

Appraisal Subcommittee
Federal Financial Institutions Examination Council

February 8, 2012

Mr. Gene Shafer, Chair
Board of Certified Real Estate Appraisers
P.O. Box 110806
Juneau, AK 99811-00806

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

Dear Mr. Shafer:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Alaska's appraiser regulatory program (Program) on May 24-27, 2011. This is the final ASC Compliance Review Report (Report) on that Review.

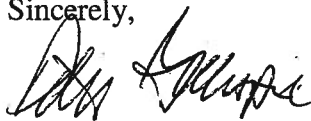
The ASC has considered the preliminary findings regarding the Review and the State's response. The ASC has determined the Program is not in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended. The ASC identified the following area of non-compliance:

- A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice.¹

Alaska did not address this area of non-compliance identified in the preliminary findings. Alaska will remain on a two-year Review Cycle. Please also 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,



Peter Gillispie
Acting Chairman

Attachment
cc: Ms. Jan Mays, Licensing Examiner

¹ Title XI § 1122 (2), 12 U.S.C. 3351; ASC Policy Statement 5.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: February 8, 2012

Alaska Appraiser Regulatory Program (Program)			
Board of Certified Real Estate Appraisers (Board) / Decision Making	PM: N. Fenochietti	ASC Compliance Review Date: May 24-27, 2011 In October 2011, the Board requested and was granted a one-week extension for the written response.	Review Period: May 2009 to May 2011
Umbrella Agency: Alaska Division of Corporations, Business, and Professional Licensing (Division)		Number of State Credentialed Appraisers on National Registry: 236	Review Cycle: Two Years

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AG					
Alaska Statutes, Regulations, Policies and Procedures:			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 Alaska Board of Certified Real Estate Appraisers regulations 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 at least one instructor of the National Uniform Standards of Professional Appraisal Practice (USPAP) course, or the equivalent, be an AQB-approved USPAP instructor who is also a State certified appraiser. 12 AAC 70.115(a)(1)(A)(ii), for certified general applicants, only requires the USPAP instructor to be AQB approved. There is no requirement for the instructor to be a certified appraiser.</p> <p>(2) AQB Criteria does not allow qualifying education course credit for courses completed by challenge examination. 12 AAC 70.140(e) allows credit for courses completed by challenge examination.</p> <p>(3) AQB Criteria does not allow non-student participation to be credited as qualifying education. 12 AAC 70.140(g) allows credit for non-student participation for completion of education hours, but does not specify qualifying or continuing education (CE).</p> <p>(4) AQB Criteria requires that CE courses be at least 2 hours in length and be real property related appraisal topics. 12 AAC 70.215(c)(4) allows automatic approval of distance education courses offered by "member organizations of The Appraisal Foundation" without requiring any course content review.</p> <p>Despite the conflicting provisions in the regulation, ASC staff found no incidents where the regulations were applied to any aspect of the Program.</p>	On October 28, 2011, the Board reported to ASC staff that they adopted the changes to the regulations that address these concerns at the October 25- 26, 2011 Board meeting.	None	To strengthen the Program, Alaska should continue the process of amending its regulations consistent with AQB Criteria.	Upon adoption, please provide ASC staff with copies of these regulation and/or statute changes.
Alaska Statutes, Regulations, Policies and Procedures (continued):		X						
A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice. (Title XI § 1122 (2), 12 U.S.C. 3351; ASC Policy Statement 5.)				<p>A review of the Division's centralized regulations revealed the following inconsistency with ASC Policy Statement 5:</p> <p>ASC Policy Statement 5 limits the fee charged for a temporary practice permit to one hundred and fifty dollars (\$150). On May 11, 2011, Alaska amended 12 AAC 02.370 to set the licensing fee charged for a Courtesy License (Temporary Practice Permit) at three hundred dollars (\$300). At the time of the Compliance Review, the effective date of this amendment had not been determined.</p> <p>During the on-site Review, when questioned by ASC staff, the Board said that they will be required to charge the \$300. Since the Review, the Board added the \$300 fee to their online Temporary Practice Permit applications and instructions.</p>	On October 28, 2011, the Board reported to ASC staff that they will contact ASC staff to discuss this further.	Since the maximum allowable fee amount has not changed since 1997, the ASC plans to review that amount to determine whether it should be increased. Until that time, however, the Board needs to stop charging a fee in excess of \$150 as required by Title XI and ASC Policy Statement 5.	None	Through off-site monitoring and during the next Review in May of 2013, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance

Final Report Issue Date: February 8, 2012

Alaska Appraiser Regulatory Program (Program)

Board of Certified Real Estate Appraisers (Board) / Decision Making

PM: N. Fenochietti

ASC Compliance Review Date: May 24-27, 2011

In October 2011, the Board requested and was granted a one-week extension for the written response.

