

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

October 12, 2011

Mr. Mike McGee, Deputy Director  
Mississippi Real Estate Commission  
Mississippi Real Estate Appraiser  
Licensing and Certification Board  
P. O. Box 12685  
Jackson, MS 39236-2685

RE: ASC Compliance Review of Mississippi's appraiser regulatory program

Dear Mr. McGee:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Mississippi's appraiser regulatory program (Program) on April 26–27, 2011. This is the final ASC Compliance Review Report (Report) on that Review.

The ASC has considered the preliminary findings regarding the Review and the State's response. Although the attached Report references areas of concern, the ASC has determined the Program is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

Please be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



Deborah S. Merkle  
Chairman

Attachment

cc: Mr. Robert Praytor, Administrator

## ASC Compliance Review Report

**Finding: In Substantial Compliance**

**Report Issue Date: October 12, 2011**

**Mississippi Appraiser Regulatory Program (Program)**

**Mississippi Real Estate Appraiser Licensing and** PM: N. Fenochietti

**ASC Compliance Review Date: April 26-27, 2011**

**Review Period: November 2009 to March 2011**

**Umbrella Agency: Mississippi Real Estate Commission**

**Number of State Credentialed Appraisers on National Registry: 1359**

**Issue: FINAL**

Requirement/Guidance	ASC Finding Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<b>Mississippi Statutes, Regulations, Policies and Procedures:</b>			<b>X</b>					
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>A review of the Rules of the Mississippi Real Estate Appraiser Licensing and Certification Board revealed the following inconsistencies with the Appraiser Qualifications Board's (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria):</p> <p>(1) AQB Criteria requires that verification forms for experience credit claimed by an applicant include the number of actual work hours by the trainee/applicant on each assignment. MS Title 73 chapter 34, Rule 2 provides that each appraisal having four or more signers accepting responsibility for the report shall be awarded credit for an appraisal based on the appropriate hours documented divided by the number of signers.</p> <p>(2) AQB Criteria requires that experience credit verification forms include a description of work performed by the trainee/applicant and the scope of the review and supervision of the supervising appraiser. MS Title 73 chapter 34, Rule 11 d.(4) does not require the trainee/applicant to include the scope of the review and supervision of the supervising appraiser.</p> <p>Despite the conflicting provisions in the regulations, ASC staff found no incidents where these provisions were applied to any aspect of the Program.</p>	On July 18, 2011, the Board reported to ASC staff that proposed rule changes have been submitted to the Mississippi Office of the Attorney General to determine if a statutory change will be required. If a statutory change is required, the Board will sponsor the necessary legislation for the 2012 legislative session.	None	To strengthen the Program, Mississippi should continue the process of amending its regulations to ensure compliance with AQB Criteria.	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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	YES	NO	AC					
<b>Mississippi Statutes, Regulations, Policies and Procedures continued:</b>			X					
States must adopt and/or implement all relevant AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				<p>A review of the Rules of the Mississippi Real Estate Appraiser Licensing and Certification Board revealed the following inconsistency with the AQB Criteria:</p> <p>AQB Criteria requires appraiser credential applicants to successfully complete the AQB approved qualifying examination. The AQB approved qualifying examination includes a time limit for examinations. MS Title 73 chapter 34, Rule 3 C. provides that applicants will be allowed four and one-half (4 1/2) hours to complete the examination.</p> <p>Despite the conflicting provisions in the regulations, ASC staff found no incidents where these provisions were applied to any aspect of the Program.</p>	On July 18, 2011, the Board reported to ASC staff that proposed rule changes have been submitted to the Mississippi Office of the Attorney General to determine if a statutory change will be required. If a statutory change is required, the Board will sponsor the necessary legislation for the 2012 legislative session.	None	To strengthen the Program, Mississippi should continue the process of amending its regulations to ensure compliance with AQB Criteria.	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
<b>Temporary Practice:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>National Registry:</b>	X							
				No compliance issues noted.	N/A	None	None	None

