

Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 14, 2012

Ms. Gail J. Anderson, Administrator
Nevada Real Estate Division
1179 Fairview Drive, Suite E
Carson City, NV 89701

RE: ASC Compliance Review of Nevada's appraiser regulatory program

Dear Ms. Anderson:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nevada appraiser regulatory program (Program) on June 4 – 7, 2012. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. The ASC has determined the Program is not in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. The ASC identified the following areas of non-compliance:

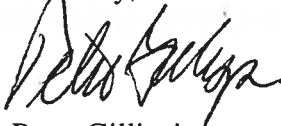
- States must have sufficient funding and staffing consistent with the purpose of Title XI;¹ and
- States should resolve all complaints filed against appraisers within one year, except for special documented circumstances.²

ASC staff will confirm corrective actions have taken place and are appropriate through off-site monitoring and during the next Review. Nevada will remain on a two-year Review Cycle.

This letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Peter Gillispie
Chairman

Attachment

cc: Ms. Brenda Kindred-Kipling, Appraisal Officer

¹ Title XI § 1118 (a), 12 U.S.C 3347.

² Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance

Final Report Issue Date: November 14, 2012

Nevada Appraiser Regulatory Program (Program)

Nevada Commission of Appraisers of Real Estate (Commission) / Decision Making

PM: N. Fenochietti

ASC Compliance Review Date: June 4-7, 2012

Review Period: November 2010 to June 2012

Umbrella Agency: Nevada Real Estate Commission (Agency)

Number of State Credentialed Appraisers on National Registry: 1085

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Nevada Statutes, Regulations, Policies and Procedures:		X						
States must have sufficient funding and staffing consistent with the purpose of Title XI. (Title XI § 1118 (a), 12 U.S.C 3347.)				<p>The Commission's lack of sufficient investigative funding has resulted in the Commission failing to timely investigate and resolve complaints.</p> <p>Nevada appraisers must pay \$40 into the Appraisal Investigative Fund annually. For fiscal years 2011 and 2012, the Commission's budget appropriations were \$20,000 for both expert review of appraisals in connection with complaints and preparation for adjudicatory proceedings. That amount was not sufficient for required expert reviews, and as a result, cases were delayed pending the next fiscal year's appropriation. All of the complaints outstanding for more than 1 year required expert review.</p>	<p>On August 31, 2012, the Commission reported to ASC staff that:</p> <p>(1) the Agency has submitted a budget request to maintain the Appraisal Investigative Fund at the full \$22,000. The Board believes that this amount is sufficient for the Agency to contract for reviews and expert testimony in the complex commercial cases; and</p> <p>(2) the Agency has submitted a budget request for 2014-2015 that includes the restoration of an Appraisal Administrative Assistant position to address the need to adequately staff the Program.</p>	The Agency and Commission must continue to pursue appropriate funding and staffing and find ways to achieve and maintain the necessary resources to perform its Title XI-related duties.	None	Through off-site monitoring and during the next Review, ASC staff will pay particular attention to this area for compliance with Title XI.
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None

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	YES	NO	AC					
Education:	X			No compliance issues noted.	N/A	None	None	None
Enforcement:		X						
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>Nevada had 23 outstanding complaints of which 9 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 4 fall under the exception for special documented circumstances.</p> <p>Of the 9 cases, 7 (5 respondents) are under expert review in preparation for adjudication, and 2 (1 respondent) are pending a hearing.</p>	<p>On August 31, 2012, the Commission reported to ASC staff that budget constraints caused by a 2011 reduction and subsequent flat funding has contributed to the Commission's failure to resolve complaints within 1 year. The Commission believes the actions described above will bring this area of the program into compliance with Title XI and ASC Policy Statement 10E.</p>	<p>Nevada must continue to submit quarterly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.</p> <p>The ASC Policy Manager assigned to Nevada will work with the Program staff to determine the log details.</p>	None	<p>Through off-site monitoring and during the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 10E.</p>