

**SB**

**155**

<TARGET><BILL>SB 155</BILL><SUBJECT>SB  
155</SUBJECT><COMM>HL&C30</COMM></TARGET>

# Alaska State Legislature

*Interim:*

1500 W. Benson Boulevard  
Anchorage, Alaska 99503  
Phone (907) 465-4945 Fax (907) 465-3476



*Session:*

State Capitol Building, Room 103  
Juneau, Alaska 99801-1182  
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## Senator Kevin Meyer Senate District M

### SECTIONAL SUMMARY CS SB 155 (FIN) V. 30-LS1295\R

4/2/2018

**Section 1:** Amends (AS 08.01.065), the centralized licensing statute, to include a new subsection 'j' to allow the Dept. of Commerce, Community and Economic Development to establish a fee for regulatory costs and a mechanism for reporting those fees

**Section 2:** This is the new subsection 'j' (to 08.01.065) which requires the department to establish a registry fee as required by the federal government and permits the department to remit those fees to the federal government.

**Section 3:** Amends the powers and duties of the Board of Certified Real Estate Appraisers (under 08.87.020) to require regulations for Appraisal Management Companies in accordance with the federal Dodd Frank Act requirements.

**Section 4:** Authorizes the Board to examine records of AMCs, requires those companies to submit information to the Board, and allows investigations of alleged violations.

**Sections 5 and 6 (Page 3, Line 30-Page 9, Line 15):** Adds provisions regarding registration of Appraisal Management Companies (08.87.130 and 08.87.135) including the establishment of fees to cover regulatory costs under 08.01.065, requiring a surety bond requirement of \$50,000, establishing mandatory reporting requirements (08.87.140), establishing retention of records and inspection requirements (08.87.145), reporting requirements for federally regulated real estate appraisal management companies (08.87.150), exemptions (08.87.155), prohibited practices (08.87.215), and disciplinary proceedings (08.87.220).

**Section 7:** Definitions – "appraisal management services," "appraisal panel," "company," "controlling person," and "principal dwelling."

**Section 8:** Applicability clause – this act applies to a person offering or providing appraisal management services on or after the effective date(s) of Sections 1-7 of this Act. Also establishes that Section 5 of the Act is effective immediately, but that the registration requirements under AS 08.87.130 may not be enforced until March 1, 2019.

**Section 9:** Transition language to allow the Department of Commerce, Community, and Economic Development and the Board of Certified Real Estate Appraisers to adopt regulations necessary to implement the changes made by the Act.

**Section 10:** Establishes that the effective date for the transition language section is effective immediately.

**Section 11:** Establishes the effective date of the Act January 1, 2019.

30-LS1295\R  
Radford  
3/30/18

**HOUSE CS FOR CS FOR SENATE BILL NO. 155(L&C)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**THIRTIETH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR MEYER**

**A BILL**  
**FOR AN ACT ENTITLED**

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

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** AS 08.01.065(c) is amended to read:

7 (c) Except as provided in (f) - (i) [(f) - (i)] of this section, the department shall  
8 establish fee levels under (a) of this section so that the total amount of fees collected  
9 for an occupation approximately equals the actual regulatory costs for the occupation.  
10 The department shall annually review each fee level to determine whether the  
11 regulatory costs of each occupation are approximately equal to fee collections related  
12 to that occupation. If the review indicates that an occupation's fee collections and  
13 regulatory costs are not approximately equal, the department shall calculate fee  
14 adjustments and adopt regulations under (a) of this section to implement the

1 adjustments. In January of each year, the department shall report on all fee levels and  
2 revisions for the previous year under this subsection to the office of management and  
3 budget. If a board regulates an occupation covered by this chapter, the department  
4 shall consider the board's recommendations concerning the occupation's fee levels and  
5 regulatory costs before revising fee schedules to comply with this subsection. In this  
6 subsection, "regulatory costs" means costs of the department that are attributable to  
7 regulation of an occupation plus

8 (1) all expenses of the board that regulates the occupation if the board  
9 regulates only one occupation;

10 (2) the expenses of a board that are attributable to the occupation if the  
11 board regulates more than one occupation.

12 \* **Sec. 2.** AS 08.01.065 is amended by adding a new subsection to read:

13 (j) The department shall establish for real estate appraisal management  
14 companies registered under AS 08.87 a registry fee in an amount that equals the  
15 amount determined by the federal Appraisal Subcommittee established under 12  
16 U.S.C. 3310 as a national registry fee for each real estate appraiser of the appraiser  
17 panel of a real estate appraisal management company under 12 U.S.C. 3338 (Title XI,  
18 Financial Institutions Reform, Recovery, and Enforcement Act of 1989), as amended  
19 by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall Street Reform and Consumer Protection  
20 Act); the department may annually remit fees paid under this subsection to the  
21 Appraisal Subcommittee for participation in the national registry for real estate  
22 appraisal management companies.

23 \* **Sec. 3.** AS 08.87.020 is amended to read:

24 **Sec. 08.87.020. Powers and duties of board.** In addition to the powers and  
25 duties conferred on the board by AS 08.01, the board shall

26 (1) establish the examination specifications for certification as a  
27 general real estate appraiser, as a residential real estate appraiser, and as an  
28 institutional real estate appraiser;

29 (2) adopt rules of professional conduct to establish and maintain a high  
30 standard of integrity in the real estate appraisal profession; [AND]

31 (3) adopt regulations necessary to carry out the purposes of this

chapter, including regulations

**(A)** necessary to comply with the requirements of

**(i) 12 U.S.C. 3331 - 3355** [12 U.S.C. 3331 - 3351]

(Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989), as amended by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall Street Reform and Consumer Protection Act); the regulations adopted by the board under AS 08.87.110, 08.87.120, **08.87.135, 08.87.220**, and 08.87.310 may not be more stringent than the corresponding minimum requirements for receiving approval of the state's program of certification of real estate appraisers **and registration of real estate appraisal management companies** under **12 U.S.C. 3331 - 3355** [12 U.S.C. 3331 - 3351] or other federal law; **and**

**(ii) 15 U.S.C. 1639e (Truth in Lending Act);**

**(B) establishing registration procedures and standards for a real estate appraisal management company; and**

**(C) establishing the standards for the real estate appraisal management company's appraiser panel, including panel size and member qualifications; and**

**(4) report relevant information regarding a real estate appraisal management company's operations, including a disciplinary action under this chapter or a violation of state or federal law, to the Appraisal Subcommittee established under 12 U.S.C. 3310.**

\* **Sec. 4.** AS 08.87.020 is amended by adding a new subsection to read:

(b) The board may

(1) examine the records of a real estate appraisal management company operating in the state;

(2) require a real estate appraisal management company to submit reports, information, and documents to the board;

(3) investigate alleged violations of this chapter.

