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**STATEMENT OF**  
**EXECUTIVE DIRECTOR JAMES R. PARK**  
**APPRAISAL SUBCOMMITTEE**  
**OF THE**  
**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL**

**BEFORE THE**  
**HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON**  
**INSURANCE, HOUSING AND COMMUNITY OPPORTUNITY**

**HEARING ON**  
**APPRAISAL OVERSIGHT: THE REGULATORY IMPACT ON**  
**CONSUMERS AND BUSINESSES**

**JUNE 28, 2012**

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## **I. Introduction**

The Appraisal Subcommittee (ASC) appreciates the opportunity to provide an update on the ASC's current activities and future priorities. This statement will first provide general background and history of the ASC, including its creation in response to the savings-and-loan crisis of the 1980s, up to and including the ASC's expanded mission and authority pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Next, the statement will discuss ongoing responsibilities of the ASC pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI), including its monitoring of the Appraisal Foundation. The Dodd-Frank Act amendments to Title XI, authored by Chairman Biggert and former Congressman Kanjorski, changed numerous provisions related to the ASC's operations, role, and responsibilities. This statement will also address the ASC's Compliance Review process for evaluating State<sup>1</sup> appraiser regulatory programs' compliance with Title XI, as well as other ongoing responsibilities. Finally, the statement will address actions taken by the ASC to fulfill Dodd-Frank Act amendments to Title XI.

## **II. History of the ASC**

Title XI created the ASC as an entity within the Federal Financial Institutions Examination Council (FFIEC). In general, the ASC operates independently of the FFIEC. Historically, the primary role of the ASC, pursuant to Title XI, has been to monitor the requirements by States and the Federal financial institutions regulatory agencies<sup>2</sup> regarding minimum appraiser qualifications and appraisal standards in connection with federally related transactions. The

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<sup>1</sup> "State" refers to the 50 States, the District of Columbia, and four territories (Commonwealth of Puerto Rico, Commonwealth of the Northern Mariana Islands, Guam, and United States Virgin Islands).

<sup>2</sup> The Federal financial institutions regulatory agencies consist of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

Federal and State appraisal regulatory framework governing federally related transactions includes any real estate-related financial transaction that a Federal financial institution's regulatory agency engages in, contracts for, or regulates, and that requires the services of an appraiser.<sup>3</sup>

Following the savings-and-loan crisis of the 1980s, Congress passed Title XI to address identified weaknesses in the appraisal profession and the quality of real property appraisals supporting the lending activity of federally regulated institutions. Title XI recognized the need for uniform appraisal standards and minimum qualification criteria for appraisers. Prior to Title XI, appraisers were, for the most part, unregulated at either the Federal or State level and there was no uniform set of appraisal standards. The federal financial institutions regulatory agencies had broad safety and soundness guidelines requiring regulated financial institutions to consider the nature and value of a loan's collateral value. Therefore, Title XI sought to address this situation with an emphasis on the importance of appraisals to support safe and sound real estate lending activity of federally regulated institutions and to protect Federal financial and public policy interests in real estate transactions.

Title XI created a unique regulatory framework for real estate appraisals and appraisers that involves Federal, State and private entities:

- At the Federal level, the ASC provides Federal monitoring, support and oversight to both the private and State entities; while the Federal financial institutions regulatory agencies are responsible for prescribing appropriate standards for the performance of real estate appraisals in connection with federally related transactions under their jurisdiction.
- At the State level, State regulatory agencies are responsible for the certification, licensing and supervision of appraisers.

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<sup>3</sup> Title XI § 1121 (4), 12 U.S.C. 3350, as amended.

