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Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 7, 2010

Mr. Carlos Colon Fortuna
P.O. Box 9023271
San Juan, PR 00902-3271

RE: Follow-up Review

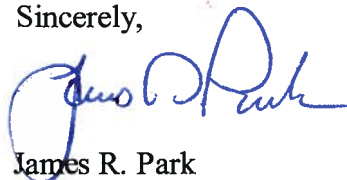
Dear Mr. Colon:

Thank you for your cooperation and your staff's assistance during the August 19-20, 2010 Appraisal Subcommittee (ASC) staff's Follow-up Review to the September 17, 2009 Compliance Review of Puerto Rico's appraiser regulatory program (Program) and the subsequent April 28, 2010 Required State Action Assessment.

As detailed in the attached Report, the Board resolved all of the remaining concerns identified in the April 28, 2010 Required State Action Assessment. We commend the Board for its efforts and the progress made toward restoring the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, 12 U.S.C. 3310 and 12 U.S.C. 3331, *et seq.*

Please be advised this letter and the attached Report are public record and available on the ASC website in accordance with the Freedom of Information Act. Please contact us if you have any questions.

Sincerely,



James R. Park
Executive Director

Attachment

ASC Staff Follow-Up Report to the 2010 Required State Action Assessment

Puerto Rico Appraiser Regulatory Program (Program)		
Puerto Rico Board of Examiners of Professional Real Estate Appraisers (Board)	Follow-Up Review Date: August 19-20, 2010	Follow-Up Report Issue Date: December 7, 2010
Department of State	Compliance Review Date: September 17, 2009	
Number of State Credentialed Appraisers on National Registry: 393	PM: V. Ledbetter-Metcalf	

Requirement/Guidance	ASC Staff Assessment Compliance (Yes/No) Areas of Concern (AC)			State Required/Recommended Actions from the September 17, 2009 Compliance Review	Status as of August 20, 2010 Follow-Up	Further Required Actions/Comments
	Yes	No	AC			
Temporary Practice:						
States must issue Temporary Practice Permits within five business days. (Title XI, SEC. 1118 (a), 12 U.S.C. 3347; SEC 1122 (a), 12 U.S.C. 3351; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 5.)	X			The Board was required to adopt policies and procedures to ensure, on an on-going basis, that Temporary Practice Permits are issued in compliance with Title XI and ASC Policy Statement 5.	During the Follow-up Review, ASC staff found the Board and staff effectively resolved this longstanding concern, primarily by accepting applications via email/facsimile and requiring the applicants to write "Temporary Practice" on the envelope so the Department of State mail employees expedite delivery. Of the nine temporary practice applications received in 2010, all were issued in accordance with ASC Policy Statement 5. The staff properly documented the files when applications were not submitted in accordance with the new filing instructions or were incomplete.	Further Required Actions: None Comments: ASC staff will continue to monitor temporary practice issuance during the next Compliance Review in December 2010.
National Registry:						
States must submit all disciplinary actions for inclusion on the National Registry. (Title XI, SEC. 1118 (a), 12 U.S.C. 3347; ASC Policy Statement 9A.)	X			The Board was required to adopt written policies and procedures to ensure, on an on-going basis, compliance with the disciplinary actions reporting procedures established by ASC Policy Statement 9.	As noted in previous Reports, the Board adopted written policies and procedures to address this area. The Board provided a list of all disciplinary actions taken prior to our 2010 State Action Assessment. During the August 2010 Follow-up Review, ASC staff found the Board had not imposed any new disciplinary actions.	Further Required Actions: None Comments: ASC staff will continue to monitor that disciplinary actions are reported as established by ASC Policy Statement 9 during the next Compliance Review in December 2010.
Application Process:						
States must administer an appropriate AQB-endorsed examination. (Title XI, SEC. 1118 (a), 12 U.S.C. 3347; SEC 1116 (a), 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria.)	X			The Board was required to adopt written policies and procedures to ensure, on an on-going basis, that an appropriate AQB-endorsed examination is available from an AQB-approved vendor for applicants seeking State certified credentials.	As noted in previous Reports, on October 29, 2009, the Board signed a contract with Pearson Vue and began administering the examinations in February 2010. The examinations are available to applicants daily. At the time of the Follow-up Review, 22 applicants for the certified residential and certified general credentials had taken the exam.	Further Required Actions: None Comments: ASC staff will continue to monitor that AQB-endorsed examinations are available to applicants during the next Compliance Review in December 2010.

