

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 35 of 2016
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.

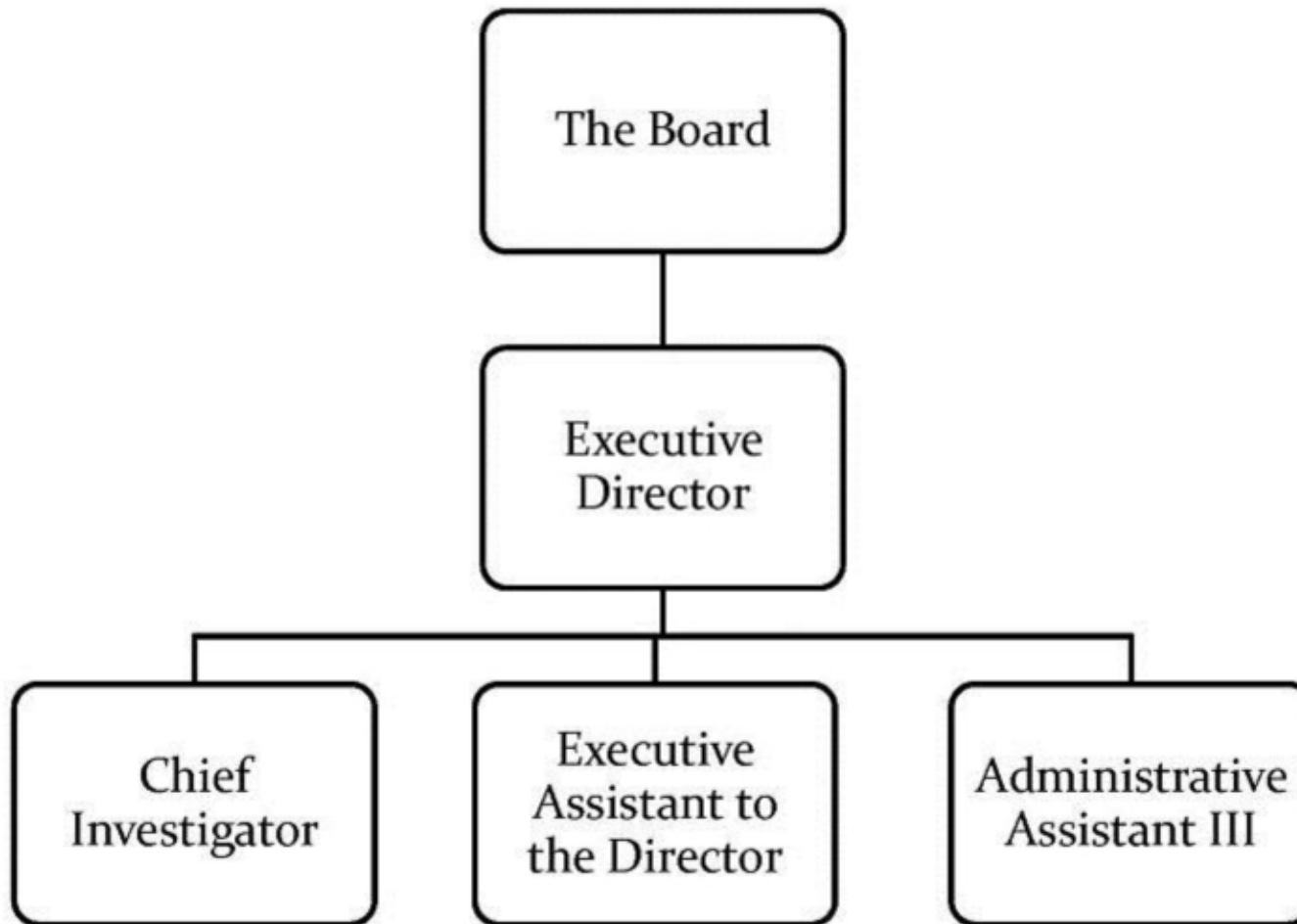
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions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

Established by Arkansas General Assembly Act 541 of 1991, the Arkansas Appraiser Licensing and Certification Board (Appraiser Board) is in its twenty-fifth year of operation. Our mission is to serve the public through ensuring that real estate appraisers and appraisal management companies have the proper credentials and the registration. Additionally, the Appraiser Board investigates complaints filled against real estate appraisers.

