



Appraisal Subcommittee
Federal Financial Institutions Examination Council

May 15, 2017

Mr. Tyler Kohtz, Director
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. Kohtz:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Nebraska appraiser regulatory program (Program) on March 14-16, 2017, 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

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: May 15, 2017

| | | | | | |
|---|--|---------------|--|---|--|
| Nebraska Appraiser Regulatory Program (State) | | | | | |
| Nebraska Real Property Appraiser Board (Board) / Decision Making | | PM: K. Klamet | | ASC Compliance Review Date: March 14-16, 2017 | |
| Umbrella Agency: Independent | | | | Number of State Credentialed Appraisers on National Registry: 646 | |
| | | | | Review Period: March 2015 to March 2017 | |
| | | | | 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 | | | | |
| State agencies must not impose excessive fees or burdensome requirements for temporary practice permits. (12 U.S.C. § 3351; Policy Statement 2 B.) | | | | ASC Policy Statement 2 prohibits States from imposing appraiser qualification requirements upon temporary practitioners that exceed Appraiser Qualifications Board (AQB) Criteria. Nebraska statute (§76-2227 (6)) and regulations (Title 298, Chapter 3, 002.03 and 002.04), require that temporary permit applicants demonstrate a general knowledge of Nebraska law by successfully completing 70% or more of the questions on a review provided by the Board. | On April 21, 2017, the State reported that this requirement has not and will not be implemented in practice. The Board recognizes the findings of the ASC and adopted Guidance Document 17-01 to publicly promulgate its interpretation of the statute for the enforcement of this provision. The State also reported that a bill to amend the statute will be introduced during the next legislative session beginning on January 1, 2018 and rule revisions will begin within the next few months. | The State should continue the process to amend its statute and regulations to bring them into compliance with ASC Policy Statement 2, and provide the ASC staff with a copy of the final statute and rules 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 2. |
| Temporary Practice: | | | X | | | | |
| States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.) | | | | The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application. | The State reported that temporary practice permits were not processed within five business days due to periods of staff turnover. The State advised that more emphasis will be placed on processing temporary permits in a timely manner including cross-trained staff. In addition, the procedure has been updated to ensure that the process is current and easy to follow. The Board will discuss this matter during its upcoming strategic planning meeting to determine if additional steps are needed. | None | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2. |

ASC Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: May 15, 2017

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| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|------------------------------|--|----|----|-----------------------------|----------------|------------------------------------|------------------|
| | YES | NO | AC | | | | |
| 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 |
| Enforcement: | X | | | No compliance issues noted. | N/A | None | None |