Accreditation Handbook for State Agencies

Updated April 23, 2020

On the web at https://www.csbs.org/department-accreditation

CONFERECE OF STATE BANK SUPERVISORS
1129 20th Street NW / 9th Floor / Washington, DC 20036 / (202) 296-2840

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SEPTEMBER 2019

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Introduction

Welcome to the CSBS Accreditation Program Participant Handbook! The purpose of this handbook is to give State Agencies a full understanding of the key aspects of the Accreditation Program including how the program is governed, its policies and procedures, and the steps to earning and maintaining Accreditation.

This handbook is meant to be a useful reference and may not address every potential question. Please contact 202-802-9556 or accreditation@csbs.org for any further questions.

Program Background

I. CSBS Vision and Mission Statement

The Conference of State Bank Supervisors (CSBS) is the nationwide organization of financial regulators from all 50 states, the District of Columbia, Guam, Puerto Rico, American Samoa, and the U.S. Virgin Islands.

CSBS is a non-profit organization exempt from federal income tax under 501(c)(3) of the internal revenue code. It was organized in 1902 as the National Association of Supervisors of State Banks. In 1971, the name of the organization was changed to the Conference of State Bank Supervisors to better reflect the ongoing nature of CSBS activities. For more than 110 years, CSBS has been uniquely positioned as the only national organization dedicated to protecting and advancing the nation’s dual-banking system.

For more than a century CSBS has given state supervisors a national forum to coordinate supervision and develop policy related to their regulated entities. CSBS also provides training to state banking and financial regulators and represents its members before Congress and the federal financial regulatory agencies.

State regulators supervise state-chartered financial institutions with most state banking agencies also overseeing mortgage providers and many other financial services providers, such as money services businesses (MSBs), payday lenders, check cashers, and finance companies.

VISION STATEMENT

The vision of CSBS is to be the recognized leader advancing the quality and effectiveness of regulation and supervision of state banking and financial services.

MISSION STATEMENT

CSBS supports state regulators in advancing the system of state financial supervision by ensuring safety, soundness and consumer protection; promoting economic growth; and fostering innovative, responsive supervision.

II. Program Overview

The CSBS Accreditation involves an in-depth review of an agency’s policies, procedures, and operations to determine if it meets the standards set forth by the Performance Standards Committee (PSC). A state seeking accreditation for the first time or a state seeking its five-year re-accreditation must complete the self-evaluation questionnaire (SEQ), which includes several sections broken into
multiple topics. The agency is asked to answer a series of questions and rate themselves against the corresponding standard. The agency can add documentation to support its answers and ratings.

It is hoped your responses to the statements and questions will address much of the criteria needed by the onsite accreditation team to gain an understanding of how your agency operates. However, narrative space has been provided for each area to allow the agency to better address items and information it feels has not been fully covered by the statements and questions previously asked. Narrative responses should be kept concise as they each have a character limit. The use of the narrative space is optional by the agency. If your responses need further explanation or description, you may add attachments to support your rating.

Following completion and submission of the SEQ, the agency will be evaluated by a review team, made up of experienced bank and/or mortgage regulators. This review involves an in-depth on-site review of the agency’s work product and interviews with key personnel. The review team will also rate the agency against the standards, and compute the scores and provide its immediate feedback to the agency. The review team will then draft and submit a report to the PSC, which outlines the recommendations for the agency, provides the final score and if the agency has met the minimum standards set forth in the program. The decision to accredit an agency is the sole responsibility of the PSC, and the final decision will be communicated to the agency by the PSC Chair.
III. CSBS and Education Foundation Organizational Charts

CSBS Organizational Overview

SRR 
Board of Managers

CSBS 
Board of Directors

President & CEO 
John W. Ryan

CSBSEF 
Board of Trustees

Executive 
Vice President 
Bill Matthews

Chief 
Information Officer 
Ngoc Vu

General Counsel 
Buz Gorman

Executive 
Vice President 
Thomas Harlow

Senior Executive 
Vice President 
Michael Stevens

Operations 
Testing & Education Policy 
Staff Count: 51

Information Technology 
Staff Count: 53

Office of the 
General Counsel Legal 
Staff Count: 3

Operations 
Accounting 
Human Resources 
Board Governance & Strategy 
Staff Count: 17

Policy Supervision 
Communication 
Industry Relations 
CSBSEF: Edu. Accreditation 
Staff Count: 42

Org Chart Updated: 11/4/19 
Page Updated: 10/22/19
IV. CSBS Education Foundation Board of Trustees and Performance Standards Committee

CSBS EDUCATION FOUNDATION BOARD OF TRUSTEES

In 1984, CSBS created the Education Foundation of State Bank Supervisors (EFSBS). In 2011, the EFSBS Board of Trustees voted to change the name of the foundation to the CSBS Education Foundation (CSBSEF). The purpose of the CSBSEF is to fund and direct CSBS’s education and training efforts. As part of the CSBS education program, the Education Foundation sponsors certification and accreditation programs for the state banking and mortgage agencies and its examiners. The membership of the CSBSEF is comprised solely of state bank regulators and interacts extensively with the CSBS Board of Directors. There is a total of 15 members on the CSBSEF Board of Trustees.

PERFORMANCE STANDARDS COMMITTEE (PSC)

The Performance Standards Committee (PSC) is a committee of the CSBSEF. Its membership includes eight to ten current state bank and mortgage regulators, including three members appointed by the American Association of Residential Mortgage Regulators (AARMR). The PSC is supported by CSBS staff members.

This committee is the “center of power” for the accreditation program and has responsibility for the following:
- Setting the principles, standards, and scoring criteria for the bank, mortgage and money service business accreditation programs.
- Granting the approval or denial of an agency's accreditation or re-accreditation based on reports received from the Review Team.
- Encouraging and recognizing high levels of capability and performance by state regulatory agencies.
- Reviewing the accreditation program format, content and procedures and revising the Program as necessary.
- Approving the Review and Audit Team members to carry out the accreditation program and determines the duties and functions of these teams.
- Approving any adverse actions concerning continued accreditation recommended to the committee by the Annual Review Team. The Annual Review Team has been delegated authority by the PSC to review annual reports and continuing accreditation based on those reports.
- Reviewing any mandatory reporting submissions for determination of probation or suspension of accredited agencies.
- Promptly notifying agencies in writing once the PSC has made its decision regarding accreditation or re-accreditation.

V. Accreditation Program Background

Established in 1984, the CSBS Accreditation Program was designed to strengthen state regulatory agencies by raising the bar on professional excellence in state regulation. The CSBS Accreditation Program is often credited as the most effective tool for advancing state financial regulation. As of March 31, 2018, a total of 46 state banking agencies have achieved and maintained the rigorous standards set forth by the program.
Over the years, the Accreditation Program has evolved as a result of long-standing CSBS policy and the development of the current Accreditation Program is a logical extension of past efforts.

CSBS, in partnership with AARMR, established the CSBS/AARMR Mortgage Accreditation Program in 2009 to jointly accredit state mortgage regulators. The development of the CSBS/AARMR Mortgage Accreditation Program was indicative of state regulators’ ongoing commitment to enhancing supervision of all financial services industries.

In 2009, CSBS signed an agreement with the American Association of Residential Mortgage Regulators (AARMR) to jointly accredit state mortgage regulators which involves the same primary areas of review as the Bank Accreditation Program.

In 2014, CSBS and AARMR working in conjunction with the National Association of State Credit Union Supervisors (NASCUS) conducted the first joint banking, mortgage and credit union accreditation.

