



Memo from the Board to Nebraska Real Property Appraisers

May 24, 2012

AMC REGISTRATION ACT UPDATE

By Tyler Kohtz, Director

The Appraisal Management Company Registration Act was enacted to ensure that appraisal management companies operate within the same regulatory environment as credentialed appraisers.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by President Barack Obama on July 21, 2010 bringing major changes to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"). The amendments to Title XI resulted in additional responsibilities for the Appraisal Subcommittee and state regulatory agencies, which gave the Nebraska Real Property Appraiser Board ("Board") the authority to register and supervise appraisal management companies ("AMC").

The Nebraska Appraisal Management Company Registration Act ("Act") became effective on January 1, 2012. When an industry is affected by major regulatory change, a period of adjustment for the industry and regulatory agency responsible for monitoring that industry soon follows. Establishment of the Act resulted in a learning curve for financial institutions, appraisers, AMCs and the Board. The Board has been working diligently to develop processes and procedures needed to administer and enforce the Act.

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Term Expires: January 1, 2013

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Tyler N. Kohtz, Director

301 Centennial Mall South, LL
PO Box 94963
Lincoln, NE 68509-4963

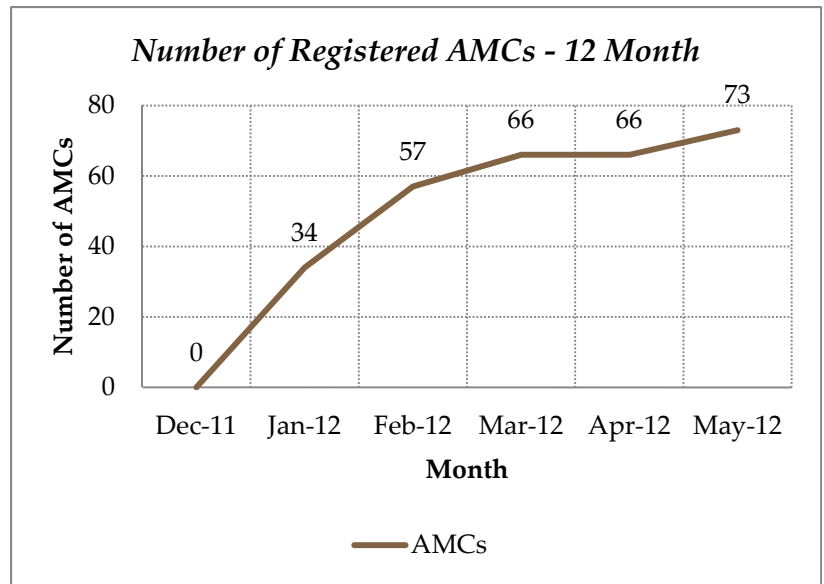
Phone: 402-471-9015
Fax: 402-471-9017
Website: www.appraiser.ne.gov

As of May 17, 2012 there were seventy-three AMCs registered in Nebraska. The Board received the vast majority of AMC applications in January while it was still familiarizing itself with its new charge. During January and February the Board's goal was to get the AMC applications processed, so that those organizations could conduct business in compliance with Nebraska law as soon as possible.

The number of AMC Applicants has slowly tapered off during the last three months, and the Board anticipates slow steady growth for new registered AMCs for the remainder of the year. Now that the Board has had some time to monitor the AMC program, its focus has shifted to developing sound standards and procedures. Currently, the process an AMC applicant must go through from submitting the application to Board approval is being standardized for future applicants. In addition, the AMC application has been updated to include many questions regarding disciplinary action taken by other regulatory agencies. Although this change is not as important during the infancy of the Act, it will be a very important part of the vetting process in the future.

In order to become registered in Nebraska, an AMC must pay an application fee of \$350.00, along with a registration fee of \$2,000.00. As of the end of April, the Board has generated increasing revenue through the AMC program. When the Act was established, the revenue projections were too inconsistent to incorporate into the Board's operation budget. Furthermore, the agency budget is set on a biennial cycle, and the current cycle began prior to the AMC Registration Act being signed into law. The revenues are beginning to stabilize, and the Board is working to incorporate revenue projections into the operating budget for the next biennial cycle, which will begin July 1, 2013.

The implementation and monitoring of the AMC program has put stress on the Board's resources, and the revenue generated through the AMC program will be used to address future needs. Some of the projects being considered by the Board include database reconstruction to more effectively organize appraiser and AMC information, office relocation to help conduct Board business more efficiently, and increase staff to help the Board fulfill the requirements of the AMC program.



As mentioned at the beginning of this update, the AMC requirements have caused a period of adjustment for appraisers as well. The Act is intended to ensure that AMCs and credentialed appraisers operate in an equal regulatory environment. The Board is continuously monitoring the industry to ensure that the provisions of the AMC Registration Act are just and relevant. The Board will make changes to the Act if a need presents itself. As a credentialed appraiser you have an opportunity to help inform the Board of industry issues pertaining to the AMC Registration Act.

In order to alleviate some concerns brought to the Board's attention by appraisers, any AMC registered in Nebraska will be included in the AMC Registry Listing found on the Board's website. If an AMC is conducting business in Nebraska, but is not found in the Board's AMC Registry Listing, please contact the Board's office to check the status of that organization. Some organizations are reviewed by the Board to determine if registration is required or not. In addition, the Board would like any information on organizations that may be conducting business in Nebraska as an AMC without registration.

Many questions have also been asked about the business practices of AMCs. For the most part, the Board cannot answer these questions. As long as an AMC conducts business within the intent of the law, the business practices of an organization are outside of the Board's jurisdiction. The Board does have a thorough vetting process, which includes background checks by the Nebraska State Patrol and the Federal Bureau of Investigation. In accordance with Neb. Rev. Stat. § 76-3207, an AMC cannot be more than ten percent owned by a person who is not of good moral character. If an organization is registered as an AMC in Nebraska, the Board believes that organization will conduct business in a lawful, ethical manner. As an appraiser, you have the choice to not enter into a contract with an AMC if you disagree with the AMC's business practices.

The Board understands that there are still some uncertainties regarding AMCs, and will continue to monitor the relationship between credentialed appraisers and AMCs in the future. It is the Board's responsibility to not only ensure that both programs work as efficiently as possible while taking into consideration the best interests of credentialed appraisers and AMCs, but also the best interests of all citizens in the State of Nebraska. If you have any questions or concerns regarding an AMC in Nebraska, please do not hesitate to contact the Board's office.