



7113 San Pedro Ave, Suite 508
San Antonio, TX 78216
(210) 570-4950
info@naappraisers.org
www.naappraisers.org

January 21, 2025

TO: Appraisal Subcommittee-FFIEC
1325 G Street NW, Suite 500
Washington, DC 20005
webmaster@asc.gov
<https://www.regulations.gov/>

RE: Docket No. AS24-22 - Appraisal Subcommittee Enforcement Authority Regarding the Effectiveness of State Appraiser and Appraisal Management Company Regulatory Programs

Dear Appraisal Subcommittee Members,

The National Association of Appraisers (NAA) has reviewed the proposed rule published in the Federal Register on December 6, 2024, and respectfully submits the following comments for your consideration.

Specific Questions Related to the Proposed Rule

Question 1. What are the advantages and disadvantages of the ASC's plan to extend the review cycle for appraiser or AMC Programs overseen by State Appraiser Regulatory Agencies from a two-year cycle to a three-year cycle, particularly for those State Appraiser Regulatory Agencies with an overall ASC Finding of Good or Excellent? What factors should the ASC consider when deciding whether to extend the review cycle to three years for Appraiser or AMC Programs overseen by State Appraiser Regulatory Agencies, particularly when there is an overall ASC Finding of Good or Excellent?

NAA Response: NAA believes extending review cycles to three years is a better use of both ASC and state agency resources, however, three-year cycles should be limited to those agencies which have overall ASC findings of Good or Excellent.

Question 2. Section 1118(a)(2) of Title XI 181 requires the ASC to monitor State Appraiser Regulatory Agencies to ensure that the processing of complaints and completing investigations occurs in a reasonable time period. The proposed rule would require that State Appraiser Regulatory Agencies resolve all complaints against appraisers and AMCs within one year (12 months) from the date the complaint is received, except in special documented circumstances. What are the benefits and challenges of the ASC's plan to reduce the complaint resolution timeframe for State Appraiser Regulatory Agencies to a period of time between 8 and 11 months? What factors should the ASC consider when deciding whether to implement this reduction in the complaint resolution timeframe?

NAA Response: Many state agencies already struggle to meet the current 12-month deadline for processing complaints. To shorten this timeframe would only serve to reduce the number of agencies which receive Good or Excellent ratings. NAA therefore does not recommend reducing the time period for State Appraiser Regulatory agencies to process complaints to 8-11 months.

Question 3. Are there other mitigating or aggravating factors, such as a legitimate threat to the integrity of the appraiser regulatory framework, intentionally-caused unreasonable delays, or reasonable reliance on competent legal advice, that the ASC should consider when deciding whether to adjust the initial level of effectiveness of Appraiser and AMC Programs as determined by the number of deficiencies identified in the preliminary report?

NAA Response: NAA defers to state regulatory agencies to respond to this question.

*Question 4. What barriers, if any, might prevent a State Appraiser Regulatory Agency from responding to a written notice of intention to suspend within 20 business days after its publication in the **Federal Register**? If such barriers exist, what benefits or challenges could arise from extending the response timeframe to a period of time between 30 and 60 business days?*

NAA Response: In the interest of brevity, NAA's responses to Questions 4-8 have been combined. Before responding to a notice of intention to suspend, providing a written brief, memorandum or preparing an oral presentation, many states are required to consult with state attorneys, advice councils, state boards and in some instances even a state's attorney general's office or executive branch. This often takes considerable time and NAA encourages the ASC to adopt the latter of the time periods proposed in order for states to respond completely and appropriately.

*Question 5. What barriers, if any, might prevent a State Appraiser Regulatory Agency from submitting a written brief, memorandum, or other statement within 40 business days after the written notice of intention to suspend is published in the **Federal Register**? If such barriers exist, what benefits or challenges could result from extending the timeframe for filing a written brief, memorandum, or other statement to a period of time between 50 and 100 business days?*

NAA Response: Please see response to Question 4.

*Question 6. What barriers, if any, might prevent a State Appraiser Regulatory Agency from requesting an oral presentation within 40 business days after the written notice of intention to suspend is published in the **Federal Register**? If such barriers exist, what benefits or challenges could result from extending the timeframe to a period of time between 50 and 100 business days?*

NAA Response: Please see response to Question 4.

*Question 7. What factors should the ASC consider when deciding whether to extend the timeframe for issuing the final order from within 80 business days after the written notice of intention to suspend is published in the **Federal Register**? Additionally, what are the advantages and disadvantages of the ASC's plan to extend this timeframe to a period of time between 90 and 180 business days?*

NAA Response: Please see response to Question 4.

*Question 8. What factors should the ASC consider when deciding whether to extend the timeframe for issuing the final order in response to a request for an oral presentation within 100 business days after the written notice of intention to suspend is published in the **Federal Register**? Additionally, what are the advantages and disadvantages of extending this timeframe to a period of time between 120 and 200 business days?*

NAA Response: Please see response to Question 4.

Question 9. What aspects of the proposed rule, if any, will be challenging for State Appraiser Regulatory Agencies to implement within 12 months? To the extent such challenges exist, what benefits or obstacles could result from extending the implementation period to a period of time between 15 and 18 months? What factors should the ASC consider when deciding whether to extend the implementation period to a period of time greater than 12 months?

NAA Response: It is possible that some aspects of the proposed rule will require changes to statute or rule in individual states. For most states, a 12-month timeframe appears reasonable for implementation; however, exceptions should be granted to states that require alterations to statutes or rules.

Question 10. In addition to providing time for implementation, in what other ways should the ASC facilitate implementation for State Appraiser Regulatory Agencies?

NAA Response: NAA has serious concerns about the lack of consistency within and among state regulatory programs, particularly regarding the screening of initial complaints and inconsistent disciplinary actions. The new options at the ASC's disposal gives it the opportunity to encourage uniformity and standardization in the interpretation and application of relevant regulatory standards for appraisers and AMCs by state regulatory agencies.

NAA is aware that the ASC has provided training to AARO membership, however, not all states are members of AARO and some do not have the financial resources to participate in the training. NAA encourages additional training for appraiser regulatory agency staff on regulatory minimum requirements, similar to investigator training funded by the ASC and coordinated by The Appraisal Foundation.

NAA sincerely appreciates the opportunity to provide feedback on this proposed rule and for your consideration of our input.

Sincerely,

Laurie Egan, MNAA on Behalf of NAA
Association Manager/Chair, Government Affairs Committee
National Association of Appraisers