



State Regulation of AMCs

Larry Disney

AARO - Immediate Past President

38 States Have AMC Statutes, 3 Pending*

Alabama	Louisiana	New Mexico
Arizona	Maryland	North Carolina
Arkansas	Michigan	Oklahoma
California	Minnesota	Oregon
Colorado	Mississippi	Pennsylvania
Connecticut	Louisiana	South Dakota
Delaware	Maryland	Tennessee
Florida	Michigan	Texas
Georgia	Missouri	Utah
Illinois	Montana	Vermont
Indiana	Nebraska	Washington
Kansas	Nevada	Wyoming
Kentucky	New Hampshire	
North Dakota *	Virginia *© Copyright 2014	West Virginia *

Inspecting records of AMC

Maintain, or cause to be maintained, complete records of requests for appraisal services referred to an appraiser licensed or certified by the board, including without limitation records pertaining to the acceptance of fees from clients and payments to appraisers. **The board may inspect records, without prior notice, periodically, or if the board determines that the records are pertinent to an investigation of a complaint against a registrant.**

Inspecting records of AMC

The registrant shall disclose, on all invoices, purchase orders, or other documents establishing work to be performed for or compensation due from its clients, itemized actual fees paid to any third party for services performed, including appraisal services, for the client through contract with or arrangement through the registrant. **The disclosure shall include:**

Inspecting records of AMC

- (a) The name of the third party performing the service, including a licensed appraiser performing appraisal services;
- (b) The nature of the service and itemized fees paid to the third party for appraisal services or any other services performed; and

Inspecting records of AMC

(c) **Itemized fees or charges received by the registrant for appraisal management services.** If the disclosure made becomes inaccurate because of changes to services requested or performed, a revised or amended disclosure shall be provided by the end of the next business day after the change to services has been performed, and the revised or amended disclosure shall be clearly marked as revised or amended and contain sufficient information for the client to identify the original disclosure referenced.

Definition of AMC

(1) "Appraisal management company" means a person who performs the actions necessary to administer a network of state-licensed appraisers to fulfill requests for appraisal management services on behalf of a client, **whether directly or through the use of software products or online**, including but not limited to any of the following actions:

- (a) Recruiting appraisers;
- (b) Contracting with appraisers to perform appraisal services;
- (c) Collecting fees from clients;

Definition of AMC

- (d) Negotiating fees with appraisers or reimbursing appraisers for appraisal services;
- (e) Receiving appraisal orders and appraisal reports;
- (f) Submitting appraisal reports received from appraisers to the company's clients;
- (g) Reviewing or verifying appraisal reports; or
- (h) Managing the process of having an appraisal performed, including providing related administrative and clerical duties;

Appraisal Management Services

(2) "Appraisal management services" means conducting business by telephone, **by electronic means**, by mail, or in person, directly or indirectly for compensation or other pecuniary gain or in the expectation of compensation or other pecuniary gain to:

- (a) Solicit, accept, or offer to accept a request for appraisal services; or
- (b) Employ or contract with a licensed or certified appraiser to perform appraisal services;

Exemptions from Registration

Unless otherwise required to be registered as an appraisal management company by state or federal law, the following shall not be required to register:

(1) The federal government, state government, any county or municipal government, or any agency or instrumentality thereof;

Exemptions from Registration

(2) A person authorized to engage in business as, or as a subsidiary of, a bank, credit union, or savings and loan association under the laws of the United States, the specific state, or any other state;

(3) A real estate broker or real estate agent properly licensed or otherwise authorized to do business listing or selling real estate;

Exemptions from Registration

(4) An officer or employee of any entity listed in subsection (1), (2), or (3) of this section when acting within the scope of his or her employment;

(5) An entity that is responsible for ensuring that the real estate appraisal activity being performed by an employee is performed in accordance with applicable appraisal standards;

Exemptions from Registration

(6) An individual who:

(a) Is an appraiser; and

(b) In the normal course of business enters into an agreement, whether written or otherwise, with another appraiser for the performance of a real estate appraisal activity that the individual cannot complete for any

reason, including:

1. Competency;
2. Workload;
3. Schedule; or
4. Geographic location;

Exemptions from Registration

(7) An individual who:

(a) In the normal course of business enters into an agreement, whether written or otherwise, with an appraiser for the performance of real estate appraisal activity; and

(b) Under the agreement cosigns the report of the appraiser performing the real estate appraisal upon completion of the real estate appraisal activity; or

(8) An appraisal management company that contracts with one (1) or more appraisers for the performance of fewer than ten (10) appraisals in this state in a calendar year.

USPAP Compliance

Should AMCs be expected to review appraisal reports for USPAP compliance?

Should AMCs verify compliance with scope of work, including client requirements?

USPAP Compliance

What is the lender expectation for the competency level of a review appraiser?

Should any AMC review appraiser be required to be licensed or certified in the state in which the property that is the subject of a review is located?

What is an Appraisal Review?

Appraisal Review: the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as a part of an appraisal or appraisal review assignment.

Comment: The subject of an appraisal review assignment may be all or part of a report, workfile, or a combination of these.

Recovery Fund vs Surety Bond

Amount of surety bonds vary across jurisdictions.

Some states have recovery fund in lieu of surety bond.

What is the purpose for having either of the above?

Enforcing C&R

Regardless of the enforcement decision, there must be a reasonable measure of what is being considered.

Customary and Reasonable are not synonymous decisions.

States with # days required for fee payment

Alabama – 45	Montana – 60
Arizona – 45	North Dakota - 45
Connecticut – 45	Nebraska – 60
Delaware – 45	New Mexico – 60
Georgia – 14	North Carolina - 30
Kansas - 45	Oklahoma – 60
Kentucky - 45	Oregon – 45
Louisiana - 30	Tennessee – 60
Maryland – 60	Texas – 60
Mississippi – 60	Wyoming 60

Payment Due Dates

Why is there a requirement for a payment due date?

At what point should the appraiser and the state regulatory agency become concerned about failure to pay an appraiser?

Q & A

Larry Disney

Phone – 859-623-1658

Email: larry.disney@ky.gov