CSBS, in partnership with MTRA, established the CSBS/MTRA Money Services Business (MSB) Accreditation Program in 2019 to jointly accredit state MSB regulators.

Today, the accreditation program involves a comprehensive review and verification of the critical elements that assure the ability of a state banking or mortgage agency to discharge its responsibilities through an investigation of its administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory powers. In setting high standards, CSBS is supporting public interest goals by recognizing highly competent state regulatory agencies and strengthening the capabilities of all state regulators.

VI. Benefits of the Accreditation Program

The goal of the CSBS Accreditation Program is to encourage state banking, mortgage and MSB departments to enhance their capability to promote safe and sound banking with a minimum of regulatory burden and cost, and to assist them in achieving that capability.

Specific benefits of the Program include, but are not limited to:

1. Providing guidance and assistance to state regulatory departments through self-evaluation and self-improvement.
2. Providing independent evidence of the capability of accredited state banking, mortgage, and MSB departments, in view of the interstate banking, MSB and mortgage provider environment.
3. Assisting each department by providing documentation that may help it to obtain the resources necessary to assure the safety and soundness of state banks and the effectiveness of state mortgage and MSB regulation.
4. Strengthening the dual banking system, mortgage regulation and MSB regulatory system by demonstrating to Congress, the federal regulatory agencies, other state departments and the public, the high level of capability of each accredited state banking, mortgage, and MSB departments.
5. Sharing ideas and processes on state regulation as identified during the accreditation reviews.

VII. Roles and Responsibilities of the CSBS Accreditation Staff

The role of CSBS staff in the accreditation program is to facilitate the process and support the PSC and Review Team members. All decision-making for program policy setting and accreditation approvals or
denials is the responsibility of the PSC and not CSBS staff. There will be CSBS staff present at the onsite review; however, the CSBS staff person does not determine the rating and scoring of the standards.

Senior Director, Accreditation - is responsible for administering the day-to-day activities of the accreditation program sponsored by CSBS. Duties of this position, in part, include: 1) assisting the PSC in monitoring agency banking and non-depository supervision accreditation programs and updating the accreditation principles and standards to maintain the highest standards possible; 2) establishing review schedules; 3) implementing guidance from the PSC and accreditation review team on policies, procedures, accreditation techniques and other matters requiring technical and administrative support; 4) serving as the primary contact person for state agencies desiring to discuss accreditation findings and other accreditation issues; 5) developing and maintaining accreditation program materials; and, 6) ensuring the Accreditation Online System (AOS) is updated and operating correctly.

Program Specialist, Accreditation - will provide organizational and technical support for the accreditation program. Primary functions will be administering the day-to-day accreditation activities, including managing the accreditation online system and reporting on accreditation data. The individual will also provide support to the Performance Standards Committee, Accreditation Review Teams, and the accreditation contacts for each accredited state agency.

Accreditation Standards

I. Principles of Accreditation

The bank accreditation program evaluates several principles as outlined below. The program is designed to determine if the agency has:

1. The legal authority to charter, examine, supervise and regulate all state-chartered banks consistent with basic principles of safety and soundness, and protection of the public interest.

2. The demonstrated capability to conduct safety and soundness examinations of state-chartered banks within acceptable time limits. This capability should be supported by a combination of active monitoring and review of federal examinations and other methods in a manner consistent with state statutes, safety and soundness and the public interest.

3. Specialized capabilities as required in each state to assure safety and soundness of all state-chartered banks and full compliance with statutes.

4. Adequate qualified staff with expertise to charter, examine, supervise and regulate all state-chartered banks and to perform other departmental functions and responsibilities.

5. A policy, statutory or departmental, which requires an adequate examination frequency based on the risk profile of the state-chartered financial institutions, and the ability to meet the frequency policy.

6. Adequate statutory authority for the department to carry out its duties and responsibilities independently, including authority to take formal enforcement action(s).

7. Adequate funding to achieve all above-mentioned criteria.

In addition, the mortgage accreditation program evaluates several principles as outlined below. The program is designed to determine if the agency has:
1. The legal authority to license, examine, supervise and regulate its state-licensed mortgage companies (lenders, brokers, or servicers) consistent with basic principles of consumer protection, effective management oversight and acceptable financial condition.

2. The demonstrated capability to conduct examinations of state-licensed mortgage companies within acceptable time limits. This capability should be supported by a combination of active monitoring, acceptable complaint processing procedures, review of applicable federal reports and other methods in a manner consistent with state statutes and consumer protection standards.

3. Specialized capabilities as required in each state to assure effective management oversight and acceptable financial condition of its state-licensed mortgage companies and full compliance with both state and federal statutes.

4. Adequate qualified staff with expertise to license, examine, supervise and regulate all state-licensed mortgage companies and to perform other agency functions and responsibilities.

5. A policy or statutory authority which requires an adequate examination frequency based on the risk profiles of their state-licensed mortgage companies, and the ability to meet the frequency policy.

6. Adequate statutory authority for the agency to carry out its duties and responsibilities independently, including authority to take formal enforcement action in addition to revocation of a license.

7. Adequate funding to achieve all above-mentioned criteria.

The Money Services Businesses (MSB) accreditation program evaluates the principles outlined below. The program is designed to determine if the agency has:

1. The legal authority to license, examine, and supervise state-licensed MSBs consistent with basic principles of consumer protection, effective management oversight, and acceptable financial condition.

2. The demonstrated ability to regularly participate in a multi-state system of state supervision of MSBs.

3. The statutory authority for an adequate examination frequency based on the risk profiles of their state-licensed MSBs, and the ability to meet the frequency either by conducting exams or accepting reports of examination from another state.

4. Adequate qualified staff with expertise to license, examine, and supervise all state-licensed MSBs, and to perform other agency functions and responsibilities.

5. Adequate funding to achieve these principles.

II. Process for Setting the Standards

The PSC process for reviewing, updating and communicating accreditation standards is illustrated in the chart shown below. While the process of updating the accreditation standards is continuous, the PSC has established dates for specific steps within the process as follows:
• Suggestions for updates and modifications to the accreditation standards are gathered continuously throughout the year via feedback received from Review Team and states during onsite reviews, CSBS committee meetings, surveys and PSC members.

• Beginning in 2017, the PSC began working jointly with the State Supervisory Processes Committee (SSPC) to ensure the accreditation standards stay up-to-date and relevant. The process to be used is guided by a coordination policy approved by each of the committees. Proposed changes are sent to all states for comment.

• In the first quarter of every year, any proposed material changes to the accreditation standards will be sent out to state agencies for formal comment.

• Once state comments are reviewed and considered, changes to the SEQ are approved in May of each year. The PSC has final decision-making authority on changes made to the SEQ.

• States and Review Team members will be notified of the changes by June 30 of each year

• Approved changes will become effective January 1 of the year following the May approval.

• The PSC reserves the right to make changes at other times and either shorten or lengthen the time until the changes become effective, when the need arises.

• The PSC will provide clarification to the states and Review Team during the year as needed or requested.

Accreditation Scoring System

The scoring system is a tool used by the agency and the review team to determine if the agency meets the requirements of the program. The final decision of accreditation is the decision of the PSC, based on the overall adequacy of the agency to abide by the principles of the program listed in the SEQ. Agencies with scores that do not meet the minimum passing score(s) may be denied accreditation or subject to corrective action for a defined period of time, as determined by the PSC.

