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Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 15, 2019

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 Appraisal Management Company (AMC)
Regulatory Program

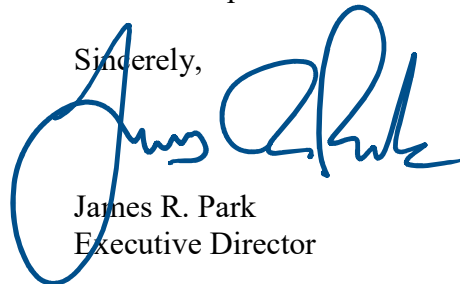
Dear Ms. Martine:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virginia AMC regulatory program (AMC Program) on June 25-27, 2019, to determine the AMC 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 AMC Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the AMC Program. Virginia will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) of the Virginia AMC Program 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 and Regulatory 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 | <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.

ASC State AMC Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: October 15, 2019

AMC Virginia Regulatory Program (State)

Real Estate Appraiser Board (Board) PM: C. Brooks ASC Compliance Review Date: June 25-27, 2019 Review Period: August 2017 to June 2019
Umbrella Agency: Department of Professional and Occupational Regulation Number of AMCs on AMC Registry: 0 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 | | | | |
| Participating States must enforce and document ownership limitations for State-registered AMCs. (12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.) | | | | An AMC shall not be registered or included on the AMC National Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause. The regulation incorrectly limits the requirement to owners of 10% or more | On September 16, 2019, the State reported that the statute correctly applies the ownership requirement to any entity and or person. The State also reported that if there is a conflict between the statute and regulation, the statute prevails. However, the board will amend the regulation to mirror the statute. | The State should amend the rules to bring them into compliance with Title XI, and provide ASC staff with a copy of the final rules once adopted. | During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 8. |
| National Registry: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |
| Enforcement: | X | | | | | | |
| | | | | No compliance issues noted. | N/A | None | None |