

June 18, 2025

Via Email

Edgardo Ortiz Ayala, Secretary
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Profesionales de Bienes Raíces
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RE: ASC Compliance Review of Puerto Rico's Appraiser Regulatory Program

Dear Edgardo Ortiz Ayala:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Puerto Rico appraiser regulatory program (Appraiser Program) on October 8-10, 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 failure to respond to those results. The Appraiser Program is given an ASC Finding of "Not Satisfactory." The final ASC Compliance Review Report (Report) of the Puerto Rico Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must issue temporary practice permits within five business days of receipt of a completed application or notify the applicant and document the file as to the circumstances justifying delay or other action;²
- States must track all temporary practice permits using a permit log, which includes the name of the applicant, date application received, date completed application received, date of issuance, and date of expiration, if any;³
- States must ensure that staff authorization information provided to the ASC is updated and accurate;⁴
- States must reconcile and pay registry invoices in a timely manner;⁵
- States must ensure the accuracy of all data submitted to the Appraiser Registry;⁶

¹ 12 U.S.C. §§ 3331-3356.

² 12 U.S.C. § 3351; Policy Statement 2 B.

³ 12 U.S.C. § 3351; Policy Statement 2 B.

⁴ 12 U.S.C. § 3347; Policy Statement 3 A, C.

⁵ 12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 B.

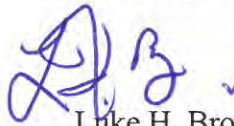
⁶ 12 U.S.C. § 3347; Policy Statement 3 A, D.

- States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing;⁷
- States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria;⁸ and
- States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations.⁹

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during a Follow-up Review. Puerto Rico will be moved to a one-year Review Cycle.

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,



Luke H. Brown
Acting Chair

Attachment

cc: Verónica Matos Homs, Subdirector, VMatos@estado.pr.gov

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

⁸ 12 U.S.C. § 3347; Policy Statement 6 A.

⁹ 12 U.S.C. § 3347; Policy Statement 7 B.

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: Not Satisfactory

Final Report Issue Date: June 18, 2025

Puerto Rico Appraiser Regulatory Program (State)			
Puerto Rico Professional Real Estate Appraisers Examiners Board		PM: T. Lewis	ASC Compliance Review Date: October 8-10, 2024
Umbrella Agency: Department of State		Number of State Credentialed Appraisers on Appraiser Registry: 289	Review Period: November 2022 to September 2024
			Review Cycle: One Year with Follow-up

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 funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The State's administrative duties are assigned to a single person. If that employee is out of the office for any length of time, the State could be negatively impacted.	N/A	The State should explore ways to achieve and maintain the necessary resources to perform its Title XI-related duties.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
Temporary Practice:		X					
States must issue temporary practice permits within five business days of receipt of a completed application or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2 B.)				The State failed to process 7 requests for temporary practice permits within 5 business days of receipt of a completed application.	N/A	Within 60 days, the State must provide proof that they have adopted written policies and procedures that ensure the issuance of temporary practice permits within five business days of receipt of a completed application or notify the applicant and document the file as to the circumstances justifying delay or other action.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
Temporary Practice (Continued):		X					
States must track all temporary practice permits using a permit log which includes the name of the applicant, date application received, date completed application received, date of issuance, and date of expiration, if any. (12 U.S.C. § 3351; Policy Statement 2 B.)				The State did not track the "date completed application received" on their temporary practice permit log.	N/A	Within 60 days, the State must provide proof that they have updated their temporary practice permit log to ensure all required data is accurately tracked.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.



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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
National Registry:		X					
States must ensure that staff authorization information provided to the ASC is updated and accurate. (12 U.S.C. § 3347; Policy Statement 3 A, C.)				The State failed to notify the ASC to inactivate an individual's Appraiser Registry access.	N/A	Within 60 days, the State must provide proof that they have updated their staff authorization information to ensure that it is accurate.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
National Registry (continued):		X					
States must reconcile and pay registry invoices in a timely manner. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 B.)				The State failed to reconcile and pay 3 outstanding Appraiser Registry invoices timely.	N/A	Within 60 days, the State must provide written policies and procedures that ensure the reconciliation of Appraiser Registry invoices and payment in a timely manner.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
National Registry (continued):		X					
States must ensure the accuracy of all data submitted to the Appraiser Registry. (12 U.S.C. § 3347; Policy Statement 3 A, D.)				The State failed to ensure accuracy of all data submitted to the National Registry.	N/A	Within 60 days, the State must adopt written policies and procedures that ensure the accuracy of all data submitted to the National Registry.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.
Application Process:		X					
States must analyze a representative sample of the applicant's work product for compliance with USPAP on all initial or upgrade applications for appraiser credentialing. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 4 D.)				1 file did not contain documentation to support that the State analyzed a representative sample of the applicant's work product for compliance with USPAP as part of an application for initial appraiser credentialing.	N/A	Within 60 days, the State must review its application procedures to ensure that a representative sample of the applicant's work product is analyzed for compliance with USPAP on all initial and upgrade applications. The State must then notify ASC staff in writing of its findings within 15 days of the completion of its review.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will monitor this required action to confirm compliance.
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None



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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Education:		X					
States must maintain sufficient documentation to support that approved appraiser courses conform to AQB Criteria. (12 U.S.C. § 3347; Policy Statement 6 A.)				AQB Criteria requires continuing education (CE) courses to cover real property related appraisal topics. The State approved 2 CE courses without sufficient documentation in the file to determine the appropriateness of the content.	N/A	Within 60 days, the State must review its approved appraiser courses to ensure sufficient documentation is present to support that courses conform to AQB Criteria. The State must then notify ASC staff in writing of its findings within 15 days of the completion of its review.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will monitor this required action to confirm compliance.
Enforcement:		X					
States must maintain relevant documentation to enable understanding of the facts and determinations in the matter and the reasons for those determinations. (12 U.S.C. § 3347; Policy Statement 7 B.)				3 of the 10 files selected lacked the documentation needed to understand the facts and considerations in disciplinary cases and the reasons for those determinations.	N/A	Within 60 days, the State must develop a plan to ensure that the complaint process is well documented and available to ASC staff during the on-site portion of the Review.	During offsite monitoring, a Follow-up Review, and the next Compliance Review, ASC staff will pay particular attention to this area for compliance.