

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 143 of 2012
A.C.A. § 17-14-101 et seq.

History and Organization

The necessity for establishing this agency was prompted by enactment of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which requires that all federally related transactions requiring appraisals will be performed by state licensed and/or certified appraisers. Act 541 of the 1991 Regular Session was the instrument that set in motion the mechanics for Arkansas to pre-qualify, test, and issue licenses to appraisers in order that the State might be in compliance with the Federal Act.

In its general purpose statement, Title XI of FIRREA states that it is to “provide that federal, financial, and public interest in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with the Uniform Standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”

The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

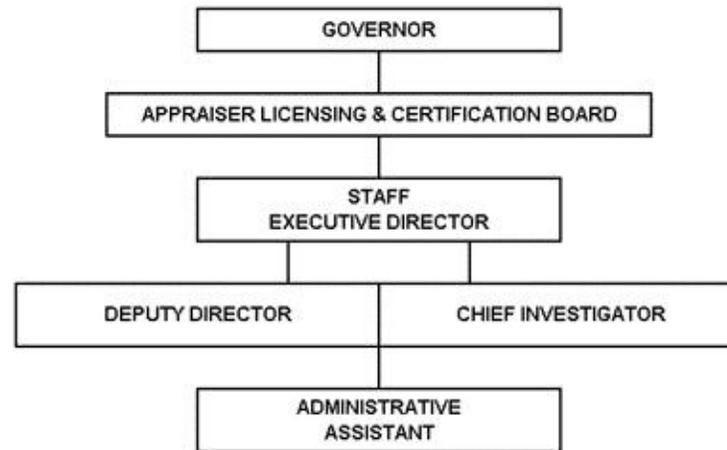
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions of the initial Act and limited financial institutions’ liability on non-federally related transactions. In 2001, the General Assembly expanded the role of this Board by adding a fourth classification of appraisers, State Registered. This Amendment has added more than 375 individuals to its roster.

The Arkansas Appraiser Licensing Board is composed of ten (10) members appointed by the Governor, seven of whom are practicing appraisers, and the primary duties of this Board are to establish, maintain, and periodically update meaningful qualification standards for state registered, licensed, and certified appraisers practicing in Arkansas. This includes testing, reviewing work experience and educational backgrounds that are adequate to demonstrate the applicant’s knowledge and competency of the profession. The agency is charged with

maintaining a roster of the names, addresses, and phone numbers of all persons licensed/certified under Act 541 (A.C.A. 17-14-203) and in accordance with Title XI of FIRREA must update and submit this roster monthly to the Appraisal Subcommittee. The Act also provides for the Board to promulgate rules and regulations for handling complaints, disciplinary matters and to establish administrative procedures for the setting and collection of fees necessary for operation of this Board.

Some of the more significant activities this Agency is called on to perform are:

- To process applications for registration, license, or certification in compliance with the Agency's Rules and Regulations and to personally interview (where applicable) all applicants prior to examination;
- To provide an approved examination for all applicants meeting the minimum qualifications for licensing;
- To issue, where appropriate, a registration, license, or certificate to qualified applicants;
- To establish annual fees to be billed in May/June and November of each year;
- To monitor the continuing education of each registered or licensed appraiser and to validate compliance prior to the annual issuance of a new license and/or certificate;
- To investigate and adjudicate all complaints, an area that has become a major activity of this Board;
- To develop and distribute on a quarterly basis a newsletter addressing appraisal issues;
- To sponsor and/or coordinate annual seminars for the purpose of updating licensees of changes within the industry standards;
- To provide annually, subject to budgetary consideration, all licensees with a current version of the Uniform Standards of Professional Appraisal Practice;
- To maintain a current website via Arkansas home Page whereby practitioners, potential applicants, and the consuming public can go to learn more about regulations impacting real estate appraiser licensing; and
- To insure the Agency's adherence to federal guidelines and cooperate with the Federal reviewers from ASC when auditing the agency's operation.



Agency Commentary

The Arkansas General Assembly created, by passing House Bill 1694, an act to provide for registration and regulation of appraisal management companies by amending A.C.A. §17-14-101. Act 628 of 2009 effectively added a subchapter 4 titled The Appraisal Management Company Registration Act to the existing Appraiser Licensing & Certification Board Statutes. The purpose and intent of this act is to give the Arkansas Appraiser Licensing and Certification Board statutory authority to develop and implement rules and regulations resulting in the registration and government oversight of individuals or companies offering to or providing appraisal management services in Arkansas. This Board is charged by statute the overall responsibilities of administering the act in accordance with any and all promulgated rules and regulations.

The Board requests Base Level appropriation for the 2013-2015 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Through observation and inquiry, audit staff noted numerous instances in which Agency personnel were not in the office and failed to record sick or annual leave. The Agency did not have a Board-approved policy for an alternative work schedule.

- Kelli Black, Executive Assistant to the Director, was absent from work from 10:30 am to 12:30 pm four days each week during a 12-week period to participate in a wellness program.
- Frank Manzer, Executive Director, was absent from work consistently during the assessment engagement. When audit staff noted several days he was out of the office, Agency personnel responded by stating that he had not yet arrived or that he is typically out of the office several days each week for several hours at a time.

Upon further discussion, Mr. Manzer stated he is "connected to the office by phone" when he is out. In addition, he indicated approving flexibility in Ms. Black's schedule to participate in the wellness program without using annual leave because she has worked additional hours in the past to complete her assigned tasks.

Governor's Policy Directive #5 states, "All State offices shall be open for business between 8:00 a.m. and 4:30 p.m. However, department directors shall have flexibility to establish other working hours for their department personnel so long as all employees work an eight-hour day. Deviations from the five day, 40-hour work week shall be approved by the Governor."

