



*Estado Libre Asociado de Puerto Rico*  
*Departamento de Estado*  
*San Juan, Puerto Rico*

July 9, 2001

Mr. Thomas E. Watson, Jr.  
Chairman  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
2000 K Street NW, Suite 310  
Washington, DC 20006

Dear Mr. Watson:

We acknowledge receipt of your letter dated May 11, 2001. It was a pleasure assisting you in the review of Puerto Rico's appraiser regulatory program during March 6-7, 2001. We are pleased that you find that the program has improved since your 1997 Visit.

In your review letter, you address the following issues:

**• Puerto Rico needs to adopt and Implement regulations.**

In your letter you state that implementing regulations to support the 1997 revision of the local statute were written, but that the implementation was stalled. It is our understanding that no supporting regulations other than the appraiser trainee classification were written after the 1997 statute regulation. The appraiser trainee regulation was later invalidated by Puerto Rico's appellate court since the appraiser trainee figure does not appear in the law itself, as it is required.

At the present time Puerto Rico has three standing regulations for the appraisal practice, which are sometimes contradictory with current Federal requirements and are also repetitive- We are currently in the process of consolidating all three regulations into a single one, where four license and certification classifications existing in Puerto Rico (Local State License, License Real Estate Appraiser classification, and both the Residential and General Certifications), are addressed. This new regulation will replace the three existing ones.

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A committee consisting of Board members and private appraisers has been named to work on this new regulation. Committee members include:

Hiram Cerezo-Munoz - Board President  
Rafael E. Bonnin Suris - Board Secretary - Committee Chairman  
Carlos X. Velez - Certified Appraiser - Private Industry Representative

Regarding the appraiser trainee classification, it will be addressed later by promoting a revision to the current law with Puerto Rico's legislative assembly.

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

The documentation and tracking of the enforcement process will be addressed as part of the new regulation being drafted.

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

The documentation and tracking of the education review process will be addressed as part of the new regulation being drafted.

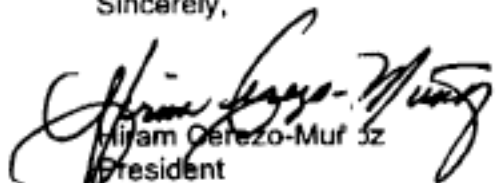
We expect the first draft of the new regulation to be complete within the next 60 days. At that time, we will begin publication and review process required by local law. We will forward you a copy at that time so that you can also participate of the process.

The final implementation of the new regulation should be complete before the end of the year.

We trust that the new regulation will address all your suggestions, which will bring Puerto Rico's appraisal regulatory program to full compliance with Title A of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

If you have any questions, please contact us.

Sincerely,



Hiram Cerezo-Munoz  
President

Board of Real Estate Appraiser Examiners

Cc: Miguel Soto La Court, Undersecretary of State  
Carmen A. Carreras Peres, Esq., Director, Board of Examiners