

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To improve oversight of appraisers.

**IN THE SENATE OF THE UNITED STATES—111th Cong., 2d Sess.**

**S. 3217**

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by \_\_\_\_\_

Viz:

1 On page 1522, between lines 6 and 7, insert the fol-

2 lowing:

3 **Subtitle I—Appraisal Activities**

4 **SEC. 1111. PROPERTY APPRAISAL REQUIREMENTS.**

5 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-

6 ing Act (15 U.S.C. 1631 et seq.) is amended by inserting

7 after 129B (as added by this Act) the following new sec-

8 tion:

1 **“SEC. 129C. PROPERTY APPRAISAL REQUIREMENTS.**

2 “(a) IN GENERAL.—A creditor may not extend credit  
3 in the form of a subprime mortgage to any consumer with-  
4 out first obtaining a written appraisal of the property to  
5 be mortgaged prepared in accordance with the require-  
6 ments of this section.

7 “(b) APPRAISAL REQUIREMENTS.—

8 “(1) PHYSICAL PROPERTY VISIT.—An appraisal  
9 of property to be secured by a subprime mortgage  
10 does not meet the requirement of this section unless  
11 it is performed by a qualified appraiser who con-  
12 ducts a physical property visit of the interior of the  
13 mortgaged property.

14 “(2) SECOND APPRAISAL UNDER CERTAIN CIR-  
15 CUMSTANCES.—

16 “(A) IN GENERAL.—If the purpose of a  
17 subprime mortgage is to finance the purchase  
18 or acquisition of the mortgaged property from  
19 a person within 180 days of the purchase or ac-  
20 quisition of such property by that person at a  
21 price that was lower than the current sale price  
22 of the property, the creditor shall obtain a sec-  
23 ond appraisal from a different qualified ap-  
24 praiser. The second appraisal shall include an  
25 analysis of the difference in sale prices, changes  
26 in market conditions, and any improvements

1           made to the property between the date of the  
2           previous sale and the current sale.

3           “(B) NO COST TO APPLICANT.—The cost  
4           of any second appraisal required under sub-  
5           paragraph (A) may not be charged to the appli-  
6           cant.

7           “(3) QUALIFIED APPRAISER DEFINED.—For  
8           purposes of this section, the term ‘qualified ap-  
9           praiser’ means a person who—

10           “(A) is, at a minimum, certified or licensed  
11           by the State in which the property to be ap-  
12           praised is located; and

13           “(B) performs each appraisal in con-  
14           formity with the Uniform Standards of Profes-  
15           sional Appraisal Practice and title XI of the Fi-  
16           nancial Institutions Reform, Recovery, and En-  
17           forcement Act of 1989, and the regulations pre-  
18           scribed under such title, as in effect on the date  
19           of the appraisal.

20           “(c) FREE COPY OF APPRAISAL.—A creditor shall  
21           provide 1 copy of each appraisal conducted in accordance  
22           with this section in connection with a subprime mortgage  
23           to the applicant without charge, and at least 3 days prior  
24           to the transaction closing date.

1           “(d) CONSUMER NOTIFICATION.—At the time of the  
2 initial mortgage application, the applicant shall be pro-  
3 vided with a statement by the creditor that any appraisal  
4 prepared for the mortgage is for the sole use of the cred-  
5 itor, and that the applicant may choose to have a separate  
6 appraisal conducted at their own expense.

7           “(e) VIOLATIONS.—In addition to any other liability  
8 to any person under this title, a creditor found to have  
9 willfully failed to obtain an appraisal as required in this  
10 section shall be liable to the applicant or borrower for the  
11 sum of \$2,000.

12           “(f) SUBPRIME MORTGAGE DEFINED.—For purposes  
13 of this section, the term ‘subprime mortgage’ means a res-  
14 idential mortgage loan, other than a reverse mortgage loan  
15 insured by the Federal Housing Administration, secured  
16 by a principal dwelling with an annual percentage rate  
17 that exceeds the average prime offer rate for a comparable  
18 transaction, as of the date the interest rate is set—

19                 “(1) by 1.5 or more percentage points, in the  
20 case of a first lien residential mortgage loan having  
21 an original principal obligation amount that does not  
22 exceed the amount of the maximum limitation on the  
23 original principal obligation of mortgage in effect for  
24 a residence of the applicable size, as of the date of  
25 such interest rate set, pursuant to the sixth sentence

1 of section 305(a)(2) the Federal Home Loan Mort-  
2 gage Corporation Act (12 U.S.C. 1454(a)(2));

3 “(2) by 2.5 or more percentage points, in the  
4 case of a first lien residential mortgage loan having  
5 an original principal obligation amount that exceeds  
6 the amount of the maximum limitation on the origi-  
7 nal principal obligation of mortgage in effect for a  
8 residence of the applicable size, as of the date of  
9 such interest rate set, pursuant to the sixth sentence  
10 of section 305(a)(2) the Federal Home Loan Mort-  
11 gage Corporation Act (12 U.S.C. 1454(a)(2)); and

12 “(3) by 3.5 or more percentage points for a  
13 subordinate lien residential mortgage loan.”.

14 (b) CLERICAL AMENDMENT.—The table of sections  
15 for chapter 2 of the Truth in Lending Act is amended  
16 by inserting after the item relating to section 129B the  
17 following new item:

“129C. Property appraisal requirements.”.

18 **SEC. 1112. UNFAIR AND DECEPTIVE PRACTICES AND ACTS**  
19 **RELATING TO CERTAIN CONSUMER CREDIT**  
20 **TRANSACTIONS.**

21 (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
22 ing Act (15 U.S.C. 1631 et seq.) is amended by inserting  
23 after section 129C (as added by section 1111(a)) the fol-  
24 lowing new section:

1 **“SEC. 129D. UNFAIR AND DECEPTIVE PRACTICES AND ACTS**  
2 **RELATING TO CERTAIN CONSUMER CREDIT**  
3 **TRANSACTIONS.**

4 “(a) IN GENERAL.—It shall be unlawful, in extending  
5 credit or in providing any services for a consumer credit  
6 transaction secured by the principal dwelling of the con-  
7 sumer, to engage in any unfair or deceptive act or practice  
8 as described in or pursuant to regulations prescribed  
9 under this section.

