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Keeping up with changing regulations for appraisers

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The parade of regulations focused on appraisals continues to stream by. They are coming from both state and federal agencies and affect appraisers and their clients. Keeping up with the changing regulations is a daunting task for any appraiser. Here's a snapshot of some of the recent actions.

Federal: In January 2013, the Consumer Finance Protection Bureau (CFPB) issued an amendment to the Equal Credit Opportunity Act (ECOA) Regulation B. Creditors are now required to provide borrowers with a copy of all appraisals and written valuations at least three days before closing.

In a second filing, made jointly with all the federal financial institution regulators, amendments to Regulation Z of the Truth in Lending Act were published. These detail the appraisal requirements for "higher risk mortgages." These are mortgages with interest rates significantly above an index and will necessitate a creditor to obtain a second appraisal. Under the ECOA changes, the borrowers will be provided with copies of both appraisals prior to closing.

None of the CFPB's actions addressed appraiser independence, customary and reasonable fees, etc. These are issues currently being worked on by the bureau and financial institution regulators.

States: Most of the New England states' appraisal regulators have published amendments to their regulations over the past several months. Massachusetts, for example, had two rounds of public hearings and enacted new or amended regulation effective in November 2012 and again in February 2013. Included in the first were new standards for supervisors and trainees and in the second, an open door to reciprocity with any state that is in compliance with the AQB criteria for licensing and whose licensing or credentialing requirements meet or exceed the Massachusetts requirements.

What does all this mean for busy appraisal professionals? (Confession time - I do not know the ins and outs of these regulations.) It reinforces the importance of belonging to an appraisal association that provides timely updates and information of importance to appraisers. While you are expected to know every nuance of every appraisal regulation it's just not possible. An association like MBREA provides its members with periodic updates that keep members abreast of the evolving regulatory environment. That's who I rely upon for the information I need.

Don't find yourself lost in the woods of regulations. MBREA is the compass that will keep you on the path of compliance. Become a member today at www.mbre.org.

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