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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 29, 2015

Ms. Elissa Runyon, Chair
Virgin Islands Board of Real Estate Appraisers
Department of Licensing and Consumer Affairs
Golden Rock Shopping Center
3000 Estate Golden Rock, Suite 9
St. Croix, VI 00820

RE: ASC Compliance Review of the Virgin Island's Appraiser Regulatory Program

Dear Ms. Runyon:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Virgin Island's appraiser regulatory program (Program) on November 17-19, 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 is given 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, at a minimum, adopt and/or implement all relevant AQB Criteria;¹
- States must have funding and staffing sufficient to carry out their Title XI-related duties;²
- States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action;³ and
- 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.⁴

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during a Follow-up Review in approximately 12 months. The Virgin Islands will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D

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

³ 12 U.S.C. § 3351; Policy Statement 2

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

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,

A handwritten signature in blue ink, appearing to read "Arthur Lindo". The signature is fluid and cursive, with a large initial "A" and a long, sweeping tail.

Arthur Lindo
Chairman

Attachment

cc: Mr. Wayne Biggs, Jr., Commissioner
Ms. Nathalie Hodge, Administrator

ASC Findings Descriptions

ASC Finding	Rating Criteria	Review Cycle**
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*	<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

* An ASC Finding of “Poor” or “Not In Compliance” may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

**Program history or nature of deficiency may warrant a more accelerated Review Cycle.

ASC Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: April 29, 2015

Virgin Islands Appraiser Regulatory Program (State)

Virgin Islands Board of Real Estate Appraisers (Board) / Decision Making	PM: K. Klamet	ASC Compliance Review Date: November 17-19, 2014	Review Period: December 2012 to November 2014
Umbrella Agency: Department of Licensing & Consumer Affairs, Office of Boards & Commissions (Department)		Number of State Credentialed Appraisers on National Registry: 23	Review Cycle: Two Year with Follow-up Review

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, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				Prior to reactivation, a credential holder in an inactive status must complete the continuing education (CE) that would have been required if the credential holder had been in active status. Regulation 436-2.(b), only requires credential holders to submit CE for the year immediately preceding the date of reactivation.	On April 6, 2015, the State reported legal counsel is in the process of revising the statute to require that, prior to reactivation, a credential holder must submit CE for all years immediately preceding the date of reactivation.	The State must continue the process to amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:		X					
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				Up to 1/2 of an appraiser's CE requirement may be granted for participation, other than as a student, in such activities as teaching or authoring a textbook. Regulation 440-1.(e) does not limit the amount of CE that may be acquired for these types of activities. This concern was noted by ASC staff previously in the December 2012 Compliance Review.	On April 6, 2015, the State advised ASC staff that it disagrees with this finding and requests more clarity so that the Board may address correctly.	The State must amend its regulations to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the final rules once adopted. ASC staff will work with the State to provide clarification on how to amend their regulations to limit the amount of CE allowed for participation in activities other than as a student.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Statutes, Regulations, Policies and Procedures continued:			X				
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Virgin Island's Statute 436(b) does not comply with Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On April 6, 2015, the State reported that it will request that legal counsel amend the statute to include the reciprocity requirements.	The State should amend its statutes to bring them into compliance with AQB Criteria and reflect its regulations and practice. A copy of the statute should be provided to ASC staff once adopted.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.

ASC Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: April 29, 2015

Virgin Islands Appraiser Regulatory Program (State)

Virgin Islands Board of Real Estate Appraisers (Board) /
Decision Making

PM: K. Klamet

ASC Compliance Review Date: November 17-19, 2014

Review Period: December 2012 to November 2014

Umbrella Agency: Department of Licensing & Consumer Affairs, Office of Boards & Commissions
(Department)

Number of State Credentialed Appraisers on National Registry: 23

Review Cycle: Two Year with Follow-up Review

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 continued:		X					
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The Board's legal counsel is assigned to multiple Boards, and therefore is not able to assist in the timely processing of complaints.	On April 6, 2015, the State reported lack of administrative and legal resources caused delays in resolving complaints in a timely manner. The State also advised that they are working to hire 2 district attorneys.	The State must find ways to achieve and maintain the necessary resources to perform their Title XI-related duties.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Temporary Practice:		X					
States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application. This concern was noted by ASC staff previously in the December 2012 Compliance Review.	On April 6, 2015, the State advised ASC staff that it disagrees with this finding and requests more clarity so that the Board may address correctly.	The State must ensure temporary practice permits are issued within 5 days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying the delay or other action. The State should review their temporary practice permit applications and log to determine when and why applications were not processed timely, and find ways to ensure the process is followed.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:			X				
States must reconcile and pay National Registry invoices in a timely manner. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 B.)				The State failed to reconcile and pay National Registry invoices in a timely manner.	On April 6, 2015, the State reported that a contingency plan is being developed to ensure the National Registry invoices are reconciled. However, the State advised that they are unable to ensure timely payment as that function is out of the Board's control. As of the date of this report, the State had no outstanding invoices.	The State should continue to develop a plan and monitor the process to ensure National Registry invoices are reconciled and paid in a timely manner.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.

ASC Compliance Review Report					ASC Finding: Needs Improvement		
					Final Report Issue Date: April 29, 2015		
Virgin Islands Appraiser Regulatory Program (State)							
Virgin Islands Board of Real Estate Appraisers (Board) / Decision Making		PM: K. Klamet		ASC Compliance Review Date: November 17-19, 2014		Review Period: December 2012 to November 2014	
Umbrella Agency: Department of Licensing & Consumer Affairs, Office of Boards & Commissions (Department)			Number of State Credentialed Appraisers on National Registry: 23			Review Cycle: Two Year with Follow-up Review	
Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
National Registry continued:			X				
States must submit appraiser data to the ASC at least monthly. If a State's data does not change during the month, the State agency must notify the ASC of that fact in writing. (12 U.S.C. § 3347; Policy Statement 3 D.)				Virgin Islands renewed 6 credentials and issued 3 new credentials but did not report them to the National Registry.	On April 6, 2015, the State reported that the National Registry credentials were updated while ASC staff was on site. The State advised that a contingency plan is being developed to ensure appraiser data is submitted to the National Registry during the absence of the Program Administrator.	The State should continue to develop a plan and monitor the process to ensure that appraiser data is submitted to the ASC at least monthly and, if the State's data does not change during the month, that the State notifies the ASC of that fact in writing.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:			X				
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				The State's statutory authority is not consistent with the State's practice or federal requirements. In practice, it appears Virgin Islands' complies with Title XI concerning reciprocity.	On April 6, 2015, the State reported that it will request that legal counsel amend the statute to include the reciprocity requirements.	The State should amend its statutes to bring them into compliance with AQB Criteria and reflect its regulations and practice. A copy of the statute should be provided to ASC staff once adopted.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
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.)				The State had 3 outstanding complaints of which 2 were unresolved for more than 1 year. Of the complaints outstanding for more than 1 year, 1 appears to fall under the exception for special documented circumstances.	On April 6, 2015, the State advised ASC staff that the lack of administrative and legal resources has caused delays in resolving complaints in a timely manner. The State reported that they are working to hire 2 district attorneys.	The State must submit quarterly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State. The ASC Policy Manager assigned to the State will work with the Department staff to determine the log details.	Through off-site monitoring as well as during a Follow-up Review and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.