



# **THE IMPACT OF STATE AMC REQUIREMENTS A BUMPY ROAD TO IMPLEMENTATION**

**Appraisal Institute Appraisal Summit**

**July 20<sup>th</sup>**

**Washington, DC**

# AMC legislation: VT's 4 step process

**Step 1:** determine if AMC legislation is needed and/or wanted & who will regulate

- Most states have decided Appraisal Board should regulate
- Only one state has bankers regulating AMC's
- In VT, bank regulators felt that HVCC did not want banking community involved in appraisal process - makes it a conflict of interest to have AMC legislation fall under bank regulators

**Step 2:** legislation writing process

- Helps to have all stakeholders involved so disagreements can be cleared BEFORE AMC legislation reaches legislature
- The legislative process can move very slowly
- Opinions of appraisers, professional organizations, regulators, bankers & AMC representatives are helpful when writing legislation

# AMC legislation: VT's 4 step process

## Step 3: Seeing the legislation through the legislature

- This varies from fairly simple to quite complicated.

## Step 4: Implementation

- Registration requirements
- Administrative rules for AMC's
- Changes and/or updates to administrative rules for appraisers required due to AMC legislation.

# Registration Requirements

## Develop a form – what needs to be there, what information is required?

- We used a standard registration form from Office of Professional Regulation
- Several Board members did not think that it was appropriate for AMC registration as it had questions pertaining to individuals, not just companies
- This created a lot of discussion between the OPR staff and the Board
- In the end, the OPR staff had the final say
- This shows how small items can become big problems as the state moves into implementation

# Registration Requirements

## How to get information out to the AMC community and to appraisers?

- We compiled a list of AMC's and contact information so we could notify the AMC community and ask for input and legislation review
- List allowed us to notify the AMC community that the legislation had passed and was effective July 1, 2010, and the registration form was on the state's web site
- Since we had minimal feedback from the AMC community while writing the AMC legislation we were concerned the email only contact info was insufficient
- Learned that smaller AMC's found out that they now have to comply with AMC legislation in VT from the appraisers that they work with
- We received many panicked phone calls and emails from appraisers receiving orders from AMC's that were not registered and they were afraid that they would not be able to work until the registration was complete
- We established a grace period until September 30, 2010 to give everyone time to comply and continue working.

# Registration Requirements

- Registration process creates a large amount of “one time” additional work for the appraisal Board staff members and it is hard to plan or predict the outcome
- VT is a small state and we expected it would be simple
- As with other states though, it has been more difficult than expected to implement
- Problems encountered by states include:
  - What do you do with an AMC that is just a computer system?
  - If you have a surety bond, what do you do if an AMC operates with many dba's?

# State of VT Website

- **Board of Real Estate Appraisers**

- The Board of Real Estate Appraisers is a five member Board created by the Legislature whose members are appointed by the Governor to administer the laws for this profession in the State of Vermont. The Board's mission is public protection. The Board does this by: ensuring that applicants are qualified for licensure; setting standards for the profession by proposing statutes and adopting administrative rules; and, with the assistance of OPR staff, investigating complaints of unprofessional conduct, taking disciplinary action against licensees when necessary to protect the public. On this page you will find links to the laws governing this profession, as well as resources for applicants, licensees, consumers and employers.

- For questions, e-mail or call: [Judith Griffen](#) | 802-828-3228

# State of VT Website

## Announcements

### Statutory Changes that Impact Appraisers & Appraisal Management Companies

New laws go into effect July 1, 2010.

**AMC's will have until September 30th to come into compliance and Register with the Board.**

It is urgent that you read this [Notice](#).

National Life Bldg, North FL2, Montpelier, VT 05620-3402 - For Nursing Tel: (802) 828-2396 - For All Other Professions Tel: (802) 828-1505

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# State of VT Website

Vermont has implemented new laws regulating Appraisal Management Companies (AMCs). Amended Real Estate Appraiser statutes are effective July 1, 2010. The law enforces transparency in the lending process and requires all AMCs doing business in Vermont to register with the Board of Real Estate Appraisers.

New requirements include:

- Licensed appraisers may only work with AMC's Registered with the Board
- Appraisers must conspicuously disclose fees in the body of appraisal reports
- AMCs must disclose Vermont Registration information in their appraisals

Please contact the Board with any questions.

