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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 8, 2009

Ms. Elissa Runyon, Chairperson
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

Dear Ms. Runyon:

Thank you for the cooperation of the Virgin Islands Real Estate Appraisal Board (Board) and the Department of Licensing and Consumer Affairs (Department) in the December 4-5, 2008 Appraisal Subcommittee (ASC) review of the U. S. Virgin Islands' (USVI) real estate appraiser regulatory program (Program). As discussed below, USVI needs to address three concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI). We plan to monitor your progress toward resolving these issues when we return in 2009 for our priority contact visit.

- **Several sections of USVI's rules and regulations are inconsistent with Appraiser Qualifications Board (AQB) Criteria.**

Our April 3, 2006, and March 2, 2007 field review response letters offered detailed comments to USVI's rules and regulations. In September 2007, ASC staff met with USVI Board members and staff and reviewed the draft rule amendments. During the current field review, we found that on November 24, 2008, the Board voted to adopt the needed changes to USVI Code and Regulations to bring them into compliance with the AQB criteria. The Code changes will be introduced during the next legislative session in January 2009 and the Regulatory changes are expected to be forwarded to the Governor for his signature.

ASC staff believes that the proposed legislative changes and regulatory changes will address our concerns. Please keep the ASC staff advised on the progress of the legislative changes and the approval of the regulatory changes. While several rules and regulations are inconsistent with AQB criteria, in practice, the Board functions in a manner consistent with AQB criteria. This conflict between the Program's regulations and its actual practice regarding the AQB criteria could expose the Program to adverse consequences and could cause confusion among applicants and users of appraisal services.

- **USVI's temporary practice procedures do not conform to Title XI and ASC Policy Statement 5.**

ASC Policy Statement 5 requires states to issue temporary practice permits within five business days of receipt. USVI issued ten temporary practice permits during this review cycle.

Six of the ten temporary practice permits issued took more than five days to process from the receipt of a completed application. The delay appeared to be due to holding the application until a Board meeting in order to obtain the signature of the Chair.

In order to address this concern, the Board and Department need to revise the procedures to ensure that temporary practice permits are issued within five business days of receipt of a completed application and advise us of those procedural changes.

- **USVI failed to submit appraiser data for the National Registry at least monthly.**

ASC Policy Statement 8D requires appraiser regulatory jurisdictions to submit appraiser data to the ASC no less frequently than monthly. USVI failed to submit data submissions for the months of March, May and July of 2008. Three appraisers that renewed in those months were not included on the National Registry.

In order to address this concern, USVI needs to revise its procedures to ensure that data submissions are submitted at least monthly and advise us of those procedural changes.

Please respond to our findings and recommendations within 60 days following the receipt 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.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: John P. de Jongh, Jr., Governor
Kenrick Robertson, Commissioner