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Appraisal Subcommittee
Federal Financial Institutions Examination Council

May 31, 2016

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 2-4, 2016, 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.

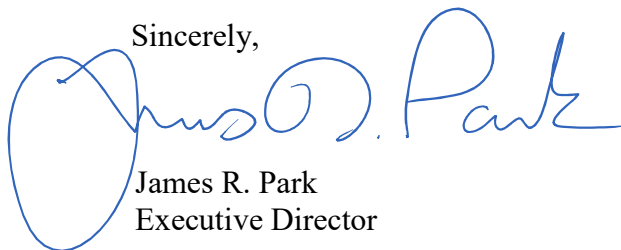
The ASC identified the following area of non-compliance:

- States must 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 that appropriate corrective actions have been taken during the next Review. Louisiana 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. Summer Mire, Confidential Assistant;
Ms. Anne Brassett, Program Administrator

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: Good

Final Report Issue Date: May 31, 2016

Louisiana Appraiser Regulatory Program (State)					
Louisiana Real Estate Appraisers Board (Board) / Decision Making		PM: N. Fenochietti		ASC Compliance Review Date: February 02-04, 2016	
Umbrella Agency: Real Estate Commission		Number of State Credentialed Appraisers on National Registry: 1,336		Review Period: February 2014 to February 2016	
				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.)				Supervisory Appraisers are required to be state-certified and in "good standing" in the jurisdiction in which the Trainee Appraiser practices for a period of at least three (3) years. The Supervisory Appraiser requirements set forth in Louisiana Revised Statute 37:3397 does not require the Supervisory Appraiser to be in "good standing" in the jurisdiction in which the Trainee Appraiser practices.	On May 12, 2016, the State reported that subsequent to the Compliance Review, legislation amending the statute to bring it into compliance with AQB Criteria was approved and has been delivered to the Governor for signature.	To strengthen the Program, the State should continue the process of amending its statute consistent with AQB Criteria.	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, 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.)				Experience must comply with USPAP and may be gained under more than one version of USPAP. Louisiana Rules 46:10308.C.1. requires appraiser trainees' work product be supervised in accordance with the guidelines and requirements of the 2014-2015 USPAP. L.R. 46:10309.C. requires that only 2014-2015 compliant appraisals will be accepted by the board for experience credit.	On May12, 2016, the State reported that they sent the final Rules for promulgation and they should become effective June 20, 2016.	To strengthen the Program, the State should continue the process of amending its Rules consistent with AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
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.)				An appraiser credential was reactivated without completion of the requisite number of continuing education (CE) hours.	On May 12, 2016, the State reported that the credential holder has registered and paid for the additional courses required for reactivation. The courses are scheduled for completion on July 1, 2016.	The State must ensure that the applicant Completes the additional CE hours required for reactivation.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.

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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				
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