- On the private side, the Appraisal Foundation (Foundation), a private non-profit corporation, is responsible for promulgating uniform appraisal standards and minimum real property appraiser qualification criteria. The Foundation serves as the parent organization for two boards established to accomplish this mission: the Appraisal Standards Board (ASB) and the Appraiser Qualifications Board (AQB). These boards respectively promulgate and maintain the Uniform Standards of Professional Appraisal Practice (USPAP) and the Real Property Appraiser Qualification Criteria (AQB Criteria).<sup>4</sup>

The ASC is made up of seven members as designated by the heads of the Federal financial institutions regulatory agencies, the Department of Housing and Urban Development, and, pursuant to the Dodd-Frank Act, the Federal Housing Finance Agency and the Consumer Financial Protection Bureau. The ASC currently has a staff of ten. The ASC is hiring three additional staff to support the added responsibility given to the ASC by the Dodd-Frank Act.

### **III. Responsibilities of the ASC Pursuant to Title XI**

The Dodd-Frank Act included an emphasis on consumer and residential mortgage lending, recognizing that appraisals provide important information on a property, including its market value, that assists consumers in making informed borrowing decisions, as well as providing important information for the lender to understand the risk in a real estate loan. With the enactment of the Dodd-Frank Act, the amendments to Title XI expanded the ASC's mission and authority and provided additional tools for the ASC in carrying out its responsibilities.<sup>5</sup>

Pursuant to Title XI as amended, the ASC monitors the requirements established by States for the certification and licensing of appraisers qualified to perform appraisals in connection with

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<sup>4</sup> The AQB Criteria establish the minimum requirements for credentialing of appraisers qualified to perform appraisals for federally related transactions, including education (for initial qualification and continuing), experience and examination.

<sup>5</sup> Title XI § 1103.

federally related transactions (including a code of professional responsibility). Specifically, States must adopt and/or implement all relevant AQB Criteria for the certification and licensing of appraisers.

Title XI requires the ASC to monitor both the requirements established by the Federal financial institutions regulatory agencies with respect to appraisal standards for federally related transactions under their jurisdiction and the agencies' determinations as to which federally related transactions under their jurisdiction require the services of a State certified or licensed appraiser.

The ASC is required to maintain a National Registry (Registry) of State certified and licensed appraisers who are eligible to perform appraisals for federally related transactions. Through the Registry, State and Federal regulators, lenders, and consumers can determine whether an appraiser holds an active credential in good standing with the State, the type of credential and the State disciplinary history for that appraiser.<sup>6</sup> The Registry became operational in 1992 and is available on the ASC website ([www.asc.gov](http://www.asc.gov)). Over the years, system enhancements have been made to the Registry to improve public access. In March 2010, an updated Registry system and ASC website were implemented. The updated Registry allows authorized and properly trained personnel from each State to update in real time a State's Registry submission and disciplinary actions taken against its licensed or certified appraisers. The Registry contains fewer than 105,000 appraiser credentials<sup>7</sup>, down almost 14 percent from the peak in 2007. With the Registry fee being the ASC's sole source of revenue, the reduction in the number of credentials

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<sup>6</sup> The National Registry includes the following disciplinary action history for each credential: suspensions, revocations and surrendered in lieu of the aforementioned actions. See Appendix A – *Appraiser Disciplinary Actions Reported by States* for a list of State disciplinary actions since 1992.

<sup>7</sup> Some appraisers are licensed or certified in more than one State. Therefore the number of credentials is higher than the actual number of licensed and certified appraisers. There are approximately 88,000 distinct appraisers on the Registry.

on the Registry places additional challenges on the ASC to budget and plan for additional responsibilities arising from the Dodd-Frank Act mandates.

The ASC is required to transmit an annual report to Congress not later than June 15 of each year that describes its activities during the preceding year. The 2011 Annual Report has been submitted to Congress and is available on the ASC website ([www.asc.gov](http://www.asc.gov)).

The ASC is further required to monitor and review the practices, procedures, activities and organizational structure of the Foundation. In monitoring the Foundation, ASC staff attends all public and private meetings of the Foundation boards, including their Board of Trustees. ASC staff also reviews and, at times, comments on proposed and final published documents regarding the AQB Criteria and USPAP. ASC staff also attends meetings of the Appraisal Practices Board (APB) as part of the responsibility to monitor activities of the Foundation. No grant funds are awarded to the APB as Title XI only authorizes grants to the Foundation for the work of the ASB and AQB.

