150 W. Civic Center Drive, Suite 500
Sandy, Utah 84070

Direct 801-303-1402
davwilliams@corelogic.com

June 9, 2014

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW., Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219
VIA Electronic Delivery:
regs.comments@occ.treas.gov

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington, DC 20551
VIA Electronic Delivery:
regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW.
Washington, DC 20429
VIA Electronic Delivery:
Comments@FDIC.gov

Gerard Poliquin, Esq.
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314–3428
VIA Electronic Delivery:
regcomments@ncua.gov

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW.
Washington, DC 20552
VIA Electronic Delivery

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street SW.
Washington, DC 20024
VIA Electronic Delivery:
REGComments@fhfa.gov

RE: Minimum Requirements for Appraisal Management Companies
Docket ID OCC-2014-0002, Docket No. R-1486, RIN 3064–AE10, RIN 3133-AE22, Docket No. CFPB–2014–0006, RIN 2590–AA61

Ladies and Gentlemen:

CoreLogic Collateral Solutions, LLC ("CoreLogic" or "we"), a national appraisal management company, appreciates the opportunity to comment on the proposed minimum requirements for appraisal management companies ("Proposed Rule"), as issued on April 9, 2014, by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Bureau of Consumer Financial Protection, and Federal Housing Finance Agency (collectively the "Agencies").

CoreLogic generally supports the Agencies' effort to put forth this Proposed Rule. However, CoreLogic respectfully recommends that several aspects of the Proposed Rule be revised in order to avoid any unintended consequences, especially those resulting in consumer harm.

Set forth immediately below are several areas of key concern for CoreLogic. Subsequently, CoreLogic responds to each question presented by the Agencies within the Proposed Rule.

Key Concerns

1. **Voluntary Registration**

The Proposed Rules are consistent with the requirements of Section 1124 of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") in that states are not required to enact a registration and supervision program for appraisal management companies ("AMCs") nor is there a penalty imposed on states that opt not to register. If a state fails to register after 36 months from the issuance of the Proposed Rule, AMCs that are not classified as subsidiaries owned and controlled by an insured depository institution or credit union, will be precluded from providing services for federally related transactions.

By having a Proposed Rule that fails to require state registration and supervision provisions, there is a possibility that only a certain segment of AMCs would be permitted to continue providing services for federally related transactions after the 36 month window. In eliminating the ability of AMCs to provide services in non-conforming states, time and expense to the consumer will increase. Further, the beneficial aspects of state regulation and the mandates of appraiser independence will be compromised.

Lenders, who have historically relied on non-federally regulated AMCs, will be forced to scramble to find other outlets for appraisal services in non-regulated states. This will result in an increased amount of time required for the lender to underwrite the loan and for the loan to close. In the event lenders opt to manage an internal appraiser panel, lender costs will rise, with the increased costs passed to the consumer.

We strongly recommend that the Proposed Rule be revised to require mandatory state registration and supervision programs. Alternatively, if state enactment of minimum regulations cannot be mandated, CoreLogic recommends the Proposed Rules be amended to provide for the Appraisal Subcommittee ("ASC") to serve as the regulating entity in states lacking a registration and supervision program after the 36-month adoption timeframe. With the ASC providing the registration and supervision backstop, AMCs would be able to provide services in all states, alleviating delays and increased costs for consumers.

2. **Truth in Lending Act**

The Proposed Rule provides that if a state elects to register AMCs, then the state must require AMCs "to establish and comply with processes and controls reasonably designed to ensure an AMC conducts its services in accordance with §129E of Truth in Lending Act ("TILA") and its regulations." Based on this provision, the question presents itself as to whether the Agencies intend for state appraiser boards to have authority to investigate, interpret, and enforce TILA.

TILA governs the appraiser independence and "customary and reasonable" payment provisions. Currently, state appraiser boards have enacted or are preparing to enact regulations concerning the payment of

"customary and reasonable" fees, as well as other TILA provisions. In doing so, the potential exists for varied interpretations of TILA, which in turn, erodes any prospect of there being a national TILA standard. Expecting AMCs to comply with up to 50 different interpretations of one federal standard is unreasonable and impractical, and, most importantly, provides no benefit to the consumer.

Additionally, state appraisal boards interpreting or enforcing federal regulations is not supported by current practice. TILA violations are primarily asserted by federal agencies, state attorneys general, and private citizens, and not by state regulators. Section 129E of TILA applies to both AMCs and lenders; however, lenders are not subject to the regulations set forth by state appraiser boards. To avoid conflicting and self-serving interpretations and enforcement, we respectively request that the Agencies clarify that a state appraiser board has no authority to interpret or enforce §129E of TILA.

