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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 11, 2001

Hiram Cerezo-Munoz, Chairman
Board of Real Estate Appraiser Examiners
Junta Examinadoras
Departamento de Estado
Apartado 9023271
San Juan, PR 00902-3271

Dear Mr. Cerezo:

Thank you for your cooperation and your staff's assistance in the March 6-7, 2001 Appraisal Subcommittee ("ASC") review of Puerto Rico's appraiser regulatory program ("Program").

The current and prior Board of Real Estate Appraiser Examiners ("Board") and the Department of State have improved Puerto Rico's Program. We noted improvements in processing applications and complaint investigation and resolution. Also, National Registry data submissions and fee payments are current. Improvement, however, still is needed. Puerto Rico needs to adopt and implement regulations and better document its actions and files to bring the Program into compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI").

- **Puerto Rico needs to adopt and implement regulations.**

In December 1997, the territorial government amended Puerto Rico's appraiser statute to improve compliance with Title XI. Shortly thereafter, the Board wrote implementing regulations to support the revised statute and began the regulatory adoption process. However, the adoption process has been stalled over concerns regarding the proposed scope of work for each appraiser credential classification. The drafted regulations would bring Puerto Rico's Licensed classification into substantial conformance with Appraiser Qualifications Board ("AQB") criteria.

We encourage the Board to adopt and implement the regulations as written, as quickly as possible. Please notify us in writing once the regulations are adopted.

- **Puerto Rico needs to improve its enforcement documentation.**

It appears that a reasonable correlation exists between the facts in each enforcement case and the Board's disciplinary actions. How the Board arrived at its conclusions, however, was not documented. Files were difficult to locate or simply could not to be found. There was no accounting for the number of complaints or a complaint's status within the process. Similarly, the Board failed to keep adequate minutes regarding its reviews and decisions regarding complaints.

The Board needs to develop, document, and implement a formal procedure for all activities

of the complaint investigation and resolution process, including a tracking system. Once these procedures are developed, please forward a copy for our review.

- **Puerto Rico needs an operating procedure for education reviews.**

The Board reviews all educational offerings and carefully selects those that meet AQB criteria. Like enforcement, however, this process suffers from a lack of sufficient documentation and tracking. The Board needs to develop, document, and implement a formal procedure for all activities of the education review and approval process, including a tracking system. Once these procedures are developed, please forward a copy for our review.

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

If you have any questions, please contact us.

Sincerely,

Thomas E. Watson, Jr.
Chairman

cc: Miguel Soto Lacourt, Undersecretary of State
Carmen A. Carreras Peres, Esq., Director, Board of Examiners