

**AMENDMENT TO H.R. 1728**

**OFFERED BY MR. KANJORSKI OF PENNSYLVANIA**

Page 109, line 18, strike “or (c)” and insert “, (c),  
or (d)”.

Page 109, beginning on line 22, strike “at the time  
of” and insert “before”.

Page 110, strike line 19 and all that follows through  
page 112, line 6, and insert the following:

- 1           “(3) the transaction is secured by a first mort-
- 2           gage or lien on the consumer’s principal dwelling
- 3           and the annual percentage rate on the credit, at the
- 4           date the interest rate is set, will exceed the average
- 5           prime offer rate for a comparable transaction by 1.5
- 6           percentage points or more; or
- 7           “(4) so required pursuant to regulation.”.

Page 112, line 10, insert after “5 years” the fol-  
lowing: “, beginning with the date of the consummation  
of the loan”.

Page 112, insert after line 16 the following (and re-  
designate succeeding subsections accordingly):

1           “(d) LIMITED EXEMPTIONS FOR LOANS SECURED BY  
2 SHARES IN A COOPERATIVE AND FOR CERTAIN CONDO-  
3 MINUM UNITS.—Escrow accounts need not be established  
4 for loans secured by shares in a cooperative. Insurance  
5 premiums need not be included in escrow accounts for  
6 loans secured by condominium units, where the condo-  
7 minium association has an obligation to the condominium  
8 unit owners to maintain a master policy insuring condo-  
9 minium units.”.

Page 116, insert after line 9 the following:

10           “(6) Such other information as the Federal  
11 banking agencies jointly determine necessary for the  
12 protection of the consumer.”.

Page 118, line 10, insert “, and provides written no-  
tice to the creditor or servicer of such choice” after  
“chooses”.

Page 119, insert the following after line 18:

13           “(D) Such other information as the Fed-  
14 eral banking agencies jointly determine nec-  
15 essary for the protection of the consumer.”.

Page 124, strike line 22 and all that follows through  
page 125, line 19.

Page 126, line 7, strike "10 days" and insert "5 days".

Page 126, line 14, strike "30 days" and insert "15 days".

Page 126, strike line 18 and all that follows through page 127, line 2 (and redesignate succeeding subsections accordingly).

Page 127, strike line 12 and all that follows through page 129, line 21, and insert the following (and amend the table of contents accordingly):

1 **SEC. 504. TRUTH IN LENDING ACT AMENDMENTS.**

2 (a) REQUIREMENTS FOR PROMPT CREDITING OF  
3 HOME LOAN PAYMENTS.—Chapter 2 of the Truth in  
4 Lending Act (15 U.S.C. 1631 et seq.) is amended by in-  
5 serting after section 129E (as added by section 602) the  
6 following new section (and by amending the table of con-  
7 tents accordingly):

8 **"SEC. 129F. REQUIREMENTS FOR PROMPT CREDITING OF**  
9 **HOME LOAN PAYMENTS.**

10 "(a) IN GENERAL.—In connection with a consumer  
11 credit transaction secured by a consumer's principal dwell-  
12 ing, no servicer shall fail to credit a payment to the con-  
13 sumer's loan account as of the date of receipt, except when  
14 a delay in crediting does not result in any charge to the

1 consumer or in the reporting of negative information to  
2 a consumer reporting agency, except as required in sub-  
3 section (b).

4 “(b) EXCEPTION.—If a servicer specifies in writing  
5 requirements for the consumer to follow in making pay-  
6 ments, but accepts a payment that does not conform to  
7 the requirements, the servicer shall credit the payment as  
8 of 5 days after receipt.”

9 (b) REQUESTS FOR PAYOFF AMOUNTS.—Chapter 2  
10 of such Act is further amended by inserting after section  
11 129F (as added by subsection (a)) the following new sec-  
12 tion (and by amending the table of contents accordingly):  
13 **“SEC. 129G. REQUESTS FOR PAYOFF AMOUNTS OF HOME**  
14 **LOAN.**

15 “A creditor or servicer of a home loan shall send an  
16 accurate payoff balance within a reasonable time, but in  
17 no case more than 7 business days, after the receipt of  
18 a written request for such balance from or on behalf of  
19 the borrower.”

Page 131, beginning on line 21, strike “mortgage referred to in section 103(aa)” and insert “subprime mortgage”.

Page 132, beginning on line 3, strike “mortgage referred to in section 103(aa)” and insert “subprime mortgage”.

Page 132, line 12, strike “mortgage referred to in section 103(aa)” and insert “subprime mortgage”.