I. Minimum Passing Scores

Each standard within the section has an assigned value, which is multiplied by the rating to produce a score. The standards have values ranging from 3 to 40, with the higher values being most important.
The SEQ consists of several sections, with the following maximum points available and passing scores for each section, and overall:

**Bank Accreditation Sections**

<table>
<thead>
<tr>
<th>Section</th>
<th>Max Score</th>
<th>Passing Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administration and Finance</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>2. Personnel and Training</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>4. Bank Examination Capabilities</td>
<td>480*</td>
<td>264*</td>
</tr>
<tr>
<td>5. Bank Supervision and Legislation</td>
<td>300</td>
<td>165</td>
</tr>
<tr>
<td><strong>Overall Score</strong></td>
<td><strong>1,590</strong></td>
<td><strong>875</strong>*</td>
</tr>
</tbody>
</table>

* For agencies that supervise large banks -OR- international banks/branches, max score for this section is 525, with passing score of 289. For agencies that supervise BOTH large banks and international banks/branches, max score for this section is 570, with passing score of 314. The overall scores will be adjusted accordingly, as well.

**Mortgage Accreditation Sections**

<table>
<thead>
<tr>
<th>Section</th>
<th>Max Score</th>
<th>Passing Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administration and Finance</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>2. Personnel and Training</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>6. Mortgage Examination Program</td>
<td>810*</td>
<td>445*</td>
</tr>
<tr>
<td>7. Mortgage Supervision and Legislation</td>
<td>330</td>
<td>181</td>
</tr>
<tr>
<td><strong>Overall Score</strong></td>
<td><strong>1,620</strong></td>
<td><strong>891</strong>*</td>
</tr>
</tbody>
</table>

* For agencies that have the authority to examine mortgage services, max score for this section is 870, with passing score of 479. The overall scores will be adjusted accordingly, as well.

**MSB Accreditation Sections**

<table>
<thead>
<tr>
<th>Section</th>
<th>Max Score</th>
<th>Passing Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administration and Finance</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>2. Personnel and Training</td>
<td>240</td>
<td>120</td>
</tr>
<tr>
<td>12. MSB Examination Program</td>
<td>930</td>
<td>520</td>
</tr>
<tr>
<td>13. MSB Supervision and Legislation</td>
<td>510</td>
<td>280</td>
</tr>
<tr>
<td><strong>Overall Score</strong></td>
<td><strong>1,920</strong></td>
<td><strong>1,056</strong></td>
</tr>
</tbody>
</table>

II. Rating Scale

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Agencies and Review Teams will evaluate the agency against each standard, and assign a rating of 3, 2, 1, or 0. Below is the rating scale including some sample narrative and definitions for each point value on the scale.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Definition</th>
<th>Descriptions</th>
</tr>
</thead>
</table>
| 3 Points | Exceeds standard, no suggestions for improvement | • Excellent  
• Exceptional  
• Outstanding  
• Strong  
• Proactive  
• Much more than acceptable  
• Surpasses expectations  
• Significant evidence that the agency exceeds the standard  
• Meets or exceeds requirements in spite of unusually challenging issues  
• Work performed influences other agencies such as serving as model or motivating or inspiring others to perform better |
| 2 Points | Meets standard, may or may not have suggestions for improvement | • Good  
• Acceptable  
• Satisfactory  
• Adequate  
• Reactive  
• Some of the major criteria for the standard were met; some deficiencies exist in the areas assessed but none of major concern  
• Satisfactory evidence that the essential aspects of the standard are met  
• Demonstrates proficiency in meeting the requirements of the standard |
| 1 Point | Does not meet standard, significant improvement(s) required | • Less than satisfactory  
• Less than acceptable  
• Significant weaknesses  
• Insufficient or significantly below the requirements of the standard  
• Inefficiencies cause difficulty in meeting standard  
• Attempt made to address standard, but lack of evidence the standard is met |
| 0 Points | Does not meet standard, major deficiencies exist; Not performed | • Significantly below requirements of the standard  
• Much less than acceptable  
• Major deficiencies/problems evident  
• Describes/demonstrates insufficient skills to meet criteria of the Standard  
• Describes/demonstrates counter-productive practices/procedures that can result in negative outcomes or consequences (make the situation worse)  
• Not Active  
• Poor performance  
• Significant improvement required in the short-term |
III. Values and Max Scores

Section 1 – Administration and Finance
(*this section is applicable to bank, mortgage and MSB accreditation*)
Max Score = 240, Passing Score = 120

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-A. Mission Statement, Strategic Plan &amp; Org Chart</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>1-B. Internal Communication</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1-C. Communication with Other Regulatory Agencies</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1-D. Communication with Industry</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1-E. Consumer Education / Financial Literacy</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>1-F. Access to Legal Assistance</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1-G. Agency Facilities</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>1-H. Business Continuity Plan</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>1-I. Technology Infrastructure and Cybersecurity</td>
<td>16</td>
<td>48</td>
</tr>
<tr>
<td>1-J. Budget Revenue / Contingency Plan</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>1-K. Budget Expenses / Supplemental Budgets</td>
<td>12</td>
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</table>

Section 2 – Personnel and Training
(*this section is applicable to bank, mortgage and MSB accreditation*)
Max Score = 240, Passing Score = 120

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-A. Personnel Manual</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-B. Job Descriptions</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-C. Hiring Policies</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-D. Promotional Opportunities / Pay for Performance</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-E. Performance Appraisal Process</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-F. Adequacy of Salaries and Benefits</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2-G. Training Coordinator / Evaluations</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-H. Policy on Examiner Training</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-I. Training Manuals and On-The-Job Training</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2-J. Examination Exit Meeting Training</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-K. Support of External Academic Training</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2-L. Adequacy of Training Funds</td>
<td>15</td>
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</tbody>
</table>

Section 3 – Bank Examination Policies and Procedures
(*this section is only applicable to bank accreditation*)
Max Score = 330, Passing Score = 181

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
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<tr>
<td>3-A. Examination Frequency Policy/Ability to Meet Policy</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>3-B. Agreements with Federal Regulators</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3-C. Interstate Banking Policy/Procedures</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3-D. Examination Manuals</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>3-E. Examination Procedures/Preplanning</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3-F. Review and Transmittal of Report</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3-G. Working Paper Preparation and Review</td>
<td>10</td>
<td>30</td>
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</tbody>
</table>

**Section 4 – Bank Examination Capabilities**
(this section is only applicable to bank accreditation)
Max Score = 480, Passing Score = 264*

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-A. Banks-Assessment of CAMELS</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>4-B. Trust (companies and departments)</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>4-C. IT Examination and Cybersecurity</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>4-D. Large Bank Supervision*</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>4-E. International Banking*</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>4-F. Capital Markets</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-G. Bank Holding Companies</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-H. Third-party Service Providers (TSPs)</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-I. Compliance with Laws and Regulations</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-J. Consumer Compliance Examinations</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-K. Problem Identification / Migration Analysis</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4-L. Follow-up / Correction of Problems</td>
<td>20</td>
<td>60</td>
</tr>
</tbody>
</table>

Standards indicated by a (*) can be rated N/A if they are not applicable to the agency. An N/A rating will not impact the scoring. If those standards are rated, the total max score and passing score increases based on the value of the standard.

