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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

May 8, 2014

Ms. Lisa Brooks, Executive Director  
Alabama Real Estate Appraisers Board  
100 North Union Street, Suite 370  
Montgomery, AL 36104

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

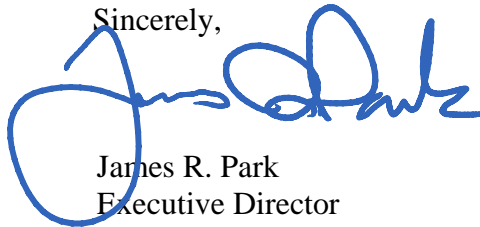
Dear Ms. Brooks:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Alabama appraiser regulatory program (Program) on January 14-16, 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. The Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the Program. Alabama 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

## 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: May 8, 2014

**Alabama Appraiser Regulatory Program (Program)**

**Alabama Real Estate Appraisers Board (Board) / Decision Making**

PM: C. Brooks

ASC Compliance Review Date: January 14-16, 2014

Review Period: January 2012 - January 2014

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry:  
1,312

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>Alabama 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.)				AQB Criteria requires that Supervisory Appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 2 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. Alabama's Administrative Code has no such requirement.	On March 24, 2014, the State provided a proposed regulatory amendment, adding the requisite language.	None	None	Please provide ASC staff with copies of the adopted regulation changes.
<b>Alabama Statutes, Regulations, Policies and Procedures continued:</b>			X					
States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				Alabama's reciprocal policy does not comply with the requirements of Title XI and ASC Policy Statement 5.	On March 24, 2014, the State provided a proposed Title XI compliant reciprocal policy.	None	None	Please provide ASC staff with copies of the adopted regulation changes.
<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

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	YES	NO	AC					
<b>Application Process:</b>			X					
States must ensure that appraiser experience logs conform to AQB Criteria. (Title XI § 1118 (a), 12 U.S.C. § 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 4.)				AQB Criteria requires experience claimed by an appraiser applicant must include, in the experience log, the number of actual work hours performed by the applicant on each assignment. Alabama relies on a point system for experience logs and applicants are instructed to record points as well as actual hours on experience logs. An applicant was granted an upgrade from licensed classification to certified residential classification but the actual hours claimed on the experience log did not total the 500 hours required by the AQB.	On March 24, 2014, the State reported that the applicant previously upgraded from a trainee to a licensed level credential at which time the applicant submitted more than the required hours of experience for a certified residential credential.	None	The State should ensure applicants are not awarded more experience hours than the actual hours performed.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria and Policy Statement 4.
<b>Reciprocity:</b>			X					
States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				Alabama's Administrative code does not comply with the requirements of Title XI and ASC Policy Statement 5. Alabama's reciprocal application requires the applicant to be from a State that has a reciprocal agreement listed on their website.	On March 24, 2014, the State provided a proposed Title XI compliant reciprocal policy.	None	None	None

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	YES	NO	AC					
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None	None
<b>Enforcement:</b>			X	By policy, the Board dismissed complaints involving appraisals that were more than 5 years old based on the Record Keeping Rule in USPAP, which specifies that appraisers must retain their workfile for at least 5 years.	During the on-site Review, Program staff agreed not to close complaints based solely on the age of the appraisal.	None	Closure of a complaint based solely on the age of the appraisal, which results in a dismissal without an investigation of the merits of the complaint, is inconsistent with the Title XI requirement that States assure effective supervision of the activities of credentialed appraisers.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7B (2).
States must regulate, supervise and discipline their credentialed appraisers. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 7.)								