

CoAA News Update

The Phoenix Chapters of AI, NAIFA and ASA had a "Unity Meeting" Wednesday evening and it was a great success!

There were over 110 people in attendance, including appraisers from Havasu, Payson, Prescott, Sedona, Safford, a large contingency from Tucson, and yes, one appraiser from Sun Lakes even attended!

A lot of meaningful information was shared, including national and local news pertinent to the appraisal profession, AMC bill progress and status, lobbyist reports on the AMC bill, local news stories about the appraisal industry and the AMC bill, a report from our new Az Board of Appraisal Director Dan Pietropaulo, CoAA committee updates, and discussions about "Unity".

Highlights of the business reports shared:

- National Government Affairs Committee is writing HUD to ask for further clarification on HUD reporting of fees.
- Local Appraisers were included in a panel discussion at the Mortgage Fraud Summit in Phoenix in March, hosted by the Arizona Attorneys General and featuring US Attorney General Holder and Assistant US Attorney General West, the heads of the FBI Mortgage Fraud Division and HUD-OIG Deputy Secretary. Points highlighted by the appraisers were the risks of using BPOs for mortgage loan modifications or for any lending purpose and the pending legislation needed for non-regulated AMCs. The appraisers urged the Attorneys General to report to the current administration that appraisals should be required by qualified and licensed appraisers for all lending functions.
- AMC Bill was discussed (engrossed version is on-line at www.azleg.gov SB 1351). An Amendment has been presented to the stakeholders and includes: a Hold-Harmless provision, clarification of an exemption for Independent Fee Appraisers, an exemption for lawyers, definition for a "completed appraisal", and a provision for geographic competency. The lobbyists discussed the risks at hand, make-up of the legislative body who will be voting on the bill, our options and timing. The original bill is currently separate of the amendment and will be presented to rules, caucus and committee of the whole over the next and last 3 weeks of the session. We are pushing hard for the amendments, yet we are very aware of our limitations. The lobbyists informed the group that there are never any guarantees that a bill will pass, and that we should be very pleased that we have been able to get a bill this far in such a difficult legislative session-a session consumed with balancing a large budget deficit.
- Recent Appraiser and AMC Bill media reports - Tucson Channel 4 report; White Mountain Independent AMC report - 4/9 edition; Arizona Republic AMC report - 4/11 Sunday edition.

URGENT Call for Action! We are nearing the end..please help get the AMC Bill Passed!

Please CALL AND EMAIL your Representative in the next 5 days!

The House Roster is attached. For the Legislative Map to find your Representative, go to:
<http://159.87.126.6/mapping/default2.asp?tname=Original.2009.Legislative.Map&org2009leg=on&service=ircmaps&nit=true>

Tell your Representative: ***I am a Constituent and I ask for your support of SB 1351, Appraisal Management Company Regulation and support of the Amendment!*** (Reasons are stated below)

Also, copy and paste (and alter how you like) one of the following to send to your Representative:

1)

Dear Representative _____:

Please support **the Arizona AMC Bill (SB 1351: Appraisal; Management Companies)**.

Appraisal Management Companies (AMCs) are not regulated currently and the **public**, appraisers, Realtors and lenders **have no recourse for unethical** or inaccurate work done by these middleman groups that control over 80% of the appraisal business. Some AMCs are scam companies that charge annual dues to appraisers to be placed on their lists, but they never assign any work. Some AMCs have been indicted for coercing appraisers to "hit values" and some AMCs have processes that alter the appraisal report during transmission, and the appraiser is liable for the altered report.

2)

Dear Representative _____

Please support **the Arizona AMC Bill (SB 1351: Appraisal; Management Companies)**.

Arizona's economy cannot afford to have the appraisal process diminished by non-regulated middleman companies that are focusing on quick and fast appraisals, rather than quality appraisals with accurate values. The appraisal is the safeguard to the borrower, lender, buyer, seller, and to the loan. AMCs are driving quality appraisers out of business because they are skimming 50-60% off the appraiser's fee. Experienced appraisers are leaving the business because they can no longer make a living at these significantly reduced fees. The loss of quality appraisers from the lending process is bad for Arizona, especially in the current dire real estate market.

3)

Dear Representative _____

Please support **the Arizona AMC Bill (SB 1351: Appraisal; Management Companies)**.

The **AMC bill will require:**

- 1) Background checks on Appraisal Management Company owners
- 2) Require AMCs to disclose their fees to the consumer rather than hide them in the appraisal fee
- 3) Require AMCs to train their ordering persons in appraisal practice, and require they be geographically competent
- 4) Require AMCs to use licensed appraisers in Arizona to do reviews and they must comply with HVCC
- 5) Require AMCs to identify a controlling person in our state that is responsible for operations
- 6) AMC will pay a registration fee set by the AZ Appraisal Board and show proof of a surety bond of \$20,000

All of this will protect the public, the lending process and the appraiser.

4)

Dear Representative _____

Please support **the Arizona AMC Bill (SB 1351: Appraisal; Management Companies)**.

WHY WE NEED AMC REGULATION:

§ Not one Arizona bank owns an AMC

§ 19 states have bills in the legislative process ; **9 States have Passed AMC legislation**-including all the states surrounding Arizona!

§ Federal Bill - HB 1728 has passed the US House requiring states to regulate AMC's at the state level

§ AMC's are the only participants in a real estate transaction that are not licensed.

§ **AMC's are shielded against negligence because they have no government oversight.** *We need them to be regulated and for them to be registered so we know who they are.*

Who are Licensed in Arizona?

-Real Estate Brokers and Agents must be licensed

-Loan Officers must be licensed-Appraisers must be licensed

-Lawyers must be licensed

-Mortgage Brokers must be licensed

-Arizona Banks are licensed and have government oversight of their in house appraisal departments (they are responsible to the consumer and maintain sound business practices)

APPRAISAL MANAGEMENT COMPANIES IN ARIZONA NEED TO BE LICENSED

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