



MEMORANDUM

TO: Board of Trustees
Appraisal Practices Board
Appraiser Qualifications Board
Appraisal Standards Board
Sponsoring Organizations
The Appraisal Foundation Advisory Council
The Industry Advisory Council

FROM: David Bunton

RE: Legislative Update

DATE: July 15, 2010

This afternoon the U.S. Senate passed H.R. 4173, (The Restoring American Financial Stability Act of 2010) by a vote of 60-39. It passed the House of Representatives last month and it is anticipated that it will be signed into law by President Obama within the week.

The bill contains a number of valuation-related revisions to Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989, some of which are highlighted below:

The Appraisal Foundation

- AQB Qualification Criteria for Licensed Residential Real Property Appraisers, which is currently voluntary for the states, becomes mandatory for states having such a classification.
- AQB Qualification Criteria for Trainee Real Property Appraisers, which is currently voluntary for the states, becomes mandatory for states having such a classification.
- Any qualification criteria issued by the AQB regarding Supervising Appraisers becomes mandatory for the states.
- The Appraisal Subcommittee shall encourage states to accept courses approved by the AQB Course Approval Program.

- Appraisals for federally related transactions shall be subject to *appropriate review* for compliance with the *Uniform Standards of Professional Appraisal Practice*. (Current law simply states that they must be *performed* in accordance with USPAP).
- Quality control standards for automated valuation models (AVMs) will be established by the Federal financial institution regulatory agencies, in consultation with the Appraisal Standards Board and the staff of the Appraisal Subcommittee.

The Appraisal Subcommittee

Composition

- The Federal Housing Finance Agency (FHFA), the regulators of Fannie Mae and Freddie Mac, and the newly established Bureau of Consumer Financial Protection (to be housed in the Federal Reserve), both become members of the Appraisal Subcommittee.
- The Office of Thrift Supervision, which is being merged into the Office of the Comptroller of the Currency, will no longer be a member of the Appraisal Subcommittee.

Regulatory Authority

- The Appraisal Subcommittee gains additional regulatory authority to prescribe regulations relating to temporary practice, national registry, information sharing and enforcement. To assist in this effort, the ASC shall establish an advisory committee.

Grant Making Authority

- The grant making authority of the Appraisal Subcommittee is expanded to include state appraiser regulatory bodies.

National Registry of Appraisers

- To provide for this additional grant making authority, the National Registry fees, currently set at \$25 with a \$50 cap, can go to \$40 with an \$80 cap. The ASC is to review the fee every five years to determine if an adjustment should be made to account for inflation.

National Appraisal Complaint Hotline

- If a national appraisal complaint hotline does not exist within six months of the date of enactment of the legislation, the Appraisal Subcommittee shall establish a national appraisal complaint hotline.

Broker Price Opinions

- In conjunction with the purchase of a consumer's principal dwelling, broker price opinions may not be used as the primary basis to determine the value of a piece of property for the purpose of a loan origination of a residential mortgage loan secured by such piece of property.
- The term 'broker price opinion' means an estimate prepared by a real estate broker, agent, or sales person that details the probable selling price of a particular piece of real estate property and provides a varying level of detail about the property's condition, market, and neighborhood, and information on comparable sales, but does not include an automated valuation model.

Appraisal Management Companies

- The Federal financial regulatory agencies will set the minimum requirements for appraisal management companies (AMCs).
- AMCs will register with and be subject to the supervision of the state appraiser regulatory agencies.
- The Appraisal Subcommittee will monitor the requirements established by the states for the registration and supervision of the operations and activities of appraisal management companies.
- The Appraisal Subcommittee will maintain a national registry of AMCs that are registered in the states. AMCs will pay an annual fee to the ASC to appear on this registry.

GAO Study

- Within 12 months of the date of enactment, the Government Accountability Office (GAO) will conduct a comprehensive study on the effectiveness and impact of various appraisal methods, valuation models and distribution channels, and on the Home Valuation Code of Conduct and the Appraisal Subcommittee.

Please note, this is not an all-inclusive list of the valuation-related changes.