

□ □ □ □ □ □

Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 15, 2006

Mr. David Shields, Chairman
West Virginia Real Estate Appraiser
Licensing and Certification Board
2110 Kanawha Blvd. East, Suite 101
Charleston, WV 25311

Dear Mr. Shields:

Thank you for the cooperation and assistance of the West Virginia Real Estate Appraiser Licensing and Certification Board (“Board”) in the October 24-25, 2006 Appraisal Subcommittee (“ASC”) review of West Virginia’s real estate appraiser regulatory program (“Program”). Based on our review, West Virginia needs to address three concerns to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”).

- **The Board’s legislative rules do not reference the most current version of the Uniform Standards of Professional Appraisal Practice (“USPAP”).**

West Virginia legislative Rule § 190-2-14.1 recognizes the 2005 edition of USPAP and § 190-4-12 recognizes the 2004 edition of USPAP. The 2006 version, which became effective July 1, 2006, has not been adopted. To address this concern, the Board needs to:

1. Take the necessary action to immediately update its regulations to reflect the 2006 edition of USPAP. If necessary, the Board should work with legal counsel to explore the Board’s options to have this issue addressed on a priority basis in the 2007 legislative sessions; and
2. Work with its Assistant Attorney General to develop, propose, adopt, and implement statutory and/or regulatory language that would allow incorporation of the most current edition of USPAP by reference.

- **The Board’s legislative rules regarding reinstatement of an appraiser from Inactive status do not conform to Appraiser Qualifications Board (“AQB”) criteria.**

The Board’s legislative rules currently allow an appraiser to place his or her credential into Inactive status for an unlimited amount of time, provided the appraiser pays the annual fees. The regulations require that to reactivate a license or certification from Inactive to Active status, the appraiser must take 14 hours of continuing education. Also, any appraiser who has been on Inactive status for more than two years must take the 7-hour National USPAP Update Course.

In September 2005, the AQB adopted an Interpretation regarding waivers and deferrals of continuing education. That Interpretation provides that, prior to reactivating an Inactive credential, the credential holder must complete all continuing education that would have been

required had he or she not been Inactive, including the most recent edition of the 7-hour National USPAP Update Course. While the Board's rules are inconsistent with AQB criteria, ASC staff did not find any Inactive appraisers who had been re-activated inappropriately.

To address this concern, the Board needs to initiate the necessary amendments to Board legislative rules to ensure compliance with AQB criteria.

- **The Board needs to ensure that complaints are investigated and resolved in a timely manner.**

At the time of our field review, there were 22 outstanding complaints. Of these, eight had been outstanding for more than one year. Of these eight cases, several had been outstanding for more than two years. ASC Policy Statement 10 provides that complaints should be investigated and resolved within one year from receipt, except in unusual, documented circumstances.

We understand that the Board shares our concern and recently initiated actions to address the weaknesses in the complaint process. We understand that the Board has obtained a commitment from the Attorney General's office to increase the amount of time the Assistant Attorney General assigned to the Board spends on appraiser-related complaints. Given this resource commitment, the Board believes that it will be able to reduce the backlog of aged complaint cases and address new cases in a timely manner. If these additional resources fail to allow the Board to properly address this concern, the Board will need to take other appropriate actions to ensure that complaints are investigated and resolved in a timely manner.

Please respond to our findings and recommendations within 60 days from the date of this letter. Until the expiration of that 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: Sharron Knotts, Executive Director