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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 11, 2001

Andrew Rutnick, Commissioner
Department of Licensing and Consumer Affairs
Property and Procurement Building
No. 1 Sub Base, Room 205
St. Thomas, USVI 00801

Dear Mr. Rutnick:

Thank you for your cooperation and your staff's assistance in the March 8-9, 2001 Appraisal Subcommittee ("ASC") review of the United States Virgin Islands appraiser regulatory program ("Program").

We were pleased to see some progress in the Virgin Islands' efforts to comply with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). Examples include the Administrator's successful efforts to improve temporary practice permit processing and National Registry data submissions. The Administrator also is in the final stages of completing a contract with Mississippi to use its appraiser examinations. Significant improvement, however, still is needed. The Real Estate Appraisers Board ("Board") has yet to adopt and implement complaint investigation and resolution regulations. It also has approved applications and credential upgrades that do not meet Appraiser Qualifications Board ("AQB") criteria. Additionally, the Board has not developed a timely or meaningful process for approving applications or reviewing education offerings.

- **The Virgin Islands needs to adopt and implement drafted regulations and necessary statutory changes.**

The Department's District Counsel drafted necessary implementing regulations with the advice of ASC General Counsel Marc Weinberg, in early 1999. The District Counsel then submitted them to the Board for final review. The Board delayed acting on this draft and made numerous revisions before submitting the regulations to the Governor's office shortly before our arrival for this review. We reviewed the Board-revised regulations and determined that they were not consistent with Title XI. The Virgin Islands statute does not comply with AQB criteria, nor do the drafted regulations. In addition, the statute still allows for provisional licenses.

We recommended appropriate changes in our April 19, 2001 letter to you. The Board needs to advise the legislature of the need to revise the existing statute to meet AQB requirements and to request the Governor to authorize appropriately revised regulations.

- **The Governor needs to fill the vacant positions on the Board.**

Many Board actions appear to be delayed because the Board has difficulty achieving a quorum. Three of the seven Board positions are vacant. As a result, all of the remaining four members must attend a meeting to achieve a quorum. It is very important that the Governor fill

the Board vacancies to better enable the Board to achieve a quorum and carry out its statutory responsibilities.

- **The Virgin Islands needs to establish a complaint investigation and resolution process.**

Although the Board has received only one complaint (the one recently filed by the Board chair), the Board needs to be prepared to investigate and resolve complaints. Effective planning and implementation also would allow the enforcement process to serve as an educational venue for appraisers. We determined that the Board had no rules or guidance in place for processing complaints. The Board needs to develop, document, and implement a formal procedure for tracking all activities of the complaint investigation and resolution process.

- **The Board must ensure that applicants meet AQB criteria before upgrading credentials.**

The Board received three requests for appraiser credential upgrades from Certified Residential to Certified General. The Board approved each request without reviewing education credits or requiring the applicant to take the Certified General examination. Also, the Board approved two applications to take the exam without verifying that the applicants met its statutory standards or current AQB criteria. The Board needs to downgrade the three appraisers who inappropriately received credential upgrades. These appraisers must document the necessary experience and education to meet the Certified General criteria and pass the appropriate examination before upgrading to the Certified General credential. In the future, the Board must document in the applicant's file that the applicant meets AQB criteria before granting certification.

- **The Board must ensure that educational courses conform to AQB criteria before awarding appraiser credit for the courses.**

The Board reviews all educational offerings and has approved a number of online courses that do not meet the AQB criteria regarding distance education. The Board also had approved some courses with questionable content. The lack of documentation made it impossible to determine whether these courses met AQB criteria. The Board needs to develop, document, and implement a process for managing the education review process.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that time 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 contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman

cc: Elissa Runyon, Chair
Lisa Davis, Administrator