



Office of the Governor of Guam

P.O. Box 2950 Hagåtña, Guam 96932

TEL: (671) 472-8931 • FAX: (671) 477-4826 • EMAIL: governor@mail.gov.gu

Office of the People's Speaker
Vicente C. Pangelinan

Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

DEC 03 2004

TIME: 5:42 (AM/PM)
RECEIVED BY: [Signature]

03 DEC 2004

The Honorable Vicente C. Pangelinan
Speaker
Mina' Bente Siete Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 259 (LS), "AN ACT TO IMPROVE THE RELIABILITY OF THE VALUATION OF APPRAISED REAL PROPERTIES, THROUGH THE AMENDMENTS OF §§ 30102(a) AND (c), 30103, 30104, 30108, 30109, 30111, 30112, 30113, 30115 (f), (k), (l) AND (m), 30120 AND 30122 AND THROUGH THE ADDITION OF §§ 30123 AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED," which I signed into law on December 2, 2004 as **Public Law No. 27-115**.

Sins eru yan Magåhet,

FELIX P. CAMACHO
I Maga'låhen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

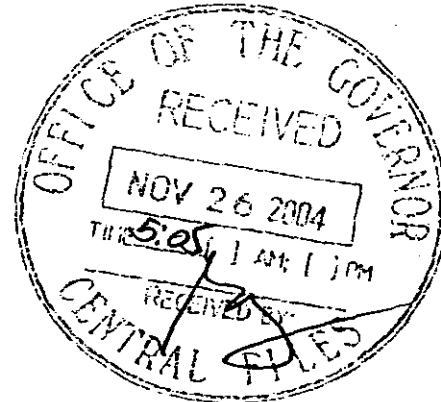
cc: The Honorable Tina Rose Muna-Barnes
Senator and Legislative Secretary



MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN
TWENTY-SEVENTH GUAM LEGISLATURE
155 Hessler Place, Hagåtña, Guam 96910

November 26, 2004

The Honorable Felix P. Camacho
I Maga'lahen Guåhan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910



Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill Nos. 126(COR), 251(COR), 257(LS), 259(LS), 283(COR), 293(COR), 307(COR), 335(COR), 344(LS), 345(LS), 347(LS), 351(COR), 380(COR), 385(COR) & 387(COR), and Substitute Bill Nos. 282(COR), 290(COR), 324(COR) & 353(COR) which were passed by *I Mina' Bente Siete Na Liheslaturan Guåhan* on November 24, 2004.

Sincerely,

TINA ROSE MUNA BARNES
Senator and Legislative Secretary

Enclosures (19)

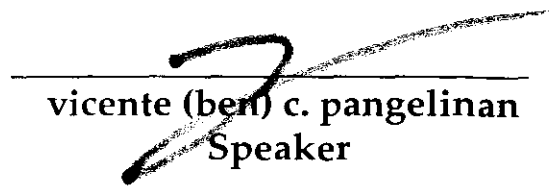
I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2004 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

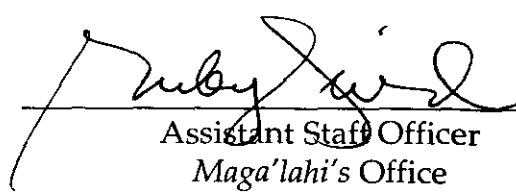
This is to certify that Bill No. 259 (LS), "AN ACT TO IMPROVE THE RELIABILITY OF THE VALUATION OF APPRAISED REAL PROPERTIES, THROUGH THE AMENDMENTS OF §§ 30102(a) AND (c), 30103, 30104, 30108, 30109, 30111, 30112, 30113, 30115 (f), (k), (l) AND (m), 30120 AND 30122 AND THROUGH THE ADDITION OF §§ 30123 AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED," was on the 24th day of November, 2004, duly and regularly passed.

Attested:



Tina Rose Muña Barnes
Senator and Legislative Secretary


vicente (ben) c. pangelinan
Speaker

This Act was received by *I Maga'lahaen Guåhan* this 26th day of November, 2004,
at 5:05 o'clock P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: December 2, 2004

Public Law No. 27-115

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2004 (SECOND) Regular Session

Bill No. 259 (LS)

As amended by the Committee on
Economic Development, Retirement,
Investments, Public Works and Regulatory Functions,
and further amended on the Floor.

Introduced by:

v. c. pangelinan
Toni Sanford
T. R. Muña Barnes
F. B. Aguon, Jr.
J. M.S. Brown
F. R. Cunliffe
Carmen Fernandez
Mark Forbes
L. F. Kasperbauer
R. Klitzkie
L. A. Leon Guerrero
J. A. Lujan
J. M. Quinata
R. J. Respicio
Ray Tenorio

**AN ACT TO IMPROVE THE RELIABILITY OF THE
VALUATION OF APPRAISED REAL PROPERTIES,
THROUGH THE AMENDMENTS OF §§ 30102(a) AND (c),
30103, 30104, 30108, 30109, 30111, 30112, 30113, 30115 (f), (k), (l)
AND (m), 30120 AND 30122 AND THROUGH THE
ADDITION OF §§ 30123 AND 30124 OF CHAPTER 30 OF
DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*
3 finds that a Federal audit was conducted in May 2002 by the Appraisal

1 Subcommittee, relative to the licensing of real estate appraisers by the Guam
2 Department of Revenue and Taxation.

3 *I Liheslaturan Guåhan* also finds that as a result of the Federal audit, the
4 Appraiser Qualifications Board has suggested amendments to the Real Estate
5 Appraiser Law of Guam.

6 *I Liheslaturan Guåhan* further finds that the main points for the
7 amendments to the Real Estate Appraiser Law of Guam are:

- 8 (1) to increase the minimum number of classroom hours of real
9 estate appraiser courses prior to licensing;
- 10 (2) to provide criteria in getting credits for distance education
11 courses, such as CD-ROM, on-line learning correspondence
12 courses and video correspondence courses;
- 13 (3) to require applicants for real estate appraiser licensing to
14 show successful completion of fifteen (15) hours of National
15 Uniform Standards of Professional Appraisal Practice; and
- 16 (4) to allow Guam to enter into reciprocity agreements with
17 other states and the Commonwealth of the Northern
18 Mariana Islands for the licensing of real estate appraisers
19 and to allow temporary practice for federally-related
20 transactions.

21 Therefore, it is the intent of *I Liheslaturan Guåhan* that it is in the interest
22 of Guam's residents and financial institutions to improve the reliability of the
23 valuation of appraised real properties.

24 **Section 2.** Section 30104 of Chapter 30 of Division 2 of Title 22, Guam
25 Code Annotated, is hereby *amended* to read as follows:

1 **“§30104. Powers and Duties.** The Director shall:

- 2 (a) receive applications for certification or license of
3 appraisers;
- 4 (b) establish the procedure for processing applications
5 made under this Act;
- 6 (c) retain all applications and other records submitted to
7 him or her;
- 8 (d) maintain a registry of the names and addresses of
9 persons certified under this Act;
- 10 (e) adopt, amend and repeal rules and regulations to
11 implement and administer the provisions of this Act,
12 including, without limitation, such rules and
13 regulations as may be from time to time appropriate
14 or necessary to insure that the certification and
15 licensing requirements under this Act conform to such
16 standard as may be established or approved by the
17 Appraisal Subcommittee of the Federal Financial
18 Institution Examination Council or by any successor
19 entity thereto;
- 20 (f) establish and collect fees commensurate with the costs
21 of certification and licensing;
- 22 (g) prescribe and administer additional experience and
23 educational requirements for the licensed and certified
24 classifications as established by the Appraisers
25 Qualifications Board of the Appraisal Foundation and

- 1 adopted by policy or rule pursuant to the Real Estate
2 Appraisers Act,
- 3 (h) prescribe and administer examinations to qualified
4 applicants and determine the acceptable level of
5 performance on examinations;
- 6 (i) approve/disapprove applications for certification and
7 license the same;
- 8 (j) review periodically the standards for developments
9 and communications of appraisals and adopt rules
10 explaining and interpreting such standards;
- 11 (k) establish suspend, revoke, or reprimand, suspension
12 or revocation of certification and license;
- 13 (l) reprimand, suspend, revoke, or refuse to renew the
14 certification or license of one who has violated the
15 standards established for certified or licensed real
16 estate appraisers;
- 17 (m) establish continuing education requirements that are
18 conditions of certification renewal;
- 19 (n) perform the other duties necessary to implement this
20 Act;
- 21 (o) establish an appropriate apprenticeship program to
22 encourage and develop qualified appraisers; and
- 23 (p) develop rules and regulations on ethics of appraisers
24 in their dealing with the public.”

1 **Section 3.** Section 30108 of Chapter 30 of Division 2 of Title 22, Guam
2 Code Annotated, is hereby *amended* to read as follows:

3 “§30108. **Guam Licensed Appraiser: Classification:**
4 **Qualification Criteria.** The Guam Licensed Appraiser classification
5 authorizes the appraisal of single, duplex, triplex and quadruplex
6 residential units, or unimproved land with highest and best use with
7 single, duplex, triplex and quadruplex residential units, with a
8 transaction value of One Million Dollars (\$1,000,000) or less unless the
9 highest and best use requires a State-certified appraiser. Applicants
10 must meet the following examination, education, and experience
11 requirements. Subsequent to being certified, individuals must meet the
12 continuing education requirement:

13 (a) **Examination.** Successful completion of the Appraiser
14 Qualification Board (AQB) of the Appraisal Foundation's
15 endorsed Uniform Certification Examination or its equivalent.

16 (b) **Education.** (1) Prerequisites to the examination: A
17 minimum of ninety (90) classroom hours of courses in subjects
18 related to real estate appraisal, which shall include fifteen (15)
19 hours of the National Uniform Standards of Professional
20 Appraisal Practice Course or its equivalent. Equivalency shall be
21 determined through the AQB Course Approval Program or by an
22 alternate method established by the AQB. Uniform Standards of
23 Professional Appraisal Practice qualifying education credit shall
24 only be awarded when the class is instructed by AQB Certified

1 Instructors, one of whom must be a State Certified Residential or
2 Certified General Appraiser.

3 (2) Credit toward the classroom hour requirement
4 may only be granted where the length of the educational
5 offering is at least fifteen (15) hours, and the individual
6 successfully completes an examination pertinent to that
7 educational offering.

8 (3) Credit for the classroom hour requirement may be
9 obtained from the following:

10 (A) Colleges or universities;

11 (B) Community or junior colleges;

12 (C) Real estate appraisal or real estate-related
13 organizations;

14 (D) State or Federal agencies of commissions;
15 and

16 (E) Proprietary schools.

