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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

July 7, 2020

**VIA EMAIL**

Ms. Alice Cruz, Regulatory Examiner Supervisor  
Insurance, Securities, Banking & Real Estate Branch  
Department of Revenue and Taxation  
P O Box 23607 GMF  
Barrigada, GU 96921  
[Alice.cruz@revtax.guam.gov](mailto:Alice.cruz@revtax.guam.gov)

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

Dear Ms. Cruz:

The Appraisal Subcommittee (ASC) staff conducted an off-site ASC Compliance Review (Review) in December 2019 of the Guam appraiser regulatory program (Appraiser Program) for the period of November 2015 to December 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 Guam Appraiser Program is attached.

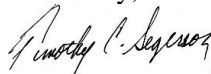
The ASC identified the following areas of non-compliance:

- States must have a policy for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI;<sup>1</sup> and
- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.<sup>2</sup>

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and 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,



Timothy Segerson  
Chairman

Attachment

cc: Mr. Nemencio Briones, Regulatory Examiner II

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<sup>1</sup> 12 U.S.C. § 3351; Policy Statement 5

<sup>2</sup> 12 U.S.C. § 3347; Policy Statement 4 B, C.

## 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.

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<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 State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: July 7, 2020

**Guam Appraiser Regulatory Program (State)**

State Board Title: None	PM: K. Klamet	ASC Compliance Review Date: December 2019	Review Period: November 2015 to December 2019
Umbrella Agency: Department of Revenue and Taxation (Department)		Number of State Credentialed Appraisers on Appraiser Registry: 20	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 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 statutes and regulations do not comply with the requirements of Title XI and ASC Policy Statement 5.  Guam's statutes and regulations have been an ongoing concern since 2014.	On June 9, 2020, the State reported that due to an overwhelming abundance of bills being presented to the Legislature, the Department's Bill to amend its statutes was not presented. COVID-19 added to the delay. The Department further advised that the Bill remains ready to present to the Legislature.	The State must continue the process to amend its statutes and regulations to bring them into compliance with Title XI, and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
<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					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought. (12 U.S.C. § 3347; Policy Statement 4 B, C.)				The State issued an appraiser credential without verifying the applicant's required upgrade courses were completed prior to taking the examination.  The State also issued an upgrade appraiser credential without verifying that the applicant passed the examination for one of the required courses.	On June 9, 2020, the State reported that one of the appraisers was contacted and a meeting is scheduled.  The State did not respond on the second appraiser credential issue.	The State must immediately cease issuing appraiser credentials to applicants who do not meet AQB Criteria.  In addition, within 60 days of this Report, the State must provide ASC staff sufficient documentation to show that both appraisers met all the requisite qualifying education; or that the State took appropriate action.	Through off-site monitoring and 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 the State complies with Title XI and ASC Policy Statement 5 concerning reciprocity.	On June 9, 2020, the State reported that due to an overwhelming abundance of bills being presented to the Legislature, the Department's Bill to amend the statutes was not presented. COVID-19 added to the delay. The Department advised that the Bill remains ready to present to the Legislature.	The State should continue the process to amend its statutes and regulations to bring them into compliance with Title XI, and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.

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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				
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None