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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 6, 1998

Joseph S. Durrer, Jr., Chairman
Virginia Real Estate Appraiser Board
Department of Professional and
Occupational Regulation
3600 W. Broad Street
Richmond, Virginia 23230

Dear Mr. Durrer:

Thank you for your cooperation and your staff's assistance in the January 12-13, 1998 Appraisal Subcommittee ("ASC") review of the Virginia Real Estate Appraiser Board ("Board") and appraiser regulatory program ("Program").

Based on our current review, you appear to have an effective and efficient Program. We, however, have identified several changes that are needed to improve your Program's compliance with the requirements of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI").

- **Your implementing regulations do not reflect the increased hours of education, experience, and continuing education required for certification as of January 1, 1998, under Federal law.**

We recognize that, as a result of its January 1998 meeting, the Board approved regulatory changes that will increase the hours of education and experience to the requisite levels based on the minimum criteria for certification as issued by the Appraiser Qualifications Board ("AQB"). Further, we have been told these amendments will become effective in March 1998.

These regulatory changes needed to have been in effect by January 1, 1998, for Virginia's program to be in compliance with Title XI. We understand and support your efforts to obtain voluntary compliance from individuals submitting applications for certification during the period between January 1, 1998, and the date the regulatory change becomes effective. As mentioned in previous guidance, appraisers choosing **not** to abide by the increase in hours of education and experience are not eligible to be certified to perform appraisals in connection with federally related transactions. This stipulation must be prominently placed on any certificate issued to those appraisers. We understand that this action may be quite controversial and offer our assistance in addressing any questions you or your staff may receive in this regard.

- **Enforcement sanctions are not applied consistently.**

We noted several instances where apparently similar allegations were resolved very differently. For example, the sanctions for apparently similar violations could range from requiring the payment of a small fine to revoking the license or certificate held by the offending appraiser. We believe that these inconsistencies were due to the rotation of Board members

assigned to follow each case. Recommendations acted upon appear to reflect the individual Board member's differing views on the seriousness of violations and the discipline warranted.

The Board needs to put in place an effective mechanism to avoid these inconsistencies. We recommend that the Board adopt a written policy or guideline. In addition, all enforcement recommendations, decisions and other activities should be clearly documented. Board members should provide an explanation of why the action to dismiss or sanction an appraiser was taken, and the enforcement log should include a brief description of the nature of the case. Finally, Board members involved in enforcement process should be instructed to refer to this log and the Board's sanctioning policy/guideline. Board members recommending sanctions different from those in the policy/guideline should explain in writing why they are appropriate.

- **When additional education is required by consent agreements, appraisers are specifically instructed to obtain education from “members [sponsors] of the Appraisal Foundation.”**

The Board must eliminate from its consent agreements the requirement that additional education be obtained from members, *i.e.* sponsors, of the Appraisal Foundation. The special recognition of the educational offerings of sponsors of the Appraisal Foundation is discriminatory. **All** Board-approved educational course providers must be afforded equal treatment, and, therefore, considered appropriate sources of corrective instruction.

- **Funding for training and educational purposes is inadequate.**

The Board should seek to obtain adequate budgetary funding to attend national and regional appraiser-related conferences (particularly those conducted by us and by other State appraiser regulatory organizations). Due to budgetary constraints and Department policy, the Board and its staff do not receive adequate funding for training and educational purposes. They are unable to attend national and regional appraiser-related conferences. We strongly believe that the training and the exchange of ideas and solutions that occur at these meetings are very beneficial to State appraiser regulatory officials.

- **The State's appraiser data differs from that contained in the National Registry.**

A discrepancy of approximately 100 appraisers exists between the State's records and the National Registry. It appears that much of this difference results from an October 1995 data submission. We are working with you to resolve this discrepancy.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that period 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 do not hesitate to contact us.

Sincerely,

Herbert S. Yolles
Chairman

cc: Karen O'Neal, Assistant Director