

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 66 of 2014
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.

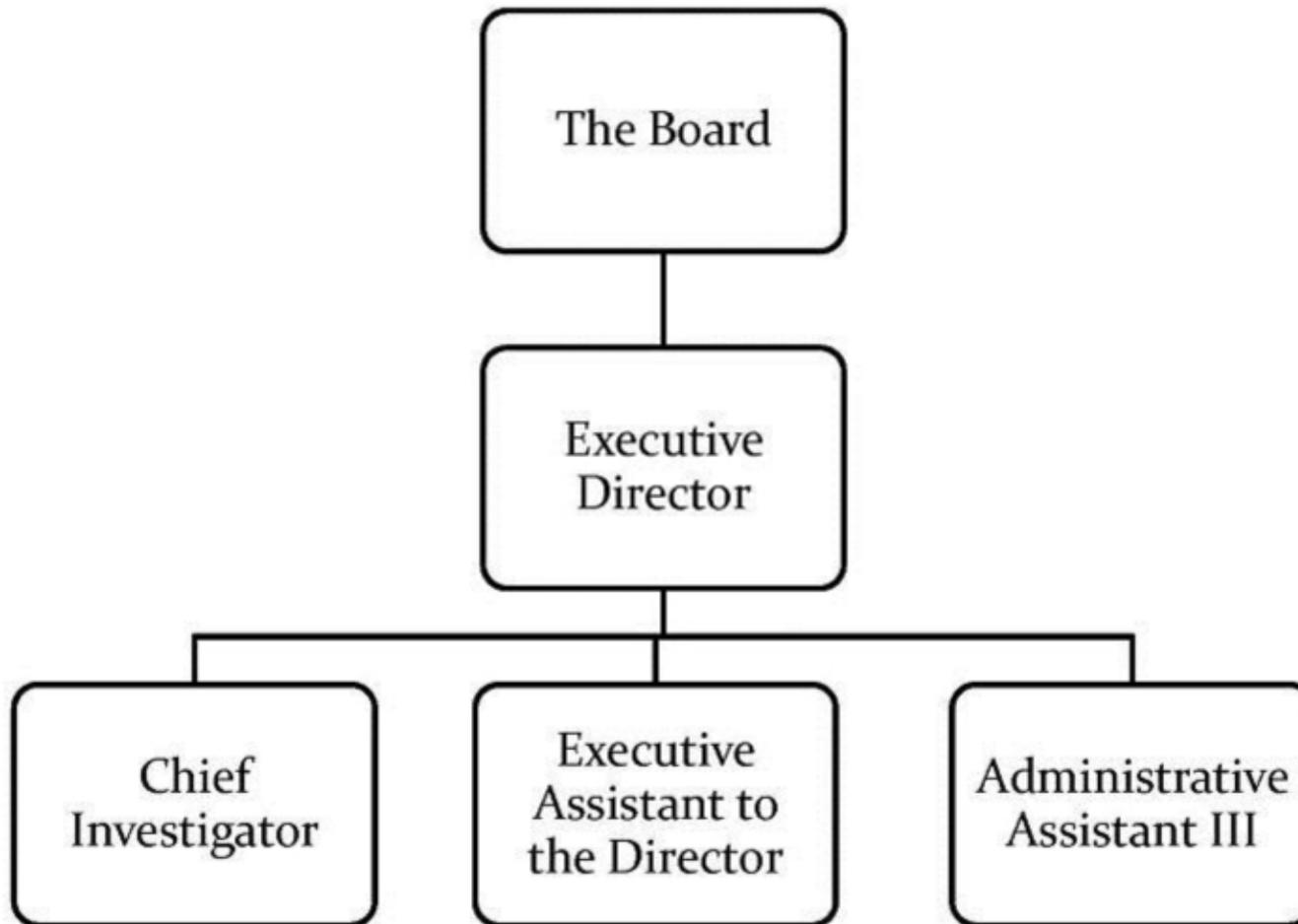
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions 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 78th General Assembly passed Act 541 of the 1991 Regular Session, A.C.A. §17-14-101 et seq. The Act provided for the licensing and certification of real estate appraisers in the State; and was in response to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1991.

Further, the 87th General Assembly passed Act 628 of the 2009 Regular Session to provide for registration and regulation of appraisal management companies by amending A.C.A. §17-14-101. The Act 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.

The Board requests a Change Level increase of \$36,100 each year for the following:

- Operating Expenses of \$16,100 which includes \$14,000 for an increase in the national registry fee required by the Appraisal Subcommittee from \$25 to \$40. An increase of \$2,100 is requested for annual website maintenance. This can be found on the agency's state IT plan under the Contracted Services tab.
- Conference & Travel Expenses of \$20,000 for the Board sponsored annual Day with Appraisers continuing education seminar. This will cover meeting room(s) rental, speakers' fees and related event expenses, printing, and other materials. Approximately 250 Arkansas real property appraisers attended the seminar.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
Review of the Agency's fixed assets revealed one item totaling \$1,733 that was transferred to Department of Finance and Administration (DFA) - Marketing and Redistribution (M&R) in October 2012 but not recorded on DFA's Surplus Disposal Form or removed from the asset listing. Subsequent to field work, the Agency received approval from DFA to remove the item from its asset listing.	Equipment sent to M&R should be individually listed on a Surplus Disposal Form and removed from the Agency's asset listing timely. <u>Agency Response:</u> We understand the problem and will, in the future, more completely document on the Surplus Disposal Form each item being transferred.
Supporting documentation was not maintained for three payments totaling \$5,208 for technical services and one payment of \$75 for temporary employment.	Maintain proper supporting documentation for all expenditures. <u>Agency Response:</u> We will devote extra attention to maintaining proper documentation for all expenditures.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings

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. Our testing revealed revenues were overstated by \$3,050.

