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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 9, 1998

David Shields, Chairman
West Virginia Real Estate Appraiser
Licensing and Certification Board
2110 Kanawha Boulevard, East, Suite 101
Charleston, West Virginia 25311

Dear Mr. Shields:

Thank you for your cooperation and your staff's assistance in the November 12-13, 1997, Appraisal Subcommittee ("ASC") review of the West Virginia Real Estate Appraiser Licensing and Certification Board ("Board") and appraiser regulatory program ("program"). We would like to take this opportunity to thank you for your help during the course of this review and congratulate you and your staff for maintaining such a well-run organization.

We found most aspects of the West Virginia appraiser regulatory program to be substantially in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"). Your policy or practice regarding National Registry fees, however, must be addressed before West Virginia's program is in full compliance with Title XI. Additionally, we have recommendations in two other areas.

- **West Virginia does not always collect the appropriate Registry fees from appraisers at initial licensing or certification.**

West Virginia generally issues licenses and certifications for a one-year period with all credentials expiring on September 30 each year. Credentials initially issued in August and September, however, expire September 30 of the following year. This creates 13 and 14-month credentials. The Board, however, collects only a one-year (\$25) National Registry fee. The \$25 National Registry fee is due for each year **or each portion of a year** that an appraiser is licensed or certified. Under the Board's current practice of issuing 13 or 14-month credentials in August and September, you must collect a National Registry fee for both the full year **and** the partial year, a total of \$50. Alternatively, the Board may wish to consider eliminating the issuance of 13- or 14-month licenses and certifications to avoid this situation.

- **Certified residential appraisers are required to have 135 hours of education. This requirement could impede reciprocity with appraisers in other States.**

West Virginia requires a person to have 135 hours of education to qualify as a certified residential appraiser. This is 15 hours more than the 120 hours minimum criteria established by the Appraiser Qualifications Board ("AQB"). Because most States require 120 hours, West Virginia's requirement can adversely affect individuals applying for the certified residential classification via reciprocity. This requirement has discouraged some out-of-state appraisers from applying for a reciprocal certified residential credential.

We suggest the Board consider amending its regulations to reduce the requisite hours of education for the certified residential level to be consistent with the AQB recommendations. Otherwise, the Board should ensure that this educational requirement is not used as justification to reject otherwise acceptable certified residential appraisers.

- **Only certified general appraisers are permitted to appraise non-residential property valued at \$100,000 or more.**

West Virginia's Real Estate Appraiser Licensing and Certification Act ("Act") restricts the appraisal of non-residential property valued at \$100,000 or more to certified general appraisers. Further, West Virginia's scope of appraisal practice is based on property value, not transaction value. This limitation differs from provisions established by the Federal financial institutions regulatory agencies ("Agencies") that allow licensed and certified residential appraisers to appraise transactions below certain threshold amounts and base those amounts on transaction value. We recommend that you modify your requirements to match the Agencies' regulations to avoid potential confusion for resident appraisers, appraisers practicing in West Virginia on a temporary or a reciprocal basis, and users of appraisal services.

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: Sharon Knotts, Executive Director