License renewal information is maintained in an electronic database. To properly safeguard assets and ensure reliability of license information, the Agency should ensure controls are in place to support the reconciliation of receipts and deposits to licenses issued. The review of license revenue revealed that the Agency does not reconcile receipts and deposits to licenses issued.

According to the travel regulations established by Department of Finance and Administration in accordance with R4-19-4-903, lodging costs that exceed the rates listed in the Federal Travel Directory (excluding tax) may not be paid without a letter of authorization by the administrative head of the agency and must include justification as

Recommendations

We recommend the Agency adopt a written policy regarding flexible working schedules, obtain approval from the Governor, and appropriately account for staff hours worked. In addition, we recommend the Agency consult with the Board to determine what, if any, absences should be recorded.

We recommend the Agency strengthen internal controls related to cash and the issuance of licenses.

We recommend the Agency follow established policies as set forth by the State of Arkansas travel rules and regulations. In addition, the Agency should obtain reimbursement from Board members for duplicate travel-related expenses.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2011

Findings

to why it was in the best interest of the State to exceed the standard reimbursement rate. With regard to meals, the maximum full-day allowance (including tax and up to 15% tip) cannot exceed the federal per diem rate, and reimbursement for meals is allowed only in connection with overnight travel. Additionally, all claims for reimbursement of expenses must be attested to by the claimant and approved by the Executive Director. Our testing revealed that the Agency was not following established travel regulations and the TR-1 reimbursement forms for Board members were completed by the Executive Assistant to the Director instead of the claimant. In addition we noted the following:

- The former Executive Director, Board Investigator, and three Board members attended a five-day conference in San Antonio, and each day's lodging rate exceeded the daily per diem by \$73, resulting in expenditures of \$1,460 more than allowed.
- In three instances totaling \$69, the Board Investigator received reimbursement for meals without an overnight stay.
- In five instances totaling \$172, two Board members received duplicate reimbursement for meals.
- In two instances totaling \$29, Board members received reimbursements in excess of the daily per diem rate for meals.
- In one instance totaling \$182, a Board member received duplicate mileage.

Recommendations

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	1	3	4	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			4	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3450000	\$545,081	Checking	Regions Bank - Little Rock

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), currently set at \$40 per license.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203(6)(g) establishes maximum fees not including exams for license. A.C.A. 17-14-206 (a) authorizes fines for disciplinary action.

Revenue Receipts Cycle:

Fines and penalties are collected throughout the year. The majority of fees are collected in June and December. Funds are deposited in bank account as received.

Fund Balance Utilization:

The Board anticipates more expenses in the budget thereby reducing the agency reserves. Funds are used for expenditures and to purchase CDs and transfer monies into the State Treasury Money Market Account.

Fund Account	Balance	Type	Location
3450000	\$60,885	Certificate of Deposit	Regions Bank - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account	Balance	Type	Location
3450000	\$77,338	Certificate of Deposit	Bank of the Ozarks - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account	Balance	Type	Location
3450000	\$267,506	Cash in Treasury/TMMP	State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-101 et seq.

Revenue Receipts Cycle:

Funds are deposited in money market account or treasury for payroll account and savings.

Fund Balance Utilization:

Use for payroll account and to secure additional CDs.

Fund Account	Balance	Type	Location
3450000	\$62,317	Certificate of Deposit	Metropolitan Bank

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account	Balance	Type	Location
3450000	\$63,497	Certificate of Deposit	Security Bank

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account

Fund Balance Utilization:

To secure funds for future use.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	A.C.A. 17-14-201	N	N	1,200	Revised periodically for housekeeping purposes and federal guideline updates. Furnished to all registered and licensed appraisers when revised and to newly licensed appraisers.
Statutes and Amendments	A.C.A. 17-14-103	N	N	1,200	Sent to newly registered, licensed, and certified appraisers and other Appraiser State Boards.
The Appraiser	N/A	N	N	1,200	Quarterly newsletter published and mailed to all registered, licensed, and certified appraisers to keep them abreast of the Board's activities, operations, and other helpful information.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
4	3	1	4	0	25.00 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

Analysis of Budget Request

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

The mission of the Arkansas Appraiser Licensing & Certification Board is to maintain a system for licensing and regulating real estate appraisers in compliance with federal guidelines and results in license holders who have verified adequate education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

The Appraiser Licensing & Certification Board is funded from the receipt of application fees and annual license renewals.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	200,887	223,952	244,332	223,952	223,952	223,952	223,952	223,952	223,952
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	58,100	66,461	66,552	67,549	67,549	67,549	67,549	67,549	67,549
Operating Expenses	5020002	111,985	147,078	147,078	147,078	147,078	147,078	147,078	147,078	147,078
Conference & Travel Expenses	5050009	24,167	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Professional Fees	5060010	356	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		395,495	458,691	479,162	459,779	459,779	459,779	459,779	459,779	459,779
Funding Sources										
Fund Balance	4000005	1,011,821	1,076,624		1,135,126	1,135,126	1,135,126	1,001,247	1,001,247	1,001,247
Cash Fund	4000045	460,298	517,193		325,900	325,900	325,900	324,820	324,820	324,820
Total Funding		1,472,119	1,593,817		1,461,026	1,461,026	1,461,026	1,326,067	1,326,067	1,326,067
Excess Appropriation/(Funding)		(1,076,624)	(1,135,126)		(1,001,247)	(1,001,247)	(1,001,247)	(866,288)	(866,288)	(866,288)
Grand Total		395,495	458,691		459,779	459,779	459,779	459,779	459,779	459,779

Cash funding estimates for the biennium are lower than FY13 Budget due to attrition rates as evidenced by applications and examinations.