In 2011 the Foundation appointed a Strategic Plan Task Force to review and update its Strategic Plan. The Task Force held briefings for the Appraisal Foundation Board of Trustees and sponsoring organizations which were attended by ASC staff. Foundation staff indicated that the proposed Strategic Plan will be published this summer for a 90-day public comment period. Once the proposed Strategic Plan is published, the ASC will review it and provide comments. The ASC anticipates submitting comments to the extent that it affects the Title XI related work of the Foundation.

Pursuant to Title XI, amounts appropriated for or collected by the ASC shall be used, among other things, “to make grants in such amounts as it deems appropriate to the Foundation, to help defray those costs of the Foundation relating to the activities of the Appraisal Standards and

Appraiser Qualifications Boards.”<sup>8</sup> Since making its first grant in 1992, the ASC has provided over \$16 million in grant funds to the Foundation. The Foundation submits an annual grant request to the ASC for grant-related activities of the ASB and AQB. To receive reimbursement for those activities, the Foundation presents monthly reimbursement requests specifying the grant-related activities undertaken in a given month. ASC staff reviews the grant reimbursement requests and makes recommendations to the ASC as to whether the requests should be approved in total, in part, or denied. The ASC reviews the requests along with staff recommendations and approves or denies, in total or in part, the requests during the monthly public meetings. Further, the ASC engages an independent public accounting firm to review the Foundation’s grant-related activities and the monthly reimbursement requests. For fiscal year (FY) 2012, the ASC approved an annual grant of approximately \$900,000 to the Foundation and its boards, which includes funds for the State Investigator Training Program. The grant also defrays the expenses of grant eligible activities of the ASB and AQB such as the development and maintenance of USPAP and the AQB Criteria, and maintenance of the Uniform State Appraiser Examinations. The ASC provides the Foundation grant funds for the development, presentation, and hosting of State Investigator Training Courses. The program provides training to assist States in investigating complaints against appraisers. The courses, developed jointly by the Foundation, the States, and the ASC staff, fill a void for States that would not otherwise have access to these professional development opportunities, particularly at a time when many States have limited financial resources. In total, 63 State employees attended the training in 2011, bringing the total number of State employees to 330 that have attended the courses over the past three years. The training promotes more effective complaint investigation and resolution by State appraiser regulatory programs. The training covers topics such as USPAP and proper investigative techniques, and

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<sup>8</sup> Title XI § 1109 (b) (4), 12 U.S.C. 3338, as amended.

provides resources to aid the States in their processing of complaints against appraisers. In response to the positive feedback from participating States, the ASC approved funding for additional investigator courses for 2012.

A key part of the ASC's role is to monitor and assess State appraiser regulatory programs relative to Title XI. State appraiser regulatory programs are reviewed every two years, at a minimum, through an on-site Compliance Review process. Compliance Reviews are scheduled to coincide with a meeting of a State appraiser regulatory program's decision-making body whenever possible, and are conducted over a two- to four-day period. ASC staff assesses the State appraiser regulatory programs for compliance<sup>9</sup> with Title XI, ASC Policy Statements<sup>9</sup> and AQB Criteria. The ASC's Compliance Review of the State appraiser regulatory programs focuses on three key components of Title XI: (1) implementation and enforcement of USPAP and the AQB Criteria; (2) adequacy of the State's statutory or regulatory authority, funding and staffing to successfully carry out Title XI-related functions; and (3) consistency with Title XI in the decisions of the State appraiser regulatory programs.

The ASC issues a final Compliance Review Report and letter to the State with a determination regarding the State's compliance with Title XI. State appraiser regulatory programs are found to be either: (1) in substantial compliance; (2) not in substantial compliance; or (3) not in compliance<sup>10</sup>.

The general areas of non-compliance with Title XI and the number of States experiencing those problems are presented in the 2011 Annual Report available on the ASC website ([www.asc.gov](http://www.asc.gov)). A summary of those findings over the past three years is also included in

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<sup>9</sup> The ASC periodically issues Policy Statements to assist the States in understanding the ASC's expectations for State appraiser regulatory programs. The Policy Statements reflect the general framework that the ASC uses in the Compliance Review process.

