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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 11, 2013

Ms. Toni Bright, Executive Officer
Real Estate Appraiser Examining Board
Department of Commerce
Professional Licensing Bureau
200 E. Grand, Suite 350
Des Moines, IA 50309

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

Dear Ms. Bright:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Iowa appraiser regulatory program (Program) on July 23-25, 2013 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 Program has been awarded an ASC Finding of "Excellent." Iowa will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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,



Arthur Lindo
Chairman

Attachment

cc: Mr. Gene Nelsen, Board Chair
Ms. Pam Griebel, Assistant Attorney General
Mr. Jim Schipper, Superintendent of Banking

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 ¹	<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.

¹ An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Excellent

Final Report Issue Date: December 11, 2013

Iowa Appraiser Regulatory Program (Program)

**Iowa Real Estate Appraiser Examining Board (Board)
/ Decision Making**

PM: J. Tidwell

ASC Compliance Review Date: July 23-25, 2013

Review Period: July 2011 to July 2013

Umbrella Agency: Department of Commerce, Division of Banking, Professional Licensing Division

Number of State Credentialed Appraisers on National Registry: 1053

Review Cycle: Two Year

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					
Iowa Statutes, Regulations, Policies and Procedures:	X							
States must have funding and staffing sufficient to carry out their Title XI-related duties. (Title XI § 1118 (b), 12 U.S.C. § 3347; ASC Policy Statement 1.)				The passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (DFA) amended Title XI in ways that have significant implications for the States. The Program's administrative resources have remained constant even though the duties have increased due to DFA mandates and will continue to increase as additional mandates are implemented. Additionally, In October 2011, the Program's Executive Officer was given the added responsibility of the accountancy board.	On November 7, 2013, the Board stated that it is committed to dedicating the necessary resources to continue meeting its Title XI responsibilities. The Board raised peer review fees; is monitoring upcoming changes that will demand more resources; and began reorganizing internal assignments for more productive use of staff time and resources.	None	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1.
Iowa Statutes, Regulations, Policies and Procedures continued:	X							
State must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				Iowa's regulations do not comply with the requirements of Title XI and ASC Policy Statement 5, although in practice the State appears to comply with those requirements.	On November 7, 2013, the Board reported that it had amended the regulations to bring them into compliance with Title XI and ASC Policy Statement 5.	None	None	The Board's resolution addresses the concern.
Temporary Practice:	X							
				No compliance issues noted.	N/A	None	None	None
National Registry:	X							
				No compliance issues noted.	N/A	None	None	None
Application Process:	X							
				No compliance issues noted.	N/A	None	None	None

ASC Compliance Review Report

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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					
Reciprocity:	X							
State must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				Iowa's regulations do not comply with the requirements of Title XI and ASC Policy Statement 5, although in practice the State appears to comply with those requirements.	On November 7, 2013, the Board reported that it had amended the regulations to bring them into compliance with Title XI and ASC Policy Statement 5.	None	None	The Board's resolution addresses the concern.
Education:	X							
				No compliance issues noted.	N/A	None	None	None
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None