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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 13, 2015

Ms. Deanna Alexander, Assistant Director
Indiana Real Estate Appraiser Licensure & Certification Board
402 W. Washington Street, Room W072
Indianapolis, IN 46204

Ms. Jennie Beller, Supervising Deputy Attorney General
Licensing, Enforcement & Homeowner Protection Unit
Office of the Attorney General
302 W. Washington Street, 5th Floor
Indianapolis, IN 46204

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

Dear Ms. Alexander and Ms. Beller:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Indiana appraiser regulatory program (Program) on February 10-12, 2015, 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 is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area(s) of non-compliance:

- 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;¹ and
- States must complete audits of affidavits for continuing education credit claimed within sixty days from the date the renewed credential is issued.²

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Indiana 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,



Arthur Lindo
Chairman

Attachment

cc: Mr. Terry Watson, Board Chair

¹12 U.S.C. § 3351; Policy Statement 2.

²12 U.S.C. § 3347; Policy Statement 4 F.

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 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: Needs Improvement

Final Report Issue Date: May 13, 2015

Indiana Appraiser Regulatory Program (State)				PM: K. Klamet		ASC Compliance Review Date: February 10-12, 2015		Review Period: March 2013 to February 2015	
Indiana Real Estate Appraiser Licensure & Certification Board (Board)/Decision Making				Umbrella Agency: Indiana Professional Licensing Agency		Number of State Credentialed Appraisers on National Registry: 2,155		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								
Temporary Practice:		X		No compliance issues noted.	N/A	None	None		
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 Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On April 1, 2015, the State reported that not all temporary practice permits were issued within 5 days because resources had been diverted to other duties. The State does not believe this will be an issue in the future.	The State must implement an effective process to ensure that temporary practice permits are issued within 5 business days in compliance with 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						
States must notify the ASC as soon as practicable of voluntary surrenders, suspensions, revocations, or any other action that interrupts a credential holder's ability to practice. (12 U.S.C. § 3347; Policy Statement 3 D, E.)				The State did not report all disciplinary actions on the ASC National Registry.	On April 1, 2015, the State reported not all disciplinary actions were reported in a timely manner due to high turnover in the position assigned this task. The State advised that the position is now stabilized and all disciplinary actions have been reported.	The State should develop a policies and procedures to ensure all disciplinary actions are submitted to the ASC National Registry in a timely manner.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.		
National Registry continued:	X								
States must reconcile and pay National Registry invoices in a timely manner. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 B.)				The State did not reconcile and pay National Registry invoices in a timely manner.	On April 1, 2015, the State reported that the Board was not aware of the missing invoices until advised by ASC staff during the Compliance Review. The invoices have been paid.	None	None		

ASC Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: May 13, 2015

Indiana Appraiser Regulatory Program (State)

Indiana Real Estate Appraiser Licensure & Certification Board (Board)/Decision Making

PM: K. Klamet

ASC Compliance Review Date: February 10-12, 2015

Review Period: March 2013 to February 2015

Umbrella Agency: Indiana Professional Licensing Agency

Number of State Credentialed Appraisers on National Registry: 2,155

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				
National Registry continued:			X				
States are required to report disciplinary action via the extranet application as soon as practicable. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.)				The State did not report disciplinary actions via the extranet application as soon as practicable.	On April 1, 2015, the State reported not all disciplinary actions were reported in a timely manner due to high staff turnover assigned this task. The State advised that the position is now stabilized and all disciplinary actions have been reported.	The State should develop a policies and procedures to ensure all disciplinary action are submitted via the extranet application to the ASC National Registry as soon as practicable.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
National Registry continued:			X				
States must designate a senior official as the State's Authorized Registry Official and inform the ASC, in writing, of their designee and any individual(s) authorized to act on their behalf. (12 U.S.C. § 3347; Policy Statement 3 A.)				The State did not ensure that authorization information provided to the ASC was updated and accurate.	On April 1, 2015, the State reported this was an oversight and it will ensure that the ASC is provided with an updated and accurate list of authorized users in the future.	The State should develop policies and procedures to ensure authorization information provided to the ASC is updated and accurate.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:		X					
States must complete audits of affidavits for continuing education credit claimed within sixty days from the date the renewed credential is issued. (12 U.S.C. § 3347; Policy Statement 4 F.)				The State did not conduct a prompt post-approval audit of continuing education affidavits to identify appraisers who fail to comply with Federal and State law.	On April 1, 2015, the State reported that a continuing education audit was initiated and is now in the final stages of the audit process.	Within 60 days of the date of this Report, the State must provide ASC staff with a detailed account of the results of the CE audit. The State must also ensure that all documentation to support its validation methods are available to ASC staff during their next Compliance Review.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None