17 (4) A distance education course may be acceptable to
18 meet the classroom hour requirement, or its equivalent. For
19 qualifying education, distance education is defined as any
20 educational process based on the geographical separation of
21 the learner and instructor and includes testing. Distance
22 education courses must be approved by the Director and
23 meet one (1) of the following conditions:

24 (A) The course is presented by an accredited
25 (Commission on Colleges or a regional accreditation

1 association) college or university that offers distance
2 education programs in other disciplines; and

3 (i) The learner successfully completes a
4 written examination proctored by an official
5 approved by the college or university; and

6 (ii) The course meets the requirements for
7 qualifying education established by the
8 Appraiser Qualifications Board and is equivalent
9 to the minimum of fifteen (15) classroom hours;

10 (B) The course has received approval for college
11 credit by the American Council on Education through
12 its ACE/Credit Program, or has been approved under
13 the AQB Course approval Program; and

14 (i) The learner successfully completes a
15 written examination proctored by an official
16 approved by the presenting entity; and

17 (ii) The course meets the requirements for
18 qualifying education established by the
19 Appraiser Qualifications Board and is equivalent
20 to the minimum of fifteen (15) classroom hours.

21 (5) Credit toward the classroom hour requirement may
22 be awarded to the teachers of the appraisal courses.

23 (6) Various appraisal courses may be credited toward
24 the minimum ninety (90) classroom hour education
25 requirement. Applicants must demonstrate that their

1 education involved coverage of all topics listed below in
2 Subsection (c)(2) with particular emphasis on the appraisal
3 of single, duplex, triplex and quadruplex unit residential
4 properties.

5 (c) **Experience.** A minimum of two thousand (2,000)
6 hours of appraisal experience is required. If requested,
7 experience documentation in the form of reports or file
8 memoranda should be available to support the claim for
9 experience.

10 (1) Hours may be treated as cumulative in order to
11 achieve the necessary two thousand (2,000)
12 hours of appraisal experience;

13 (2) Acceptable appraisal experience as set forth by
14 the Director; and

15 (3) The verification for experience credit claimed by
16 an applicant shall be an affidavit in the form
17 prescribed by the Director.

18 (d) **Continuing Education.** (1) A minimum of fourteen
19 (14) classroom hours of instruction in courses or seminars for each
20 year during the period preceding the renewal is required. (For
21 example, a two (2) year certification term would require twenty-
22 eight (28) hours. These hours may be obtained any time during
23 the two (2) year term.);

1 (2) Credit toward the classroom hour requirement may be
2 granted only where the length of the educational offering is at
3 least two (2) hours;

4 (3) Credit for the classroom hour requirement may be
5 obtained from the following:

6 (A) Colleges or universities;

7 (B) Community or junior colleges;

8 (C) Real estate appraisal or real estate-related
9 organizations;

10 (D) Territorial, state or Federal agencies or
11 commissions;

12 (E) Proprietary schools; and

13 (F) Other providers approved by the Director.

14 (4) Beginning January 1, 2005, applicants for renewal must
15 demonstrate successful completion of the seven (7) hour National
16 Uniform Standards of Professional Practice Update Course or its
17 equivalent. At a minimum, this course is to be repeated once
18 every two (2) years. Equivalency shall be determined through the
19 AQB Course Approval Program or by an alternative method
20 established by the AQB. Credit for the Uniform Standards of
21 Professional Appraisal Practice continuing education course will
22 only be awarded when the class is instructed by AQB Certified
23 Instructors, one of whom holds a State Certified Residential or
24 State Certified General designation.

1 (5) A distance education course may be acceptable to meet
2 the classroom hour requirement, or its equivalent. For continuing
3 education, distance education is defined as any education process
4 based on the geographical separation of the learner and the
5 instructor (e.g. CD ROM, on-line learning, correspondence
6 courses, video correspondence courses, video conferencing, etc.).
7 Distance education courses must be approved by the Director and
8 meet one (1) of the following conditions:

9 (A) The course is presented by an organized
10 group in an instructional setting with a person
11 qualified and available to answer questions, provide
12 information, and monitor student attendance, and is a
13 minimum of two (2) classroom hours and meets the
14 requirements for continuing education courses
15 established by the Appraiser Qualifications Board; or

16 (B) The course has been presented by an
17 accredited (Commission on Colleges or regional
18 accreditation association) college or university that
19 offers distance education programs in other
20 disciplines; or

21 (C) Has received approval of the International
22 Distance Education Certification Center's (IDECC) for
23 the course design and delivery mechanism and either
24 (a) the approval of the Appraiser Qualifications Board
25 through the AQB Course Approval Program or, (b) the

1 approval of the licensing or certifying jurisdiction
2 where the course is being offered for the content of the
3 course. Additionally, the course must meet the
4 following requirements:

5 (i) The course is equivalent to a minimum
6 of two (2) classroom hours in length and meets
7 the requirements for real estate appraisal-related
8 courses established by the Appraiser
9 Qualifications Board; and

10 (ii) The learner successfully completes a
11 written examination proctored by an official
12 approved by the presenting college or university
13 or by the sponsoring organization consistent
14 with the requirements of the course
15 accreditation; or if written examination is not
16 required for accreditation, the learner
17 successfully completes the course mechanisms
18 required for the accreditation which
19 demonstrates mastery and fluency (said
20 mechanisms must be presented in a course
21 without an exam in order to be acceptable).

22 (6) Credit may be granted for educational offerings which
23 cover residential real estate-related appraisal topics such as those
24 listed below and which are consistent with the purpose of
25 continuing education as stated in Subsection (8) below.

- 1 (A) Ad valorem taxation;
- 2 (B) Arbitration;
- 3 (C) Business courses related to practice of real estate
- 4 appraisal;
- 5 (D) Construction estimating;
- 6 (E) Ethics and standards of professional practices;
- 7 (F) Land use planning, zoning and taxation;
- 8 (G) Litigation;
- 9 (H) Management, leasing, brokerage, timesharing;
- 10 (I) Property development;
- 11 (J) Real estate appraisal (valuations/evaluations);
- 12 (K) Real estate law;
- 13 (L) Real estate financing and investment;
- 14 (M) Real estate appraisal-related computer
- 15 applications;
- 16 (N) Real estate securities and syndication; and
- 17 (O) Real property exchange.

18 (7) Continuing education credit may also be granted for
19 participation, other than as a student, in appraisal educational
20 processes and programs. Examples of activities for which credit
21 may be granted are teaching, program development, authorship of
22 textbooks, or similar activities which are determined by the
23 Director to be equivalent to obtaining continuing education.

1 (8) The purpose of continuing education is to ensure that
2 the appraiser participates in a program that maintains and
3 increases his or her skill, knowledge and competency in real estate
4 appraising.”

5 **Section 4.** Section 30109 of Chapter 30 of Division 2 of Title 22, Guam
6 Code Annotated, is hereby *amended* to read as follows:

7 “§30109. **Guam Certified Appraiser: Classification:**
8 **Qualification Criteria.** The Guam Certified Appraiser classification
9 applies to the appraisal of all types of real property. Applicants must
10 meet the following examination, education, and experience
11 requirements. Subsequent to being licensed or certified, an individual
12 must meet the continuing education requirement:

13 **(a) Examination.** Successful completion of the Appraiser
14 Qualifications Board of the Appraisal Foundation's endorsed
15 Uniform Certification Examination or its equivalent.

16 **(b) Education.**

17 (1) Prerequisites to the examination: A
18 minimum of one hundred eighty (180) classroom
19 hours, which may include the ninety (90) classroom
20 hours required for the Residential Classification of
21 courses in subjects related to real estate appraisal
22 which shall include fifteen (15) hours of the National
23 Uniform Standards of Professional Appraisal Practice
24 Course, or its equivalent. Equivalency shall be
25 determined through the AQB Course Approval

1 Program or by an alternate method established by the
2 AQB. Uniform Standards of Professional Appraisal
3 Practice qualifying education credit shall only be
4 awarded when the class is instructed by AQB Certified
5 Instructors, one of whom must be a State Certified
6 Residential or Certified General Appraiser.

7 (2) Credit toward the classroom hour
8 requirement may only be granted where the length of
9 the educational offering is at least fifteen (15) hours,
10 and the individual successfully completes an
11 examination pertinent to that educational offering.

12 (3) Credit for the classroom hour requirement
13 may be obtained from the following:

- 14 (A) Colleges or universities;
- 15 (B) Community or junior colleges;
- 16 (C) Real estate appraisal or real estate-
17 related organizations;
- 18 (D) Territorial, state or Federal agencies
19 or commissions;
- 20 (E) Proprietary schools; and
- 21 (F) Other providers approved by the
22 Director.

23 (4) A distance course may be acceptable to meet
24 classroom hour requirement, or its equivalent. For
25 qualifying education, distance education is defined as

1 any educational process based on the geographical
2 separation of the learner and the instructor (e.g. CD
3 ROM, on-line learning, correspondence courses, video
4 conferencing, etc.). For qualifying education, distance
5 education must provide interaction between learner
6 and instructor and include testing. Distance education
7 courses must be approved by the Director and meet
8 one (1) of the following conditions:

9 (A) The course is presented by an
10 accredited (Commission on Colleges or a
11 regional accreditation association) college or
12 university that offers distance education
13 programs in other disciplines; and

14 (i) The learner successfully completes a
15 written examination proctored by an
16 official approved by the college or
17 university; and

18 (ii) the course meets the requirements for
19 qualifying education established by the
20 Appraiser Qualifications Board and is
21 equivalent to the minimum of fifteen (15)
22 classroom hours;

23 (B) The course received approval for
24 college credit by the American Council on
25 Education through its ACE/Credit Program, or

1 has been approved under the AQB Course
2 Approval Program; and

3 (i) The learner successfully completes a
4 written examination proctored by an
5 official approved by the presenting entity;
6 and

7 (ii) The course meets the requirements for
8 qualifying education established by the
9 Appraiser Qualifications Board and is
10 equivalent to the minimum of fifteen (15)
11 classroom hours.

12 (5) Credit toward the classroom hour
13 requirement may be awarded to the teachers of the
14 appraisal courses.

15 (6) There is no time limit regarding when
16 qualifying education credit must have been obtained.

17 (7) The Director may grant credit for courses
18 where the applicant obtained credit from the course
19 provider by challenge examination without attending
20 the courses; provided, that such credit was granted by
21 the course provider prior to July 1, 1990, and provided,
22 further that the Director is satisfied with the quality of
23 the challenge examination that was administered by
24 the course provider.