**Section 5 – Bank Supervision and Legislation**
(this section is only applicable to bank accreditation)
Max Score = 300, Passing Score = 165

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-A. Surveillance System</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>5-B. Communication of Findings of Surveillance System</td>
<td>10</td>
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</tbody>
</table>
### Section 6 – Mortgage Examination Program
*(this section is only applicable to mortgage accreditation)*

Max Score = 810, Passing Score = 445*

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-A. Entrance Examination Policy</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-B. Examination Frequency Policy</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>6-C. Risk Scoping Policy</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-D. Info Sharing Agreements w/ Other Reg Agencies</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>6-E. Ability to Participate in Multi-State Exams</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-F. Examination Manuals</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-G. Review and Transmittal of Report</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>6-H. Working Paper Preparation and Review</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>6-I. Ability to Examine Mortgage Licensees</td>
<td>30</td>
<td>90</td>
</tr>
<tr>
<td>6-J. Origination Examination Program</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>6-K. Servicing Examination Program*</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-L. Report of Examination</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>6-M. Follow-up Correction of Problems</td>
<td>30</td>
<td>90</td>
</tr>
</tbody>
</table>

Standards indicated by a (*) can be rated N/A if they are not applicable to the agency. N/A ratings will not impact the scoring. If those standards are rated, the total max score and passing score increase based on the value of the standard.

### Section 7 – Mortgage Supervision and Legislation
*(this section is only applicable to mortgage accreditation)*

Max Score = 330, Passing Score = 181

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-A. Complaint Resolution System</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>7-B. Licensing/Renewal Process</td>
<td>15</td>
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</tbody>
</table>
Section 12 – MSB Examination Program
*(this section is only applicable to MSB accreditation)*

Max Score = 930, Passing Score = 520

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-A. Examination Frequency Policy</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>12-B. Risk Scoping Policy</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>12-C. Sharing and Accepting Reports</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>12-D. Participation in Multi-State Exams</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>12-E. Examination Manuals</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>12-F. Review and Transmittal of Report</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>12-G. Working Paper Retention</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>12-H. Staffing Capabilities</td>
<td>30</td>
<td>90</td>
</tr>
<tr>
<td>12-I. MSB Examination Work Program</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>12-J. Report of Examination</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>12-K. Follow-up Correction of Problems</td>
<td>20</td>
<td>60</td>
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</tbody>
</table>

Section 13 – MSB Supervision and Legislation
*(this section is only applicable to MSB accreditation)*

Max Score = 510, Passing Score = 280

<table>
<thead>
<tr>
<th>NAME OF STANDARD</th>
<th>VALUE</th>
<th>MAX SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-A. Complaint Resolution System</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>13-B. Licensing/Renewal Process</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>13-C. Off-Site Monitoring Program</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>13-D. Enforcement Authority</td>
<td>35</td>
<td>104</td>
</tr>
<tr>
<td>13-E. Ability to Investigate</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>13-F. Frequency of Code Review/Revision*</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>13-G. Involvement in State Legislative Process*</td>
<td>15</td>
<td>45</td>
</tr>
</tbody>
</table>
**Steps of Accreditation**

I. **Agencies Seeking Accreditation**

If your agency is considering accreditation, CSBS staff is currently developing a formal process for determining if you are ready or need more time to prepare. However, the first step is to read through this guide to familiarize yourself with the benefits of accreditation, the principles and standards of accreditation, and the accreditation process. Feel free to contact CSBS staff for further guidance. It is possible we can identify an independent consultant to provide you additional assistance.

II. **Accreditation Costs**

**ORIGINATION FEE:** In April 2016, the CSBS Education Foundation Board of Trustees eliminated the accreditation origination fees for both bank and mortgage.

**MAINTANCE FEE:** There is an annual maintenance fee charged to cover the operational costs of the accreditation program. These fees are subject to change.

| Annual Maintenance Fee for Agency’s first program | $4,000 |
| Annual Maintenance Fee for Agency’s second program | $2,000 |
| Annual Maintenance Fee for Agency’s third program | $2,000 |

**COST OF ON-SITE REVIEW:** Each accredited agency is subject to re-accreditation on a five-year basis with exceptions up to seven years with approval of the PSC. Direct costs for the onsite review are billed to the agency. The average costs for the onsite review ranges from $10,000 to $15,000 depending on airfare, hotel costs and meals. Costs of a consolidated review (bank, mortgage, MSB, NASCUS or a combination of any of the four) will vary based on the number of review team members and days of the onsite review. However, the conducting joint reviews does provide a significant cost savings for departments that have multiple accreditations.

The State Regulatory Registry (SRR) continues to offer a grant up to $10,000 for the direct costs of an initial review for a state seeking mortgage accreditation. This availability of this grant is determined on a year-by-year basis by the SRR Board of Managers.

III. **Self-Evaluation Questionnaire (SEQ)**

Prior to the onsite review, an agency must first complete the online Accreditation Self-Evaluation Questionnaire (SEQ). Completion of the SEQ is the most time-consuming part of the accreditation process, and agencies should allow ample time to prepare the SEQ and gather the supporting attachments.

Each section of the SEQ has between 7-13 topics. These topics have an accreditation standard that the review team will use to score the agency for the associated topic. There are a series of questions that the agency must answer within each topic. The agency also rates themselves against the accreditation standard and provides any supporting documentation. This information will help the review team determine if the agency meets each standard.
The completed SEQ should be submitted approximately 45 days before the on-site review so the Review Team members can assess the questionnaire and attachments for compliance with the standards.

IV. Accreditation Online System (AOS)

Agencies will complete the SEQ on the Accreditation Online System (AOS). The AOS is an online system built on the cloud-based software platform, Appian.

In the AOS, agencies will be able to:

- Manage their agency’s accreditation users
- Collaborate on the completion of their Self-Evaluation Questionnaire
- Receive email notifications when their accreditation review is complete

If you are an accreditation user for your agency and need access to the AOS, please email accreditation@csbs.org.

AOS training videos can be found on the CSBS website here.

V. On-Site Review

Scheduling your On-Site Review: Agency POCs will receive a notification email from the AOS with a link to select their preferred months for their on-site review. This email will be sent the year prior to your agency’s re-accreditation due date. If this will be your first accreditation, then this email will be sent once you contact CSBS staff regarding your interest in being accredited. You will then follow the steps for scheduling your on-site review in the AOS Agency User Guide. Once you submit your three preferred months for your on-site review, a CSBS staff member will reach out to you to confirm a final date.

Preparing for your On-Site Review: The length of on-site reviews differs depending on the type of review or the size and complexity of the agency but is typically three to five days.

Thirty days prior to the on-site review, CSBS staff will request a list of all Department staff involved in bank, mortgage and/or MSB regulation, including job title, district/region, and number of years with the department. CSBS staff will then draft an interview schedule and have it approved by the Agency POC.

CSBS staff will also request various examination files and other confidential supervisory information to be available for the review team during the on-site review. These documents can be uploaded to Box (www.Box.com), a secure file sharing site that only allows the review team and CSBS staff to view the documents and not download them. If the Agency does not wish to use Box, then the Agency must provide another secure method to share the examination and supervisory documentation with the review team.

Depending on the type of review, the Review Team consists of current or former state or federal regulators. A CSBS staff member will also accompany the review team for the on-site reviews.

During your On-Site Review:

- The Review Team will arrive at the Agency and meet with the Agency POC and the Commissioner, if available, and receive a tour of the facility.
- The Review Team will then review all of the documents that were requested for on-site including, lists of banks, licensees, and any other exam files that may be requested.
• The Review Team will conduct a series of interviews with several field examiners and office personnel including individuals in charge of training, off-site surveillance, internal IT, legal issues, personnel and budgeting.
• If necessary, requests for additional files and/or documents may be made.
• The Review Team will deliberate on the ratings and complete their preliminary score.
• The Review Team will have their exit meeting with the Commissioner, Deputy Commissioner, Agency POC, and any other staff they wish to have present.
• The Review Team Leader will lead the exit meeting, but each Review Team member will provide and discuss the findings for the sections he/she was assigned.

