

■   ■   ■   ■   ■   ■   ■

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

July 7, 2020

**VIA EMAIL**

Mr. Cary Matthews, Board Chair  
Arkansas Appraiser Licensing and Certification Board  
101 East Capitol Avenue, Suite 430  
Little Rock, AR 72201

RE: ASC Compliance Review of Arkansas' Appraiser Regulatory Program

Dear Mr. Matthews:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Arkansas appraiser regulatory program (Appraiser Program) on March 3-5, 2020, to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Arkansas Appraiser Program is attached.

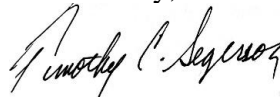
The ASC identified the following area of non-compliance:

- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.<sup>1</sup>

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Arkansas 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,



Timothy Segerson  
Chairman

Attachment

cc: Ms. Diana Piechocki, Executive Director, [diana.piechocki@arkansas.gov](mailto:diana.piechocki@arkansas.gov)

---

<sup>1</sup> 12 U.S.C. § 3347; Policy Statement 4 B, C.

## 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.

---

<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 12, Interim Sanctions.*

## ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: July 7, 2020

**Arkansas Appraiser Regulatory Program (State)**

<b>Arkansas Appraiser Licensing and Certification Board (Board)</b>	PM: K. Klamet	ASC Compliance Review Date: March 3-5, 2020	Review Period: March 2018 to March 2020
Umbrella Agency: Department of Labor and Licensing		Number of State Credentialed Appraisers on Appraiser Registry: 865	Review Cycle: Two Year

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>			X				
States must require that appraisals be performed in accordance with the latest version of the Uniform Standards of Professional Appraisal Practice (USPAP). (12 U.S.C. § 3331; 12 U.S.C. § 3347; Policy Statement 1 F.)				The State's Administrative Rules have not been amended to adopt the 2020-2021 edition of the USPAP.	On May 15, 2020, the State reported that the Administrative Rules are in the promulgation process and are expected to be effective July 31, 2020.	The State should continue the process of amending its Administrative Rules, develop a process that ensures timely adoption of each new version of USPAP, and provide ASC staff with a copy of the Rules once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
<b>Temporary Practice:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Application Process:</b>		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought. (12 U.S.C. § 3347; Policy Statement 4 B, C.)				The State issued an appraiser credential without verifying the applicant passed the examination for two of the required courses.	On May 15, 2020, the State reported that the trainee appraiser applicant did not pass the examination for two qualifying courses. The State advised that the appraiser is retaking both courses.	Within 60 days, the State must provide ASC staff sufficient documentation to show that the appraiser met all the requisite qualifying education; or that the State took appropriate action.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
<b>Reciprocity:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Education:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>	X						
				No compliance issues noted.	N/A	None	None