

BUILDING COMPETENCY IN AMC REGULATION

OVERVIEW OF PROBLEMS AND
SOLUTIONS

QUICK FACTS

- ✓ ESTIMATED 85% OF ALL LA. RESIDENTIAL APPRAISALS ARE ADMINISTERED BY AMC'S
- ✓ ESTIMATED 98% OF AMC ADMINISTERED APPRAISALS IN La. HANDLED OUT OF STATE
- ✓ AMC'S ARE PRIVATE FOR PROFIT ENTITIES
- ✓ AMC'S HAVE DIFFERENT OBJECTIVES THAN OTHER STAKEHOLDERS

STAKEHOLDER OBJECTIVES

- AMC'S: LOWEST COST + RAPID TURN TIME
- LENDERS: QUALITY + REASONABLE COST
- APPRAISERS: COMPLIANCE + REASONABLE FEE
- CONSUMER: LOAN APPROVAL + TIME
- REGULATORS: QUALITY + COMPLIANCE

- OBJECTIVES OF AMC'S CANNOT BE RECONCILED WITH OTHER STAKEHOLDERS

FUNDAMENTAL CONCEPTS FOR BUILDING COMPETENCY

- 1) REMOVE FINANCIAL INCENTIVES FOR AMC'S TO UTILIZE LESS QUALIFIED APPRAISERS
- 2) REQUIRE AMC'S TO BE A STAKEHOLDER PARTNER VS. ADVERSARY IN BUILDING COMPETENCY
- 3) DEVELOP APPLICABLE AND UNIFORM LAWS, RULES, AND REGULATIONS AT STATE LEVEL
- 4) ADOPT STRONG ENFORCEMENT TOOLS AT THE STATE LEVEL

PROGRESS IN LOUISIANA

- 2010: LEGISLATIVE FRAMEWORK PASSED TO LICENSE AND REGISTER AMC'S
- 2011: ENACTED "FEE" BILL TO FUND COSTS
- 2012: AMENDED AMC ACT TO AUTHORIZE RULEMAKING ON FEES, DISCLOSURES, COMPETENCY & ENFORCEMENT
- 2013: FINAL PROMULGATION OF RULES

PROPOSED RULE HIGHLIGHTS

- 1) REQUIRES AMC'S TO PAY C & R FEES
- 2) REQUIRES AMC'S TO MAINTAIN RECORDS ON ALL SIX FACTORS LISTED IN INTERIM FINAL RULES FOR DETERMINING C & R FEE ON EACH ASSIGNMENT
- 3) REQUIRES AMC TO HAVE A SYSTEM IN PLACE TO ASSURE COMPETENCE
- 4) PROVIDES STRONG ENFORCEMENT TOOLS, SUCH AS SUBPOENA POWER, RECORDS AUDIT, AND DISCIPLINE THROUGH SUSPENSION OR REVOCATION.

CHALLENGES AHEAD

- ADVERSARY WITH UNLIMITED LEGAL & FINANCIAL RESOURCES
- INTERIM FINAL RULES CRAFTED BY AMC'S
- DORMANT FEDERAL REGULATORY PARTNER
- LACK OF ORGANIZED REGULATORY EFFORT BY STATES
- LACK OF EFFECTIVE APPRAISER ADVOCATE
- LACK OF LEGISLATIVE EDUCATION EFFORT