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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

February 27, 2006

Artemio Ilagan, Director  
Department of Revenue and Taxation  
Government of Guam  
P.O. Box 23607  
GMF, Guam 96921

Dear Mr. Ilagan:

Thank you for your December 27, 2005 letter responding to our November 3, 2005 field review letter. We reviewed your remarks and appreciate your comments and cooperation. During our field review, we identified three areas that needed your attention to bring the Program into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"). We will address each of the concerns identified during our 2005 review below.

- **Guam does not process temporary practice applications in accordance with Title XI and Appraisal Subcommittee ("ASC") Policy Statement 5.**

We appreciate your commitment to comply with Title XI and ASC Policy Statement 5 by processing completed temporary practice applications within five business days of receipt; providing temporary practitioners with an effortless extension method that does not increase their total temporary practice permit costs to more than \$150; and ceasing to charge temporary practice applicants a \$25 National Registry fee and placing them on the National Registry. We received and processed the Insurance, Securities, Banking and Real Estate Division's ("Division") request to remove three temporary practitioners from the National Registry. We also refunded to the Division the \$75 in fees submitted for these appraisers. The Division has assured us that they will return the fees to the appropriate appraisers.

While we appreciate your actions, in our November 3, 2005 field review letter, we stated that you needed to ensure that the cited deficiencies are cured "by statutory amendment, rule change, and/or written procedures." In your December 27<sup>th</sup> letter, you did not indicate whether you have taken any steps to formalize the curative steps by using one of these three methods. Please provide us with that information within 30 days of your receipt of this letter.

- **Guam accepts experience affidavits when issuing initial appraiser certifications, but does not have a reliable means of validating the qualifying experience claims of applicants.**

In your letter, you stated that Guam would request an experience log from the three certified appraisers identified in our field review to determine whether they met the Appraiser Qualifications Board's ("AQB") minimum experience requirements when they were certified.

You did not address when you will be requesting that information or when you will be

performing an audit of that information. Please notify us of the results of this audit, in writing, by March 31, 2006. Specifically, provide us with the appraisers' names and credential numbers, whether each appraiser has responded to the audit notice, and what determination has been made regarding AQB compliance for each appraiser.

In that regard, as noted in our November 3<sup>rd</sup> field review letter, if any of these certified appraisers fail to conform to the AQB's experience requirements at the time of initial certification, the Division must take appropriate disciplinary action. In addition, if any of these appraisers, at the time of the audit, has not earned sufficient experience to support his or her certification, the Division must immediately begin the necessary steps to downgrade the appraisers to a non-certified classification. In the alternative, the Division may choose to recall the person's certification and any other evidence of the appraiser's authority to appraise and place a conspicuous notice on replacement documents stating, "Not Eligible To Appraise Federally Related Transactions." Please inform us what steps you plan to take to address these items.

We appreciate Guam's commitment to ensure that its future credentialing process complies with ASC Policy Statement 10. F.'s audit requirements, which became effective on January 1, 2005, including its prohibition on accepting affidavits to support initial experience claims of applicants for certification.

- **Guam's statutes need to be amended to correct an inaccurate reference.**

We understand that the required technical correction to Public Law 27-115 was submitted to the legislature in 2005, but that the legislature failed to take up that correction. Please take steps to ensure that a corrective amendment is reintroduced promptly in the Guam legislature and keep us apprised of its status. Please inform us about when you intend to resubmit the correction to the legislature and keep us informed about its progress as it progresses through the legislative process. Finally, please provide us with a copy of the amendment when it is adopted.

Our field review letter, your response, and any other previous correspondence between us regarding the field review now will become publicly available on our Web site. Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Mr. John Carlos, Regulatory Programs Administrator,  
Insurance, Securities, Banking and Real Estate Division

Teresa Santos, Regulatory Examiner  
Insurance, Securities, Banking and Real Estate Division