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Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 29, 2014

Mr. Joseph Decker, Administrator
Nevada Real Estate Division
1179 Fairview Drive, Suite E
Carson City, NV 89701

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

Dear Mr. Decker:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nevada appraiser regulatory program (Program) on May 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. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

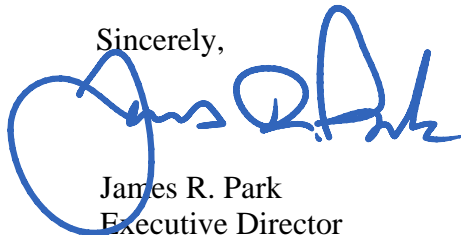
The ASC identified the following area of non-compliance:

- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Nevada 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: Ms. Brenda Kindred-Kipling, Appraisal Officer

¹ 12 U.S.C. § 3351; Policy Statement 5.

ASC Finding Descriptions

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: September 29, 2014	
Nevada Appraiser Regulatory Program (State)							
Nevada Commission of Appraisers of Real Estate (Commission)/Decision Making		PM: K. Klamet		ASC Compliance Review Date: May 19-21, 2014		Review Period: June 2012 to May 2014	
Umbrella Agency: Department of Business & Industry, Real Estate Division				Number of State Credentialed Appraisers on National Registry: 1,043		Review Cycle: Two Year	
Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/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. (12 U.S.C. § 3347; Policy Statement 1 A.)				The State has a statutory provision (NRS 645C.510 3.) that appears to allow the State to close a complaint without a decision on the merits of the complaint.	On August 13, 2014, the State reported that they will investigate a complaint regardless of when the appraisal was performed in case the responding appraiser has maintained the workfile past the USPAP Record Keeping requirement.	The State should amend its statutes to comply with the requirements of Title XI. Closure of a complaint based solely on the age of the subject appraisal without investigation of the merits of the complaint is inconsistent with ASC Policy Statements and Title XI.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:		X					
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Nevada Statute NRS 645C.360 2. does not comply with Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On August 13, 2014, the State reported that they intend to amend the non-compliant statute during the 2015 Nevada Legislative Session.	The State must amend its statute to bring it into compliance with Title XI.	Upon passage, please provide ASC staff with copies of the amended statutory provision.
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. (12 U.S.C. § 3351; Policy				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application. In addition, temporary practice permit files did not contain sufficient documentation for ASC staff to determine the actual received date of a completed application.	On August 13, 2014, the State reported training was provided to new staff.	The State should monitor temporary practice permit processing to ensure compliance with Title XI and ASC Policy Statement 2.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None

ASC Compliance Review Report						ASC Finding: Good	
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Umbrella Agency: Department of Business & Industry, Real Estate Division				Number of State Credentialed Appraisers on National Registry: 1,043		Review Cycle: Two Year	
Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Reciprocity:			X				
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Nevada'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.	N/A	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.
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:			X				
States must regulate, supervise and discipline their credentialed appraisers. (12 U.S.C. § 3347; Policy Statement 1, 7.)				Nevada closed a complaint file without a decision on the merits of the complaint.	On August 13, 2014, the State reported that they will investigate complaints regardless of when the subject appraisal was performed.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.