Review of AMC Rule

Appraisal Subcommittee
of the FFIEC
(ASC)

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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?  
(AND WHY DOES IT MATTER?)

- **valuing properties** collateralizing mortgage loans or mortgages incorporated into a securitization

- **external third party** authorized by –
  1. creditor of a **consumer credit transaction secured by a consumer’s principal dwelling**
     
     OR
  2. underwriter of or other principal in the secondary mortgage markets
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? (CONT)

- 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: AMC RULE

- Participating State Authority
  - 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
KEY ELEMENTS: AMC RULE

- Participating State Authority (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.
KEY ELEMENTS: AMC RULE

- Participating State Authority (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
KEY ELEMENTS: AMC RULE

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;
**KEY ELEMENTS: AMC RULE**

- **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

- No State registration or AMC Registry if –

  in whole or in part, directly or indirectly, owned by any person who had appraiser credential refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State.

- Each person who owns more than 10 percent of an AMC must be of good moral character, as determined by the State.
Subsidiaries of federally-regulated depository institutions

- not required to register with a State
- 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
IMPLEMENTATION PERIOD

- States that have not established 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)
**RESTRICTION**

- Non-federally regulated AMCs 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)
STATE DISCRETION

- 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
COMPLIANCE DATE

- 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
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

- Notice and comment rulemaking for implementation of AMC registry fees

- 60-day Comment Period
COMMENTS (INCLUDE DOCKET NUMBER)


- E-Mail: webmaster@asc.gov

- Fax: (202) 289-4101

- Mail: Address to ASC

- Hand Delivery/Courier
NPRM AMC REGISTRY FEES

§ 1102.402 Annual AMC Registry Fee.

- The annual AMC registry fee to be applied by States that elect to register and supervise AMCs is established as follows:
(1) In the case of an AMC that has been in existence for more than a year, $25 multiplied by the number of appraisers working for or contracting with that AMC in such State during the previous year.
(2) In the case of an AMC that has not been in existence for more than a year, $25 multiplied by the number of appraisers working for or contracting with that AMC in such State since the AMC commenced doing business.
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

2. Reporting requirements

3. AMC registry fees
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