

# total appraisal management & review

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Re: Minimum Requirements for Appraisal Management Companies for the FDIC RIN 3064-AE-10, Board R-1486, NCUA RIN 3133-AE22, OCC Docket ID OCC-2014-0002

To Whom It May Concern:

I am writing to comment on the Proposed Rules. I am the owner of a small AMC, a certified appraiser, the gubernatorial appointee to the AMC Advisory Committee in Texas, the Government Relations Chair for the Foundation Appraisers Coalition of Texas, and an associate member of both the Appraisal Institute and the National Association of Independent Fee Appraisers. My comments herein are on behalf of my role as the owner of a small AMC but these additional roles give me very specific insight into the relationship between financial institutions, AMCs and appraisers. I worked with the other stakeholders in drafting the language for the AMC Act in Texas in 2011. The financial institutions we service are regulated by the FDIC, OCC, FRB and the NCUA.

## Question 1

1. Appraisal Management company, "Proposed § 34.211(c) (3) 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." This section of the definition puts a burden on small local AMC's. While the large AMC's are able to service the wholesale market it is the smaller AMC's that service the community and regional banks. When a community bank needs a loan on real estate outside of their home state their small AMC is unable to help them with quality control and appraisal independence due to the costs associated with registering in a state for one assignment. While I understand the purpose of the "or 25 or more" caveat I think there should be some small threshold for qualifying as an AMC outside of the AMC's home state.
2. I believe the exclusion of commercial real estate is justified and reasonable. Commercial real estate transactions, appraisal management, engagement, review, etc. are completely different in the commercial real estate market and would not fit into the specific requirements for appraisal management regulations. With regard to other types of residential real estate that are not principle dwellings it would be more costly for AMCs to apply different procedures to these assignments and most likely they perform these services in the same manner that they perform the services for principle dwellings.

## Question 4

1. I believe this clarification is in fact needed. Looking at the list of registered AMC's in Texas it is noted that there are several CUSO's that are not currently registered so there appears to be some confusion.

Question 6

1. This wording has huge impact on the appraisal profession, "accepts the appraiser for consideration for future appraisal engagements." To pay a fee for considering an appraiser will ensure that new appraisers are rarely considered for a panel. Further, fees for renewing a Panel also have broad implications. Once added to the Panel an appraiser should stay on that Panel, with no additional fees, until they are removed with cause.

Question 7

1. The users of appraisals are financial institutions that have regulations in place for appraisal quality with very clear parameters in the Interagency Guidelines Section XV. These Guidelines also state, "When using a third party, an institution remains responsible for the quality and adequacy of the review process, including the qualification standards for reviewers." Therefore I believe addressing the quality and adequacy of reviews on a different standard that what is in the Guidelines is unnecessary and creates the possibility of appraisal reviews that are performed for a different purpose other than what appraisal reviews are specifically intended to accomplish with regard to federally related transactions.

Question 11

1. Consistency among the major definitions in these Rules across the States would create much less confusion among the regulators, who rely on their association and one another for guidance in implementation, the appraisers who work for AMCs, and the AMCs themselves, especially the small AMCs that struggle with the burden of compliance in more than one State.

I have one final comment about AMC regulation that I would like to conclude with. When we sat for hours and hours in multiple meetings over months to draft the language for the AMC Act in Texas the word "AMC" had a very negative connotation and the anecdotal evidence against AMCs was plentiful. Being an appraiser myself and working with community banks that want to treat their appraisers respectfully I wanted to make sure that the bill that was crafted was respectful to appraisers and also responsible to the AMC business model that was helping so many financial institutions comply with banking regulations. I believe we wrote a very comprehensive bill. We have 191 registered AMCs in Texas with a total panelist count of about 26,000 appraisers (many are on multiple panels) and since implementation in 2011 we have had 26 complaints, 12 of which were against two AMCs that went bankrupt and 6 of which were filed by the regulatory body, leaving 8 "typical" complaints, all of which were dismissed. Those filed by the regulatory body were recent and remain pending. This demonstrates the spirit of compliance with which AMCs are operating today. I believe most AMCs that were operating in unethical or unfair ways have either gone out of business or have changed their practices. I don't believe that all of the problems have been solved but I do think that more stringent rules and regulations are not beneficial to the industry.

One unintended consequence of AMC Regulation in Texas was the unexpected closing of so many small AMCs that were serving one or two local lenders. My hope is that further rules and regulations do not squeeze out more small businesses. Creating rules that make appraisers, AMCs and lenders responsible to one another is the most sensible approach. Thank you for the opportunity to comment on the proposed rules.

Respectfully,



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