NOTE: The above timeline and order of events will vary from agency to agency depending upon the availability of staff, complexity of the agency, and concerns identified.

Post On-Site Review: After the on-site review portion is completed, the Review Team Leader will draft the final report and receive any feedback from the other Review Team members.

VI. Audit Team Review

After the Review Team Leader and CSBS Staff have completed their review of the report, it will then be reviewed by the Audit Team. The purpose of this review is to ensure that the findings are fair and consistent with the accreditation standards. The Audit Team typically consists of two members chosen from the same pool of Review Team members described above. However, an Audit Team member cannot review the work product of a Review Team where he/she served as a member. In some instances, a PSC member may serve as an Audit Team member.

VII. PSC Review/Vote

The final step to the accreditation process is for the Performance Standards Committee to review the final report and vote for or against the accreditation or re-accreditation of an agency. If the agency is approved for accreditation/re-accreditation, then an email from CSBS Staff will be sent to the Commissioner and Agency POC with the final report, scoresheet, and notification letter.

Please see APPENDIX F for when an agency is put on probation or de-accredited.

Annual Review

I. Purpose of the Annual Review

For continued accreditation, each accredited agency must complete the Accreditation Annual Review every year that an onsite review is not scheduled.

The purpose of the Annual Review is to:
• Review recommendations made at the five-year onsite visit to verify where the agency is addressing any concerns noted;
• Review new information provided by the agency and the CSBS data analytics area to determine if risks within the agency have increased or declined;
• Review and modify any risk levels as needed.
II. Profile/Annual Review Online Platform

The Accreditation Annual Review is a component of the Profile of State Regulatory Agencies (Profile) Platform. The new Profile Platform will allow state regulatory agencies to review and update agency specific data, accumulate state data and provide enhanced reporting and analysis capabilities. In addition, accredited state agencies will be able to track their accreditation recommendations between their five-year reviews and provide annual updates as required by the accreditation program and the Performance Standards Committee.

Below is an example of the dashboard each state will have access to in the system to track their progress on recommendations and provide updates for the annual review.

If you are an accreditation user for your agency and need access to the Profile/Accreditation Annual Review Platform, please email accreditation@csbs.org.

The Accreditation Annual Review Platform User Manual can be found here.

III. Annual Review Process

CSBS Staff will send an email to all accredited state agencies stating that the Accreditation Annual Review reporting window is open. The Bank Supervision, Mortgage, and MSB Sections (if applicable) of the Profile are also required to be completed for the Annual Review.

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NOTE: If you completed an accreditation review in the last quarter of the year prior or are scheduled for an accreditation review in the first quarter of the current year, then your agency is exempt from the Accreditation Annual Review. You are still able to provide updates on your recommendations; however, it is not required. You are also asked to complete the Department and Mortgage sections of the Profile, so that our data can stay up-to-date.

The Annual Review team is comprised of former state or federal regulators. This team meets to review every Agency’s annual review responses as well as the data collected in the Profile system.

During this meeting, the annual review team will write a final response to the agency. This final response may state any new findings or concerns the team may have. They will also assign a risk level to your agency’s recommendations. If your agency marked the status of a recommendation to “Satisfied” and the annual review team agrees, then they will change the status to “Closed”.

Once the annual review team submits their final response, your agency’s accreditation POC and Commissioner will receive an email with a link to the final response summary in the online platform.

**Governance**

I. **Performance Standards Committee (PSC)**

The PSC is a committee of active regulators who have the authority to make all decisions regarding the accreditation program. See the PSC Charter in Appendix A.

II. **PSC Members**

The current list of Performance Standards Committee members can be found on the CSBS website. For a summary of the roles and responsibilities of the chair and the members of the PSC, see Appendix B and Appendix C respectively.

III. **Review Team**

The PSC delegates its authority to conduct the accreditation reviews to subject matter experts and does so by approving a pool of review team members, who are then assigned to various reviews by CSBS staff. The review team members are made up of retired federal and state regulators who possess the expertise to evaluate the adequacy and effectiveness of state financial regulators. Active regulators can be assigned as review team members, as needed.

The main purpose of the review team is to provide recommendations to the PSC on whether a certain state agency meets the standards for accreditation. The review team will also provide recommendations and suggestions to the state agency on how it can improve its agency and how it can meet the accreditation standards. For a complete job description for an accreditation review team member, see Appendix D.

The review team members are independent contractors of CSBS and are compensated per job based on the length of the review. For a list of the compensation schedule for review team members, see Appendix E. The review team members sign a confidentiality agreement and agree to CSBS’ conflict of interest policy, as needed.
IV. Confidentiality and Information Security

The accreditation program follows all CSBS confidentiality, information security, and record management policies. All sensitive information provided by the agency is to be treated as confidential by the Review Team and CSBS staff. Information obtained during the accreditation process should not be discussed with anyone outside of the agency under review, the Review Team, the Performance Standards Committee and CSBS staff. Likewise, while data collected during the accreditation process may be aggregated, state-specific data collected for accreditation is not shared with others outside of the Review Team, PSC, and CSBS staff.
APPENDIX A - PSC Charter

PERFORMANCE STANDARDS COMMITTEE CHARTER

The Performance Standards Committee of the CSBS Education Foundation (referred to in this Charter as “CSBSEF”), shall be constituted and report to the CSBSEF Board of Trustees, and shall have the following objectives, functions, and operating policies.

a) OBJECTIVES

The objectives of the Performance Standards Committee (referred to in this charter as “PSC”) are as follows:

1. To oversee all aspects of the Accreditation Program (referred to in this Charter as “the Program”);
2. To encourage and recognize high levels of capability and performance by state banking and mortgage agencies;
3. To assist the states in examining and improving themselves through self-evaluation;
4. To evaluate state banking and mortgage agencies in their ability to discharge their responsibilities by conducting an independent review of their administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory powers.
5. To develop and maintain the standards and criteria for the accreditation of state banking and mortgage agencies.

b) FUNCTIONS

The functions of the PSC are as follows:

1. To review accreditation standards, best practices and scoring criteria and issues related to the accreditation of state banking and mortgage agencies;
2. To review the Program’s format, content and procedures and revise as necessary;
3. To organize, staff, and manage working groups to perform or review special areas of PSC concern or responsibility;
4. To serve as the primary authority for the selection, retention, and, when necessary, the termination and replacement of the Review Team members;
5. To oversee accreditation reviews of state banking and mortgage agencies through a self-review and on-site review process;
6. To review and act upon accreditation report findings submitted to the PSC by the Accreditation Review and Audit Teams and determine the duties and functions of these teams. This includes rendering a decision to accredit, accredit with conditions, or denial of accreditation to a state banking or mortgage agency;
7. To establish accreditation reporting requirements for state banking and mortgage agencies as deemed necessary;
8. To communicate with the CSBSEF Board of Trustees on matters related to the Program.

c) OPERATING POLICIES

The primary operating policies of the PSC are as follows:
1. The PSC shall be composed of at least eight (8) and no more than ten (10) individuals who meet the following criteria: must be an employee of the banking or non-depository department of a state regulatory agency; and whose state agency is accredited under the Program;

2. The Chair of the PSC shall be appointed by the Chairman of the CSBS Board of Directors, with advice and consent of the CSBS Board of Directors; the remaining members of the PSC shall be appointed by the Chairman of the CSBSEF Board of Trustees, with advice and consent of the CSBSEF Board of Trustees. Three (3) of the members of the PSC shall be recommended by the Chair of the American Association of Residential Mortgage Regulators (AARMR). When making appointments, the Chairman of the CSBSEF Board of Trustees shall ensure appropriate geographic distribution according to the established CSBS Districts. All members of the PSC may be removed, with or without cause, by action of the CSBSEF Board of Trustees;

3. The Immediate Past Chair of the PSC shall serve a single one-year term.

4. The Vice Chair of the PSC shall be appointed by the Chairman of the CSBSEF Board of Trustees, with advice and consent from the CSBSEF Board of Trustees. The Vice Chair shall not automatically become Chair when the Chair’s term expires, since Committee Chairs, as voting members of the CSBSEF Board of Trustees, shall be appointed by the Chairman of the CSBS Board of Directors.

