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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 15, 2017

Ms. Christine Martine, Executive Director
Real Estate Appraiser Board
Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400
Richmond, VA 23233

RE: ASC Compliance Review of Virginia's Appraiser Regulatory Program

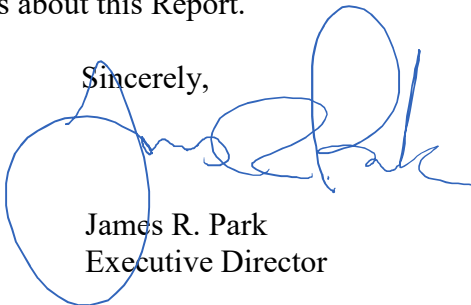
Dear Ms. Martine:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virginia appraiser regulatory program (Program) on August 15-17, and August 24, 2017, 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 Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the Program. Virginia will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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,



James R. Park
Executive Director

Attachment
cc: Mr. Jim Chapman, Board Administrator

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 ¹	<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.

¹ 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 Compliance Review Report

ASC Finding: Good
Final Report Issue Date: November 15, 2017

Virginia Appraiser Regulatory Program (State)					
Virginia Real Estate Appraiser Board (Board)		PM: J. Tidwell		ASC Compliance Review Date: August 24, 2017	
Umbrella Agency: Department of Professional and Occupational Regulation (DPOR)			Number of State Credentialed Appraisers on National Registry: 3,363		Review Period: August 2015 to August 2017
					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			No compliance issues noted.	N/A	None	None
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			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:			X	No compliance issues noted.	N/A	None	None
States should ensure that persons analyzing complaints for USPAP compliance are knowledgeable about appraisal practice and USPAP, and document the qualifications of those persons. (12 U.S.C. § 3347; Policy Statement 7 B.)				Dismissed complaints did not contain sufficient documentation to support the rationale for dismissal. Furthermore, the State's Intake Program does not have staff with sufficient knowledge of USPAP and appraisal practice to ensure complaints regarding possible USPAP violations are adequately addressed.	On October 13, 2017, the State reported that while it disputes the finding of non-compliance, it does intend to enroll Intake staff in USPAP training to enhance their knowledge base.	The State should implement an effective process to ensure it appropriately documents dismissed complaints in accordance with Policy Statement 7 and include rationale for the dismissal. The State should ensure staff that analyses appraisal complaints for potential USPAP violations have USPAP training.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.