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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 26, 2006

Mr. John Howden, Chair
New Mexico Board of Real Estate Appraisers
Regulation and Licensing Department
2550 Cerrillos Road
Santa Fe, NM 87505

Dear Mr. Howden:

Thank you for the cooperation and assistance of the Regulation and Licensing Department (“Department”) and the New Mexico Board of Real Estate Appraisers (“Board”) in the May 3-5, 2006 Appraisal Subcommittee (“ASC”) review of New Mexico’s real estate appraiser regulatory program (“Program”). While New Mexico needs to address two concerns to bring the Program into substantial compliance with Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (“Title XI”), we found that the Program has improved since our previous field review in September 2004.

- **New Mexico credentialed two reciprocal applicants inappropriately.**

New Mexico obtained statutory authority to issue reciprocal appraiser credentials on September 13, 2004, and began issuing reciprocal credentials after the ASC 2004 review. In accordance with ASC Policy Statement 6, New Mexico established written agreements with each of its neighboring States. The State also issues reciprocal credentials to appraisers holding licenses or certificates in good standing in other States.

During our 2006 field review, ASC staff identified two persons who were issued inappropriate reciprocal credentials. While both appraisers held licensed level credentials in their home States, New Mexico issued certified residential credentials. Department staff issued these certifications soon after the statutory authority to grant reciprocal credentials became effective. Based on our review of more than 120 application files, we found no other inappropriately issued credentials. It appears that the errors were inadvertent and not part of a pattern or practice.

Within 90 days from your receipt of this letter, the Board needs to require the two appraisers mistakenly awarded certified residential credentials to: (1) demonstrate that they qualify for the certified residential credential; or (2) return the certified residential credentials. If those credentials are returned, the Board may wish to issue these appraisers credentials at the licensed level.

- **New Mexico’s statute and regulations do not provide for an easy extension to temporary practice permit holders.**

ASC Policy Statement 5 requires States to provide temporary practitioners with an effortless method to obtain an extension. New Mexico’s statute and regulations fail to provide for such an extension. We addressed this concern in our November 18, 2004 field review letter.

While the Board began to informally provide 30-day temporary practice permit extensions, the State's statute and/or regulations have not yet been amended to authorize those extensions. The Board, however, is in the process of amending its regulations to provide for extensions. The Board intends to propose the amendments for public comment in late summer, with the goal of having the final regulations in place by yearend.

Because the lack of extension authority has been a longstanding concern, we expect the Department and Board to take all necessary steps to expedite adoption of the draft rule change. Please provide us copies of the rule change when it is proposed and finally adopted. In the interim, we encourage you to continue the practice of offering temporary practice extensions.

Please respond to this letter within 60 days from its receipt date. Until the expiration of that time period or the receipt of your response, we consider this field review to be an open matter. After receiving your response or the expiration of the 60-day response period, whichever is earlier, this letter, your response and any other correspondence between you and the ASC regarding this field review become releasable to the public under the Freedom of Information Act and will be made available on our Web site.

Please contact us if you have further questions.

Sincerely,

Virginia M. Gibbs
Chairman

cc: Mary James, Administrator
Kathleen O'Dea, Director