



Appraisal Subcommittee
Federal Financial Institutions Examination Council

October 8, 2019

Ms. Theresa Montoya, Board Administrator
Real Estate Appraisers Board
New Mexico Regulation and Licensing Department
Toney Anaya Building
2550 Cerrillos Road, Second Floor
Santa Fe, NM 87505

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

Dear Ms. Montoya:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the New Mexico appraiser regulatory program (Appraiser Program) on June 4-7, 2019 to determine the Appraiser 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 Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the New Mexico Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must issue temporary practice permits within five business days of receipt of a completed application or notify the applicant and document the file as to the circumstances justifying delay or other action;¹ and
- States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure.²

ASC staff will confirm appropriate corrective actions have been taken during a Follow-up Review in approximately six months. New Mexico will remain on a two-year Review Cycle.

¹ 12 U.S.C. § 3351; Policy Statement 2.

² 12 U.S.C. § 3351; Policy Statement 4 C.

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,

A handwritten signature in cursive script, appearing to read "Arthur Lindo".

Arthur Lindo
Chairman

Attachment

cc: Mr. Dean Zantow, Board Chair
Ms. Ruth Romero, Outgoing Board Administrator
Ms. Marguerite Salazar, Superintendent
Ms. Priscilla Garcia, Director
Ms. Kathy Ortiz, Deputy Director
Mr. John Kreienkamp, Board Counsel

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 ³	<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.

³ 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 State Appraiser Program Compliance Review Report

ASC Finding: Needs Improvement
Final Report Issue Date: October 8, 2019

New Mexico Appraiser Regulatory Program (State)

New Mexico Real Estate Appraisers Board (Board) PM: J. Tidwell ASC Compliance Review Date: June 4-7, 2019 Review Period: June 2017 to June 2019
Umbrella Agency: New Mexico Regulation and Licensing Department (Department) Number of State Credentialed Appraisers on Appraiser Registry: 618 Review Cycle: Two Year with Follow-up

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:	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 7 member Board has 2 vacant positions. This leaves the Board vulnerable to a lack of quorum for meetings and enforcement actions.	On August 20, 2019, the State reported the Governor's Office appointed 2 new Board Members to fill the vacancies.	None	None
Temporary Practice:		X					
States must issue temporary practice permits within five business days of receipt of a completed application, or notify the applicant and document the file as to the circumstances justifying delay or other action. (12 U.S.C. § 3351; Policy Statement 2.)				The State failed to process requests for temporary practice permits within 5 business days of receipt of a completed application.	On August 20, 2019, the State reported the Department assigned staff and a back-up to review and approve temporary permit requests in order to issue them within 5 business days of receipt of a completed application.	The State must monitor the new procedures to ensure temporary practice permits are issued within 5 days of application receipt.	During a Follow-up Review in approximately 6 months and the next Compliance 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
Application Process:		X					
States may accept affidavits for continuing education credit claimed for credential renewal so long as the State implements a reliable validation procedure. (12 U.S.C. § 3351; Policy Statement 4 C.)				The State's validation procedures did not include a prompt post-approval audit. 45-90 days prior to the scheduled renewal, the State sent out a notice identifying who would be audited.	On August 20, 2019, the State reported changing the policy to require notice of CE audit after the credential expiration date.	Within 60 days of this Report, the State must conduct at least a 10% CE audit of the appraisers who renewed their credentials in 2018 and 2019.	During a Follow-up Review in approximately 6 months and the next Compliance Review, ASC staff will pay particular attention to this area for compliance with ASC Policy Statement 4.

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Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None