

□   □   □   □   □   □

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 8, 2011

Ms. Elissa Runyon, Chair  
Virgin Islands Real Estate Appraisal Board  
Department of Licensing & Consumer Affairs  
Property & Procurement Building  
#1 Sub Base, Room 205  
Charlotte Amalie, St. Thomas, USVI 00802

RE: ASC Preliminary Compliance Review of the Virgin Island's appraiser regulatory program

Dear Ms. Runyan:

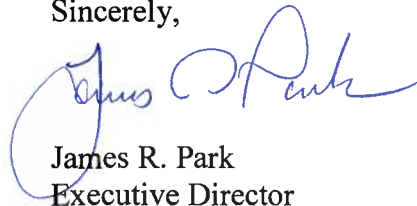
Thank you for your cooperation and your staff's assistance in the December 8-10, 2010 Appraisal Subcommittee (ASC) Compliance Review (Review) of the Virgin Island's appraiser regulatory program. Enclosed are the ASC Staff Preliminary Compliance Review Findings. Deficiencies requiring your immediate attention were identified during the Review and closing conference.

In order to conclude our Review and investigation, please provide a written response within 60 days from the date of this letter. Your response should set forth steps taken, or steps you will take, to address each identified area of non-compliance. Your response should also include any additional information you would like the ASC to consider.

After receiving your response, or once the 60-day response period has passed, whichever occurs first, all correspondence and staff recommendations will be forwarded to the ASC for final consideration. You will receive a final ASC Compliance Review Report (Report) with the ASC's findings and required actions. The final Report will be posted to the public section of the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,



James R. Park  
Executive Director

Enclosure

cc: Mr. John P. de Jongh, Jr., Governor  
Mr. Louis Penn, Governor's Chief of Staff  
Ms. Karen McDowell, Governor's Counsel  
Mr. Wayne L. Biggs, Jr., Commissioner

### ASC Staff Compliance Review Preliminary Findings

<b>The Virgin Islands Appraiser Regulatory Program (Program)</b>		
<b>Board of Real Estate Appraisers (Board) / Decision Making</b>	<b>ASC Compliance Review Date: December 8-10, 2010</b>	<b>PM: J. Tidwell</b>
<b>Umbrella Agency: Department of Licensing and Consumer Affairs</b>	<b>Review Period: December 2008 - December 2010</b>	<b>Report Issue Date: February 8, 2011</b>
<b>Number of State Credentialed Appraisers on National Registry: 27</b>	<b>Complaints Outstanding: 2</b>	
<b>Complaints Received During Review Period: 6</b>	<b>Complaints Exempted: None (Special Documented Circumstances)</b>	<b>Complaints Outstanding More than 1 yr: 2</b>

Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	ASC Staff Comments
	YES	NO	AC		
<b>Virgin Islands Statutes, Regulations, Policies and Procedures:</b>		X			
States must have sufficient legal and administrative resources to perform Title XI-related duties. (Title XI § 1118 (b), 12 U.S.C 3347.)				<p>The Board has had three member vacancies for several years. Virgin Islands' statutes require four of seven Board members attendance at meetings to constitute a quorum. Therefore, all four members must attend in order to conduct business.</p> <p>ASC staff found 42% of temporary practice applications were not processed within five business days of receipt. Virginia Islands' staff attributed delays from March 2010 to July 2010 to being short staffed due to a staff member taking leave. Delays were also attributed to Board Chair inaccessibility, and staff being focused on other areas or other Boards they manage.</p> <p>As discussed in more detail below, Legal Counsel should attend all Board meetings to counsel the Board on proper complaint management procedures. Currently Legal Counsel attends meetings if invited or if asked to answer specific questions regarding complaints, but due to the fact that he is assigned to multiple Boards, he is not able to attend all Appraisal Board meetings.</p>	ASC staff wrote letters to the Governor's office on July 9, 2008, and February 25, 2010, and visited with the Governor's Chief of Staff on December 8, 2010, to facilitate the appointment of additional Board members.

### ASC Staff Compliance Review Preliminary Findings

<b>The Virgin Islands Appraiser Regulatory Program (Program)</b>		
<b>Board of Real Estate Appraisers (Board) / Decision Making</b>	ASC Compliance Review Date: December 8-10, 2010	PM: J. Tidwell
<b>Umbrella Agency: Department of Licensing and Consumer Affairs</b>	Review Period: December 2008 - December 2010	Report Issue Date: February 8, 2011
<b>Number of State Credentialed Appraisers on National Registry: 27</b>	Complaints Outstanding: 2	
<b>Complaints Received During Review Period: 6</b>	Complaints Exempted: None (Special Documented Circumstances)	Complaints Outstanding More than 1 yr: 2

Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	ASC Staff Comments
	YES	NO	AC		
<b>Temporary Practice:</b>		X			
States must issue temporary practice permits within five business days of receipt of a completed application. (Title XI § 1118 (a), 12 U.S.C. 3347; Title XI § 1122 (a), 12 U.S.C. 3351; ASC Policy Statement 5.)				ASC staff reviewed 19 temporary practice application files and found 8 (42%) were not processed within five business days of receipt of a complete application.	None
<b>Temporary Practice continued:</b>			X		
States should rely on the National Registry to verify license history on applicants for temporary practice. (Title XI § 1118, 12 U.S.C. 3347; ASC Policy Statement 5.)				Department staff did not use the National Registry available at the ASC website to obtain credential and disciplinary action information in other States prior to issuing temporary practice credentials.	None

