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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 17, 1998

Henry Schettini, Chairman
Puerto Rico Board of Real Estate
Appraiser Examiners
c/o Henry Schettini and Associates
P.O. Box 912
Lajas, Puerto Rico 00667-912

Dear Mr. Schettini:

Thank you for your cooperation and your staff's assistance in the March 17-18, 1998 Appraisal Subcommittee ("ASC") review of the Puerto Rico Board of Real Estate Appraiser Examiners ("Board") and appraiser regulatory program ("Program").

We would like to take this opportunity to congratulate the Board for spearheading the successful effort to pass House Bill 846 ("Bill"). This Bill's provisions, when implemented, should bring Puerto Rico into substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"). We recognize the personal and professional sacrifices you and your Board members made to ensure this Bill's passage. Prompt and proper implementation of the Bill is essential. With that in mind, we present the following observations resulting from our field review.

- **Insufficient or inadequate administrative support has prevented the Program from functioning.**

The Board lacks sufficient, adequate administrative resources to function effectively and efficiently. While one person is specifically assigned to the Board, that person has been absent for several months. No one in the Department of State ("Department") appears to understand the appraiser regulatory function or knows where key program documents are maintained. This lack of administrative support has crippled the program. Telephone calls have gone unanswered, temporary practice requests have gone unprocessed for weeks, National Registry data and fees have not been processed, complaint processing has been slow, enforcement tracking logs do not exist, licensing and certification records are disorganized, and Board meeting minutes have not been kept for the last year. The Board, through the Department, must take immediate steps to ensure that adequate administrative support exists to ensure efficient and effective day-to-day Board operations.

- **Board regulations have not been amended to reflect the Bill's provisions.**

To implement several key features, the Bill specifically authorizes the Board to adopt rules and regulations. The Board has not yet begun the formal process of adopting these

regulations. Their absence may jeopardize the enforceability and legally binding nature of Board actions should they be contested. The Board needs to adopt implementing rules and regulations by October 16, 1998.

- **Puerto Rico's \$250 temporary practice fee is an excessive and burdensome requirement.**

Section 1122(a)(2) of Title XI and ASC Policy Statement 5 require that temporary practice fees should not be excessive, *i.e.*, exceed \$150. Puerto Rico's \$250 fee far exceeds this amount. The Board, therefore, must reduce this fee to no more than \$150 by October 16, 1998.

- **Puerto Rico must submit National Registry information on a monthly basis and remit payment of the resulting invoiced amount in a timely fashion.**

Under Title XI and ASC Policy Statements 8 and 9, Puerto Rico is required to submit a full listing of licensed or certified appraisers each month. Our Invoice No. PR-98-001, which was generated from your January 1998 data submission, states that Puerto Rico owes \$7,950 in National Registry fees. As discussed during the field review, the Board must ensure that these fees are sent to us as soon as possible, but no later than June 3, 1998. Additionally, the Board must develop procedures to ensure that a complete listing of licensed or certified appraisers and disciplinary actions, if any, are provided to us on a monthly basis. Appraisers not identified on the Registry are not eligible to perform appraisals in connection with federally related transactions. Prompt and consistent reporting is important to maintain the accuracy of the Registry.

- **Puerto Rico should establish procedures to reciprocally recognize appraisers holding a valid license or certificate in good standing from another State or Territory.**

We encourage you to develop reciprocal agreements that readily authorize appraisers who are licensed or certified in good standing in another State or Territory to perform appraisals in Puerto Rico. Consistent with Title XI and ASC Policy Statement 6, the Board should take the necessary actions to establish such agreements with other States or Territories that, at the very least, waive the examination requirement if the appraiser has taken and passed an examination approved by the Appraiser Qualifications Board. In the absence of such agreements, Puerto Rico should take steps to award reciprocal licenses or certifications, without reexamination, on a case-by-case basis.

Please respond to our findings and recommendations 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.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles
Chairperson

cc: Hon. Pedro Rosselló, Governor of Puerto Rico
Hon. Norma E. Burgos, Secretary of State, Government of Puerto Rico
Lcdo. Rafael Martínez Colón, Auxiliary Secretary, Department of State
Lcdo. Ricardo Fco. Colón, Director, Office of Legal Affairs, Department of State
Lcdo. Carmen Carreras, Boards Director, Department of State