\* **Sec. 5.** AS 08.87 is amended by adding new sections to read:

**Article 2A. Real Estate Appraisal Management Companies.**

1           **Sec. 08.87.130. Registration required.** (a) A person shall register as a real  
2 estate appraisal management company with the board to perform appraisal  
3 management services if the person

4                   (1) provides an appraisal management service

5                           (A) to a creditor or secondary mortgage market participant,  
6 including an affiliate; and

7                           (B) in connection with valuing a consumer's principal dwelling  
8 as security for a consumer credit transaction or incorporating consumer credit  
9 transactions into a securitization; and

10                   (2) oversees an appraiser panel.

11           (b) A person is guilty of a class B misdemeanor if the person engages in  
12 business as or holds out as a real estate appraisal management company, or performs  
13 or attempts to perform appraisal management services, at a time when the

14                   (1) person does not hold a registration issued by the board; or

15                   (2) registration issued by the board to the person is suspended,  
16 revoked, lapsed, or surrendered.

17           **Sec. 08.87.135. Requirements for registration of real estate appraisal**  
18 **management companies.** (a) The board shall register a real estate appraisal  
19 management company operating in the state if the company applies on a form  
20 approved by the board, pays the fee required under AS 08.01.065, and presents  
21 evidence satisfactory to the board that the company

22                   (1) has designated a controlling person who will be the main point of  
23 contact between the board and the company and who meets the requirements under (b)  
24 of this section;

25                   (2) has, if the company is not a corporation that is domiciled in this  
26 state, filed with the department a written consent to service of process on a resident of  
27 this state for any court action arising from an activity regulated under this chapter or  
28 12 U.S.C. 3331 - 3355 and provided the name and contact information for the  
29 company's agent for service of process in this state;

30                   (3) requires a real estate appraiser to comply with the Uniform  
31 Standards of Professional Appraisal Practice adopted by the Appraisal Standards

1 Board of the Appraisal Foundation when completing appraisals at the company's  
2 request;

3 (4) engages only appraisers who are certified under this chapter;

4 (5) has a process to verify that a person who is assigned to serve on an  
5 appraiser panel of the company

6 (A) is certified under this chapter and maintains a certification  
7 in good standing; and

8 (B) is qualified to conduct federally related transactions under  
9 federal law; in this subparagraph, "federally related transaction" means a real  
10 estate related transaction that involves an insured depository institution  
11 regulated by the United States Comptroller of the Currency, the Board of  
12 Governors of the Federal Reserve System, the Federal Deposit Insurance  
13 Corporation, or the National Credit Union Administration and requires the  
14 services of a real estate appraiser under the interagency appraisal rules;

15 (6) conducts appraisals independently and free from inappropriate  
16 influence and coercion as required under 12 U.S.C. 3353;

17 (7) is not directly or indirectly owned in whole or in part by a person  
18 that has had a certificate to act as a real estate appraiser denied, cancelled, suspended,  
19 revoked, put on probation, or surrendered in lieu of a pending revocation in any state  
20 unless the person has later had a certificate to act as a real estate appraiser granted or  
21 reinstated by the same state; and

22 (8) has posted a surety bond in an amount required by the board, not to  
23 exceed \$50,000.

24 (b) A controlling person designated under (a) of this section

25 (1) must be actively certified in a state as a real estate appraiser at all  
26 times that the person is designated as a controlling person;

27 (2) may not have had a certificate to act as a real estate appraiser  
28 denied, cancelled, suspended, revoked, put on probation, or surrendered in lieu of a  
29 pending revocation in any state unless the person has later had the certificate to act as  
30 a real estate appraiser granted or reinstated; and

31 (3) must be of good moral character.

1 (c) The board shall provide a copy of a registration under this section to the  
2 Appraisal Subcommittee under 12 U.S.C. 3310 on a form approved by the  
3 subcommittee.

4 (d) A registration under this section is valid for two years and may be renewed  
5 upon proof of continued compliance with the requirements of (a) and (b) of this  
6 section.

7 **Sec. 08.87.140. Mandatory reporting.** A real estate appraisal management  
8 company or a controlling person, employee, director, officer, or agent of a real estate  
9 appraisal management company that has reasonable cause to believe that a real estate  
10 appraiser has failed to comply with the Uniform Standards of Professional Appraisal  
11 Practice as adopted under 12 U.S.C. 3339 in a manner that materially affects a  
12 valuation appraisal shall report the noncompliance to the board and to the Appraisal  
13 Subcommittee established under 12 U.S.C. 3310.

14 **Sec. 08.87.145. Retention of records and inspection.** A registered real estate  
15 appraisal management company or a real estate appraisal management company that  
16 has applied for registration shall allow the board to inspect and shall retain, for not less  
17 than the later of either five years after the date a file is submitted to the company or  
18 two years after final disposition of a related judicial proceeding,

19 (1) copies of all records related to requests for the company's appraisal  
20 management services and the real estate appraisers who perform the appraisals;

21 (2) a written record of all substantive communications between a real  
22 estate appraisal management company registered under this chapter and a real estate  
23 appraiser relating to an appraisal or participation in an appraiser panel.

24 **Sec. 08.87.150. Reporting requirements for federally regulated real estate**  
25 **appraisal management companies.** (a) A real estate appraisal management company  
26 that is owned and controlled by an insured depository institution as defined in 12  
27 U.S.C. 1813 and regulated by the United States Comptroller of the Currency, the  
28 Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance  
29 Company, shall annually submit to the board information that the board is required to  
30 submit to the Appraisal Subcommittee under 12 U.S.C. 3310, including a

31 (1) report of intent to operate in the state; and

1 (2) disclosure of whether the company is directly or indirectly owned  
2 in whole or in part by any person that has had a certificate to act as a real estate  
3 appraiser denied, cancelled, suspended, revoked, put on probation, or surrendered in  
4 lieu of a pending revocation in any state.

5 (b) If a person has had disciplinary action taken against the person under  
6 (a)(2) of this section, the board shall collect information related to whether the  
7 certificate to act as a real estate appraiser was denied, cancelled, suspended, revoked,  
8 put on probation, or surrendered in lieu of a pending revocation for a substantive cause  
9 and whether the person has later had the certificate to act as a real estate appraiser  
10 reinstated by the same state.

11 **Sec. 08.87.155. Exemptions.** AS 08.87.130 - 08.87.150, 08.87.215, and  
12 08.87.220 do not apply to a

13 (1) person who is employed by a department or division of an entity  
14 that provides appraisal management services only to that entity;

15 (2) real estate appraisal management company that is

16 (A) owned and controlled by an insured depository institution;

17 and

18 (B) regulated by the Consumer Financial Protection Bureau,  
19 the Federal Housing Finance Agency, the Board of Governors of the Federal  
20 Reserve System, the Federal Deposit Insurance Corporation, the United States  
21 Comptroller of the Currency, or the National Credit Union Administration; or

22 (3) real estate appraiser who enters into an agreement with another real  
23 estate appraiser for the performance of an appraisal that upon completion results in a  
24 report signed by both the real estate appraiser who completed the appraisal and the  
25 real estate appraiser who requested completion of the appraisal.

