STATUTES & REGS—
WHAT WORKS, WHAT DOES NOT

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The Current Status of AMC Regulation

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The Lay of the Land
No appraisal management company may perform services related to a federally related transaction in a State after the date that is 36 months after the date on which the regulations required to be prescribed under subsection (a) are prescribed in final form unless such company is registered with such State or subject to oversight by a Federal financial institutions regulatory agency.

- Section 1124 FIRREA, as added by Section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, 124 Stat. 1376).
For What Transactions Can an AMC Provide Services?

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Participating States</th>
<th>Non-Participating States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Transaction - Federally Related Transaction</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Covered Transaction - non-Federally Related Transaction</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

What about federally related transactions that are not covered transactions?
What Transactions Are FRTs?

- FRT = a real estate-related financial transaction that (i) involves a federally regulated institution and (ii) requires the services of an appraiser.
  - Transactions by bank lenders
  - Transactions that require an appraisal under the Interagency Appraisal and Evaluation Guidelines
- Whether these are covered transactions, subject to the minimum standards, will depend on whether they are secured by a consumer’s principal dwelling
What Transactions Are Not FRTs?

- Transactions by non-bank lenders
- 12 categories of exemptions under Interagency Appraisal and Evaluation Guidelines:
  - The transaction value is $250,000 or less;
  - The transaction is a business loan that: (i) has a transaction value of $1 million or less; and (ii) is not dependent on the sale of, or rental income derived from, real estate as the primary source of repayment;
  - The transaction involves an existing extension of credit at the lending institution, provided (i) there has been no obvious and material change in market conditions or physical aspects of the property that threatens the adequacy of the institution's real estate collateral protection after the transaction, even with the advancement of new monies; or (ii) there is no advancement of new monies, other than funds necessary to cover reasonable closing costs.
Looking Forward

- Determination of which states will choose to be non-participating (including by opt-out)
  - How would non-participation impact industries?
- Beyond the Minimum Standards - what state regulatory issues are of greatest concern?
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Regulatory Costs of an AMC

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Miscellaneous Helpful Items
Annual Fees

Minimum *regulatory costs:*
Approximate total: $553,000
Includes license renewals, surety bonds, USPAP standard 3 reviews, and staffing
Start Up Fees:

Minimum regulatory costs
Approximate total: $390,000

Includes meeting the initial registration requirements & necessary staffing of compliance personnel.
Certified residential:

10% $99,750

20% $199,350
Future:

ASC Registry Fees: 15% approximately $150,000

ANNUAL FEES: Currently $553,000 plus panel fees

Costs will be over $702,000
Excluded but should be considered:

- Additional jurisdictions
- Secretary of State filings
- Fees charged for panel changes
- Changes/corrections to addresses
- Background check updates
- State fee per appraiser panel member above the ASC panel fee
  - Extra $5/appraiser is over $25,000
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James Madison
4th U.S. President
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