5. Only the current Chair of the PSC shall be considered a voting member of the CSBSEF Board of Trustees.

6. Members of the PSC, including its Chair, shall only serve on one CSBSEF Committee at a time.

7. If a PSC member position shall become vacant, that term shall expire immediately, and a new PSC member shall be appointed for a regular term.

8. Time served as PSC Chair shall not count against time of service on the Board of Trustees.

9. Members of the PSC shall serve an initial term of two (2) years and may be extended an additional two (2) years with the approval of the Chairman of the CSBSEF Board of Trustees;

10. The PSC shall hold meetings as necessary to address issues that arise in the regular administration of the Program and shall endeavor to meet quarterly during the calendar year. The presence of a majority of the members then in office shall constitute a quorum for the transaction of business. Minutes of all Committee meetings shall be taken and approved at subsequent meetings;

11. The PSC shall have the authority to appoint working groups and members of such working groups. Any subcommittee must be appointed by the CSBSEF Board of Trustees;

12. From among the CSBS staff, the Staff Director reporting to the CSBSEF Board of Trustees shall designate, with advice and consent of the CSBS President & CEO or his designee, one or more Staff Liaisons to facilitate the activities of the PSC and report to the CSBSEF Board of Trustees.

Approved by the CSBS Education Foundation Board of Trustees on Tuesday, August 2, 2016. Pending revisions are due to be approved in April 2020.
APPENDIX B - PSC Chair Job Description

PERFORMANCE STANDARDS COMMITTEE CHAIR
POSITION DESCRIPTION

Position Title: Performance Standards Committee (PSC) Chair

Reports To: The CSBS Education Foundation Board of Trustees

Position Functions and Responsibilities:

- Serves as a member of the Board of Trustees
- Serves as a member of the Supervisory Processes Committee
- Sets tone for the PSC committee work
- Coordinates with CSBS accreditation staff to ensure PSC committee members have the information and materials needed to be fully engaged in the work of the committee
- Assigns work to the committee members, sets the agenda, leads the meetings and ensures approval of meeting minutes
- Seeks consensus; unanimity is not required
- Gives attention to CSBS activities that affect or are affected by the PSC’s work
- Contacts state commissioners and deputies as necessary to convey PSC actions and action plans regarding the agency
- Presents relevant accreditation information at Board of Trustees, Board of Directors, other meetings and training events as needed
- Meets with SSPC leadership as warranted, but at least twice annually, to coordinate/discuss strategies and initiatives of the SSPC and PSC
- Strives to ensure the PSC’s work and recommendations are keeping with CSBS mission and goals
- Participates in reviewing accreditation program principles, standards and scoring to ensure they are kept up-to-date and relevant
- Maintains the confidentiality of the PSC’s deliberations, decisions and sensitive documents
  - Strictly adheres to CSBS’s conflict of interest and confidentiality policies
- Votes on matters duly brought before the PSC
  - Promotes accreditation program to internal and external stakeholders

* Members of the PSC share these responsibilities while acting in the interest of CSBS. Each member is expected to make recommendations based on his or her experience and vantage point

Meetings and time commitment:

- The PSC meets two times per year in-person and monthly via conference call.

Expectations of PSC members:

- Expected to attend face-to-face meetings of the PSC. Attend and lead other PSC meetings on a regular basis, and special events as able
- Is alert to industry concerns that can be addressed by the PSC
- Understand the policies and procedures of the PSC

Qualifications:

- This is an excellent opportunity for an individual who feels the accreditation program brings value to the state banking and mortgage regulatory agencies.
• Members must be currently serving as a state regulator having responsibility for the supervision of state-chartered banking, mortgage or other non-depository institutions
• An individual with senior management experience with knowledge of all areas rated in the self-evaluation questionnaire
• Ideal candidates will have a strong interest in professional development and improving state supervision.
• Current or previous member of PSC a plus
• Service as PSC Chair is without remuneration

Term of Office:
• Two years, with an additional year served as Immediate Past Chair.
• If an individual is appointed the PSC Chair position at the end of their second term on the PSC, he/she may serve up to three additional years as the Chair and Past Chair.

Date Updated: March 2017
APPENDIX C - PSC Member Job Description

PERFORMANCE STANDARDS COMMITTEE MEMBER
POSITION DESCRIPTION

Position Title: Performance Standards Committee (PSC) Member

Reports To: The CSBS Education Foundation Board of Trustees via the PSC Chairman

Position Functions and Responsibilities:
• Review agendas and materials prior to meetings and comes prepared to participate
• Attend committee meetings and voice objective opinions on issues
• Pay attention to CSBS activities that affect or are affected by the PSC’s work
• Support the efforts of the PSC Chair and carry out individual assignments made by the chair
• Work to ensure the PSC’s work and recommendations are keeping with CSBS mission and goals
• Participates in ensuring program principles, standards and scoring are kept up-to-date and relevant
• Maintain the confidentiality of the PSC’s deliberations and materials
• Strictly adheres to CSBS’s conflict of interest and confidentiality policies
• Discloses actual or potential conflicts, and refrains from voting on issues related to the conflict
• Vote on matters duly brought before the PSC
• Promote accreditation program

* Members of the PSC share these responsibilities while acting in the interest of CSBS. Each member is expected to make recommendations based on his or her experience and vantage point

Meetings and time commitment:
• The PSC meets two times per year in-person and monthly via conference call.

Expectations of PSC members:
• Expected to attend at least one face-to-face meeting per year. Attend and participate in other meetings on a regular basis, and special events as able
• Is alert to industry concerns that can be addressed by the PSC
• Understand the policies and procedures of the PSC

Qualifications:
• This is an excellent opportunity for an individual who feels the accreditation program brings value to the state banking and mortgage regulatory agencies.
• Members must be currently serving as a state regulator having responsibility for the supervision of state-chartered banking, mortgage or other non-depository institutions
• An individual with senior management experience with knowledge of all areas rated in the self-evaluation questionnaire
• Ideal candidates will have a strong interest in professional development and improving state supervision.
• Service on PSC is without remuneration

Term of Office: Two years; maximum of two terms

Date Updated: March 2017
APPENDIX D - Review Team Member Job Description

Review Team Member Job Summary

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Review Team Member, Accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports To</td>
<td>PSC and Director, Accreditation</td>
</tr>
<tr>
<td>Department</td>
<td>Policy and Supervision</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>Five years with one-year optional extensions at PSC discretion</td>
</tr>
<tr>
<td></td>
<td>Term not to exceed 7 years from date of the individual’s last regulatory experience, as determined by the PSC</td>
</tr>
<tr>
<td></td>
<td>Exceptions to be approved by PSC, as required by accreditation scheduling</td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td>March 2018</td>
</tr>
</tbody>
</table>

Job Summary
A Review Team member assists in the evaluation of a state banking or mortgage agency’s ability to serve as an effective regulator when measured against a set of standards and best practices. This individual also participates in determining if the regulatory agency has adequate authorities, processes, and resources to serve as an effective regulator.

