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**Statement to the Appraisal Subcommittee Advisory Committee**

**October 15, 2014**

Chair Oullette, and members of the Advisory Committee and staff, thank you for the opportunity to speak with you today. My name is Mark Schiffman and I am the new executive director of the Real Estate Valuation Advocacy Association, otherwise known as REVAA. I look forward to working with you.

I am here today for two reasons.

First, to introduce myself as your point of contact at REVAA and to reinforce our desire to be a resource to you as you proceed with your charge. REVAA considers itself a leading voice of the valuation industry and is eager to make its collective expertise available to assist the committee. Our goals are to ensure that high quality appraisals and other valuation products remain broadly available, and that requirements imposed on appraisal management companies (AMCs) are reasonably designed to achieve legitimate and appropriate regulatory purposes.

As seasoned industry professionals, REVAA members can provide the Appraisal Subcommittee and the Advisory Committee with meaningful, real life insights on the practical impacts that proposed new rules may have on the development and utilization of appraisals and other valuation products. Please, do not hesitate to contact me if our organization can be of assistance.

My second reason for speaking with you today is to request that we begin an ongoing collaboration to identify solutions for significant industry and regulatory challenges, both existing and impending. As an example, as soon as practicable we would like to open a dialogue to discuss potential ways of alleviating and/or efficiently accommodating the substantial burdens placed on industry stakeholders by required “due diligence” vendor risk assessments and regulatory examinations and audits.

As you know, recent guidance issued by the Consumer Finance Protection Bureau, the Office of the Comptroller of the Currency and the Federal Reserve currently requires both banks and non-banks to assess and manage risks associated with their third-party service providers, including AMCs. These assessments have become significantly more detailed and onerous in recent years. In fact, our members report that the level of detail and the number of questions involved in such assessments has risen by approximately 400% over the past year.

At the same time, an increasing number of state appraisal boards are undertaking (or preparing to undertake) similar examinations of AMCs. Given the breadth and depth of the examinations required by a number of states, many appraisal boards are likely discovering that these examinations can be very costly and time consuming. And the sheer volume of potentially-required examinations is daunting—both for regulators and AMCs—given that there are an estimated 300 AMCs operating in the country, many of which have a national or multi-regional scope and are therefore subject to review in all or a large number of states.

We believe that there may be ways to promote efficiencies in conducting both due diligence reviews and regulatory examinations/audits, given that:

- The verification of compliance with AMC legal and regulatory requirements is a significant part of both AMC due diligence reviews conducted by lenders and regulatory examinations/audits conducted by state appraiser regulators; and
- The federal AMC minimum requirements regulations that are still being developed—which will consistently apply to appraisal management services provided in all states—will represent a major portion of the legal and regulatory requirements to which AMCs will be eventually subject.

While undoubtedly challenging, REVAA believes the potential benefits of doing so more than justify a cooperative effort by the committee, REVAA members, state regulators and other industry stakeholders to identify possible actions.

Benefits might include greater consistency in the enforcement of federal AMC minimum requirements across states; improved efficiencies for all parties involved in completing due diligence assessments and regulatory examinations; and better control of overhead costs related to assessments and examinations, which will ultimately benefit consumers.

We hope the committee agrees and is prepared to work with us on this effort. REVAA and its members greatly appreciate the work of the Appraisal Subcommittee and this Advisory Committee. We believe your efforts are important and we stand ready to work with you to improve the industry.

Please do not hesitate to contact us.

Thank you for the opportunity to be with you today.

Respectfully submitted,

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