26 \* **Sec. 6.** AS 08.87 is amended by adding new sections to article 3 to read:

27 **Sec. 08.87.215. Prohibited practices; real estate appraisal management**  
28 **companies.** (a) A real estate appraisal management company may not, while  
29 registered in the state, retain or enter into a business relationship with an employee,  
30 contractor, or agent whose certificate to act as a real estate appraiser is denied,  
31 cancelled, suspended, revoked, put on probation, or surrendered in lieu of a pending

1 revocation in any state unless the employee, contractor, or agent has later had a  
2 certificate to act as a real estate appraiser granted or reinstated by the same state.

3 (b) A real estate appraisal management company or a controlling person,  
4 employee, director, officer, or agent of a real estate appraisal management company  
5 may not

6 (1) seek to influence a real estate appraiser through intimidation,  
7 coercion, extortion, or bribery;

8 (2) condition payment of an appraisal fee on a real estate appraiser's  
9 opinion, conclusion, or valuation;

10 (3) request that a real estate appraiser report a predetermined opinion,  
11 conclusion, or valuation;

12 (4) alter, amend, or change an appraisal report submitted by a real  
13 estate appraiser without the real estate appraiser's written consent;

14 (5) require a real estate appraiser to sign an indemnification agreement  
15 for a claim that does not arise from a service performed by the real estate appraiser;

16 (6) prohibit a real estate appraiser who is part of an appraiser panel  
17 from recording within the appraisal communication the fee that the appraiser was paid  
18 by the company for the performance of the appraisal;

19 (7) prohibit lawful communication between a real estate appraiser and  
20 any other person who the real estate appraiser determines possesses information  
21 relevant to the appraisal;

22 (8) engage in an act or practice with intent to impair a real estate  
23 appraiser's independence, objectivity, and impartiality;

24 (9) knowingly make a false statement, submit false information, or fail  
25 to provide complete information in response to a question in an application for  
26 registration or renewal of a registration; or

27 (10) violate this chapter or a regulation adopted under this chapter.

28 **Sec. 08.87.220. Disciplinary proceedings; real estate appraisal**  
29 **management companies.** The board may take disciplinary action under AS 08.01.075  
30 or suspend or revoke a registration of a real estate appraisal management company if it  
31 finds that the

1 (1) company or a controlling person, employee, director, officer, or  
2 agent of a real estate appraisal management company has violated a provision of this  
3 chapter or a regulation adopted by the board under this chapter;

4 (2) company or a controlling person of the company has had a  
5 certificate to act as a real estate appraiser or a registration as a real estate appraisal  
6 management company denied, cancelled, suspended, revoked, put on probation, or  
7 surrendered in lieu of a pending revocation in any state;

8 (3) company fails to comply with the Uniform Standards of  
9 Professional Appraisal Practice under 12 U.S.C. 3339;

10 (4) company performs appraisal management services in a manner that  
11 causes injury or loss to the public;

12 (5) company has ceased to operate in the state as a real estate appraisal  
13 management company; or

14 (6) company used fraud, deception, misrepresentation, or bribery in  
15 securing a registration under this chapter.

16 \* Sec. 7. AS 08.87.900 is amended by adding new paragraphs to read:

17 (14) "appraisal management services" includes the performance of any  
18 of the following functions on behalf of a lender, financial institution, or other person:

19 (A) administration of an appraiser panel;

20 (B) recruitment, retention, or selection of real estate appraisers  
21 for the performance of appraisal services;

22 (C) contracting with real estate appraisers to perform  
23 appraisals;

24 (D) review of a completed appraisal before the delivery of the  
25 appraisal or review assignment to the person that ordered the appraisal;

26 (15) "appraiser panel" means a group of licensed or certified real estate  
27 appraisers who perform appraisals as independent contractors for a real estate  
28 appraisal management company;

29 (16) "company" means a real estate appraisal management company  
30 required to register under AS 08.87.130 that performs appraisal management services;

31 (17) "controlling person" includes a person who

1 (A) owns more than 10 percent of a real estate appraisal  
2 management company or an officer or director of a real estate appraisal  
3 management company;

4 (B) is employed and authorized by a real estate appraisal  
5 management company to enter into a contractual relationship with another  
6 person for the performance of appraisal management services or with a real  
7 estate appraiser to perform an appraisal; and

8 (C) has the authority to direct the management or policies of a  
9 real estate appraisal management company;

10 (18) "principal dwelling" means a residential structure or mobile home  
11 that contains one to four units but does not include a vacation or second home unless  
12 the consumer buys or builds a new dwelling that will become the primary location that  
13 the consumer inhabits within a year after the purchase or completion of construction.

14 \* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 APPLICABILITY. (a) This Act applies to a person offering or engaged in providing  
17 appraisal management services for an appraisal on or after the effective date of secs. 1 - 7 of  
18 this Act. In this subsection, "appraisal management services" has the meaning given in  
19 AS 08.87.900.

20 (b) Notwithstanding the effective date of sec. 5 this Act, the Department of  
21 Commerce, Community, and Economic Development and the Board of Certified Real Estate  
22 Appraisers may not enforce the registration requirement under AS 08.87.130, added by sec. 5  
23 of this Act, until March 1, 2019.

24 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 TRANSITION: REGULATIONS. The Department of Commerce, Community, and  
27 Economic Development and the Board of Certified Real Estate Appraisers may adopt  
28 regulations necessary to implement the changes made by this Act. The regulations take effect  
29 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law  
30 implemented by the regulation.

31 \* **Sec. 10.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

1

\* **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect January 1, 2019.

# Alaska State Legislature



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*Session:*

State Capitol Building, Room 103  
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## Senator Kevin Meyer Senate District M

### **SB 155: Regulate Appraisal Management Companies**

An Appraisal Management Company, or AMC, is an independent entity through which mortgage lenders order residential real estate valuation services for properties on which they are considering extending loans to homebuyers. AMCs fulfill an administrative function in the appraisal process, including selecting an appraiser and delivering the appraisal report to the lender. Individual appraisers who work for AMCs provide the actual property valuation services.

AMCs existed well before the 2008 global financial crisis, and today they play an increasingly important role as a third-party service provider in the consumer mortgage process. AMCs have become increasingly popular by lenders across the country to ensure federal and state regulatory compliance and independence between lenders and appraisers as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Dodd-Frank requires that states that choose to regulate this sector of industry enact comprehensive AMC oversight and registration programs with an August 10, 2018, deadline.

