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# State Legislative & Regulatory Update

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# Top Level Issues : State

- AMC registration
- BPO expansion legislation
- Distressed sales as comparables
- “Green” valuation education requirements
- State oversight and enforcement (\$\$\$)
- Contracting preferences

# Recent Successes : State

- State
  - 29 state AMC registration bills in less than three years
    - AI-ASA-ASFMRA-NAIFA Developed model bill
    - Supported efforts made by chapters/coalitions
  - Favorably amended a BPO expansion bill in MS
  - Defeated bills regarding use of comps in 4 states
  - Defeated bills that would have imposed “green” education requirements on appraisers (WA, NV)

# AMCs

- State
  - 29 state AMC registration bills in less than three years
  - Bills still pending in IL, MA, NH, NJ, OH, PA, SC
  - Legislation being proposed for '12 in CO, DE, KS, et. al.

# AMCs

- State
  - AMC registration and oversight is required by the Dodd-Frank Act (3-4 years)
  - ASC and federal bank regulatory agencies to develop minimum standards – no movement
    - Some minimum requirements in statute
  - Problems with AMC laws
    - Registration fees, surety bonds, r & c fees, definitions

# BPOs

- Broker Price Opinions
  - Proliferation in the use of BPOs as valuation tools for foreclosures, short sales, loan modifications, portfolio valuation
  - Our analysis - In at least 18 states, the ability of a broker or salesperson to perform a BPO may be limited to the real estate listing or purchase process
  - Not illegal to order a BPO, but it may be illegal for the broker to complete the assignment

# BPOs

- There is a coordinated, national campaign to expand the ability of a real estate professional to do a BPO outside of the real estate listing process, including to loan origination
- Already seen several states where legislation has been proposed/enacted
- State Board needs to remain vigilant for any proposed legislation/regulation on this topic

# BPOs

- Favorably amended a BPO expansion bill in MS. Worked to amend bills in AR, HI, MN, NM
- Standards & Guidelines
- Errors & omissions insurance
- Broker countersignature
- Educational requirements
- Price opinion; no mention of value
- Standard 2 exemption for appraisers to do CMAs



# Distressed Sales

- Legislation in IL, MD, MO and NV would have prohibited the use of distressed sales as comps. – all defeated, pending in AZ
- Conflict with USPAP “must analyze” which is *de facto* federal law; no pre-emption by states
- Potential to through mortgage markets into turmoil; possible ASC decertification
- Artificial inflation of values

# Green Valuation

- Legislation in WA, NV to require appraisers to take minimum # of hours of QE/CE in green valuation topics - defeated
- Our position is that it is overly prescriptive
- Not all RE appraisers need green val. training
- Lenders should seek out appraisers who are qualified & competent in green val. for these types of assignments

# Board Funding

- Ensure that boards have adequate resources for administration and enforcement
- Prevent sweeping of funds into general fund
- Enacted in Maryland in '11 as part of AMC legislation

# State Issues Fund

- **Creation of AI Issues Fund**

- Provide financial support to chapters in order to successfully deal with a legislative or regulatory issue that:

- 1) Has national significance (i.e. national implications beyond the chapter's jurisdiction);
- 2) Is a common industry problem; and
- 3) Precedent setting and might not succeed without financial support from AI.

- It is not designed to support lawsuits, legal challenges or political campaigns for individual candidates.

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