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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

April 3, 2006

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 February 9, 2006 letter responding to our May 14, 2004 field review letter. During our field review, we identified three areas that needed your attention. Based on your response, it appears that the Virgin Islands Real Estate Appraiser Board (“Board”) has made some progress toward bringing its real estate appraiser regulatory program (“Program”) into substantial compliance with Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989, as amended, (“Title XI”).

Following is a summary of the concerns identified during our field review, the necessary actions specified in our May 2004 field review letter, and the status of the Board’s corrective actions based on information furnished to Appraisal Subcommittee (“ASC”) staff.

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

We are pleased that Board has adopted regulations to implement its appraiser-related statute. This cures a longstanding concern. After reviewing your newly adopted regulations, we have the following comments:

§ 432 – 1, “Federally related transaction.” The current language is incorrect. This definition needs to be redrafted along the following lines -

The term “federally related transaction” means any real estate-related financial transaction entered into on or after October 1991, which —

- (1) a federal financial institutions regulatory agency, FHA, Fannie Mae, and Freddie Mac engages in, contracts for, or regulates; and
- (2) requires the services of an appraiser.

§ 432–1, “Uniform Standards of Professional Appraisal Practice.” Please correct a typographical error by replacing “attended” with “amended.”

§ 434–3(f)(2). This section is accurate provided the Board understands that (1) each appraiser who wishes to be listed on the National Registry must pay the Virgin Islands a \$25-per-year National Registry fee; (2) “annual” is measured on a per appraiser basis; and (3) the Virgin Islands must remit those fees to the ASC promptly after receiving an invoice from the ASC.

§ 435–1(1)(d)(1). Experience Requirement. This paragraph needs to be changed to reflect that the certified residential credential requires 2,500 hours of appraisal experience obtained in not less than 24 months, and that the certified general credential requires 3,000 hours of appraisal experience obtained in not less than 30 months.

§ 435–1(1)(d)(2). Experience Requirement. Replace “one thousand hours” with “one thousand five hundred hours” to conform to Appraiser Qualifications Board certification criteria (“AQB criteria”). You also should consider removing here (and elsewhere) the word, “licensed” prior to “certified general appraiser.” The term, licensed or license, is a term of art under Title XI.

§ 435–1(1)(d)(3)(H). Experience Requirement. This paragraph needs to be deleted because it is inconsistent with AQB criteria.

§ 435–1(1)(f)(2). Examination Requirement. You need to remove all language following the last semicolon. To obtain a certified residential or a certified general credential, an applicant must take and pass the examination specific to that level of certification. In addition, to conform with AQB criteria, you need to insert language that specifies that examination results are valid for 24 months.

§ 436–2(b). Inactive Status. You need to remove the words, “the year immediately preceding the date of reactivation” and insert language that effectively requires an inactive license or certificate holder to apply for reactivation upon payment of all fees due and owing from the time of inactivity and proof of completion of all continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course.

§ 436–3(a)(1)(A). Temporary Practice. Please change this provision to read, “The licenses and certifications in that other jurisdiction have not been disapproved by the Appraisal Subcommittee.” Under Title XI, the ASC does not affirmatively approve or recognize each State’s licensure and certification requirements. The ASC can issue an order instructing that the Federal financial institutions regulatory agencies, and, in effect, others, not recognize the licenses or certifications issued by a State should that State violate Title XI’s requirements as listed in § 1118(b) of Title XI, 12 U.S.C. 3347(b).

§ 436–4(a)(1)(A). Appraisal Standards. Delete the phrase, “except that the departure provisions of the USPAP shall not apply.” Effective July 1, 2006, the Appraisal Standards Board has removed the departure provision from USPAP.

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

Our field review letter noted that the Department of Licensing and Consumer Affairs Department (“Department”) typically takes three to four weeks to process completed temporary practice applications. 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. Our field review letter directed the Board to ensure that completed temporary practice

applications are processed within five days of their receipt, as specified in ASC Policy Statement 5.

In your February 9<sup>th</sup> letter, you did not address this issue. Please address this issue, in writing, within 30 days of receipt of this letter. Please explain, in detail, how you will meet ASC Policy Statement 5's processing deadline.

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

In our field review letter, we stated our concern that three of the seven Board positions had been vacant for an extended period. According to 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. Even without a quorum, however, 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 discussed this issue with Elmo A. Adams, Jr., Assistant counsel to the Governor. He agreed to assist the Board in obtaining necessary gubernatorial appointments.

Notwithstanding these efforts, these positions remain unfilled. We are very troubled that this problem has been ongoing for such a long period of time, and that you report in your February 9<sup>th</sup> letter that no further progress has been made to rectify it. Within 30 days from your receipt of this letter, please explain what steps the Board and the Department are taking to ensure that Board member positions are filled as soon as possible.

In the interim, it is imperative that the Board have a quorum at each Board meeting to ensure that the Board can carry out its Title XI responsibilities. As stated in earlier correspondence, the Board and staff need to ensure that: meeting dates are acceptable to all members; the meeting room is equipped with teleconferencing capabilities; Board members are reminded of meeting dates; and meetings without a quorum are rescheduled promptly.

Our field review letter, your response, and any other previous correspondence between us regarding the field review now will become publicly available on our Web site.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Andrew Rutnick, Commissioner  
Lisa Davis, Administrator

Elmo A. Adams, Jr., Esq  
Assistant Counsel to the Governor