

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 110 of 2010
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 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.

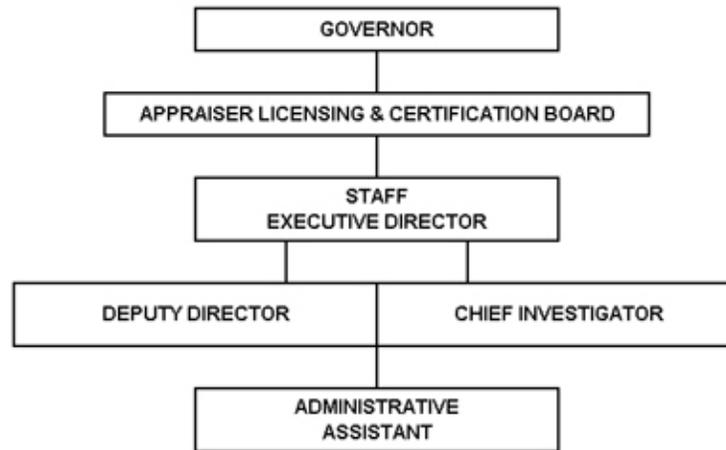
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions 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 2011-2013 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
AR APPRAISER LICENSING AND CERTIFICATION BOARD

Findings

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.

Recommendations

Employment Summary

	Male	Female	Total	%
White Employees	2	2	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, 2010

Fund Account	Balance	Type	Location
3450000	\$60,638	Certificate of Deposit	Metropolitan National 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	\$75,752	Certificate of Deposit	Bank of 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	\$43,920	Checking	Regions Bank

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 FIRREA of 1989, currently set at \$25 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 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	\$691,122	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 marker 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	\$80,636	Certificate of Deposit	First Security Bank - 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 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	\$61,768	Certificate of Deposit	First Security 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.

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

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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		
3	4	0	4	-1	-33.33 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

FY09 Budgeted Total exceeds the Authorized number due to a Supplemental Emergency Position.

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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2011-2013 biennium.

Executive Recommendation provides for 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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	227,534	232,158	231,631	230,758	230,758	230,758	230,758	230,758	230,758
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	60,519	64,285	62,765	64,138	64,138	64,138	64,138	64,138	64,138
Operating Expenses	5020002	109,251	147,078	147,078	147,078	147,078	147,078	147,078	147,078	147,078
Conference & Travel Expenses	5050009	8,008	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Professional Fees	5060010	2,508	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		407,820	464,721	462,674	463,174	463,174	463,174	463,174	463,174	463,174
Funding Sources										
Fund Balance	4000005	964,408	1,013,836		904,965	904,965	904,965	767,691	767,691	767,691
Cash Fund	4000045	457,248	355,850		325,900	325,900	325,900	325,900	325,900	325,900
Total Funding		1,421,656	1,369,686		1,230,865	1,230,865	1,230,865	1,093,591	1,093,591	1,093,591
Excess Appropriation/(Funding)		(1,013,836)	(904,965)		(767,691)	(767,691)	(767,691)	(630,417)	(630,417)	(630,417)
Grand Total		407,820	464,721		463,174	463,174	463,174	463,174	463,174	463,174

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium. Actual amount of Cash funding in FY10 is significantly higher than FY11 and biennial estimates due to fewer licensees and applicants because of the real estate market and increased requirements to maintain appraiser status.