

ALASKA STATE LEGISLATURE



REPRESENTATIVE ANDY JOSEPHSON

Sponsor Statement House Bill 329

"An act relating to the registration and regulation of real estate appraisal management companies; relating to the establishment of fees by the Department of Commerce, Community, and Economic Development; relating to the Board of Certified Real Estate Appraisers; relating to real estate appraisers; and providing for an effective date."

Buying or selling property is a complex undertaking. Regular Joe and Jane Alaskan don't do it frequently, and, when they do, it can be befuddling.

Caveat emptor—let the buyer beware—is key, because an occasional shyster slips into the sale process. Shady mortgages triggered America's 2008 recession, and Congress responded with the Dodd-Frank Financial Reform Act that aimed to improve processes and protect consumers.

One Dodd-Frank provision helps avoid collusion in the property appraisal process. Rather than a lender ordering an appraisal directly from an appraiser—and maybe influencing the valuation—Dodd-Frank suggests an appraisal management company (AMC) order the appraisal for the lender, thereby promoting arms-length valuation. That's standard practice now nationwide.

Dodd-Frank regulations require states to regulate AMCs if those AMCs conduct Federally-Related Transactions (FRTs). A small but significant portion of mortgages in Alaska are FRTs, so the Department of Commerce, Community and Economic Development should regulate AMCs to avoid disruptions in the lending process that could make Joe and Jane's property transaction more challenging.

I invite you to support this pro-business, consumer protection measure that allows our Board of Certified Real Estate Appraisers maximum flexibility to regulate AMCs as appropriate in our unique state.

Please contact my staff, Tom Atkinson, with any questions: 465-6873, thomas.atkinson@akleg.gov.