SB 155 aims to promote public trust and consumer protection and establish oversight and enforcement where there is none today.

WELLS  
FARGO

January 29 2018

Senator Mia Costello  
Chair Senate Labor and Commerce Committee  
State Capitol  
Room 504  
Juneau, AK 99801

RE SB-155 Real Estate Appraisal Management Companies

Dear Senator Costello

Wells Fargo supports Alaska Senate Bill 155

The federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 mandated the Federal Financial Institutions Regulatory Agencies to create, and the Appraisal Subcommittee to oversee, minimum standards for state registration and supervision of Appraisal Management Companies (AMCs). The now final federal interagency AMC rules were published in the Federal Register in June 2015 and became effective on August 10, 2015.

Every state needs to set up a compliant regulatory system for AMCs by August of 2018. If a state does not set up a compliant regulatory system for AMCs by August of 2018 then home loan lenders cannot use AMCs for federally related transactions.

Wells Fargo uses the services of AMCs for appraisals done for all of our home loan customers. AMCs are an important buffer between loan officers and appraisers. AMCs ensure the independence of the valuation process. AMCs help our customers in getting the most accurate value on their home. AMCs also support and promote a smooth, timely and responsive appraisal process.

This bill is good for home loan lenders and home owners in Alaska that use the valuable services that AMCs offer.

Thank you for the opportunity to provide comment on Alaska Senate Bill 155.

Sincerely,



Greg Deal  
Region Bank President  
Wells Fargo Bank, N.A.  
301 W. Northern Lights Blvd., 5<sup>th</sup> Floor  
Anchorage, AK 99519  
PH 907-265-2858



Joe Everhart  
EVP and Business Banking Group Northwest Division Manager  
Wells Fargo Bank, N.A.  
301 W. Northern Lights Blvd., 5<sup>th</sup> Floor  
Anchorage, AK 99519  
PH 907-265-2981

✓ Cc Senator Kevin Meyer

# Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • Ph. 907-261-3525 • Fax 907-562-1758

February 1, 2018

Senator Mia Costello, Chair  
Senate Labor & Commerce Committee  
State Capitol  
120 4th Street, RM 3  
Juneau, AK 99801

Re: Support for SB155 – Real Estate Appraisal Management Companies

Dear Senator Costello,

The Alaska Bankers Association wishes to inform you of its support for Senate Bill 155 to enact fair and balanced regulation of Appraisal Management Companies in Alaska.

The Dodd-Frank Act of 2010 mandated minimum state requirements for state registration and supervision of AMCs. If Alaska does not adopt a regulatory structure by August 2018, non-federally regulated AMCs would be barred from providing appraisal management services for federally related transactions.

Many Alaska banks rely on AMCs to fulfill important functions in the appraisal process, including ensuring quality control and maintaining compliance with government regulations. This in turn helps lenders provide services efficiently and cost effectively to benefit consumers.

We urge your support for SB155.

Sincerely,



Joe Schierhorn, President  
Alaska Bankers Association



February 8, 2018

Senator Mia Costello  
Chair, Senate Labor and Commerce Committee  
State Capitol, Room 504  
Juneau, Alaska 99801-1182

Dear Senator Costello,

Re: Senate Bill 155 – Real Estate Appraisal Management Companies

The Alaska State Chamber of Commerce supports Senate Bill 155, relating to real estate appraisal management companies (AMC).

The Alaska Chamber is a non-profit founded in 1953 working to promote a positive business environment in Alaska. The Chamber is the voice of small and large businesses representing hundreds of employers and local chambers across Alaska. Our member companies employ over 100,000 hard-working Alaskans. AMCs insure the independence of the valuation process. This legislation is good for home loan lenders and home owners in Alaska.

The federal Dodd-Frank Wall Street Reform and Recovery Act of 2010 mandated that all states put in place a state regulatory and supervision structure for Appraisal Management Companies (AMC) no later than 3 years after the final federal AMC rules were published. If a state does not set up a regulatory system for AMCs by August of 2018 then home loan lenders cannot use AMCs for federally related transactions. This includes loans sold to Government Sponsored Enterprises such as Fannie Mae and Freddie Mac. This legislation will insure Alaska's compliance.

It is essential that Alaska is compliant to insure access to these sources of capital. We urge your favorable review and passage of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curtis W. Thayer'.

Curtis W. Thayer  
President & CEO

Cc: Senator Kevin Meyer  
Senator Gary Stevens  
Senator Peter Micciche  
Senator Berta Gardner

January 30, 2018

The Honorable Mia Costello, Chair  
Senate Labor and Commerce Committee  
Alaska State Capitol  
Juneau, AK 99801



Cc: Senator Kevin Meyer

**RE: Support for SB 155 – Appraisal Management Company (AMC) Regulation**

Greetings Chair Costello and distinguished members of the Labor and Commerce Committee:

On behalf of the Appraisal Management Companies (AMCs) represented by the Real Estate Valuation Advocacy Association (REVAA), **we strongly support passage of SB 155. We believe this legislation will enact fair and balanced regulation of AMCs in Alaska.**

REVAA is an industry trade association whose membership includes 27 AMCs that collectively provide a majority the residential appraisal transaction volume nationwide on behalf of mortgage lenders, many of whom serve Alaska consumers. In addition, many REVAA members also provide other important lender valuation services such as Broker Price Opinions (BPO) and Alternative Valuation Methods (AVM).

**Background**

AMC's are in a precarious situation whereby they need to advocate for their own regulation by all 50 states and the five U.S. territories to avoid a massive disruption in the residential mortgage servicing for consumers and lenders in Federally Related Transactions. Therefore, while generally we believe in less state government regulation, REVAA members do support minimal state regulation that complies with the federal mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Dodd-Frank added section 1124, Appraisal Management Company Minimum Requirements, to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 19893 (Title XI). Section 1124 required the Office of the Comptroller of the Currency (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); National Credit Union Administration (NCUA); Bureau of Consumer Financial Protection (Bureau); and Federal Housing Finance Agency (FHFA) (collectively, the agencies) to establish, by rule, minimum requirements for State registration and supervision of AMCs. In accordance with the statute, the agencies recently issued a final rule (referred to as the AMC Rule) which was published on June 9, 2015, with an effective date of August 10, 2015. States have 36 months to comply.

**State AMC Regulation**

There are currently 46 states that regulate AMCs. The following four states and the District of Columbia are working to pass legislation to regulate AMCs in compliance with the Final Federal AMC Rules deadline (Aug. 2018). Each bill is created by consensus with key stakeholders and mirrors the federal minimum standards.

