

Supporting Statement
Minimum Standards for State Registration of
Appraisal Management Companies
OMB Control No. 1557-NEW

A. Justification.

1. Circumstances that make the collection necessary:

The OCC, Board, FDIC, NCUA, Bureau, and FHFA (Agencies) have issued a proposed rule to implement the minimum requirements in section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to be applied by States in the registration and supervision of appraisal management companies (AMCs). The proposed rule also implements the requirement in section 1473 of the Dodd-Frank Act for States to report to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC) the information required by the Appraisal Subcommittee (ASC) to administer the new national registry of appraisal management companies (AMC National Registry or Registry).

2. Use of the information:

The collection of information requirements in the proposed rule are found in §§ __.212-__.216.

State Recordkeeping Requirements

States seeking to register AMCs must have an AMC certifying and licensing program. Section __.213(a) requires each State to establish and maintain within its appraiser certifying and licensing agency a licensing program with the legal authority and mechanisms to: (i) review and approve or deny an application for initial registration; (ii) periodically review and renew, or deny renewal of, an AMC's registration; (iii) examine an AMC's books and records and require the submission of reports, information, and documents; (iv) verify an AMC's certifications or licenses; (v) investigate and assess potential law, regulation, or order violations; (vi) discipline, suspend, terminate, or deny registration renewals of, AMCs that violate laws, regulations, or orders; (vii) report violations of appraisal-related laws, regulations, or orders, and disciplinary and enforcement actions to the Appraisal Subcommittee.

Section __.213(b) requires each State to impose requirements on AMCs not owned and controlled by an insured depository institution and regulated by a Federal financial institution regulatory agency to: (i) register with and be subject to supervision by a State appraiser certifying and licensing agency in each State in which the AMC operates; (ii) use only State-certified or State-licensed appraisers for Federally regulated transactions in conformity with any Federally regulated transaction regulations (iii) establish and comply with processes and controls reasonably designed to ensure that the AMC, in engaging an appraiser, selects an appraiser who

is independent of the transaction and who has the requisite education, expertise, and experience necessary to competently complete the appraisal assignment for the particular market and property type; (iv) direct the appraiser to perform the assignment in accordance with USPAP; and (v) establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with section 129E(a)-(i) of the Truth in Lending Act.

State Reporting Burden

Section __.216 requires that each State seeking to register AMCs for purposes of permitting AMCs to provide appraisal management services relating to covered transactions in the State must submit to the Appraisal Subcommittee the information required to be submitted under this Subpart and any additional information required by the Appraisal Subcommittee concerning AMCs.

AMC Reporting Requirements

Section __.214(b) requires that a Federally regulated AMC must report to the State or States in which it operates the information required to be submitted by the State pursuant to the Appraisal Subcommittee's policies, including (i) policies regarding the determination of the AMC National Registry fee, and (ii) the information listed in § __.215.

Section __.215 provides that an appraisal management company shall not be registered by a State or included on the AMC National Registry if such company is owned, directly or indirectly, by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State. Each person that owns more than 10 percent of an appraisal management company shall submit to a background investigation carried out by the State appraiser certifying and licensing agency. While section .215 does not authorize States to conduct background investigations of Federally regulated AMCs, it would allow a State to do so if the Federally regulated AMC chooses to register voluntarily with the State.

AMC Recordkeeping Requirements

Section __.212(b) provides that an appraiser in an AMC's network or panel is deemed to remain on the network or panel until: (i) the AMC sends a written notice to the appraiser removing the appraiser with an explanation; or (ii) receives a written notice from the appraiser asking to be removed or a notice of the death or incapacity of the appraiser. The AMC would retain these notices in its files.

3. Consideration of the use of improved information technology:

Respondents may use any type of improved information technology they have available to meet the requirements of this regulation.

4. Efforts to identify duplication:

This information is not available elsewhere.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

This collection does not have a significant impact on a substantial number of small entities.

6. Consequences to the Federal program if the collection were conducted less frequently:

Less frequent collection would result in safety and soundness concerns.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

This collection is conducted in accordance with the guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency:

The Agencies issued a notice of proposed rulemaking for 60 days of comment. Any comments received regarding the collection of information will be summarized and included in the preamble to the final rule.

9. Payment to respondents.

There is no payment to respondents.

10. Any assurance of confidentiality:

There is no assurance of confidentiality.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

IC # 1 - Written notice of appraiser removal from network or panel.

	Burden Hours
Current Number of Appraisers in U.S.	81,050
25% Laid off or Resign Each Year	20,263
Licenses Revoked or Voluntarily Surrendered 2001-2010	2,283
Average Revoked or Voluntarily Surrendered per year	229
Total Laid off/Resigned/Revoked/Surrendered	20,492
Total Appraiser Removal Notices Issued	20,492
0.08 Burden Hours Taken per Notice	1,640
FHFA Burden	164
OCC/FRB/FDIC Burden Each	492

IC # 2 - Develop and maintain a state licensing program.

	Burden Hours
Number of States without Registration Systems	14
Burden Hours per State	40
Total Burden Hours	560
OCC/FRB/FDIC/FHFA Burden Each	140

IC # 3 – AMC Reporting Requirements (State and Federal AMCs).

	Burden Hours
Number of AMCs	500
Burden Hours per AMC	1
Frequency	6
Total Burden Hours	3,000
FHFA Burden	300
OCC/FRB/FDIC Burden Each	900

IC #4 - State reporting requirements to the Appraisal Subcommittee.

	Burden Hours
Number of States	50
Burden Hours to be Carried Per State (placeholder)	1
Total	50
OCC/FRB/FDIC/FHFA Burden Each	13

Total Burden:

OCC/FRB/FDIC	
IC #1	492
IC #2	140
IC #3	900
IC #4	13
Total	1,545
FHFA	
IC #1	164
IC #2	140
IC #3	300
IC #4	13
Total	617

Cost of Hour Burden: 1,545 hours x \$ 92 per hour = \$142,140

To estimate compensation costs associated with the collection, we used \$92 per hour, which is based on May 2012 Bureau of Labor Statistics wage data for the average of the 90th percentile for seven occupations (i.e., accountants and auditors, compliance officers, financial analysts, lawyers, management occupations, software developers, and statisticians) plus an additional 33 percent to cover adjustments and private sector benefits. According to Bureau of Labor Statistics employer costs of employee benefits data, thirty percent represents the average private sector costs of employee benefits.

13. Estimate of Start-up Costs to Respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Changes in burden:

The increase in burden of 1,545 hours is due to the fact that this is new collection.

16. Information regarding collections whose results are planned to be published for statistical

use:

The OCC has no plans to publish the information for statistical use.

17. Display of expiration date.

Not applicable.

18. Exceptions to certification statement.

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.