Page 133, line 1, strike “consumer” and insert “applicant”.

Page 133, line 4, strike “consumer” and insert “applicant”.

Page 133, line 8, insert after “is” the following: “, at a minimum,”.

Page 133, line 22, strike “mortgage referred to in section 103(aa)” and insert “subprime mortgage”.

Page 133, beginning on line 23, strike “consumer” and insert “applicant”.

Page 134, line 2, strike “consumer” and insert “applicant”.

Page 134, line 5, strike “consumer” and insert “applicant”.

Page 134, line 12, strike “consumer” and insert “applicant or borrower”.

Page 134, after line 12, insert the following:

- 1 “(6) SUBPRIME MORTGAGE DEFINED.—For
- 2 purposes of this subsection, the term ‘subprime
- 3 mortgage’ means a residential mortgage loan with

1 an annual percentage rate that exceeds the average  
2 prime offer rate for a comparable transaction, as of  
3 the date the interest rate is set—

4 “(A) by 1.5 or more percentage points for  
5 a first lien residential mortgage loan; and

6 “(B) by 3.5 or more percentage points for  
7 a subordinate lien residential mortgage loan.”.

Page 134, line 23, insert after “unlawful,” the fol-  
lowing: “in extending credit or”.

Page 136, strike lines 1 through 3 and insert the  
following:

8 “(4) withholding or threatening to withhold  
9 timely payment for an appraisal report or for ap-  
10 praisal services rendered.”.

Page 136, line 8, insert after “company,” the fol-  
lowing: “consumer,”.

Page 136, after line 17, insert the following (and re-  
designate succeeding subsections accordingly):

11 “(d) PROHIBITIONS ON CONFLICTS OF INTEREST.—  
12 No certified or licensed appraiser conducting, and no ap-  
13 praisal management company procuring or facilitating, an  
14 appraisal in connection with a consumer credit transaction  
15 secured by the principal dwelling of a consumer may have

1 a direct or indirect interest, financial or otherwise, in the  
2 property or transaction involving the appraisal.

3 “(e) MANDATORY REPORTING.—Any mortgage lend-  
4 er, mortgage broker, mortgage banker, real estate broker,  
5 appraisal management company, employee of an appraisal  
6 management company, or any other person involved in a  
7 real estate transaction involving an appraisal in connection  
8 with a consumer credit transaction secured by the prin-  
9 cipal dwelling of a consumer who has a reasonable basis  
10 to believe an appraiser is failing to comply with the Uni-  
11 form Standards of Professional Appraisal Practice, is vio-  
12 lating applicable laws, or is otherwise engaging in uneth-  
13 ical or unprofessional conduct, shall refer the matter to  
14 the applicable State appraiser certifying and licensing  
15 agency.

16 “(f) NO EXTENSION OF CREDIT.—In connection with  
17 a consumer credit transaction secured by a consumer’s  
18 principal dwelling, a creditor who knows, at or before loan  
19 consummation, of a violation of the appraisal independ-  
20 ence standards established in subsections (b) or (d) shall  
21 not extend credit based on such appraisal unless the cred-  
22 itor documents that the creditor has acted with reasonable  
23 diligence to determine that the appraisal does not materi-  
24 ally misstate or misrepresent the value of such dwelling.”.

Page 136, line 24, after “regulations” insert the following: “no later than 180 days after the date of the enactment of this section, and where such regulations have an effective date of no later than 1 year after the date of the enactment of this section,”.

Page 137, line 13, strike “and (c)” and insert “(c), (d), (e), and (f)”.

Page 139, line 4, strike the first instance of “; and” and insert “;”.

Page 139, strike line 7 through line 9, and insert the following:

1           “(5) monitor the efforts of, and requirements  
2           established by, States and the Federal financial in-  
3           stitutions regulatory agencies to protect consumers  
4           from improper appraisal practices and the preda-  
5           tions of unlicensed appraisers in consumer credit  
6           transactions that are secured by a consumer’s prin-  
7           cipal dwelling; and”.

Page 139, line 16, after “residences” insert the following: “. In determining whether a threshold level provides reasonable protection for consumers, each Federal financial institutions regulatory agency shall consult with consumer groups and convene a public hearing”.



