	0	0	0	0
Other	0	0	0	3	3	3
COMPLAINT AGAINST	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Appraiser	2	0	0	22	0	24
Appraisal Management Company	0	0	0	0	2	2
Lender	14	3	1	19	383	420
Other**	0	0	0	1	101	102
COMPLAINT TYPE	FDIC	FRB	NCUA	OCC	CFPB	TOTAL
Non-Compliance with USPAP	1	2	0	15	162	180
Appraisal Independence	1	1	0	0	51	53
Other	15	0	1	27	238	281

*Complaint Against and Complaint Type volume is larger than other categories because some complaints faulted more than one aspect or entity in the appraisal process.

**In addition to these complaints CFPB referred 101 complaints to other government agencies.

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 (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.

(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.

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 credentialing meet or exceed the applicable minimum AQB Criteria. Any minimum qualification requirements

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

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

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 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

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.

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 registry 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 appraiser's status must be changed on the Appraiser Registry to "inactive," thereby

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.

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

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.

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 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

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:

- (1) a State may conduct an additional audit using a higher percentage of audited appraisers; or
- (2) 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.

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.

F. Summary of Requirements

Processing of Applications

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

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
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
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

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 *d.*

⁶² *Id.*

⁶³ *Id.*

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.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

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.*

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

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 credential. State A may not impose such a requirement since Title XI does not distinguish between credentials obtained by examination and credentials

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.

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.

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.

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

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
7. Persons analyzing complaints for USPAP compliance must be knowledgeable about

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

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.*

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.

A State's process for review could, for example, be by questionnaire, or affidavit, or background screening, or otherwise. The ASC would expect

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.

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).

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.”

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.

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 AMC's and maintains an effective regulatory program.¹¹⁹

B. Enforcement Process

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

1. Timely Enforcement

States must process complaints against AMC's in a timely manner to ensure effective supervision of AMC's. 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

States must track all complaints using a complaint log. The complaint log must record all complaints, regardless of their procedural

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."

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.

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.

4. Oral Presentations to the ASC

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

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.

prohibitory or mandatory injunction in a court of competent jurisdiction.¹³⁴

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 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

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.

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.

