

May 14, 2024

Via Email

John D. Outlaw, Chairman
Kentucky Real Estate Appraisers Board
500 Mero Street, 2NE09
Frankfort, KY 40601
John.Outlaw@ky.gov

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

Dear John D. Outlaw:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Kentucky appraiser regulatory program (Appraiser Program) on January 23-25, 2024, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

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

The ASC identified the following area of non-compliance:

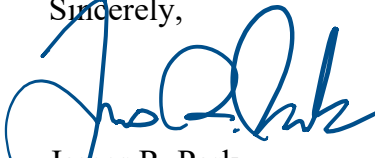
- The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.¹

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

¹ 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 B.)

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

cc: Tracy Carroll, Executive Director, Kentucky Real Estate Authority, Tracy.Carroll@ky.gov
René Rogers, Staff Attorney, Rene.Rogers@ky.gov

ASC Finding Descriptions

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

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

** 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: Good
 Final Report Issue Date: May 14, 2024

Kentucky Appraiser Regulatory Program (State)			
Kentucky Real Estate Appraisers Board	PM: T. Lewis	ASC Compliance Review Date: January 23-25, 2024	Review Period: May 2022 to December 2023
Umbrella Agency: Kentucky Real Estate Authority		Number of State Credentialed Appraisers on Appraiser Registry: 1,349	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				
Statutes, Regulations, Policies and Procedures:	X			No compliance issues noted.	N/A	None	None
Temporary Practice:		X		The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On April 10, 2024, the State reported that they are cross-training additional staff to review and process temporary practice permits to address staff absences and increased request volume. At the same time, the State reported that they have initiated weekly check-in meetings to monitor permit requests and are actively promoting the use of online applications for temporary practice permits, which allows for more efficient processing of these requests.	The State must monitor the process to ensure temporary practice permits are issued within 5 business days of receipt of application.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:	X			No compliance issues noted.	N/A	None	None
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:			X	The State had 14 aged complaints unresolved for more than 1 year without the exemption for special documented circumstances.	On April 10, 2024, the State reported that they resolved 4 of the aged complaints and provided a plan for the remaining 10 complaints. In addition, the State reported that they are hiring an additional investigator.	The State must monitor its revised processes and provided plan to ensure complaints are resolved timely.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.