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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

August 22, 2007

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 May 4, and July 25, 2007 letters responding to our March 2, 2007 field review letter. During our field review, we identified seven areas that needed the attention of the Virgin Islands Real Estate Appraiser Board (“Board”). Based on your response, it appears that the 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 March 2007 field review letter, and the status of the Board’s corrective actions based on information furnished to Appraisal Subcommittee (“ASC”) staff.

- **The Virgin Islands’ temporary practice fee is excessive and does not comply with Title XI and ASC Policy Statement 5.**

While the Department processed temporary practice applications in a timely manner, the Department charged a fee that exceeded the maximum established in ASC Policy Statement 5. Title XI provides that a State shall not impose excessive temporary practice fees as defined by the ASC. ASC Policy Statement 5 provides that temporary practice fees exceeding \$150 per assignment are excessive. Although the Board’s regulations establish a \$150 temporary permit fee, the Department administratively increased all fees for its boards, including the temporary practice fee. That fee was increased to \$195.

We understand that the Board promptly reduced the temporary practice fee to \$150 per assignment. As a result, the Virgin Islands’ temporary practice program appears to be in compliance with Title XI and ASC Policy Statement 5.

- **The Board issued appraiser credentials without verifying the applicant’s education claims, which is a violation of Title XI and AQB criteria.**

The ASC noted in its field review letter that the Board issued six new appraiser credentials since the previous field review. Of the six credentials, one licensed and three certified credentials were issued without verifying the applicants’ education claims. ASC Policy Statement 10 E provides that States cannot accept affidavits for qualifying education from applicants for initial certification. In the case of certification, States must determine whether the applicant’s courses

meet AQB criteria and whether the applicant successfully completed those courses. While the Board's regulations appear to be consistent with ASC Policy 10 E, the Board, nevertheless, accepted unsupported education affidavits from applicants. In our March 2<sup>nd</sup> field review letter, we established a series of corrective actions steps that the Board needed to implement.

In response to step one, you noted in your May 4<sup>th</sup> letter that the Board no longer accepts unsupported education affidavits, independently verifies all education claims to ensure that the submitted courses meet AQB criteria, and that the applicant, in fact, successfully completed those courses.

In response to steps two and three, Board staff, in a July 23<sup>rd</sup> telephone conversation, reported to us that two appraisers provided the necessary documentation to support their education claims. The other two appraisers failed to respond to the Board's request to provide supporting documentation and have been placed on Inactive status on the National Registry until steps three, four, and five are completed. Please ensure that appropriate disciplinary actions are initiated regarding the two non-compliant appraisers, and that their certified credentials are downgraded to non-certified classifications.

Please provide us a written status report regarding your progress towards resolving our remaining concerns within 30 days of receiving this letter.

- **The Board issued one certified appraiser credential to an appraiser who did not meet AQB education criteria.**

Our field review letter noted that while on-site, ASC staff identified one application in which the Board issued a certified residential credential to an appraiser who did not have the necessary hours of education. The applicant claimed 120 qualifying education hours. Ninety of the claimed hours were in appropriate qualifying education courses. The remaining 30 hours of education, however, failed to meet AQB criteria because the courses were appropriate only for continuing education purposes. In our field review letter, we established a series of corrective actions steps that the Board needed to implement.

In response to step one, you noted in your May 4<sup>th</sup> letter that the Board now independently verifies all claims of education, thereby ensuring compliance with AQB criteria.

In response to step two, Board staff reported us in a July 23<sup>rd</sup> telephone conversation that the appraiser failed to respond to the Board's request for further information, and that the appraiser moved off-island. Board staff obtained the appraiser's new address and planned to send a second letter to the appraiser. Meanwhile, the appraiser was placed on Inactive status on the National Registry.

Please complete the remaining curative steps and provide us a written status report regarding your progress towards resolving this concern within 30 days of receiving this letter.

- **The Board renewed a certified credential for an appraiser who did not meet AQB continuing education criteria.**

In our field review letter, we noted that one certified appraiser's credential was renewed even

though the appraiser failed to document successful completion of the 7-hour National USPAP Update Course or its equivalent. AQB criteria require certified appraisers to complete the 7-hour National USPAP Update Course, or its equivalent, every two years. In our field review letter, we established a series of corrective actions steps that the Board needed to implement.

In your May 4<sup>th</sup> letter, you stated that you will work to ensure that all certified appraisers comply with the 7-hour USPAP Update Course requirement. You noted, in response to steps two through four, that the appraiser provided documentation showing completion of the required 7-hour National USPAP Update Course. Please include in your written status report discussed previously whether this appraiser had taken the course before or after his or her renewal date. If the appraiser completed the course after renewal, please indicate whether the Board has taken or plans to take disciplinary action against the appraiser for failing to document completion of the course prior to renewal.

- **The Board has not achieved a quorum at a Board meeting since January 2005, impairing the Board's ability to take legal actions.**

In our field review letter, we noted that the Board had not achieved a quorum since January 2005. This failure to achieve a quorum significantly impaired the Board's ability to take legal actions. We also noted in our letter that the Board's inability to attain a quorum has been a longstanding concern, dating back to March 2001. In our field review letter, we established a series of corrective actions steps that the Board needed to implement.

In response to steps one through three, you noted in your letter that the Board was working on a list of eligible Board candidates for transmittal to the Governor. During the July 25<sup>th</sup> telephone conversation, Board staff informed us that that the Commissioner met with the Governor on May 30<sup>th</sup>, and that the Commissioner provided the Governor with that candidates listing. The Governor assured the Commissioner that the needed appointments would be forthcoming.

Please notify us promptly after the Governor appoints new members to the Board.

- **The Department incorrectly reported several appraiser credentials to the ASC for inclusion in the National Registry.**

While on-site, ASC staff discovered that several certified credentials were incorrectly reflected on the National Registry. Three certified general credentials were incorrectly reported as Inactive, with one of the three being reported incorrectly as an Active certified residential appraiser. An Inactive certified general credential was incorrectly reported as Active. Finally, two expiration dates were incorrectly reported. To address this concern, the Board needed to take certain corrective actions steps.

In your May 4<sup>th</sup> response, you noted that the Board corrected all National Registry data regarding Virgin Islands certified and licensed appraisers. You also noted the Board and staff will work to ensure that data reported for inclusion in the National Registry is accurate.

- **Several sections of the Board's rules and regulations are inconsistent with AQB criteria.**

In our field review letter, we noted that in an April 3, 2006 letter we offered comments to the Board regarding its newly adopted rules and regulations. We also noted that, because the Board had not achieved a quorum since the regulations were adopted, the Board was unable to act on our comments. While several Board regulations were inconsistent with AQB criteria, the Board, in practice, functioned in a manner consistent with AQB criteria. We noted in our field review letter that the conflict between the Program's regulations and practice could expose the Program to adverse consequences and could cause confusion among applicants and users of appraisal services.

To address this concern, the Board was directed to amend its regulations to bring them into conformance with AQB criteria and to avoid conflicts between its regulations and practices.

You noted in your letter, that the Statute will need to be amended along with the regulations. The Board's attorney has been in contact with ASC staff to discuss these changes. Finally, we are pleased that the Board and its staff will be meeting, on September 14, 2007, with representatives from the AQB and the ASC to discuss the 2008 AQB criteria changes and what statutory and rule amendments will be needed to implement those criteria changes in the Virgin Islands.

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: Kenrick Robertson, Esq, Commissioner  
Lisa Davis, Administrator