According to the travel regulations established by DFA 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 to why it was in the best interest of the State to exceed the standard reimbursement rate. Our testing revealed six TR-1s exceeded the daily per diem for lodging without approval from the Executive Director. In addition, overnight lodging was provided for the former Executive Director within his official station. As stated in Ark. Code Ann. § 19-4-903, no expenses for meals or lodging will be allowed within the city or town of the employee's "official station" unless approved in writing by the agency head as a "special authorization".

Recommendations

Develop procedures to ensure revenue is properly recorded and receipts and deposits are reconciled to the number of licenses issued.

Agency Response:

We have, since the completion of the audit, installed a new and more user friendly database that will help with accuracy and cross checking of income with receipts and deposits.

Follow established policies as set forth by State of Arkansas travel rules and regulations.

Agency Response:

We have already taken some steps to inform and remind board members and staff of acceptable expenses and practices. We will be providing detailed information to all board and staff in this regard.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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, 2014

Fund Account	Balance	Type	Location
3450000	\$519,401	Checking	Regions - Little Rock

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass thru payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$40 per licensee.

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 of each year 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 money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$257,536	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 eq.

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 secure additional CDs.

Fund Account	Balance	Type	Location
3450000	\$61,012	Certificate of Deposit	Regions - 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 renewed, money added (if allowed) to current CD, 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	\$177,933	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 renewed, money added (if allowed) to current CD, 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	\$63,044	Certificate of Deposit	Metropolitan/Simmons 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 renewed, money added (if allowed) to current CD, or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account
3450000

Balance
\$64,092

Type
Certificate of Deposit

Location
First Security - Mountain Home

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 renewed, money added (if allowed) to current CD, 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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	4	0	4	0	0.00 %	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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests a Change Level increase of \$36,100 for each year of the biennium for the following:

- Operating Expenses each year of \$16,100; \$14,000 for an increase in the national registry fee required by the Appraisal Subcommittee (ASC) from \$25 to \$40; \$2,100 is requested for annual maintenance of the Board's website. This request is included in the Board's IT Plan.
- Conference and Travel each year of \$20,000 for sponsorship of the annual continuing education seminar for approximately 200 Arkansas real property appraisers. The increase is for meeting room(s), speakers' fees and related expenses, printing, and other materials.

The Executive Recommendation provides for the Agency Request and a title change of Board of Appraiser Chief Investigator to Chief Licensing Investigator. This will allow other agencies to use the same title. 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	209,076	205,111	228,249	207,071	207,071	207,071	207,071	207,071	207,071
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	65,811	64,317	68,494	65,354	65,354	65,354	65,354	65,354	65,354
Operating Expenses	5020002	111,841	163,178	147,078	147,078	163,178	163,178	147,078	163,178	163,178
Conference & Travel Expenses	5050009	20,065	29,700	9,700	9,700	29,700	29,700	9,700	29,700	29,700
Professional Fees	5060010	2,074	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		408,867	473,806	465,021	440,703	476,803	476,803	440,703	476,803	476,803
Funding Sources										
Fund Balance	4000005	1,141,651	1,143,018		1,011,382	1,011,382	1,011,382	935,679	899,579	899,579
Cash Fund	4000045	410,234	342,170		365,000	365,000	365,000	365,000	365,000	365,000
Total Funding		1,551,885	1,485,188		1,376,382	1,376,382	1,376,382	1,300,679	1,264,579	1,264,579
Excess Appropriation/(Funding)		(1,143,018)	(1,011,382)		(935,679)	(899,579)	(899,579)	(859,976)	(787,776)	(787,776)
Grand Total		408,867	473,806		440,703	476,803	476,803	440,703	476,803	476,803

Budget exceeds Authorized Appropriation in Operating Expenses and Conference & Travel Expenses due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: A86 - Cash Operations
Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	440,703	4	440,703	100.0	440,703	4	440,703	100.0
C01	Existing Program	34,000	0	474,703	107.7	34,000	0	474,703	107.7
C08	Technology	2,100	0	476,803	108.2	2,100	0	476,803	108.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	440,703	4	440,703	100.0	440,703	4	440,703	100.0
C01	Existing Program	34,000	0	474,703	107.7	34,000	0	474,703	107.7
C08	Technology	2,100	0	476,803	108.2	2,100	0	476,803	108.2
C14	Title Change	0	0	476,803	108.2	0	0	476,803	108.2

Justification

C01	The Board requests a Change Level increase of \$34,000 which includes \$14,000 in Operating Expenses and \$20,000 in Conference Fees. The Operating Expenses increase includes \$14,000 for the increase in national registry fee required by the Appraisal Subcommittee from \$25 to \$40. Conference & Travel Expenses increase is requested for the Board sponsored annual Day with Appraisers continuing education seminar for approximately 250 Arkansas real property appraisers. This will cover meeting room(s) rental, speakers' fees and related event expenses, printing, and other materials.
C08	The Board requests an increase of \$2,100 in Operating Expenses for annual maintenance of its website. This can be found on the agency's state IT plan under the Contracted Services tab.
C14	The Executive Recommendation provides for the Agency Request and recommends the title change from Board of Appraiser Chief Investigator to Chief Licensing Investigator. This will allow other agencies to use the same title.