<sup>10</sup> In Substantial Compliance – Applies when no issues of non-compliance or violations of Title XI, ASC Policy Statements or AQB Criteria are identified. Not in Substantial Compliance – Applies when there are one or more issues of non-compliance or violations of Title XI, ASC Policy Statements and/or AQB Criteria but the concerns do not rise to the level of "not in compliance." Not in Compliance – Applies when the number, seriousness or repetitiveness of the Title XI, ASC Policy Statements and/or AQB Criteria violation warrant this finding.



Appendix B of this statement. Timeliness of the investigation and resolution of complaints against appraisers continues to be the most common area of non-compliance for the States.

In 2011, ASC staff conducted 33 on-site visits: 27 of those were full Compliance Reviews; 3 were Follow-up Reviews; 3 were on-site Priority Contact visits. These Priority Contacts provide ASC staff the opportunity to meet with a State that may pose a relatively high risk to the appraisal regulatory system, such as a State with a large population of appraisers, a State with major changes to the State appraiser regulatory program leadership, or a State with past compliance concerns.

As reported in the 2011 ASC Annual Report, the following 12 States collectively represented over 50 percent of the appraiser credentials on the National Registry: California, Florida, Georgia, Illinois, Michigan, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia, and Washington (listed alphabetically).

Title XI authorizes the ASC to take action against a State in the case of non-compliance, with an order of non-recognition. Such an order would effectively mean that federally regulated financial institutions would be unable to conduct real estate lending in a non-compliant State as institutions would be unable to employ the State's appraisers for appraisals in federally related transactions. The Dodd-Frank Act gave the ASC the authority to take interim action against a State in the case of non-compliance with Title XI (as an alternative to, or in advance of non-recognition). With regard to any future ASC rulemaking, the Dodd-Frank Act directs the ASC to 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 such regulations.

#### **IV. Current Activities and Future Priorities**

Since the passage of the Dodd-Frank Act in 2010, the ASC completed numerous tasks associated with the amendments to Title XI including:

- Holding ASC meetings in open session after notice in the Federal Register
- Issuing Bulletins to State appraiser regulatory agencies noticing them on:
  - Increased National Registry fees from \$25 to \$40 (the fee of \$25 was established in 1992 and had not changed since.)
  - Implementation of the new AQB minimum qualification requirements for State licensed appraisers, trainees, and supervisors
  - New State reciprocity requirements
  - Requirement to maintain adequate funding and staffing
- Providing Annual Reports to Congress by June 15.

In January, the ASC underwent significant change with the OCC, FRB and FDIC appointing new representatives. In addition, the CFPB member who had been acting in an advisory capacity became a voting member, and effective April 1<sup>st</sup>, the FFIEC appointed the HUD representative to a two-year term as the new ASC Chairman. The first meeting with the new members was held in February. Since then, the ASC has held five monthly public Meetings and ten Briefings.

Substantial progress is being made in a number of areas, as discussed below.

Last fall the ASC voted to deploy the Appraisal Complaint National Hotline. Since that time, a website has been developed, a call center has been designed, and an overall process for handling complaints has been drafted. ASC member agencies are currently working to finalize the details for how they will handle the referral of a complaint from the Hotline. This effort

involves interagency coordination and information sharing. Launch of the Hotline is anticipated before the end of 2012.

The ASC approved revised Policy Statements for publication in the Federal Register for public comment. This is the first complete rewrite of the Policy Statements since 1992, and incorporates changes to Title XI brought about by the Dodd-Frank Act. The ASC anticipates reviewing and considering the public comments and publishing adopted Policy Statements before the end of 2012.

