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

January 25, 2016

Mr. Francisco Rodriguez Bernier, Auxiliary Secretary for Services  
Puerto Rico Department of State  
Board of Examiners Division  
P O Box 3271  
San Juan, PR 00902-3271

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

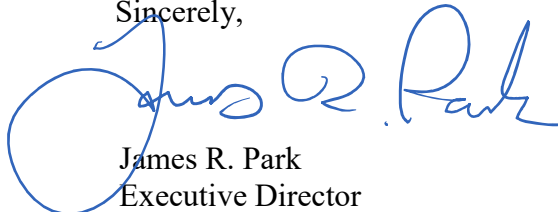
Dear Mr. Rodriguez Bernier:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Puerto Rico appraiser regulatory program (Program) on November 2-4, 2015, to determine the 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 Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the Program. Puerto Rico will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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,



James R. Park  
Executive Director

Attachment

cc: Mr. Jose Eduardo Arrillaga Gaztambide, Presidente  
Ms. Joselle Vazquez, Board Officer.

## 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>1</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.

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<sup>1</sup> An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

**ASC Compliance Review Report**

ASC Finding: Good

Final Report Issue Date: January 25, 2016

<b>Puerto Rico Appraiser Regulatory Program (State)</b>			
<b>Board of Examiners of Professional Real Estate Appraisers (Board) / Decision Making</b>	<b>PM: N. Fenochietti</b>	<b>ASC Compliance Review Date: November 2-4, 2015</b>	<b>Review Period: December 2013 to November 2015</b>
<b>Umbrella Agency: Department of State</b>		<b>Number of State Credentialed Appraisers on National Registry: 382</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>			<b>X</b>				
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 became vacant during this Review Cycle and has not been filled, leaving 1 staff person responsible for all administrative functions of the Board and 4 other professional boards.	On December 22, 2015, the State reported an additional employee has been appointed to provide administrative assistance to the Board.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
<b>Temporary Practice:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None
<b>Application Process:</b>			<b>X</b>				
States must process applications in a consistent, equitable and well-documented manner. (12 U.S.C. § 3347 (a); Policy Statement 4 A.)				ASC staff requested 33 application files for review; of those 33 files, 5 were not provided.	On December 22, 2015, the State reported that the missing files were mistakenly stored with the files of the Real Estate Board.  In an email on November 18, 2015, the State provided the missing files to ASC staff.	The State should implement an effective policy and procedure to ensure in the future, the files are not misplaced.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
<b>Reciprocity:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None
<b>Education:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None
<b>Enforcement:</b>	<b>X</b>			No compliance issues noted.	N/A	None	None