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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 9, 2013

Mr. Philip R. Barkley, Chairperson
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. Barkley:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nebraska appraiser regulatory program (Program) on July 16-18, 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 "Good." Nebraska will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached. Areas of concern that were identified are being addressed by the Program.

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. 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: October 9, 2013

Nebraska Appraiser Regulatory Program (Program)

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

ASC Compliance Review Date: July 16-18, 2013

Review Period: September 2011 to July 2013

Decision Making

Umbrella Agency: Independent

Number of State Credentialed Appraisers on National Registry: 677

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					
Nebraska 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.)				Multiple statutory references to USPAP and USPAP courses will be out of date as of January 1, 2014. These statutory provisions include: Section 76-2213.01, Section 76-2230 (1)(c), Section 76-2231.01 (1)(c), Section 76-2232 (1)(c), Section 76-2230 (4), Section 76-2231.01 (4), Section 76-2232 (2) and Section 76-2236 of the Nebraska Real Property Appraiser Act.	On September 24 2013, the Board informed ASC staff that the Board has drafted language to be introduced during the next legislative session, commencing January 1, 2014, to reference the 2014-2015 edition of USPAP.	None	To strengthen the Program, Nebraska should continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted.	During the next Review in July of 2015, ASC staff will pay particular attention to this area for compliance with AQB Criteria.
Nebraska 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.)				AQB Criteria requires all credential holders to complete the equivalent of 14 class hours of instruction in courses or seminars for each year during the period preceding the renewal. Nebraska Administrative Code (AC) Title 298. Ch. 5 section 001.01M provides that a trainee real property appraiser who remains in the classification in excess of two years shall be required in the third and successive years to complete no fewer than fourteen hours of instruction in qualifying education courses or CE.	On September 24 2013, the Board informed ASC staff that the Board has drafted language to be introduced during the next legislative session, commencing January 1, 2014, that will require trainees to complete continuing education in compliance with AQB Criteria.	None	To strengthen the Program, Nebraska should continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted.	During the next Review in July of 2015, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

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					
Nebraska 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 the requirements of Title XI and ASC Policy Statement 5, although in practice the State appears to operate in compliance with those requirements. The regulations need to be amended to reflect standard practice.	On September 24 2013, the Board informed ASC staff that on July 18, 2013, the Board adopted a policy that is consistent with the intent of Title XI and ASC Policy Statement 5. Nebraska Title 298 will be amended to reflect current Board policy.	None	To strengthen the Program, Nebraska should continue the process to amend its rules to bring them into compliance with Title XI and ASC Policy Statement 5, and provide the ASC staff with a copy of the final rules once adopted.	During the next Review in July 2015, 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.	None	None	None	None
National Registry:	X			No compliance issues noted.	None	None	None	None
Application Process:	X			No compliance issues noted.	None	None	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.)				Nebraska's regulations do not comply with the requirements of Title XI and ASC Policy Statement 5, although in practice and policy the State appears to comply with those requirements.	On September 24 2013, the Board informed ASC staff that the Board's practices, policies, and procedures are consistent with the intent of Title XI and ASC Policy Statement 5. Nebraska Title 298 will be amended to reflect current Board policy.	None	To strengthen the Program, Nebraska should continue the process to amend its rules to bring them into compliance with Title XI and ASC Policy Statement 5, and provide the ASC staff with a copy of the final rules once adopted.	During the next Review in July 2015, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Education:	X			No compliance issues noted.	None	None	None	None
Enforcement:	X			No compliance issues noted.	None	None	None	None