

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: March 10, 2014

FROM: Office of General Counsel

SUBJ: Proposed Rule – Minimum Requirements for Appraisal Management Companies

ACTION REQUESTED: Interagency proposed rule regarding minimum requirements for appraisal management companies.

DATE ACTION REQUESTED: March 20, 2014.

OTHER OFFICES CONSULTED: E&I.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: John H. Brodin, Staff Attorney, Office of General Counsel.

SUMMARY: The NCUA; Board of Governors of the Federal Reserve System; Bureau of Consumer Financial Protection; Federal Deposit Insurance Corporation; Federal Housing Finance Agency; and Office of the Comptroller of the Currency, Treasury (collectively, the Agencies) are proposing to issue a proposed rule that would implement the minimum requirements in section 1124 of Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989, as added by section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, for State registration and supervision of appraisal management companies (AMCs). An AMC is an entity that serves as an intermediary for appraisers and lenders and provides appraisal-related services.

The minimum requirements in the proposed rule would apply to States that elect to establish an appraiser certifying and licensing agency with the authority to register and supervise AMCs (participating States). Under the proposed rule, participating States would have to require that AMCs: (1) register in the State and be subject to its supervision; (2) use only State-certified or licensed appraisers are used for Federally related transactions (real estate-related financial transactions overseen by a Federal financial institution regulatory agency that require appraiser services); (3) require that appraisals comply with the Uniform Standards of Professional Appraisal Practice; (4) ensure selection of a competent and independent appraiser; and (5)

establish and comply with processes and controls reasonably designed to ensure that appraisals comply with the appraisal independence standards in the Truth in Lending Act.

The proposed rule would direct AMC's that are subsidiaries of banks and regulated by a Federal financial institution regulatory agency to meet the same minimum requirements, although such AMC's would not be required to register with a State.

The Agencies will post the proposal to their respective websites once all Agencies have approved it. The Agencies will then publish the proposal in the Federal Register, which will start the 60-day public notice period running.

A copy of the proposed rule is available on the Proposed Regulations page of the NCUA's website at <http://www.ncua.gov/Legal/Regs/Pages/PropRegs.aspx>.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule.

ATTACHMENT: Proposed rule.