



The North Carolina Professional Appraisers Coalition supports House Bill 716 (Senate Bill 829)

Regulation of Appraisal Management Companies

"JENKINS BILL"

This proposed legislation will protect consumers by regulating Appraisal Management Companies (AMCs), which are currently unregulated, and will preserve the public trust and housing industry.

Unfortunately, Appraisal Management Companies (AMCs) are not new, but the number of AMCs and the frequency of their use has increased since the adoption of the Home Valuation Code of Conduct in May of 2009. The Home Valuation Code of Conduct prohibits mortgage brokers and loan officers from directly ordering appraisals and mandates that lenders have either a separate department to order appraisals or use third party companies to select appraisers (these companies are commonly referred to as Appraisal Management Companies). Many lenders have chosen to use AMCs rather than to choose to restructure their operations.

We support Legislation House Bill 716 because it will do the following:

All AMCs doing business in North Carolina will be required to register with the North Carolina Appraisal Board. *AMCs are not currently regulated by the Federal government or the state of North Carolina.* Legislation is pending in the U.S. Congress that has a subpart relating to AMC regulation. The federal legislation would require states to regulate AMCs and give the states broad authority on what regulations they enact. By being proactive and adopting Senate Bill 829, North Carolina will be ahead of the game. Arkansas, Louisiana, Nevada, New Mexico and Utah have already enacted legislation regulating AMCs.

All AMCs doing business in NC will be required to submit information to the Appraisal Board on owners of the AMC. Appraisers who have had their licenses suspended or revoked can and have formed AMCs. Additionally, criminal background checks are not required for the owners or employees of these companies, and a person convicted of felonies such as embezzlement and fraud can form an AMC. The registration of AMCs will require AMCs to provide the state with critical information to take action when necessary.

All AMCs doing business in North Carolina will be required to have a managing principle that is a certified general appraiser. Currently, AMCs do not have to be owned or operated by a licensed appraiser and therefore they may not understand the standards of practice that appraisers must adhere to when performing assignments.

Prohibits AMCs from acting in an unethical manner. Regulation will help ensure that homeowners will have accurate valuation of their residences, and that lenders will have accurate valuation of their collateral. In that, there is the potential for fewer foreclosures, which will protect banks and consumers.

AMCs will be required to have systems in place to verify that the appraisers that they use are complying with appraisal laws and are licensed appropriately.

It is critical that you make your voice heard by your State House Representative. Please use the link below to contact all of the representatives within your county.

<http://www.ncga.state.nc.us/gascripts/members/memberList.pl?sChamber=House>