10 “(b) APPRAISAL INDEPENDENCE.—For purposes of  
11 subsection (a), unfair and deceptive practices shall in-  
12 clude—

13 “(1) any appraisal of a property offered as se-  
14 curity for repayment of the consumer credit trans-  
15 action that is conducted in connection with such  
16 transaction in which a person with an interest in the  
17 underlying transaction compensates, coerces, extorts,  
18 colludes, instructs, induces, bribes, or intimidates a  
19 person conducting or involved in an appraisal, or at-  
20 tempts, to compensate, coerce, extort, collude, in-  
21 struct, induce, bribe, or intimidate such a person,  
22 for the purpose of causing the appraised value as-  
23 signed, under the appraisal, to the property to be  
24 based on any factor other than the independent  
25 judgment of the appraiser;

1           “(2) mischaracterizing, or suborning any  
2           mischaracterization of, the appraised value of the  
3           property securing the extension of the credit;

4           “(3) seeking to influence an appraiser or other-  
5           wise to encourage a targeted value in order to facili-  
6           tate the making or pricing of the transaction; and

7           “(4) withholding or threatening to withhold  
8           timely payment for an appraisal report or for ap-  
9           praisal services rendered.

10          “(c) EXCEPTIONS.—The requirements of subsection  
11 (b) shall not be construed as prohibiting a mortgage lend-  
12 er, mortgage broker, mortgage banker, real estate broker,  
13 appraisal management company, employee of an appraisal  
14 management company, consumer, or any other person  
15 with an interest in a real estate transaction from asking  
16 an appraiser to provide 1 or more of the following services:

17           “(1) Consider additional, appropriate property  
18           information, including the consideration of addi-  
19           tional comparable properties to make or support an  
20           appraisal.

21           “(2) Provide further detail, substantiation, or  
22           explanation for the appraiser’s value conclusion.

23           “(3) Correct errors in the appraisal report.

24          “(d) PROHIBITIONS ON CONFLICTS OF INTEREST.—  
25 No certified or licensed appraiser conducting, and no ap-

1 praisal management company procuring or facilitating, an  
2 appraisal in connection with a consumer credit transaction  
3 secured by the principal dwelling of a consumer may have  
4 a direct or indirect interest, financial or otherwise, in the  
5 property or transaction involving the appraisal.

6 “(e) MANDATORY REPORTING.—Any mortgage lend-  
7 er, mortgage broker, mortgage banker, real estate broker,  
8 appraisal management company, employee of an appraisal  
9 management company, or any other person involved in a  
10 real estate transaction involving an appraisal in connection  
11 with a consumer credit transaction secured by the prin-  
12 cipal dwelling of a consumer who has a reasonable basis  
13 to believe an appraiser is failing to comply with the Uni-  
14 form Standards of Professional Appraisal Practice, is vio-  
15 lating applicable laws, or is otherwise engaging in uneth-  
16 ical or unprofessional conduct, shall refer the matter to  
17 the applicable State appraiser certifying and licensing  
18 agency.

19 “(f) NO EXTENSION OF CREDIT.—In connection with  
20 a consumer credit transaction secured by a consumer’s  
21 principal dwelling, a creditor who knows, at or before loan  
22 consummation, of a violation of the appraisal independ-  
23 ence standards established in subsections (b) or (d) shall  
24 not extend credit based on such appraisal unless the cred-  
25 itor documents that the creditor has acted with reasonable



1 diligence to determine that the appraisal does not materi-  
2 ally misstate or misrepresent the value of such dwelling.

3 “(g) RULEMAKING PROCEEDINGS.—The Board, the  
4 Comptroller of the Currency, the Director of the Office  
5 of Thrift Supervision, the Federal Deposit Insurance Cor-  
6 poration, the National Credit Union Administration  
7 Board, and the Federal Trade Commission—

8 “(1) shall, for purposes of this section, jointly  
9 prescribe regulations no later than 180 days after  
10 the date of the enactment of this section, and where  
11 such regulations have an effective date of no later  
12 than 1 year after the date of the enactment of this  
13 section, defining with specificity acts or practices  
14 which are unfair or deceptive in the provision of  
15 mortgage lending services for a consumer credit  
16 transaction secured by the principal dwelling of the  
17 consumer or mortgage brokerage services for such a  
18 transaction and defining any terms in this section or  
19 such regulations; and

20 “(2) may jointly issue interpretive guidelines  
21 and general statements of policy with respect to un-  
22 fair or deceptive acts or practices in the provision of  
23 mortgage lending services for a consumer credit  
24 transaction secured by the principal dwelling of the  
25 consumer and mortgage brokerage services for such

1 a transaction, within the meaning of subsections (a),  
2 (b), (c), (d), (e), and (f).

3 “(h) PENALTIES.—

4 “(1) FIRST VIOLATION.—In addition to the en-  
5 forcement provisions referred to in section 130, each  
6 person who violates this section shall forfeit and pay  
7 a civil penalty of not more than \$10,000 for each  
8 day any such violation continues.

9 “(2) SUBSEQUENT VIOLATIONS.—In the case of  
10 any person on whom a civil penalty has been im-  
11 posed under paragraph (1), paragraph (1) shall be  
12 applied by substituting ‘\$20,000’ for ‘\$10,000’ with  
13 respect to all subsequent violations.

14 “(3) ASSESSMENT.—The agency referred to in  
15 subsection (a) or (c) of section 108 with respect to  
16 any person described in paragraph (1) shall assess  
17 any penalty under this subsection to which such per-  
18 son is subject.”.

19 (b) CLERICAL AMENDMENT.—The table of sections  
20 for chapter 2 of the Truth in Lending Act is amended  
21 by inserting after the item relating to section 129C the  
22 following new item:

“129D. Unfair and deceptive practices and acts relating to certain consumer  
credit transactions.”.

1 **SEC. 1113. AMENDMENTS RELATING TO APPRAISAL SUB-**  
2 **COMMITTEE OF FIEC, APPRAISER INDEPEND-**  
3 **ENCE MONITORING, APPROVED APPRAISER**  
4 **EDUCATION, APPRAISAL MANAGEMENT COM-**  
5 **PANIES, APPRAISER COMPLAINT HOTLINE,**  
6 **AUTOMATED VALUATION MODELS, AND**  
7 **BROKER PRICE OPINIONS.**

8 (a) CONSUMER PROTECTION MISSION.—

9 (1) PURPOSES.—Section 1101 of the Financial  
10 Institutions Reform, Recovery, and Enforcement Act  
11 of 1989 (12 U.S.C. 3331) is amended by inserting  
12 “and to provide the Appraisal Subcommittee with a  
13 consumer protection mandate” before the period at  
14 the end.