Page 139, strike line 17 and all that follows through page 140, line 2, and insert the following:

1 (b) ANNUAL REPORT OF APPRAISAL SUB-  
2 COMMITTEE.—

3 (1) IN GENERAL.—Section 1103(a) of the Fi-  
4 nancial Institutions Reform, Recovery, and Enforce-  
5 ment Act of 1989 (12 U.S.C. 3332(a)) is amended  
6 at the end by inserting the following new paragraph:

7 “(4) transmit an annual report to the Congress  
8 not later than January 31 of each year that de-  
9 scribes the manner in which each function assigned  
10 to the Appraisal Subcommittee has been carried out  
11 during the preceding year. The report shall also de-  
12 tail the activities of the Appraisal Subcommittee, in-  
13 cluding the results of all audits of State appraiser  
14 regulatory agencies, and provide an accounting of  
15 disapproved actions and warnings taken in the pre-  
16 vious year, including a description of the conditions  
17 causing the disapproval and actions taken to achieve  
18 compliance”.

~~Page 140, line 2, insert before the period the fol-  
lowing: “and actions taken to achieve compliance”.~~

~~Page 140, after line 2, insert the following:~~

1 ~~(2) ANNUAL REPORT—Section 1103(a)(4) of~~  
2 ~~such Act is amended by inserting before “transmit”~~  
3 ~~the following: “notwithstanding section 3003 of the~~  
4 ~~Federal Reports Elimination and Sunset Act of~~  
5 ~~1995 (31 U.S.C. 1113 note),”~~

Page 140, line 21, insert after “appraisers” the following: “, lenders, consumer advocates,”.

Page 140, line 22, strike “regular meetings” and insert “meetings as necessary to support the development of regulations”.

Page 141, line 4, strike “and”.

Page 141, after line 4, insert the following:

6 (2) in subsection (a) (as designated by para-  
7 graph (1)), by inserting before the period the fol-  
8 lowing: “, where a complex 1-to-4 unit single family  
9 residential appraisal means an appraisal for which  
10 the property to be appraised, the form of ownership,  
11 the property characteristics, or the market condi-  
12 tions are atypical”; and

Page 141, line 5, strike “(2)” and insert “(3)”.

Page 141, line 7, strike “Field”.

Page 141, line 8, strike “field”.

Page 141, line 9, after “licensed” insert the following: “or certified”.

Page 141, beginning on line 10, strike “Uniform Standards of Professional Appraisal Practice-compliant”.

Page 141, line 12, after “reviews” insert the following: “, including appraisal reviews by a lender, appraisal management company, or other third party organization,”.

Page 141, line 13, after “licensed” insert the following: “or certified”.

Page 141, after line 13, insert the following (and redesignate succeeding subsections accordingly):

- 1 (f) APPRAISAL MANAGEMENT SERVICES.—  
2 (1) SUPERVISION OF THIRD PARTY PROVIDERS  
3 OF APPRAISAL MANAGEMENT SERVICES.—Section  
4 1103(a) of the Financial Institutions Reform, Recov-  
5 ery, and Enforcement Act of 1989 (12 U.S.C.  
6 3332(a)) (as previously amended by this section) is  
7 further amended—  
8 (A) by amending paragraph (1) to read as  
9 follows:  
10 “(1) monitor the requirements established by  
11 States—

1           “(A) for the certification and licensing of  
2 individuals who are qualified to perform ap-  
3 praisals in connection with federally related  
4 transactions, including a code of professional  
5 responsibility; and

6           “(B) for the registration and supervision  
7 of the operations and activities of an appraisal  
8 management company;” and

9           (B) by adding at the end the following new  
10 paragraph:

11           “(6) maintain a national registry of appraisal  
12 management companies that either are registered  
13 with and subject to supervision of a State appraiser  
14 certifying and licensing agency or are operating sub-  
15 sidiaries of a Federally regulated financial institu-  
16 tion.”.

17           (2) APPRAISAL MANAGEMENT COMPANY MIN-  
18 IMUM QUALIFICATIONS.—Title XI of the Financial  
19 Institutions Reform, Recovery, and Enforcement Act  
20 of 1989 (12 U.S.C. 3331 et seq.) is amended by  
21 adding at the end the following new section (and  
22 amending the table of contents accordingly):

1 **"SEC. 1124. APPRAISAL MANAGEMENT COMPANY MINIMUM**  
2 **QUALIFICATIONS.**

3 "(a) IN GENERAL.—The Appraiser Qualifications  
4 Board of the Appraisal Foundation shall establish min-  
5 imum qualifications to be applied by a State in the reg-  
6 istration of appraisal management companies. Such quali-  
7 fications shall include a requirement that such compa-  
8 nies—

9 "(1) register with and be subject to supervision  
10 by a State appraiser certifying and licensing agency  
11 in each State in which such company operates;

12 "(2) verify that only licensed or certified ap-  
13 praisers are used for federally related transactions;

14 "(3) require that appraisals coordinated by an  
15 appraisal management company comply with the  
16 Uniform Standards of Professional Appraisal Prac-  
17 tice; and

18 "(4) require that appraisals are conducted inde-  
19 pendently and free from inappropriate influence and  
20 coercion pursuant to the appraisal independence  
21 standards established under section 129E of the  
22 Truth in Lending Act.