1 (8) Various appraisal courses may be credited
2 toward the one hundred eighty (180) classroom hour
3 education requirement. Applicants must demonstrate
4 that their education included coverage of all the topics
5 listed below with particular emphasis on the appraisal
6 of non-residential properties.

- 7 (A) Influences on real estate value;
- 8 (B) Legal considerations in appraisal;
- 9 (C) Type of value;
- 10 (D) Economic principles;
- 11 (E) Real estate markets and analysis;
- 12 (F) Valuation process;
- 13 (G) Property description;
- 14 (H) Highest and best use analysis;
- 15 (I) Appraisal math and statistics;
- 16 (J) Sales comparison approach;
- 17 (K) Site value;
- 18 (L) Cost approach;
- 19 (M) Valuation of partial interest; and
- 20 (N) Appraisal standards and ethics.

21 (c) **Experience.** A minimum of thirty (30) months and
22 three thousand (3,000) hours appraisal experience are required for
23 experience qualification. If requested, experience documentation
24 in the form of reports or file memoranda should be available to
25 support the claim for experience.

1 (1) Hours may be treated as cumulative in order to
2 achieve the necessary three thousand (3,000) hours of
3 appraisal experience.

4 (2) The applicant, for experience credit must have
5 accumulated a total of a minimum of three thousand
6 (3,000) hours of appraisal experience of which at least fifty
7 percent (50%) or one thousand five hundred (1,500) hours
8 must be in non-residential appraisal work.

9 (3) Acceptable appraisal experience as set forth by
10 the Director. This should not be construed as limiting credit
11 to only those individuals who are Guam certified or Guam
12 licensed.

13 (4) The verification for experience credit claimed by
14 an applicant shall be an affidavit in the form prescribed by
15 the Director.

16 **(d) Continuing Education.**

17 (1) The equivalent of fourteen (14) classroom hours of
18 instruction in courses or seminars for each year during the
19 period preceding the renewal is required. (For example, a
20 two (2) year certification term would require twenty-eight
21 (28) hours. These hours may be obtained anytime during the
22 two (2) year term.)

23 (A) Credit for the classroom hour requirement
24 may be obtained from the following:

25 (i) Colleges or universities;

- (ii) Community or junior colleges;
- (iii) Real estate appraisal or real estate-related organizations;
- (iv) Territorial, state or Federal agencies or commissions;
- (v) Proprietary schools; and
- (vi) Other providers approved by the Director.

(B) A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent. For continuing education, distance education is defined as any educational process based on the geographical separation of the learner and the instructor (e.g. CD ROM, on-line learning, correspondence courses, video conferencing, etc.). Distance education courses must be approved by the Director and meet one (1) of the following conditions:

- (i) The course is presented by an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of two (2) classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or

1 (ii) The course has been presented by an
2 accredited (Commission on Colleges or a
3 regional accreditation association) college or
4 university that offers distance education
5 programs in other disciplines; or

6 (iii) Has received approval of the
7 International Distance Education Certification
8 Center's (IDECC) for the course design and
9 delivery mechanism and either (a) approval of
10 the Appraiser Qualifications Board through the
11 AQB Course Approval Program or, (b) the
12 approval of the licensing or certifying
13 jurisdiction where the course is being offered for
14 the content course. Additionally the course must
15 meet the following requirements:

16 (1) The course is equivalent to a
17 minimum of two (2) classroom hours in
18 length and meets the requirements for real
19 estate appraisal-related courses established
20 by the Appraiser Qualifications Board; and

21 (2) The learner successfully
22 completes a written examination proctored
23 by an official approved by the presenting
24 college or university or by the sponsoring
25 organization consistent with the

1 requirements of the course accreditation; or
2 if written examination is not required for
3 accreditation, the learner successfully
4 completes the course mechanisms required
5 for the accreditation which demonstrates
6 mastery and fluency (said mechanisms
7 must be presented in a course without an
8 exam in order to be acceptable).

9 (C) Credit may be granted for educational
10 offerings which cover real estate appraisal-related
11 topics such as those listed below and which are
12 consistent with the purposes of continuing education
13 stated in Subsection (4) below.

- 14 (i) Ad valorem taxation;
- 15 (ii) Arbitration;
- 16 (iii) Business courses related to real estate
17 appraisal;
- 18 (iv) Construction estimating;
- 19 (v) Ethics and standards of professional
20 practice;
- 21 (vi) Land use planning, zoning and
22 taxation;
- 23 (vii) Litigation;
- 24 (viii) Management, leasing, brokerage,
25 timesharing;

- 1 (ix) Property development;
- 2 (x) Real estate appraisal
- 3 (valuations/evaluations);
- 4 (xi) Real estate financing and investment;
- 5 (xii) Real estate law;
- 6 (xiii) Real estate litigation;
- 7 (xiv) Real estate appraisal-related
- 8 computer applications;
- 9 (xv) Real estate securities and
- 10 syndication; and
- 11 (xvi) Real property exchanges.

12 (2) Continuing education credit may also be granted
13 for participation, other than as a student, in appraisal
14 educational processes and programs. Examples of activities
15 for which credit may be granted are teaching, program
16 development, authorship of textbooks, or similar activities
17 which are determined to be equivalent to obtaining
18 continuing education.

19 (3) Beginning January 1, 2005, applicants for
20 renewal must demonstrate successful completion of the
21 seven (7) hour National Uniform Standards of Professional
22 Practice Update Course, or its equivalent. At the minimum
23 this course is to be repeated once every two (2) years.
24 Equivalency shall be determined through the AQB Course
25 Approval Program or by an alternative method established

1 by the AQB. Credit for the Uniform Standards of
2 Professional Appraisal Practice continuing education course
3 will only be awarded when the class is instructed by AQB
4 Certified Instructors, one of whom holds a State Certified
5 Residential or State Certified General designation.

6 (4) The purpose of continuing education is to ensure
7 that the appraiser participates in a program that maintains
8 and increases his or her skill, knowledge and competency in
9 real estate appraising.”

10 **Section 5.** Section 30112 of Chapter 30 of Division 2 of Title 22, Guam
11 Code Annotated, is hereby *amended* to read as follows:

12 “§30112. **Non-resident Certification.** (a) Based upon the premise
13 that the appraiser’s home state’s certification program has not been
14 disapproved by the Appraisal Subcommittee of the Federal Financial
15 Institutions Examination Council (FFIEC), a non-resident may be
16 certified as a real estate appraiser upon compliance with all the
17 provisions and conditions of this Act. Any person who is certified to
18 practice real estate appraising in another state, or territory of the United
19 States, or in the District of Columbia, who, in the opinion of the Director,
20 meets the qualifications and requirements for certification in Guam,
21 shall be entitled to receive a certificate under this Act, upon submission
22 of a duly certified copy of his or her certification from such other state,
23 or territory of the United States, or from the District of Columbia, and
24 any other information the Director may require, and the payment of the
25 appropriate fee; provided, however, that the laws of such state, or

1 territory of the United States, or of the District of Columbia, accord
2 equal reciprocal rights to a certified real estate appraiser in good
3 standing in Guam who desires to practice his or her profession in such
4 state, or territory of the United States, or in the District of Columbia;
5 provided, that no proceeding is pending against such appraiser under
6 this Act or is unresolved. In any such application for a certificate, all
7 questions of the academic and experience requirements of other states,
8 or territories of the United States, or of the District of Columbia, shall be
9 determined by the Director, and at the discretion of the Director, the
10 reciprocal or non-resident appraisal applicant must comply with
11 additional requirements specified by the Director in his regulations.

12 (b) A non-resident appraiser shall *not* be required to maintain a
13 place of business in Guam if he or she maintains an active place of
14 business in the state of domicile. Every non-resident appraiser shall file
15 an irrevocable consent agreeing that in lawsuits and actions arising out
16 of any appraisal work performed in Guam, the service of legal process
17 on the Director shall be valid and binding in all courts as if due service
18 of process had been made directly upon the non-resident appraiser in
19 Guam. In case any such process is served upon the Director, he or she
20 shall forward a copy of the process, by registered mail, to the main office
21 of the licensee against which the process is directed.

22 (c) The Director shall issue to any certified real estate appraiser of
23 Guam who is in good standing in Guam in accordance with regulations
24 issued by the Director, a Certificate of Good Standing upon payment of
25 a fee in an amount provided in the regulations.

1 (d) The Director is authorized to enter into reciprocity agreements
2 with other states including the Commonwealth of the Northern Mariana
3 Islands, for the licensing of Licensed Appraiser and Certified Appraiser,
4 upon the condition that each party to the reciprocity agreement shall:

5 (1) readily accept other states' certifications and licenses
6 without the reexamination of applicants' underlying education
7 and experience, provided that the other state: (a) has appraiser
8 qualification criteria that meet or exceed the minimum standards
9 for certification and licensure as adopted by the Appraiser
10 Qualifications Board (AQB); and (b) uses appraiser certification or
11 licensing examinations that are endorsed by AQB;

12 (2) eliminate testing, provided that the applicant has
13 passed the appropriate AQB endorsed appraiser certification and
14 licensing examinations in the appraiser's home state;

15 (3) recognize and accept successfully completed
16 continuing education courses taken to qualify for license or
17 certification renewal in the appraiser's home state; and

18 (4) the licensing fees or certification fees are identical in
19 amount to the corresponding fees for Guam licensed or certified
20 appraisers."

21 **Section 6.** Section 30113 of Chapter 30 of Division 2 of Title 22, Guam
22 Code Annotated, is hereby *amended* to read as follows:

23 "**§30113. Renewal of Certification.** (a) Each application for a real
24 estate appraiser certification, or for the renewal therefore, shall be
25 accompanied by the appropriate fee, which shall be prescribed by the

1 Director by rule or regulation, but shall *not be more than* Two Hundred
2 Dollars (\$200.00).

3 (b) If the Director determines that an applicant meets the
4 qualifications and requirements of this Act and is otherwise qualified for
5 certification, he or she shall issue a certificate to the applicant. Any
6 certificate or renewal thereof shall remain in effect for two (2) years
7 following the date of issuance unless revoked or suspended prior
8 thereto.

9 (c) Every two (2) years each applicant for renewal of appraisal
10 certification must demonstrate a minimum of twenty-eight (28) hours of
11 education related to appraising, such education to be approved by the
12 Director.

13 (d) Any practicing appraiser who fails or refuses, after thirty (30)
14 days written notice from the Director, to apply for the renewal and pay
15 the fee and all penalties imposed, shall be deemed to be practicing
16 without a certificate and shall be subject to the penalties provided in this
17 Act and any civil penalties.

