



150 W. Civic Center Drive, Suite 500  
Sandy, Utah 84070

Direct 801-303-1402  
davwilliams@corelogic.com

June 9, 2014

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  
**VIA Electronic Delivery:**  
[regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov)

Robert deV. Frierson, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW.  
Washington, DC 20551  
**VIA Electronic Delivery:**  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Robert E. Feldman, Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 17th Street NW.  
Washington, DC 20429  
**VIA Electronic Delivery:**  
[Comments@FDIC.gov](mailto:Comments@FDIC.gov)

Gerard Poliquin, Esq.  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428  
**VIA Electronic Delivery:**  
[regcomments@ncua.gov](mailto:regcomments@ncua.gov)

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

Alfred M. Pollard, General Counsel  
Federal Housing Finance Agency  
Eighth Floor, 400 Seventh Street SW.  
Washington, DC 20024  
**VIA Electronic Delivery:**  
[REGComments@fhfa.gov](mailto:REGComments@fhfa.gov)

RE: Minimum Requirements for Appraisal Management Companies  
Docket ID OCC-2014-0002, Docket No. R-1486, RIN 3064-AE10, RIN 3133-AE22, Docket No. CFPB-  
2014-0006, RIN 2590-AA61

Ladies and Gentlemen:

CoreLogic Collateral Solutions, LLC ("CoreLogic" or "we"), a national appraisal management company, appreciates the opportunity to comment on the proposed minimum requirements for appraisal management companies ("Proposed Rule"), as issued on April 9, 2014, by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Bureau of Consumer Financial Protection, and Federal Housing Finance Agency (collectively the "Agencies").

CoreLogic generally supports the Agencies' effort to put forth this Proposed Rule. However, CoreLogic respectfully recommends that several aspects of the Proposed Rule be revised in order to avoid any unintended consequences, especially those resulting in consumer harm.

Set forth immediately below are several areas of key concern for CoreLogic. Subsequently, CoreLogic responds to each question presented by the Agencies within the Proposed Rule.

### Key Concerns

#### 1. Voluntary Registration

The Proposed Rules are consistent with the requirements of Section 1124 of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") in that states are not required to enact a registration and supervision program for appraisal management companies ("AMCs") nor is there a penalty imposed on states that opt not to register. If a state fails to register after 36 months from the issuance of the Proposed Rule, AMCs that are not classified as subsidiaries owned and controlled by an insured depository institution or credit union, will be precluded from providing services for federally related transactions.

By having a Proposed Rule that fails to require state registration and supervision provisions, there is a possibility that only a certain segment of AMCs would be permitted to continue providing services for federally related transactions after the 36 month window. In eliminating the ability of AMCs to provide services in non-conforming states, time and expense to the consumer will increase. Further, the beneficial aspects of state regulation and the mandates of appraiser independence will be compromised.

Lenders, who have historically relied on non-federally regulated AMCs, will be forced to scramble to find other outlets for appraisal services in non-regulated states. This will result in an increased amount of time required for the lender to underwrite the loan and for the loan to close. In the event lenders opt to manage an internal appraiser panel, lender costs will rise, with the increased costs passed to the consumer.

We strongly recommend that the Proposed Rule be revised to require mandatory state registration and supervision programs. Alternatively, if state enactment of minimum regulations cannot be mandated, CoreLogic recommends the Proposed Rules be amended to provide for the Appraisal Subcommittee ("ASC") to serve as the regulating entity in states lacking a registration and supervision program after the 36-month adoption timeframe. With the ASC providing the registration and supervision backstop, AMCs would be able to provide services in all states, alleviating delays and increased costs for consumers.

#### 2. Truth in Lending Act

The Proposed Rule provides that if a state elects to register AMCs, then the state must require AMCs "to establish and comply with processes and controls reasonably designed to ensure an AMC conducts its services in accordance with §129E of Truth in Lending Act ("TILA") and its regulations." Based on this provision, the question presents itself as to whether the Agencies intend for state appraiser boards to have authority to investigate, interpret, and enforce TILA.

TILA governs the appraiser independence and "customary and reasonable" payment provisions. Currently, state appraiser boards have enacted or are preparing to enact regulations concerning the payment of

"customary and reasonable" fees, as well as other TILA provisions. In doing so, the potential exists for varied interpretations of TILA, which in turn, erodes any prospect of there being a national TILA standard. Expecting AMCs to comply with up to 50 different interpretations of one federal standard is unreasonable and impractical, and, most importantly, provides no benefit to the consumer.

Additionally, state appraisal boards interpreting or enforcing federal regulations is not supported by current practice. TILA violations are primarily asserted by federal agencies, state attorneys general, and private citizens, and not by state regulators. Section 129E of TILA applies to both AMCs and lenders; however, lenders are not subject to the regulations set forth by state appraiser boards. To avoid conflicting and self-serving interpretations and enforcement, we respectfully request that the Agencies clarify that a state appraiser board has no authority to interpret or enforce §129E of TILA.

### **3. AMC vs. Appraisal Firm**

Section 34.211(c) of the Proposed Rule defines an AMC as a person that (i) provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates; (ii) provides such services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations; and (iii) within a given year, oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states. Appraisal panel is defined as a network or panel of licensed or certified appraisers who are independent contractors to the AMC. The Proposed Rule requires that AMCs are subject to regulatory oversight in the event a state implements registration and supervision requirements; however, appraisal firms are not subjected to such regulation.

Notably, AMCs and appraisal firms provide common services to the valuation industry, regardless of whether the appraisers are employees or independent contractors. These services include but are not limited to recruiting, selecting, and retaining appraisers, contracting with appraisers to perform appraisal assignments, managing the appraisal order process, and providing quality control services for the completed appraisals. These services track the definition of "appraisal management services" set forth in the Proposed Rule (§34.214(d)).

By excluding appraisal firms from state registration and supervision requirements, consumers are not assured of being provided a state regulated product or service. Consumers should be afforded the same assurances regardless if the appraisal is sourced by an appraisal firm or an AMC. We respectfully recommend that the Proposed Rule apply to both AMCs and appraisal firms in order to create a consistent regulatory environment.

### **Proposed Questions from the Agencies**

- 1. The Agencies request comment on all aspects of the proposed definition of AMC.**

CoreLogic respectfully recommends the following revisions to the AMC definition set forth in the Proposed Rule.

- The AMC definition needs to include a qualifier that AMCs are not subject to regulation when supervising activities surrounding alternative valuation products. In other words, AMCs should only be regulated when they perform the appraisal management services, as defined in §34.211(d).



8. What barriers, if any, exist that may make it difficult for a state to implement the proposed AMC rules?

CoreLogic has no comment.

9. What aspects of the rule, if any, will be challenging for states to implement within 36 months? To the extent such challenges exist, what alternative approaches do commenters suggest that would make implementation easier, while maintaining consistency with the statute?

CoreLogic has no comment.

10. Are there any barriers to a state collecting information on federally regulated AMCs and submitting such information to the ASC? And if so what are they?

CoreLogic has no comment.

11. Are any questions raised by any differences between state laws and the proposed AMC rules? Should these be addressed in the final AMC rules and, if so, how?

See CoreLogic 's comment above regarding "Truth In Lending Act."

In closing, CoreLogic appreciates the opportunity to comment on the Proposed Rule and is hopeful that the Agencies will consider the above comments. If there are any questions or concerns, please do not hesitate to contact me.

Sincerely,



David Williams  
Vice President, CoreLogic Collateral Solutions

150 W. Civic Center Drive, Suite 500  
Sandy, Utah 84070  
Direct line: 801-303-1402  
davwilliams@corelogic.com