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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 10, 2012

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 March 7-9, 2012. 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 areas of non-compliance:

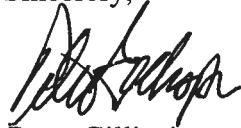
- States must ensure that qualifying education documentation submitted with an application for an appraiser credential is consistent with AQB Real Property Appraiser Qualification Criteria.¹
- States must ensure that qualifying experience for an appraiser credential is consistent with AQB Real Property Appraiser Qualification Criteria.²
- States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Real Property Appraiser Qualification Criteria.³
- States must ensure appraiser qualifying and continuing education courses are consistent with AQB Real Property Appraiser Qualification Criteria.⁴
- States must ensure that Distance Education meets AQB Real Property Appraiser Qualification Criteria.⁵
- States must ensure that instructors for the 15-hour and 7-hour National USPAP courses are AQB certified USPAP instructors that are also a state certified appraiser.⁶

ASC staff will confirm corrective actions have taken place and are appropriate in the Follow-up Review in May 2013. Louisiana will remain on a two-year Review Cycle.

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
Chairman

Attachment

cc: Mr. Roland Hall, Sr., Board Chair
Ms. Anne Brassett, Program Administrator

¹ Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.

² Title XI § 1116 (a), 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria.

³ 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.

⁴ Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.

⁵ Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria.

⁶ 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 Compliance Review Report

ASC Finding: Not In Substantial Compliance
Final Report Issue Date: **October 10, 2012**

Louisiana Appraiser Regulatory Program (Program)

Louisiana Real Estate Appraisers Board/Decision Making

PM: K. Klamet

ASC Compliance Review Date: March 7-9, 2012

Review Period: March 2010 to March 2012

Umbrella Agency: Real Estate Commission

Number of State Credentialed Appraisers on National Registry: 1,284

Review Cycle: Two Year with Follow-up

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					
Louisiana Statutes, Regulations, Policies and			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 Louisiana statutes and regulations revealed the following inconsistencies with the Appraiser Qualifications Board (AQB) Real Property Appraiser Qualification Criteria (AQB Criteria) regarding: (1) appraisal experience; (2) continuing education (CE) requirements; and (3) distance education (DE).</p> <p>Experience claimed by an appraiser applicant must include, in the experience log, the signature and State certification number of the supervising appraiser if applicable. The experience log requirements set forth in Louisiana statute § 3397 do not conform to AQB Criteria as the scope of the review and supervision of the supervising appraiser is not included.</p> <p>Up to one half of an individual's CE credit may be granted for participation, other than as a student, in appraisal educational processes and programs. Louisiana statute § 3408 C.(2) does not conform to AQB Criteria as non-student participation for CE credit is not limited.</p> <p>Providers of DE courses must obtain approval of the delivery mechanism by the International Distance Education Certification Center (IDECC). Louisiana regulation 10417 A. requires that DE courses be approved by the American Council on Education instead of IDECC.</p>	<p>On August 1, 2012, the Board reported to ASC staff the following:</p> <p>(1) Louisiana statutes § 3397 and § 3408 C.(2) will be amended at the next general session of the legislature, which will convene in March 2013; and</p> <p>(2) Louisiana regulation 10417 A. will be amended to reflect that distance education courses must be approved by the IDECC. This amendment will be included for submission with proposed revisions to the appraisal management company rules and regulations.</p>	None	To strengthen the Program, Louisiana should continue the process of amending its statutes and regulations consistent with AQB Criteria.	Upon adoption, please provide ASC staff with copies of these statute and regulation changes.
Temporary Practice:	X			No compliance issues noted.	N/A	None	None	None

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Review Cycle: Two Year with Follow-up

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					
National Registry:	X			No compliance issues noted.	N/A	None	None	None
Application Process:		X		<p>Louisiana implemented the 2008 AQB Criteria using the segmented approach. The segmented approach requires the applicant to meet the AQB Criteria in effect at the time he or she completed the particular segment of education, experience and examination. ASC staff reviewed 53 initial and upgrade application files for credentials issued during this Review Cycle and identified 3 application files that did not contain documentation to support that the applicant's education met the minimum AQB Criteria at the time of application.</p> <ul style="list-style-type: none"> • 2 application files did not contain documentation supporting completion of the required appraisal specific qualifying education. • 1 application filed did not contain documentation supporting completion of the minimum AQB required education prior to 1/1/2008. 	<p>On August 1, 2012, the Board reported to ASC staff that Program staff has contacted those individuals whose files did not contain sufficient documentation to support compliance with AQB Criteria. All are in the process of submitting documentation to support compliance with the minimum AQB Criteria.</p>	<p>The Board must, within 60 days of the date of this Report, provide ASC staff with a written report identifying each individual contacted and what documentation was provided to the Board to support compliance with the minimum AQB Criteria.</p> <p>For those individuals unable to provide the required documentation, the Board must recall the individual's credential and over-stamp it to note the individual is ineligible to appraise property for federally related transactions, and must report the individual as "Inactive" on the National Registry.</p>	None	<p>During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and AQB Criteria.</p>

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Review Cycle: Two Year with Follow-up