18 (e) Any appraiser under this Act who fails to apply for the
19 renewal of his or her certification and pay the fee thereof on or before
20 the date of its expiration and who continues to perform or offers to
21 perform the services of a certified real estate appraiser shall pay, in
22 addition to the renewal fee, Five Hundred Dollars (\$500.00) for each
23 month or fraction thereof after the expiration of his or her certification
24 and before his or her certification shall be reinstated.”

1 **Section 7.** Section 30122 of Chapter 30 of Division 2 of Title 22, Guam
2 Code Annotated, is hereby *amended* to read as follows:

3 “§30122. **Temporary Practice.** The Director shall issue a
4 temporary practice for a period of six (6) months to an applicant from
5 another state or territory upon filing of an application for a temporary
6 practice and the payment of a temporary practice fee of One Hundred
7 Dollars (\$100.00) by an applicant who presents a certificate of good
8 standing to practice real estate appraising in another state, or territory of
9 the United States, or the District of Columbia, provided that:

10 (a) the applicant for temporary practice shall file an
11 irrevocable consent agreeing that in lawsuits and actions arising
12 out of any appraisal work performed in Guam, the service of legal
13 process on the Director shall be valid and binding in all courts as if
14 due service of process had been made directly upon the temporary
15 appraiser. In case any such process is served upon the Director, he
16 or she shall forward a copy of the process, by registered mail, to
17 the main office of the licensee against which the process is
18 directed;

19 (b) the property to be appraised is part of a federally-
20 related transaction. A federally-related transaction is a loan or a
21 credit that is issued or granted by a bank or financial institution
22 that is insured by the Federal Deposit Insurance Corporation or is
23 a member of the Federal Reserve Board, or is sold to GNMA,
24 FNMA, or National Home Mortgage Corporation, or is assisted or
25 guaranteed by a Federal government agency;

1 (c) The appraiser's business is of a temporary nature. The
2 appraisal work to be performed is temporary in nature if such
3 work is estimated to be completed in less than six (6) months; and

4 An applicant may submit more than one (1) application for a
5 temporary license within a period of one (1) year, provided that the
6 applicant complies with all the requirements for the issuance of a
7 temporary license as set forth in this Section."

8 **Section 8.** A new Section 30123 of Chapter 30 of Division 2 of Title 22,
9 Guam Code Annotated, is hereby *added* to read as follows:

10 **"§30123. Guam Certified Residential Appraiser: Classification:**
11 **Qualification Criteria.** The Guam Certified Residential Appraiser
12 classification authorizes the appraisal of single, duplex, triplex and
13 quadruplex residential units without regard to transaction highest and
14 best use. Applicants must meet the following examination, education,
15 and experience requirements. Subsequent to being certified,
16 individuals must meet the continuing education requirement:

17 (a) **Examination.** Successful completion of the Appraiser
18 Qualification Board (AQB) of the Appraisal Foundation's
19 endorsed Uniform Certification Examination or its
20 equivalent.

21 (b) **Education.** (1) Prerequisites to the examination: A
22 minimum of one hundred twenty (120) classroom hours of
23 courses in subjects related to real estate appraisal which
24 shall include fifteen (15) classroom hours relative to the
25 National Uniform Standards of Professional Appraisal

1 Practice course or its equivalent. Equivalency shall be
2 determined through the AQB Course Approval Program or
3 by an alternate method established by the AQB. Uniform
4 Standards of Professional Appraisal Practice qualifying
5 education credit shall only be awarded when the class is
6 instructed by AQB Certified Instructors, one of whom must
7 be a State Certified Residential or Certified General
8 Appraiser.

9 (2) Credit toward the classroom hour requirement may
10 only be granted where the length of the educational offering is at
11 least fifteen (15) hours, and the individual successfully completes
12 an examination pertinent to that educational offering.

13 (3) Credit for the classroom hour requirement may be
14 obtained from the following:

- 15 (a) Colleges or universities;
- 16 (b) Community or junior colleges;
- 17 (c) Real estate appraisal or real estate-related
18 organizations;
- 19 (d) State or Federal agencies or commissions; and
- 20 (e) Proprietary schools.

21 (4) A distance education course may be acceptable to meet
22 the classroom hour requirement, or its equivalent. For qualifying
23 education, distance education is defined as any educational
24 process based on the geographical separation of the learner and
25 the instructor and includes testing. Distance education courses

1 must be approved by the Director and meet one (1) of the
2 following conditions:

3 (a) The course is presented by an accredited
4 (Commission on Colleges or a regional accreditation
5 association) college or university that offers distance
6 education programs in other disciplines; and

7 (i) The learner successfully completes a written
8 examination proctored by an official approved by the
9 college or university; and

10 (ii) The course meets the requirements for
11 qualifying education established by the Appraiser
12 Qualifications Board and is equivalent to the minimum
13 of fifteen (15) classroom hours;

14 (b) The course has received approval for college credit
15 by the American Council on Education through its
16 ACE/Credit Program, or has been approved under the AQB
17 Course approval Program; and

18 (i) The learner successfully completes a written
19 examination proctored by an official approved by the
20 presenting entity; and

21 (ii) The course meets the requirements for
22 qualifying education established by the Appraiser
23 Qualifications Board and is equivalent to the minimum
24 of fifteen (15) classroom hours.

1 (5) Credit toward the classroom hour requirement may be
2 awarded to the teachers of the appraisal courses.

3 (6) Various appraisal courses may be credited toward the
4 minimum one hundred twenty (120) classroom hour education
5 requirement. Applicants must demonstrate that their education
6 involved coverage of all topics listed in Subsection (d)(6) with
7 particular emphasis on the appraisal of single, duplex, triplex and
8 quadruplex unit residential properties.

9 **(c) Experience.** A minimum of two thousand five hundred
10 (2,500) hours of appraisal experience obtained during no
11 fewer than twenty-four (24) months is required. If
12 requested, experience documentation in the form of reports
13 or file memoranda should be available to support the
14 experience claimed.

15 (1) Hours may be treated as cumulative in
16 order to achieve the necessary two thousand five
17 hundred (2,500) hours of appraisal experience;

18 (2) Acceptable appraisal experience as set forth
19 by the Director; and

20 (3) The verification for experience credit
21 claimed by an applicant shall be an affidavit in the
22 form prescribed by the Director.

23 **(d) Continuing Education.** (1) A minimum of fourteen (14)
24 classroom hours of instruction in courses or seminars for
25 each year during the period preceding the renewal is

1 required. (For example, a two (2) year certification term
2 would require twenty-eight (28) hours. These hours may be
3 obtained any time during the two (2) year term.);

4 (2) Credit toward the classroom hour requirement may be
5 granted only where the length of the educational offering is at
6 least two (2) hours;

7 (3) Credit for the classroom hour requirement may be
8 obtained from the following:

9 (a) Colleges or universities;

10 (b) Community or junior colleges;

11 (c) Real estate appraisal or real estate-related
12 organizations;

13 (d) Territorial, state or Federal agencies or
14 commissions;

15 (e) Proprietary schools; and

16 (f) Other providers approved by the Director.

17 (4) Beginning January 1, 2005, applicants for renewal must
18 demonstrate successful completion of the seven (7) hour National
19 Uniform Standards of Professional Practice Update Course or its
20 equivalent. At a minimum, this course is to be repeated once
21 every two (2) years. Equivalency shall be determined through the
22 AQB Course Approval Program or by an alternative method
23 established by the AQB. Credit for the Uniform Standards of
24 Professional Appraisal Practice continuing education course will
25 only be awarded when the class is instructed by AQB Certified

1 Instructors, one of whom must hold a State Certified Residential
2 or State Certified General designation.

3 (5) A distance education course may be acceptable to meet
4 the classroom hour requirement, or its equivalent. For continuing
5 education, distance education is defined as any education process
6 based on the geographical separation of the learner and the
7 instructor (e.g. CD ROM, on-line learning, correspondence
8 courses, video correspondence courses, video conferencing, etc.).
9 Distance education courses must be approved by the Director and
10 meet one (1) of the following conditions:

11 (a) The course is presented by an organized group in
12 an instructional setting with a person qualified and available
13 to answer questions, provide information, and monitor
14 student attendance, and is a minimum of two (2) classroom
15 hours and meets the requirements for continuing education
16 courses established by the Appraiser Qualifications Board;
17 or

18 (b) The course has been presented by an accredited
19 (Commission on Colleges or regional accreditation
20 association) college or university that offers distance
21 education programs in other disciplines; or

22 (c) Has received approval of the International
23 Distance Education Certification Center's (IDECC) for the
24 course design and delivery mechanism and either (a) the
25 approval of the Appraiser Qualifications Board through the

1 AQB Course Approval Program, or (b) the approval of the
2 licensing or certifying jurisdiction where the course is being
3 offered for the content of the course. Additionally, the course
4 must meet the following requirements:

5 (i) The course is equivalent to a minimum of two
6 (2) classroom hours in length and meets the
7 requirements for real estate appraisal-related courses
8 established by the Appraiser Qualifications Board; and

9 (ii) the learner successfully completes a written
10 examination proctored by an official approved by the
11 presenting college or university or by the sponsoring
12 organization consistent with the requirements of the
13 course accreditation; or if written examination is not
14 required for accreditation, the learner successfully
15 completes the course mechanisms required for the
16 accreditation which demonstrates mastery and fluency
17 (said mechanisms must be presented in a course
18 without an exam in order to be acceptable).

19 (6) Credit may be granted for educational offerings which
20 cover residential real estate-related appraisal topics such as those
21 listed below and which are consistent with the purpose of
22 continuing education as stated in Subsection (8) below.

23 (a) Ad valorem taxation;

24 (b) Arbitration;

- 1 (c) Business courses related to practice of real estate
- 2 appraisal;
- 3 (d) Construction estimating;
- 4 (e) Ethics and standards of professional practices;
- 5 (f) Land use planning, zoning and taxation;
- 6 (g) Litigation;
- 7 (h) Management, leasing, brokerage, timesharing;
- 8 (i) Property development;
- 9 (j) Real estate appraisal (valuations/evaluations);
- 10 (k) Real estate law;
- 11 (l) Real estate financing and investment;
- 12 (m) Real estate appraisal-related computer applications;
- 13 (n) Real estate securities and syndication; and
- 14 (o) Real property exchange.