Other ASC priorities include fulfilling the authority and responsibilities conferred by the Dodd-Frank Act in such areas as State grants and rulemaking. Many State appraiser regulatory programs do not control their funding, and, as referenced in the GAO study (discussed more fully below), can have their appraisal program funds swept<sup>11</sup> into the general fund. To provide broad support of all States the ASC currently funds the State Investigator Training Program, which pays travel and education related expenses for at least three individuals from each State to attend educational offerings on effective complaint investigation and prosecution techniques. While the ASC has not yet formally addressed rulemaking, the proposed Policy Statements would implement the interim sanctioning authority given to the ASC by the Dodd-Frank Act to remove appraisers from the National Registry for up to 90 days.<sup>12</sup> Use of any additional interim sanctioning authority would require rulemaking. If the ASC determines that there is a need for rulemaking the ASC will establish an advisory committee as required in the Dodd-Frank Act.

The Dodd-Frank Act also required the GAO to conduct a study of the ASC. The GAO conducted its study throughout 2011 and issued its report last January. The GAO made three

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<sup>11</sup> Many State legislatures and or governors offices have the authority to “sweep” funds from State agencies. Sweeping the funds refers to taking the funds for use in other areas of the State government or borrowing the funds. In some cases borrowed funds are never returned.

<sup>12</sup> The Dodd-Frank Act also gave the ASC similar interim sanctioning authority for appraisal management companies. At such time that the ASC establishes the Appraisal Management Company National Registry, it will be necessary to revise the Policy Statements to implement the interim sanctioning authority for appraisal management companies.

recommendations, which the ASC is currently working to address. Following are the GAO recommendations and ASC progress in responding to them:

1. Clarify the definitions used to categorize States' overall compliance with Title XI and include them in ASC's compliance review and policy and procedures manuals, compliance review reports to States, and annual reports to Congress.
  - Added current compliance review findings definitions to the Policy and Procedures Manual, State Compliance Review reports, and are included in the 2011 Annual Report to Congress.
  - Drafted revised Policy Statements to include redefined Compliance Review findings and definitions that more specifically define States' level of compliance with Title XI, ASC Policy Statements and AQB Criteria.
2. Develop specific policies and procedures for monitoring the appraisal requirements of the federal financial institutions regulators and include them in the ASC's Policy and Procedures manual.
  - The ASC staff is drafting a policy to address this recommendation and will submit the draft policy to the ASC for approval. Additionally, ASC staff met with the interagency group working on appraisal-related regulations required by the Dodd-Frank Act, as well as the interagency group addressing the complaint hotline processes.
3. Develop specific criteria for assessing whether the grant activities of the Foundation are Title XI-related and include these criteria in ASC's Policy and Procedures manual.

- The ASC staff is drafting a policy to ensure that both the type and level of approved grant funding are appropriate and will submit the draft policy to the ASC for approval.

An overview of the ASC's completed, current and 2013 priorities is included in Appendix C of this statement.

## **V. Conclusion**

In conclusion, the Dodd-Frank Act made significant amendments to Title XI that will take several years to fully implement. Given the significant additional responsibility and authority provided to the ASC, staffing and other resources are being carefully analyzed and monitored to ensure the ASC has the proper resources to fulfill its Title XI requirements. The ASC is dedicated to carrying out its new and existing Title XI mandates transparently and efficiently.

