

**AUDIT TEMPLATE**  
**for**  
**AMC Compliance with Appraiser Independence Requirements**  
**15 U.S.C. §1639e**

Drafted by:

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# Audit Template for Compliance with Appraisal Independence Requirements (AIR)

## 15 U.S.C. §1639e

No.	Compliance			Statute	Requirement
	Yes	No	N/A		
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>§1639e(b)(1)</b>	An appraisal management company or an employee, director, officer, or agent of an appraisal management company may not— coerce, extort, collude, instruct, induce, bribe, intimidate or, in any other manner, cause or attempt to cause the appraised value of a property assigned under an appraisal to be based on any factor other than the independent judgment of the appraiser.

**Comment:** **Independent Judgment of the Appraiser; §1639e(b)(1)**

Risk Issue:  
Confirm that an AMC is not influencing the appraised value of a property through coercion, extortion, collusion, instruction, bribery, intimidation, or any other means.

Justification to Audit:  
Appraiser independence is integral to appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period.
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- AMC Policies and Procedures on appraiser independence.
- Records of communications between appraiser and AMC.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- Appraisal order documents.
- Payment records, if applicable.

Compliance Determination:  
Analyze relevant documentation to ensure appraiser independence. Consider whether any exceptions in §1639e(c) apply:  
The requirements of subsection (b) shall not be construed as prohibiting a mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, consumer, or any other person with an interest in a real estate transaction from asking an appraiser to undertake 1 or more of the following:

- (1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.
- (2) Provide further detail, substantiation, or explanation for the appraiser’s value conclusion.
- (3) Correct errors in the appraisal report.

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
2.	Yes	No	N/A	§1639e(b)(2)	An appraisal management company or an employee, director, officer, or agent of an appraisal management company may not— mischaracterize or suborn any mischaracterization of the appraised value of a property in conjunction with a consumer credit transaction.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

**Comment:** Mischaracterization; §1639e(b)(2)  
Risk Issue:  
 Confirm that an AMC is not mischaracterizing or causing the mischaracterization of the appraised value of a property.

Justification to Audit:  
 Appraiser independence is integral to appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period.
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- AMC Policies and Procedures on appraiser independence.
- Records of communications between appraiser and AMC.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- Appraisal order documents.
- Appraisal report submitted, including all drafts.

Compliance Determination:  
 Analyze relevant documentation to ensure an AMC is not mischaracterizing the appraised value of a property.  
 Consider whether any exceptions in §1639e(c) apply:  
 The requirements of subsection (b) shall not be construed as prohibiting a mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, consumer, or any other person with an interest in a real estate transaction from asking an appraiser to undertake 1 or more of the following:  
 (1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.  
 (2) Provide further detail, substantiation, or explanation for the appraiser’s value conclusion.  
 (3) Correct errors in the appraisal report.

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
3.	Yes	No	N/A	§1639e(b)(3)	An appraisal management company or an employee, director, officer, or agent of an appraisal management company may not— seek to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the making or pricing of a consumer credit transaction.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

**Comment:** **No Targeted Value; §1639e(b)(3)**

Risk Issue:  
Confirm that an AMC is not encouraging a targeted value.

Justification to Audit:  
Appraiser independence is integral to appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period.
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- AMC Policies and Procedures on appraiser independence.
- Records of communications between appraiser and AMC.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- Appraisal order documents.
- Appraisal report submitted, including all drafts.

Compliance Determination:  
Analyze appraisal reports, records of the appraisal order, communications, and policies/procedures to ensure an AMC is not encouraging a targeted value.  
Consider whether any exceptions in §1639e(c) apply:  
The requirements of subsection (b) shall not be construed as prohibiting a mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, consumer, or any other person with an interest in a real estate transaction from asking an appraiser to undertake 1 or more of the following:

- (1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.
- (2) Provide further detail, substantiation, or explanation for the appraiser’s value conclusion.
- (3) Correct errors in the appraisal report.

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
4.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	§1639e(b)(4)	An appraisal management company or an employee, director, officer, or agent of an appraisal management company may not— withhold or threaten to withhold timely payment for an appraisal report or appraisal services rendered when the appraisal report or services are provided in accordance with the contract between the parties.

**Comment:** **Improper Fee Withholding; §1639e(b)(4)**

Risk Issue:  
Confirm that an AMC is timely paying appraisers and not withholding or threatening to withhold payment of an appraiser’s fee.

Justification to Audit:  
Timely payment is integral to an AMC’s duty to facilitate appraisals.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- AMC Policies and Procedures for appraiser payment.
- A list of any exceptions to the AMC policy for appraiser payment within the relevant audit period, including an explanation for each exception.
- Records of communications between appraiser and AMC.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- Appraisal order documents.
- Appraiser payment records.
- Financial institution records, if applicable.