15 (7) Continuing education credit may also be granted for
16 participation, other than as a student, in appraisal educational
17 processes and programs. Examples of activities for which credit
18 may be granted are teaching, program development, authorship of
19 textbooks, or similar activities which are determined by the
20 Director to be equivalent to obtaining continuing education.

21 (8) The purpose of continuing education is to ensure that
22 the appraiser participates in a program that maintains and
23 increases his or her skill, knowledge and competency in real estate
24 appraising.”

1 **Section 9.** A new Section 30124 of Chapter 30 of Division 2 of Title 22,
2 Guam Code Annotated, is hereby *added* to read as follows:

3 “§30124. **Trainee Real Property Appraiser: Classification:**
4 **Qualification Criteria.** The scope of practice for the Appraiser Trainee
5 Classification is the appraisal of those properties which the supervising
6 appraiser is permitted to appraise. The appraiser trainee shall be subject
7 to the Uniform Standards of Professional Appraisal Practice. The
8 appraiser trainee shall be entitled to obtain copies of appraisal reports
9 he or she prepared. The supervising appraiser shall keep copies of
10 appraisal reports for a period of at least five (5) years, or at least two (2)
11 years after final disposition of any judicial proceeding in which
12 testimony was given, whichever period expires last. An appraiser
13 trainee must meet the following requirements:

14 **(a) Examination.** There is no examination requirement for the
15 Appraiser Trainee Classification.

16 **(b) Education.** Prerequisite to application: seventy-five (75)
17 classroom hours of courses in subjects related to real estate appraisal,
18 which shall include coverage of the Uniform Standards of Professional
19 Appraisal Practice or its equivalent. Equivalency shall be determined
20 through the AQB Course Approval Program or by an alternate method
21 established by the AQB.

22 (1) A classroom hour is defined as fifty (50) minutes out of
23 each sixty (60) minute segment.

24 (2) Classroom hours may only be obtained where the
25 minimum length of the educational offering is fifteen (15)

1 hours and the individual successfully completes an
2 examination pertinent to that educational offering.

3 (3) Credit for the classroom hours requirement may be obtained
4 from the following:

- 5 (a) Colleges or universities;
- 6 (b) Community or junior colleges;
- 7 (c) Real estate appraisal or real estate-related
8 organizations;
- 9 (d) State or Federal agencies or commissions;
- 10 (e) Proprietary schools; and
- 11 (f) Other providers approved by the state
12 certification or licensing agency.

13 (4) Qualifying education must have been obtained within the
14 five (5) year period immediately preceding application for
15 licensure.

16 (5) The content for courses, seminars, workshops, or
17 conferences should include coverage of real estate
18 appraisal-related topics, such as:

- 19 (a) Influences on Real Estate Value
- 20 (b) Legal Considerations in Appraisal
- 21 (c) Types of Value
- 22 (d) Economic Principles
- 23 (e) Real Estate Markets and Analysis
- 24 (f) Valuation Process
- 25 (g) Property Description

- 1 (h) Highest and Best Use Analysis
- 2 (i) Appraisal Statistical Concepts
- 3 (j) Sales Comparison Approach
- 4 (k) Site Value
- 5 (l) Cost Approach
- 6 (m) Income Approach
- 7 (n) Valuation of Partial Interests
- 8 (o) Appraisal Standards and Ethics

9 (c) **Experience.** (1) The appraiser trainee shall be subject to
10 direct supervision by a supervising appraiser who shall be state
11 licensed or certified in good standing.

12 (2) The supervising appraiser shall be responsible for the
13 training and direct supervision of the appraiser trainee by: (a) accepting
14 responsibility for the appraisal report by signing and certifying the
15 report is in compliance with the Uniform Standards of Professional
16 Appraisal Practice; (b) reviewing the appraiser trainee appraisal
17 report(s); and (c) personally inspecting each appraised property with
18 the appraiser trainee until the supervising appraiser determines the
19 appraiser trainee is competent in accordance with the Competency
20 Provision of the Uniform Standards of Professional Appraisal Practice
21 for the property type.

22 (3) The appraisal trainee is permitted to have more than one (1)
23 supervising appraiser.

24 (4) An appraisal log shall be maintained by the appraiser trainee
25 and shall, at a minimum, include the following for each appraisal: (a)

1 Type of Property; (b) Client name and address; (c) Address of
2 appraised property; (d) Description of work performed; (e) Number of
3 work hours; and (f) Signature and state license/certification number of
4 the supervising appraiser.

5 (5) Separate appraisal logs shall be maintained for each
6 supervising appraiser.

7 **(d) Continuing Education.** An appraiser trainee who remains in
8 this classification in excess of two (2) years shall be required in the third
9 and successive years to obtain: (1) The equivalent of fourteen (14)
10 classroom hours of instruction in the courses or seminars for each year
11 during the period preceding the renewal. Continuing education hours
12 may be obtained anytime during the term.

13 (a) A classroom hour is defined as fifty (50) minutes out of
14 each sixty (60) minute segment.

15 (b) Credit toward the classroom hour requirement may be
16 granted only where the length of the educational
17 offering is at least two (2) hours.

18 (c) Credit for the classroom hour requirement may be
19 obtained from the following:

20 (1) College or universities;

21 (2) Community or joint colleges;

22 (3) Real estate appraisal or real-estate related
23 organizations;

24 (4) State or Federal agencies or commissions;

25 (5) Proprietary schools; and

1 (6) Other providers approved by the state
2 certification or licensing agency.

3 (d) Credit may be granted for educational offerings which
4 are consistent with the purpose of continuing
5 education stated in Item (3) of this Subsection and
6 cover real estate-related appraisal topics such as those
7 listed below.

8 (1) Ad Valorem Taxation;

9 (2) Arbitration;

10 (3) Business courses related to practice of
11 real estate appraisal;

12 (4) Construction estimating;

13 (5) Ethics and standards of professional
14 practice;

15 (6) Land use planning, zoning and taxation;

16 (7) Management, leasing, brokerage,
17 timesharing;

18 (8) Property development;

19 (9) Real estate appraisal
20 (valuations/evaluations);

21 (10) Real estate law;

22 (11) Real estate litigation;

23 (12) Real estate financing and investment;

24 (13) Real estate appraisal-related computer
25 applications;

- 1 (14) Real estate securities and syndication;
2 and
3 (15) Real property exchange.

4 (2) Continuing education credit may also be granted for
5 participation, other than as a student, in appraisal education processes
6 and programs. Examples of activities for which credit may be granted
7 are teaching, program development, authorship of textbooks, or similar
8 activities which are determined to be equivalent to obtaining continuing
9 education.

10 (3) The purpose of continuing education is to ensure that the
11 appraiser participates in a program that maintains and increases his or
12 her skill, knowledge and competency in real estate appraising.”

13 **Section 10.** Section 30120 of Chapter 30 of Division 2 of Title 22, Guam
14 Code Annotated, is hereby *amended* to read as follows:

15 “§30120. **Record-Keeping Requirement.** (a) An appraiser must
16 prepare a workfile for each appraisal, appraisal review, or appraisal
17 consulting assignment. The workfile must include:

18 (1) The name of the client and the identity, by name or
19 type, of any other intended users;

20 (2) True copies of any written reports, documented on any
21 type of media;

22 (3) Summaries of any oral reports or testimony, or a
23 transcript of testimony, including the appraiser’s signed and dated
24 certification; and

1 (4) All other data, information, and documentation
2 necessary to support the appraiser's opinions and conclusions and
3 to show compliance with this Act, the Uniform Standards of
4 Professional Appraisal Practice and all other applicable Standards,
5 or references to the location(s) of such other documentation.

6 (b) An appraiser must retain the workfile for a period of at least
7 five (5) years after preparation, or at least two (2) years after final
8 disposition of any judicial proceeding in which the appraiser provided
9 testimony related to the assignment, whichever period expires last. An
10 appraiser must have custody of his or her workfile, or make appropriate
11 workfile retention, access, and retrieval arrangements with the party
12 having custody of the workfile.

13 (c) Upon reasonable notice, all persons registered or certified
14 under this Act shall make all records required to be maintained under
15 this Act available to the Director for inspection and copying."

16 **Section 11.** Section 30102(a) of Chapter 30 of Division 2 of Title 22,
17 Guam Code Annotated, is hereby *amended* to read as follows:

18 “(a) *Real Estate Appraiser* means one who is expected to perform
19 valuation services competently and in a manner that is independent,
20 impartial, and objective.”

21 **Section 12.** Section 30102(c) of Chapter 30 of Division 2 of Title 22,
22 Guam Code Annotated, is hereby *amended* to read as follows:

23 “(c) *Real Estate Appraisal* means (noun) the act or process of
24 developing an opinion of value; an opinion of value; (adjective) of or

1 pertaining to appraising and related functions such as appraisal practice
2 or appraisal services.”

3 **Section 13.** Section 30103 of Chapter 30 of Division 2 of Title 22, Guam
4 Code Annotated, is hereby *amended* to read as follows:

5 “§30103. **Licensed Required.** It shall be unlawful for any
6 individual to engage in appraisal activity without first obtaining a real
7 estate appraiser certification or license as provided in this Act. This Act
8 shall not apply to a real estate broker or salesperson licensed by the
9 government of Guam, or a government of Guam employee appraiser (so
10 long as federally insured financing is not involved), who in the ordinary
11 course of his or her business, gives an opinion of the prices of real estate
12 for the purpose of a prospective sale. However, in no event may this
13 opinion be referred to or construed as an appraisal.”

14 **Section 14.** Section 30111 of Chapter 30 of Division 2 of Title 22, Guam
15 Code Annotated, is hereby *amended* to read as follows:

16 “§30111. **Appraisal Reports Requirements.** (a) At a minimum, an
17 appraisal report must conform to Uniform Standards of Professional
18 Appraisal Practice (USPAP-current version) and must be in writing.
19 Future revisions in the Standards shall take effect immediately.

20 (b) An appraisal reporting an estimated value shall be supported
21 with written documentation or written memoranda in compliance with
22 USPAP (current version).

23 (c) Certification. Each appraisal report must contain a
24 certification by the appraiser in compliance with USPAP (current
25 version).

1 (d) A copy of each appraisal and the data and reasoning
2 supporting the value conclusion of each appraisal shall be retained by
3 the appraiser for *not less than* five (5) years. In the case of litigation,
4 appraisals must be retained *not less than* two (2) years after the case is
5 finally adjudicated and all appeals exhausted."