## Appendix A – Appraiser Disciplinary Actions Reported by States\*

January 1, 1991 through December 31, 2011

STATE OR US TERRITORY	Revocation	Suspension	Voluntary Surrender	Downgrade	Probation	Fine	Additional Education	Official Reprimand	Warnings, Corrective Actions	Other	Total
ALASKA	1	1	4		6	7	4		3		26
ALABAMA	9	44	17	4	6	15	6	12		16	129
ARKANSAS	9	22	8	2	153	7	26		8	74	309
ARIZONA	40	27	43	1	74		1	2		361	549
CALIFORNIA	133	62	110	1	54	503	92		140	43	1,138
COLORADO	37	56	92	3	42	200	179	1	2	11	623
CONNECTICUT	6	6	7			145	36	1		6	207
DISTRICT OF COLUMBIA	2	5			9	19	2	2			39
DELAWARE	1	13			7	4	14	13			52
FLORIDA	272	185	27	1	607	570	125	6	4		1,797
GEORGIA	283	135	31							353	802
HAWAII	1					13	5		1		20
IOWA	17	8	33		54	47	138	19	4	6	326
IDAHO	5	18	9		70	163	117	4	4	36	426
ILLINOIS	138	108	8	1	21	94	13	11	660	3	1,057
INDIANA	88	100	10		154	24	15	55	7	73	526
KANSAS	32	16	16	1	104	80	165		18		432
KENTUCKY	3	43	19		2	153	85		5	4	314
LOUISIANA	2	13				23			24		62
MASSACHUSETTS	23	18	53		76	120	4	200	6		500
MARYLAND	12	40	3			79	39	13	1	2	189
MAINE	21	18	8		15	104	61	58	15	6	306
MICHIGAN	89	29	4		35	373	129				659
MINNESOTA	66	66			1	331	36	28	21	18	567
MISSOURI	99	130	17		259			2	2	52	561
MISSISSIPPI	10	18	5		26		39	2	1	278	379
MONTANA	9	8	3		25	38	35	6		2	126
NORTH CAROLINA	17	175	51	1		3	203	79	6	1	536
NORTH DAKOTA	2	5	5	2	11		16	1		1	43
NEBRASKA	1	6	21	3	9	2	66		3	34	145
NEW HAMPSHIRE	3	11	1			53	36				104
NEW JERSEY	17	71	12	2	37	176	44	74	5		438
NEW MEXICO	13	7	2		3	28	60	11	14		138
NEVADA	36	26	36	13	10	107	151		3	4	386
NEW YORK	139	85	1			137	26	1	49	5	443
OHIO	30	158	20			164	262	6	75		715
OKLAHOMA	376	171	18	3	15	138	39	3	2	13	778
OREGON	16	40	27			335	22	27	4	24	495
PENNSYLVANIA	8	49	22		35	243	184	14			555
PUERTO RICO		2				8	2			8	20
RHODE ISLAND	8	6	2			16	11			2	45
SOUTH CAROLINA	16	18	14	7	73	134	51	77	3		393
SOUTH DAKOTA	6	16	3			50	45	44	3	4	171
TENNESSEE	12	30	12	5	24	148	141	8	75	44	499
TEXAS	83	51	42		82	199	335	13	6	10	821
UTAH	17	5	32	7	13	155	69			22	320
VIRGINIA	32	82	5		2	8	4		117	1	251
VERMONT	2	6	2		2	4	8		23	7	54
WASHINGTON	58	45	5		82	65	16	2	34	1	308
WISCONSIN	16	61	46		8	127	220	103	12	10	603
WEST VIRGINIA	3	29			25	37	36	11	6	3	150
WYOMING	1	1	5		6	6	5			3	27
<b>Total</b>	<b>2,320</b>	<b>2,345</b>	<b>911</b>	<b>57</b>	<b>2,237</b>	<b>5,455</b>	<b>3,418</b>	<b>909</b>	<b>1,366</b>	<b>1,541</b>	<b>20,559</b>

\*Public disciplinary actions on the National Registry are those State actions currently in effect that affect an appraiser's ability to appraise: revocations, suspensions or voluntary surrenders in lieu of discipline. No disciplinary actions have been reported by Guam, Mariana Islands or Virgin Islands.

## Appendix B - 2011 Compliance Review Findings

### 2009 – 2011 Compliance Review Findings

<b>Areas of Non-Compliance</b>			
<b>Requirement/Guidance Areas</b>	<b>2011 27 States Reviewed</b>	<b>2010 26 States Reviewed</b>	<b>2009 32 States Reviewed</b>
<b>Statutes, Regulations, Policies and Procedures:</b>	4	2	7
<b>Temporary Practice:</b>	0	0	0
<b>National Registry:</b>	0	0	1
<b>Application Process:</b>	2	4	17
<b>Reciprocity:</b>	0	0	0
<b>Education:</b>	0	2	7
<b>Enforcement:</b>	18	19	16
<b>State Compliance Status</b>			
	<b>2011 27 States Reviewed</b>	<b>2010 26 States Reviewed</b>	<b>2009 32 States Reviewed</b>
<b>In Substantial Compliance</b>	15	9	14
<b>Not in Substantial Compliance</b>	11	17	18
<b>Not in Compliance</b>	1	0	0

The table above documents the 2009, 2010, and 2011 Compliance Review findings by requirement and areas of guidance.