3. **AMC vs. Appraisal Firm**

Section 34.211(c) of the Proposed Rule defines an AMC as a person that (i) provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates; (ii) provides such services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations; and (iii) within a given year, oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states. Appraisal panel is defined as a network or panel of licensed or certified appraisers who are independent contractors to the AMC. The Proposed Rule requires that AMCs are subject to regulatory oversight in the event a state implements registration and supervision requirements; however, appraisal firms are not subjected to such regulation.

Notably, AMCs and appraisal firms provide common services to the valuation industry, regardless of whether the appraisers are employees or independent contractors. These services include but are not limited to recruiting, selecting, and retaining appraisers, contracting with appraisers to perform appraisal assignments, managing the appraisal order process, and providing quality control services for the completed appraisals. These services track the definition of "appraisal management services" set forth in the Proposed Rule (§34.214(d)).

By excluding appraisal firms from state registration and supervision requirements, consumers are not assured of being provided a state regulated product or service. Consumers should be afforded the same assurances regardless if the appraisal is sourced by an appraisal firm or an AMC. We respectfully recommend that the Proposed Rule apply to both AMCs and appraisal firms in order to create a consistent regulatory environment.

Proposed Questions from the Agencies

1. *The Agencies request comment on all aspects of the proposed definition of AMC.*

CoreLogic respectfully recommends the following revisions to the AMC definition set forth in the Proposed Rule.

- The AMC definition needs to include a qualifier that AMCs are not subject to regulation when supervising activities surrounding alternative valuation products. In other words, AMCs should only be regulated when they perform the appraisal management services, as defined in §34.211(d).

- Clarity needs to be provided regarding the "within a given year" phrase set forth in §34.211(c) (1) (iii). Per §34.212 (d), the Proposed Rule allows for the counting of appraisers to be associated with a calendar year or a 12-month period established by a state. Due to widely varying state license renewal periods, the preference would be to have the "counting of appraisers" to occur on a calendar year basis instead of on a varied state-dependent requirement. This would translate into more timely records being kept by the AMCs, especially with respect to information that is required to be submitted to the AMC National Registry.

2. *The Agencies request comment on the proposed definition of "appraiser network or panel" and on the alternative of defining this term to include employees as well as independent contractors.*

In addition to the revisions discussed above (see "AMC vs. Appraisal Firm"), CoreLogic recommends that the definition of appraiser panel be revised to clarify that such would not include services rendered for alternative valuation products.

3. *The Agencies request comment on the distinction the Agencies have drawn between employees and independent contractors as a basis for exclusion of appraisal firms from the definition of an AMC.*

See CoreLogic's comment above regarding "AMC vs. Appraisal Firm."

4. *The Agencies request comment on whether references to the NCUA and insured credit unions should be removed from the definition of "Federally regulated AMC" and other parts of the final regulation to clarify that AMC credit union service organizations ("CUSOs") are subject to state registration and supervision.*

CoreLogic has no comment.

5. *The Agencies requires comment on the proposed definition of "secondary mortgage market participant."*

CoreLogic has no comment.

6. *The Agencies request comment on the proposed minimum requirements for State registration and supervision of AMCs.*

See CoreLogic's comment above regarding "Voluntary Registration."

7. *The Agencies request comment on the proposed approach to the appraisal review issue.*

CoreLogic respects the Agencies' desire to decline comment at this time regarding appraisal review issues. Notably, the Agencies adopted a safe harbor in not requiring a creditor to perform an USPAP compliant appraisal review concerning appraisals rendered for higher-priced mortgages. Given there are several states that have specific review requirements, CoreLogic respectfully requests that the higher-priced mortgage safe harbor or a similar safe harbor be considered when these discussions occur.

8. *What barriers, if any, exist that may make it difficult for a state to implement the proposed AMC rules?*

CoreLogic has no comment.

9. *What aspects of the rule, if any, will be challenging for states to implement within 36 months? To the extent such challenges exist, what alternative approaches do commenters suggest that would make implementation easier, while maintaining consistency with the statute?*

CoreLogic has no comment.

10. *Are there any barriers to a state collecting information on federally regulated AMCs and submitting such information to the ASC? And if so what are they?*

CoreLogic has no comment.

11. *Are any questions raised by any differences between state laws and the proposed AMC rules? Should these be addressed in the final AMC rules and, if so, how?*

See CoreLogic 's comment above regarding "Truth in Lending Act."

In closing, CoreLogic appreciates the opportunity to comment on the Proposed Rule and is hopeful that the Agencies will consider the above comments. If there are any questions or concerns, please do not hesitate to contact me.

Sincerely,

David Williams
Vice President, CoreLogic Collateral Solutions

150 W. Civic Center Drive, Suite 500
Sandy, Utah 84070
Direct line: 801-303-1402
davwilliams@corelogic.com