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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

March 18, 2020

Lcda. Marianne E. Cortina Aldebol, Directora  
Secretaria Auxiliar de Juntas Examinadora  
Departamento de Estado  
P O Box 9023271  
San Juan, PR 00902-3271

RE: ASC Compliance Review of Puerto Rico's Appraiser Regulatory Program

Dear Director Cortina:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Puerto Rico appraiser regulatory program (Appraiser Program) on November 5-6, 2019, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Puerto Rico Appraiser Program is attached.


The ASC identified the following areas of non-compliance:

- States must have funding and staffing sufficient to carry out their Title XI-related duties;<sup>1</sup>
- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.<sup>2</sup>

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Puerto Rico will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

  
Arthur Lindo  
Chairman

Attachment

CC: Mr. José D. Robles Korber, Presidente de Junta [jkorber@hotmail.com](mailto:jkorber@hotmail.com)  
Lcdo. Carlos I. Igartua Veray, Examining Officer [cigartua@gmail.com](mailto:cigartua@gmail.com)  
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<sup>1</sup> 12 U.S.C. § 3347; Policy Statement 1 B

<sup>2</sup> 12 U.S.C. § 3347; Policy Statement 7 B

## ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• Low risk of Program failure</li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor <sup>3</sup>	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

<sup>3</sup> An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 12, *Interim Sanctions*.

**ASC State Appraiser Program Compliance Review Report**

ASC Finding: Needs Improvement

Final Report Issue Date: March 18, 2020

**Puerto Rico Appraiser Regulatory Program (State)**

<b>Puerto Rico Professional Real Estate Appraisers Examiners Board (Board)</b>	<b>PM: J. Tidwell</b>	<b>ASC Compliance Review Date: November 5-6, 2019</b>	<b>Review Period: Nov. 2015 to Nov. 2019</b>
<b>Umbrella Agency: Department of State</b>		<b>Number of State Credentialed Appraisers on Appraiser Registry: 352</b>	<b>Review Cycle: Two Year</b>

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Statutes, Regulations, Policies and Procedures:</b>		X					
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The State had 1 aged complaint which was unresolved for more than 5 years without the exemption for special documented circumstances. Contributing to the delay in disposition is the lack of investigative and legal resources. Additionally, the Board has no Legal Counsel available to attend Board meetings to advise and assist in the processing of complaints. The Board currently has no Investigator to assist in reviewing complaints or sample appraisals submitted as part of an application for a credential upgrade.	On February 4, 2020, the State reported investigative and legal resources are present but very limited. A Board member is a lawyer and helps, but it's not his function to be the legal counsel of the Board. The Board's official lawyer is shared with all the other Boards of the Department of State.	Within 60 days of this Report, the State must provide ASC staff a detailed plan outlining its method and timeline for achieving and maintaining the necessary legal and investigative resources to perform its Title XI-related duties.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1.  Puerto Rico's lack of resources has been an ongoing concern since 2010.
<b>Statutes, Regulations, Policies and Procedures continued:</b>		X					
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				A staff position providing support to the Board was vacant during this and the previous Review Cycles. There is only 1 staff person responsible for all administrative functions of the Board and 4 other professional boards. This concern was noted by ASC staff previously in the November 2015 Review.	None	Within 60 days of this Report, the State must provide ASC staff a detailed plan outlining its method and timeline for achieving and maintaining the necessary staffing resources to perform its Title XI-related duties.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1.
<b>Temporary Practice:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None
<b>Application Process:</b>	X						
				No compliance issues noted.	N/A	None	None

**ASC State Appraiser Program Compliance Review Report**

ASC Finding: Needs Improvement  
Final Report Issue Date: March 18, 2020

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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
<b>Reciprocity:</b>	X			No compliance issues noted.	N/A	None	None
<b>Education:</b>	X			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>		X					
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 1 aged complaint which was unresolved for more than 5 years without the exemption for special documented circumstances. The aged case is currently being scheduled for a hearing.	On January 30, 2020, the State reported the hearing on the 1 aged complaint occurred in December. The Board is awaiting input from Counsel in order to make a decision regarding the case.	The State must send quarterly complaint logs to ASC staff to allow monitoring of the Board's progress towards addressing this situation. The ASC Policy Manager assigned to the State will work with the Department staff to determine the log details.	Through off-site monitoring and during the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.