**Alaska SB 155 introduced in 2018**  
**D.C. Bill to be introduced in 2018**  
**Mass. H 577 has passed House**

**New York Bill to be introduced in 2018**  
**Ohio H 213 has passed House**

**About AMCs**

AMCs existed well before the 2008 global financial crisis. Today, AMCs play an increasingly important role as third-party service providers in the consumer mortgage process. They are hired by lenders and/or other financial institutions to manage an independent and compliant process to determine the price and/or value of a residential real estate. Valuation tools include Appraisals, Broker Price Opinions (BPOs) and Automated Valuation Models (AVMs), among other products. AMCs work with certified appraisers and other real estate professionals across the nation to get this work accomplished.

AMCs have become increasingly popular by lenders to ensure federal and state regulatory compliance and independence requirements between lenders and appraisers to protect consumers are met, as required by Dodd-Frank.

Residential lenders consider AMCs highly-valued partners due to the many essential valuation- related functions they fulfill, including

- Maintaining a qualified panel of licensed appraisers ready to execute lender valuation assignments.
- Ensuring appraiser independence by safeguarding against undue influence in the valuation process.
- Providing quality assurance processes in the delivery of final appraisal and valuation products.
- Supporting a smooth, timely and responsive mortgage process for consumers and lenders.
- Complying with federal and state laws governing valuation products and services.

### **AMCs Play a Vital Role in Protecting Consumers**

- **Safeguard Appraiser Independence and Protect Against Fraud** – AMCs help ensure that appraisals are completed in compliance with federal and state law and that the opinion of value was achieved by the appraiser independently, without undue influence. Prevention of coercion is critical to avoiding collusion within the valuation process and therefore potential fraud.
- **Help Lower Costs Associated with Borrowing** – While compliance with state and federal laws and rules is a big reason for lenders use of AMCs, another one is that lenders have high overhead and must compete in a competitive marketplace. The use of AMCs helps them provide services efficiently and cost effectively to benefit consumers while ensuring payment of Customary & Reasonable Fees to appraisers.
- **Provide Quality Controls** - AMCs employ quality control measures to ensure the integrity of a supportable, dependable and credible appraisal, which can identify mistakes and fraud in appraisal reports that protect consumers from faulty opinions of value.
- **Reduce Turnaround Times** - AMCs employ valuation experts to screen appraisal reports to identify issues early and have a much larger success rate in resolving valuation issues without causing unnecessary delays and mitigate consumer dissatisfaction.
- **Protect Public Safety** – Consumers are provided an extra layer of safety and protection as AMCs complete background checks of appraisers before they can be employed or empaneled. Further, AMCs continue to monitor their appraisers while they are employed or empaneled to ensure that unqualified appraisers or those that may pose a threat to public trust or safety are removed.
- **Assist Appraisers with Consumer Questions** - AMCs work with appraisers to resolve questions and provide the borrower/lender an ability to submit value appeals while complying with appraiser independence.
- **Provide Customer Service Issue Resolutions** - AMCs resolve customer service concerns that are not directly related to the appraisal process through their access to lenders that the consumer may not otherwise have.

### **AMCs are Integrated into America's Mortgage Lending and Secondary Markets**

A majority of lenders now use AMCs exclusively for the facilitation of residential appraisals. The remaining lenders (primarily smaller) manage their own in-house appraiser panels, many of which use their own panels which often include the use of AMCs. But, there is great uncertainty by lenders and AMCs as to what will or won't qualify as a Federally Related Transaction (FRT) because it may change over the loan life-cycle from FRT to non-FRT and back to FRT.

- **Act as a Compliance Partner for AMC Regulations** - Serve as invaluable partners for ensuring efficiency and compliance with state and federal AMC regulations.
- **Ensure Lender Compliance with Banking and Mortgage Regulations** - Support lender compliance with federal banking regulations (e.g., Fed, FDIC, OCC, CFPB) governing mortgage lending.
- **Help Reduce Costs & Ensure Appraiser Independence** - Large and medium sized lending institutions have indicated that they need independent AMCs, because of the cost for them to establish and maintain the necessary internal firewalls for effective appraiser independence compliance.

Thank you for considering our comments. Please do not hesitate to contact me with questions.

Respectfully,



Mark Schiffman  
Executive Director

# Alaska State Legislature

*Interim:*

1500 W. Benson Boulevard  
Anchorage, Alaska 99503  
Phone (907) 465-4945 Fax (907) 465-3476



*Session:*

State Capitol Building, Room 103  
Juneau, Alaska 99801-1182  
Phone (907) 269-0197 Fax (907) 465-3476

## Senator Kevin Meyer Senate District M

### SECTIONAL SUMMARY CS SB 155 (FIN) V. 30-LS1295\O

3/22/2018

**Section 1:** Amends (AS 08.01.065), the centralized licensing statute, to include a new subsection 'j' to allow the Dept. of Commerce, Community and Economic Development to establish a fee for regulatory costs and a mechanism for reporting those fees

**Section 2:** This is the new subsection 'j' (to 08.01.065) which requires the department to establish a registry fee as required by the federal government and permits the department to remit those fees to the federal government.

**Section 3:** Amends the powers and duties of the Board of Certified Real Estate Appraisers (under 08.87.020) to require regulations for Appraisal Management Companies in accordance with the federal Dodd Frank Act requirements.

**Section 4:** Authorizes the Board to examine records of AMCs, requires those companies to submit information to the Board, and allows investigations of alleged violations.

**Sections 5 and 6 (Page 3, Line 30-Page 9, Line 15):** Adds provisions regarding registration of Appraisal Management Companies (08.87.130 and 08.87.135) including the establishment of fees to cover regulatory costs under 08.01.065, requiring a surety bond requirement of \$50,000, establishing mandatory reporting requirements (08.87.140), establishing retention of records and inspection requirements (08.87.145), reporting requirements for federally regulated real estate appraisal management companies (08.87.150), exemptions (08.87.155), prohibited practices (08.87.215), and disciplinary proceedings (08.87.220).

**Section 7:** Definitions – "appraisal management services," "appraisal panel," "company," "controlling person," and "principal dwelling."

**Section 8:** Applicability clause – this act applies to a person offering or providing appraisal management services on or after the effective date(s) of this Act.

**Section 9:** Transition language to allow the Department of Commerce, Community, and Economic Development and the Board of Certified Real Estate Appraisers to adopt regulations necessary to implement the changes made by the Act.

**Section 10:** This section is due to DCCED's request to the federal government for a 1-year waiver for the implementation of the regulation of AMCs. The department must notify the revisor of statutes in writing if the waiver has been granted by June 30, 2018.

**Section 11:** If the waiver is granted, the Act takes effect January 1, 2019 with a deadline for AMC registration of March 1, 2019. If the waiver is not granted, the Act takes effect August 10, 2018 to comply with federal law.