6 **Section 15.** Section 30115(f) of Chapter 30 of Division 2 of Title 22,
7 Guam Code Annotated, is hereby *amended* to read as follows:

8 "(f) Did not disclose the use of professional assistance that
9 deviates from the normal data research procedure, in arriving at the
10 analyses, opinions or conclusions concerning real estate contained in an
11 appraisal report signed by the appraiser;"

12 **Section 16.** Section 30115(k) of Chapter 30 of Division 2 of Title 22,
13 Guam Code Annotated, is hereby *amended* to read as follows:

14 "(k) Made any use of advertising media in connection with the
15 real estate appraisal practice in the manner expressly prohibited by the
16 rules of the Director;"

17 **Section 17.** Section 30115(l) of Chapter 30 of Division 2 of Title 22,
18 Guam Code Annotated, is hereby *amended* to read as follows:

19 "(l) Failed to comply with the minimum requirements for an
20 appraisal as set forth in this Act;"

21 **Section 18.** Section 30115(m) of Chapter 30 of Division 2 of Title 22,
22 Guam Code Annotated, is hereby *amended* to read as follows:

23 "(m) Disclosed an appraisal report in its entirety or those portions
24 of a report that contain analyses, opinions or conclusions concerning the

1 tract or parcel of real estate which is the subject of the report, to anyone
2 other than:

- 3 (1) Those persons specifically authorized by the client to
4 receive such information.
- 5 (2) Third parties, when and to the extent that the
6 appraiser is legally required to do so by order of the
7 court.
- 8 (3) Duly authorized representatives of nationally
9 recognized professional organizations.”

10 **Section 19.** A new Section 30125 is hereby *added* to Chapter 30 of
11 Division 2 of Title 22, Guam Code Annotated, to read as follows:

12 “§30125. The Real Property Appraiser Qualification Criteria set
13 forth throughout this Chapter shall automatically be amended based on
14 any newly-adopted Real Property Appraiser Qualification Criteria from
15 the Uniform Standards of Professional Appraisal Practice (USPAP).”

16 **Section 20. Severability.** *If* any provision of this Law or its
17 application to any person or circumstance is found to be invalid or contrary to
18 law, such invalidity shall *not* affect other provisions or applications of this
19 Law which can be given effect without the invalid provisions or application,
20 and to this end the provisions of this Law are severable.

IX TRANSMISSION CHECKLIST TO I MAGA'LAHEN GUAHAN
(Included in File w/ All Bills Transmitted)

BILL NO. 259

- EXHIBITS ATTACHED - N/A
- CONFIRM NUMBER OF PAGES - 45
- CAPTION ON CERTIFICATION MATCHES BILL CAPTION
- ENGROSSED SIGN"" REMOVED FROM BILL
- 15 SENATORS IN SPONSORSHIP OR CONFIRM OTHERWISE
- CERTIFICATION SIGNED BY SPEAKER & LEGIS. SECRETARY
- EMERGENCY DECLARATION, if any - NONE

Confirmed By: *D. Perez*
FINAL REVIEW: *D. Perez*

Dated: 11/24/09
Dated: 11/26/09

- HAND CARRY BILL IN BLUEBACK (ORIGINAL & COPY) TO THE GOVERNOR. (DANNY, [] OR OTHERS)
- ACKNOWLEDGED COPY W/ ORIGINAL BLUEBACK PLACED ON CLERK'S DESK. (Same copy given to [] ,

- FILED by: []



Office of Senator Antoinette (Toni) Sanford Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B Sinajana Mall, 777 Route 4 Sinajana, Guam 96926 / Telephone (671) 479-TONI Fax (671) 479-8667

November 17, 2004

MEMORANDUM

TO: Committee Members

FROM: Chairwoman

SUBJECT: Committee Report and Voting

Transmitted herewith for your information and action is the report on **BILL NO. 259, AS AMENDED: AN ACT TO IMPROVE THE RELIABILITY OF THE VALUATION OF APPRAISED REAL PROPERTIES, THROUGH THE AMENDMENTS OF SECTIONS 30102(a) AND (c), 30103, 30104, 30108, 30111, 30112, 30113, 30115 (f), (k), (l) AND (m), 30120 AND 30122 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED, AND THROUGH THE ADDITION OF SECTIONS 30123 AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED.**

Please review the report and take the appropriate action on the voting sheet. Your prompt attention and action on this matter is greatly appreciated. Should you have any questions regarding the report or accompanying documents, please do not hesitate to contact me.

Antoinette (Toni) Sanford

Attachment.



Office of Senator Antoinette (Toni) Sanford Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B Sinajana Mall, 777 Route 4 Sinajana, Guam 96926 / Telephone (671) 479-TONI Fax (671) 479-8667

BILL NO. 259, AS AMENDED: AN ACT TO IMPROVE THE RELIABILITY OF THE VALUATION OF APPRAISED REAL PROPERTIES, THROUGH THE AMENDMENTS OF SECTIONS 30102(a) AND (c), 30103, 30104, 30108, 30111, 30112, 30113, 30115 (f), (k), (l) AND (m), 30120 AND 30122 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED, AND THROUGH THE ADDITION OF SECTIONS 30123 AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED.

TO PASS	NOT TO PASS	TO ABSTAIN	INACTIVE FILE
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<i>AS</i> TONI SANFORD Chairperson	✓		
<i>Frank B. Aguon, Jr. 11/19/04</i> FRANK B. AGUON, JR. Vice-Chairperson & Acting Chairperson	✓		
<i>Larry Kasperbauer 11/18/04</i> LARRY KASPERBAUER Member	+		
LOU LEON GUERRERO Member			
<i>Jesse C. Lujan</i> JESSE C. LUJAN Member	✓		
<i>Tina Muna-Barnes</i> TINA MUNA-BARNES Member	✓		
JOHN M. QUINATA Member			
RORY J. RESPICIO Member			
<i>Ben C. Pangelinan</i> BEN C. PANGELINAN Speaker & Ex-officio Member	✓		



Office of Senator Antoinette (Toni) Sanford
Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B Sinajana Mall, 777 Route 4 Sinajana, Guam 96926 / Telephone (671) 479-TONI Fax (671) 479-8667

November 17, 2004

Senator Lou Leon Guerrero
Chairperson, Committee on Rules & Health
TWENTY-SEVENTH GUAM LEGISLATURE
155 Hesler Street
Hagatna, Guam 96910

Dear Senator Leon Guerrero,

The Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions, to which **BILL NO. 259, AS AMENDED: AN ACT TO IMPROVE THE RELIABILITY OF THE VALUATION OF APPRAISED REAL PROPERTIES, THROUGH THE AMENDMENTS OF SECTIONS 30102(a) AND (c), 30103, 30104, 30108, 30111, 30112, 30113, 30115 (f), (k), (l) AND (m), 30120 AND 30122 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED, AND THROUGH THE ADDITION OF SECTIONS 30123 AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED** was referred, wishes to report its findings and recommendation TO DO PASS as amended by the Committee.

The voting record is as follows:

TO PASS	<u>6</u>
NOT TO PASS	<u>0</u>
ABSTAIN	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee report and other pertinent documents are attached.

Antoinette (Toni) Sanford
Chair

Attachment.

**COMMITTEE ON ECONOMIC DEVELOPMENT, RETIREMENT,
INVESTMENTS, PUBLIC WORKS, AND REGULATORY
FUNCTIONS**

Twenty-Seventh Guam Legislature
155 Hesler Street, Hagatna Guam 96910



**COMMITTEE REPORT
ON**

**BILL NO. 259, AS AMENDED:
AN ACT TO IMPROVE THE RELIABILITY OF THE
VALUATION OF APPRAISED REAL PROPERTIES,
THROUGH THE AMENDMENTS OF SECTIONS 30102(a)
AND (c), 30103, 30104, 30108, 30111, 30112, 30113, 30115
(f), (k), (l) AND (m), 30120 AND 30122 OF CHAPTER 30 OF
DIVISION 2 OF TITLE 22, GUAM CODE ANNOTATED,
AND THROUGH THE ADDITION OF SECTIONS 30123
AND 30124 OF CHAPTER 30 OF DIVISION 2 OF TITLE 22,
GUAM CODE ANNOTATED.**

COMMITTEE MEMBERS

**Chairperson Senator Toni Sanford
Vice-Chairperson Senator Frank B. Aguon, Jr.**

Majority Members

Senator Lou Leon Guerrero
Senator Tina Muna Barnes
Senator John M. Quinata
Senator Rory Respicio
Speaker Ben C. Pangelinan (ex-officio)

Minority Members

Senator Jesse A. Lujan
Senator Larry Kasperbauer

➤ **OVERVIEW**

A. Purpose and Essential Elements:

An audit was conducted relative to the licensing of real estate appraisers by the Guam Department of Revenue and Taxation. As a result, amendments to the Real Estate Appraiser Law of Guam was suggested.

The main points are:

- 1) To increase the minimum number of classroom hours of real estate appraiser courses prior to licensing;
- 2) To provide criteria in getting credits for distance education courses, such as CD-ROM, on-line learning correspondence courses and video correspondence courses;
- 3) To require applicants for real estate appraiser licensing to show successful completion of fifteen hours of National Uniform Standards of Professional Appraisal Practice; and
- 4) To allow Guam to enter into reciprocity agreements with other states and the Commonwealth of the Northern Mariana Islands for the licensing of real estate appraisers and to allow temporary practice for federally related transactions.

Therefore, it is in the interest to improve the reliability of the valuation of appraised real properties.

B. Public Hearing Conducted

The Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions conducted a public hearing on Tuesday, June 1, 2004 in the Legislative Public Hearing Room, I Liheslaturan Guahan, in Hagatna. Public notice was provided on May 25 & 28, 2004.

Committee Chairwoman Toni Sanford called the public hearing to order at 9:15 AM in the Legislative Public Hearing Room. Committee members present were: Speaker Ben C. Pangelinan, Senator Lou Leon Guererro. Non-committee members present were: Senator Robert Klitzkie and Senator Joanne Brown.

Individuals who appeared before the Committee and provided testimony were: Thomas A Elliot, President of PAPREA; Alan G. Salas, Director of PAPREA; Nick Captain, President of The Captain Company.

II. SUMMARY OF TESTIMONY

Speaker Pangelinan, author of Bill 259, stated the bill is intended to upgrade and enhance the professionalism of the appraisal services and professional here on Guam through the enactment of amendments that would require the continuing education credits in order to ensure continued licensure as an appraisal on Guam. In addition, the bill also adds additional classifications of appraisers to include commercial as well as real estate classifications. In my communications with the Appraisal industry and their representatives that there will be additional amendments required and I look forward to the testimony on this bill.