23 "(b) EXCEPTION FOR FEDERALLY REGULATED FI-  
24 NANCIAL INSTITUTIONS.—The requirements of subsection  
25 (a) shall not apply to an appraisal management company  
26 that is a subsidiary owned and controlled by a financial

1 institution and regulated by a federal financial institution  
2 regulatory agency. In such case, the appropriate federal  
3 financial institutions regulatory agency shall, at a min-  
4 imum, develop regulations affecting the operations of the  
5 appraisal management company to—

6 “(1) verify that only licensed or certified ap-  
7 praisers are used for federally related transactions;

8 “(2) require that appraisals coordinated by an  
9 institution or subsidiary providing appraisal manage-  
10 ment services comply with the Uniform Standards of  
11 Professional Appraisal Practice; and

12 “(3) require that appraisals are conducted inde-  
13 pendently and free from inappropriate influence and  
14 coercion pursuant to the appraisal independence  
15 standards established under section 129E of the  
16 Truth in Lending Act.”

17 “(c) REGISTRATION LIMITATIONS.—An appraisal  
18 management company shall not be registered by a State  
19 if such company, in whole or in part, directly or indirectly,  
20 is owned by any person who has had an appraiser license  
21 or certificate refused, denied, cancelled, surrendered in  
22 lieu of revocation, or revoked in any State. Additionally,  
23 each person that owns more than 10 percent of an ap-  
24 praisal management company shall be of good moral char-  
25 acter, as determined by the State appraiser certifying and

1 licensing agency, and shall submit to a background inves-  
2 tigation carried out by the State appraiser certifying and  
3 licensing agency.

4       “(d) REGULATIONS.—The Appraisal Subcommittee  
5 shall promulgate regulations to implement the minimum  
6 qualifications developed by the Appraiser Qualifications  
7 Board under this section, as such qualifications relate to  
8 the State appraiser certifying and licensing agencies. The  
9 Appraisal Subcommittee shall also promulgate regulations  
10 for the reporting of the activities of appraisal management  
11 companies in determining the payment of the annual reg-  
12 istry fee.

13       “(e) EFFECTIVE DATE.—

14           “(1) IN GENERAL.—No appraisal management  
15 company may perform services related to a federally  
16 related transaction in a State after the date that is  
17 36 months after the date of the enactment of this  
18 section unless such company is registered with such  
19 State or subject to oversight by a federal financial  
20 institutions regulatory agency.

21           “(2) EXTENSION OF EFFECTIVE DATE.—Sub-  
22 ject to the approval of the Council, the Appraisal  
23 Subcommittee may extend by an additional 12  
24 months the requirements for the registration and su-  
25 pervision of appraisal management companies if it

1 makes a written finding that a State has made sub-  
2 stantial progress in establishing a State appraisal  
3 management company registration and supervision  
4 system that appears to conform with the provisions  
5 of this title.”.

6 (3) STATE APPRAISER CERTIFYING AND LI-  
7 CENSING AGENCY AUTHORITY.—Section 1117 of the  
8 Financial Institutions Reform, Recovery, and En-  
9 forcement Act of 1989 (12 U.S.C. 3346) is amended  
10 by adding at the end the following: “The duties of  
11 such agency may additionally include the registra-  
12 tion and supervision of appraisal management com-  
13 panies.”.

14 (4) APPRAISAL MANAGEMENT COMPANY DEFINI-  
15 TION.—Section 1121 of the Financial Institutions  
16 Reform, Recovery, and Enforcement Act of 1989  
17 (12 U.S.C. 3350) is amended by adding at the end  
18 the following:

19 “(11) APPRAISAL MANAGEMENT COMPANY.—  
20 The term “appraisal management company” means,  
21 in connection with valuing properties collateralizing  
22 mortgage loans or mortgages incorporated into a  
23 securitization, any external third party authorized ei-  
24 ther by a creditor of a consumer credit transaction  
25 secured by a consumer’s principal dwelling or by an



1 underwriter of or other principal in the secondary  
2 mortgage markets, that oversees a network or panel  
3 of more than 10 certified or licensed appraisers in  
4 a State or 25 or more nationally within a given  
5 year—

6 “(A) to recruit, select, and retain apprais-  
7 ers;

8 “(B) to contract with licensed and certified  
9 appraisers to perform appraisal assignments;

10 “(C) to manage the process of having an  
11 appraisal performed, including providing admin-  
12 istrative duties such as receiving appraisal or-  
13 ders and appraisal reports, submitting com-  
14 pleted appraisal reports to creditors and under-  
15 writers, collecting fees from creditors and un-  
16 derwriters for services provided, and reimburs-  
17 ing appraisers for services performed; or

18 “(D) to review and verify the work of ap-  
19 praisers.”.

