STARS
Speedy Title & Appraisal Review Services LLC

2000 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

June 9, 2014

SUBMITTED ELECTRONICALLY VIA FEDERAL eRULEMAKING PORTAL

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW., Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Robert deV. Frierson, Secretary
Board of Governors
of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington, DC 20551

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW.
Washington, DC 20552

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW.
Washington, DC 20429

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA61
Federal Housing Finance Agency
Eight Floor, 400 Seventh Street SW
Washington, DC 20024

RE: Minimum Requirements for Appraisal Management Companies

OCC:	Docket ID OCC-2014-0002
Board:	R-1486
FDIC:	RIN 3064-AE10
NCUA:	RIN 3133-AE22
Bureau:	RIN 3170-AA44
FHFA:	RIN 2590-AA61

Ladies and Gentlemen:

Speedy Title & Appraisal Review Services LLC ("STARS"), an appraisal management company ("AMC"), thanks the Agencies for the opportunity to provide comments regarding the Proposed Rule.

AMCs provide essential services in the valuation process. STARS not only provides the administrative process in obtaining and compensating an appraiser for an appraisal, but also works to ensure quality standards from vetting potential panel members to quality control of completed appraisals. Further, AMCs serve to insulate appraisers from "interested parties" helping to ensure appraiser independence and promoting the safety and soundness of the valuation process. In short, Lenders and ultimately the consumer, rely on AMCs like STARS to provide accurate, timely and affordable appraisal products.

STARS supports the Agencies' goal of requiring state licensing and regulation for the purpose of consumer protection. STARS is currently registered as an AMC in 35 States and is in the process of registering under several newly enacted state AMC regulations. We endorse and encourage regulation and provide the following comments to outline the few instances where we

believe the Proposed Rule would negatively affect the appraisal process and ultimately the consumer.

Failure to Mandate State Compliance

The Proposed Rule does not compel a state to establish an AMC registration and supervision program. However, if a state fails to establish such a regulatory structure within the mandated time only AMCs are barred from providing appraisal management services in that state for federally related transactions. Prohibiting AMCs from operating in states that fail to adopt minimum regulations will adversely affect lenders and their customers. Many lenders utilize AMCs in all states and have come to depend on the AMC to provide a quality valuation product. Under the proposed Rule lenders would be forced to develop an alternative process to obtain appraisals in non-conforming states. The lender will need to perform both the administrative and quality control processes currently performed by AMCs adding both time and expense in these states.

STARS supports state registration requirements and believes such regulation is good for the industry. However, we do not understand how the public good is served if AMCs are banned from providing services if a state fails to enact minimum regulations, while there are provisions that do not place similar restrictions on subsidiaries and appraisal firms . Such a ban not only punishes the AMC but also adversely affects both lenders and consumers. STARS, therefore, urges the Agencies to remove the prohibition against AMCs conducting business in non-conforming states or provide an alternative registration process. One possibility is to assign the Appraisal Subcommittee the responsibility to regulate AMCs in states which fail to enact minimum regulations. Such an alternative registration process would allow lenders to continue to utilize the AMC solution in all states thereby availing themselves and their customers to the valuable services provided by AMCs.

Empowering states to interpret Federal TILA requirements

Section 129E of the Truth in Lending Act ("TILA") established new requirements for appraisal independence for consumer transactions. TILA governs many aspects of the appraisal management process including the requirement to pay appraisers a customary and reasonable fee in a given geographic market. The broad language in the Proposed Rule can be read to provide interpretation and enforcement powers to the states relating to TILA. Allowing State Appraisal Boards to provide their own interpretation of customary and reasonable appraiser fees could lead to each state interpreting the federal requirements differently. Leaving the states to define the federal requirements would cause a great deal of confusion and uncertainty in the industry, eroding the intent of TILA to create a sound national lending system. Likewise, enforcement of TILA must remain in the Federal purview with Federal agencies, State Attorneys General, and private citizens having the right to make claims only to Federal agencies or courts. We urge the Agencies in its Final Rule to clearly delineate that the state appraisal boards have neither interpretation nor enforcement rights relating to TILA and other Federal regulations.

Distinction in Definition of Panel – Employees vs. Independent Contractors

In Questions 2 and 3, the Agencies request comments regarding the distinctions in the requirements surrounding the definition of appraiser panel and the likelihood of AMCs attempting to avoid registration by utilizing part time employee appraisers. As drafted the Proposed Rule excludes appraisal firms utilizing employee appraisers from the minimum regulations. However, the services provided by appraisal firms are typically identical to the services provided by AMCs. Whether provided through a firm that employs appraisers or an AMC that utilizes independent contractors to complete the appraisal, the industry concern over appraiser independence, accuracy, turn-time and cost is identical. STARS supports regulation of the appraisal management process but strongly believes that all entities which supply appraisal management services should be subject to the regulations. Accepting that the

minimum regulations promote safety and soundness in the industry, how does excluding firms which provide the same services benefit the consumer?

As there is no consumer benefit for an appraisal to be obtained from an appraisal firm employing appraisers as opposed to an AMC utilizing independent contractor appraisers, STARS urges the Agencies to eliminate the employee/independent contractor distinction and provide equal protection to consumers regardless of the employment status of the appraiser.

Definition of AMC Appraiser Panel

In Question 5 the method for assessing the number of appraisers on AMC panels indicates:

> Under the proposed rule, an appraiser is deemed part of the AMC's appraiser panel as of the earliest date the AMC accepts the appraiser for consideration for future appraisal engagements, or contracts with the appraiser to perform one or more appraisals on behalf of a creditor or secondary mortgage market principal, including an affiliate of such a creditor or principal.

Under the current language simply approving an appraiser for future orders results in the appraiser being considered on the panel. In order to ensure appropriate coverage for its customers, an AMC will often obtain approval of appraisers whom they may seldom or never utilize for future engagements. However, under the proposed definition, this initial contact would result in the appraiser being considered "on panel" for various state panel fees and review requirements. These added costs will result in AMCs maintaining panels too small to provide adequate coverage for its customers and will likely force smaller AMCs out of business. A reduction in panel sizes and the number of AMCs will likely drive up consumer expenses, delay turn times and decrease quality.

Rather than defining an appraiser panel based upon acceptance or approval to receive orders, STARS urges the Agency to define a panel based upon active engagement whereby the appraiser is considered "on panel" only if they have accepted and completed an appraisal for the AMC during the calendar year. Such a definition would allow AMCs to maintain panels large enough to accommodate anticipated business without incurring expense for appraisers who have not completed an appraisal for the AMC.

We appreciate this opportunity to offer comments and are available to answer any questions the Agencies may have regarding our feedback.

Sincerely,

Tanya DeLia
Managing Director