



ESTADO LIBRE ASOCIADO DE PUERTO RICO

Departamento de Estado

Secretaría Auxiliar de Juntas Examinadoras

August 10, 2004

Ms. Virginia Gibbs, Chairman
Appraisal Sub-Committee
Address !
ashington, !.C.

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Dear Ms. Gibbs:

We have reviewed the findings of the compliance audit performed for Puerto Rico's certification program during March of 2004. Even though on July 28, 2004 Mr. Efrain Picon-Lopez-de-Haro, Past-President of the Board of Examiners of Professional Real Estate Appraisers ("Board") sent you a letter responding to the findings of your field review, we decided to send you this new letter to address the first point in Page 4 of your field review, where you state that:

"Puerto Rico does not always conform to Appraiser Qualifications Board ('AQB') criteria when upgrading licensed appraisers to certified status".

Since the current procedures for upgrading licensed appraisers to certified status are the result of a May 1997 written agreement between the Board of Examiners of Professional Real Estate Appraisers ("Board"), the department of State ("State Department"), and the Appraisal Subcommittee ("ASC"), we disagree with the finding. A copy of the full document is enclosed for your reference.

The agreement stated that: "The Board agreed that the three-day 'local' license examination should be eliminated." In addition, that letter stated that the Board ultimately wants to provide only **one examination**. This exam is to be called the 'license examination', but will be the AQB's general certification examination." The agreement further stated that: "An individual passing this examination will be designated as either "local licensed" (for non-federally related transactions), "Federal licensed" (for federally related transactions), certified residential or certified general, depending on the individual's levels of education and experience. **Education and experience requirements** will be based on existing AQB qualifications criteria."

As a result of the agreement, the existing law was amended (Law 194 of 1997- Article 10) to address all the points that were agreed between the ASC and the Board.

It is our understanding that due to the inconsistencies between the 1997 agreement, which incorporates and takes into account Puerto Rico's unique licensing and certification program, and the published AQB requirements, the specific dispositions of the agreement supersede. In fact, the AQB adopted the following examination interpretation in June 1997:

"2. The Certified General examination is not equivalent to the certified Real Property Appraiser Examination."

Nevertheless, as per the May 1997 agreement, Puerto Rico has for the past seven years used the Certified General examination for the Residential Certification. That is why, notwithstanding the July 2000 published interpretation as to the 24 month validity period for the successful completion of the exam, the Board has continued to follow the procedure stipulated in the May 1997 agreement. That procedure states that the only the Certified General examination will be used for the Local License, and then for either the Residential Certification or General Certification, "depending on the individual's levels of education and experience".

Local law stipulates that appraisers seeking a certification in Puerto Rico cannot begin to accumulate the necessary experience hours until the local license is obtained, which in turn requires passing the Certified General examination. Since at least two years are required to pass before a certification is applied for, and the exam is valid only for two years, every certification candidate in Puerto Rico would have to take the same exam twice. This would have the effect of rendering fruitless the 1997 determination of requiring only one examination in Puerto Rico.

Moreover, the people that examined from 1998 until today had no other choice in terms of examinations because we had been giving only one test.

In conclusion, it is our opinion that the 33 certifications addressed in your review were issued in good faith, following the requirements of the May 1997 agreement between Puerto Rico and the ASC, and which to date has not been amended.

We believe that it would be advisable to harmonize Puerto Rico's certification and licensing process with AQB criteria in a way that taking the same exam twice is not necessary, be it by amending the local law so that it recognizes the Appraiser Trainee classification, or by using a different exam for the "local license". It is our intention to actively work towards this goal in January 2005.

Ms. Virginia Gibbs

August 9, 2004

Page 3

You can rest assured that the Board has had, and continues to have, every intention to continue working together with the ASC and the AQB in achieving full compliance with federal requirements for certifications. If you need additional clarification, please do not hesitate to contact the undersigned.

Sincerely,



Carlos X. Vélez, President
Board of Examiners of
Professional Real Estate Appraisers



Gloria Pacheco
Member



Luis Rodriguez
Member

cc: Jose Miguel Izquierdo Encarnacion, Secretary of State
Leyla Batiz-Ruiz, Esquire, Auxiliary Secretary for Examining
Boards Carmen A. Carreras, Esquire, Director, Board of Examiners