15 (2) FUNCTIONS OF APPRAISAL SUB-  
16 COMMITTEE.—Section 1103(a) of the Financial In-  
17 stitutions Reform, Recovery, and Enforcement Act  
18 of 1989 (12 U.S.C. 3332(a)) is amended—

19 (A) by striking “and” at the end of para-  
20 graph (3); and

21 (B) by amending paragraph (4) to read as  
22 follows:

23 “(4) monitor the efforts of, and requirements  
24 established by, States and the Federal financial in-  
25 stitutions regulatory agencies to protect consumers  
26 from improper appraisal practices and the preda-

1 tions of unlicensed appraisers in consumer credit  
2 transactions that are secured by a consumer's prin-  
3 cipal dwelling; and”.

4 (3) THRESHOLD LEVELS.—Section 1112(b) of  
5 the Financial Institutions Reform, Recovery, and  
6 Enforcement Act of 1989 (12 U.S.C. 3341(b)) is  
7 amended by inserting before the period the fol-  
8 lowing: “, and that such threshold level provides rea-  
9 sonable protection for consumers who purchase 1–4  
10 unit single-family residences. In determining whether  
11 a threshold level provides reasonable protection for  
12 consumers, each Federal financial institutions regu-  
13 latory agency shall consult with consumer groups  
14 and convene a public hearing”.

15 (b) ANNUAL REPORT OF APPRAISAL SUB-  
16 COMMITTEE.—Section 1103(a) of the Financial Institu-  
17 tions Reform, Recovery, and Enforcement Act of 1989 (12  
18 U.S.C. 3332(a)) is amended at the end by inserting the  
19 following new paragraph:

20 “(5) transmit an annual report to the Congress  
21 not later than January 31 of each year that de-  
22 scribes the manner in which each function assigned  
23 to the Appraisal Subcommittee has been carried out  
24 during the preceding year. The report shall also de-  
25 tail the activities of the Appraisal Subcommittee, in-

1 cluding the results of all audits of State appraiser  
2 regulatory agencies, and provide an accounting of  
3 disapproved actions and warnings taken in the pre-  
4 vious year, including a description of the conditions  
5 causing the disapproval and actions taken to achieve  
6 compliance.”.

7 (c) OPEN MEETINGS.—Section 1104(b) of the Finan-  
8 cial Institutions Reform, Recovery, and Enforcement Act  
9 of 1989 (12 U.S.C. 3333(b)) is amended by inserting “in  
10 public session after notice in the Federal Register” after  
11 “shall meet”.

12 (d) REGULATIONS.—Section 1106 of the Financial  
13 Institutions Reform, Recovery, and Enforcement Act of  
14 1989 (12 U.S.C. 3335) is amended—

15 (1) by inserting “prescribe regulations after no-  
16 tice and opportunity for comment,” after “hold  
17 hearings”; and

18 (2) at the end by inserting “Any regulations  
19 prescribed by the Appraisal Subcommittee shall (un-  
20 less otherwise provided in this title) be limited to the  
21 following functions: temporary practice, national reg-  
22 istry, information sharing, and enforcement. For  
23 purposes of prescribing regulations, the Appraisal  
24 Subcommittee shall establish an advisory committee  
25 of industry participants, including appraisers, lend-

1       ers, consumer advocates, and government agencies,  
2       and hold meetings as necessary to support the devel-  
3       opment of regulations.”.

4       (e) APPRAISALS AND APPRAISAL REVIEWS.—Section  
5       1113 of the Financial Institutions Reform, Recovery, and  
6       Enforcement Act of 1989 (12 U.S.C. 3342) is amended—

7               (1) by striking “In determining” and inserting  
8       “(a) IN GENERAL.—In determining”;

9               (2) in subsection (a) (as designated by para-  
10       graph (1)), by inserting before the period the fol-  
11       lowing: “, where a complex 1-to-4 unit single family  
12       residential appraisal means an appraisal for which  
13       the property to be appraised, the form of ownership,  
14       the property characteristics, or the market condi-  
15       tions are atypical”; and

16               (3) by adding at the end the following new sub-  
17       section:

18       “(b) APPRAISALS AND APPRAISAL REVIEWS.—All ap-  
19       praisals performed at a property within a State shall be  
20       prepared by appraisers licensed or certified in the State  
21       where the property is located. All appraisal reviews, in-  
22       cluding appraisal reviews by a lender, appraisal manage-  
23       ment company, or other third party organization, shall be  
24       performed by an appraiser who is duly licensed or certified  
25       by a State appraisal board.”.

1 (f) APPRAISAL MANAGEMENT SERVICES.—

2 (1) SUPERVISION OF THIRD PARTY PROVIDERS  
3 OF APPRAISAL MANAGEMENT SERVICES.—Section  
4 1103(a) of the Financial Institutions Reform, Recov-  
5 ery, and Enforcement Act of 1989 (12 U.S.C.  
6 3332(a)) (as previously amended by this section) is  
7 further amended—

8 (A) by amending paragraph (1) to read as  
9 follows:

10 “(1) monitor the requirements established by  
11 States—

12 “(A) for the certification and licensing of  
13 individuals who are qualified to perform ap-  
14 praisals in connection with federally related  
15 transactions, including a code of professional  
16 responsibility; and

17 “(B) for the registration and supervision  
18 of the operations and activities of an appraisal  
19 management company;” and

20 (B) by adding at the end the following new  
21 paragraph:

22 “(7) maintain a national registry of appraisal  
23 management companies that either are registered  
24 with and subject to supervision of a State appraiser  
25 certifying and licensing agency or are operating sub-

1 subsidiaries of a Federally regulated financial institu-  
2 tion.”.

3 (2) APPRAISAL MANAGEMENT COMPANY MIN-  
4 IMUM QUALIFICATIONS.—Title XI of the Financial  
5 Institutions Reform, Recovery, and Enforcement Act  
6 of 1989 (12 U.S.C. 3331 et seq.) is amended by  
7 adding at the end the following new section (and  
8 amending the table of contents accordingly):

9 **“SEC. 1124. APPRAISAL MANAGEMENT COMPANY MINIMUM**  
10 **QUALIFICATIONS.**

11 “(a) IN GENERAL.—The Appraiser Qualifications  
12 Board of the Appraisal Foundation shall establish min-  
13 imum qualifications to be applied by a State in the reg-  
14 istration of appraisal management companies. Such quali-  
15 fications shall include a requirement that such compa-  
16 nies—

17 “(1) register with and be subject to supervision  
18 by a State appraiser certifying and licensing agency  
19 in each State in which such company operates;

20 “(2) verify that only licensed or certified ap-  
21 praisers are used for federally related transactions;

22 “(3) require that appraisals coordinated by an  
23 appraisal management company comply with the  
24 Uniform Standards of Professional Appraisal Prac-  
25 tice; and



1           “(4) require that appraisals are conducted inde-  
2           pendently and free from inappropriate influence and  
3           coercion pursuant to the appraisal independence  
4           standards established under section 129C of the  
5           Truth in Lending Act.

