

AR APPRAISERS LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 22 of 2003

Act 541 of 1991 as amended. See A.C.A. § 17-14-103

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, 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".

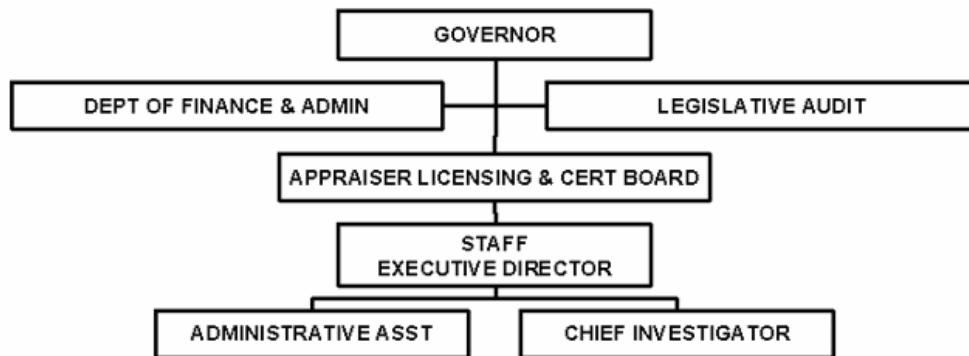
The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality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

The Arkansas Appraiser Licensing Board was officially constituted in July of '91 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. 17-51) 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 which 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 projected income and established reserves generated by annual fees collected from the registered, licensed and certified appraisers are believed to be sufficient to cover the expenditures noted in this proposed budget request by the Arkansas Appraiser Licensing and Certification Board.

Aside from the salary and benefit sections, the more significant part of this budget is the operating expense for this Agency. The operating expenses are becoming more defined in many areas resulting in our ability to make more intelligent projections based on agency history. The Agency plans to continue offering an annual seminar for the license holders and the additional moneys are projected for the sundry costs associated with this seminar. These seminars are funded by registration fees and

the revenues generated by the event usually offset the expense.

This Agency operates with ten board members and there exist a constant turn over due to staggered terms and the limitation on years served. This turnover results in a need to educate and inform the members of their responsibilities and participation. To enhance their competency when rendering decisions on policy matters, we not only have internal orientation sessions but encourage all the Board members to participate whenever possible, in out-of-state seminars and conferences which afford them an opportunity to learn more about their role in the regulatory process.

The Agency has now moved into the twenty-first century by developing a web site and interfacing with the Arkansas Home Page on behalf of this Agency. On-line renewals are not being utilized.

In January, '03, the position of Chief Investigator was added as a result of increased complaints. The Board has also recommended a merit raise of 5% for the existing staff. (Two of the current staff have not received any tenured or a performance based raise since being employed in 1991.)

Capital Outlay will need to be budgeted for upgrading and expanding our computer system, copying equipment, and filing cabinets. We believe it incumbent on the budget process to provide for these anticipated purchases as well as a contingency for the unknown.

Additional expenditures are proposed for the Board and staff to participate in educational seminars and conferences. This proposed budget incorporates an increase in the office rent and staff parking due to office relocation in 2003.

In summary, this proposed biennial budget reflects essentially the above cost centers, which are anticipated for an expanded and maturing regulatory agency. Positive adjustments in some categories reflect a better understanding of the costs associated with operating this agency. Most of the changes in this proposed budget are reflected in the additional staffing salary and benefits, merit raises for existing staff, capital outlay, and enforcement cost centers with minor increases in general operating expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

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

Cash Fund Balance Description as of June 30, 2004

Fund Account	Balance	Type	Location
3450000	\$610,353	Checking, MMTF, CD's	Bank of America, Simmons, First Sec.

Statutory/Other Restrictions on use:

ACA 17-14-203(10)

Statutory Provisions for Fees, Fines, Penalties:

ACA 17-14-203 (6) (g)ACA 17-14-206 (a)

Revenue Receipts Cycle:

Fines and penalties are collected throughout the year.

Fund Balance Utilization:

Funds are used for expenditures, purchase CD's, and transfer to MM.

