New AMC Rule

Appraisal Subcommittee of the FFIEC (ASC)

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ASC COMPLIANCE REVIEWS

- Monitor for Title XI compliance, including State requirements for -
  - certification and licensing of appraisers
  - registration and supervision of AMCs
FINAL RULE FOR AMCs

- Dodd-Frank Act added new section to Title XI establishing minimum requirements for State registration and supervision of AMCs
- Required OCC, FRB, FDIC, NCUA, CFPB, FHFA jointly issue AMC rule
- Agencies issued proposed AMC rule April 9, 2014
- Agencies published final AMC Rule June 9, 2015, with effective date August 10, 2015
WHAT IS AN AMC?

- In connection with **valuing** properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized by either by a creditor of a consumer credit transaction secured by a consumer’s principal dwelling or by an underwriter of or other principal in the secondary mortgage markets, that –
WHAT IS AN AMC? (CONT)

- Within a given year oversees a network or panel of:
  - more than 15 certified or licensed appraisers in a State; or
  - 25 or more nationally to
WHAT IS AN AMC? (CONTINUED)

- recruit, select, and retain appraisers;
- contract with licensed and certified appraisers to perform appraisals;
- manage the process of having an appraisal performed, including providing administrative duties; or
- review and verify the work of appraisers.
Key Elements of the Final Rule

• Requires State appraiser certifying and licensing agencies to have the authority to –
  • Register and renew AMC registrations
  • Examine AMCs and require AMCs to submit relevant information to the State
  • Verify appraisers on AMC appraiser panels hold valid State certifications or licenses
FINAL RULE FOR AMCs

• Key Elements of the Final Rule (cont)

• Final rule requires State appraiser certifying and licensing agencies to have the authority to –

  • Conduct investigations of AMCs to assess for potential violations of appraisal-related laws;

  • Discipline AMCs that violate appraisal-related laws;

  • Report violations by AMCs of appraisal-related laws, disciplinary and enforcement actions, other pertinent information to the ASC.
FINAL RULE FOR AMCs

• Key Elements of the Final Rule (cont)

• State Prosecutorial Discretion

  • Rule requires States to have legal authorities to supervise and discipline AMCs
  
  • States retain control over the exercise of these authorities
FINIAL RULE FOR AMCs

• **Requirements for AMCs**
  - Participating States must require that AMCs:
    - Register and be subject to State supervision;
    - Use only State-certified or licensed appraisers for federally related transactions;
    - Require appraisals comply with USPAP;
• **Requirements for AMCs (cont)**

  • Participating States must require that AMCs:

    • Establish and comply with processes and controls reasonably designed to:

      - ensure selection of an appraiser who is independent and has requisite education, expertise, and experience; and

      - ensure appraisals comply with the appraisal independence standards under the Truth in Lending Act.
Ownership Limitations

1. AMC shall not be registered by a State or included on the AMC National Registry if—
in whole or in part, directly or indirectly, is owned by any person who has had an appraiser credential refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State.

2. Each person who owns more than 10 percent of an AMC must be of good moral character, as determined by the State.
FINAL RULE FOR AMCs

• Federally-regulated AMCs; Subsidiaries of Financial Institutions

• AMC that is a subsidiary of a federally-regulated depository institution (federally-regulated AMC) not required to register with a State, but must meet the same minimum requirements as State-regulated AMCs.
**State Choice**

- Rule does not compel a State to establish an AMC registration and supervision program
- No penalty imposed on a State that does not establish a regulatory structure for AMCs
• **State Choice (cont)**

• However, States that have not established a regulatory structure for AMCs within 36 months from the effective date of final rule:

  • “restriction” imposed unless –

  • ASC with approval of the FFIEC extends deadline by 12 months (if a State has made substantial progress)
FINAL RULE FOR AMCs

• Restriction

  • Non-federally regulated AMCs will be barred from providing appraisal management services for federally related transactions in those States.

  • A State may elect to adopt a regulatory structure for AMCs after 36-month period, which would lift restriction.
Non-participating

FRT (restriction)

Participating

CCTSPD (final rule)
FINAL RULE FOR AMCs

- **State Discretion to Adopt Additional Requirements for AMCs**
  
  - Final rule sets out minimum standards for registration and supervision of AMCs
  
  - States may adopt requirements for registration and supervision of AMCs that are in addition to those in the final rule.
FINAL RULE FOR AMCs

Effective Date and Compliance Date

- Final rule effective August 10, 2015
- Compliance date for federally-regulated AMCs is 12 months from August 10, 2015
- Participating States will specify the compliance deadline for State-regulated AMCs operating in the State
AMC REGISTRY FEES

• Notice and comment rulemaking for implementation of AMC registry fees

• Could impede participating States’ ability to implement AMC registry fees within the 36-month statutory implementation period.
AMC STATUTORY PROVISIONS

• Statutory provision concerning State registration and supervision of AMCs is implemented by the AMC Rule, effective August 10, 2015.

• Statutory provision concerning AMC registry fees will be implemented by the ASC’s future rule on AMC registry fees.
36-MONTH IMPLEMENTATION PERIOD

- A State that has implemented the provisions of the AMC Rule will not be adversely impacted by the 36-month statutory implementation period, which would restrict State-regulated AMCs in that State from providing services for federally related transactions, regardless of whether the State has been able to implement AMC registry fees.
AMC REGISTRY FEES

When ASC’s rule on AMC registry fees in final form, ASC Bulletin to States to address:

1. When the AMC Registry will be open for participating States;

2. Reporting requirements (information required to be submitted by States in order to register AMCs on the AMC Registry); and

3. AMC registry fees as set by the ASC’s final rule.
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