

Appraisal Subcommittee
Federal Financial Institutions Examination Council

August 14, 2013

Ms. Jeanette Langford, Director
Indiana Real Estate Appraiser Licensure & Certification Board
Indiana Real Estate Commission
402 West Washington Street, Room W072
Indianapolis, IN 46204

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

Dear Ms. Langford:

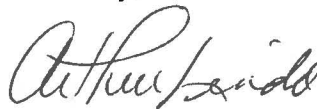
The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Indiana appraiser regulatory program (Program) on March 12-14, 2013. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. Although the attached Report references an area/areas of concern, the ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. Indiana 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,



Arthur Lindo
Chairman

Attachment

cc: Ms. Gabrielle Owens, Director, Licensing Enforcement & Homeowner Protection Unit, Office of the Attorney General

ASC Finding” Defined for ASC Compliance Review Report

1. IN SUBSTANTIAL COMPLIANCE

Applies when no issues of non-compliance or violations of Title XI, ASC Policy Statements or AQB Criteria are identified.

2. NOT IN SUBSTANTIAL COMPLIANCE

Applies when there are one or more issues of non-compliance or violations of Title XI, ASC Policy Statements and/or AQB Criteria but the concerns do not rise to the level of “not in compliance.”

3. NOT IN COMPLIANCE

Applies when the number, seriousness, and/or repetitiveness of the Title XI, ASC Policy Statements and/or AQB Criteria violations warrant this finding.

ASC Compliance Review Report

ASC Finding: In Substantial Compliance

Final Report Issue Date: August 14, 2013

Indiana Appraiser Regulatory Program (Program)

Indiana Real Estate Appraiser Licensure & Certification Board (Board) / Decision Making PM: K. Klamet

ASC Compliance Review Date: March 12-14, 2013

Review Period: March 2011 to March 2013

Umbrella Agency: Indiana Real Estate Commission

Number of State Credentialed Appraisers on National Registry: 2,159

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					
Indiana Statutes, Regulations, Policies and Procedures:			X					
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116, 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>A review of the Indiana Real Estate Licensure and Certification Board Regulations revealed the following inconsistencies with the Appraiser Qualifications Board's (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria) regarding: (1) challenged qualifying education (QE) examinations; (2) QE for teaching; and (3) qualifying experience.</p> <p>Effective January 1, 2008, AQB Criteria no longer recognized challenge examinations for meeting appraiser QE. Indiana Code IC 25-34.1-3-8(h) and Indiana Administrative Codes 876 IAC 3-3-4.1(h) and IAC 3-3-5.1(i) allow the Board to grant QE for courses where the applicant obtained credit from course providers by challenge examination, without attending the courses, providing the examination was taken before July 1, 1990.</p> <p>AQB Criteria does not allow States to grant QE credit for teaching appraisal courses. Indiana Administrative Code 876 IAC 3-3-5.1 (g) allows QE for the teaching of appraisal courses for the certified general classification.</p> <p>AQB Criteria requires that experience claimed by an appraiser applicant include the number of actual work hours performed by the applicant on each assignment. Indiana Administrative Code 876 IAC 3-3-13.1 (a) established a set number of hours for various types of appraisal assignments and does not require the actual hours worked.</p> <p>Despite the conflicting provisions in the regulation, ASC staff found no incidents where the regulations were applied to any aspect of the Program.</p>	<p>On June 7, 2013, the Board reported to ASC staff that it began the rule promulgation process to address the issues identified during the March 29 -30, 2011 Review, but, due to circumstances beyond the Board's control, the rules were not approved for hearing until April 18, 2013. The Board also reported the proposed rules were approved during a public hearing held on June 5, 2013, before the Indiana Real Estate Commission and they expect the rules to become effective within the next few months.</p>	None	<p>To strengthen the Program, Indiana should continue the process of amending its regulations to reflect what is required in practice and in AQB Criteria.</p>	<p>Upon adoption, please provide ASC staff with copies of the adopted regulation changes.</p>

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Umbrella Agency: Indiana Real Estate Commission	Number of State Credentialed Appraisers on National Registry: 2,159	Review Period: March 2011 to March 2013
		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					
Temporary Practice:			X					
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. (Title XI § 1118 (a), 12 U.S.C. 3347; Title XI § 1122 (a), 12 U.S.C. 3351; ASC Policy Statement 5.)				ASC staff reviewed 10 temporary practice permit applications that were not issued timely. In all instances, the applicant had disclosed a prior disciplinary action or criminal conviction. Of the 10 files, 6 did not contain sufficient documentation justifying the delay. According to Program staff, there is no consistent process in place to handle these types of applications.	On June 7, 2013, the Board reported to ASC staff that they have a consistent process for considering temporary practice applications received that indicate a disciplinary action, criminal conviction or any other anomaly. The Board reported that Indiana utilizes an electronic record keeping application ASC staff did not review, which contains detailed notes the printed paper documentation may not contain.	None	To strengthen the Program, Indiana should implement an effective process that temporary practice permits are issued within 5 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, and that documentation is available to ASC staff during the on-site portion of the Compliance Review.	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statements.
National Registry:			X					
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 9A.)				Indiana reported appraiser suspensions and revocations to the ASC with its National Registry data submissions. However, corrective sanctions, such as fines or additional education, were not reported.	On March 15, 2012, Indiana staff obtained ASC Extranet authorization and added missing disciplinary actions to the National Registry. These disciplinary actions included 60 sanctions against 34 appraisers. On June 7, 2013, the Board indicated that it was recently made aware of the availability of the ASC's Extranet application to report disciplinary sanctions and will begin using it immediately.	None	To strengthen the Program, Indiana should establish procedures to ensure that going forward all disciplinary sanctions, including consent, stipulation, and settlement agreements, taken against appraisers are reported to the National Registry.	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statements.

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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					
Application Process:			X					
States must ensure that appraiser experience logs conform to AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116, 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria.)				Indiana's appraiser experience logs do not conform to AQB Criteria. Indiana has established a set number of hours for various types of appraisal experience in accordance with Indiana Administrative Code 876 IAC 3-3-13.1 (a).	On June 7, 2013, the Board reported to ASC staff, that its rules are in the process of being updated as is the accompanying application to make sure it is clear to applicants that actual hours worked must be provided on the experience log. The Board advised that Program staff has been instructed to require that applicants list the actual number of hours for each assignment.	None	To strengthen the Program, Indiana should continue the process of amending its regulations to reflect what is required in practice and in AQB Criteria.	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Reciprocity:	X							
				No compliance issues noted.	N/A	None	None	None
Education:	X							
				No compliance issues noted.	N/A	None	None	None
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None