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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 20, 2004

Mr. David N. Castle, Chair
Virginia Real Estate Appraiser Board
Department of Professional and Occupational Regulation
3600 West Broad Street
Richmond, Virginia 23230-4917

Dear Mr. Castle:

Thank you for your cooperation and your staff's assistance in the February 24-25, 2004 Appraisal Subcommittee ("ASC") review of Virginia's real estate appraiser regulatory program ("Program").

Most aspects of your Program appear to function effectively. Complaints were investigated and resolved in a timely manner. Disciplinary actions appeared fair and equitable. Files were well documented, and application processing was timely and effective. Our review revealed three areas that need improvement.

- **Virginia submits inaccurate disciplinary action data to the ASC for inclusion in the National Registry.**

A review of disciplinary actions reported to the ASC for inclusion in the National Registry revealed several instances in which disciplinary actions were reported to the ASC but Virginia actually did not take disciplinary actions. In most of these identified cases, the Virginia Real Estate Appraiser Board ("Board"), after reviewing the cases, dismissed them after finding no violations.

Virginia needs to identify existing errors in the National Registry data and report them to the ASC within 30 days of receiving this letter. Virginia also needs to correct its data reporting process to ensure that future disciplinary actions are reported correctly.

- **Virginia does not always conform to Appraiser Qualifications Board ("AQB") Criteria when granting upgrades from the Trainee classification to the Licensed classification.**

In a number of cases, the State allowed appraisers holding the Trainee classification to upgrade to the Licensed classification by relying on an examination that was taken by an appraiser more than 24 months prior to the upgrade. In July 2000, the AQB adopted an interpretation stating that successful completion of an examination is valid for not more than 24 months. We reviewed the files for every Trainee who upgraded to the Licensed level since July 2000. Approximately 18% of Trainees who upgraded to the Licensed classification relied on exams that were more than 24 months old.

Although Title XI does not require conformance to AQB Criteria for the Licensed classification, we encourage the Board to conform to AQB Criteria, including AQB interpretations such as the one regarding examinations.

- **Virginia needs to implement regulatory amendments to conform to a December 2003 AQB Interpretation.**

On December 1, 2003, the AQB issued a ruling that removed ACE/Credit from its authorized distance education approval process effective April 1, 2004. The Board needs to amend its regulations to remove the ACE/Credit Program as an approval source for distance education.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

If you have any questions, please contact us.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Christine Martine
Executive Director