Page 141, line 21, strike “(3)” and insert “(4)”.

Page 141, line 23, strike “paragraph” and insert  
“paragraphs”.

Page 142, line 3, strike “and”.

Page 142, insert after line 3 the following:

1           “(3) transmit reports on a timely basis of su-  
2           pervisory activities involving appraisal management  
3           companies or other third-party providers of apprais-  
4           als and appraisal management services, including in-  
5           vestigations initiated and disciplinary actions taken;  
6           and”.

Page 142, strike line 4 through line 19 and insert  
the following:

7           (h) REGISTRY FEES MODIFIED.—

8           (1) IN GENERAL.—Section 1109(a) of the Fi-  
9           nancial Institutions Reform, Recovery, and Enforce-  
10          ment Act of 1989 (12 U.S.C. 3338(a)) is amend-  
11          ed—

12                   (A) by amending paragraph (4) (as modi-  
13                   fied by section 603(g) of this Act) to read as  
14                   follows:

15                   “(4) collect—

16                           “(A) from such individuals who perform or  
17                           seek to perform appraisals in federally related  
18                           transactions, an annual registry fee of not more  
19                           than \$40, such fees to be transmitted by the  
20                           State agencies to the Council on an annual  
21                           basis; and

22                           “(B) from an appraisal management com-  
23                           pany that either has registered with a State ap-

1 praiser certifying and licensing agency in ac-  
2 cordance with this title or operates as a sub-  
3 subsidiary of a federally regulated financial institu-  
4 tion, an annual registry fee of—

5 “(i) in the case of such a company  
6 that has been in existence for more than a  
7 year, \$25 multiplied by the number of ap-  
8 praisers working for or contracting with  
9 such company in such State during the  
10 previous year, but where such \$25 amount  
11 may be adjusted, up to a maximum of \$50,  
12 at the discretion of the Appraisal Sub-  
13 committee, if necessary to carry out the  
14 Subcommittee’s functions under this title;  
15 and

16 “(ii) in the case of such a company  
17 that has not been in existence for more  
18 than a year, \$25 multiplied by an appro-  
19 priate number to be determined by the Ap-  
20 praisal Subcommittee, and where such  
21 number will be used for determining the  
22 fee of all such companies that were not in  
23 existence for more than a year, but where  
24 such \$25 amount may be adjusted, up to  
25 a maximum of \$50, at the discretion of the

1 Appraisal Subcommittee, if necessary to  
2 carry out the Subcommittee's functions  
3 under this title."; and

4 (B) by amending the matter following  
5 paragraph (4), as redesignated, to read as fol-  
6 lows:

7 "Subject to the approval of the Council, the Appraisal  
8 Subcommittee may adjust the dollar amount of registry  
9 fees under paragraph (4)(A), up to a maximum of \$80  
10 per annum, as necessary to carry out its functions under  
11 this title. The Appraisal Subcommittee shall consider at  
12 least once every 5 years whether to adjust the dollar  
13 amount of the registry fees to account for inflation. In  
14 implementing any change in registry fees, the Appraisal  
15 Subcommittee shall provide flexibility to the States for  
16 multi-year certifications and licenses already in place, as  
17 well as a transition period to implement the changes in  
18 registry fees. In establishing the amount of the annual  
19 registry fee for an appraisal management company, the  
20 Appraisal Subcommittee shall have the discretion to im-  
21 pose a minimum annual registry fee for an appraisal man-  
22 agement company to protect against the under reporting  
23 of the number of appraisers working for or contracted by  
24 the appraisal management company."

1           (2) INCREMENTAL REVENUES.—Incremental  
2 revenues collected pursuant to the increases required  
3 by this subsection shall be placed in a separate ac-  
4 count at the United States Treasury, entitled the  
5 “Appraisal Subcommittee Account”.

Page 143, line 2, strike the final “and”.