Compliance Determination:  
Analyze payment records, communications, policies/procedures and exceptions to ensure timely payment of the appraiser’s fee by an AMC. Consider whether any exceptions in §1639e(c) apply:  
The requirements of subsection (b) shall not be construed as prohibiting a mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, consumer, or any other person with an interest in a real estate transaction from asking an appraiser to undertake 1 or more of the following:  
(1) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.  
(2) Provide further detail, substantiation, or explanation for the appraiser’s value conclusion.  
(3) Correct errors in the appraisal report.

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
5.	Yes	No	N/A	§1639e(d)	No certified or licensed appraiser conducting, and no appraisal management company procuring or facilitating, an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer may have a direct or indirect interest, financial or otherwise, in the property or transaction involving the appraisal.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

**Comment:** **No Conflict of Interest; §1639e(d)**

Risk Issue:  
Confirm there is no prohibited conflict of interest in the property or appraisal transaction.

Justification to Audit:  
Transparency and the lack of any conflict of interest is integral to appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period.
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- Records of communications between appraiser and AMC.
- AMC Policy on conflicts of interest.
- A list of any exceptions, if any, to the AMC Policy on conflicts of interest during the relevant time period, including an explanation for each exception.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- Appraisal order documents.
- Financial information (e.g., lender, client) about each appraisal assignment.
- Appraisal report submitted, including all drafts with property ownership information.

Compliance Determination:  
Analyze appraisal reports, records of the appraisal order, communications, and policies/procedures to ensure no prohibited conflict of interest exists.

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
6.	Yes	No	N/A	§1639e(e)	Any mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, or any other person involved in a real estate transaction involving an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer who has a reasonable basis to believe an appraiser is failing to comply with the Uniform Standards of Professional Appraisal Practice, is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct, shall refer the matter to the applicable State appraiser certifying and licensing agency.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<b>Comment:</b>	<p><b><u>Mandatory Reporting; §1639e(e)</u></b></p> <p><u>Risk Issue:</u> Confirm that an AMC is complying with the statutory obligation for mandatory reporting.</p> <p><u>Justification to Audit:</u> Mandatory reporting of appraiser violation of USPAP, applicable laws, or other unethical or unprofessional conduct is integral to appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.</p> <p><u>Documentation Needed:</u></p> <ul style="list-style-type: none"> <li>• Obtain a list of appraisal assignments from the AMC for the selected audit period.</li> <li>• Select a random and independent number of appraisal assignments from the list provided and analyze for compliance with USPAP and other applicable laws.</li> <li>• Obtain a list of reports or complaints filed with state appraiser licensing agencies during the relevant audit period.</li> <li>• AMC Policy on mandatory reporting.</li> <li>• A list of exceptions, if any, to the AMC Policy on mandatory reporting granted during the relevant audit period, including an explanation for each exception.</li> <li>• Appraisal report submitted, including all drafts.</li> <li>• If necessary, signed statements from parties with knowledge of the relevant facts.</li> </ul> <p><u>Compliance Determination:</u> Analyze appraisal reports, records of the appraisal order, communications, and policies/procedures to ensure an AMC is complying with the statutory obligation for mandatory reporting.</p>				

**15 U.S.C. §1639e**

No.	Compliance			Statute	Requirement
7.	Yes	No	N/A	§1639e(i)	Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies.
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

**Comment:** Payment of Customary and Reasonable Fee; §1639e(i)

Risk Issue:  
Confirm that an AMC is paying a customary and reasonable fee for appraisal services performed by an appraiser.

Justification to Audit:  
AMC payment of customary and reasonable fees for appraisal services is integral to an AMC’s duty to facilitate appraisals, appraisal regulation, integrity of the appraisal profession, and the soundness of the real estate market and economy.

Documentation Needed:

- Obtain a list of appraisal assignments from the AMC for the selected audit period
- Select a random and independent number of appraisal assignments from the list provided and analyze for compliance.
- AMC Policies and Procedures on payment of customary and reasonable fees, including an explanation of how an AMC determines if a fee is customary and reasonable.
- Appraisal order documents.
- Appraiser payment records.
- Financial institution records, if applicable.
- Records of communications between appraiser and AMC.
- If necessary, signed statements from parties with knowledge of the relevant facts.
- A list of any exceptions to the AMC Policies or Procedures on payment of customary and reasonable fees within the relevant audit period, including an explanation for each exception.

Compliance Determination:  
Analyze appraisal reports, records of the appraisal order, communications, policies/procedures, and any exceptions to ensure an AMC’s payment of customary and reasonable fees for appraisal services.