

■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

Certified Mail – Return Receipt Requested

October 23, 1998

Ms. Yvonne Montoya, Chair
New Mexico Real Estate Appraisers Board
Regulation and Licensing Department
P.O. Box 25101
Santa Fe, NM 87504

Dear Ms. Montoya:

Thank you for your September 28, 1998 letter responding to the Appraisal Subcommittee's ("ASC") June 11, 1998 field review letter. We are pleased to hear of your efforts to ensure the regular submission of National Registry data, and we stand ready to assist you in implementing our new Stateside Software. We look forward to the New Mexico Real Estate Appraisers Board's ("Board") upcoming decision regarding its records destruction policy as outlined in our June 11th letter.

We noted in our June 11th letter that the Board did not adequately inform the public that some of its certified and licensed appraisers have not paid the National Registry fee and therefore are not eligible to perform appraisals in connection with federally related transactions. We provided the Board the choice of either eliminating a certified or licensed appraiser's option not to pay the National Registry fee or, placing a conspicuous notice directly on the face of any evidence of the appraiser's authority to appraise stating, "Not Eligible to Appraise Federally Related Transactions." We also required the Board to notify all New Mexico lenders of its two-tiered licensing and certification program with clear information regarding how lenders can determine whether an appraiser is eligible to appraise in federally related transactions. Finally, we asked that you provide us a written explanation regarding how lenders located outside New Mexico, but using New Mexico appraisers, can determine whether a New Mexico appraiser is eligible to appraise for Federally related transactions.

In your letter, you informed us that the Board has chosen "to place on the license and certificate a statement indicating that the appraiser either has or has not paid the federal registry fee and is or is not eligible to perform in federally related transactions." You further stated that this statement would be placed on affected appraisers' certificates or licenses as they are renewed over the next year. You did not address notifying New Mexico lenders of your two-tiered system and did not provide us with the requested written explanation.

We are pleased that you have decided to place this statement on certificates and licenses. Nevertheless, we do not believe that a phased-in approach that may take a year or longer to complete protects regulated financial institutions and other users of appraisal services from using appraisers who are not legally eligible to perform appraisals in connection with federally related transactions. In our view, it is imperative that lenders and other users of appraisal services know as soon as possible whether or not an appraiser has paid the National Registry fee and is therefore eligible to appraise in federally related transactions. To ensure this result, the Board must recall the licenses or certificates of all affected appraisers and reissue those licenses or

certificates with the appropriate conspicuous notice within 60 days of your receipt of this letter. Should this not be accomplished during this period, the ASC will be forced to refer this matter to its constituent federal financial institutions regulatory agencies and the Department of Housing and Urban Development for their review and possible actions with their regulated financial institutions.

Please notify us as soon as possible, but not less than 30 days, regarding your intentions. After receiving your response or the expiration of the 30-day response period, whichever is earlier, this letter and your response become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

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

Sincerely,

Herbert S. Yolles
Chairman