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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 11, 2001

The Honorable Charles Turnbull, Governor
Government House
21-22 Kongens Gade
St. Thomas, the United States Virgin Islands 00802

Dear Governor Turnbull:

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council ("ASC") is a Federal government agency responsible, among other things, for overseeing State real estate appraiser regulatory programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"), 12 U.S.C. 3310 and 12 U.S.C. 3331, *et seq.* In exercising our oversight, we perform periodic on-site reviews of each State's program to monitor compliance with Title XI. We completed our latest review of the Virgin Islands' real estate appraiser regulatory program ("Program") in March. We have enclosed for your convenience a copy of our May 11, 2001 letter concerning this review's findings and recommendations.

Our review revealed that many weaknesses that were cited in our 1998 on-site review had not been corrected. We informed the Board of our findings in our June 2, 1998 field review letter, a copy of which is enclosed. The Department of Licensing and Consumer Affairs ("Department") staff has effected some improvements in the Program; however, most of the necessary actions fall outside the staff's limited authority. The Board, despite many promises to address our concerns, has made virtually no improvements and has not corrected the cited problem areas. If these weaknesses are not corrected promptly, it might be necessary for the ASC to initiate a "non-recognition" proceeding under 12 U.S.C. 3347.

If the ASC were to order the "non-recognition" of the Virgin Islands' appraiser certificates and licenses, no Virgin Islands appraiser legally would be able to perform appraisals in connection with federally related transactions. Such an order not only would seriously affect the livelihood of each Virgin Islands appraiser, it would significantly affect the efficient functioning of the Virgin Islands' commercial and residential lending and related industries. We are sure you share our desire to avoid such consequences.

In addition to determining that the Board had not addressed problem areas identified in our 1998 review, we found during our recent review that the Board has several longstanding vacancies. As a result, the Board often cannot perform its official duties because it cannot achieve a quorum. Also, the Board has not completed or submitted for your approval the regulations needed to implement your appraiser regulatory statute, which became law in 1993. This failure imposes significant restraints on your Program.

Due to the serious nature and the extent of our concerns for the Virgin Islands' ability to carry out its Title XI responsibilities, we request that you become actively involved in resolving the Program's weaknesses and the causes of those weaknesses as expeditiously as possible. We would appreciate your response to this letter within 60 days. In your response, please provide us

with your specific plans and time frames to bring the Virgin Islands into compliance with Title XI.

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman

cc: Andrew Rutnick, Commissioner
Department of Licensing & Consumer Affairs
Elissa Runyon, Chair
The Virgin Islands State Real Estate Appraisers Board

Enclosures