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Appraisal Subcommittee

Federal Financial Institutions Examination Council

March 18, 2015

Mr. Glenn Summers, Chair
Ms. Sandy Kerns, Executive Director
West Virginia Real Estate Appraiser Licensing and Certification Board
2110 Kanawha Blvd. East, Suite 101
Charleston, WV 25311

RE: ASC Compliance Review of West Virginia's Appraiser Regulatory Program

Dear Mr. Summers and Ms. Kerns:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the West Virginia appraiser regulatory program (Program) on December 9-11, 2014, to determine the 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 Program has been awarded an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances;¹ and
- States must regulate, supervise and discipline their credentialed appraisers.²

ASC staff will confirm that appropriate corrective actions have been taken through off-site monitoring and during the next Review. West Virginia will remain on a two-year Review Cycle.

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,



Arthur Lindo
Chairman

¹ 12 U.S.C. § 3347; Policy Statement 7 B.

² 12 U.S.C. § 3347; Policy Statement 1, 7.

ASC Finding Descriptions

Attachment	Rating Criteria	Review Cycle*
ASC Finding		
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 ³	<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.

³ An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: March 18, 2015

West Virginia Appraiser Regulatory Program (State)

West Virginia Real Estate Appraiser Licensing and Certification Board (Board)/Decision Making PM: K. Klamet ASC Compliance Review Date: December 9-11, 2014 Review Period: December 2012 - December 2014

Umbrella Agency: Independent Number of State Credentialed Appraisers on National Registry: 576 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				
States must have policies, practices and procedures consistent with Title XI. (12 U.S.C. § 3347; Policy Statement 1 A.)				West Virginia has unwritten policies, practices and procedures that are not incorporated into their statutes or regulations and are not accessible to licensees and the public. There is a risk that the policies, practices and procedures may not be applied consistently if there are changes in Program staff and/or Board members with no historical knowledge of the requirements.	On February 18, 2015, the State reported that a policy committee was formed to create a Policy Book which will be posted on the website when completed.	The State should continue the process to develop written policies, practices and procedures and provide the ASC staff with a copy upon adoption.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:			X				
State agencies must be granted adequate authority to maintain an effective and compliant regulatory Program. (12 U.S.C. § 3347; Policy Statement 1.)				West Virginia statutes establish a 9-member Real Estate Appraiser Licensing and Certification Board and require a majority of the members to constitute a quorum. The Board currently has 3 member vacancies and 6 members serving on expired terms. At least 5 of the 6 current members must attend a Board meeting in order to conduct business. There is a risk of Program failure if any of the current Board members resign or are otherwise unable to fulfill their responsibilities and no appointments/reappointments are made.	On February 18, 2015, the State reported the Board has made numerous overtures to the Governor's Office in regard to the board vacancies and expired terms. The State further advised that it believes authority exists that permits the Board to conduct official business with 4 members.	The State should continue to monitor the appointment process and encourage the appointment of members to the Board as required by statute.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statement 1.
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	None
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None

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Umbrella Agency: Independent Number of State Credentialed Appraisers on National Registry: 576 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				
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:		X					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				West Virginia had 11 outstanding complaints of which 4 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 2 appear to fall under the exception for special documented circumstances.	On February 18, 2015, the State reported that the Board will continue working on resolving the outstanding complaints. The State also advised that the Board has implemented a process to ensure that procedural rules are followed to investigate and resolve complaints timely.	The State must monitor the complaint management and documentation process to ensure compliance with Title XI and Policy Statement 7. The State must continue to submit complaint logs to ASC staff quarterly.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statement 7.
Enforcement continued:		X					
States must regulate, supervise and discipline their credentialed appraisers. (12 U.S.C. § 3347; Policy Statement 1, 7.)				The State dismissed 16 cases based on a West Virginia Supreme Court ruling (No. 13-0827) in which the Board failed to follow the mandates of its own procedural rules.	On February 18, 2015, the State reported the 16 cases dismissed by the Board would be subject to the West Virginia Supreme Court ruling, presenting potential significant financial risks for the Board. Additionally, the Board considered that the 16 respondents did not appear to be a present threat to the public. On February 18, 2015, the State also advised that the Board has implemented a process to ensure procedural rules are followed to investigate and resolve complaints timely.	The State must monitor the complaint management and documentation process to ensure compliance with their State procedural rules, Title XI and Policy Statements 1 and 7. The State must continue to submit complaint logs to ASC staff quarterly.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and Policy Statements 1 and 7.