


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 15, 2020

SUBJECT: Fiscal Impact Statement – Appraisal Management Company Regulation Act of 2020

REFERENCE: Bill B23-445, Committee Print as provided to the Office of Revenue Analysis on October 8, 2020

Conclusion

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill.

Background

The bill allows the Department of Insurance, Securities and Banking (DISB) to license and regulate appraisal management companies (AMC). AMCs provide appraisal management services to creditors, secondary mortgage market participants, and value principal dwellings as security for consumer credit transactions. There are currently 102 AMCs registered to operate in the District. The bill specifies that DISB will be responsible for:

- Approving or denying an AMC's application for initial registration;
- Examining the books and records of AMCs operating in the District;
- Verifying that appraisers hold valid District certifications or licenses;
- Conducting investigations of AMCs to assess potential violations of applicable appraisal-related laws, regulations, and orders; and
- Reporting outcomes of investigations including disciplinary and enforcement actions against AMCs.

The Honorable Phil Mendelson

FIS: Bill 23-445, "Appraisal Management Company Regulation Act of 2020," Draft Committee Print as shared with the Office of Revenue Analysis on October 8, 2020

The bill imposes requirements on AMCs operating in the District that are not owned and controlled by an insured depository institution and not regulated by a federal financial institution.¹ AMCs must:

- Register with and be subject to supervision by DISB;
- Engage only state-certified or state-licensed appraisers for federally related transactions;
- Establish and comply with processes and controls reasonably designed to ensure that appraisers are independent of the transaction and have the education, expertise, and experience to competently complete an appraisal assignment;
- Direct appraisers to perform assignments in accordance with Uniform Standards of Professional Appraisal Practice; and
- Establish and comply with processes and controls reasonably designed to ensure that services are conducted in accordance with the law.

DISB must maintain a list of all AMCs registered in the District. DISB will charge AMCs an annual licensing fee and may require AMCs to have a surety bond of up to \$25,000. Each AMC will be assigned a unique registration number and must use that number on all documents used during the appraisal process.

Financial Plan Impact

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill.

DISB already regulates AMCs that operate in the District of Columbia.² The agency can implement the bill without additional resources since the bill codifies existing practice. DISB anticipates collecting \$1,000 from each AMC an annual basis which will generate \$102,000 in registration fees. The fees are collected in the Securities and Banking Trust Fund and are used to fund DISB operations.

¹ Including the Consumer Financial Protection Bureau, the Federal Housing Finance Agency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration.

² See the Appraisal Management Company Regulation Emergency Act of 2020, effective July 27, 2020 (Act 23-341; 67 DCR 9357).