Review Period: May 2009 to May 2011

Umbrella Agency: Alaska Division of Corporations, Business, and Professional Licensing (Division)

Number of State Credentialed Appraisers on National Registry: 236

Review Cycle: Two Years

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
<p>Alaska Statutes, Regulations, Policies and Procedures (continued):</p> <p>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>			X	<p>A review of the Alaska Board of Certified Real Estate Appraisers regulations revealed the following inconsistencies with AQB Criteria:</p> <p>(1) Effective January 1, 2008, the AQB removed from the AQB Criteria the topic "business courses related to practice of real estate appraisal" as an acceptable CE course offering. 12 AAC 70.210 includes "Business Courses Related to Real Estate Appraisal" as a CE topic.</p> <p>(2) AQB Criteria requires 14 hours of CE per year. For CE cycle periods of 185 days or more, 14 hours of CE is required per year. For CE cycle periods of less than 185 days, no CE is required. Alaska's regulation is inconsistent for the following reasons: 12 AAC 70.220 (2) requires that an applicant for renewal who has been certified for at least 12 months (365 days), but less than 24 months (730 days), shall document satisfactory completion of at least 14 hours of CE; and 12 AAC 70.220 (3) requires that an applicant for renewal who has been certified for less than 12 months (365 days) is not required to meet CE requirements.</p> <p>(3) AQB Criteria requires all qualifying education courses be a minimum of 15 hours in length and CE courses be a minimum of 2 hours in length. 12 AAC 70.140(f)(3)(B) requires that courses must be at least 2 hours in length, but does not specify qualifying or CE courses.</p> <p>Despite the conflicting provisions in the regulation, ASC staff found no incidents where the regulations were applied to any aspect of the Program.</p>	<p>On October 28, 2011, the Board reported to ASC staff that they adopted the changes to the regulations that address these concerns at the October 25-26, 2011 Board meeting.</p>	None	<p>To strengthen the Program, Alaska should continue the process of amending its regulations consistent with AQB Criteria.</p>	<p>Upon adoption, please provide ASC staff with copies of these regulation and/or statute changes.</p>
<p>Alaska Statutes, Regulations, Policies and Procedures (continued):</p> <p>States must recognize on a temporary basis appraiser credentials issued by another State if the property to be appraised is part of a federally related transaction. (Title XI § 1118 (a), 12 U.S.C. 3347; Title XI § 1122 (a), 12 U.S.C. 3351; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 5.)</p>			X	<p>ASC Policy Statement 5 requires that States recognize, on a temporary basis, the certified and licensed level credentials of out-of-State appraisers. 12 AAC 70.920 does not provide for the issuance of a temporary practice permit (Courtesy License) to an out-of-State individual credentialed at the State licensed level.</p> <p>ASC staff did not find any incidents of a State licensed appraiser being denied a temporary practice permit.</p>	<p>On October 28, 2011, the Board reported to ASC staff that they adopted changes to this regulation that addresses this concern at the October 25-26, 2011 Board meeting.</p>	None	<p>To strengthen the Program, Alaska should continue the process of amending its regulations consistent with AQB Criteria.</p>	<p>Upon adoption, please provide ASC staff with copies of these regulation and/or statute changes.</p> <p>During the next Review in May of 2013, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.</p>

ASC Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: February 8, 2012

Alaska Appraiser Regulatory Program (Program)

Board of Certified Real Estate Appraisers (Board) / Decision Making

PM: N. Fenochietti

ASC Compliance Review Date: May 24-27, 2011
In October 2011, the Board requested and was granted a one-week extension for the written response.

Review Period: May 2009 to May 2011

Umbrella Agency: Alaska Division of Corporations, Business, and Professional Licensing (Division)

Number of State Credentialed Appraisers on National Registry: 236

Review Cycle: Two Years

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Temporary Practice: States should rely on the National Registry to verify license history on applicants for temporary practice. (Title XI § 1118, 12 U.S.C. 3347; ASC Policy Statement 5.)			X	Alaska did not use the National Registry to verify the license history of appraisers applying for a temporary practice permit.	On October 28, 2011, the Board reported to ASC staff that they implemented a policy of checking the National Registry for all applicants.	None	To strengthen its Program, Alaska should continue implementation of its policy to verify license history through the National Registry.	
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process: 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.)			X	The State's appraiser experience log forms did not include the signature and credential number of the supervising appraiser. While the experience logs were technically incomplete, there was enough information to support applicants' appraisal experience.	On October 28, 2011, the Board reported to ASC staff that they revised the experience log to include the signature and credential number of the supervising appraiser. The new form is posted on the Board's website.	None	None	During the next Review in May of 2013, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Application Process continued: States need to maintain adequate documentation to support validation method(s). (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10G.)			X	Application files reviewed by ASC staff did not contain adequate documentation to support experience claims on initial applications for appraiser credentialing. Although ASC staff was able to ascertain that work samples were reviewed for USPAP compliance, the files did not always contain the work sample review results.	The Board did not comment on this area of concern in their October 28, 2011, response.	None	To strengthen the Program, Alaska should implement an effective process of validating experience claims and maintaining sufficient experience validation documentation on all initial applications.	During the next Review in May of 2013, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Education:	X			No compliance issues noted.	N/A	None	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None	None