

Synopsis

Maryland Appraisal Management Company Registration and Regulation Act

This recently enacted bill is Maryland's adoption of the requirements in the Dodd-Frank Wall Street Reform and Consumer Protection Act which requires states to regulate Appraisal Management Companies (AMC's). It takes effect July 1, 2011.

Appraisal Management Companies are defined in the proposed bill as an external 3rd party authorized by a lender to manage the procuring of an appraisal by an independent professional appraiser.

The key requirements of this proposed bill are that AMC's must:

- Register with the Maryland Commission of Real Estate Appraisers and Home Inspectors and pay an annual fee not to exceed \$2,500. The fees directly fund the costs of regulation – the Commission will be self-funded for this function.
- Be owned only by persons of good moral character who have submitted to a background check, and must not ever had an appraiser license revoked.
- Verify that the appraisers it engages is competent, including knowledgeable about the market area of the property to be appraised, and is licensed in the state in which the property is located.
- Not require turn-around time frames that the appraiser believes will preclude the exercise of due diligence and a credible appraisal.
- Not alter a completed appraisal report or require an appraiser to provide his or her digital signature or seal to the AMC.
- Pay “reasonable and customary” fees to the appraisers it engages (these are defined in the Federal Reserve Board's Interim Final Rule), and must separate in its invoices its lender client the amount actually paid to the appraiser from the amount it retains for itself for appraisal management services.
- Ensure that appraisals are conducted independently and free from inappropriate influence and coercion (the proposed bill contains several specifically prohibited actions).
- Report to the Commission any alleged violation of the Uniform Standards of Professional Appraisal Practice (USPAP) by any appraiser.
- Not remove an appraiser from its approved panel without notifying the appraiser in writing of the specific violation alleged and providing the appraiser an opportunity to respond.