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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** Federal Agencies Issue Proposed Rule on Minimum Requirements for Appraisal Management Companies

Today six federal regulatory agencies, CFPB, FDIC, FHFA, FRB, NCUA and OCC, issued a proposed rule ([click here](#)) to implement minimum requirements to be applied by States in the registration and supervision of appraisal management companies (AMCs). Publication of the proposed rule in the *Federal Register* is expected shortly. In the meantime, a summary of the proposed rule is contained in the press release also released today by the above agencies. The text of the press release, redacted for brevity, is reprinted below:

In accordance with section 1124 of Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989, as added by section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the minimum requirements in the proposed rule would apply to states that elect to establish an appraiser certifying and licensing agency with the authority to register and supervise AMCs.

The proposed rule would not compel a state to establish an AMC registration and supervision program, and there is no penalty imposed on a state that does not establish a regulatory structure for AMCs. However, an AMC is barred by section 1124 from providing appraisal management services for federally related transactions in a state that has not established such a regulatory structure.

Under the proposed rule, participating states would require that an AMC:

- Register in the state and be subject to its supervision;
- Use only state-certified or licensed appraisers for federally related transactions, such as real estate-related financial transactions overseen by a federal financial institution regulatory agency that require appraiser services;
- Require that appraisals comply with the Uniform Standards of Professional Appraisal Practice;
- Ensure selection of a competent and independent appraiser; and
- Establish and comply with processes and controls reasonably designed to ensure that appraisals comply with the appraisal independence standards established under the Truth in Lending Act.

The proposed rule also would require that the certifying and licensing agency of a participating state have certain authorities, including the authority to:

- Approve or deny initial AMC registration applications and applications for renewals;
- Examine the AMC and require the AMC to submit relevant information to the state;
- Verify that the appraisers on the AMC's appraiser network or panel hold valid state certifications or licenses;

- Conduct investigations of AMCs to assess potential violations of appraisal-related laws;
- Discipline an AMC that violates appraisal-related laws; and
- Report an AMC's violation of appraisal-related laws, as well as disciplinary and enforcement actions, and other pertinent information about an AMC's operations to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

The proposed rule would provide participating states 36 months after its effective date to implement the minimum requirements. An AMC that is a subsidiary of a financial institution and regulated by a federal financial institution regulatory agency is required by section 1124 and the proposed rule to meet the same minimum requirements as other AMCs, although such an AMC is not required to register with a state.

The public will have 60 days to review and comment on the proposed rule after it is published in the Federal Register, which is expected shortly.

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