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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

April 30, 2014

Ms. Jamie Wickliffe, Chair  
Texas Appraiser Licensing & Certification Board  
P O Box 12188  
Austin, TX 78711-2188

RE: ASC Compliance Review of Texas' Appraiser Regulatory Program

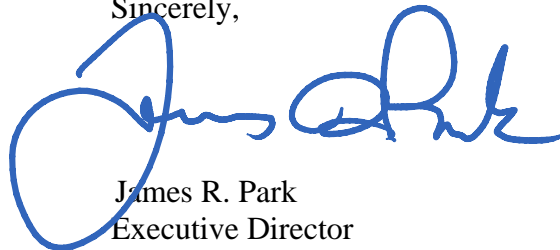
Dear Ms. Wickliffe:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Texas appraiser regulatory program (Program) on February 19-21, 2014, 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. An area of concern that was identified is being addressed by the Program. The Program has been awarded an ASC Finding of "Good." Texas will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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: Mr. Douglas E. Oldmixon, Commissioner

## 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>1</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>1</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 30, 2014

Texas Appraiser Regulatory Program (Program)

Texas Appraiser Licensing & Certification Board (Board) / Decision Making

PM: J. Tidwell

ASC Compliance Review Date: February 19-21, 2014

Review Period: May 2012 to February 2014

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry: 4,754

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					
<b>Texas Statutes, Regulations, Policies and Procedures:</b>			X					
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				ASC Policy Statement 4 requires States to implement a reliable validation procedure to verify that each applicant's experience is USPAP compliant. Sec. 1103.206 of the Texas Occupations Code states that the Board shall adopt a reliable method to verify the evidence of appraisal experience submitted by an applicant for a certificate or license. The method must include the review of appraisal experience and must rely on appropriate sampling techniques that are applied to not more than 5 percent of all applications received by the Board.	On April 2, 2014, the Board reported to ASC staff that the Texas legislature convenes in session for only 5 months every other year. The next opportunity for the Board to seek correction of the statute will be 2015. The Board's rules and actual practice are in compliance with ASC Policy Statement 4. The Board will propose an amendment in early 2015.	None	Texas should amend its statute to bring it into compliance with AQB Criteria and reflect what is done in practice. A copy of the statute should be provided to ASC staff once adopted.	None
<b>Temporary Practice:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Application Process:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Reciprocity:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Education:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Enforcement:</b>	X							
				No compliance issues noted.	N/A	None	None	None