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## **Emergency status for appraisal management companies bill - by Allan Cohen**

July 12, 2019 - Appraisal & Consulting

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Yes, there will be an appraisal management company registration system in place before long. Massachusetts faces a deadline of August 10th to enact its system.

Everyone in the State House says they know the deadline is coming. They also know inside the state's Division of Banks, Office of Consumer Affairs and Business Regulation, and associations related to the mortgage industry.

Plans include expanding the current Board of Registration of Real Estate Appraisers to become a joint board of appraisers and appraisal management companies (AMC's). Staff at the state's Division of Professional Licensure/Board of Registration (DPL) says they can meet the required timeline provided the legislature passes an AMC bill this summer. Some staff admits it will be tight, but they will attempt to make it happen. More employees will not be needed; focus will be on logistics, processes, websites, approvals, and getting DPL management to approve plans during this summer season, which is a time period typically reserved for vacations and casual work schedules. Urgency and summer are two words seldom spoken in the same sentence on Beacon Hill.

Steve Sousa and MBREA members have been meeting with state representatives and senators since the start of 2019 to urge passage of House Bill 1114, which became modified and re-numbered as H.3904. Dodd-Frank requires lenders to use AMC's to act as loan servicers and managers that are independent of from lenders and borrowers. Though the authors (Dodd and Frank) are local and the state has multi billions of dollars flowing through mortgage providers to buyers and sellers, Massachusetts will likely be the last state to enact AMC's registration.

Current requirements have an August 10th, deadline, but no one knows the consequences of missing the deadline. Will local banks be prohibited from making loans? Will lenders and buyers have to use other resources, e.g. apply to out of state banks for borrowing money to buy a home or refinance? Will the cost of mortgages and loan closings increase given the required use of out of state lenders? How this impacts demand for mortgages and home sales remains to be seen.

Who enforces penalties and or sanctions upon the local lending community when Massachusetts fails to comply with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989? Language within the laws of most states include, "It is unlawful to engage in or conduct business as an appraisal management company without first obtaining a registration issued by the State's Board of Professional Licensure." But what if there is no board?

Following Sousa's latest rounds of meetings and testimony at the State House, language in the house's bill was re-written with a preamble to put the bill on an emergency action track. Adding language resulted in the bill being given its new number - H.3904.

Within days of adding the Preamble and House Ways and Means' favorable report, the full house took its vote. The session began with impassioned pleas of support by representative James Murphy, co-chair of the joint committee on financial services, and Waltham's state rep Thomas Stanley. Both reps spoke in favor of Dodd-Frank's relevance, consumer protections, protecting state's banking/lending industries, and timeliness of this bill. The vote went 153 – 0.

With Stanley and Murphy's help, Sousa pitched a shutout. This seldom happens. Votes for marijuana, gun control and human rights don't even come out with zero opposition.

At this point, the AMC bill is the Senate's hands. MBREA and Sousa have been persistent there too. After the 4th of July, all senators will be reminded to vote very soon and favorably on H.3904. Then, governor Baker gets his turn to weigh in.

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