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June 9, 2014

SUBMITTED ELECTRONICALLY

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

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
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Robert deV. Frierson, Secretary
Board of Governors
of the Federal Reserve System
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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
400 Seventh Street SW., Eighth Floor
Washington, DC 20024

RE: Minimum Requirements for Appraisal Management Companies
Docket ID OCC-2014-0002

On behalf of Finiti, LLC, please accept the following comments in response to the proposed Minimum Requirements for Appraisal Management Companies ("Proposed Rule"), Docket ID OCC-2014-002, as jointly proposed and published in the Federal Register, Vol. 79, No. 68, on April 9, 2014 by the "Agencies".

BACKGROUND

Finiti provides valuation products and services to a number of national lenders. Finiti utilizes both staff/employee and independent contract appraisers and is a licensed appraisal management company ("AMC") in all states which have enacted licensing and registration processes. Finiti endorses AMC licensing and regulation and fully supports the efforts of the Agencies in promulgating the Proposed Rule.

Lenders and consumers both greatly benefit from the services that AMCs provide in the valuation process. The over arching goal of the Proposed Rule is consumer protection and Finiti's comments on the Rule are focused on highlighting those limited situations where we believe the Proposed Rule will prevent or greatly hinder an AMCs ability to provide its valuable services to the consumer.

NEGATIVE RAMIFICATIONS OF PROHIBITING AMCS FROM OPERATING IN STATES WHICH DO NOT PASS MINIMUM REGULATIONS

The Proposed Rule does not specifically require a state to establish an AMC registration and supervision program within three years from the date of the final rule. However, the Proposed Rule would prohibit non-federally regulated AMCs from providing services in connection with a federally related transaction in any state that does not adopt such a registration program. Finiti believes this prohibition will negatively impact consumers who obtain loans from lenders who utilize affected AMCs. Lenders who rely on AMCs will be forced to find other alternatives increasing time and costs to the consumer.

It is expected that appraiser advocacy will urge states not to adopt regulations and/or push for over burdensome regulations designed to force AMCs out of the market. If successful, lenders which rely on AMCs to provide a quality, timely, and affordable valuation product will be forced to obtain valuations directly from individual appraisers or appraisal firms. Lenders now accustomed to relying on AMCs in all states will need to build infrastructure to place and process appraisals obtained in those states which do not enact the minimum regulations. By prohibiting AMCs from operating in states that do not enact the prescribed regulations, the Proposed Rule ultimately negatively impacts both the lender and the consumer.

To avoid increasing time, cost, and risk in the appraisal to the consumer Finiti urges the agencies to either eliminate the prohibition against AMCs providing services in non-conforming states or provide an alternative regulating entity in such states. The Appraisal Subcommittee could be utilized as a "backstop" in those states which do not enact minimum licensing requirements. The Appraisal Subcommittee has been granted such oversight responsibilities under the Dodd-Frank Act and Finiti urges the Agencies to utilize the Appraisal Subcommittee as a fall back registration option rather than simply barring AMCs from operating in non-conforming states.

NEGATIVE IMPACT OF EXCLUDING APPRAISAL FIRMS FROM THE MINIMUM REGULATIONS

The Proposed Rule currently excludes appraisal firms which utilize employee appraisers rather than independent contract appraisers from the registration requirements. As appraisal firms provide the same services as an AMC, Finiti believes that appraisal firms should also be subject to the minimum regulations. Creating a distinction based on the employment status of the appraiser does not further the goal of consumer protection and ultimately creates an uneven playing field for companies providing identical services. Appraisal firms will be allowed to continue to provide services in those states which do not adopt AMC registration requirements and appraisal firms would not need to abide by state regulations that adopt definitions included in the Proposed Rule. In excluding appraisal firms from regulation the Agencies have incented appraisal management companies to alter their business model to avoid being barred in non-conforming states and avoid licensing and operational expenses in conforming states. Companies have already begun creating hybrid business models designed to avoid registration requirements and Finiti urges the Agencies to amend the Proposed Rule to apply to all entities providing appraisal management services regardless of the business structure or employment status of the appraisers.

NEGATIVE RAMIFICATIONS OF ALLOWING STATES TO INTERPRET AND ENFORCE TILA REGULATIONS

The broad language in the Proposed Rule maybe interpreted to allow state licensing agencies to interpret and enforce TILA. Some state have already pushed proposals regarding revisions of the definition of customary and reasonable appraiser fees promulgated in federal regulations. Allowing states to both interpret and enforce TILA will result in unnecessary confusion and conflict within the appraisal industry. As stated previously, Finiti supports regulation of AMCs and has dedicated itself to complying with both federal regulations and state specific regulations. However, allowing each state to reinterpret existing federal regulation will put Finiti and all AMCs in an unmanageable compliance situation. We urge the Agencies to clarify in the Proposed Rules that established federal regulations including TILA are not subject to interpretation or enforcement by individual state licensing agencies.

CONCLUSION

Finiti appreciates the opportunity to contribute in the rule making process and we hope that the above comments prove helpful to the Agencies. Please feel free to contact me if we can be of any further assistance.

Sincerely,

John Jones
Managing Director

Denise Herndon
Vice President of Quality Control