To: OCC, NCUA, FHFA, FDIC

From: Sherryl Andrus,
Wisconsin General Certified Appraiser 814-10
N6790 Rangeline Road, Sheboygan, WI 53083

Re: Minimum Requirements for Appraisal Management Companies

Thank you for the opportunity to respond to the proposed Minimum Requirements for Appraisal Management Companies. I have worked on the formulation of a bill for the registration of Appraisal Management Companies (AMC) in Wisconsin this past year. We were working on the second draft from the legislative bill drafters when the legislature put a stop to the process as they learned that the Federal Rule had not been finalized and that when it is finalized they would have three more years to enact a law. The appraisers in our state wanted legislation to protect them from the unethical practices of some AMCs now. Therefore, it is my hope that this process moves quickly so that we can continue the process when the next session of our legislature begins in January of 2015. There are appraisers in the state that would rather not have a state bill so that AMCs could not order appraisals in this state. I am not sure that is likely to occur as lenders would need to be able to order appraisals in all states.

I do have a question in regard to the absence of a state registration law. Would federally regulated AMCs still be able to order appraisals in a state that does not have a law?

The following are my responses to the question presented in this propose rule.

Question 1:
In our proposed bill we included all AMCs not just those "providing services in connection with valuing a consumer's principal dwelling", which I am aware, is outside of the scope of your agencies. In addition I believe that there should not be a restriction on the number of appraisers on the panel of an AMC. The inclusion of the panel size to 15 appraisers in a state of 25 or more in two or more states in the definition would cause confusion in if we did not include that limitation in our bill. As that limitation is located other areas of the rule, is it possible to have that statement removed from the definition?

The distinction between a department or division and an affiliate (both who can provide services to only to one entity) is a very fuzzy line. It would seem to allow simple semantics to be used to switch an entity from being an AMC to not being an AMC. The distinction needs to be more definite.

Question 2:
The proposed definition of "appraiser network or panel" is very important and is well stated specially identifying the appraisers as "independent contractors", which they are. This is the first step in separating appraisal firms from management companies. This is further addressed in the next question.

Question 3:
There are many existing appraisal firms with appraiser employees who should not be included in the definition of a panel. The definition in the proposed rule states specifically that "appraisal firms should not be treated as AMCs". It is important that this wording stay in the final rule.

Question 4:
For consistency purposes, credit unions should be subject to State registration and supervision.
There appears to be two classifications of AMCs; Federally Regulated AMCs and those that will be State Regulated AMCs. A Federally Regulated AMC is well defined in the rule; however, there is no definition of State Regulated AMC. I understand that the rule is primarily covering the regulation of AMCs by states. Perhaps it would be advisable to define State Regulated AMCs in the Rule.

Question 5:
The inclusion of these entities in the definition is appropriate for the state requirement.

Question 6:
The list of requirements appears to be broad enough to include the necessary supervision needed as minimum requirements for states. However, I have found in working on the proposed bill that words were very important as one word could be construed to allow a loop hole for someone to work around the intent of the legislation. Therefore, more is better than less when defining the obligations of the states.

Question 7:
One of the biggest problems in the appraisal process is the reviewing of appraisal. Many times appraisers are being reviewed by clerical workers who have no knowledge of the appraisal process or the standards of the profession, USPAP. At a minimum there should be a requirement that the reviewers of appraisal reports hold a credential equivalent to that of the appraiser completing the report and that the reviewer follow acceptable standards for the reviewing of appraisals. This should be included in the final rule.

Question 8:
I have discussed with the Real Estate Appraisers Board and the staff of the state department that will regulate this federal rule and state law. There is nothing that would make it difficult for the state to implement the proposed rules there is sufficient time.

Question 9:
I have discussed with the Real Estate Appraisers Board and the staff of the state department that will regulate this federal rule and state law. There are no aspects of this rule that would be a challenge to the state to implement this rule in 35 months.

Question 10:
I have discussed with the Real Estate Appraisers Board and the staff of the state department that will regulate this federal rule and state law. The state has a process in place for the reporting of

information on appraisers to the ASC and this process would be used for the AMCs also. Therefore, there should be no barriers to the state in implementing this rule.

Question 11:
As Wisconsin does not have a state law at this time there are not differences to address. However, in writing the proposed bill we became aware of several areas of concern that we included in our bill that are not in the proposed rule. In Section 34.213(b) states have the authority to "Impose requirements on AMCs"; however, there are five subsections that identify some of the requirements that we included in our bill. There are other requirements that we believe are important in the regulation of AMCs. Some of these were not apparent when the Dodd Frank was enacted as the AMC process has been developing since its passage. Therefore, it is important that this section be written and/or interpreted broadly enough to include other areas of concern such as, payment of appraisers and unacceptable business practices.

Another area that is of concern to me is that lenders or their agents are required to report to the state department any appraisal that is not USPAP compliant. However, there is not a similar requirement for appraisers to report a lender or AMC that is not complying with the federal laws and/or regulations or the state AMC law. This would give the appraisers legal rationale and support for reporting an AMC that is not complying with the law. It also will make AMCs aware that appraisers will be reporting them, which I believe will be a deterrent to unacceptable practices.

Thank you for the opportunity to comment on the proposed rule on the Minimum Requirements for Appraisal Management Companies. Again, I would like to state the importance of moving forward with the final rule as soon as possible.

Sincerely,

Sherryl Andrus

Sherryl Andrus, WCGA #814-10