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Appraisal Subcommittee

Federal Financial Institutions Examination Council

July 10, 2002

Teresa Santos, Regulatory Examiner
Insurance, Securities, Banking and Real
Estate Division
Department of Revenue and Taxation
Government of Guam
P.O. Box 23607
GMF, Guam 96921

Dear Ms. Santos:

Thank you for your cooperation and assistance in the May 22-23, 2002 Appraisal Subcommittee (“ASC”) field review of Guam’s real estate appraiser regulatory program (“Program”). In general, your Program operates effectively. We, however, have two comments.

- **Although the Department of Revenue and Taxation (“Department”) enforces compliance with current Appraiser Qualifications Board (“AQB”) Criteria, Guam Public Law 21-28 references outdated criteria.**

On January 1, 1998, substantive changes to the Appraiser Qualifications Board (“AQB”) Criteria became effective. These criteria establish the experience, education, and examination requirements necessary for individuals to become certified appraisers under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”). Guam Public Law 21-28 has not been amended to incorporate the revised criteria. We noted this concern in our previous field review letter in 1999. Additionally, on October 27, 2000, the AQB adopted additional Criteria changes that become effective January 1, 2003. During the field review, ASC staff provided copies of the January 2003 criteria revisions and related implementation guidance to you, Regulatory Programs Administrator Rosita Owen, and Assistant Attorney General Ann Keith. To date, the Department has not begun initiating the necessary changes to ensure that the 1998 and 2003 revisions are submitted for legislative consideration.

We understand that the Department informally implemented the 1998 AQB changes as of their effective date and is prepared to implement the new AQB changes as of January 1, 2003. We further understand that the Attorney General’s Office supports your compliance with current AQB requirements. We appreciate the Department’s actions. Guam, however, should take appropriate steps to bring the statute into compliance with Title XI. In the interim, you will need to continue your Departmental implementation of revised AQB Criteria until your Statute is amended.

- **Guam’s Public Law 21-28 does not provide for temporary practice.**

Title XI and ASC Policy Statement 5 require Guam to recognize on a temporary basis the certification or license of an appraiser from another State or territory provided: (1) the property

to be appraised is part of a federally related transaction; (2) the appraiser's business is of a temporary nature; and (3) the appraiser registers with the Department. ASC Policy Statement 5 further states, among other things, that the fee charged a temporary practice applicant cannot exceed \$150, and that request must be processed within 5 days.

Guam's statute does not contain language recognizing temporary practice. We brought this concern to your attention during our 1999 review. Since that time, you have processed temporary practice requests in accordance with section 30112 of the statute entitled, "Non-resident Certification." Appraisers are required to provide: (1) a letter of good standing; (2) a \$150 fee; (3) a copy of the license or certificate held in the "resident" State; (4) a consent to service agreement; (5) an application; and (6) a tax clearance form. Out-of-state appraisers are issued a permanent license or certificate on the day of application. They may perform any number of appraisals in Guam for two years, with an option to renew at the end of that term.

Guam's statute does not provide for temporary practice as envisioned in Policy Statement 5. Nevertheless, the statute's non-resident application program functions effectively and meets the intent of Title XI and Policy Statement 5. As long as Guam's non-resident application program continues to function in this manner and Guam does not impose any excessive fees or burdensome requirements, we will consider the program to comply with the temporary practice provisions of Title XI and Policy Statement 5.

Your response to this and the other issues addressed in this letter should be submitted for our receipt within 60 days from the date of this letter. Until the expiration of that period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Sincerely,

Jesse G. Snyder
Chairman

cc: John Carlos, Regulatory Examiner Supervisor
Rosita Owens, Regulatory Programs Administrator
John Camacho, Deputy Director