### State Compliance Status 2007 - 2011

<b>State Compliance Status Showing Improvement</b>					
	<b>2011 27 States Reviewed</b>	<b>2010 26 States Reviewed</b>	<b>2009 32 States Reviewed</b>	<b>2008 26 States Reviewed</b>	<b>2007 30 States Reviewed</b>
<b>In Substantial Compliance</b>	15	9	14	5	4
<b>Not in Substantial Compliance</b>	11	17	18	20	26
<b>Not in Compliance</b>	1	0	0	1	0
<b>% In Substantial Compliance</b>	56%	35%	44%	19%	13%

**Appendix C – Dodd-Frank Act: ASC Project Log**

<b>DODD-FRANK ACT: ASC PROJECT LOG</b>		
<b>Completed Tasks</b>		
<b>Title XI as Amended</b>	<b>Summary of Task(s)</b>	<b>Current Status</b>
§ 1104 (b) Open Meetings	<ul style="list-style-type: none"> <li>• ASC to hold meetings in public.</li> <li>• Notice of meetings to be published in the Federal Register.</li> <li>• Amend ASC Rules of Operation and Policies &amp; Procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• Open Meetings began July 2010.</li> <li>• ASC Rules of Operation/Policies &amp; Procedures amended December 2010.</li> </ul>
§ 1109 (a) Registry Fees Modified	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement.</li> <li>• Amend Rules of Operation.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• ASC Bulletin issued October 14, 2010.</li> <li>• AMC Registry fees will follow timeline of AMC registration with States.</li> </ul>
§ 1011 Amendments to Appraisal Subcommittee	<ul style="list-style-type: none"> <li>• CFPB and the FHFA added as ASC member agencies.</li> <li>• Requires one ASC member be a licensed or certified appraiser or hold a professional designation.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• FHFA designated member representative in November 2010.</li> <li>• CFPB designated member representative in November 2011.</li> </ul>
§ 1116 (c) Criteria	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement.</li> <li>• AQB Criteria mandatory for State Licensed Appraisers, and Trainee and Supervisory Appraisers.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• ASC Bulletin issued March 18, 2011.</li> <li>• Ongoing ASC monitoring of State Programs.</li> </ul>
§ 1118 Monitoring of State Appraiser Certifying and Licensing Agencies	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement requirement for State Programs to maintain adequate funding and staffing to carry out Title XI-related duties.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• ASC Bulletin issued March 18, 2011.</li> <li>• Ongoing ASC monitoring of State Programs.</li> </ul>
§ 1122 (b) Reciprocity	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement new reciprocity requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• ASC Bulletin issued March 18, 2011.</li> <li>• Ongoing ASC monitoring of State Programs.</li> </ul>
§ 1122 (h) Appraiser Education	<ul style="list-style-type: none"> <li>• Encourage States to accept courses approved by the AQB Course Approval Program.</li> <li>• Issue Bulletin to States.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed.</li> <li>• ASC Bulletin issued March 18, 2011.</li> <li>• Ongoing as part of Compliance Review.</li> </ul>