6           “(b) EXCEPTION FOR FEDERALLY REGULATED FI-  
7           NANCIAL INSTITUTIONS.—The requirements of subsection  
8           (a) shall not apply to an appraisal management company  
9           that is a subsidiary owned and controlled by a financial  
10          institution and regulated by a federal financial institution  
11          regulatory agency. In such case, the appropriate federal  
12          financial institutions regulatory agency shall, at a min-  
13          imum, develop regulations affecting the operations of the  
14          appraisal management company to—

15                 “(1) verify that only licensed or certified ap-  
16                 praisers are used for federally related transactions;

17                 “(2) require that appraisals coordinated by an  
18                 institution or subsidiary providing appraisal manage-  
19                 ment services comply with the Uniform Standards of  
20                 Professional Appraisal Practice; and

21                 “(3) require that appraisals are conducted inde-  
22                 pendently and free from inappropriate influence and  
23                 coercion pursuant to the appraisal independence  
24                 standards established under section 129C of the  
25                 Truth in Lending Act.

1       “(c) REGISTRATION LIMITATIONS.—An appraisal  
2 management company shall not be registered by a State  
3 if such company, in whole or in part, directly or indirectly,  
4 is owned by any person who has had an appraiser license  
5 or certificate refused, denied, cancelled, surrendered in  
6 lieu of revocation, or revoked in any State. Additionally,  
7 each person that owns more than 10 percent of an ap-  
8 praisal management company shall be of good moral char-  
9 acter, as determined by the State appraiser certifying and  
10 licensing agency, and shall submit to a background inves-  
11 tigation carried out by the State appraiser certifying and  
12 licensing agency.

13       “(d) REGULATIONS.—The Appraisal Subcommittee  
14 shall promulgate regulations to implement the minimum  
15 qualifications developed by the Appraiser Qualifications  
16 Board under this section, as such qualifications relate to  
17 the State appraiser certifying and licensing agencies. The  
18 Appraisal Subcommittee shall also promulgate regulations  
19 for the reporting of the activities of appraisal management  
20 companies in determining the payment of the annual reg-  
21 istry fee.

22       “(e) EFFECTIVE DATE.—

23               “(1) IN GENERAL.—No appraisal management  
24 company may perform services related to a federally  
25 related transaction in a State after the date that is

1       36 months after the date of the enactment of this  
2       section unless such company is registered with such  
3       State or subject to oversight by a federal financial  
4       institutions regulatory agency.

5           “(2) EXTENSION OF EFFECTIVE DATE.—Sub-  
6       ject to the approval of the Council, the Appraisal  
7       Subcommittee may extend by an additional 12  
8       months the requirements for the registration and su-  
9       pervision of appraisal management companies if it  
10      makes a written finding that a State has made sub-  
11      stantial progress in establishing a State appraisal  
12      management company registration and supervision  
13      system that appears to conform with the provisions  
14      of this title.”.

15           (3) STATE APPRAISER CERTIFYING AND LI-  
16      CENSING AGENCY AUTHORITY.—Section 1117 of the  
17      Financial Institutions Reform, Recovery, and En-  
18      forcement Act of 1989 (12 U.S.C. 3346) is amended  
19      by adding at the end the following: “The duties of  
20      such agency may additionally include the registra-  
21      tion and supervision of appraisal management com-  
22      panies.”.

23           (4) APPRAISAL MANAGEMENT COMPANY DEFINI-  
24      TION.—Section 1121 of the Financial Institutions  
25      Reform, Recovery, and Enforcement Act of 1989

1 (12 U.S.C. 3350) is amended by adding at the end  
2 the following:

3 “(11) APPRAISAL MANAGEMENT COMPANY.—

4 The term ‘appraisal management company’ means,  
5 in connection with valuing properties collateralizing  
6 mortgage loans or mortgages incorporated into a  
7 securitization, any external third party authorized ei-  
8 ther by a creditor of a consumer credit transaction  
9 secured by a consumer’s principal dwelling or by an  
10 underwriter of or other principal in the secondary  
11 mortgage markets, that oversees a network or panel  
12 of more than 15 certified or licensed appraisers in  
13 a State or 25 or more nationally within a given  
14 year—

15 “(A) to recruit, select, and retain apprais-  
16 ers;

17 “(B) to contract with licensed and certified  
18 appraisers to perform appraisal assignments;

19 “(C) to manage the process of having an  
20 appraisal performed, including providing admin-  
21 istrative duties such as receiving appraisal or-  
22 ders and appraisal reports, submitting com-  
23 pleted appraisal reports to creditors and under-  
24 writers, collecting fees from creditors and un-

1           derwriters for services provided, and reimburs-  
2           ing appraisers for services performed; or

3                   “(D) to review and verify the work of ap-  
4           praisers.”.

5           (g) STATE AGENCY REPORTING REQUIREMENT.—

6 Section 1109(a) of the Financial Institutions Reform, Re-  
7 covery, and Enforcement Act of 1989 (12 U.S.C. 3338(a))  
8 is amended—

9           (1) by striking “and” after the semicolon in  
10 paragraph (1);

11           (2) by redesignating paragraph (2) as para-  
12 graph (4); and

13           (3) by inserting after paragraph (1) the fol-  
14 lowing new paragraphs:

15                   “(2) transmit reports on sanctions, disciplinary  
16 actions, license and certification revocations, and li-  
17 cense and certification suspensions on a timely basis  
18 to the national registry of the Appraisal Sub-  
19 committee;

20                   “(3) transmit reports on a timely basis of su-  
21 pervisory activities involving appraisal management  
22 companies or other third-party providers of apprais-  
23 als and appraisal management services, including in-  
24 vestigations initiated and disciplinary actions taken;  
25 and”.