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. 7-14-201	N	N	1,200	Periodically need minor changes for housekeeping purposes and federal guideline updates. Made available 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.
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Analysis of Budget Request

Appropriation / Program: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing and Certification - Cash

The mission of the Arkansas Appraiser Licensing and Certification Board is 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 adequate education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials. The Appraiser Licensing Board is funded from the receipts of fees for applications and annual renewal of appraiser licenses.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for three (3) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Change Level Requests total \$28,738 for FY06 and \$33,502 for FY07. This includes a personnel request for a 5% extraordinary salary increase for all three (3) employees due to the increased workload of the Board. The increase in the Operating Expenses line item is for rent, parking fees for staff and Board members, a new phone system, and cash fund service charge fees. The increase in the Conference and Travel line item is to send the Board and staff to two continuing education meetings per year in conjunction with the National Association of Appraiser Regulatory Officials. The increase in the Capital Outlay line item is to upgrade the existing computer hardware and software, to purchase additional filing cabinets for record storage, to upgrade the conference room furnishings, and replace an antiquated fax machine. The appropriation in the Data Processing line item is being reduced to zero due to finding that it was no longer relevant.

The Executive Recommendation provides for the Agency Request with the exception of the 5% extraordinary salary increases and the increases each year for the Conference and Travel line item.

Appropriation / Program Summary

Appropriation / Program: A86 Cash Operations
Funding Sources: 345 - Appraiser Licensing and Certification - Cash

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	154,986	162,311	162,628	166,860	175,203	166,860	171,507	182,014	171,507
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	37,433	40,543	38,881	42,890	44,459	42,890	43,762	45,737	43,762
Operating Expenses 5020002	107,189	123,883	123,883	123,883	138,478	138,478	123,883	140,578	140,578
Travel-Conference Fees 5050009	5,370	5,700	5,700	5,700	8,000	5,700	5,700	8,500	5,700
Professional Fees and Services 5060010	3,854	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Data Processing 5090012	0	500	500	500	0	0	500	0	0
Capital Outlay 5120011	0	0	0	0	4,000	4,000	0	4,000	4,000
Total	308,832	344,437	343,092	351,333	381,640	369,428	356,852	392,329	377,047
Funding Sources									
Fund Balance 4000005	697,148	664,269		553,832	553,832	553,832	466,192	466,192	478,404
Cash Fund 4000045	275,953	234,000		263,693	294,000	294,000	258,523	294,000	294,000
Total Funding	973,101	898,269		817,525	847,832	847,832	724,715	760,192	772,404
Excess Appropriation/(Funding)	(664,269)	(553,832)		(466,192)	(466,192)	(478,404)	(367,863)	(367,863)	(395,357)
Grand Total	308,832	344,437		351,333	381,640	369,428	356,852	392,329	377,047

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium.

Change Level by Appropriation

Appropriation / Program: A86-Cash Operations

Funding Sources: 345 - Appraiser Licensing and Certification - Cash

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	351,333	3	351,333	100.0	356,852	3	356,852	100.0
C01	Existing Program	21,995	0	373,328	106.2	24,595	0	381,447	106.8
C03	Discontinue Program	(5,600)	0	367,728	104.6	(5,600)	0	375,847	105.3
C08	Technology	4,000	0	371,728	105.8	4,000	0	379,847	106.4
C15	Ex Salary Increase	9,912	0	381,640	108.6	12,482	0	392,329	109.9

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	351,333	3	351,333	100.0	356,852	3	356,852	100.0
C01	Existing Program	19,695	0	371,028	105.6	21,795	0	378,647	106.1
C03	Discontinue Program	(5,600)	0	365,428	104.0	(5,600)	0	373,047	104.5
C08	Technology	4,000	0	369,428	105.1	4,000	0	377,047	105.6
C15	Ex Salary Increase	0	0	369,428	105.1	0	0	377,047	105.6

Justification

C01	The increases are for rent, parking fees, lease of copier, service charge payment, training, and seminars for the Board.
C03	The decrease is due to finding that the data processing line item was no longer relevant.
C08	The increases are for upgrading the existing computer hardware and software to accommodate AASIS demands.
C15	The Extraordinary Salary Increases are for all employees due to increased workload from increased number of complaints filed with the Board.