### ASC Staff Compliance Review Preliminary Findings

<b>The Virgin Islands Appraiser Regulatory Program (Program)</b>		
<b>Board of Real Estate Appraisers (Board) / Decision Making</b>	ASC Compliance Review Date: December 8-10, 2010	PM: J. Tidwell
<b>Umbrella Agency: Department of Licensing and Consumer Affairs</b>	Review Period: December 2008 - December 2010	Report Issue Date: February 8, 2011
<b>Number of State Credentialed Appraisers on National Registry: 27</b>	Complaints Outstanding: 2	
<b>Complaints Received During Review Period: 6</b>	Complaints Exempted: None (Special Documented Circumstances)	Complaints Outstanding More than 1 yr: 2

Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	ASC Staff Comments
	YES	NO	AC		
<b>National Registry:</b>	X				
				No compliance issues noted.	None
<b>Application Process:</b>	X				
				No compliance issues noted.	None
<b>Reciprocity:</b>	X				
				No compliance issues noted.	None
<b>Education:</b>	X				
				No compliance issues noted.	None

### ASC Staff Compliance Review Preliminary Findings

<b>The Virgin Islands Appraiser Regulatory Program (Program)</b>		
<b>Board of Real Estate Appraisers (Board) / Decision Making</b>	ASC Compliance Review Date: December 8-10, 2010	PM: J. Tidwell
<b>Umbrella Agency: Department of Licensing and Consumer Affairs</b>	Review Period: December 2008 - December 2010	Report Issue Date: February 8, 2011
<b>Number of State Credentialed Appraisers on National Registry: 27</b>	Complaints Outstanding: 2	
<b>Complaints Received During Review Period: 6</b>	Complaints Exempted: None (Special Documented Circumstances)	Complaints Outstanding More than 1 yr: 2

Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	ASC Staff Comments
	YES	NO	AC		
<b>Enforcement:</b>		X			
States must have sufficient legal and administrative resources to perform Title XI-related duties, including resolution of all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				<p>During the 2010 Compliance Review, ASC staff found the Board in need of regular Legal Counsel to assist with the processing and disposition of complaints. Previously during the ASC's Priority Contact visit in December 2009, ASC staff noted that several complaints were discussed in the meeting minutes but no official action had been taken towards processing the complaint. Additionally, complaints were instigated based on phone calls or emails to Board members. ASC staff reviewed proper complaint management and documentation procedures with the staff and Board members at that time, including: documenting copies of complaints; documenting conversations or emails between Board members, complainants and respondents; and maintaining copies of relevant appraisals, appraiser work files and/or appraisal reviews.</p> <p>ASC staff found that the Board had not followed ASC staff instructions regarding the proper complaint management and documentation procedures. There were no complaint or enforcement files. The only evidence of complaints was discussions in the meeting minutes and a few documents that had been placed in respondents' licensing files.</p> <p>Department staff had maintained a complaint log, but it was not complete. The log listed only three of the six complaints that the Board had investigated. Two of the cases had been disposed of with a Letter of Warning; two with a Verbal Warning; and two were still pending action by the Board. The two pending cases involved unlicensed activity and were received some time during or before 2009.</p>	None

### ASC Staff Compliance Review Preliminary Findings

<b>The Virgin Islands Appraiser Regulatory Program (Program)</b>		
<b>Board of Real Estate Appraisers (Board) / Decision Making</b>	ASC Compliance Review Date: December 8-10, 2010	PM: J. Tidwell
<b>Umbrella Agency: Department of Licensing and Consumer Affairs</b>	Review Period: December 2008 - December 2010	Report Issue Date: February 8, 2011
<b>Number of State Credentialed Appraisers on National Registry: 27</b>	Complaints Outstanding: 2	
<b>Complaints Received During Review Period: 6</b>	Complaints Exempted: None (Special Documented Circumstances)	Complaints Outstanding More than 1 yr: 2

Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	ASC Staff Comments
	YES	NO	AC		
<b>Enforcement continued:</b>		X			
States must maintain sufficient documentation. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				As already noted, six complaints had been investigated by the Board, but there were no enforcement files. The only evidence of the complaints were discussions in the meeting minutes and a few documents that had been placed in respondents' licensing files. We found the following documentation to be missing: copies of complaints; documentation regarding conversations or emails between Board members, complainants and respondents; appraisals; appraiser work files; and appraisal reviews. Department staff had maintained a complaint log, but it was not complete; it listed only three of the six complaints that the Board had investigated.	None
<b>Enforcement continued:</b>		X			
States should resolve all complaints filed against appraisers within one year, except for special documented circumstances. (Title XI § 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 10E.)				Virgin Islands had two outstanding complaints of which two (100%) were unresolved for more than one year.	None