1 (h) REGISTRY FEES MODIFIED.—

2 (1) IN GENERAL.—Section 1109(a) of the Fi-  
3 nancial Institutions Reform, Recovery, and Enforce-  
4 ment Act of 1989 (12 U.S.C. 3338(a)) is amend-  
5 ed—

6 (A) by amending paragraph (4) (as modi-  
7 fied by section 9503(g)) to read as follows:

8 “(4) collect—

9 “(A) from such individuals who perform or  
10 seek to perform appraisals in federally related  
11 transactions, an annual registry fee of not more  
12 than \$40, such fees to be transmitted by the  
13 State agencies to the Council on an annual  
14 basis; and

15 “(B) from an appraisal management com-  
16 pany that either has registered with a State ap-  
17 praiser certifying and licensing agency in ac-  
18 cordance with this title or operates as a sub-  
19 subsidiary of a federally regulated financial institu-  
20 tion, an annual registry fee of—

21 “(i) in the case of such a company  
22 that has been in existence for more than a  
23 year, \$25 multiplied by the number of ap-  
24 praisers working for or contracting with  
25 such company in such State during the

1 previous year, but where such \$25 amount  
2 may be adjusted, up to a maximum of \$50,  
3 at the discretion of the Appraisal Sub-  
4 committee, if necessary to carry out the  
5 Subcommittee's functions under this title;  
6 and

7 “(ii) in the case of such a company  
8 that has not been in existence for more  
9 than a year, \$25 multiplied by an appro-  
10 priate number to be determined by the Ap-  
11 praisal Subcommittee, and where such  
12 number will be used for determining the  
13 fee of all such companies that were not in  
14 existence for more than a year, but where  
15 such \$25 amount may be adjusted, up to  
16 a maximum of \$50, at the discretion of the  
17 Appraisal Subcommittee, if necessary to  
18 carry out the Subcommittee's functions  
19 under this title.”; and

20 (B) by amending the matter following  
21 paragraph (4), as redesignated, to read as fol-  
22 lows:

23 “Subject to the approval of the Council, the Appraisal  
24 Subcommittee may adjust the dollar amount of registry  
25 fees under paragraph (4)(A), up to a maximum of \$80

1 per annum, as necessary to carry out its functions under  
2 this title. The Appraisal Subcommittee shall consider at  
3 least once every 5 years whether to adjust the dollar  
4 amount of the registry fees to account for inflation. In  
5 implementing any change in registry fees, the Appraisal  
6 Subcommittee shall provide flexibility to the States for  
7 multi-year certifications and licenses already in place, as  
8 well as a transition period to implement the changes in  
9 registry fees. In establishing the amount of the annual  
10 registry fee for an appraisal management company, the  
11 Appraisal Subcommittee shall have the discretion to im-  
12 pose a minimum annual registry fee for an appraisal man-  
13 agement company to protect against the under reporting  
14 of the number of appraisers working for or contracted by  
15 the appraisal management company.”.

16 (2) INCREMENTAL REVENUES.—Incremental  
17 revenues collected pursuant to the increases required  
18 by this subsection shall be placed in a separate ac-  
19 count at the United States Treasury, entitled the  
20 “Appraisal Subcommittee Account”.

21 (i) GRANTS AND REPORTS.—Section 1109(b) of the  
22 Financial Institutions Reform, Recovery, and Enforce-  
23 ment Act of 1989 (12 U.S.C. 3348(b)) is amended—

24 (1) by striking “and” after the semicolon in  
25 paragraph (3);



1           (2) by striking the period at the end of para-  
2 graph (4) and inserting a semicolon;

3           (3) by adding at the end the following new  
4 paragraphs:

5           “(5) to make grants to State appraiser certi-  
6 fying and licensing agencies to support the efforts of  
7 such agencies to comply with this title, including—

8           “(A) the complaint process, complaint in-  
9 vestigations, and appraiser enforcement activi-  
10 ties of such agencies; and

11           “(B) the submission of data on State li-  
12 censed and certified appraisers and appraisal  
13 management companies to the National ap-  
14 praisal registry, including information affirming  
15 that the appraiser or appraisal management  
16 company meets the required qualification cri-  
17 teria and formal and informal disciplinary ac-  
18 tions; and

19           “(6) to report to all State appraiser certifying  
20 and licensing agencies when a license or certification  
21 is surrendered, revoked, or suspended.”.

22 Obligations authorized under this subsection may not ex-  
23 ceed 75 percent of the fiscal year total of incremental in-  
24 crease in fees collected and deposited in the “Appraisal  
25 Subcommittee Account” pursuant to subsection (h).

1 (j) CRITERIA.—Section 1116 of the Financial Institu-  
2 tions Reform, Recovery, and Enforcement Act of 1989 (12  
3 U.S.C. 3345) is amended—

4 (1) in subsection (c), by inserting “whose cri-  
5 teria for the licensing of a real estate appraiser cur-  
6 rently meet or exceed the minimum criteria issued  
7 by the Appraisal Qualifications Board of The Ap-  
8 praisal Foundation for the licensing of real estate  
9 appraisers” before the period at the end; and

10 (2) by striking subsection (e) and inserting the  
11 following new subsection:

12 “(e) MINIMUM QUALIFICATION REQUIREMENTS.—  
13 Any requirements established for individuals in the posi-  
14 tion of ‘Trainee Appraiser’ and ‘Supervisory Appraiser’  
15 shall meet or exceed the minimum qualification require-  
16 ments of the Appraiser Qualifications Board of The Ap-  
17 praisal Foundation. The Appraisal Subcommittee shall  
18 have the authority to enforce these requirements.”.

19 (k) MONITORING OF STATE APPRAISER CERTIFYING  
20 AND LICENSING AGENCIES.—Section 1118 of the Finan-  
21 cial Institutions Reform, Recovery, and Enforcement Act  
22 of 1989 (12 U.S.C. 3347) is amended—

23 (1) by amending subsection (a) to read as fol-  
24 lows:

1           “(a) IN GENERAL.—The Appraisal Subcommittee  
2 shall monitor each State appraiser certifying and licensing  
3 agency for the purposes of determining whether such  
4 agency—

5           “(1) has policies, practices, funding, staffing,  
6 and procedures that are consistent with this title;

7           “(2) processes complaints and completes inves-  
8 tigations in a reasonable time period;

9           “(3) appropriately disciplines sanctioned ap-  
10 praisers and appraisal management companies;

11           “(4) maintains an effective regulatory program;  
12 and

13           “(5) reports complaints and disciplinary actions  
14 on a timely basis to the national registries on ap-  
15 praisers and appraisal management companies main-  
16 tained by the Appraisal Subcommittee.

