



Appraisal Management Company (AMC) Legislation

Background: On April 30, 2015, the federal Consumer Financial Protection Bureau (CFPB) and five other federal agencies (collectively, the Agencies) jointly adopted a final rule to implement the minimum requirements in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) to be applied by participating States in the registration and supervision of appraisal management companies (AMCs). See https://www.fdic.gov/news/board/2015/2015-04-21_notice_sum_d_fr.pdf. An AMC is an entity that provides appraisal management services to lenders, underwriters or other principals in the secondary mortgage markets. Under the final rule, federally regulated AMCs do not need to register with a State, but are subject to the same minimum requirements as State-regulated AMCs. *Passage of a bill at the state level is required by Aug. 18th, 2018. 45 of 50 states have already passed related legislation.*

Key Provisions in AMC Legislation: The Legislation closely mirrors the federal AMC rule to the greatest extent possible and the WMBA Board of Directors recommends using the following talking points as we engage Legislators, Realtors and fellow lenders:

1) Appraiser Competency

- AMC must verify that appraisers have current Wisconsin credential required for property type being appraised and must have competency, including geographic competency to perform such appraisal order.

2) Appraiser Compensation

- AMC shall separate appraiser's fees vs. AMC fees in invoices and reports.
- AMC must pay appraiser within 30 days of AMC receipt of completed service unless breach of contract or other good cause.

3) Appraiser Review

- AMC must review appraiser's work to ensure regulatory compliance with Uniform Standards of Appraisal Practice (USPAP).
- AMC to provide process for adding and removing appraisers to their panel. Includes an appeal process for appraisers who are removed from an AMC's list of approved appraisers.

4) Appraiser Independence

- AMCs cannot inappropriately influence or coerce an appraiser contrary to Truth in Lending Act (TILA).
- AMC cannot change or require an appraiser to change appraisal results.

5) Enforcement

- DSPS and REAB have the authority to regulate and discipline AMCs.