Mr. Thomas A. Elliott, president of Guam's Appraisal Association, the Pacific Association of Professional Real Estate Appraisers aka PAPREA appeared before the Committee and provided written and oral testimony in favor of Bill 259. Mr. Elliott also explained PAPREA's mission.

Mr. Elliott stated in reviewing the proposed Bill 259 – which increased the education requirements for Guam's real estate appraisers and to set guidelines for reciprocity agreements and temporary practice for federally related transactions – PAPREA has determined these amendments satisfy the minimum essential requirements promulgated by the Appraiser Qualifications Board or AQB.

Mr. Elliott stated the AQB exercises authority over the establishment of education, experience as do other criteria for licensing, certification and recertification of qualified appraisers by defining, issuing and promoting such qualifications criteria, and disseminating this same criteria to states, territories, government entities and others.

Mr. Elliott stated under Guam's current law, only two classifications are authorized: Guam Licensed Appraiser and Guam Certified Appraiser. Each classification has certain education, experience and performance requirements: Licensed appraisers may only appraise complex one to four residential units having a transaction value less than \$250 thousand, and non-complex 1 to 4 unit residential properties having a transaction value less than \$1 million. This issue takes on more importance as Guam stands ready for economic recovery over the next few months.

Mr. Elliott stated while AQB established criteria for 4 classes: trainee, licensed, certified residential and Certified General Real Property Appraiser- PAPREA would like to see the Certified Residential classification added to Guam's appraiser license law. He stated this license category allows the appraisal of any residential property regardless of transaction value, providing additional benefits to the community. Mr. Elliott stated banks and other users of appraisal services would benefit from a distribution of work volume among two residential appraisal categories instead of one, and shorter time-frames for completion of appraisal assignments would be anticipated.

Mr. Elliott stated adding this category would also allow residential appraiser to achieve the higher competency levels required to conduct appraisals of the more complex

residential properties. Including the Guam Certified Residential Appraiser classification into our license law will also promote reciprocity for local appraisers to accept assignments in many states that also have this same license category.

Mr. Alan Salas, an associate appraiser for Micronesian Appraisal, associate member of the Appraisal Institute and director of PAPREA appeared before Committee and provided written and oral testimony in favor of Bill 259. Mr. Salas stated he is also a certified residential appraiser for Federal and related transactions in the CNMI; a licensed FHA Appraiser and a licensed appraiser on Guam with 12 years of the appraisal profession on Guam. Mr. Salas stated Bill 259 will help bring the appraisal profession into the forefront of the nation.

Mr. Salas stated the changes and modification in the national publication for appraisal subcommittee has two additional categories: the certified residential and the trainee appraiser classification. Although PAPREA has agreed to support adding the certified residential category, he wanted to speak initially on the trainee appraiser category. There are a lot of companies out there who have to go through hardship because of having to get qualified individuals to assist them in the appraisal profession in producing these reports. This profession is a deadline-oriented profession; there are not that many appraisers at the hearing today because they are out trying to bust their butts and get their appraisers report submitted on time. Adding the trainee appraiser category would add assistance to the certified appraiser or licensed appraiser – which can hopefully be considered in the future.

Mr. Salas stated today Guam holds back licensed appraisers – there are appraisers who have gone onto the states and are unable to get their due just classification or license because of that. We have already gotten the qualifications as a certified residential appraiser but they can't get it because of Guam law. Mr. Salas stated there are some appraisers who are members of a distinguished organization, Appraisal Institute who are unable to reach a higher designation because of Guam law. We're having to go back and retake classes that we've taken years ago because of Guam law. I am one of the appraisers who are affected; I am a certified residential appraiser in our neighboring island CNMI but I am not a certified residential appraiser on Guam – I'm a licensed appraiser. I am an FHA appraiser – I can do appraisals on federal-related transactions but I am not a certified residential appraiser on Guam. If I am going to have to sit down and retake all those classes this is a hardship that is very difficult for me.

Mr. Nick Captain, president of the Captain Company appeared before the Committee and provided oral testimony He stated he is a designated member of the Appraiser Institute, designated member of the Counselors of Real Estate and he serves on the Appraisal Institute's International Relations Committee; as the Appraisal's Institute's Ambassador to Micronesia, the Philippines, and Indonesia and he is a certified appraiser in Guam, CNMI, and Hawaii.

Mr. Captain stated the proposed law appears to be written in order to comply with federal statutes. It simplifies and clarifies educational issues which I believe are

important that hopefully address Alan's (Mr. Salas' concerns). One issue might require some massaging is the description of what the Guam licensed appraisers are allowed to do; there is some language regarding the authority to appraise one to four residential units with a transactional value of a \$ 1 million or less. It does not specifically include or exclude 'land' – I'm not sure how that would be consider under the new language. It also refers to size and complexity – which may warrant some additional language to the bill to help appraiser understand what you mean by size and complexity. I would, perhaps, allude to highest and best use being a residential or a n agricultural zone.

Mr. Captain stated the input he wanted to provide the Committee is that if the Committee is going to amend the appraisal law that the Committee may consider appraising other sections of the law that haven't been addressed in this bill. Two specific examples: the certification section of the existing law provides for the appraiser to retain files for a specific period of time after a litigation matter is adjudicated. The current law is in violation of USE PAP – which is the Uniform Standards of Professional Appraisal Practices. I believe the intent of this bill is comply with USE PAP. The violation of USE PAP in the existing law would need to be addressed. Mr. Captain stated another example: under the current law, appraisal reports are required to be writing – whereas USE PAP allows for verbal appraisal reports. There are also some language requiring appraisers to follow USE PAP 1990 Edition – of course, that needs to be addressed because each USE PAP Editions are revised annually. Mr. Captain stated there are probably other areas of existing law that need to be amended as well. He spoke to Mr. Mark Gerber this morning and he indicated he would be happy to sit down with me and PAPREA to provide some additional support. If the Committee intends to amend the appraisal law – it would be highly recommended the Committee also take into account the additional areas of the law that also are need to updating and amendments to comply with USE PAP.

Senator Sanford stated the Committee will continue to receive testimonies and comments on suggested minimal amendments to Bill 259. However, if the proposed amendments to the bill it may be possible to address the more comprehensive amendments in another bill and to proceed with proposed amendments contained in Bill 259. We're trying to expedite some of these amendments requested; I am aware PAPREA was very much interested in including several categories – and suggested including both the residential and the trainee classifications at the same and contained in Bill 259.

Speaker Pangelinan asked Mr. Captain what the acronym USE PAP stand for? Mr. Captain responded it is USPAP – it's the 'Uniform Standards of Professional Appraisal Practice.' Speaker Pangelinan asked whether USPAP is in any way consistent with AQB and ASB? Mr. Captain affirmed, that is the document that is put forth by the ASB.

Speaker Pangelinan: – USPAP Uniform Standards of Appraisal – is that consistent with I have no objections to working – if you feel up to it trying to gather those inconsistencies. Get something in the next couple of weeks.'

Senator Klitzkie asked Mr. Captain if the appraisal law is to be amended, may he imply from that that Mr. Captain is not certain that the appraisal law needs to be amended? Mr. Captain stated no – the proposed amendments are written in direct response to a federal review of the existing laws and in response to recommendations made by the federal reviewers. Mr. Elliott stated the federal review comprised of an audit that was conducted by the appraisal qualifications board – a federally established agency that oversees qualifications that need to be implemented by appraisers nationwide. Mr. Captain stated the Appraisals Standards Board was authorized by Congress to regulate appraisal standards, laws, and requirements for certification and licensing and the requirements which are put forth in the USEPAP document are not a federal law but USEPAP has been adopted by federal agencies – that is how the process is enforced.

Senator Klitzkie stated he was unaware that the national government had an independent agency that regulated the practice of appraisers. Mr. Captain stated it is not a federal agency – it is an independent agency. Speaker Pangelinan stated it is an independent commission – some of the recommendations came down through the Dept of Revenue and Taxation in their capacity as overseers of this activity in Guam.

Mr. Salas stated as a result of the Savings and Loans fiasco – the federal government needed an independent entity to come up with recommendations so they created the Appraiser Foundation and the Appraisal Subcommittee is part of the Appraisal Foundation. It was this Subcommittee that set up the standards. Senator Klitzkie asked where would I find the Appraisal Foundation? Mr. Salas stated it is on the internet the appraisalfoundation.org. They have developed these standards and advise states to adopt them.

Senator Klitzkie asked what if a state decided not to adopt these standards – what would be the consequence? Mr. Salas stated each state has its own agency such as ours – they try to get each state to set up a minimum requirement. Speaker Pangelinan stated this appraisal foundation is sort of similar to the General Accounting Standards Board – they set accounting standards but they're not law.

Senator Klitzkie asked Mr. Salas to forward the URL address of the foundation to his office.

Mr. Salas stated there is a section in the bill that is a leveling off – it says that anytime there is an amendment to the Appraisal Subcommittee on the criteria of appraisers it actually modifies the Guam law. We can change these numbers and get these numbers for the criteria for the agency. This will put everything – incorporates by reference – national building code.

Senator Klitzkie asked if that if this bill were enacted, if it incorporates by reference the changes made by this appraisal board?

Speaker Pangelinan stated that it was kind of the same as what they had done with the National Uniform Building Code. When they update that on a regular basis and when

they updated it on a national level and it was adopted, we adopt that and modify our own. We can still come back in and if decide not to adopt certain sections then we can come in, by law and not adopt those sections that may not be applicable to Guam. But otherwise it is automatically adopted.

Senator Klitzkie stated that it is a progressive approach to legislation and further stated he is a little vague as to what the law is now? Taking a look at §30108 and how do you want it changed? §30108 states that a licensed appraiser can appraise from 1 to 4 residential units. Can be rephrased up to 4 residential units notwithstanding the licensing required that is established by the appraisal subcommittee. So that means that, no matter what the subcommittee said should be the standards, if there were up to four units you could appraise it under current law even if the value happens to be a \$1M per unit. Is that correct reading of the current statute?

Mr. Salas responded by saying that the information he had gathered was in reference to duplexes.

Senator Klitzkie stated that is not what the statute says. And would like to know what the law is now and then we will talk about how you would like to see the law changed. As I understand it, the law authorizes the appraisal of one to four residential units. So you can appraise four residential units and then the language says “notwithstanding licensing requirements” to me means that regardless of standards established by the appraisal subcommittee an appraiser could appraise four residential units even if the value of each unit were \$1M each. Is that what the law says?

Speaker Pangelinan stated that we are striking that “notwithstanding” out and further stated it is the law right now, without the \$1M value.