<b>Immediate Priorities FY 2012</b>		
<b>Title XI as Amended</b>	<b>Summary of Task(s)</b>	<b>Current Status</b>
<b>§ 1103 (a)</b> Annual Report	<ul style="list-style-type: none"> <li>• Transmit Annual Report to Congress June 15.</li> </ul>	<ul style="list-style-type: none"> <li>• 2011 Report submitted timely.</li> <li>• 2010 Report submitted timely.</li> </ul>
<b>§ 1122(i)</b> Appraisal Complaint Hotline	<ul style="list-style-type: none"> <li>• ASC to determine whether hotline exists that satisfies provisions of Dodd-Frank Act.</li> <li>• If ASC determines no such hotline exists, ASC to establish and maintain appraisal complaint national hotline.</li> </ul>	<ul style="list-style-type: none"> <li>• January 12, 2011, ASC determined no hotline exists to satisfy provisions of Dodd-Frank Act.</li> <li>• Hotline deployment plan approved November 2011.</li> <li>• Website and call center in final stages of development.</li> <li>• Interagency working group finalizing agency processing of complaints and information sharing.</li> <li>• Phase One launch anticipated prior to end of 2012. Launch date dependent on agencies' readiness.</li> </ul>
<b>(Not Title XI)</b> <b>Dodd-Frank Act</b> <b>§ 1476</b> GAO Study	<ul style="list-style-type: none"> <li>• GAO study required.</li> </ul>	<ul style="list-style-type: none"> <li>• Study completed.</li> <li>• ASC addressing 3 GAO recommendations.</li> <li>• Recommendations to be addressed prior to end of 2012.</li> </ul>
<b>§ 1118</b> Monitoring of State Appraiser Certifying and Licensing Agencies	<ul style="list-style-type: none"> <li>• Interim sanction authority to remove appraisers from the National Registry for up to 90 days; due process considerations addressed in revised Policy Statements.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft revised Policy Statements in process.</li> <li>• Publish Policy Statements for comment in Federal Register w/in 30 days.</li> </ul>
<b>§ 1109 (b)</b> Grants and Reports	<ul style="list-style-type: none"> <li>• Make grants to State agencies in accordance with policies to be developed by the ASC to support State Program compliance with Title XI.</li> </ul>	<ul style="list-style-type: none"> <li>• Currently providing funding for State Investigator Training through the Appraisal Foundation grant process.</li> <li>• Draft policies for additional grant activities in progress.</li> <li>• Hiring of grant specialist in progress</li> <li>• Ongoing development of State grant policies anticipated.</li> </ul>

**Priorities for FY 2013**

<b>Title XI as Amended</b>	<b>Summary of Task(s)</b>	<b>Current Status</b>
<p><b>§ 1122 (g)</b> Appraiser Independence Monitoring</p>	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement.</li> <li>• Monitor State Programs to determine if policies, practices and procedures are consistent with maintaining appraiser independence, and whether State has adopted and maintains laws, regulations and policies aimed at maintaining appraiser independence.</li> </ul>	<ul style="list-style-type: none"> <li>• Currently, ASC staff gathers information from State Programs regarding laws, regulations and policies in place governing appraiser independence during the Compliance Review.</li> <li>• ASC Bulletin to be issued during FY2013 to formalize ASC monitoring function.</li> </ul>
<p><b>§ 1106</b> Regulations</p>	<ul style="list-style-type: none"> <li>• Regulatory authority granted in the following areas: (1) temporary practice; (2) National Registry; (3) information sharing; and (4) enforcement. ASC shall establish an advisory committee to support development of regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Initial research on rulemaking (APA) and advisory committee (FACA) completed.</li> <li>• Preliminary fiscal analysis on advisory committee completed.</li> <li>• ASC will form advisory committee once the need for specific rulemaking is identified.</li> </ul>

**To Be Completed**

<b>Title XI as Amended</b>	<b>Summary of Task(s)</b>	<b>Current Status</b>
<p><b>§ 1124</b> Appraisal Management Companies (AMCs)</p>	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States implement.</li> <li>• Monitor States' adoption and implementation of minimum requirements established by DFA Interagency Group for registration of AMCs.</li> </ul>	<ul style="list-style-type: none"> <li>• DFA Interagency Group to prescribe regulations by January 21, 2013. Once regulations are in final form and implemented by States, ASC will begin monitoring function.</li> </ul>
<p><b>§ 1109 (a)</b> State Agency Reporting</p>	<ul style="list-style-type: none"> <li>• Issue ASC Bulletin to States to implement.</li> <li>• New reporting requirements for AMCs.</li> </ul>	<ul style="list-style-type: none"> <li>• DFA Interagency Group to prescribe regulations by January 21, 2013. Once regulations are in final form and implemented by States, ASC will begin monitoring function.</li> </ul>