

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 4, 2018

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

RE: Appraisal Subcommittee Staff Follow-Up Review

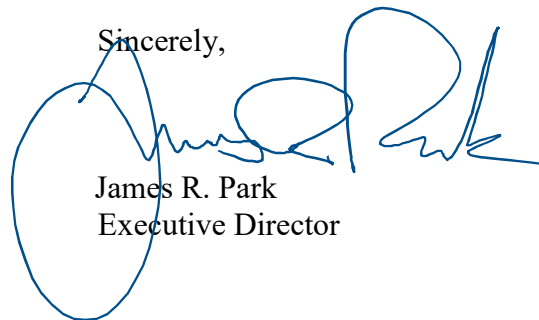
Dear Mr. Zantow:

Thank you for your cooperation and your staff's assistance in the July 17, 2018, Appraisal Subcommittee (ASC) staff Follow-up Review. This was a Follow-up Review of the June 6-9, 2017, ASC Compliance Review of the New Mexico appraiser regulatory program.

As detailed in the attached Follow-up Report, New Mexico made progress in the non-compliance concerns identified in the October 20, 2017, Compliance Review Report.

This letter and the attached Follow-up Report are public record and available on the ASC website in accordance with the Freedom of Information Act. Please contact us if you have any questions.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Ms. Ruth Romero, Board Administrator
Ms. Laura Romero-Halama, Team Leader
Mr. Robert Unthank, Superintendent
Ms. Kathy Ortiz, Deputy Director
Ms. Jennifer Saavedra, Litigation Division Director
Ms. Olga M. Serafimova, Assistant Attorney General

ASC Staff Follow-Up Report: 2017 Compliance Review

New Mexico (NM) Appraiser Regulatory Program (State)		
New Mexico Real Estate Appraisers Board (Board)	Follow-Up Review Date: July 17, 2018	Follow-Up Report Issue Date: September 4, 2018
Umbrella Agency: New Mexico Regulation and Licensing Department	ASC Compliance Review Date: June 6-9, 2017	PM: J. Tidwell
Final Compliance Review Report Issue Date: October 20, 2017	ASC Finding: Needs Improvement	

Applicable Federal Citations	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			Required/Recommended State Actions from the October 20,2017 Compliance Review Report	Status as of July 17, 2018 Follow-Up	Further Required Actions/Comments
	Yes	No	AC			
Application Process:			X			
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State must implement an effective process of validating that applicants have successfully completed courses consistent with AQB Criteria for the appraiser credential sought on all initial applications.	ASC staff reviewed 7 application files and found all applicants had successfully completed courses consistent with AQB Criteria. The State developed written procedures and checklists to ensure all requirements have been met prior to issuance of a license. Completed checklists were found in all 7 files reviewed.	Further Required Actions: None Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.
Enforcement:			X			
States must document and maintain files to enable understanding of facts, determinations, and rationale for those determinations. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State must monitor its revised complaint management and documentation procedures to ensure it is carrying out its Title XI-related duties.	ASC staff reviewed 23 closed investigation files and found that files processed since the Compliance Review contained sufficient documentation to support the rationale for dismissal. Board staff prepares a Complaint Summary Report that lists the violations identified by the Complaint Committee, defines the action that led to each violation, provides a recommendation for appropriate action or summarizes the basis for a case to be dismissed.	Further Required Actions: None Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.
Enforcement continued:		X				
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State must monitor its revised processes to ensure timely processing of complaints to reduce the backlog of aged complaints, and to ensure that complaints of appraiser misconduct or wrongdoing are resolved on a timely basis as required by ASC Policy Statement 7 B. The State must submit complaint logs to ASC staff quarterly. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State. The State should contact its assigned ASC Policy Manager to determine log submission schedule and details.	During the Follow-up Review, the State had 4 outstanding complaints of which 1 was unresolved for more than 2 years. In the effort to reduce the backlog of disciplinary cases and to prevent them from recurring in the future, the State committed to shortening the time it takes from the day a complaint is received until the day it is referred to the Attorney General for prosecution. The Complaint Committee and Board will have additional or special meetings if necessary.	Further Required Actions: The State must continue to submit complaint logs to ASC staff quarterly. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State. Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.

ASC Staff Follow-Up Report: 2017 Compliance Review

New Mexico (NM) Appraiser Regulatory Program (State)		
New Mexico Real Estate Appraisers Board (Board)	Follow-Up Review Date: July 17, 2018	Follow-Up Report Issue Date: September 4, 2018
Umbrella Agency: New Mexico Regulation and Licensing Department	ASC Compliance Review Date: June 6-9, 2017	PM: J. Tidwell
Final Compliance Review Report Issue Date: October 20, 2017	ASC Finding: Needs Improvement	

Applicable Federal Citations	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)			Required/Recommended State Actions from the October 20,2017 Compliance Review Report	Status as of July 17, 2018 Follow-Up	Further Required Actions/Comments
	Yes	No	AC			
Enforcement continued:		X				
States must ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable, and well-documented manner. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State must monitor its revised complaint management and documentation procedures to ensure that complaints of appraiser misconduct or wrongdoing are processed consistently.	During the Follow-up Review, ASC staff discovered that 6 of the aged complaints had been closed without action because they were processed ineffectively causing the cases to age beyond the State's Statute of Limitations (SOL) and therefore were closed without further processing. These cases had been forwarded for proposed disciplinary actions. In an effort to ensure that the system for processing and investigating complaints and sanctioning appraisers is administered in an effective, consistent, equitable manner, the Board began prioritizing complaints based on the severity of the violations and began using "education in lieu of discipline" to allow more resources to be dedicated to cases involving more egregious violations. A disciplinary action matrix was developed and is used to promote consistency when processing cases involving similar violations. ASC staff believes the new process should prevent cases from falling under the SOL in the future.	Further Required Actions: The State must continue to monitor its revised complaint management and documentation procedures to ensure that complaints of appraiser misconduct or wrongdoing are processed consistently. Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 7.
Enforcement continued:			X			
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The State must monitor its revised complaint management and documentation procedures to ensure it is carrying out its Title XI-related duties.	By implementing the revised complaint management and documentation procedures, it appears the State is carrying out its Title XI-related duties related to enforcement.	Further Required Actions: None Comments: During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 1.