

■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 14, 2004

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

Dear Ms. Runyon:

Thank you for your cooperation and your staff's assistance in the March 23, 2004 Appraisal Subcommittee ("ASC") review of the Virgin Islands real estate appraiser regulatory program ("Program"). As discussed below, the Board needs to address three areas to bring the Program into full compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

- **The Virgin Islands does not have regulations to implement its appraiser-related statute.**

The Virgin Islands has a very general appraiser statute that instructs the Board to promulgate implementing regulations. The Virgin Islands District Counsel drafted the necessary implementing regulations, with review and advice from our General Counsel, Marc Weinberg, in early 1999. Following our 2001 field review, Mr. Weinberg provided additional comments regarding the draft regulations. On March 25, 2002, we sent another letter to the Board detailing new Federal requirements that needed incorporation into the regulations. Despite these efforts, the Board has not adopted implementing regulations.

While onsite, we spoke with Elmo A. Adams, Jr., Assistant Counsel to the Governor, regarding the Virgin Islands' process for proposing and adopting regulations for professional boards. He explained a relatively simple process. Once the Board and Department Commissioner agree on a regulation's content and sign off on the document, the proposed regulation is reviewed by the Justice Department, and then by Mr. Adams before it is submitted to the Governor for signature. Mr. Adams indicated that the process could be completed within 90 days. He agreed to "shepherd" the draft appraiser regulations through this process, once he receives a version that has been signed off by the Board and Commissioner.

As noted above, the current draft regulations were first drafted in 1999, and do not incorporate current Appraiser Qualifications Board ("AQB") criteria. ASC staff is working with the Board to revise the draft regulations to incorporate these changes. Once this process is completed and the document is approved by the Board and Commissioner, it is our understanding that Mr. Adams will assist you and walk the regulations through the adoption process, which should take 60-90 days.

While the Virgin Islands generally implements AQB criteria and ASC Policy Statements,

the Board and Department need to take all necessary steps to ensure final adoption of the revised regulations by August 31, 2004.

- **Staff does not process temporary practice requests within five business days as required by ASC Policy Statement 5.**

The Department typically takes three to four weeks to process completed temporary practice requests. Department staff indicated that the approval process could not be expedited because of a lack of resources. Title XI and ASC Policy Statement 5 require States to act on temporary practice applications within five business days of receipt of a completed application.

The Virgin Islands must ensure that completed temporary practice applications are processed within five days of their receipt, as specified in ASC Policy Statement 5.

- **Board vacancies frequently prevent the Board from achieving a quorum at scheduled meetings.**

Three of seven Board positions have been vacant for an extended period. By Virgin Islands statute, the Board must meet quarterly. While all members attended the 2001 meetings, the Board was able to achieve a quorum at only one of its three 2002 meetings. Also, the Board achieved a quorum at only one of the seven meetings held between February 2003, and March 2004. As a result, even without a quorum, Board members have taken action on matters at Board meetings.

In a May 11, 2001 letter to Virgin Islands Governor Charles Turnbull, we discussed the Board vacancies and the Board's inability to achieve a quorum as factors contributing to the Program's weaknesses. On October 10, 2001, Commissioner Rutnick also wrote the Governor requesting his assistance in resolving this matter. No responses were received.

ASC staff also discussed this issue with Mr. Adams. He agreed to assist the Board in obtaining necessary gubernatorial appointments.

To address these concerns, the Board and/or Department needs to:

1. Ensure that a quorum exists at Board meetings. Towards that end, the Board and staff need to ensure that meeting dates are acceptable to all members, that the meeting room is equipped with teleconferencing capabilities, that Board members are reminded of meeting dates, and that meetings without a quorum are rescheduled promptly;
2. Contact Mr. Adams to assist the Governor in filling the three Board vacancies; and
3. Notify eligible licensed and certified appraisers in the Virgin Islands about the Board vacancies and request interested parties to submit their names to the Governor.

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

Sincerely,

Virginia M. Gibbs
Chairman

cc: Andrew Rutnick, Commissioner
Lisa Davis, Assistant Commissioner

Elmo A. Adams, Jr., Esq.
Assistant Counsel to the Governor
Government House
Charlotte Amalie
St. Thomas, U.S.V.I. 00802