**Section 12:** Transition language and notification to the revisor of statutes sections are effective immediately.

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	CSSB 155(FIN)
Fiscal Note Number:	2
(S) Publish Date:	3/21/2018

Identifier: SB155-DCCED-CBPL-03-05-18  
 Title: REAL ESTATE APPRAISAL MNGMT.  
 COMPANIES  
 Sponsor: MEYER  
 Requester: (S) Labor & Commerce

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Corporations, Business and Professional  
 Licensing  
 Allocation: Corporations, Business and Professional  
 Licensing  
 OMB Component Number: 2360

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>							
Personal Services	80.5		80.5	80.5	80.5	80.5	80.5
Travel							
Services	21.4		17.0	17.0	17.0	17.0	17.0
Commodities	10.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>111.9</b>	<b>0.0</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>

**Fund Source (Operating Only)**

1156 Rcpt Svcs (DGF)	111.9		97.5	97.5	97.5	97.5	97.5
<b>Total</b>	<b>111.9</b>	<b>0.0</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>

**Positions**

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

**Change in Revenues**

1156 Rcpt Svcs (DGF)	111.9		97.5	97.5	97.5	97.5	97.5
<b>Total</b>	<b>111.9</b>	<b>0.0</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>	<b>97.5</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2019) cost:** 0.0 (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

**Why this fiscal note differs from previous version/comments:**

Updated analysis to show the additional position will be shared among multiple programs.
------------------------------------------------------------------------------------------

Prepared By: <u>Janey McCullough, Director</u>	Phone: (907)465-2538
Division: <u>Corporations, Business and Professional Licensing</u>	Date: 03/05/2018 04:55 PM
Approved By: <u>Catherine Reardon, Director</u>	Date: 03/05/18
Agency: <u>Division of Administrative Services, DCCED</u>	

REPORTED OUT OF  
SFC 03/20/2018

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

## Analysis

SB155 would enact a registration and regulatory structure for Appraisal Management Companies (AMC) operating in this state. The appraisal management company is the only entity in the real estate valuation process that is not currently subject to licensing or regulation in Alaska, nor are there any laws or regulations specific to their activity.

This legislation amends AS 08.01.065 to allow the department to set, collect, and submit a fee to the federal government. This fee will be equal to the appraiser registry fee established by the federal Appraisal subcommittee.

The division will require one Occupational Licensing Examiner as a result of this legislation; the increased workload associated with this program cannot be absorbed by existing staff. This new position would serve as an Occupational Licensing Examiner over multiple existing programs as well as the new program. The position's costs would be spread among those programs through positive timekeeping. To implement this legislation, regulations will also be required.

If the bill passes the following expenses will be incurred:

Personal Services: \$80.5 (one permanent Occupational licensing examiner, range 14)

Services:       \$15.0 (ongoing support services for new position)  
                  \$4.4 (Large regulations project)  
                  \$2.0 (Annual hearing services)

Commodities: \$10.0 (one-time startup costs of new position)

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

# Alaska State Legislature



*Interim:*

1500 W. Benson Blvd.  
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*Session:*

State Capitol Building, Room 103  
Juneau, Alaska 99801-1182  
(907) 465-4945 Phone  
(907) 465-3476 Fax

## Senator Kevin Meyer Senate District M

### SB 155: Regulate Appraisal Management Companies Summary of Changes V.A to V.O

- Page 3, Lines 24-29: Reorganizes and rewords section 4 for clarity.
- Page 4, Line 20: Removes the specific reference to subsection (j) of AS 08.01.165 in order to allow the department to collect fees to cover the regulatory costs of AMCs. The previous version of the bill only allowed the department to collect registry fees to be transmitted to the federal Appraisal Subcommittee.
- Page 5, Line 22-23: Increases the surety bond requirement from \$25,000 to \$50,000.
- Page 5 of Previous Bill: Removes the fingerprinting requirement for the controlling person of an AMC.
- Page 5, Line 25: Removes the requirement that a controlling person be certified as a real estate appraiser in Alaska. Version O requires the controlling person to be certified "in a state."
- Conforming amendments, as required, including deletion of previous Section 8 – removed due to deletion of fingerprinting requirement, and previous Section 9 – duplicative of language already appearing in statute is AS 37.05.146(c)(24).
- Beginning on Page 10, Line 14: Adds effective date sections to ensure that the bill is effective on the date required by the federal government and, if possible, give the department time to process applications prior to requiring registration. The bill will take effect August 10, 2018 *unless* the department notifies the revisor of statutes that an extension was granted, in which case the department would be able to start taking applications January 1, 2019, and the AMCs would have to be registered by March 1, 2019.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

DIVISION OF CORPORATIONS, BUSINESS AND  
PROFESSIONAL LICENSING

P.O. Box 110806  
Juneau, AK 99811-0806  
Main: 907.465.2550  
Fax: 907.465.2974

February 8, 2018

James R. Park,  
Executive Director  
1401 H. Street N.W.; Suite 760  
Washington, D.C. 20005

Dear Mr. Park:

Pursuant to ASC Bulletin 2017-02, please accept this formal request for an extension of the implementation period to establish an AMC program in the State of Alaska until August 10, 2019.

Two bills are currently before the Alaska State Legislature to provide this authority to the Board of Certified Real Estate Appraisers; once granted, the board is prepared to adopt regulations under that authority to ensure the program conforms to Title XI of FIRREA as amended by the Dodd-Frank Act. For your reference, the proposed legislation is attached to this letter.

Please feel free to contact our office with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sara Chambers".

Sara Chambers  
Deputy Director

Encl.

CC: David Derry, Chairman, Alaska Board of Certified Real Estate Appraisers  
Janey McCullough, Director, DCCED, CBPL  
Micaela Fowler, Special Assistant, DCCED  
Renee Hoffard, Records and Licensing Supervisor, DCCED, CBPL  
Dawn Dulebohn, Occupational Licensing Examiner, DCCED, CBPL  
Claire Brooks, Policy Manager, Appraisal Subcommittee

