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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

April 26, 2018

Ms. Lisa Brooks, Executive Director  
Alabama Real Estate Appraisers Board  
P O Box 304355  
Montgomery, AL 36130-4355

RE: ASC Compliance Review of Alabama's Appraiser Regulatory Program

Dear Ms. Brooks:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Alabama appraiser regulatory program (Program) on January 17-19, 2018, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

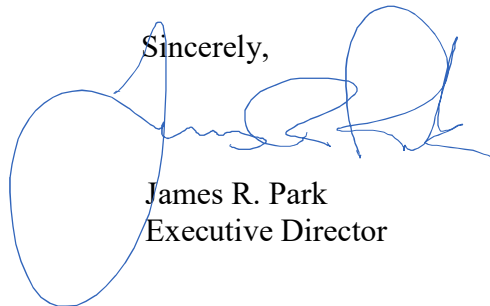
The ASC identified the following area of non-compliance:

- States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action.<sup>1</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Alabama will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park  
Executive Director

Attachment

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<sup>1</sup> 12 U.S.C. § 3351; Policy Statement 2.

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor <sup>2</sup>	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

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<sup>2</sup> An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

## ASC Compliance Review Report

ASC Finding: Good  
Final Report Issue Date: April 26, 2018

<b>Alabama Appraiser Regulatory Program (State)</b>		<b>PM: N. Fenochietti</b>	<b>ASC Compliance Review Date: January 17-19, 2018</b>	<b>Review Period: January 2016 to January 2018</b>
<b>Alabama Real Estate Appraisers Board (Board)</b>			<b>Number of State Credentialed Appraisers on National Registry: 1,369</b>	<b>Review Cycle: Two Year</b>
<b>Umbrella Agency: Independent</b>				

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>			<b>X</b>				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				AQB Criteria requires that Supervisory appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 3 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. The State's regulation is inconsistent with this requirement.	On April 5, 2018, the State reported an amendment to the Administrative Code was prepared for submission to the Alabama Legislative Service Agency and could be fully effective as early as September 3, 2018.	The State should continue the process to amend its regulations to bring them into compliance with AQB Criteria.	Upon adoption, please provide ASC staff with copies of the adopted Administrative Code changes.
<b>Temporary Practice:</b>		<b>X</b>					
States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On April 5, 2018, the State reported that staff is being cross trained to ensure applications are processed in a timely manner.	The State must monitor the process to ensure temporary practice permits are issued within 5 days of application receipt.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
<b>National Registry:</b>			<b>X</b>				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions to the ASC National Registry.	On April 5, 2018 the State reported the disciplinary actions were reported before ASC Policy Managers concluded the review. Staff is making efforts to report disciplinary actions as soon as practical.	The State should develop a procedure to ensure that it submits all disciplinary actions to the ASC National Registry in a timely manner.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
<b>Application Process:</b>	<b>X</b>						
				No compliance issues noted.	N/A	None	None
<b>Reciprocity:</b>	<b>X</b>						
				No compliance issues noted.	N/A	None	None
<b>Education:</b>	<b>X</b>						
				No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>	<b>X</b>						
				No compliance issues noted.	N/A	None	None