

May 14, 2024

**Via Email**

John D. Outlaw, Chairman  
Kentucky Real Estate Appraisers Board  
500 Mero Street, 2NE09  
Frankfort, KY 40601

RE: ASC Compliance Review of Kentucky's Appraisal Management Company (AMC)  
Regulatory Program

Dear John D. Outlaw:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Kentucky AMC regulatory program (AMC Program) on January 23-25, 2024, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- The State failed to enforce the ownership limitations on renewing AMCs;<sup>1</sup> and
- The State failed to report 35 AMCs to the AMC Registry.<sup>2</sup>

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Kentucky will remain on a two-year Review Cycle.

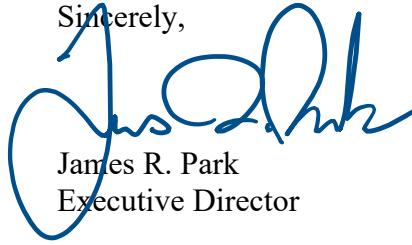
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<sup>1</sup> States must enforce and document ownership limitations for State-registered AMCs. (Title XI § 1124, 12 U.S.C. § 3353; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)

<sup>2</sup> States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.)

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 blue ink, appearing to read "James R. Park". The signature is fluid and cursive, with a large initial "J" and "P".

James R. Park  
Executive Director

Attachment

cc: Tracy Carroll, Executive Director, Kentucky Real Estate Authority, [Tracy.Carroll@ky.gov](mailto:Tracy.Carroll@ky.gov)  
René Rogers, Staff Attorney, [Rene.Rogers@ky.gov](mailto:Rene.Rogers@ky.gov)

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor**	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

\*\*An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 12, Interim Sanctions.



**ASC State AMC Program Compliance Review Report**

ASC Finding: Good  
 Final Report Issue Date: May 14, 2024

<b>Kentucky AMC Regulatory Program (State)</b>					
<b>Kentucky Real Estate Appraisers Board</b>		PM: T. Lewis		ASC Compliance Review Date: January 23-25, 2024	
<b>Umbrella Agency: Kentucky Real Estate Authority</b>			<b>Number of AMCs on AMC Registry: 100</b>		<b>Review Period: May 2022 to December 2023</b>
<b>Review Cycle: Two Year</b>					

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>		X					
States must enforce and document ownership limitations for State-registered AMCs. (Title XI § 1124, 12 U.S.C. § 3353; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				The State failed to enforce the ownership limitations on renewing AMCs.	On April 10, 2024, the State reported it will revise its “AMC National Registry Reporting” form and administrative regulations and will send a copy of the revisions upon completion of the update.	The State must continue the process of amending its “AMC National Registry Reporting” form and administrative regulations to bring them into compliance with Title XI and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8.
<b>National Registry:</b>		X					
States must ensure the accuracy of all data submitted to the AMC Registry. (Title XI § 1118, 12 U.S.C. § 3347; Policy Statement 9.)				The State failed to report 35 AMCs to the AMC Registry.	On April 10, 2024, the State reported that it was unclear whether this was an error related to the State's licensing database. Upon notification of the issue, the State immediately reported the information to the AMC Registry. The State is confident this was an isolated incident and is reviewing the AMC Registry on a more regular basis.	The State should monitor its submissions to the National Registry of AMCs, as well as its procedures for reporting AMC information to the National Registry of AMCs, to ensure compliance with Title XI.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 9.
<b>Enforcement:</b>	X						
				No compliance issues noted.	N/A	None	None