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Application Process continued:						
States must use a reliable means of validating experience claims on all initial applications for appraiser credentialing. (Title XI, SEC. 1118 (a), 12 U.S.C. 3347; SEC 1116 (a), 12 U.S.C. 3345; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 10G.)	X			The Board was required to: (1) Identify all appraisers issued a certification between November 15, 2006, and December 31, 2007; (2) Determine if each applicant's file contained supporting documentation for qualifying experience; (3) Request an appraisal log from all applicants whose experience did not conform; (4) Review appraisal logs to determine if an applicant's experience conformed to Appraiser Qualifications Board Real Property Appraiser Qualification Criteria (AQB Criteria); (5) Downgrade certified appraisers who could not provide acceptable experience documentation to a non-certified credential; (6) Submit a list of downgraded appraisers for removal from the National Registry; (7) Re-issue certified appraiser credentials with corrected effective dates to appraisers who did not have the necessary experience at the time the certified credential was issued and now have obtained the requisite experience; and (8) Adopt written policies and procedures that ensure future compliance for validating experience claims.	As noted in a the April 28, 2010 Required State Action Assessment Report, the Board completed steps 1 through 4 and step 8. Steps 5, 6 and 7 were not necessary. ASC staff also found that Board staff effectively used the checklists developed to process applications. ASC staff reviewed 2 upgrade and 15 renewal applications, and all were properly evaluated to ensure compliance with AQB Criteria.	Further Required Actions: None Comments: ASC staff will continue to monitor that Puerto Rico is validating experience claims on applications for appraiser credentials during the next Compliance Review in December 2010.

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Application Process continued:						
States must ensure applicants' examination pass dates are valid. (Title XI § 1116 (a), 12 U.S.C. 3345; Title XI § 1118 (a), 12 U.S.C. 3347; AQB Real Property Appraiser Qualification Criteria; ASC Policy Statement 2.)	X			<p>The Board was required to:</p> <p>(1) Cease issuing credentials to applicants whose examinations are outdated;</p> <p>(2) Adopt written policies and procedures to ensure, on an ongoing basis, that an applicant's examination pass date is valid under AQB Criteria;</p> <p>(3) Provide an updated list of all appraisers to whom a certified residential or certified general credential had been issued based on an outdated examination;</p> <p>(4) Develop and implement a plan to ensure individuals identified in item 3 above have the opportunity to take the appropriate AQB approved certified residential or certified general examination;</p> <p>(5) Downgrade to the appropriate non-certified classification all certified appraisers who failed to take and pass the appropriate examination; and</p> <p>(6) Submit a list of appraisers who have been downgraded for removal from the National Registry.</p>	<p>As noted in a the April 28, 2010 Required State Action Assessment Report, the Board completed steps 1 through 4. The Board suggested and developed an alternative plan to steps 5 and 6, which was agreed upon by ASC staff.</p> <p>The Board identified 47 appraisers as having been credentialed based on outdated examinations. Based upon how many months passed since a credential holder's examination had expired, the Board required the credential holder to:</p> <p>(1) qualify for and apply for renewal on a shortened time frame commensurate with the expiration date of the examination; or</p> <p>(2) complete 56 hours of continuing education in order to renew a credential; or</p> <p>(3) provide experience logs on a quarterly basis for review by the Board until the Board and ASC agree the issue has been resolved.</p> <p>During the Follow-up Review, ASC staff confirmed the 47 appraisers were handled appropriately. ASC staff also verified that all subsequent applications for appraiser credentials contain valid examinations (based on the 24-month examination validity period).</p>	<p>Further Required Actions: None</p> <p>Comments: ASC staff will continue to monitor whether applicants' examination pass dates are valid during the next Compliance Review in December 2010.</p>

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Enforcement:						
States should resolve complaints within one year, except for special documented circumstances. (Title XI, SEC. 1118 (a), [12 U.S.C. 3347]; ASC Policy Statement 10E.)	X			The Board was required to adopt written policies and procedures to ensure, on an on-going basis, that complaints of appraiser misconduct or wrong doing will be processed in a timely manner in compliance with ASC Policy Statement 10E.	As noted in a previous Report, the Board established written policies and procedures setting forth its complaint handling processes. The Board received one complaint in 2010, and resolved the case timely and in accordance with the new policies and procedures. We note the two open cases that have been in process for more than one year are still under appeal and the Board is awaiting a court decision.	Further Required Actions: None Comments: ASC staff will continue to monitor the timeliness of the resolution of complaints during the next Compliance Review in December 2010.