

June 4, 2014

**Via Email** ([regs.comments@occ.trea.gov](mailto:regs.comments@occ.trea.gov); [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov); [comments@FDIC.gov](mailto:comments@FDIC.gov); [regcomments@ncua.com](mailto:regcomments@ncua.com); [regcomments@fhfa.gov](mailto:regcomments@fhfa.gov))

OCC: Docket ID OCC-2014-0002

Board: Docket No. R-1486

FDIC: RIN 3064-AE10

CFPB: Docket No. CFPB 2014-006

FHFA: RIN 2590-AA61

NCUA: RIN 3133-AE22

***RE: Minimum Requirements for Appraisal Management Companies***

Dear Agencies:

Urban Lending Solutions Appraisals, LLC (ULSA) is a nationwide appraisal management company with its headquarters located in Broomfield, Colorado. As an appraisal management company (AMC) that has been operating since 2010, we appreciate the opportunity to comment on the first draft of the rules regarding minimum requirements for AMCs.

ULSA has worked diligently over the past four years to become a registered or licensed AMC in each state that currently provides such registration and licensure. In doing so, we have complied with applicable state laws and have worked earnestly to serve our clients by providing management and oversight of appraisers providing appraisals in the field. Our company ensures that appraisers remain independent and valuations are performed efficiently and with high quality.

The proposed rules could potentially eviscerate the role of AMCs, removing them from acting as an impartial intermediary between lender and appraiser. Because the proposed minimum requirements would only apply to states that establish an appraiser certifying and licensing agency but does not compel states to establish an AMC registration and supervision program, a state may not have any reason to continue with the registration and supervision of AMCs. This is a burden states could elect to not assume, and yet AMCs then would be barred from providing appraisal management services for federally related transactions in states without such a program. This, in our view, is unnecessary as well as unfair, as it will both restrain the business of AMCs who in good faith have complied with AMC laws and be detrimental to consumers. Simply, the proposal will unfairly and unnecessarily limit competition and harm the consumer.

AMCs provide significant value in consumer mortgage transactions. State registration and oversight of AMCs should be required, or if not required, then AMCs should not be prohibited from operating in a state with respect to Federally related transactions.

Appraiser independence is and has been a concern for many years. Since the appraised value of the property is a major factor in a mortgage loan decision, many parties to such transactions have reason to attempt to influence the appraiser and the value. Influencing an appraiser and getting a potentially biased appraisal is not in the best interest of the lender, consumer or the mortgage market. Creating a separation between the appraiser and the lender (namely the loan officer or mortgage broker) can be extremely difficult. Even when a lender has every intention of creating this separation, employees of the lender can easily be swayed by colleagues and their own desire to provide “good” customer service to the borrower and obtain the requested mortgage.

AMCs provide a true and clear buffer between the lender’s staff and the appraiser. AMCs provide the ability to keep the appraisal process independent. This eliminates the pressure that may have been previously placed on appraisers by brokers and other sales personnel and ensures that the value is not based on coercion or undue influence.

Through AMCs, appraisers are not placed under undue pressure to meet value expectations due to purchase contracts or loan amounts. Often, appraisers fear that if their value “comes in low” too many times, their client (a lender) will stop engaging them. Even the most ethical of lenders may begin to wonder about an appraiser who consistently “comes in low.” AMCs objectively analyze the quality of appraiser’s work to ensure that the most competent appraisers are being engaged, rather than those who simply provide a pre-determined value. Additionally, ULSA screens revision requests from the client lender before sending such requests to an appraiser and ULSA explains appraisal issues to our clients. Appraisers are only asked to make reasonable changes. All of this benefits the appraiser by saving him/her time, effort, and the potential for someone filing a complaint with a regulator.

AMCs do far more than just hire appraisers, pay them, and pass the appraisal along to the client. ULSA reviews every appraisal before delivering it to our client, reviewing it for overall quality and reasonableness, as well as client requirements. This type of review and the panel management requires resources, including expertise in appraisals, which lenders may not have or may not be able to retain on a consistent basis. ULSA manages the approved appraiser process ensuring that appraisers hold the appropriate license and insurance. AMCs can choose the best appraiser for each assignment without other factors influencing this decision and provide timely payment to appraisers ensuring the appraiser is paid regardless of the outcome of the loan.

Many state appraiser regulators have seen complaints against appraisers drop dramatically in recent months. We believe this drop in complaints is due to an increased number of AMCs performing quality control reviews and resolving issues with the appraisal before it

goes to the lender. This elevated level of review can also help protect the bank from repurchase requests.

Finally, AMCs assist with compliance with laws and USPAP. AMCs can act as a communication liaison between clients and appraisers to ensure proper procedures and regulatory rules are followed. In addition, AMCs serve to verify that USPAP guidelines are followed by monitoring appraisers work to ensure proper procedures are taken as well as escalating matters to the state when they are not.

The bottom line is that the proposed rules will harm competition and, most importantly, consumers. Competition and protection of consumers should be the pole stars of the proposed rule, instead of restraint of trade. The unintended consequences of prohibiting AMCs from operating in states could be detrimental to both the appraisal and mortgage industry. ULSA otherwise supports the proposed rule.

We respectfully ask that the Agencies clarify in the proposed final rule that if a state elects to not register and supervise AMCs, that AMCs are still permitted to operate in that state.

Sincerely,

A handwritten signature in black ink, appearing to read "Scot M Rose", with a long horizontal flourish extending to the right.

Scot Rose, President