- The complete text of the new law can be found here: [H.562](#)
- The Application form can be found here: [AMC Application.](#)

# State of VT Website

**Appraisers and AMCs will be held responsible for conforming to the full scope of these new laws governing licensed activities**

- **Link to AMC application – State of Vermont:**

<http://vtprofessionals.org/opr1/appraisers/forms/AMC%20Application%20Form.pdf>

- **Link to AMC regulation – State of Vermont:**

<http://vtprofessionals.org/opr1/appraisers/forms/Appraisal%20Management%20Company%20Legislation.pdf>



# Questions & emails from Appraisers

- Thank you for the prompt response! The situation is troubling because I have 3 business days with which to find out if the AMC's I work with are sanctioned by the state. That's about 90% of my work load. It's good to know there is a grace period.....
- Ami: Can you just clarify for me on the new regulations do we need to put the AMC registration # in the report or do they have to do something with their number. I understand we have to disclose our fees in the body of the report. Can you just let me know if that is correct?
- Amy - Thank you for addressing my question so quickly. AMC's are apparently not yet on the OPR web site. See Judith Griffen (from 7:27am today) e-mail message below.....evidently there will be no posting to the web site for about 90 days of AMC's who have registered. If, as she says, the applications are just coming in now, how I am supposed to get an AMC registration number that hasn't even been issued yet? If it HAS been issued, how is the appraiser supposed to find out what the number(s) is/are? I want desperately to be in compliance here: 90% of my work is for AMC's, well-known AMC's like Landsafe, Equifax and LSI. Am I out of business until Judith processes the forms and sets up the web-site? Do I just refuse all work from AMC's? or does the 90-day grace period also apply to the appraiser? I have to imagine that I am not the only appraiser who is concerned about the short notice. I would welcome any suggestions you might be able to offer. I am trying not to freak out here, but my ability to provide for my family is at stake here.
- Amy - I am forwarding to you the e-mail that xxxxx sent out. I assumed he was a voice of authority in this regard. In the version that came to me "\*Appraisers and AMCs will be held responsible for conforming to the full scope \*\*of\*\* these new laws governing licensed activities" \*it was in a BIG BOLDFACE FONT. I sure hope I haven't stirred up a hornet's nest. All I intended was to get clarification so I would be playing by the rules.

# Administrative Rules for AMC's

- Some states have enacted “emergency” rules for AMC's to allow time to write administrative rules
- I am not aware of any states have had the administrative rules done simultaneously with passing the AMC legislation
- We felt that the majority of the items we had the greatest concerns about were covered in the AMC legislation itself, so we delayed the administrative rules
- We plan to have the administrative rules ready by September 30, 2010, the same time that our grace period runs out
- This process can vary from very simple to quite complicated depending on the state and the legislative process required for rule changes

# Changes/updates due to AMC legislation

## CHANGES AND/OR UPDATES TO ADMINISTRATIVE RULES FOR APPRAISERS REQUIRED DUE TO AMC LEGISLATION

- Varies from state to state
- We will have several changes to the administrative rules for appraisers
  - Appraiser will be required to have the AMC registration number on the order from the AMC and note the registration number somewhere in the body of the appraisal report
  - Appraiser will be required to note the appraisal fee somewhere in the body of the appraisal report, not just in the invoice
- Again, we will not have these rules ready for some time and for now are getting the information out to appraisers through the state web site and through the professional organizations in the state.
- We have had some discussion of a mass mailing or email. We may need to do a mailing as we do not have the e mail addresses of all the licensed appraisers in our state.

# Additional Items for Consideration

- Will AMC's be registered or regulated and who will be the group to do so?
- What is the definition of an AMC?
- Disclosure of the appraisal fee versus the AMC fee – some appraisers do not like our requirement that the appraisal fee be disclosed in the appraisal report. The Board and the legislature felt that the public had the right to know what the appraisal fee was
- Requirements to own or operate an AMC
- Surety bonds

# Additional Items for Consideration

- Should you look at AMC/Appraiser agreements – Peter Christensen of Liability Insurance Administrators noted that this is an area that Boards may need to look at if the Board has concerns or feels it is necessary to look at required appraisal turn times, communications or “indemnity clauses”.
- Indemnity Clauses – Our language in VT reads:
  - “(4) Requiring an independent appraiser to enter into an agreement
  - requiring the independent appraiser to defend, to indemnify, or to hold harmless the registrant or other third party for the development, use, or contents of a real estate appraisal. This subdivision shall not affect a
  - licensee’s or a registrant’s professional liability to consumers or to other
  - licensees or registrants.
- This is an area that affects all the parties involved and requires careful consideration. We had last minute changes to this as there were some disputes regarding the wording.