

July 21, 2026

Via Email

John Dexter Outlaw, Chair
Kentucky Real Estate Appraiser Board
Kentucky Real Estate Authority
500 Mero Street, 2NE09
Frankfort, KY 40601
John.Outlaw@ky.gov

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

Dear John Outlaw:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Kentucky appraiser regulatory program (Appraiser Program) on April 21-23, 2026, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.¹

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 Kentucky Appraiser Program is attached.

The ASC identified the following area(s) of non-compliance:

- States must, at a minimum, adopt and implement all relevant AQB Criteria;² and
- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.³

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

¹ 12 U.S.C. §§ 3331-3356.

² 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

³ 12 U.S.C. § 3347; Policy Statement 7 B.

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 cursive script that reads "Frederick Grier".

Frederick Grier
Acting Executive Director

Attachment

cc: Tracy Carroll, Director, Kentucky Division of Real Property Boards, Tracy.Carroll@ky.gov
Patrick Riley, General Counsel, Kentucky Real Estate Authority, Patrick.Riley@ky.gov

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	- 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	- 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	- 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	- 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**	- 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.

** 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: July 21, 2026

Kentucky Appraiser Regulatory Program (State)							
Kentucky Real Estate Appraisers Board			PM: M. Brown		ASC Compliance Review Date: April 21-23, 2026		Review Period: January 2024 to April 2026
Umbrella Agency: Kentucky Real Estate Authority					Number of State Credentialed Appraisers on National Registry: 1421		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 implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				The State's statute allows an applicant for renewal to carry over the 7-hour USPAP continuing education (CE) course from one renewal biennium to the succeeding renewal biennium. This is inconsistent with AQB Criteria, which requires CE to be completed within the renewal biennium.	On June 18, 2026, the State responded that during the 2026 Kentucky Legislative Session, the Kentucky General Assembly passed legislation, effective July 15, 2026, that includes the provision noted in the Compliance Review. The State further responded that the Board did not draft the legislation or lobby for its passage. The State went on to say that until the Kentucky General Assembly convenes again in January 2027, the statute cannot be amended.	The State must continue the process to amend its statute to bring it into compliance with AQB Criteria 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.
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						
				No compliance issues noted.	N/A	None	None
Education:	X						
				No compliance issues noted.	N/A	None	None



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Umbrella Agency: Kentucky Real Estate Authority		Number of State Credentialed Appraisers on National Registry: 1421	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				
Enforcement:		X					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 14 aged complaints, of which 11 were unresolved for more than 1 year and 3 were unresolved for more than 2 years. Of those complaints, 1 case unresolved for more than 2 years qualified for the exemption for special documented circumstances. This concern was also identified in the 2024 Final Compliance Review Report.	On June 18, 2026, the State responded that in 2022 and 2023, the Board received 32 and 45 complaints, respectively. The State goes on to say that in 2024, the Board received 123 complaints, far above average. The State also said that in response to this increase, the Board used grant funds to contract with an investigator to comply with regulations and requirements for resolving complaints. The State further responded that the contract investigator, along with the staff investigator, diligently reviewed, investigated, and presented all of the 2022-2024 cases to the Board prior to the Compliance Review. The State continued that the investigator's contract was recently renewed by the Board to assist with complaint processing.	The State must ensure complaints are resolved timely and the backlog of aged complaints is eliminated.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.