Page 143, strike line 5 through line 7 and insert the following:

6           “(5) to make grants to State appraiser certi-  
7 fying and licensing agencies to support the efforts of  
8 such agencies to comply with this title, including—  
9           “(A) the complaint process, complaint in-  
10 vestigations, and appraiser enforcement activi-  
11 ties of such agencies; and  
12           “(B) the submission of data on State li-  
13 censed and certified appraisers and appraisal  
14 management companies to the National ap-  
15 praisal registry, including information affirming  
16 that the appraiser or appraisal management  
17 company meets the required qualification cri-  
18 teria and formal and informal disciplinary ac-  
19 tions; and”.

Page 143, after line 10, insert the following new text  
(such text to be inserted as new matter following para-

graph (6), not within the quoted text block, and justified flush left): “Obligations authorized under this subsection may not exceed 75 percent of the fiscal year total of incremental increase in fees collected and deposited in the ‘Appraisal Subcommittee Account’ pursuant to subsection (h).”.

Page 144, line 5, strike “(a)”.

Page 144, line 7, strike “(a)”.

Page 144, strike line 8 through line 20 and insert the following:

1           (1) by amending subsection (a) to read as fol-  
2           lows:

3           “(a) IN GENERAL.—The Appraisal Subcommittee  
4 shall monitor each State appraiser certifying and licensing  
5 agency for the purposes of determining whether such  
6 agency—

7           “(1) has policies, practices, funding, staffing,  
8           and procedures that are consistent with this title;

9           “(2) processes complaints and completes inves-  
10          tigations in a reasonable time period;

11          “(3) appropriately disciplines sanctioned ap-  
12          praisers and appraisal management companies;

13          “(4) maintains an effective regulatory program;  
14          and

1           “(5) reports complaints and disciplinary actions  
2           on a timely basis to the national registries on ap-  
3           praisers and appraisal management companies main-  
4           tained by the Appraisal Subcommittee.  
5           The Appraisal Subcommittee shall have the authority to  
6           remove a State licensed or certified appraiser or a reg-  
7           istered appraisal management company from a national  
8           registry on an interim basis pending State agency action  
9           on licensing, certification, registration, and disciplinary  
10          proceedings. The Appraisal Subcommittee and all agen-  
11          cies, instrumentalities, and Federally recognized entities  
12          under this title shall not recognize appraiser certifications  
13          and licenses from States whose appraisal policies, prac-  
14          tices, funding, staffing, or procedures are found to be in-  
15          consistent with this title. The Appraisal Subcommittee  
16          shall have the authority to impose sanctions, as described  
17          in this section, against a State agency that fails to have  
18          an effective appraiser regulatory program. In determining  
19          whether such a program is effective, the Appraisal Sub-  
20          committee shall include an analyses of the licensing and  
21          certification of appraisers, the registration of appraisal  
22          management companies, the issuance of temporary li-  
23          censes and certifications for appraisers, the receiving and  
24          tracking of submitted complaints against appraisers and  
25          appraisal management companies, the investigation of

1 complaints, and enforcement actions against appraisers  
2 and appraisal management companies. The Appraisal  
3 Subcommittee shall have the authority to impose interim  
4 actions and suspensions against a State agency as an al-  
5 ternative to, or in advance of, the derecognition of a State  
6 agency.”.

7           (2) in subsection (b)(2), by inserting after “au-  
8           thority” the following: “or sufficient funding”.

Page 145, beginning on line 15, strike “adding at the end” and all that follows through the end of line 20 and insert the following: “striking ‘shall not exclude’ and all that follows through the end of the subsection and inserting the following: ‘may include education achieved, experience, sample appraisals, and references from prior clients. Membership in a nationally recognized professional appraisal organization may be a criteria considered, though lack of membership therein shall not be the sole bar against consideration for an assignment under these criteria.’”.

Page 145, strike line 25 and all that follows through page 148, line 13, and insert the following:

9           “(g) APPRAISER INDEPENDENCE MONITORING.—  
10 The Appraisal Subcommittee shall monitor each State ap-  
11 praiser certifying and licensing agency for the purpose of



1 determining whether such agency's policies, practices, and  
2 procedures are consistent with the purposes of maintain-  
3 ing appraiser independence and whether such State has  
4 adopted and maintains effective laws, regulations, and  
5 policies aimed at maintaining appraiser independence.”.

