



Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 1, 2015

Mr. Robert E. Praytor, Administrator
Mississippi Real Estate Commission
P O Box 12685
Jackson, MS 39236

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

Dear Mr. Praytor:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Mississippi appraiser regulatory program (Program) on June 23-25, 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 has been awarded an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area of non-compliance:

- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.¹

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Mississippi 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. Michael McGee, Deputy Director
Ms. Holly Hood, Administrative Assistant

¹ 12 U.S.C. § 3347; Policy Statement 4.

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: Needs Improvement
 Final Report Issue Date: October 1, 2015

Mississippi Appraiser Regulatory Program (State)			
Mississippi Appraisal Board (Board) / Decision Making	PM: V. Metcalf	ASC Compliance Review Date: June 23-25, 2015	Review Period: April 2013 to June 2015
Umbrella Agency: Mississippi Real Estate Commission		Number of State Credentialed Appraisers on National Registry: 1,111	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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>A review of the State's regulations revealed the following inconsistencies with AQB Criteria regarding: (1) State Licensed qualifying education (QE); and (2) State Certified credential QE.</p> <p>AQB Criteria require State Licensed level applicants to, at a minimum, hold an Associate degree or possess 30 college semester hours. Mississippi's regulations have no such requirement.</p> <p>AQB Criteria requires Certified credential applicants to hold a Bachelor's degree, and effective 1/1/15, does not allow for education "in lieu of" the degree. Mississippi regulations require Certified General applicants to hold a Bachelor's degree. However, Mississippi regulations only require Certified Residential applicants to hold an Associate degree and allows the degree requirement for both certified credential levels to be satisfied through the completion of specific college level courses "in lieu of" holding a degree.</p>	On September 2, 2015, the State reported that temporary rules effective September 1, 2015, brought the regulations into compliance. Via email on September 9, 2015, the State reported that the corresponding final rule will become effective on September 28, 2015.	The State should continue the process of amending its rules to reflect what is required in practice and in AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

ASC Compliance Review Report

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Mississippi Appraisal Board (Board) / Decision Making PM: V. Metcalf	ASC Compliance Review Date: June 23-25, 2015
Umbrella Agency: Mississippi Real Estate Commission	Review Period: April 2013 to June 2015
	Number of State Credentialed Appraisers on National Registry: 1,111
	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 continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>A review of the State's regulations revealed the following inconsistencies with the AQB Criteria regarding: (1) Supervisory Appraiser/Trainee course; (2) Supervisory Appraiser/Trainee limits; (3) Supervisory Appraiser credential status; and (4) Supervisory Appraiser discipline.</p> <p>Supervisory Appraisers must complete the Supervisory/Trainee course prior to supervising a trainee. Mississippi regulations do not recognize the requirement for applicants for the trainee (Intern) credential to demonstrate the completion of the Supervisory Appraiser/Trainee course.</p> <p>Supervisory appraisers must hold a Certified Appraiser credential in the jurisdiction in which the trainee practices for a minimum of 3 years. Mississippi regulations do not require a Supervisory Appraiser to hold a Mississippi certified credential for a minimum of 3 years prior to supervising.</p> <p>Supervisory appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 3 years that affect their legal eligibility to engage in appraisal practice. Mississippi regulations do not limit the supervisory appraiser from supervising if they were the subject of disciplinary action affecting legal eligibility to appraise during the previous 3 years.</p> <p>Supervisory Appraisers are limited to 3 trainees, unless a State program in the credentialing jurisdiction provides for progress monitoring. Mississippi regulations do not limit the number of trainees a Supervisory Appraiser may supervise to 3 and do not contain provisions for progress monitoring.</p>	On September 2, 2015, the State reported that temporary rules effective September 1, 2015, brought the regulations into compliance. On September 9, 2015, the State reported that the corresponding final rule will become effective on September 28, 2015.	The State should continue the process of amending its rules to reflect what is required in practice and in AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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ASC Finding: Needs Improvement

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Mississippi Appraiser Regulatory Program (State)

Mississippi Appraisal Board (Board) / Decision Making PM: V. Metcalf

ASC Compliance Review Date: June 23-25, 2015

Review Period: April 2013 to June 2015

Umbrella Agency: Mississippi Real Estate Commission

Number of State Credentialed Appraisers on National Registry: 1,111

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 continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>A review of the State's regulations revealed inconsistencies with the AQB Criteria for Trainee Appraisers regarding: (1) Qualifying education (QE); and (2) Continuing education (CE).</p> <p>AQB Criteria require the 75 hours of QE for Trainee appraisers to have been completed within 5 years prior to application and include proof the applicant completed the Supervisory/Trainee course. Mississippi regulations do not require a Trainee Appraiser applicant's QE to be completed within the last 5 years prior to application.</p> <p>AQB Criteria require all credentials holders including Trainees to limit the hours of CE claimed for non-student participation to 50% of the CE amount required for the cycle; and complete 14 hours of CE per year. Mississippi regulations require Trainees to complete 14 hours of CE after having held the credential for 3 years and then 14 hours each year thereafter.</p>	<p>On September 2, 2015, the State reported that temporary rules effective September 1, 2015, brought the regulations into compliance. On September 9, 2015, the State reported that the corresponding final rule will become effective on September 28, 2015.</p>	<p>The State should continue the process of amending its rules to reflect what is required in practice and in AQB Criteria.</p>	<p>During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.</p>
Statutes, Regulations, Policies and Procedures continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				<p>The State's regulations do not comply with AQB Criteria which require completion of the requisite education and experience as a prerequisite to taking the AQB-approved examination.</p>	<p>On September 2, 2015, the State reported that temporary rules effective September 1, 2015, brought the regulations into compliance. Via email on September 9, 2015, the State reported that the corresponding final rule will become effective on September 28, 2015.</p>	<p>The State should continue the process of amending its rules to reflect what is required in practice and in AQB Criteria.</p>	<p>During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.</p>

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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State issued 2 certified residential credentials after January 1, 2015 without verifying the applicants held the AQB Criteria required Bachelor's degree.	On September, 2, 2015, the State notified the ASC staff that the Board will conduct hearings regarding the matter on September 23, 2015.	The State must, within 30 days of the date of this Report, provide ASC staff a detailed account of the results of the hearings. ASC staff will analyze the results to determine that the State does not allow appraisers who fail to meet AQB Criteria to appraise property for federally related transactions. The ASC may place additional requirements upon the State.	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