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## **The Dodd-Frank Wall Street Reform Protection Act**

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On the national front the Appraisal Institute applauds the passing of a sweeping financial regulatory reform bill that includes the first modernization of real estate appraisal regulations in over 20 years. The Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173) is the first overhaul of appraisal regulations since the enactment in 1989 of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

As a consequence of the Home Valuation Code of Conduct (HVCC) legislation that passed in 2009, appraisers had voiced concern that the growth of appraisal management companies (AMCs) caused a sharp decline in their appraisal fees. Now the new legislation requires appraisers be paid "reasonable and customary" fees. Reasonable and customary is further defined as that amount typically paid an appraiser absent any involvement of an AMC; and under the Truth in Lending Act any violation will be subject to severe penalties. Designed to replace the HVCC this bill will allow for the establishment of appraisal independence standards (to be written within 60 days). It is expected to include the following provisions: AMCs will be required to register with State agencies; clarification with respect to appraiser competency provisions including consideration of professional appraisal designations, the financial resources for oversight and enforcement, and the requirement to separate the AMC and appraisal fees on the HUD-1 settlement form.

Another much appreciated change comes from Fannie Mae. They have officially put lenders on notice that "they can only use appraisers who are knowledgeable about the area in which they are being asked to value property, and who have the ability to access records on recent sales in those markets." Although the Standards of Professional Appraisal Practice (USPAP) allows appraisers to accept assignments even though they haven't demonstrated their knowledge and experience, Fannie Mae will not allow that flexibility.

On the local front, the Rhode Island Chapter is more than half way through a very challenging year. Fortunately, we enjoy positive membership retention and in fact have welcomed three new members. In an effort to promote the development of our associate members we have elected Jamie Moore to be our first associate member committee chair. The goal is to promote the programs and activities necessary for our associates to travel the path to designation.

We are ready to tackle the 21st century! Some of our members have graciously accepted the job of guiding many of us willing dinosaurs into the new age of communication by exploring the benefits of Twitter, Facebook, and LinkedIn. I'm sure many of our "high tech" members wonder what took so long!

It is hard to believe almost two years have gone by since I was elected president of the Rhode Island Chapter. It is nearing time for a new administration. In June we held a general membership meeting where the 2011 slate of upcoming officers and director was submitted and voted upon. As a result the following officers and directors were elected: president - William McGovern, SRA; vice

president/education - Gregory Accetta, MAI; vice president/administration/assistant vice president education - Frank Cofone; vice president/admissions and development retention-Bradford Hevenor; vice president finance- Keith White, Jr., SRPA.

The Directors are myself, Paul Cunningham, Jacalyn Haggarty, Evelyn Spagnolo, Allan Booth, Erin Angel, Jamie Moore, Gerald Roch, SRA. The formal installation will occur in December.

Finally, the education chairman has done it again with presentations and planned presentations of several quality seminars. We started the year with The Making of a Good House, Discounted Cash Flow Model: Concepts, Issues and Applications, 7-Hour National USPAP Update, Proposed Legislation Regarding HVCC, and Introduction to FHA Appraising. We will end our year with the offering of Uniform Appraisal Standards for Federal Land Acquisitions (also known as the "Yellow Book") on October 4th and 5th, and Whatever Happened to Quality Assurance in Residential Appraisal on October 21st.

In addition to the chapter's offerings the Appraisal Institute continues to offer a wide range of educational and timely courses and seminars that are available on-line. In these challenging times we are fortunate to have the support of such a professional organization.

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