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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

March 14, 2016

Mr. John P. Camacho, Director  
Department of Revenue & Taxation  
P O Box 23607  
GMF, Barrigada, GU 96921

RE: ASC Compliance Review of Guam's Appraiser Regulatory Program

Dear Mr. Camacho:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of Guam's appraiser regulatory program (Program) on November 18-19, 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 is given an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

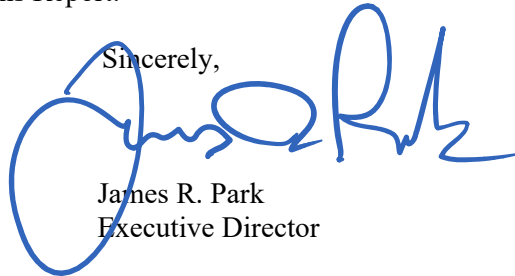
The ASC identified the following area of non-compliance:

- States must have policies, practices and procedures consistent with Title XI;<sup>1</sup>
- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI.<sup>2</sup>

ASC staff will confirm appropriate corrective actions have been taken during the next Review. Guam 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,



James R. Park  
Executive Director

Attachment

cc: Ms. Marie M. Benito, Deputy Director  
Ms. Alice Sebastian Cruz, Regulatory Examiner II  
Mr. Nemencio David Briones, Regulatory Examiner I

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<sup>1</sup> 12 U.S.C. § 3347; Policy Statement 1 A.

<sup>2</sup> 12 U.S.C. § 3351; Policy Statement 5.

## 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 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Good  
 Final Report Issue Date: March 14, 2016

<b>Guam Appraiser Regulatory Program (State)</b>					
State Board Title: None		PM: J. Tidwell		ASC Compliance Review Date: November 18-19, 2015	
Umbrella Agency: Department of Revenue and Taxation (Department)			Number of State Credentialed Appraisers on National Registry: 21		Review Period: November 2013 to November 2015
Review Cycle: Two Year					

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 policies, practices and procedures consistent with Title XI. (12 U.S.C. § 3347; Policy Statement 1 A.)				ASC Policy Statement 2 requires that a State may not limit the valid time period of a temporary practice permit to less than 6 months and must allow at least 1 temporary practice permit extension through a streamlined process. Guam Code Annotated, Title 22, Division 3, Chapter 30 §30122 does not provide for at least 1 extension, although in policy and practice Guam operates in compliance with those requirements.	On February 17, 2016, Department staff reported that in policy and in practice it does allow an extension of the temporary practice permit because the Real Estate Appraiser Law of Guam includes a provision that automatically adopts the AQB Criteria; it will amend the Guam Real Estate Code to bring it into compliance with ASC Policy Statement 2.	The Department must amend its statute to bring it into compliance with ASC Policy Statements and reflect what is done in practice. Temporary practice permit requirements are not included in the AQB Criteria. A copy of the statute should be provided to ASC staff once amended.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 2.
<b>Statutes, Regulations, Policies and Procedures continued:</b>		X					
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				Guam's statutes do not comply with the requirements of Title XI and ASC Policy Statement 5, although in policy and practice the State appears to operate in compliance with those requirements.	On February 17, 2016, Department staff reported that in policy and in practice it does issue reciprocal credentials to appraisers from other States in conformance with Title XI because the Real Estate Appraiser Law of Guam includes a provision that automatically adopts the AQB Criteria; it will amend the Guam Real Estate Code to bring it into compliance with Title XI and ASC Policy Statement 5.	The Department must amend its statute to bring it into compliance with Title XI and ASC Policy Statements and reflect what is done in practice. Reciprocity requirements are not included in the AQB Criteria. A copy of the statute should be provided to ASC staff once amended.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.

ASC Compliance Review Report

ASC Finding: Good  
Final Report Issue Date: March 14, 2016

<b>Guam Appraiser Regulatory Program (State)</b>			
State Board Title: None		PM: J. Tidwell	ASC Compliance Review Date: November 18-19, 2015
Umbrella Agency: Department of Revenue and Taxation (Department)		Number of State Credentialed Appraisers on National Registry: 21	Review Period: November 2013 to November 2015
			Review Cycle: Two Year

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 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.)				The Department does not have staff with sufficient knowledge of USPAP or a process in place to ensure an applicant's work product is USPAP compliant or that complaints are properly reviewed for USPAP compliance.	On February 17, 2016, Department staff reported 3 employees have been authorized to take the 15 hour National USPAP Course and to attend the Investigator II training course offered in September 2016. Until that time, they will use a State employee with the real property tax branch to review residential appraisals and will contract with a Certified General appraiser to review any non-residential appraisal reports for initial credential applicants and appraisals that are the subject of a complaint, should one be filed.	To strengthen the Program, the Department should find ways to achieve and maintain the necessary resources to perform its Title XI-related duties.	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>	X						
				No compliance issues noted.	N/A	None	None
<b>National Registry:</b>	X						
				No compliance issues noted.	N/A	None	None

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State Board Title: None		PM: J. Tidwell		ASC Compliance Review Date: November 18-19, 2015	
Umbrella Agency: Department of Revenue and Taxation (Department)			Number of State Credentialed Appraisers on National Registry: 21		Review Period: November 2013 to November 2015
					Review Cycle: Two Year

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>Application Process:</b>			X				
Persons analyzing work product for USPAP compliance must have sufficient knowledge to make that determination. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 4.)				The Board does not have staff with USPAP knowledge sufficient to review applicants' work samples or a process in place to determine work samples are in compliance with USPAP.	On February 17, 2016, Department staff reported 3 employees have been authorized to take the 15 hour National USPAP Course and to attend the Investigator II training course offered in September 2016. Until that time, they will use a State employee with the real property tax branch to review residential appraisals and will contract with a Certified General appraiser to review any non-residential appraisal reports for initial credential applicants.	To strengthen the Program, the Department should find ways to achieve and maintain the necessary resources to perform its Title XI-related duties.	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>			X				
States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (12 U.S.C. § 3351; Policy Statement 5.)				The State's statutory/regulatory authority is not consistent with the State's practice or federal requirements. In practice, it appears Guam complies with Title XI concerning reciprocity.	On February 17, 2016, Department staff reported that in policy and in practice it does issue reciprocal credentials to appraisers from other States in conformance with Title XI because the Real Estate Appraiser Law of Guam includes a provision that automatically adopts the AQB Criteria; however, it will amend the Guam Real Estate Code to bring it into compliance with Title XI and ASC Policy Statement 5.	None.	None.

ASC Compliance Review Report

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Umbrella Agency: Department of Revenue and Taxation (Department)		Number of State Credentialed Appraisers on National Registry: 21	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Education:	X						
				No compliance issues noted.			
Enforcement:			X				
Persons analyzing complaints for USPAP compliance must be knowledgeable about appraisal practice and USPAP, and States must document how such persons are so qualified. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 7.)				The Department does not have staff with sufficient knowledge of USPAP and appraisal practice or a process in place to ensure effective supervision.	On February 17, 2016, Department staff reported 3 employees have been authorized to take the 15 hour National USPAP Course and to attend the Investigator II training course offered in September 2016. Until that time, they will use a State employee with the real property tax branch to review residential appraisals and will contract with a Certified General appraiser to review any non-residential appraisal reports for initial credential applicants and appraisals that are the subject of a complaint, should one be filed.	To strengthen the Program, the Department should find ways to achieve and maintain the necessary resources and/or processes to ensure persons analyzing appraisals in connection with a complaint are knowledgeable, should a complaint be filed.	During the next Compliance Review , ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 7.