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	YES	NO	AC					
<b>Application Process:</b>			X					
States must ensure that appraiser experience logs conform to AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria.)				Mississippi revised its appraiser experience log forms to meet AQB Criteria. However, ASC staff identified one certified general and four certified residential appraisers who were credentialed based on a point system for determining appraisal experience hours and did not require applicants for appraiser credentials to provide the actual number of hours worked as required in AQB Criteria.	On July 18, 2011, the Board reported the following to ASC staff:  (1) Twenty-two appraisers that had been credentialed based on experience obtained after December 31, 2008, were determined to have been approved based on a point system. All twenty-two appraisers were contacted and revised logs were submitted. All of the identified individuals possessed the requisite number of hours of experience.  (2) The Board is now using the experience log form reviewed by ASC staff and determined to be compliant during the 2009 ASC Compliance Review.	None	None	During the next Review, ASC staff will pay particular attention to this area and verify compliance with AQB Criteria and ASC Policy Statement 10.
<b>Application Process continued:</b>	X							
States must ensure that qualifying education documentation submitted with an application for appraiser credential upgrade is consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				Three applications for upgrades to certified residential status did not contain documentation that the applicant held an Associate or higher degree, or successfully completed 21 semester hours in appropriate courses from an accredited college, junior college, community college, or university.	On July 18, 2011, the Board reported to ASC staff that, of the three identified individuals, there was one certified residential appraiser credential holder who could not demonstrate having obtained an associate degree or the requisite in-lieu-of college courses. That appraiser's credential was returned to the Board and the record on the National Registry was changed to inactive on April 24, 2011, pending completion of the appropriate college courses. The courses must be completed prior to the expiration of the 24-month examination validity period.	None	None	The Board's resolution addresses the concern.  During the next Review, ASC staff will pay particular attention to this area and verify compliance with AQB Criteria and ASC Policy Statement 10..

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	YES	NO	AC					
<b>Application Process continued:</b>			X					
States must use a reliable means of validating appraiser experience claims on all initial applications for appraiser credentialing. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)				Mississippi's application process requires the applicant to select and submit two work samples. The Board then selects four to five additional work samples. However, one certified residential appraiser applicant appeared to have been credentialed based only on the work samples selected by the applicant. The file did not contain any documentation that the Board selected additional work samples.	On July 18, 2011, the Board reported to ASC staff that the Board has always requested additional work samples. In the past, this was done by telephone conversation, email, or posted mail. In its response, the Board provided a new form letter that includes the list of the work samples requested by the Board. The new form letter will now be included in all application files.	None	None	During the next Review, ASC staff will pay particular attention to this area and verify compliance with AQB Criteria and ASC Policy Statement 10.
<b>Application Process continued:</b>			X					
States need to maintain adequate documentation to support its validation method or methods. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10G.)				Application files did not consistently contain documentation that the submitted work samples were reviewed for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).	On July 18, 2011, the Board reported to ASC staff that a new USPAP compliance checklist has been developed and will now be used and maintained in all application files.	None	None	During the next Review, ASC staff will pay particular attention to this area and verify compliance with ASC Policy Statement 10.
<b>Reciprocity:</b>	X							
				No compliance issues noted.	N/A	None	None	None
<b>Education:</b>			X					
States should ensure that course approval expiration dates assigned by the State coincide with course approval expiration dates assigned by AQB's CAP and/or IDECC. (Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.)				Course approval expiration dates assigned by the Board did not coincide with Appraiser Qualifications Board Course Approval Program (CAP) and/or International Distance Education Certification Center (IDECC) expiration dates.	On July 18, 2011, the Board reported to ASC staff that Program staff implemented a new procedure. In cases where course approval is based on IDECC/AQB approval, the IDECC/AQB expiration date will be the expiration date on the Board's initial course approval. Subsequent two-year approvals will then coincide with AQB and IDECC approvals.	None	None	During the next Review, ASC staff will pay particular attention to this area and verify compliance with AQB Criteria.

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	YES	NO	AC					
<b>Education continued:</b>			<b>X</b>					
States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10F.)				Continuing education course files did not consistently include sufficient documentation of the number of hours of instruction.	On July 18, 2011, the Board reported to ASC staff that applications submitted for continuing education course approval are now being reviewed by the Deputy Director to ensure all appropriate documentation is included.	None	To strengthen the Program, Mississippi should monitor the results of its revised process to ensure that all courses approved by the Board are compliant with AQB Criteria and that documentation is maintained.	During the next Review, ASC staff will pay particular attention to this area and verify compliance with AQB Criteria.
<b>Enforcement:</b>	<b>X</b>							
				No compliance issues noted.	N/A	None	None	None