Page 148, insert after line 22 the following (and re-  
designate succeeding subsections accordingly):

6 (p) APPRAISAL COMPLAINT HOTLINE.—Section 1122  
7 of the Financial Institutions Reform, Recovery, and En-  
8 forcement Act of 1989 (12 U.S.C. 3351), as amended by  
9 this section, is further amended by adding at the end the

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10 following new subsection:

11 “(h) APPRAISAL COMPLAINT NATIONAL HOTLINE.—  
12 If, 1 year after the date of the enactment of this sub-  
13 section, the Appraisal Subcommittee determines that no  
14 national hotline exists to receive complaints of non-compli-  
15 ance with appraisal independence standards and Uniform  
16 Standards of Professional Appraisal Practice, including  
17 complaints from appraisers, individuals, or other entities  
18 concerning the improper influencing or attempted im-  
19 proper influencing of appraisers or the appraisal process,  
20 the Appraisal Subcommittee shall establish and operate  
21 such a national hotline, which shall include a toll-free tele-  
22 phone number and an email address. If the Appraisal Sub-  
23 committee operates such a national hotline, the Appraisal

1 Subcommittee shall refer complaints for further action to  
2 appropriate governmental bodies, including a State ap-  
3 praiser certifying and licensing agency, a financial institu-  
4 tion regulator, or other appropriate legal authorities. For  
5 complaints referred to State appraiser certifying and li-  
6 censing agencies or to Federal regulators, the Appraisal  
7 Subcommittee shall have the authority to follow up such  
8 complaint referrals in order to determine the status of the  
9 resolution of the complaint.”.

10 (q) **AUTOMATED VALUATION MODELS.**—Title XI of  
11 the Financial Institutions Reform, Recovery, and Enforce-  
12 ment Act of 1989 (12 U.S.C. 3331 et seq.), as amended  
13 by this section, is further amended by adding at the end  
14 the following new section (and amending the table of con-  
15 tents accordingly):

16 **“SEC. 1125. AUTOMATED VALUATION MODELS USED TO**  
17 **VALUE CERTAIN MORTGAGES.**

18 “(a) **IN GENERAL.**—Automated valuation models  
19 shall adhere to quality control standards designed to—

20 “(1) ensure a high level of confidence in the es-  
21 timates produced by automated valuation models;

22 “(2) protect against the manipulation of data;

23 “(3) seek to avoid conflicts of interest; and

24 “(4) require random sample testing and re-  
25 views, where such testing and reviews are performed

1 by an appraiser who is licensed or certified in the  
2 State where the testing and reviews take place.

3 “(b) ADOPTION OF REGULATIONS.—The Appraisal  
4 Subcommittee and its member agencies shall promulgate  
5 regulations to implement the quality control standards re-  
6 quired under this section.

7 “(c) ENFORCEMENT.—Compliance with regulations  
8 issued under this subsection shall be enforced by—

9 “(1) with respect to a financial institution, or  
10 subsidiary owned and controlled by a financial insti-  
11 tution and regulated by a federal financial institu-  
12 tion or regulatory agency, the federal financial insti-  
13 ~~tution regulatory agency that acts as the primary~~  
14 federal supervisor of such financial institution or  
15 subsidiary; and

16 “(2) with respect to other persons, the Ap-  
17 praisal Subcommittee.

18 “(d) AUTOMATED VALUATION MODEL DEFINED.—  
19 For purposes of this section, the term ‘automated valu-  
20 ation model’ means any computerized model used by mort-  
21 gage originators and secondary market issuers to deter-  
22 mine the collateral worth of a mortgage secured by a con-  
23 sumer’s principal dwelling.”

24 (r) BROKER PRICE OPINIONS.—Title XI of the Fi-  
25 nancial Institutions Reform, Recovery, and Enforcement

1 Act of 1989 (12 U.S.C. 3331 et seq.), as amended by this  
2 section, is further amended by adding at the end the fol-  
3 lowing new section (and amending the table of contents  
4 accordingly):

5 **“SEC. 1126. BROKER PRICE OPINIONS.**

6       “(a) GENERAL PROHIBITION.—Broker price opinions  
7 may not be used as the sole basis to determine the value  
8 of a piece of property for the purpose of a loan origination  
9 of a residential mortgage loan secured by such piece of  
10 property.

11       “(b) EXCEPTIONS.—Subsection (a) shall not apply  
12 to—

13               “(1) those transaction as may be designated by  
14 the federal financial institutions regulatory agencies  
15 or the Federal Housing Finance Agency; or

16               “(2) real estate brokers who produce broker  
17 price opinions or competitive market analyses solely  
18 for the purposes of the real estate listing process.

