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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 6, 2014

Mr. Lee Gordon, Executive Director
Arkansas Appraiser Licensing & Certification Board
101 East Capitol, Suite 430
Little Rock, AR 72201

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

Dear Mr. Gordon:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Arkansas appraiser regulatory program (Program) on March 4-5, 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.

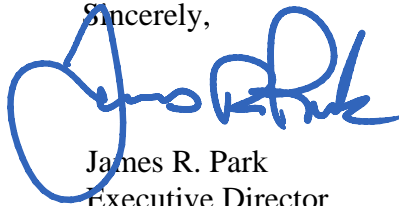
The ASC identified the following area of non-compliance:

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

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Arkansas will remain on 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: Mr. Drew Vance, Board Chair

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.

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 ²	<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.

² 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 6, 2014

Arkansas Appraiser Regulatory Program (Program)

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

PM: K. Klamet

ASC Compliance Review Date: March 4-5, 2014

Review Period: March 2012 to March 2014

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry: 825

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Statutes, Regulations, Policies and Procedures:			X					
States must have policies, practices and procedures consistent with Title XI. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				Arkansas statute §17-14-206(b) establishes that the Board may not investigate actions of, or conduct any disciplinary hearing regarding, any licensee, registrant or certificate holder wherein the action initiating the complaint or investigation is more than 3 years prior to such complaint or investigation. In addition, Arkansas statute §17-14-103(23&24) requires the scope of practice for each credential level meet that prescribed by the "ASC" and the financial institutions. This reference to the "ASC" rather than the "AQB" is in error.	On May 12, 2014, the Board reported that achieving a change to the 3-year limitation in the Arkansas statute would be a political challenge. The Board also reported that it will attempt to correct the incorrect reference to the "ASC" rather than the "AQB" during the 2015 legislative session.	None	The Board should take prompt action to amend its statutes to comply with the requirements of Title XI. Closure of a complaint based solely on the age of the subject appraisal which results in dismissal without investigation of the merits of the complaint, is inconsistent with the ASC's Policy Statements and the Title XI requirement that States assure effective supervision of the activities of credentialed appraisers. The Board should provide ASC staff with copies of proposed legislative amendments.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: June 6, 2014

Arkansas Appraiser Regulatory Program (Program)

Arkansas Appraiser Licensing & Certification Board (Board) / Decision Making	PM: K. Klamet	ASC Compliance Review Date: March 4-5, 2014	Review Period: March 2012 to March 2014
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Umbrella Agency: Independent	Number of State Credentialed Appraisers on National Registry: 825	Review Cycle: Two Year
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Requirement/Guidance	Compliance (YES/NO) Areas of Concern			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 Arkansas's Statutes and Regulations revealed the following inconsistencies with AQB Criteria regarding: (1) continuing education (CE) requirements; and (2) Uniform Standards of Professional Appraisal Practice (USPAP) instructor requirements.</p> <p>Individuals are required to complete 14 hours of CE for each year during the period preceding the credential renewal. Arkansas regulation Section X C. allows State Registered appraisers to carry over up to 14 hours of CE into the next renewal cycle.</p> <p>Credit may only be awarded for USPAP CE when the course is instructed by at least 1 AQB certified USPAP instructor who is also a State certified appraiser. Arkansas regulations Section III B.1., Section V B.1. and Section X E. requires instructors of USPAP courses to be approved through the AQB's USPAP instructor certification program, but does not reference the requirement that at least 1 of the approved instructors must also be a State certified appraiser.</p>	On May 12, 2014, the Board reported that they have begun the process of correcting the identified inconsistencies in accordance with the Arkansas Administrative Procedures Act.	Arkansas 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 AQB Criteria.

ASC Compliance Review Report

ASC Finding: Good

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Umbrella Agency: Independent	Number of State Credentialed Appraisers on National Registry: 825	Review Cycle: Two Year
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Requirement/Guidance	Compliance (YES/NO) Areas of Concern			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
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
Enforcement:	X			No compliance issues noted.	N/A	None	None	None