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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 29, 2019

Ms. Elissa Runyon, Board Chair
Board of Real Estate Appraisers
Department of Licensing and Consumer Affairs
Property & Procurement Building 8201
Subbase, Suite #1
St. Thomas, VI 00802

RE: ASC Compliance Review of Virgin Islands' Appraiser Regulatory Program

Dear Ms. Runyon:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virgin Islands appraiser regulatory program (Appraiser Program) on December 5-6, 2018, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Virgin Islands Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;¹ and
- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.²

ASC staff will confirm that appropriate corrective actions have been taken through off-site monitoring and during the next Review. Virgin Islands will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



Arthur Lindo
Chairman

Attachment

cc: Mr. Devin Carrington, Commissioner
Ms. Nathalie Hodge, Assistant Commissioner

¹ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

² 12 U.S.C. § 3351; Policy Statement 5.

ASC Finding Descriptions

| ASC Finding | Rating Criteria | Review Cycle* |
|-------------------|---|-----------------------------------|
| Excellent | <ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure | 2-year |
| Good | <ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure | 2-year |
| Needs Improvement | <ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure | 2-year with additional monitoring |
| Not Satisfactory | <ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure | 1-year |
| Poor ³ | <ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure | Continuous monitoring |

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

³ An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: March 29, 2019

Virgin Islands Appraiser Regulatory Program (State)

Board of Real Estate Appraisers (Board) **PM: V. Metcalf** **ASC Compliance Review Date: December 5-6, 2018** **Review Period: November 2016 - December 2018**
Umbrella Agency: Department of Licensing & Consumer Affairs **Number of State Credentialed Appraisers on National Registry: 29** **Review Cycle: Two Year**

| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|---|--|----------|----|--|---|---|---|
| | YES | NO | AC | | | | |
| Statutes, Regulations, Policies and Procedures: | | X | | | | | |
| States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.) | | | | <p>Prior to reactivation, a credential holder in an inactive status must complete the continuing education (CE) that would have been required if the credential holder had been in active status. Regulation §436-2(b), only requires credential holders to submit CE for the year immediately preceding the date of reactivation.</p> <p>This concern was noted in the November 2014 and 2016 Compliance Reviews.</p> | On March 5, 2019, the State reported that a proposed amendment to §436-2(b), intended to correct this concern, was filed with the offices of the Department of Justice, Solicitor General’s Office and Lieutenant Governor. | The State must continue the process to amend its regulations to bring them into compliance with ASC Policy Statement 1, and-provide the ASC staff with quarterly updates on the progress of the amendments until finalized. | Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1. |
| Statutes, Regulations, Policies and Procedures continued: | | X | | | | | |
| States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.) | | | | <p>Up to one-half of an appraiser's CE requirement may be granted for participation, other than as a student, in such activities as teaching or authoring a textbook. Regulation §440-1(e) does not limit the amount of CE that may be acquired for these types of activities.</p> <p>This concern was noted in the December 2012, November 2014, and 2016 Compliance Reviews.</p> | On January 25, 2019, the State provided a copy of a proposed amendment to §440-1(e), intended to correct this concern, was filed with the offices of the Department of Justice, Solicitor General’s Office and Lieutenant Governor. | The State must continue the process to amend its regulations to bring them into compliance with ASC Policy Statement 1, and provide the ASC staff with-quarterly updates on the progress of the amendments until finalized. | Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1. |

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ASC Finding: Needs Improvement
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Board of Real Estate Appraisers (Board) PM: V. Metcalf ASC Compliance Review Date: December 5-6, 2018 Review Period: November 2016 - December 2018
Umbrella Agency: Department of Licensing & Consumer Affairs Number of State Credentialed Appraisers on National Registry: 29 Review Cycle: Two Year

| Applicable Federal Citations | Compliance (YES/NO) Areas of Concern (AC) | | | ASC Staff Observations | State Response | Required/Recommended State Actions | General Comments |
|---|--|----|----|---|--|--|---|
| | YES | NO | AC | | | | |
| Statutes, Regulations, Policies and Procedures continued: | | X | | | | | |
| States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.) | | | | The Virgin Islands Statute §436(b) does not comply with Title XI which requires a reciprocal credential to be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made. This concern was noted in the November 2014 and 2016 Compliance Reviews. | On January 25, 2019, the State-provided a copy of the proposed statutory amendment to §436(b), intended to correct this concern, and reported that it was filed with the offices of the Department of Justice, Solicitor General's Office and Lieutenant Governor. | The State must continue the process to amend its statute to bring them into compliance with Title XI and ASC Policy Statement 5, and provide the ASC staff with quarterly updates on the progress of the amendments until finalized. | Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1. |
| Temporary Practice: | X | | | No compliance issues noted. | N/A | None | None |
| National Registry: | X | | | No compliance issues noted. | N/A | None | None |
| Application Process: | X | | | No compliance issues noted. | N/A | None | None |
| Reciprocity: | | | X | | | | |
| States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI in order for the State's appraisers to be eligible to perform appraisals for federally related transactions. (12 U.S.C. § 3351; Policy Statement 5.) | | | | The Virgin Islands statutory authority is not consistent with the federal requirements concerning reciprocity. In practice, the Virgin Islands complies with Title XI. This concern was noted in the November 2014 and 2016 Compliance Reviews. | On January 25, 2019, the State provided a copy of the proposed statutory amendment to §436(b), intended to correct this concern, and reported that it was filed with the offices of the Department of Justice, Solicitor General's Office and Lieutenant Governor. | The State should continue the process to amend its statute to bring them into compliance with Title XI and ASC Policy Statement 5, and provide the ASC staff with a copy of the statute once finalized. | ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5 during the next Compliance review. |
| Education: | X | | | No compliance issues noted. | N/A | None | None |
| Enforcement: | X | | | No compliance issues noted. | N/A | None | None |