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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 12, 2014

Mr. Dean Zantow, Chairperson
New Mexico Regulation and Licensing Department
Real Estate Appraisers Board
Toney Anaya Building, 2nd Floor
2550 Cerrillos Road
Santa Fe, NM 87505

RE: ASC Compliance Review of New Mexico's Appraiser Regulatory Program

Dear Mr. Zantow:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Mexico appraiser regulatory program (Program) on October 22-24, 2013, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following areas of non-compliance:

- States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI;¹
- States must have policies, practices and procedures consistent with Title XI;²
- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;³ and
- State agencies must adhere to mandates and prohibitions as determined by the ASC that deter the imposition of excessive fees or burdensome requirements for temporary practice.⁴

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

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

Sincerely,



Arthur Lindo
Chairman

Attachment

cc: Mr. J. Dee Dennis, Jr., Superintendent
Ms. Mary Kay Root, Deputy Superintendent/Acting Director
Ms. Vadra Baca, Deputy Director
Ms. Tania Maestas, Board Counsel
Mr. James C. McKay, RLD General Counsel
Ms. Laura Romero-Halama, Team Leader
Ms. Deloisa Trujillo, Board Administrator

¹ Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.

² Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 2

³ Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.

⁴ Title XI § 1122 (a) (1), 12 U.S.C. § 3351; ASC Policy Statement 2.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ⁴	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

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

⁴ An ASC Finding of "Poor" may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Good

Final Report Issue Date: February 12, 2014

New Mexico Appraiser Regulatory Program (Program)

New Mexico Real Estate Appraisers Board (Board) / Decision Making

PM: N. Fenochietti

ASC Compliance Review Date: October 22-24, 2013

Review Period: November 2011 to October 2013

Umbrella Agency: New Mexico Regulation and Licensing Department (Department)

Number of State Credentialed Appraisers on National Registry: 247

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
New Mexico Statutes, Regulations, Policies and Procedures:		X						
States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				New Mexico Statutes Chapter 61 Article 30 §61-30-20 and Rules Title 16 Chapter 62 Part 11 §16.62.11.8.A does not comply with Title XI which requires a reciprocal credential be issued when the applicant holds a valid credential from a State whose program is in compliance with Title XI and whose credentialing requirements meet or exceed the requirements of the State where the application is made.	On January 17, 2014, the Board reported that a statutory amendment would be introduced during the 2014 Special Legislative Session beginning on January 21, 2014.	New Mexico must continue the process to amend its statute and Rules to bring them into compliance with ASC Policy Statement 5, and provide the ASC staff with a copy of the adopted amendments.	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 5.
New Mexico Statutes, Regulations, Policies and Procedures continued:		X						
States must have policies, practices and procedures consistent with Title XI. (Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 2.)				ASC Policy Statement 2 requires that States allow at least one temporary practice permit extension. New Mexico Statute Chapter 61 Article 30 §61-30-21 does not provide for an extension.	On January 17, 2014, the Board reported to ASC staff that a statutory amendment would be introduced during the 2014 Special Legislative Session beginning on January 21, 2014.	New Mexico must continue the process to amend its statute and Rules to bring them into compliance with ASC Policy Statement 2, and provide the ASC staff with a copy of the adopted amendments.	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 2.
New Mexico Statutes, Regulations, Policies and Procedures continued:		X						
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (Title XI §§ 1116 (a), (c) and (e), 12 U.S.C. § 3345; Title XI § 1118 (a), 12 U.S.C. § 3347; ASC Policy Statement 1.)				AQB Criteria requires that Supervisory Appraisers shall not have been subject to any disciplinary action within the last 2 years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. New Mexico Rules Title 16 Chapter 62 Part 11 §16.61.1.12(1) only requires a Supervisory Appraiser to be certified for at least 2 years.	On January 17, 2014, the Board reported to ASC staff that a statutory amendment would be introduced during the 2014 Special Legislative Session beginning on January 21, 2014.	New Mexico must continue the process to amend its statute and Rules to bring them into compliance with AQB Criteria, and provide the ASC staff with a copy of the adopted amendments.	None	During the next Review, ASC staff will pay particular attention to this area for compliance with AQB Criteria.

ASC Compliance Review Report

ASC Finding: Good

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New Mexico Appraiser Regulatory Program (Program)

New Mexico Real Estate Appraisers Board (Board) / Decision Making

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Umbrella Agency: New Mexico Regulation and Licensing Department (Department)

Number of State Credentialed Appraisers on National Registry: 247

Review Cycle: Two Year

Requirement/Guidance	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required State Actions	Recommended State Actions	General Comments
	YES	NO	AC					
Temporary Practice:		X						
State agencies must adhere to mandates and prohibitions as determined by the ASC that deter the imposition of excessive fees or burdensome requirements for temporary practice. (Title XI § 1122 (a) (1), 12 U.S.C. § 3351; ASC Policy Statement 2.)				ASC staff reviewed a temporary practice permit file where the applicant was required to pay for separate permits for each property included in the single assignment.	On January 17, 2014, the Board reported to ASC staff that a statutory amendment would be introduced during the 2014 Special Legislative Session beginning on January 21, 2014.	New Mexico must issue temporary practice permits on an assignment basis in compliance with ASC Policy Statement 2 and must continue the process to amend its statute and Rules.	None	During the next Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 2.
National Registry:	X							
				No compliance issues noted.	N/A	None	None	None
Application Process:	X							
				No compliance issues noted.	N/A	None	None	None
Reciprocity:			X					
States must have a reciprocity policy in place for issuing a reciprocal credential to an appraiser from another State under the conditions specified in Title XI. (Title XI § 1122 (b), 12 U.S.C. § 3351; ASC Policy Statement 5.)				New Mexico's statutory/regulatory authority is not consistent with the State's practice or federal requirements. However, in practice, it appears New Mexico complies with Title XI concerning reciprocity.	On January 17, 2014, the Board reported to ASC staff that a statutory amendment would be introduced during the 2014 Special Legislative Session beginning on January 21, 2014.	None	To strengthen the Program, New Mexico should continue the process of amending its statute and Rules.	During the next Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 5.
Education:	X							
				No compliance issues noted.	N/A	None	None	None
Enforcement:	X							
				No compliance issues noted.	N/A	None	None	None