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State AMC Legislation

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State Legislation



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- To date, ten states have enacted laws to bring AMCs under the regulatory authority of state appraiser board
 - AR, CA, IN, LA, NV, NM, OR, VA, WA and UT
- At least 10 other states are currently considering it
 - Legislation is close to being enacted in FL, AZ, & GA (awaiting signature), MN, OK & VT

State Legislation



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- If I were a betting man...
 - CT, MN, & TN
- 18 state laws in just over a year is unheard of!
- Bills also under consideration in
 - MA, MO, NC, & PA
- Bills put on hold until 2011 in
 - AL, CO, IL, KY, MS, & NE
 - These bills were NOT defeated;
Legislature wanted more time to study the issue

Issues



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- Issues for the AMCs
 - Trying to extend requirements to “appraisal firms” by including all firms that use ICs and some that have employee appraisers.
 - Appraisal firms don’t administer appraiser panels, therefore they are not AMCs.
 - However, we concede that there should be a threshold – more than 15 appraisers in a firm = a panel = an AMC
 - If it doesn’t walk, talk or smell like a traditional AMC, it’s not an AMC

Issues



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- Issues for the AMCs
 - Fee disclosure – prefer none
 - Seats on the appraiser board
 - Cap registration fees
 - Don't want owners or “controlling person” to have to be licensed appraiser
 - Appraisal reviews
 - Indemnification agreements / hold harmless provisions
 - Background checks
 - Limit board rulemaking authority

Issues



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- Issues for the AMCs
 - Would like for the state banking commission to be the regulator
 - Only successful so far in Oregon
 - Pros and cons to both
 - Actually illustrates the point that AMCs are performing a lender processing and administration function

New Issues



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- New considerations
 - Appraiser fee escrow requirements?
 - Protect against AMCs going “belly up” and stiffing appraisers
 - Limit AMCs to certain % of the fee?
 - AMCs must justify management fee (ala, FHA Mortgagee Letter)?
 - Requirements for administrative reviewers to be appraisers or to take 15/7 hour USPAP classes?
 - Legislating geographic competency issues
 - CA?

Dynamics



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- Political dynamics
 - “Opposition” being led primarily by 3-4 largest AMCs
 - State bankers associations have been carrying a lot of the AMCs’ water
 - Hired staff
 - AMCs have hired their own lobbyists in a number of states
 - The Realtors® have been a very strong ally of appraisers
 - Lots of “red herrings” and “poison pills” being put forth by AMCs

Dynamics



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- Political dynamics
 - Appraisers need to position this as a consumer protection measure
 - Geographic competency has been an issue with AMCs
 - Bad appraisals = Deals that don't close
 - Appraisal quality is secondary to time/fee
 - Non-licensed appraisers are unilaterally “adjusting” value opinions

Implementation



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- Implementation has been going well for most states
 - AR, CA, NM, NV and UT currently registering AMCs
 - OR now in effect, but not yet registering
 - IN effective July 1, 2010
 - LA effective January 1, 2011
 - WA effective July 1, 2011
 - VA doesn't have a registration requirement!

Implementation



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- Registrants to date (as of 4/14/10):
 - Arkansas = 79
 - California = 45
 - New Mexico = 64
 - Utah = 65
- Much higher than expected in AR, NM, UT
- Rules were just finalized in Nevada, so some previously submitted apps. may need to be changed

Federal Legislation



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- House-passed appraisal provisions would require states to enact AMC requirements within 3 years
- Contains an exemption from state reg. requirements for AMCs that are subsidiaries of fed. reg. inst.
 - Federal regulators would have to develop regulations affecting the operations of AMCs
- We have proposed some changes to appraisal provisions of HR 1728/4173

Federal Legislation



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- We have proposed some changes to appraisal provisions of HR 1728/4173
- Stay tuned to financial reforms discussions for more info. on appraisal provisions

Q & A/Contact



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- Questions, Comments, Criticisms or Requests?
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