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					
Application Process continued:		X						
States must ensure that qualifying experience for an appraiser credential is consistent with AQB Real Property Appraiser Qualification Criteria. (Title XI § 1116 (a), 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria.)				<p>ASC staff reviewed 53 initial and upgrade application files for credentials issued during this Review Cycle. Of the 53 files, 10 did not contain documentation to support that the applicants met the minimum AQB Criteria experience requirements.</p> <ul style="list-style-type: none"> • 2 application files did not contain documentation to support that the applicant's experience was acquired over the time period required by AQB Criteria and did not contain an experience log consistent with AQB Criteria. • 1 application file did not contain documentation to support the total number of experience hours and that the applicant's experience was acquired over the time period required by AQB Criteria. • 2 application files did not contain documentation to support the total number of experience hours required by AQB Criteria. Louisiana adopted an experience log, as required by AQB Criteria, on March 17, 2010. The log requires the applicant to record their actual number of hours worked. The State then uses an assigned number of points to calculate the total number of hours. In some cases, the applicant is given credit for more hours than actually worked. • 2 application files did not contain documentation to support the total number of experience hours required by AQB Criteria and did not contain an experience log consistent with AQB Criteria. • 3 application files did not contain an experience log consistent with AQB Criteria. 	On August 1, 2012, the Board reported to ASC staff that Program staff has contacted those individuals whose application files did not contain documentation to support that the applicants met AQB-Criteria. All applicants are in the process of submitting documentation to support compliance with AQB Criteria experience requirements.	The Board must, within 60 days of the date of this Report, provide ASC staff with a written report identifying each individual contacted and what documentation was provided to the Board to support compliance with the minimum AQB Criteria. For those individuals unable to provide the required documentation, the Board must recall the individual's credential and over-stamp it to note the individual is ineligible to appraise property for federally related transactions, and must report the individual as "Inactive" on the National Registry.	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and AQB Criteria.
Reciprocity:	X			No compliance issues noted.	N/A	None	None	None

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Review Cycle: Two Year with Follow-up

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					
Education:		X						
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.)				Education files lacked the documentation needed to determine if approved appraisal courses conform to AQB Criteria. Based on a review of education course files and discussion with Program staff, ASC staff found that no one is verifying that appraiser education courses being renewed meet AQB Criteria. Program staff indicated that course providers are renewed annually but the courses themselves are not reviewed for compliance with AQB Criteria.	On August 1, 2012, the Board informed ASC staff that Program staff is in the process of ensuring that all education files, including providers, instructors, and courses, contain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.	Within 60 days of the date of this Report, the Board must: (1) review all approved courses to determine whether they meet AQB Criteria; (2) remove courses or hours that do not meet AQB Criteria from approved status; and (3) notify ASC staff in writing of the Board's findings.	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statement 10F.
Education Continued:		X						
States must ensure appraiser qualifying and continuing education courses are 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.)				ASC staff reviewed 25 education course files. Of the 25 files, 7 did not contain sufficient documentation for ASC staff to confirm that the approved courses were consistent with AQB Criteria.	On August 1, 2012, the Board informed ASC staff that Program staff is in the process of ensuring that all education files, including providers, instructors, and courses, contain sufficient documentation to support that approved appraiser courses conform to AQB Criteria.	Within 60 days of the date of this Report, the Board must: (1) review all approved courses to determine whether they meet AQB Criteria; (2) remove courses or hours that do not meet AQB Criteria from approved status; and (3) notify ASC staff in writing of the Board's findings.	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and AQB Criteria.

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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					
Education Continued:		X						
States must ensure that Distance Education meets 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 staff reviewed 11 distance education course files. Of the 11 files, 3 did not contain sufficient documentation to support that providers of distance education appraisal courses received IDECC approval as required by AQB Criteria.	On August 1, 2012, the Board informed ASC staff that Program staff is reviewing all education provider files to verify that all qualifying and continuing education courses have been approved under the Course Approval Program of the AQB, as well as IDECC if applicable, and that files will contain supporting documentation.	Within 60 days of the date of this Report, the Board must: (1) review all distance education course files to determine whether they meet AQB Criteria; (2) remove courses or hours that do not meet AQB Criteria from approved status; and (3) notify ASC staff in writing of the Board's findings.	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and AQB Criteria.
Education Continued:		X						
States must ensure that instructors for the 15-hour and 7-hour National USPAP courses are AQB certified USPAP instructors that are also State certified appraisers. (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 staff reviewed 4 USPAP education course files. Of the 4 files reviewed, 3 did not contain appropriate documentation to ensure that the 15-hour and 7-hour National USPAP courses are being taught by an AQB certified USPAP instructor who is also a State certified appraiser as required by AQB Criteria.	On August 1, 2012, the Board informed ASC staff that Program staff will verify that all instructors teaching the 15-hour and 7-hour National USPAP courses are AQB certified and State certified appraisers. Necessary documentation will be maintained in the USPAP education course files.	Within 60 days of the date of this Report, the Board must: (1) review all USPAP education course files to determine whether they meet AQB Criteria; (2) remove courses or hours that do not meet AQB Criteria from approved status; and (3) notify ASC staff in writing of the Board's findings.	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and AQB Criteria.

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	YES	NO	AC					
Enforcement:			X					
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				Louisiana had 9 outstanding complaints of which 3 were unresolved for more than 1 year. Of those 3, none fall under the exception for special documented circumstances. Of those 3 cases, all were referred for adjudication.	On August 1, 2012, the Board informed ASC staff that all but one of the outstanding complaints have been resolved. A hearing has been scheduled for the one remaining case. The Board also advised that Program staff is working to ensure that all future complaints are resolved within the 1 year time frame.	None	None	During a Follow-up Review in May 2013, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 10E.