17 The Appraisal Subcommittee shall have the authority to  
18 remove a State licensed or certified appraiser or a reg-  
19 istered appraisal management company from a national  
20 registry on an interim basis pending State agency action  
21 on licensing, certification, registration, and disciplinary  
22 proceedings. The Appraisal Subcommittee and all agen-  
23 cies, instrumentalities, and Federally recognized entities  
24 under this title shall not recognize appraiser certifications  
25 and licenses from States whose appraisal policies, prac-

1 tices, funding, staffing, or procedures are found to be in-  
2 consistent with this title. The Appraisal Subcommittee  
3 shall have the authority to impose sanctions, as described  
4 in this section, against a State agency that fails to have  
5 an effective appraiser regulatory program. In determining  
6 whether such a program is effective, the Appraisal Sub-  
7 committee shall include an analyses of the licensing and  
8 certification of appraisers, the registration of appraisal  
9 management companies, the issuance of temporary li-  
10 censes and certifications for appraisers, the receiving and  
11 tracking of submitted complaints against appraisers and  
12 appraisal management companies, the investigation of  
13 complaints, and enforcement actions against appraisers  
14 and appraisal management companies. The Appraisal  
15 Subcommittee shall have the authority to impose interim  
16 actions and suspensions against a State agency as an al-  
17 ternative to, or in advance of, the derecognition of a State  
18 agency.”.

19 (2) in subsection (b)(2), by inserting after “au-  
20 thority” the following: “or sufficient funding”.

21 (1) RECIPROCIITY.—Subsection (b) of section 1122 of  
22 the Financial Institutions Reform, Recovery, and Enforce-  
23 ment Act of 1989 (12 U.S.C. 3351(b)) is amended to read  
24 as follows:

1           “(b) RECIPROCITY.—A State appraiser certifying or  
2 licensing agency shall issue a reciprocal certification or li-  
3 cense for an individual from another State when—

4           “(1) the appraiser licensing and certification  
5 program of such other State is in compliance with  
6 the provisions of this title; and

7           “(2) the appraiser holds a valid certification  
8 from a State whose requirements for certification or  
9 licensing meet or exceed the licensure standards es-  
10 tablished by the State where an individual seeks ap-  
11 praisal licensure.”.

12           (m) CONSIDERATION OF PROFESSIONAL APPRAISAL  
13 DESIGNATIONS.—Section 1122(d) of the Financial Insti-  
14 tutions Reform, Recovery, and Enforcement Act of 1989  
15 (12 U.S.C. 3351(d)) is amended by striking “shall not ex-  
16 clude” and all that follows through the end of the sub-  
17 section and inserting the following: “may include edu-  
18 cation achieved, experience, sample appraisals, and ref-  
19 erences from prior clients. Membership in a nationally rec-  
20 ognized professional appraisal organization may be a cri-  
21 teria considered, though lack of membership therein shall  
22 not be the sole bar against consideration for an assign-  
23 ment under these criteria.”.

24           (n) APPRAISER INDEPENDENCE.—Section 1122 of  
25 the Financial Institutions Reform, Recovery, and Enforce-

1 ment Act of 1989 (12 U.S.C. 3351) is amended by adding  
2 at the end the following new subsection:

3 “(g) APPRAISER INDEPENDENCE MONITORING.—  
4 The Appraisal Subcommittee shall monitor each State ap-  
5 praiser certifying and licensing agency for the purpose of  
6 determining whether such agency’s policies, practices, and  
7 procedures are consistent with the purposes of maintain-  
8 ing appraiser independence and whether such State has  
9 adopted and maintains effective laws, regulations, and  
10 policies aimed at maintaining appraiser independence.”.

11 (o) APPRAISER EDUCATION.—Section 1122 of the  
12 Financial Institutions Reform, Recovery, and Enforce-  
13 ment Act of 1989 (12 U.S.C. 3351) is amended by insert-  
14 ing after subsection (g) (as added by subsection (l) of this  
15 section) the following new subsection:

16 “(h) APPROVED EDUCATION.—The Appraisal Sub-  
17 committee shall encourage the States to accept courses ap-  
18 proved by the Appraiser Qualification Board’s Course Ap-  
19 proval Program.”.

20 (p) APPRAISAL COMPLAINT HOTLINE.—Section 1122  
21 of the Financial Institutions Reform, Recovery, and En-  
22 forcement Act of 1989 (12 U.S.C. 3351), as amended by  
23 this section, is further amended by adding at the end the  
24 following new subsection:

1           “(i) APPRAISAL COMPLAINT NATIONAL HOTLINE.—  
2 If, 1 year after the date of the enactment of this sub-  
3 section, the Appraisal Subcommittee determines that no  
4 national hotline exists to receive complaints of non-compli-  
5 ance with appraisal independence standards and Uniform  
6 Standards of Professional Appraisal Practice, including  
7 complaints from appraisers, individuals, or other entities  
8 concerning the improper influencing or attempted im-  
9 proper influencing of appraisers or the appraisal process,  
10 the Appraisal Subcommittee shall establish and operate  
11 such a national hotline, which shall include a toll-free tele-  
12 phone number and an email address. If the Appraisal Sub-  
13 committee operates such a national hotline, the Appraisal  
14 Subcommittee shall refer complaints for further action to  
15 appropriate governmental bodies, including a State ap-  
16 praiser certifying and licensing agency, a financial institu-  
17 tion regulator, or other appropriate legal authorities. For  
18 complaints referred to State appraiser certifying and li-  
19 censing agencies or to Federal regulators, the Appraisal  
20 Subcommittee shall have the authority to follow up such  
21 complaint referrals in order to determine the status of the  
22 resolution of the complaint.”.

23           (q) AUTOMATED VALUATION MODELS.—Title XI of  
24 the Financial Institutions Reform, Recovery, and Enforce-  
25 ment Act of 1989 (12 U.S.C. 3331 et seq.), as amended

1 by this section, is further amended by adding at the end  
2 the following new section (and amending the table of con-  
3 tents accordingly):

4 **“SEC. 1125. AUTOMATED VALUATION MODELS USED TO**  
5 **VALUE CERTAIN MORTGAGES.**

6 “(a) IN GENERAL.—Automated valuation models  
7 shall adhere to quality control standards designed to—

8 “(1) ensure a high level of confidence in the es-  
9 timates produced by automated valuation models;

10 “(2) protect against the manipulation of data;

11 “(3) seek to avoid conflicts of interest; and

12 “(4) require random sample testing and re-  
13 views, where such testing and reviews are performed  
14 by an appraiser who is licensed or certified in the  
15 State where the testing and reviews take place.

16 “(b) ADOPTION OF REGULATIONS.—The Appraisal  
17 Subcommittee and its member agencies, in consultation  
18 with the Appraisal Standards Board of the Appraisal  
19 Foundation and other interested parties, shall promulgate  
20 regulations to implement the quality control standards re-  
21 quired under this section.

