

VIRGINIA REAL ESTATE APPRAISER BOARD
APPRAISAL MANAGEMENT COMPANY REGULATORY REVIEW
COMMITTEE MINUTES

The Real Estate Appraiser Board (REAB) Appraisal Management Company (AMC) Regulatory Review Committee (Committee) met on Monday, July 16, 2012, at the Department of Professional & Occupational Regulation in Richmond.

Committee Members present: Michael G. Miller, Chair
H. Glenn James
John C. Harry, III

Staff Members present: Mark Courtney, Deputy Director
Christine Martine, Executive Director
Kevin Hoeft, Board Administrator

Chairman Miller called the meeting to order at 2:03 p.m.

The agenda was approved unanimously.

Public Comment

Frank Wright favors legislation that lenders must properly disclose vendor management fees on the HUD1 Statement and Good Faith Estimate. Homeowners are being billed for a lender function (the AMC fee) under the guise of paying an appraisal fee. Homeowners should be informed of the fees being paid to the AMC and to the appraiser.

Charles "Don" Clark stated appraisers have lost business due to the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Mr. Clark recommended that, after July 1, 2014, Virginia appraisers be required to verify that an AMC is licensed before the appraiser does business with the AMC.

Perry E. "Pat" Turner, Jr. proposed that the Board's AMC regulations include the following provisions: 1) Each AMC must provide documentation establishing the payment of customary and reasonable fees in keeping with the Dodd-Frank Act as a condition for licensure; 2) Each appraiser must disclose the fee paid to an AMC on the page of the appraisal report where the final value estimate is rendered; 3) Each AMC must sign a notarized affidavit affirming no violations by any of the AMC's principal owners; 4) The AMC initial licensure and renewal fee be \$1000; and 5) AMCs be governed by and

subject to the Uniform Standards of Professional Appraisal Practice (USPAP).

Thomas "Mack" Strickland asked the Committee if an appraiser must disclose the appraisal fee if an AMC orders an "Appraisal Update or Completion Report" (Fannie Mae Form 1004D).

Curtis Darlington noted that most AMCs are requiring appraisers to undergo criminal background checks as a condition to perform appraisals for the AMC. He suggested that AMC principals be required to undergo criminal background checks. It was pointed out that the Virginia AMC law requires any person who owns 10 percent or more of an AMC and any AMC "controlling person" to undergo a criminal background check.

Summary of Regulatory Review Process

DPOR Licensing and Regulation Division Deputy Director Mark Courtney explained the Standard Regulatory Review Process that the Board will undertake to promulgate regulations to license and regulate AMCs - effective July 1, 2014. The process consists of three stages: Stage 1 - Notice of Intended Regulatory Action (NOIRA); Stage 2 - Proposed Regulation; and Stage 3 - Final Regulation. This process usually takes between 18-36 months to complete. The Board will consider approving the NOIRA for these regulations at its August 14 meeting.

Review of Virginia AMC Law

The Committee then reviewed the Virginia AMC licensure law (54.1-2021.1 and 54.1-2022 of the Code of Virginia) and raised the following issues: 1) Can 54.1-2021.1.A.2.h also include "any disciplinary action?"; 2) What type of "system" will comply with 54.1-2021.1.A.2.i?; 3) How should the regulations define "Responsible Person" in 54.1-2021.1.A.2.g and "Controlling Person" in 54.1-2021.1.B?; 4) Should the Real Estate Appraiser Board follow the current procedure used by the Virginia Real Estate Board to comply with the "background investigation" requirement in 54.1-2021.1.B?; 5) 54.1-2022.A should be amended by the General Assembly to remove the word "residential" since AMCs are also performing "commercial" appraisal services. Board staff will convey this request to the DPOR Director of Communications, Legislation and Consumer Education; 6) How should the regulations define "timely payment" in 54.1-2022.C.1? It was suggested that other states typically define "timely payment" as "within 30 days"; and 7) Applicable provisions of the "Interagency Appraisal and Evaluation Guidelines" could be used to provide clarification for 54.1-2022.E.

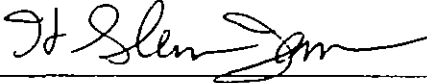
The Committee anticipates meeting again in September.

Adjourn

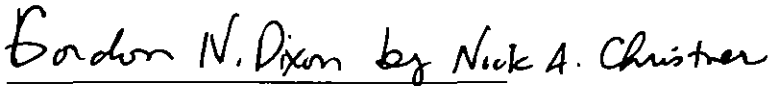
There being no further business, the meeting was adjourned at 3:40 p.m.

REAL ESTATE APPRAISER BOARD

A. Glenn James
Vice-Chair



FOR Diane Quigley, Chair


Gordon N. Dixon, Secretary

COPY TESTE:

Custodian of Records

STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT

TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government

1. Name: John C. Harry, III
(Name of Board Member)
2. Title: Board Member
3. Agency: Real Estate Appraiser Board
(Name of Board)
4. Meeting/IFF Date: July 16, 2012
(Date)

5. I have a personal interest in the following transaction:

NI
(Agenda Item)

Nature of Personal Interest Affected by Transaction: _____

NI

I declare that I am a member of the following business, profession,
occupation or group, the members of which are affected by the transaction:

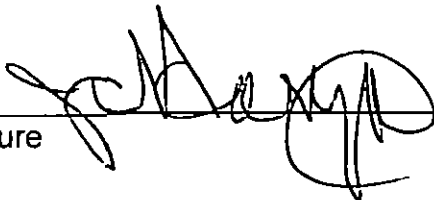
NI

I am able to participate in this transaction fairly, objectively, and in the
public interest.

or

I did not participate in the transaction.

6. I do not have a personal interest in any transactions taken at this meeting.

Signature 

Date 7-16-12

STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT

TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government

1. Name: H. Glenn James
(Name of Board Member)
2. Title: Board Member
3. Agency: Real Estate Appraiser Board
(Name of Board)
4. Meeting/IFF Date: July 16, 2012
(Date)

5. I have a personal interest in the following transaction:

NONE
(Agenda Item)

Nature of Personal Interest Affected by Transaction: _____

NONE

I declare that I am a member of the following business, profession,
occupation or group, the members of which are affected by the transaction:

Certified General Real Estate Appraiser

I am able to participate in this transaction fairly, objectively, and in the
public interest.

or

I did not participate in the transaction.

6. I do not have a personal interest in any transactions taken at this meeting.

H. Glenn James
Signature

July 16, 2012
Date

**STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT**

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

- 1. Name: Michael Miller
(Name of Board Member)
- 2. Title: Board Member
- 3. Agency: Real Estate Appraiser Board
(Name of Board)
- 4. Meeting/IFF Date: July 16, 2012
(Date)

5. I have a personal interest in the following transaction:
NA
(Agenda Item)

Nature of Personal Interest Affected by Transaction: NA

I declare that I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

NA

- I am able to participate in this transaction fairly, objectively, and in the public interest.
- or
- I did not participate in the transaction.

6. I do not have a personal interest in any transactions taken at this meeting.

Michael Miller
Signature

7/17/12
Date