Primary Responsibilities
The Review Team member must be able to accurately:

- Evaluate the capability of a state banking and/or mortgage agency to establish and maintain a competently run regulatory program, to produce a high-quality bank or mortgage examination and to enforce all relevant statutes.
- Assess the agency’s enabling legislation and the legal framework in which the regulation takes place.
- Measure the agency’s success in obtaining an adequate budget and necessary personnel, in training, and in adequately managing its resources.
- Judge how well the agency meets the goals of highly professional, competent and consistent regulation.
- Evaluate the agency against a set of standards and best practices established by the Performance Standards Committee.
- Convey and discuss review findings with agency management
- Assist in or lead the writing of a report recommending whether or not to accredit the agency. The report will address the strengths and weaknesses observed leading to that conclusion as well as recommendations to help the agency make improvements.

Additional Responsibilities

- Promote the value of accreditation to both accredited and non-accredited state banking and non-depository agencies.
- May assist in the conducting of annual accreditation review
- Assists the Review Team Lead with pre-planning activities including identifying areas of concern to be addressed during the onsite review.
- Participate in training for Review Team members when held so they can better understand their duties and responsibilities.
- Respond to questions from the Performance Standards Committee in a timely manner.
Minimum Qualifications
To perform this job successfully, an individual should possess the knowledge, skills, and abilities listed and meet the amount of education, training and/or work experience required.

Education and Experience
- Current or former state or federal bank and/or mortgage regulator
- At least five years’ experience in a supervisory role with a banking or mortgage regulatory agency
- Oversight responsibility for at least four of the six major sections addressed in the accreditation self-evaluation questionnaire with one of the areas being examination
- Experience in a policy-making position for a banking and/or mortgage regulatory agency
- Minimum of a BA or BS degree

Knowledge, Skills, & Abilities
- Professional examination, IT, and/or mortgage certifications preferred
- Financial service industry experience in a supervisory role preferred
- Good analytical, interpersonal, time management, research, and communications skills
- Ability to communicate effectively, both orally and in writing, with internal and external stakeholders.
- Willingness to adjust, change and consider new ideas or divergent points of view.
- Ability to work under pressure or in difficult situations.
- Possesses strong organizational skills so assigned tasks can be completed in a timely manner.
- Displays a high level of initiative, effort, and commitment toward completing assignments efficiently with attention to detail.
- Exhibits high standards of ethical conduct, honesty and integrity.
- Ability to respect and maintain the confidentiality required by the position.
- Must be able to work effectively in a team environment.

Working Conditions
- Office work environment.
- Travel required.
## APPENDIX E - Review Team Compensation

### ACCREDITATION REVIEW TEAM COMPENSATION

<table>
<thead>
<tr>
<th>Services</th>
<th>Approved Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onsite Review (Bank only or Mortgage Only – 4 days)</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Onsite Review (Joint Bank, Mortgage and/or CU – 5 days)</td>
<td>$1,900.00 ($400 for extra day)</td>
</tr>
<tr>
<td>Report Writing</td>
<td>$600.00</td>
</tr>
<tr>
<td>Audit Team Call</td>
<td>$200.00</td>
</tr>
<tr>
<td>Call with PSC</td>
<td>$200.00</td>
</tr>
<tr>
<td>Review Team Leader - Extra Time</td>
<td>$200.00</td>
</tr>
<tr>
<td>Annual Review</td>
<td>$1,900.00</td>
</tr>
</tbody>
</table>
APPENDIX F - Denial/De-Accreditation/Probation Policy

Performance Standards Committee
Denial/De-Accreditation/Probation Policy

A. Background

In the event an agency has not met the minimum standards for initial or continued accreditation, the Performance Standards Committee (PSC) may take one of the following actions:

1. Deny initial accreditation, based upon a Review Team recommendation.
2. De-accredit, based either upon a Review Team recommendation or the failure of an agency to meet the requirements for continued accreditation.
3. Place an agency on probation, based either upon a Review Team recommendation following a re-accreditation onsite review, or the failure of an agency to meet the requirements for continued accreditation.

A process is needed to ensure the agency receives consistent, fair and timely consideration. This policy is applicable to the CSBS Bank Accreditation Program, as well as the AARMR/CSBS Mortgage Accreditation Program.

B. Final Decision

Although the Review Team can recommend an agency not be accredited, be de-accredited, or placed on probation, the final accreditation decision resides with the (PSC.). The decision shall be determined by a majority vote of the PSC voting members.

C. Requirements for Continued Accreditation

Continued accreditation of a state agency is subject to:

- Reasonable and timely responses to Review Team recommendations through the annual review process,
- Payment of annual accreditation fees,
- PSC approval of the annual reports and responses to previous recommendations,
- Passing scores on re-accreditation reviews. All such re-accreditation reviews should be conducted every five (5) years, but must occur no more than seven (7) years from the date of the agency’s last accreditation/re-accreditation,
- Continued meeting of basic accreditation standards.

D. Review Team Recommendation Based on Onsite Review

When the Accreditation Review Team deems an agency does not meet the minimum standards for initial accreditation or re-accreditation the following steps will occur:

1. Review Team provides a verbal report of its preliminary findings to the agency Commissioner at the exit meeting.
2. Director of Accreditation (DA) notifies appropriate CSBS Executive Management—in case the agency contacts CSBS.
3. DA notifies Chair of PSC of the Review Team’s findings and recommendation.
4. Review Team Lead drafts a report following the normal preparation process and makes his/her recommendation to the PSC.
5. Review Team Lead will have a call with the PSC (normal turnaround would be 30 business days). NOTE: Since the Review Team Lead is meeting directly with the PSC, the PSC can serve as the Audit Team.

E. Use of Probation

The probationary status is intended to mandate actions for the agency to take to resolve the issues which caused the agency to fail to meet the requirements of the program. Probation is intended to be temporary and should not exceed one (1) year in duration or extend beyond seven years from the last accreditation. If a given issue would require longer than one year to resolve, the PSC would follow the steps to deny or de-accredit. The decision shall be determined by a majority vote of the PSC voting members.

During the probationary period, the state may be required to produce updates on progress made in addressing the issues as identified by the PSC. Upon receipt of the additional information, the PSC, or review team member(s), will review the response to determine if it satisfactorily addresses the concerns of the PSC, or if further action is required.

F. Agency Notification of PSC Decision

If the PSC concurs with Review Team recommendation to deny an initial accreditation, de-accredit, or to place an agency on probation:

1. Agency will be notified by PSC Chair and DA via phone call. (Note: All communications with the agency regarding denial, de-accreditation or probation should be with the Commissioner, unless the Commissioner directs otherwise.)
   a. During the call, the PSC’s decision and basis for their decision will be communicated.
   b. Inform the agency they will be receiving a letter or memo from the PSC Chair that will communicate the decision of the committee, reasons for the decision and a listing of the Review Team’s recommendations and suggestions. (NOTE: A draft of the information to be sent to the agency should be prepared prior to the call.)
   c. A time will be given for the agency to respond (normally 30 calendar days).
   d. Ask the agency to direct any written response to the PSC Chair via the DA.

2. Following the call, the DA will send the letter or memo to the agency from the PSC Chair with an attached listing of the recommendations/suggestions contained in the submitted report.
   a. Letter will ask for agency to provide a written response stating, in part, if:
      i. The agency disagrees with the PSC’s decision. If so, the agency should provide documentation to support their reasons; or,
      ii. The agency does not plan to dispute the PSC decision.

