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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

May 29, 2018

Ms. Diana Piechocki, Executive Director  
Arkansas Appraiser Licensing and Certification Board  
101 E. Capitol, Suite 430  
Little Rock, AR 72201

RE: ASC Compliance Review of Arkansas' Appraiser Regulatory Program

Dear Ms. Piechocki:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Arkansas appraiser regulatory program (Program) on March 6–8, 2018, 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.

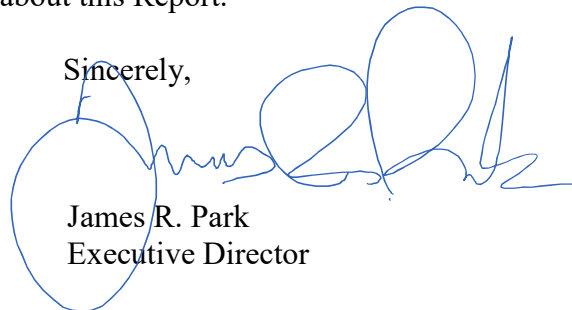
The ASC identified the following area of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria.<sup>1</sup>

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: Ms. Shannon Mueller, Board Chair

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<sup>1</sup> Legal citing.

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor <sup>2</sup>	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

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<sup>2</sup> 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 29, 2018**

<b>Arkansas Appraiser Regulatory Program (State)</b>		<b>Arkansas Appraiser Licensing and Certification Board (Board)</b>	<b>PM: C. Brooks</b>	<b>ASC Compliance Review Date: March 6-8, 2018</b>	<b>Review Period: March 2016 to March 2018</b>
<b>Umbrella Agency: Independent</b>			<b>Number of State Credentialed Appraisers on National Registry: 821</b>	<b>Review Cycle: Two Year</b>	

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>		<b>X</b>					
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.)				The State's regulation XI does not comply with Title XI which requires that any requirements established for individuals in the position of 'Trainee Appraiser' and 'Supervisory Appraiser' shall meet or exceed the minimum qualification requirements of the AQB. AQB Criteria requires appraiser trainees to be subject to direct supervision by a supervisory appraiser who shall be State certified.	On May 11, 2018, the State reported the Rules, Regulations and Policy Committee is currently working to draft the proposed revisions to the Statutes and Rules/Regulations to correct the deficiencies.	The State must continue the process amend its regulation to bring it into compliance with AQB Criteria and reflect what is done in practice. A copy of the regulation should be provided to ASC staff once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
<b>Temporary Practice:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None
<b>National Registry:</b>			<b>X</b>				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions to the ASC National Registry.	On May 11, 2018, the State reported the missing discipline was reported to the ASC National Registry. In addition, a new Chief Investigator was hired who will be responsible for posting disciplinary actions to the ASC National Registry to prevent an oversight in the future.	The State should develop a procedure to ensure that it submits all disciplinary actions 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.
<b>Application Process:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None

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	YES	NO	AC				
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None
<b>Education:</b>			X	A distance education course was approved for continuing education (CE) without the required delivery mechanism approval.	On May 11, 2018, the State reported the course was immediately removed from the approved course listing. The 3 appraisers who took the course were notified the course would not be eligible for CE credit. In addition, the State's education course approval checklist was updated to ensure distance education delivery mechanism approval is always checked.	The State should monitor its process to ensure the appropriate delivery mechanism approval has been obtained on all approved distance education courses.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6.
<b>Enforcement:</b>	X			No compliance issues noted.	N/A	None	None