State Bond Requirements for AMCs

State	Bond Requirement for Appraisal Management Company
Alabama	\$25,000. <i>See</i> Ala. Admin. Code r. 780-X-17-.03(f); Ala. Code 1975 § 34-27A-55(b).
Alaska	None.
Arizona	At least \$20,000, but no more than \$50,000. <i>See</i> A.R.S. § 32-3667.
Arkansas	\$20,000
California	None.
Colorado	Minimum of \$25,000. <i>See</i> 4 CCR 725-2:13, 17.14; <i>see also</i> C.R.S.A. § 12-61-706.7(1).
Connecticut	None.
Delaware	At least \$20,000.
Washington, DC	None.
Florida	None.
Georgia	"Not less than \$20,000." <i>See</i> O.C.G.A. § 43-39A-11(n); Ga. Comp. R. & Regs. r. 539-1-.05(12).
Hawaii	\$25,000.
Idaho	\$25,000. I.C. § 54-4124(4).
Illinois	\$25,000. <i>See</i> 68 Ill. Admin. Code § 1452.80; <i>see also</i> 225 ILCS 459/50.
Indiana	None.
Iowa	\$25,000. Iowa Code § 543E.19(a); <i>see also</i> IAC 187-25.2(6).
Kansas	None.
Kentucky	\$25,000.
Louisiana	\$20,000. LA R.S. 37:3415.3.D(1).
Maine	None.
Maryland	None.
Massachusetts	None.
Michigan	If an application for a license is made by a person whose license was previously denied, suspended, or revoked as a result of a disciplinary action for violation of Article 26A, the department may require, as a condition to licensure of the applicant or the removal of the suspension, that the applicant provide a surety bond to the department that ... is in a principal amount of not more than \$5,000. MCL § 339.2667(2).
Minnesota	None.
Mississippi	Surety bond payable to the State of Mississippi for \$20,000.00. Miss. Code Ann. § 73-24-103(1)(a); <i>see also</i> Miss. Admin. Code 30-1502:2.2(4)
Missouri	\$20,000.00. 20-CSR-2245-10.
Montana	None.
Nebraska	\$25,000.00. Nebraska Appraisal Management Company Act.
Nevada	None.
New Hampshire	None.
New Jersey	\$25,000.00. New Jersey Appraisal Management Company Registration Act.
New Mexico	\$25,000.00. NMSA 1978 § 47-14-3.1.
New York	None.
North Carolina	\$25,000.00. N.C.G.S. § 93-E Article 2.
North Dakota	None.
Ohio	None.
Oklahoma	None.
Oregon	\$25,000.00. OAR 161-530-0040.
Pennsylvania	None.
Rhode Island	None.

State Bond Requirements for AMCs

South Carolina	None
South Dakota	\$25,000.00. SD ST § 36-21D.
Tennessee	\$20,000.00. T.C.A. § 62-39-401.
Texas	None.
Utah	\$25,000.00. Utah Code Ann. § 61-2e-204.
Vermont	None.
Virginia	\$100,000.00. Virginia Code § 54.1-2021.1.D.
Washington	\$100,000.00. RCW Title 18 Chapter 18.310.
West Virginia	\$50,000.00. W. Va. Code Chap. 30 Art. 38A.
Wisconsin	None.
Wyoming	\$25,000.00. Wyoming Statute 33-309-200.



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Register

## FFIEC Finalizes Regulations for the Payment of AMC Registry Fees

Consumer Financial Services Review

Mayer Brown LLP



MAYER • BROWN

USA | October 3 2017

Appraisal management companies (“AMCs”) are one step closer to being required to pay annual registry fees. The Appraisal Subcommittee (“ASC”) of the Federal Financial Institutions Examination Council published a final rule on September 25, 2017, pursuant to its authority granted under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), to govern a state’s collection of annual registry fees from AMCs. The final rule will take effect on November 24, 2017.

The Dodd-Frank Act amended Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”) to require states that opt to register and supervise AMCs to collect an annual AMC registry fee. The federal law requires such states to collect (i) from AMCs that have been in existence for more than one year, an annual registry fee of \$25 multiplied by the number of appraisers working for or contracting with the AMC in the state during the previous year; and (ii) from AMCs that have not been in existence for more than a year, \$25 multiplied by an appropriate number determined by the ASC. The Dodd-Frank Act gives the ASC discretion to increase the \$25 fee to \$50 if necessary to satisfy the ASC’s functions under the Dodd-Frank Act.

The ASC proposed regulations in May 2016 to implement the registry fee requirement and received 104 public comment letters. Most notably, the proposed regulations offered the ASC’s interpretation of what it means to be “working for or contracting with” an AMC for purposes of the registry fee. The final rule effectively adopts the standards from the proposed rule and establishes the annual AMC registry fee for AMCs in states that opt to register

and supervise AMCs as follows:

1. For AMCs that have been in existence for more than one year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in said State during the previous year; and
2. For AMCs that have been in existence for less than one year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in said State since the AMC commenced doing business.

The final rule defines “performed an appraisal” to mean “the appraisal service requested of an appraiser by the AMC was provided to the AMC.”

The ASC notes that it rejected the option of requiring AMC registry fees to be based on the total number of appraisers on an AMC’s panel during the reporting period in a particular state. It also rejected the option of calculating the fees based on the number of appraisers engaged by the AMC to perform an appraisal during the reporting period in a particular state, regardless of whether the appraiser actually completed the appraisal report. The final rule’s “performed an appraisal” standard will allow AMCs to exclude appraisers on an AMC’s panel that have never received an order, as well as appraisers that performed appraisals in the past outside of the reporting period, from the total annual registry fees per state. Given the other two options that had been considered by the ASC, this appears to be the best result for AMCs.

The final rule also adopts standards for a state’s collection and transmission of annual AMC registry fees. If a state opts to register and supervise AMCs, the state will be required to collect and transmit the registry fee on an annual basis. States otherwise have the discretion under the final rule to align the annual period with any 12-month period, even if not based on a calendar year. The ASC acknowledged that states do not always renew AMC licenses or registrations on the calendar year. The final rule gives the states the flexibility to make their annual license or registration period (for those states with a one-year license/registration) match up with the registry fee deadlines. Moreover, only those AMCs whose registry fees have been transmitted to the ASC will be eligible for inclusion on the ACS’s AMC Registry. Before the November 24th effective date, the ASC will issue a bulletin to the states that will address specific requirements related to the AMC Registry.

Many public comments had requested that the ASC prohibit AMCs from passing the registry fees on to appraisers. The ASC notes in the final rule that it does not have authority to regulate the conduct of AMCs and no such prohibition appears in the final rule.

**Mayer Brown LLP - Holly Spencer Bunting and Kathryn E. Civitello**

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AMC legislation: **SB 155/HB 329**

March 30, 2018

### **“Controlling Person” points**

Controlling person should be credentialed in Alaska because:

1. It is likely that the owner (s) and designated “controlling person” are not the same. My information is that usually the controlling person is the compliance officer, contact/responsible person, etc., and an employee of the company.

a. Since the controlling person (CP) is directly responsible for making sure appraisers under their contract comply with USPAP (Uniform Standards of Professional Appraisal Practice), have the requisite education, expertise, experience, and market knowledge; being certified in Alaska means they know Alaska regulations.

b. Geographic competency or local knowledge is a very important issue, particularly recognizing the real estate market diversity and regions of Alaska. The appraiser and whomever hired them (an AMC, for example) are responsible for knowing that the person has the local market familiarity to do a responsible job. We as a Board recognized this to be such an important issue that we sent a letter to all Alaska certified appraisers and lenders in September 2017. That letter is prominently posted on the Board website.

c. As a Board, our oversight requires the AMC engage appraisers that meet all of those items in a & b. So, having an Alaska credentialed appraiser assures us that the CP knows AK regs, gets any correspondence about and of current issues in Alaska, and our board has a direct link to that person as an appraiser.

