

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

An appraisal management company (AMC) is a third party company between independent fee appraisers and lenders performing many of the administrative elements of the appraisal process. Independent AMCs are regulated to varying degrees by the states. AMCs that are subsidiaries of lenders are regulated at the federal level and not subject to state AMC registration requirements. All AMCs should be regulated at the federal level through the Financial Institutions Reform Recovery and Enforcement Act (FIRREA). This would allow for some regulation and oversight at the federal level but the states would be the primary vehicle for implementation and enforcement. It would also ensure a level playing field for the regulation of independent and bank-owned AMCs.

I am a real estate professional. What does this mean for my business?

AMCs are often perceived as companies that drive down fees for independent appraisers, retain inexperienced licensed appraisers for work, and provide substandard appraisals to lenders and clients. The company offers services to a client, usually a lender, and consumers pay an appraisal fee, which can be found on the HUD-1 form. Typically the HUD-1 indicates the total cost of the appraisal but does not break out fees paid to the appraiser, AMC, or even any fee kept by the lender.

NAR Policy:

NAR supports the regulation of AMCs through FIRREA, with state implementation and enforcement.

Opposition Arguments:

None.

Legislative/Regulatory Status/Outlook

There is no pending federal legislation. The Federal Reserve is leading the current regulatory effort on implementing the appraisal requirements from Dodd-Frank. This includes requirements on "higher-risk mortgages", AMC minimum requirements, and automated valuation models. Several states are taking legislative action to regulate AMCs as required by Dodd-Frank.

Current Legislation/Regulation (bill number or regulation)

Truth in Lending Interim Final Rule (Docket No. R-1394, RIN AD-7100-56). NAR provided comments on

December 27, 2010.

Truth in Lending Interim final rule with request for public comment. Bureau of Consumer Financial Protection. Comments are due February 21, 2012.

Legislative Contact(s):

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