Senator Klitzkie stated as we sit here today, if I were an appraiser, I could go out and appraise four residential units and the value could be up to a \$1M per unit.

Mr. Salas responded by saying no. His interpretation would be the four units, when appraising them, includes the whole structure of the four units being less than \$1M.

Senator Klitzkie asked where the \$1M figure resulted, to which Mr. Salas responded that it is found in the subcommittee booklet.

Senator Klitzkie further stated that it says “notwithstanding licensing requirements established by the appraisal subcommittee”.

Mr. Salas stated that we would revert back to that publication. Now if you are talking about individual units the answer would be no. I wouldn't see a licensed appraiser appraising a multi-family building with four units at a \$1M each. No, I do not see a licensed appraiser appraising that building.

Senator Klitzkie asked about the statute, to which Mr. Captain stated that there are no dollar restrictions to the existing law. Not in the Guam law.

Senator Klitzkie stated that then in theory that it could be \$2M per unit. It could be an \$8M unit, you could go out and appraise that, and you would not have to concern yourself with the appraisal subcommittee standards.

Mr. Salas further stated that he thinks the intent of the subcommittee is like that.

Mr. Captain stated that Guam law requires that an appraiser follow USPAP, which is the Uniform Standards Professional Appraisal Practice. Guam law incorporates USPAP.

Senator Klitzkie stated that he is just looking at what is in front of him. If you turn to page 5 of the bill and you see the language “notwithstanding licensing requirements established by the appraisal subcommittee”. The reason there is a line through it is because it is current law and this bill would strike this from current law. So if it says that “notwithstanding licensing requirements established by the appraisal subcommittee” that means that those standards don’t apply. Correct?

Mr. Elliot stated that is the intent of the AQB, Appraisal Qualifications Board that this be interpreted as one unit or a duplex or a triplex or a four-plex. Either of those residential categories should not exceed \$1M in transaction.

Senator Klitzkie asked where did they get the \$1M figure.

Mr. Elliot stated what the AQB requirements are and not the law itself.

Senator Klitzkie stated that the AQB standards do not apply. Quoting again “notwithstanding licensing requirements established by the appraisal subcommittee and the Appraisal Qualifications Board or any successor. The Guam licensed appraiser shall not be disqualified as the result of the dollar increase in the appraised priced of the residential property”. That is what I am getting at. When something like this comes along this is a very comprehensive piece of legislation. It is going to require an awful lot time to fully understand. If my understanding is correct, we have almost a wide-open field for appraisers without standards and without limitations.

Mr. Captain stated not without standards because Guam law incorporates USPAP, but when you say without limitations, I agree with you. I am familiar with Guam licensed appraisers that have told me face to face that they would go out and appraise Tumon Beach property whether the value is \$5M or \$10M or whatever. And these are the people that have the lowest requirements as far as licensing. My interpretation of the license is that they should be precluded from doing that type of work. But they have told me face to face that they would go out and do that.

Senator Klitzkie said that is the current law. Now if this bill became law the limitations becomes \$1M and by repealing all of the language that starts with “notwithstanding” then

we are bringing this back within the appraisal subcommittee and the AQB board standards. Right. And you would think that this would be a worthy undertaking and good deal. Mr. Captain, Mr. Salas and Mr. Elliot agreed. Senator Klitzkie further asked about §30109 on page 17, there is a Guam certified appraisal classification. So there is a licensed appraiser and a certified appraiser. And then you want two more categories? Which are?

Mr. Salas stated a certified residential appraiser and trainee.

Senator Klitzkie asked for someone to give him all four in order and what the qualifications are.

Mr. Salas stated from his understanding, the trainee is required to take the standards course, which is the USPAP course. From that period, you work under the appraiser, licensed or certified residential. You are not able to sign on the report. It is the responsibility of the supervising appraiser. That is the trainee. The licensed appraiser, which at present is at 75 classroom hours, but with this bill it would be increased to 90 hours. With the additional 2000 hours of work experience to be licensed. Then the certified residential, which is an additional 135 educational hours plus the 2000 hours of experience. Then the certified general, which is what everyone thinks there is no cap as to the value or complexity of the report. That requires 180 and with 3000 hours of work experience. So we have the trainee, licensed, certified residential, and certified. Where other terms are certified general or certified appraiser is the top.

Speaker Pangelinan stated that they have those requirements in a booklet that will be included in as part of the committee report.

Mr. Salas continued to state that the email that he will be sending will direct you to the publication and all the information you need for the standards.

Senator Klitzkie asked the number of people that are in the appraisers community.

Mr. Salas stated that there are about 25 to 35 members. We have bankers, realtors, attorneys, and people from the government agencies. There are about 20 licensed appraisers. It is a tough business. Every time I think about training individuals, I want to describe this type of profession; I think why would any body want to get into this business. Because it is so deadline oriented, stressful, and hard to see the family. I guess it is the love of being challenged all the time. With this bill you guys are heroes with this one.

Senator Klitzkie asked of the 20 people, how many will turn into pumpkins at midnight of December 31st of this year if this bill passes? How many would not be able to qualify under the new rules?

Mr. Elliot answered by saying that this bill is proposing qualifying criteria. Those of us who currently licensed or certified would have to deal with increased hours for continuing education. Which really isn't that much of a problem.

Mr. Salas responded by saying that no one will turn into pumpkins, but you are releasing them to get higher designations and education.

Senator Klitzkie asked how many would be eligible for the certified rank, to which Mr. Salas replied that there is a total of five individuals who are looking for this bill to be passed so they can continue with the higher designation in the appraisal institute.

Senator Klitzkie asked if they would be able to continue or establish themselves as being there, to which Mr. Salas replied in the affirmative, adding that a lot of them are already appraisal institute members. They just need to get that certified residential category so that they do not have to re-take classes.

Senator Sanford asked if you have to be a certified residential before you become general certified, to which Mr. Salas stated that everyone wants to become a certified general, but he would like to stay as a residential appraiser. A licensed appraiser now, the highest he can go to as a residential appraiser is being a certified residential. There is no designation locally, but he has the educational background to become a certified appraiser if he were to go to another state.

Senator Klitzkie stated that everybody is in the same category regardless of his or her ability to attain a higher classification. And five would go to the top of the class come January 1st. Mr. Salas stated that they would be eligible to take the exam, so they can seek that designation.

Senator Klitzkie asked if anyone would lose his or her ability to appraise. Salas answered no. Senator Klitzkie continued to ask if it would stop the relatively new appraiser from going down and doing the \$100M appraisal in Tumon. Mr. Salas agreed.

Senator Klitzkie commented how it seems to be a salutary effect because the two of you were talking about public office. In a sense the work that you do does have a public dimension and the same respect that public accountants do because your signature in a piece of paper is suppose to be that kind of a number that establishes a very fiduciary like relationship between you and your customer that third parties can rely on. That would seem to be very salutary effect.

Senator Brown stated that Mr. Salas mentioned that you are certified in the CNMI to do certain things that you are not here under the current standards in your testimony. If this were to be passed where would this reciprocate your ability? Would you be able to go to the U.S. Mainland and practice or would you have to do like attorneys and take the local bar? How would this improve the ability in terms of national certification? Would this enhance the standard to that level? So that if you move to another jurisdiction you would not have to go through anything additional to practice there to be an appraiser.

Mr. Salas stated that this is a gray area. He is a resident of Guam, not CNMI, however, on the mainland, he stands a better chance to present his CNMI license to get a certified residential status if he passes the competency test for that area. They may require you to work with appraisers there or offices there. It depends on each state.

Senator Brown further asked if doing this was going to bring us up to any type of national standard where we will be recognized in other jurisdictions. We have certain requirements if you graduated from an accredited colleges and universities. When you become a professional, there are certain national standards that have to be met in order for you to have those titles.

Mr. Salas stated that if you were following the appraisal foundation and the appraisal subcommittee that were on top of things. There are some states that have not upgraded their laws. There are only a few out there have upgraded and aren't mirroring the appraisal foundation. What we will be doing is getting a step ahead as the same law with the notary public when Senator Barrett Anderson had submitted in. We will actually be taking a first step on getting up to par with everybody else.

Senator Brown: You just told me that everybody else is not up to standard. I just want to get clarification. You assume that it would be easy to practice; I am not saying that is something you plan on doing, but at the same time if it is a profession. If you become a CPA or appraiser it should mean something. The value figures you put down for a piece of property has tremendous impact. There are certain standards that you would have to meet in order to determine what the value a piece of property. Where it's located, how it's built, infrastructure, resources, the neighborhood and how you make that determination. So there is a lot that goes into the outcome of what an appraiser produces. It is just a question of clarifying what exactly does it take to become one so that you are certified or there is some standard that you meet and that you have a better qualification of making an assessment on a piece of property than I would, because I don't have any expertise in that area. Its wanting to have that comfort level because every time there is a transaction on a piece of property that appraisal figure is determined to play a tremendous role, either in the purchase or the sale of that property or the value. I just wanted to clarify that. Beyond that in terms of knowing more information of the standards are or what this legislation is proposing to upgrade the standards, we are still going through an educational process.

Mr. Salas stated that if we mirror what is happening nationally, which is the appraisal subcommittee and the appraisal foundation, we will be in a better position to work anywhere in the states. It is going to definitely help us out.

Senator Brown stated that the individuals that become appraisers on Guam or meet different standards to get to the top position that these indeed are qualified individuals that have the expertise to make those type of evaluations.

Senator Sanford stated that she also agrees this bill is good. Trying to get reciprocity from other states is a good thing, but more importantly it is good to make sure that there are standards here for qualifying those that are signing those documents. We just had a hearing on the Equalization Board and I am sure they will be looking to the appraisers to look at where we are going to real estate taxes and values of the properties here. It is very critical that we put the standards in place that are respected nationally and make sure that the qualifications are indeed there to protect the interest of the owners and the financiers and buyers and the sellers. It really impacts everybody and putting the standards in that are recognized nationally is a good start to emulate. We will work with the speaker, the main sponsor to move this forward to put the statute in place.

III. COMMITTEE FINDINGS

The Committee on Economic Development, Retirement, Insurance, Public Works, and Regulatory Functions finds that it would be in the best interest of the people of Guam to put this statute in place, taking into consideration the positive recommendations from the testimonies presented at the public hearing. As such, these recommendations were taken into consideration and Bill 259 will be reported out as amended.

IV. COMMITTEE RECOMMENDATIONS

The Committee on Economic Development, Retirement, Investments, Public Works, and Regulatory Functions recommends Bill 259 to be reported out as amended with a recommendation TO DO PASS.