

November 14, 2024

Via Email

Alice Sebastian-Cruz, Regulatory Programs Administrator
Insurance, Securities, Banking & Real Estate Branch
Department of Revenue and Taxation
P O Box 23607 GMF
Barrigada, GU 96921
Alice.Cruz@revtax.guam.gov

RE: ASC Compliance Review of Guam's Appraiser Regulatory Program

Dear Alice Sebastian-Cruz:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Guam appraiser regulatory program (Appraiser Program) on May 13-14, 2024, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.¹

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Guam Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI in order for the State's appraisers to be eligible to perform appraisals for federally related transactions;²
- States must maintain documentation sufficient to demonstrate compliance with the Policy Statement;³ and
- States must, at a minimum, adopt and/or implement all relevant AQB Criteria.⁴

ASC staff will confirm appropriate corrective actions have been taken during the next Review. Guam will remain on a two-year Review Cycle.

¹ 12 U.S.C. §§ 3331-3356.

² 12 U.S.C. § 3351; Policy Statement 5 A.

³ 12 U.S.C. § 3347; 12 U.S.C. § 3351(a); Policy Statement 2 B.

⁴ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in black ink, appearing to read 'ZOM f''.

Zixta Martinez
Chair

Attachment

cc: Nemencio Briones, Regulatory Examiner Supervisor, Nemencio.Briones@revtax.guam.gov

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor**	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

**An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, Reciprocity; see also Policy Statement 12, Interim Sanctions.



ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: November 14, 2024

Guam Appraiser Regulatory Program (State)

State Board Title: None	PM: M. Brown	ASC Compliance Review Date: May 13-14, 2024	Review Period: July 2022 to April 2024
Umbrella Agency: Department of Revenue and Taxation (Department)		Number of State Credentialed Appraisers on Appraiser Registry: 22	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:		X					
States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI in order for the State's appraisers to be eligible to perform appraisals for federally related transactions. (12 U.S.C. § 3351; Policy Statement 5 A.)				The State's statutes and regulations do not comply with the requirements of Title XI and ASC Policy Statement 5. Guam's statutes and regulations have been an ongoing concern since 2014.	On August 26, 2024, the State reported it is working with its legislature to amend its code to bring it into compliance.	The State must continue the process to amend its statutes and regulations to bring them into compliance with Title XI, and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Temporary Practice:		X					
States must maintain documentation sufficient to demonstrate compliance with Title XI and the Policy Statement. (12 U.S.C. § § 3347 and 3351; Policy Statement 2 B.)				ASC staff requested 4 Temporary Practice files for review; of those 4 files, 2 were not provided.	On August 26, 2024, the State reported it is continuing to search for the files that were filed by a designated Limited Term Employee who retired from the Department prior to the Review.	The State must ensure that all documentation to support its validation methods are available to ASC staff for future Compliance Reviews.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 2.
National Registry:	X						
				No compliance issues noted.	N/A	None	None
Application Process:		X					
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				The State issued 2 appraiser credentials without verifying that each applicant's required experience was completed prior to taking the examination. The State subsequently confirmed the required experience for both applicants had been met.	On August 26, 2024, the State reported the Department is working to bring this citing into compliance.	The State must continue the process to adopt and implement all relevant AQB Criteria.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None
Education:	X						



ASC State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement

Final Report Issue Date: November 14, 2024

Guam Appraiser Regulatory Program (State)

State Board Title: None	PM: M. Brown	ASC Compliance Review Date: May 13-14, 2024	Review Period: July 2022 to April 2024
Umbrella Agency: Department of Revenue and Taxation (Department)		Number of State Credentialed Appraisers on Appraiser Registry: 22	Review Cycle: Two Year

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
				No compliance issues noted.	N/A	None	None
Enforcement:	X						
				No compliance issues noted.	N/A	None	None