

Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 14, 2011

Mr. Les Abrams, Chair
Arizona Board of Appraisal
1400 West Washington, Suite 360
Phoenix, AZ 85007

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

Dear Mr. Abrams:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Arizona's appraiser regulatory program (Program) on November 17-19, 2010. 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 area of non-compliance:

- States should resolve all complaints filed against appraisers within one year, except for special documented circumstances.¹

In its response, the State indicated corrective actions are being taken. During the next Review, ASC staff will confirm these corrective actions have taken place and are appropriate. Please also be advised 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,



Deborah S. Merkle
Chairman

Attachment

cc: Ms. Debra Rudd, Vice Chair
Mr. Dan Pietropaulo, Executive Director
Ms. Jeanne Galvin, Assistant Attorney General

¹ Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.

ASC Compliance Review Report

Finding: Not In Substantial Compliance

Report Issue Date: July 14, 2011

Arizona Appraiser Regulatory Program (Program)

Arizona Board of Appraisal/Decision Making
(Board)

PM: K. Klamet

ASC Compliance Review Date: November 17-19, 2010

Review Period: January 2008 to November 2010

Independent Agency

Number of State Credentialed Appraisers on National Registry: 2,632

Issue: **FINAL**

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Arizona Statutes, Regulations, Policies and Procedures:	X							
				No compliance issues noted.	N/A	None	None	None
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
Education:	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report	Finding: Not In Substantial Compliance
	Report Issue Date: July 14, 2011

Arizona Appraiser Regulatory Program (Program)			
Arizona Board of Appraisal/Decision Making (Board)	PM: K. Klamet	ASC Compliance Review Date: November 17-19, 2010	Review Period: January 2008 to November 2010
Independent Agency		Number of State Credentialed Appraisers on National Registry: 2,632	Issue: FINAL

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
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>Arizona had 145 outstanding complaints of which 58 (40 %) were unresolved for more than one year.</p> <p>During this Review Period, the Program was without an executive director from September 2009 through April 2010; one investigator was out on extended leave from September 2009 through January 2010.</p>	<p>On March 7, 2011, the Board reported to ASC staff that they attribute the backlog of complaint cases to a reduction in staffing and other resources from September 2009 through April 2010. In addition, the Board reported that it implemented the regulation of Appraisal Management Companies effective July 29, 2010, without additional appropriation.</p> <p>At the same time the Board reported that significant progress has been made since the November 2010 Review, and that the Board has taken proactive steps to increase staff and the efficiency of the Board offices. The Board noted it has tightened priorities and expects to be back in, or nearly in, compliance by the end of 2011. The Board reported that it has requested a 33% appropriation increase for FY 2012.</p>	<p>Arizona must 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 Arizona will work with the Board staff to determine the timing and content of the complaint log.</p>	<p>To strengthen the Program, Arizona should explore ways to achieve and maintain the necessary resources, to perform its Title XI-related duties.</p>	<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>