

AR APPRAISER LICENSING AND CERTIFICATION BOARD

Enabling Laws

Act 2085 of 2005
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."

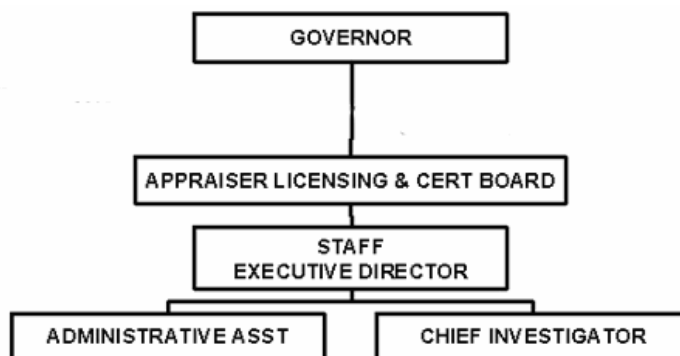
The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality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

The Arkansas Appraiser Licensing Board was officially constituted in July of '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. 17-14-203) 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 projected income generated by annual fees collected from the registered, licensed and certified appraisers and the established reserves, seminar registration fees and interest income are believed to be sufficient to cover the expenditures noted in this proposed budget request by the Arkansas

Appraiser Licensing and Certification Board.

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. An additional increase has been requested for the information technology to be brought current.

This Agency operates with ten board members and there exists 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 also 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 being utilized.

A Capital Outlay request is needed for upgrading office furniture and replacing Boardroom conference table and chairs. 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.

In summary, this proposed biennial budget reflects essentially the above cost centers, which are anticipated for an expanded and maturing regulatory agency. 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 CERTIFICATE BOARD
FOR THE YEAR ENDED JUNE 30, 2004

Findings	Recommendations
None	None

Revenue Receipts Cycle:

Fines and penalties are collected throughout the year. The majority of fees are collected in June each year. Funds are deposited 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 CD's and transfer money into the Money Market Trust Fund at the State.

Fund Account	Balance	Type	Location
3450000	\$52,030	CD	First State Bank, Conway

Statutory/Other Restrictions on use:

ACA 17-14-203(10) authorizes 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:

ACA 17-14-203(6) (G) establishes maximum license fees, not including exam fees. ACA 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 each year. Funds are deposited as received.

Fund Balance Utilization:

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Fund Account	Balance	Type	Location
3450000	\$53,438	CD	Simmons, Lincoln

Statutory/Other Restrictions on use:

ACA 17-14-203(10) authorizes 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.

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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

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Total	Total							
3	3	0	3	0	0.00%	3	3	0	3	0	0.00%	3	3	0	3	0	0.00%

Analysis of Budget Request

Appropriation: A86 - Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

The Arkansas Appraiser Licensing & Certification Board is responsible for maintaining a system for licensing and regulating real estate appraisers in compliance with federal guidelines, which results in license holders who have verified education, experience, and demonstrated competency to provide quality service consistent with their specific credentials. The Appraiser Licensing Board is funded from application fees and annual license renewals.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$180,507 for FY08 and \$180,507 for FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

Change Level requests total \$12,300 for FY08 and \$12,300 for FY09 for Operating Expenses, Conference & Travel Expenses, and Capital Outlay. Increases for Operating Expenses of \$5,300 are to cover increases in office rent, office equipment rental, and cash fund service charge fees and to upgrade or purchase additional computers. Increases for Conference & Travel Expenses of \$3,000 are for the staff investigator to attend investigative training conferences. Increases for Capital Outlay of \$4,000 are to replace office furniture and boardroom furniture.

Executive Recommendation provides for Base Level. Expenditure of appropriation is contingent upon available funding.

Appropriation

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	173,722	180,507	171,507	180,507	180,507	180,507	180,507	180,507	180,507
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	45,791	46,897	43,762	48,018	48,018	48,018	48,018	48,018	48,018
Operating Expenses 5020002	98,548	140,578	140,578	140,578	145,878	140,578	140,578	145,878	140,578
Conference & Travel Expenses 5050009	5,626	5,700	5,700	5,700	8,700	5,700	5,700	8,700	5,700
Professional Fees 5060010	6,019	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	1,605	4,000	4,000	0	4,000	0	0	4,000	0
Total	331,311	389,182	377,047	386,303	398,603	386,303	386,303	398,603	386,303
Funding Sources									
Fund Balance 4000005	712,395	779,222		625,040	625,040	625,040	436,437	436,437	436,437
Cash Fund 4000045	398,138	235,000		197,700	210,000	197,700	197,700	210,000	197,700
Total Funding	1,110,533	1,014,222		822,740	835,040	822,740	634,137	646,437	634,137
Excess Appropriation/(Funding)	(779,222)	(625,040)		(436,437)	(436,437)	(436,437)	(247,834)	(247,834)	(247,834)
Grand Total	331,311	389,182		386,303	398,603	386,303	386,303	398,603	386,303

The FY07 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized due to board stipend adjustments during the 2005-07 biennium.
 FY06 Actual amount in Regular Salaries and Personal Services Matching exceeds Authorized due to a transfer from the Salary Holding Account.

Change Level by Appropriation

Appropriation: A86-Cash Operations

Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	386,303	3	386,303	100.0	386,303	3	386,303	100.0
C01	Existing Program	9,800	0	396,103	102.5	9,800	0	396,103	102.5
C08	Technology	2,500	0	398,603	103.1	2,500	0	398,603	103.1

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	386,303	3	386,303	100.0	386,303	3	386,303	100.0
C01	Existing Program	0	0	386,303	100.0	0	0	386,303	100.0
C08	Technology	0	0	386,303	100.0	0	0	386,303	100.0

Justification

C01	An increase in Operating Expense of \$2,800 for FY08 and FY09 is requested for increases in office rent, office equipment rent, and service charges. An increase is requested in Conference & Travel Expenses of \$3,000 for FY08 and FY09 for the staff Investigator to attend investigative training conferences. An increase in Capital Outlay of \$4,000 for FY08 and FY09 is requested to replace office furniture and boardroom furniture.
C08	An increase in Operating Expense of \$2,500 is requested for FY08 and FY09 to upgrade and/or purchase additional computers.