



Appraisal Subcommittee
Federal Financial Institutions Examination Council

August 21, 2019

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

Ms. Jennifer Barth, 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. Williams:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Indiana appraiser regulatory program (Appraiser Program) on April 2-5, 2019, to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Indiana Appraiser Program is attached.

The ASC identified the following areas 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
- States must complete audits of affidavits for continuing education credit within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date);² and
- States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria.³

¹ 12 U.S.C. § 3351; Policy Statement 2.

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

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

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,

A handwritten signature in black ink, appearing to read "Arthur Lindo". The signature is written in a cursive style with a large initial "A".

Arthur Lindo
Chairman

Attachment

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	<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.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: August 21, 2019

Indiana Appraiser Regulatory Program (State)

Indiana Real Estate Appraiser Licensure & Certification Board (Board)

PM: N. Fenochietti

ASC Compliance Review Date: April 02-05, 2019

Review Period: January 2017 to April 2019

Umbrella Agency: Indiana Professional Licensing Agency

Number of State Credentialed Appraisers on National Registry: 2,162

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			No compliance issues noted.	N/A	None	None
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 Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On July 1, 2019, the State reported that a process has been put in place for staff to make sure temporary practice permits are issued within 5 business days.	The State must monitor the process to ensure temporary practice permits are issued within 5 days of application receipt.	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 are required to report all disciplinary actions via the extranet application within 5 business days after the disciplinary action is final, as determined by State law. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 D.)				The State did not report all disciplinary actions to the ASC National Registry within 5 days of the date the action is final.	On July 1, 2019, the State reported that it is implementing procedures to ensure all disciplinary actions are reported within the required timeframe.	The State should monitor the new procedure to ensure all disciplinary actions are reported within 5 business days after the disciplinary action is final.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
 Final Report Issue Date: August 21, 2019

Indiana Appraiser Regulatory Program (State)					
Indiana Real Estate Appraiser Licensure & Certification Board (Board)		PM: N. Fenochietti		ASC Compliance Review Date: April 02-05, 2019	
Umbrella Agency: Indiana Professional Licensing Agency			Number of State Credentialed Appraisers on National Registry: 2,162		Review Period: January 2017 to April 2019
					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				
Application Process:		X					
States must complete audits of affidavits for continuing education credit claimed must be completed within sixty (60) business days from the date the credential is scheduled for renewal (based on the credential's expiration date). (12 U.S.C. § 3347; Policy Statement 4 C.)				The State did not conduct a prompt post-approval audit of continuing education (CE) affidavits within 60 business days of the scheduled renewal date.	On July 1, 2019, the State reported that the Board completed the CE affidavit audit.	The State must complete audits of affidavits for CE credit within sixty (60) business days from the date the credential is scheduled for renewal.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
Application Process continued:		X					
States must take remedial action when more than ten percent of audited affidavits for continuing education credit claimed fail to meet minimum AQB Criteria. (12 U.S.C. § 3347; Policy Statement 4 C.)				The State audited 2% of CE affidavits resulting in a failure rate of 14%.	The State did not respond to this concern.	Within 60 days of the date of this Report, the State must provide ASC staff with a plan to take remedial action to address the apparent weaknesses of its CE affidavit process. ASC staff will review the plan to determine if the remedial actions are effective and acceptable.	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.
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None