The agency is requesting base level funding of \$471,408 in FY18 and \$472,144 in FY19. We have done our best to operate as efficiently as possible. In recent years, the agency's actual spending has been less than the budgeted amounts.

In recognition of the Governor's efficiency goals, we will continue to evaluate expenses and purchases with the goal of keeping costs down while continuing to deliver on our mandate to protect the public with respect to the real estate appraiser profession.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2013

Findings

R4-19-4-501 of the Arkansas Financial Management Guide requires deposits to be accompanied by cash logs that include sufficient detail to allow an audit trail of an individual receipt. The Agency's deposit support does not provide a sufficient audit trail back to the Agency's receipting database. The lack of appropriate reconciliation between the individual receipts that comprise a deposit and the deposit amount could make it difficult to detect undeposited receipts.

License information is maintained in an electronic database. The Agency was unable to extract historical data from the database that would support a reconciliation of licenses to receipts. To properly safeguard assets and ensure reliability of license information, the Agency should ensure that controls are in place to support the reconciliation of receipts and deposits to licenses issued.

Recommendations

Implement controls that would better associate deposits back to the receipts that comprise them.

Agency Response:

We will improve and better utilize the receipting function in our database in order to ensure all receipts can be associated back to specific deposits.

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

Agency Response:

We have decided to develop and print a yearly, and probably monthly, record of all registrations, licensees, and certifications which have renewed throughout the year. This will include a complete end-of-year roster.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	1	2	3	75 %
Black Employees	0	1	1	25 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	25 %
Total Employees			4	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
3450000	\$284,432	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	\$64,430	Certificate of Deposit	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.

Fund Account	Balance	Type	Location
3450000	\$524,683	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	\$63,336	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	Balance	Type	Location
3450000	\$61,128	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	\$228,945	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.

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				
Rules and Regulations	A.C.A. 17-14-201	N	N	10	Revised periodically to reflect current state law and federal guidelines and regulations. Posted to the Board's website.	0	0.00
Statutes and Amendments	A.C.A. 17-14-103	N	N	10	Statutes and amendments can be found on the Board's website. They are given to all new board members.	0	0.00

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				
The Appraiser	N/A	N	N	10	E-mailed to all appraisers and posted to the Board's website.	0	0.00

Agency Position Usage Report

FY2014 - 2015					FY2015 - 2016					FY2016 - 2017							
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 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes 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 a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board is requesting Base Level of \$471,408 in FY18 and \$472,144 in FY19.

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		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	188,670	202,286	207,071	202,286	202,286	202,286	202,886	202,886	202,886
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	60,721	63,661	65,354	64,744	64,744	64,744	64,880	64,880	64,880
Operating Expenses	5020002	130,525	163,178	163,178	163,178	163,178	163,178	163,178	163,178	163,178
Conference & Travel Expenses	5050009	23,162	29,700	29,700	29,700	29,700	29,700	29,700	29,700	29,700
Professional Fees	5060010	1,338	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		404,416	470,325	476,803	471,408	471,408	471,408	472,144	472,144	472,144
Funding Sources										
Fund Balance	4000005	1,204,941	1,226,954		1,156,629	1,156,629	1,156,629	1,055,221	1,055,221	1,055,221
Cash Fund	4000045	426,429	400,000		370,000	370,000	370,000	370,000	370,000	370,000
Total Funding		1,631,370	1,626,954		1,526,629	1,526,629	1,526,629	1,425,221	1,425,221	1,425,221
Excess Appropriation/(Funding)		(1,226,954)	(1,156,629)		(1,055,221)	(1,055,221)	(1,055,221)	(953,077)	(953,077)	(953,077)
Grand Total		404,416	470,325		471,408	471,408	471,408	472,144	472,144	472,144