2. It is easy and fast for an appraiser certified in another state to become certified in AK by reciprocity. As part of that we do a background investigation in all states the appraiser is certified; which establishes a process for us as part of AMC registration and was the reason we supported eliminating the fingerprinting requirement. We feel this is key to public trust.

3. Although a CP may be credentialed in another state, state compliance with Dodd-Frank & Title 11 can vary from state to state. Some states are not doing an adequate job of oversight, as determined by the ASC audit. Alaska has a “good” rating, some states are: needs improvement, not satisfactory, or poor. Any appraiser credentialed in a state rated poor is not eligible for Alaska reciprocity.

Side point, Many states enacted AMC legislation early on, and as a result there are variations from state to state, like for ownership disclosure/qualification, CPs, etc., The final federal rules just came out in March 2018. So some state will probably be revising some of their legislation.

David Derry

Alaska Board of Certified Real Estate Appraisers

3 Y  
4 Nay failed

30-LS1295\R.1  
Radford  
4/2/18

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: HCS CSSB 155(L&C), Draft Version "R"

- 1 Page 5, line 25:
- 2 Delete "a state"
- 3 Insert "the state under this chapter"

Stu Y  
Jo Y  
Wo N  
Ki N  
Kno Y  
Bir N  
SL N

Passed  
No objection

30-LS1295\R.2  
Radford  
4/2/18

AMENDMENT

#2

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: HCS CSSB 155(L&C), Draft Version "R"

1 Page 9, line 31:

2 Delete "includes"

3 Insert "means"

4

5 Page 10, lines 2 - 3:

6 Delete "or an officer or director of a real estate appraisal management company"

7

8 Page 10, following line 3:

9 Insert a new subparagraph to read:

10 "(B) is an officer or director of a real estate appraisal  
11 management company;"

12

13 Reletter the following subparagraphs accordingly.

14

15 Page 10, line 7:

16 Delete "and"

17 Insert "or"

Wool obj. N

SL Y  
ST Y  
Jo Y  
BIR Y  
KN Y  
Ki N

S yay 2 Nay

30-LS1295\R.3  
Radford  
4/2/18

AMENDMENT

#3

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: HCS CSSB 155(L&C), Draft Version "R"

- 1 Page 3, line 29, following "chapter":
- 2 Insert ";
- 3 (4) conduct background investigations as provided in
- 4 AS 08.87.135(c)"
- 5
- 6 Page 5, line 21:
- 7 Delete "and"
- 8
- 9 Page 5, line 23, following "\$50,000":
- 10 Insert "; and
- 11 (9) is owned by persons who meet the requirements under (c) of this
- 12 section"
- 13
- 14 Page 5, following line 31:
- 15 Insert a new subsection to read:
- 16 "(c) A person who owns at least 10 percent of a real estate appraisal
- 17 management company required to be registered under this chapter must be of good
- 18 moral character as determined by the board and shall submit to a background
- 19 investigation conducted by the board."
- 20
- 21 Reletter the following subsections accordingly.
- 22
- 23 Page 6, line 5:

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Register

## Federal regulators propose framework for state supervision of Appraisal Management Companies

**Buckley Sandler LLP**

BUCKLEY SANDLER

**USA** | March 25 2014

On March 24, the Federal Reserve Board, the OCC, the FDIC, the CFPB, the FHFA, and the NCUA proposed a rule to implement the Dodd-Frank Act's minimum requirements for registration and supervision of **Appraisal Management Companies** (AMCs). While current federal regulations mandate that appraisals conducted for federally related transactions must comply with the Uniform Standards of Professional **Appraisal** Practice (USPAP), this rule would represent the first affirmative federal obligations relating to the registration, supervision, and conduct of AMCs.

Generally, the proposed rule would establish a **framework** for the registration and supervision of AMCs by individual states that choose to participate, and for state reporting to the **Appraisal** Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC). Although state participation is optional, AMCs would be prohibited from providing **appraisal management** services for federally related transactions in states that do not establish such a program.

Comments on the proposal will be due 60 days following publication in the Federal Register.

### *Scope of Proposal*

The proposal defines an AMC as any person that (i) provides **appraisal management** services to creditors or secondary mortgage market participants; (ii) provides such services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction (including consumer credit transactions incorporated into securitizations); and (iii) within a given year, oversees an appraiser panel of more than 15 state-certified or state-

licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more States. “Appraisal **management** services” include, among other things, recruiting, selecting, and retaining appraisers and contracting with state-certified or –licensed appraisers to perform **appraisal** assignments. Notably, the rule would apply to appraisals for *any* consumer credit transaction secured by the consumer’s principal dwelling, whereas current federal regulations apply only to appraisals for transactions that involve an entity regulated by a federal financial regulatory agency and that require the services of an appraiser (federally related transactions).

The definition of AMC does not cover commercial real estate transactions or securitizations involving commercial real estate mortgages and would not apply to a department or division of an entity when such a department or division provides **appraisal management** services only to that entity. However, affiliate AMCs would be covered, even if they only provide services to their affiliated entity.

### ***Minimum Requirements for State Supervision Programs***

The rule would require participating states to implement, within 36 months after the final rule takes effect, a licensing program within a state agency that has authority to: (i) review and approve or deny an AMC’s application for initial registration; (ii) review and renew or refuse to renew an AMC’s registration periodically; (iii) examine the books and records of an AMC operating in the state and require the AMC to submit reports, information, and documents; (iv) verify that the appraisers on the AMC’s appraiser list, network, panel, or roster hold valid state certifications or licenses, as applicable; (v) conduct investigations of AMCs to assess potential violations of applicable appraisal-related laws, regulations, or orders; (vi) discipline, suspend, terminate, and refuse to renew the registration of an AMC that violates applicable appraisal-related laws, regulations, or orders; and (vii) report an AMC’s violation of applicable appraisal-related laws, regulations, or orders, as well as disciplinary and enforcement actions and other relevant information about an AMC’s operations, to the ASC.

### ***Requirements for AMCs***

The rule would require an AMC to register with, and be subject to supervision by, a state appraiser certifying and licensing agency in each state in which the AMC operates. As proposed, an AMC that is a subsidiary owned and controlled by a federally regulated insured depository institution or an insured credit union would be exempt from state registration requirements.

In addition, all AMCs would be required to (i) use only state-certified or state-licensed appraisers for federally related transactions; (ii) establish processes and controls reasonably designed to ensure that the AMC engages appraisers who have the requisite education, expertise, and experience necessary to complete competently the assignment for the particular market and property type; (iii) establish processes and controls reasonably designed to ensure that the AMC conducts its **appraisal management** services in accordance with TILA requirements relating to **appraisal** independence; and (iv) require appraisers to perform **appraisal** assignments in accordance with USPAP.

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