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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 26, 2020

VIA EMAIL

Ms. Lisa Brooks, Executive Director
Alabama Real Estate Appraisers Board
P O Box 304355
Montgomery, AL 36130-4355
Lisa.Brooks@reab.alabama.gov

RE: ASC Compliance Review of Alabama's Appraiser Regulatory Program

Dear Ms. Brooks:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Alabama appraiser regulatory program (Appraiser Program) on January 13-16, 2020, 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 Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the Alabama Appraiser Program is attached.

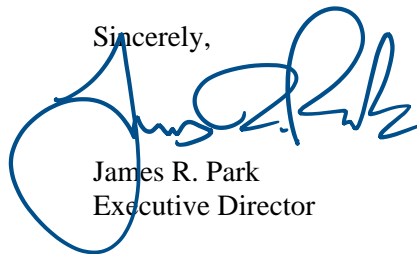
The ASC identified the following area of non-compliance:

- The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.¹

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Alabama 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

¹ 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.)

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 ²	<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.

² An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 12, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: May 26, 2020

Alabama Appraiser Regulatory Program (State)

Alabama Real Estate Appraisers Board (Board)	PM: N. Fenochietti	ASC Compliance Review Date: January 13-16, 2020	Review Period: January 2018 to January 2020
Umbrella Agency: Independent		Number of State Credentialed Appraisers on Appraiser Registry: 1,265	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				
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.)				AQB Criteria requires that Supervisory appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last 3 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. The State's regulation is inconsistent with this requirement.	On April 15, 2020, the State reported the Board has an amendment for submission as soon as they can safely meet after the termination of the COVID-19 Emergency.	The State should continue the process to amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the rules once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1 C, D.
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. This was identified as an area of concern during the 2018 Compliance Review.	On April 15, 2020, the State reported Board staff is making all efforts to process temporary permit applications within 5 days of receipt of the completed application.	The State must revise its process to ensure compliance with ASC Policy Statement 2. Once complete, provide ASC staff with a copy of the revision.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 2.
National Registry:			X				
States must ensure that the authorization information provided to the ASC is updated and accurate. (12 U.S.C. § 3347; Policy Statement 3 C.)				The State failed to revoke the ASC Appraiser National Registry (NR) permissions for 1 individual who left the Program.	On April 15, 2020, the State reported to ASC staff that the NR permissions for the former employee have been revoked.	The State should develop a procedure to ensure that the ASC is notified when staff should no longer have National Registry user credentials. Once complete, provide ASC staff with a copy of the procedure.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 3 C.
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: May 26, 2020

Alabama Appraiser Regulatory Program (State)

Alabama Real Estate Appraisers Board (Board)

PM: N. Fenochietti

ASC Compliance Review Date: January 13-16, 2020

Review Period: January 2018 to January 2020

Umbrella Agency: Independent

Number of State Credentialed Appraisers on Appraiser Registry: 1,265

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				
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None