19       “(c) BROKER PRICE OPINION DEFINED.—For pur-  
20 poses of this section, the term ‘broker price opinion’ means  
21 an estimate, done in lieu of a written appraisal, prepared  
22 by a real estate broker, agent, or sales person that details  
23 the probable selling price of a particular piece of real es-  
24 tate property and provides a varying level of detail about  
25 the property’s condition, market, and neighborhood, and

1 information on comparable sales, but does not include an  
2 automated valuation model, as defined in section  
3 1125(e).”.

4 (s) AMENDMENTS TO APPRAISAL SUBCOMMITTEE.—  
5 Section 1011 of the Federal Financial Institutions Exam-  
6 ination Council Act of 1978 (12 U.S.C. 3310) is amend-  
7 ed—

8 (1) in the first sentence, by adding before the  
9 period the following: “and the Federal Housing Fi-  
10 nance Agency”; and

11 (2) by inserting at the end the following: “At  
12 all times at least one member of the Appraisal Sub-  
13 committee shall have demonstrated knowledge and  
14 competence through licensure, certification, or pro-  
15 fessional designation within the appraisal profes-  
16 sion.”.

Page 150, beginning on line 11, strike “de minimis  
loan levels” and insert “exemptions to the use of certified  
appraisers issued by Federal financial institutions regu-  
latory agencies. The study shall also review the threshold  
level”.

Page 150, line 15, insert the following after the pe-  
riod: “The study shall additionally examine the quality of  
different types of mortgage collateral valuations produced  
by broker price opinions, automated valuation models, li-

censed appraisals, and certified appraisals, among others, and the quality of appraisals provided through different distribution channels, including appraisal management companies, independent appraisal operations within a mortgage originator, and fee-for-service appraisals. The study shall also include an analysis and statistical breakdown of enforcement actions taken during the last 10 years against different types of appraisers, including certified, licensed, supervisory, and trainee appraisers. Furthermore, the study shall examine the benefits and costs, as well as the advantages and disadvantages, of establishing a national repository to collect data related to real estate property collateral valuations performed in the United States.”.

Page 151, strike line 5 through line 24, and insert the following:

1       “(e) COPIES FURNISHED TO APPLICANTS.—

2               “(1) IN GENERAL.—Each creditor shall furnish  
3       to an applicant a copy of any and all written ap-  
4       praisals and valuations developed in connection with  
5       the applicant’s application for a loan that is secured  
6       or would have been secured by a first lien on a  
7       dwelling promptly upon completion, but in no case  
8       later than 3 days prior to the closing of the loan,  
9       whether the creditor grants or denies the applicant’s

1 request for credit or the application is incomplete or  
2 withdrawn.

3 “(2) WAIVER.—The applicant may waive the 3  
4 day requirement provided for in paragraph (1), ex-  
5 cept where otherwise required in law.

6 “(3) REIMBURSEMENT.—The applicant may be  
7 required to pay a reasonable fee to reimburse the  
8 creditor for the cost of the appraisal, except where  
9 otherwise required in law.

10 “(4) FREE COPY.—Notwithstanding paragraph  
11 (3), the creditor shall provide a copy of each written  
12 appraisal or valuation at no additional cost to the  
13 applicant.

14 “(5) NOTIFICATION TO APPLICANTS.—At the  
15 time of application, the creditor shall notify an ap-  
16 plicant in writing of the right to receive a copy of  
17 each written appraisal and valuation under this sub-  
18 section.

19 “(6) REGULATIONS.—The Board shall prescribe  
20 regulations to implement this subsection within 1  
21 year of the date of the enactment of this subsection.

22 “(7) VALUATION DEFINED.—For purposes of  
23 this subsection, the term ‘valuation’ shall include  
24 any estimate of the value of a dwelling developed in  
25 connection with a creditor’s decision to provide cred-

1 it, including those values developed pursuant to a  
2 policy of a government sponsored enterprise or by an  
3 automated valuation model, a broker price opinion,  
4 or other methodology or mechanism.”.

Page 151, after line 24, insert the following:

5 **SEC. 606. REAL ESTATE SETTLEMENT PROCEDURES ACT OF**  
6 **1974 AMENDMENT RELATING TO CERTAIN AP-**  
7 **PRAISAL FEES.**

8 Section 4 of the Real Estate Settlement Procedures  
9 Act of 1974 is amended by adding at the end the following  
10 new subsection:

11 “(c) The standard form described in subsection (a)  
12 shall include, in the case of an appraisal coordinated by  
13 an appraisal management company (as such term is de-  
14 fined in section 1121(11) of the Financial Institutions Re-  
15 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.  
16 3350(11))), a clear disclosure of—

17 “(1) the fee paid directly to the appraiser by  
18 such company; and

19 “(2) the administration fee charged by such  
20 company.”.

