



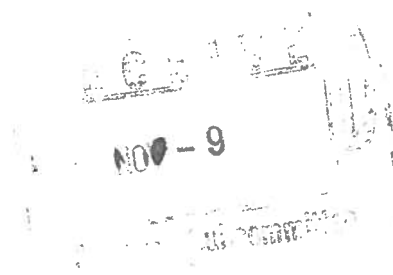
ESTADO LIBRE ASOCIADO DE PUERTO RICO

Departamento de Estado

Secretaría Auxiliar de Juntas Examinadoras

November 9, 2004

Ben Henson
Executive Director
Appraisal Subcommittee
2000 K-Street NW, Suite 310



Dear Mr. Henson:

This letter responds to your August 30, 2004 letter regarding the Appraisal Subcommittee ("ASC") field review of the regulatory program ("Program") of the Puerto Rico Real Estate Appraiser Examining Board ("Board") on March 2004. On our executive meeting on November 5, 2004 the Board has agreed to reassess one of the recommendations contained therein.

As you mentioned in your August 30, 2004 letter, it appears to be that there has been a misunderstanding between the ASC and the Board about the May 30, 1997 written agreement.

Nevertheless, on May 11, 2001 we received the findings of the compliance audit performed for Puerto Rico's certification program during March 6-7, 2001. In that letter the ASC encourage Puerto Rico to "adopt and implement the regulations as written", without regard that those regulations did not consider the 24-month validity period of the examination, which became in effect in July 2000.

Based on the preceding facts, the Board recognizes that due to the existing requirements under PR Law, as amended to reconcile the specific agreement between PR and the ASC, all certifications and licenses granted and approved from 1998 (the amendment of the PR law was on December 26, 1997 and was adopted on January 1, 1998) to December 20, 2002 have been processed adequately. Furthermore, the Board acknowledges that this group of appraisers has a valuable property interest protected by the Constitution of Puerto Rico.

On 2002 the educational requirements for the local license were changed and have been different from the ones for the certifications. Therefore, the AQB criteria should have been applicable for all new candidates for the certifications since that date.

As noted, the Board had taken the appropriate steps to ensure that each person seeking to qualify as a certified or licensed appraiser has demonstrated his or her competency. To demonstrate competency, the Board has to evaluate each individual to meet the level

of education, testing and experience, as required by the PR statutes and regulations, as amended in 1997 in accordance with Title XI.

Consequently, as mentioned in our August 10, 2004 letter we reaffirm that those certified appraisers addressed on your March 2004 review were issued in good faith, following the May 1997 agreement and the existing AQB criteria.

Finally, based on the ASC Policy Statement #1 we will adopt your recommendation effective December 20, 2002.

On the other hand, we are working on your suggestions to the other findings of the March 2004 review and hopefully on your follow-up February 2005 visit we will have most of them resolved. At 15-years, the appraiser regulatory system is relatively young. We expect continued adjustments and challenges as the system matures.

In exercising its responsibilities, we believe that the Board actions had been guided by its serious commitment to protect the public trust in the State's legal procedures. The Board is dedicated to enforce that the provisions of the Puerto Rico laws and regulations are in compliance with Title XI, so as to ensure competency in the appraisers that it regulates. The Board will strive to provide comprehensive protection of the public that it serves, particularly applicable to the federal related transactions in the financing industry.

You can rest assured that the Board has had, and continues to have, every intention to continue working together with the ASC and thee AQB in achieving full compliance with federal requirements for certifications. If you need additional clarification, please do not hesitate to contact the undersigned.

Sincerely,

Carlos X. Vélez, President
Board of Examiners of Professional
Real Estate Appraisers

Gloria Pacheco
Member

Luis Rodríguez
Member

cc: Hon. Anibal Acevedo Vila, Resident Commissioner, US House of
Representatives
Hon. José M. Izquierdo Encarnación, Secretary of State
Francisco Toral, Auxiliary Secretary for Examining Boards
Carmen A. Carreras, Esq, Director Board of Examiners
Don Kelly, Vice President, Government Affairs, Appraisal Institute
David Bunton, Executive Vice President, The Appraisal Foundation