

■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 19, 2015

Mr. Thomas W. Kubert, Chair
Nebraska Real Property Appraiser Board
P O Box 94963
Lincoln, NE 68509-4963

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

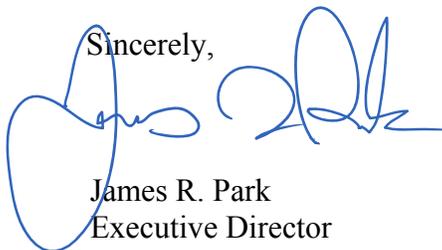
Dear Mr. Kubert:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nebraska appraiser regulatory program (Program) on March 17-19, 2015, 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 "Good." Areas of concern that were identified are being addressed by the Program. Nebraska 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,



James R. Park
Executive Director

Attachment

cc: Mr. Tyler Kohtz, Director

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: Good

Final Report Issue Date: June 19, 2015

Nebraska Appraiser Regulatory Program (State)

Nebraska Real Property Appraiser Board (Board) / Decision PM: N. Fenochietti

ASC Compliance Review Date: March 17-19, 2015

Review Period: July 2013 to March 2015

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry: 657

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. (Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				<p>A review of the Program's Statutes and Regulations revealed the following inconsistencies with the AQB Criteria regarding: (1) Trainee qualifying education (QE); (2) Supervisory Appraiser/Trainee course; (3) Supervisory Appraiser qualifications; and (4) Trainee continuing education (CE).</p> <p>All Trainee QE must be completed within the 5-year period prior to the date of submission of a Trainee appraiser application. Nebraska's Regulation Sec.5.001.01 does not specify a time period.</p> <p>Trainees and Supervisory appraisers are required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB. Nebraska's Regulations have no such requirement.</p> <p>Supervisory appraisers must be state-certified and in "good standing" in the jurisdiction in which the Trainee appraiser practices for a period of at least 3 years. 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. Nebraska's Regulation Sec.5.001.01B only require the Supervisory appraiser to be in good standing for 2 years.</p> <p>Trainee appraisers must complete the equivalent of 14 class hours of instruction in courses or seminars for each year during the period preceding the renewal. Nebraska's Regulation Sec.5.001.01M does not require Trainees to complete CE until the third year.</p>	On May 21, 2015, the State reported that Nebraska statutes comply with AQB Criteria. In addition, the State provided a copy of proposed regulatory changes to correct the areas of non-compliance.	To strengthen the Program, Nebraska should continue the process of amending its regulations to be consistent with AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				<p>A review of the Program's Statutes and Regulations revealed the following inconsistencies with the AQB Criteria regarding (1) college degree or college courses in lieu of a degree requirements; and (2) the effective date of the current AQB Criteria.</p> <p>Applicants for the Licensed Residential credential must successfully complete 30 semester hours of college-level education. Nebraska's Regulation Sec.5.001.03 does not require 30 semester hours of college-level education. Applicants for the Certified Residential credential must hold a Bachelor's degree, or higher, from an accredited college or university. Nebraska's Regulation Sec.5.001.04 does require a Bachelor's degree. Applicants for the Certified General credential must hold a Bachelor's degree, or higher, from an accredited college or university. Nebraska's Regulation Sec.5.001.05 allows for 30 semester hours of college-level education in lieu of a Bachelor's degree.</p> <p>Multiple regulatory references to the AQB Criteria of January 1, 2008, are out of date. The current AQB Criteria effective date is January 1, 2015.</p>	On May 21, 2015, the State reported that Nebraska statutes comply with AQB Criteria. In addition, the State provided a copy of proposed regulatory changes to correct the areas of non-compliance-	To strengthen the Program, Nebraska should continue the process of amending its regulations to be consistent with AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: June 19, 2015

Nebraska Appraiser Regulatory Program (State)

Nebraska Real Property Appraiser Board (Board) / Decision PM: N. Fenochietti

ASC Compliance Review Date: March 17-19, 2015

Review Period: July 2013 to March 2015

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry: 657

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 continued:			X				
States must have a 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.)				Nebraska's regulations do not comply with Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On May 21, 2015, the State provided a copy of proposed regulatory changes to correct the areas of non-compliance.	The State should amend its regulations to reflect what is being done in practice and provide ASC staff with a copy of the final regulation once amended.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:			X				
States must have a 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.)				The State's statutory/regulatory authority is not consistent with the State's practice or federal requirements. In practice and policy, it appears Nebraska complies with Title XI concerning reciprocity.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None