22 “(c) ENFORCEMENT.—Compliance with regulations  
23 issued under this subsection shall be enforced by—

24 “(1) with respect to a financial institution, or  
25 subsidiary owned and controlled by a financial insti-



1       tution and regulated by a Federal financial institu-  
2       tion regulatory agency, the Federal financial institu-  
3       tion regulatory agency that acts as the primary Fed-  
4       eral supervisor of such financial institution or sub-  
5       sidiary; and

6               “(2) with respect to other persons, the Ap-  
7       praisal Subcommittee.

8       “(d) AUTOMATED VALUATION MODEL DEFINED.—  
9       For purposes of this section, the term ‘automated valu-  
10      ation model’ means any computerized model used by mort-  
11      gage originators and secondary market issuers to deter-  
12      mine the collateral worth of a mortgage secured by a con-  
13      sumer’s principal dwelling.”.

14       (r) BROKER PRICE OPINIONS.—Title XI of the Fi-  
15      nancial Institutions Reform, Recovery, and Enforcement  
16      Act of 1989 (12 U.S.C. 3331 et seq.), as amended by this  
17      section, is further amended by adding at the end the fol-  
18      lowing new section (and amending the table of contents  
19      accordingly):

20      **“SEC. 1126. BROKER PRICE OPINIONS.**

21       “(a) GENERAL PROHIBITION.—In conjunction with  
22      the purchase of a consumer’s principal dwelling, broker  
23      price opinions may not be used as the primary basis to  
24      determine the value of a piece of property for the purpose

1 of a loan origination of a residential mortgage loan se-  
2 cured by such piece of property.

3 “(b) **BROKER PRICE OPINION DEFINED.**—For pur-  
4 poses of this section, the term ‘broker price opinion’ means  
5 an estimate prepared by a real estate broker, agent, or  
6 sales person that details the probable selling price of a  
7 particular piece of real estate property and provides a  
8 varying level of detail about the property’s condition, mar-  
9 ket, and neighborhood, and information on comparable  
10 sales, but does not include an automated valuation model,  
11 as defined in section 1125(c).”.

12 (s) **AMENDMENTS TO APPRAISAL SUBCOMMITTEE.**—  
13 Section 1011 of the Federal Financial Institutions Exam-  
14 ination Council Act of 1978 (12 U.S.C. 3310) is amend-  
15 ed—

16 (1) in the first sentence, by adding before the  
17 period the following: “and the Federal Housing Fi-  
18 nance Agency”; and

19 (2) by inserting at the end the following: “At  
20 all times at least one member of the Appraisal Sub-  
21 committee shall have demonstrated knowledge and  
22 competence through licensure, certification, or pro-  
23 fessional designation within the appraisal profes-  
24 sion.”.

25 (t) **TECHNICAL CORRECTIONS.**—

1           (1) Section 1119(a)(2) of the Financial Institu-  
2           tions Reform, Recovery, and Enforcement Act of  
3           1989 (12 U.S.C. 3348(a)(2)) is amended by striking  
4           “council,” and inserting “Council,”.

5           (2) Section 1121(6) of the Financial Institu-  
6           tions Reform, Recovery, and Enforcement Act of  
7           1989 (12 U.S.C. 3350(6)) is amended by striking  
8           “Corporations,” and inserting “Corporation,”.

9           (3) Section 1121(8) of the Financial Institu-  
10          tions Reform, Recovery, and Enforcement Act of  
11          1989 (12 U.S.C. 3350(8)) is amended by striking  
12          “council” and inserting “Council”.

13          (4) Section 1122 of the Financial Institutions  
14          Reform, Recovery, and Enforcement Act of 1989  
15          (12 U.S.C. 3351) is amended—

16                 (A) in subsection (a)(1) by moving the left  
17                 margin of subparagraphs (A), (B), and (C) 2  
18                 ems to the right; and

19                 (B) in subsection (c)—

20                         (i) by striking “Federal Financial In-  
21                         stitutions Examination Council” and in-  
22                         serting “Financial Institutions Examina-  
23                         tion Council”; and

1 (ii) by striking “the council’s func-  
2 tions” and inserting “the Council’s func-  
3 tions”.

4 **SEC. 1114. STUDY REQUIRED ON IMPROVEMENTS IN AP-  
5 PRAISAL PROCESS AND COMPLIANCE PRO-  
6 GRAMS.**

7 (a) STUDY.—The Comptroller General shall conduct  
8 a comprehensive study on possible improvements in the  
9 appraisal process generally, and specifically on the consist-  
10 ency in and the effectiveness of, and possible improve-  
11 ments in, State compliance efforts and programs in ac-  
12 cordance with title XI of the Financial Institutions Re-  
13 form, Recovery, and Enforcement Act of 1989. In addi-  
14 tion, this study shall examine the existing exemptions to  
15 the use of certified appraisers issued by Federal financial  
16 institutions regulatory agencies. The study shall also re-  
17 view the threshold level established by Federal regulators  
18 for compliance under title XI and whether there is a need  
19 to revise them to reflect the addition of consumer protec-  
20 tion to the purposes and functions of the Appraisal Sub-  
21 committee. The study shall additionally examine the qual-  
22 ity of different types of mortgage collateral valuations pro-  
23 duced by broker price opinions, automated valuation mod-  
24 els, licensed appraisals, and certified appraisals, among  
25 others, and the quality of appraisals provided through dif-

1 ferent distribution channels, including appraisal manage-  
2 ment companies, independent appraisal operations within  
3 a mortgage originator, and fee-for-service appraisals. The  
4 study shall also include an analysis and statistical break-  
5 down of enforcement actions taken during the last 10  
6 years against different types of appraisers, including cer-  
7 tified, licensed, supervisory, and trainee appraisers. Fur-  
8 thermore, the study shall examine the benefits and costs,  
9 as well as the advantages and disadvantages, of estab-  
10 lishing a national repository to collect data related to real  
11 estate property collateral valuations performed in the  
12 United States.

13 (b) REPORT.—Before the end of the 18-month period  
14 beginning on the date of the enactment of this Act, the  
15 Comptroller General shall submit a report on the study  
16 under subsection (a) to the Committee on Financial Serv-  
17 ices of the House of Representatives and the Committee  
18 on Banking, Housing, and Urban Affairs of the Senate,  
19 together with such recommendations for administrative or  
20 legislative action, at the Federal or State level, as the  
21 Comptroller General may determine to be appropriate.

