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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 4, 2014

Mr. Bruce Unangst, Executive Director
Louisiana Real Estate Appraisers Board
P O Box 14785
Baton Rouge, LA 70898-4785

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

Dear Mr. Unangst:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Louisiana appraiser regulatory program (Program) on February 4-6, 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." The final ASC Compliance Review Report (Report) is attached.

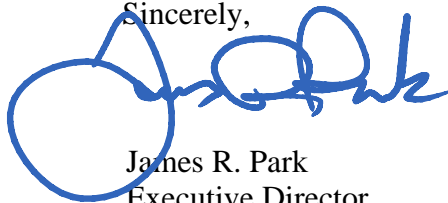
The ASC identified the following areas of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;¹ and
- 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.²

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Louisiana will be moved to a two-year Review Cycle.

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: Ms. Summer Mire, Confidential Assistant to Director
Ms. Anne Brassett, Program Administrator

¹ 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.

² Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.

ASC Findings Description

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 ³	<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.

³ 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: June 4, 2014

Louisiana Appraiser Regulatory Program (Program)

Louisiana Real Estate Appraisers Board (Board)/Decision Making	PM: K. Klamet	ASC Compliance Review Date: February 4-6, 2014	Review Period: March 2012 to February 2014
Umbrella Agency: Louisiana Real Estate Commission (Commission)		Number of State Credentialed Appraisers on National Registry: 1,271	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					
Statutes, Regulations, Policies and Procedures:		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.)				<p>A review of the Louisiana Statutes and Regulations revealed the following inconsistencies with AQB Criteria regarding: (1) experience log requirements; (2) continuing education (CE) credit for non-student participation; and (3) requirements for distance education.</p> <p>(1) Experience claimed by an applicant must include, in the experience log, the description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser. Louisiana statute 3397 B.(3) does not conform to AQB Criteria as the scope of the review and supervision of the supervising appraiser is not included.</p> <p>(2) Up to 1/2 of an individual's CE credit may be granted for participation, other than as a student, in appraisal educational processes and programs. Louisiana statute 3408 C.(2) does not conform to AQB Criteria as non-student participation for CE credit is not limited. Louisiana regulation 10409 D. does not conform to AQB Criteria as non-student participation for CE credit is limited to 1/2 only for teaching.</p> <p>(3) Providers of distance education courses must be approved by the International Distance Education Certification Center (IDECC). Louisiana regulation 10417 A. requires that distance education courses must be accredited by the American Council on Education (ACE) instead of the IDECC.</p>	<p>On May 9, 2014, the Commission reported that legislation was filed with the Louisiana Legislature to make the necessary statute changes. The Commission expects the legislation to be passed before May 30, 2014, and to become effective upon signature by the Governor.</p> <p>The Commission also reported that rules have been drafted and will be promulgated to amend the non-compliant sections.</p>	<p>Louisiana must continue the process to amend its statutes and rules to bring them into compliance with AQB Criteria, and provide ASC staff with a copy of the final statutes and rules once adopted.</p>	<p>None</p>	<p>During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.</p>

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: June 4, 2014

Louisiana Appraiser Regulatory Program (Program)

Louisiana Real Estate Appraisers Board (Board)/Decision Making

PM: K. Klamet

ASC Compliance Review Date: February 4-6, 2014

Review Period: March 2012 to February 2014

Umbrella Agency: Louisiana Real Estate Commission (Commission)

Number of State Credentialed Appraisers on National Registry: 1,271

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					
Statutes, Regulations, Policies and Procedures Continued:		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.)				<p>A review of the Louisiana Statutes and Regulations revealed the following inconsistencies with AQB Criteria regarding: (1) acceptable experience credit; and (2) supervisory appraiser requirements.</p> <p>(1) Applicants must claim the number of actual hours worked for experience credit. Louisiana regulations 10311 A. 1. and 10313 A. 1. requires that experience credit for an appraisal report be divided equally among all signatories; and Louisiana regulation 10317 allows a prorated number of points for each co-signed report, review, article and textbook to be awarded to each signer of the report.</p> <p>(2) Supervising appraisers shall be in good standing and not subject to any disciplinary action within the last 2 years that affects the supervisor's legal ability to engage in appraisal practice. Louisiana regulation 10308 B. only limits a trainee from performing any appraisals under the supervision of a licensed appraiser whose license has been suspended or revoked.</p>	On May 9, 2014, the Commission reported that rules have been drafted and will be promulgated to amend the non-compliant sections.	Louisiana must continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide ASC staff with a copy of the final rules once adopted.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Statutes, Regulations, Policies and Procedures Continued:		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.)				Louisiana's statute does not comply with the requirements of Title XI and ASC Policy Statement 5.	<p>On May 9, 2014, the Commission reported that legislation was filed with the Louisiana Legislature to make the necessary statute changes. The Commission expects the legislation to be passed before May 30, 2014, and to become effective upon signature by the Governor.</p> <p>The Commission also reported that, although the statute has not been officially amended, in practice the State has complied with the Title XI requirements for issuing reciprocal credentials.</p>	Louisiana must continue the process to amend its statutes to bring them into compliance with Title XI, and provide ASC staff with a copy of the final statute once adopted.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Temporary Practice:	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: June 4, 2014

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									
Louisiana Appraiser Regulatory Program (Program)											
Louisiana Real Estate Appraisers Board (Board)/Decision Making				PM: K. Klamet				ASC Compliance Review Date: February 4-6, 2014			Review Period: March 2012 to February 2014
Umbrella Agency: Louisiana Real Estate Commission (Commission)						Number of State Credentialed Appraisers on National Registry: 1,271			Review Cycle: Two Year		
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				Louisiana's statute does not comply with the requirements of Title XI and ASC Policy Statement 5, although in practice the State appears to operate in compliance with those requirements.	On May 9, 2014, the Commission reported that legislation was filed with the Louisiana Legislature to make the necessary statute changes. The Commission expects the legislation to be passed before May 30, 2014, and to become effective upon signature by the Governor.	None	To strengthen the Program, Louisiana should continue the process to amend its statutes to reflect what is being done in practice.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.	
Education:											
X						No compliance issues noted.	N/A	None	None	None	
Enforcement:											
	X					No compliance issues noted.	N/A	None	None	None	