If the PSC does not concur with the Review Team recommendation, the PSC determines the next course of action regarding the accreditation decision.

G. Agency Response to PSC Decision

If the agency provides a response:

1. The response will be provided to the Review Team members assigned to the review for additional consideration.
2. Review Team will review and consider the agency’s response before deciding to amend or leave unchanged the report and ratings.
3. Recommendation goes back to PSC for reconsideration.
4. The PSC will also review the agency’s response. If the PSC concludes the agency still does not meet the requirements for accreditation, then the agency is notified of the PSC’s decision and offered the appeal process outlined below.

If the agency does not provide a response:
1. DA will contact the Commissioner and see if one will be coming.
2. If no response by agency is planned, then the DA will prepare a letter from the PSC Chair notifying them of denial of initial accreditation or de-accreditation.

H. Probation or De-Accreditation Not Based on Onsite Review

In some instances, the PSC may be made aware of facts that can adversely impact an agency’s accreditation status between the five-year onsite reviews. Information may come from such sources as the annual review process, discussions with the agency or publications. If an agency fails to meet any of the requirements for continued accreditation, the PSC may vote to place the agency’s accreditation in probation states for a defined period of time, or de-accredit the agency.

If concerns are raised that warrant additional follow-up by the PSC, the Committee will follow these steps:
1. Agency will be contacted by PSC Chair and/or DA via phone call, email or letter. (Note: All communications with the agency should be with the Commissioner, unless the Commissioner directs otherwise.)
2. The PSC’s basis for their concern will be communicated and a response requested from the agency.
3. If a written response is requested from the agency, a time period will be given for the agency to respond (normally 30 calendar days).
4. Ask the agency to direct any written response to the PSC Chair via the DA. If the agency provides a response:
   a. The response will be provided to the PSC members for additional consideration.
   b. If the PSC is still undecided if the agency meets the minimum requirements for accreditation, they may request additional information or conduct a targeted review. The targeted review may be either an on-site or off-site review conducted by one or more Review Team members to gather, assess and verify additional information requested by the PSC. The findings of the targeted review will be provided to the PSC in a memo.
   c. If the PSC concludes no additional action is needed, the agency will be notified of such in written form.
   d. If the PSC concludes the agency is no longer meeting the minimum requirements for accreditation, then the agency is notified of the PSC’s decision.
5. If the agency does not provide a response:
   a. DA will contact the Commissioner and see if one will be coming.
   b. If no response by agency is planned, then the PSC will determine the action to be taken.

Any adverse actions taken by the PSC will be subject to the appeal process outlined in K. Procedures Regarding the Appeal of Adverse Actions below.
I. Communicating the Decision

For a denial of initial accreditation or the use of probation, the only notifications given are:
1. Chair of CSBS Education Foundation Board of Trustees
2. CSBS President, Sr. EVP, General Counsel, President SRR
3. PSC members
4. Review Team assigned to the review

For a de-accreditation, the PSC Chair and DA will discuss with the Commissioner or designee who will receive notification of the de-accreditation. The following notifications will be given:
1. Chair of CSBS Board of Directors (communicated by Executive Management)
2. Chair of CSBS Education Foundation Board of Trustees
3. CSBS President, Sr. EVP, President SRR
4. (NOTE: Notifications to 1, 2, and 3 above should be given prior to communicating the decision to others listed below.)
5. CSBS Executive Committee
6. CSBSEF Board of Trustees
7. CSBS Board of Directors
8. Other accredited banking and/or mortgage agencies will be notified of the decision
9. Update the CSBS website to remove from list of accredited agencies
10. Notify appropriate Federal regulators
11. Notify CSBS accounting
12. See if the agency has anyone else they wish to have CSBS notify.

J. Failure to Obtain Re-Accreditation Within Seven Years

1. The maximum time for an agency to obtain re-accreditation is seven years from the last accreditation.
2. The seven-year time is calculated based on calendar years and not 84 months from the date of the actual accreditation. For example, if an agency is accredited in January 2004, then re-accreditation would need to be obtained by December 31, 2011. The reason for this method of calculation is due to scheduling conflicts that can arise.
3. The normal time frame for obtaining re-accreditation is five calendar years from the last re-accreditation. Should an agency not obtain re-accreditation by this time, the PSC will review to see if the agency should be placed on probation until re-accreditation is obtained. However, in no case will the probation run longer than the limitation in E. above.
4. Exceptions to probation will be made if the failure to meet the five-year requirement is due solely to aligning schedules for concurrent accreditation reviews.

K. Procedures Regarding the Appeal of Adverse Actions

In the event the decision by the PSC results in the denial of an initial accreditation, de-accreditation, or the placement of an agency on probation, the agency may appeal the decision. Only the agency shall have the right of appeal. No other party shall be considered to have standing to pursue an appeal.

Basis for appeal must show the PSC:
1. Acted with alleged bias;
2. Departed from stated procedures;
3. Made a serious factual error;
4. Failed to consider all significant evidence; or,
5. Rendered a decision that is arbitrary and unreasonable.

Should the agency appeal, certain procedures shall apply:

1. Not later than thirty days from the date of notification of a negative action, the agency shall notify the PSC Chairman in writing of its intention to petition for review of the action, and not later than sixty days from the same date it shall submit written documentation supporting such petition.

2. The PSC Chairman and the appealing agency shall then appoint an appeals committee. The appeals committee shall:
   a. Be comprised of three persons.
   b. Not have participated in any way in the decision being appealed.
   c. Have the qualifications the same as those required to serve on a Review or Audit Team.
      i. The PSC shall maintain a roster of qualified candidates for the appeals committee.
   d. The PSC Chairman will appoint one member, the agency will appoint another and the third member shall be jointly selected by the Chairman and the agency. If the Chairman and the agency cannot agree on the third member, he/she shall be chosen by drawing from the roster.
   e. Receive from the agency making the appeal written material detailing its appeal and from the PSC a written response to the appeal and may hear in person representatives of the agency and the PSC.
   f. Hold a hearing, if required by the appeals committee, at a mutually convenient time and place, and the cost shall be borne by the agency if the committee rules not in favor of the agency. If the appeals committee does not rule in favor of the PSC, then CSBS will bear the costs of the hearing.
   g. Either recommend affirming the PSC’s decision or recommend that the PSC reconsider its decision, giving reasons in writing in either case.

3. Following a review of the appeals committee recommendation, the PSC shall make a final decision. This decision is not reviewed by the CSBS Board of Directors or any other body. The PSC’s final decision shall become effective immediately.

4. The status of any agency shall remain unchanged during the appeal and there shall be no public notice of an adverse action until the appeal is completed and a final determination on the matter is reached.

L. Agency’s voluntary withdrawal of accreditation status

The accreditation program is voluntary. If at any time an agency wishes to withdraw from the program, the Commissioner of the agency is to provide a written notice addressed to the PSC with the reason for the withdrawal.

Upon receipt of the letter, the PSC shall implement the following procedures:

1. The PSC Chair and the DA will discuss with the Commissioner the reasons for the withdrawal and determine if any other options are available to the agency.
2. The PSC members will be notified of the Agency’s decision, and the Agency’s accreditation shall be terminated immediately.
3. The Agency relinquishes its rights to an appeal if it voluntarily withdraws its accreditation.
4. The procedures outlined in I. **Communicating the Decision** above for *de-accreditation* will be followed.