22 (c) ADDITIONAL STUDY REQUIRED.—The Comp-  
23 troller General shall conduct an additional study to deter-  
24 mine the effects that the changes to the seller-guide ap-  
25 praisal requirements of Fannie Mae and Freddie Mac con-

1 tained in the Home Valuation Code of Conduct have on  
2 small business, like mortgage brokers and independent ap-  
3 praisers, and consumers, including the effect on the—

4 (1) quality and costs of appraisals;

5 (2) length of time for obtaining appraisals;

6 (3) impact on consumer protection, especially  
7 regarding maintaining appraisal independence, abat-  
8 ing appraisal inflation, and mitigating acts of ap-  
9 praisal fraud;

10 (4) structure of the appraisal industry, espe-  
11 cially regarding appraisal management companies,  
12 fee-for-service appraisers, and the regulation of ap-  
13 praisal management companies by the states; and

14 (5) impact on mortgage brokers and other small  
15 business professionals in the financial services indus-  
16 try.

17 (d) ADDITIONAL REPORT.—Before the end of the 6-  
18 month period beginning on the date of the enactment of  
19 this Act, the Comptroller General shall submit an addi-  
20 tional report to the Committee on Financial Services of  
21 the House of Representatives and the Committee on  
22 Banking, Housing, and Urban Affairs of the Senate con-  
23 taining the findings and conclusions of the Comptroller  
24 General with respect to the study conducted pursuant to  
25 subsection (c). Such additional report shall take into con-

1 sideration the Small Business Administration’s views on  
2 how small businesses are affected by the Home Valuation  
3 Code of Conduct.

4 **SEC. 1115. EQUAL CREDIT OPPORTUNITY ACT AMENDMENT.**

5 Subsection (e) of section 701 of the Equal Credit Op-  
6 portunity Act (15 U.S.C. 1691) is amended to read as  
7 follows:

8 “(e) COPIES FURNISHED TO APPLICANTS.—

9 “(1) IN GENERAL.—Each creditor shall furnish  
10 to an applicant a copy of any and all written ap-  
11 praisals and valuations developed in connection with  
12 the applicant’s application for a loan that is secured  
13 or would have been secured by a first lien on a  
14 dwelling promptly upon completion, but in no case  
15 later than 3 days prior to the closing of the loan,  
16 whether the creditor grants or denies the applicant’s  
17 request for credit or the application is incomplete or  
18 withdrawn.

19 “(2) WAIVER.—The applicant may waive the 3  
20 day requirement provided for in paragraph (1), ex-  
21 cept where otherwise required in law.

22 “(3) REIMBURSEMENT.—The applicant may be  
23 required to pay a reasonable fee to reimburse the  
24 creditor for the cost of the appraisal, except where  
25 otherwise required in law.

1           “(4) FREE COPY.—Notwithstanding paragraph  
2           (3), the creditor shall provide a copy of each written  
3           appraisal or valuation at no additional cost to the  
4           applicant.

5           “(5) NOTIFICATION TO APPLICANTS.—At the  
6           time of application, the creditor shall notify an ap-  
7           plicant in writing of the right to receive a copy of  
8           each written appraisal and valuation under this sub-  
9           section.

10           “(6) REGULATIONS.—The Board shall prescribe  
11           regulations to implement this subsection within 1  
12           year of the date of the enactment of this subsection.

13           “(7) VALUATION DEFINED.—For purposes of  
14           this subsection, the term ‘valuation’ shall include  
15           any estimate of the value of a dwelling developed in  
16           connection with a creditor’s decision to provide cred-  
17           it, including those values developed pursuant to a  
18           policy of a government sponsored enterprise or by an  
19           automated valuation model, a broker price opinion,  
20           or other methodology or mechanism.”.



1 **SEC. 1116. REAL ESTATE SETTLEMENT PROCEDURES ACT**  
2 **OF 1974 AMENDMENT RELATING TO CERTAIN**  
3 **APPRAISAL FEES.**

4 Section 4 of the Real Estate Settlement Procedures  
5 Act of 1974 is amended by adding at the end the following  
6 new subsection:

7 “(c) The standard form described in subsection (a)  
8 shall include, in the case of an appraisal coordinated by  
9 an appraisal management company (as such term is de-  
10 fined in section 1121(11) of the Financial Institutions Re-  
11 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.  
12 3350(11))), a clear disclosure of—

13 “(1) the fee paid directly to the appraiser by  
14 such company; and

15 “(2) the administration fee charged by such  
16 company.”.

17 **SEC. 1117. APPRAISAL INDEPENDENCE REQUIREMENTS.**

18 (a) PROMULGATION OF NEW REQUIREMENTS.—The  
19 Director shall lead a Negotiated Rulemaking Committee  
20 under the Federal Advisory Committee Act, the Nego-  
21 tiated Rulemaking Act, and section 1022(b) of this title  
22 to promulgate appraisal independence requirements for  
23 residential loan purposes, and such Committee shall pro-  
24 mulgate such requirements not later than the end of the  
25 60-day period beginning on the date of the enactment of  
26 this title.

1           (b) CERTAIN REGULATION REQUIREMENTS.—Regu-  
2 lations promulgated by the Negotiated Rulemaking Com-  
3 mittee under this section—

4           (1) shall not prohibit lenders, the Federal Na-  
5 tional Mortgage Association, or the Federal Home  
6 Loan Mortgage Corporation from accepting any ap-  
7 praisal report completed by an appraiser selected,  
8 retained, or compensated in any manner by a mort-  
9 gage loan originator—

10           (A) licensed or registered in accordance  
11 with the SAFE Mortgage Licensing Act of  
12 2008; and

13           (B) subject to Federal or State laws that  
14 make it unlawful for a mortgage loan originator  
15 to make any payment, threat, or promise, di-  
16 rectly or indirectly, to any appraiser of a prop-  
17 erty, for the purposes of influencing the inde-  
18 pendent judgment of the appraiser with respect  
19 to the value of the property, except that nothing  
20 in this section shall prohibit a person with an  
21 interest in a real estate transaction from asking  
22 an appraiser to—

23           (i) consider additional, appropriate  
24 property information;

1                   (ii) provide further detail, substan-  
2                   tiation, or explanation for the appraiser's  
3                   value conclusion; or

4                   (iii) correct errors in the appraisal re-  
5                   port; and

6                   (2) shall include a requirement that lenders and  
7                   their agents compensate appraisers at a rate that is  
8                   customary and reasonable for appraisal services per-  
9                   formed in the market area of the property being ap-  
10                  praised.

11               (c) SUNSET.—Effective on the date the appraisal  
12               independence requirements are promulgated pursuant to  
13               subsection (a), the Home Valuation Code of Conduct an-  
14               nounced by the Federal Housing Finance Agency on De-  
15               cember 23, 2008, shall have no force or effect.