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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

June 14, 1999

Joseph T. Duenas, Director  
Department of Revenue and Taxation  
Government of Guam  
P.O. Box 23607  
GMF, Guam 96921

Dear Mr. Duenas:

Thank you for your cooperation and your staff's assistance in the May 5, 1999 Appraisal Subcommittee ("ASC") first review of Guam's real estate appraiser regulatory program ("Program").

In general, your Program operates effectively. Nevertheless, in certain areas, it does not conform to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended ("Title XI"), as discussed below.

- **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. Public Law 21-28, which established Guam's Program ("Statute"), does not contain language recognizing temporary practice. Since the implementation of your Program, seven temporary practice requests have been received. All were denied. One request, however, resulted in the issuance of a special "Limited Term" certificate. Guam must take appropriate steps to amend the Statute as soon as possible to conform to Title XI's temporary practice requirements.

- **Public Law 21-28 must be amended to conform to Title XI's minimum qualification requirements for certification.**

Title XI generally requires a State certified appraiser to be a person who: (1) meets at least the minimum criteria for Certified appraisers adopted by the Appraiser Qualifications Board of the Appraisal Foundation ("AQB"); and (2) passes a State administered examination issued or endorsed by the AQB. The AQB occasionally has amended the criteria since their adoption in 1990, with the most recent changes taking effect on January 1, 1998. Guam has failed to amend the Statute to incorporate the January 1, 1998 changes. While we understand your staff informally implemented these changes on January 1, 1998, Guam must take appropriate steps to bring the Statute into compliance with Title XI. We understand that two certifications have been issued since January 1, 1998, and that the persons holding those certifications qualified under the January 1, 1998 criteria. It is our understanding that you will continue informal implementation of the revised AQB criteria until your Statute has been amended.

- **Applicants were given credit for non-appraisal, business-related courses.**

Some applicants were given qualifying education credit for non-appraisal specific courses. These courses included statistics and applied statistics, economics, accounting, and business finance. None of these courses teach the fundamental concepts of real estate appraising necessary to meet pre-licensure or pre-certification educational requirements, as specified by the AQB under Title XI. The Department must stop recognizing business-related educational courses for pre-licensure and pre-certification credit.

- **Guam does not always provide monthly National Registry data as required by ASC Policy Statement 8.**

Guam must submit National Registry information to the ASC each month. Occasionally, the Department fails to submit the monthly data. Staff must be more diligent in submitting the data. If no data changes occur, you need to communicate that fact to us. You may do so by letter, fax, or Internet email.

- **Guam should establish reciprocity agreements with Hawaii and the Commonwealth of the Northern Mariana Islands.**

Title XI and ASC Policy Statement 6 encourage the States to develop reciprocity agreements that readily authorize appraisers who are licensed or certified in one State (and who are in good standing with their State appraiser certifying or licensing agency) to perform appraisals in other States. In that regard, at a minimum, we encourage you to enter into reciprocity agreements with Hawaii and the Commonwealth of the Northern Mariana Islands. Those agreements should contain the following features:

- Readily accept certifications and licenses without reexamining applicants' underlying education and experience;
- Eliminate retesting;
- Recognize and accept successfully completed continuing education courses taken to qualify for license or certification renewal; and
- Establish reciprocal licensing or certification fees identical in amount to the corresponding fees for Guam certified or licensed appraisers.

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,

Herbert S. Yolles  
Chairman

cc: Theresa Santos, Regulatory Examiner  
Rosita Owens, Supervisory Examiner