



Michigan Bankers Association

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The Honorable Diana Farrington
Chairwoman
Michigan House Financial Services Committee
794 Anderson House Office Building
Lansing, MI 48909

Dear Chairwoman Farrington & Members of the Michigan House Financial Services Committee:

Thank you for the opportunity to share the Michigan Bankers Association's support for HB 5481(Farrington).

Over the course of the last 18 months, the MBA, the Real Estate Valuation Advocacy Association (REVAA), the Department of Licensing and Regulatory Affairs (LARA), and others have discussed the impact that the Dodd Frank Act (DFA) has on our existing Appraisal Management Company (AMC) statute. During our discussions we identified a need to amend the Occupational Code to allow for the collection and transmission of registration fees.

As you may be aware, in effort to provide unbiased appraisals involved with mortgage lending, AMC's are used to make sure that real estate appraisers are independent in both their work and their contracting. DFA enhances that by creating a national AMC database so that licensing status can be obtained in close to real time. It also required states that regulate AMC's to include several items in their regulations, such as the registration of AMC's, verification of only licensed appraisers being used for federal related transactions, etc. Of course, some items and the deadline for compliance were not determined by the federal financial regulators until much later after the enactment of DFA and Michigan's AMC statute.

When DFA was enacted, Michigan made the decision to regulate AMC's operating in the state and amended our Occupational Code accordingly. In 2017, the federal regulators released their rules for the collection and transmission of annual AMC database registry fees with the deadline of states compliance (after granting some extensions) of June 4, 2020.

Should Michigan not amend our statute to comply with the federal regulations, it is possible that AMC's would not be able to operate in Michigan due to lack of their listing in the national database. This will negatively impact the ability of financial institutions to close on retail and commercial mortgages in Michigan.

HB 5481 embraces the changes identified in our discussions with other interest groups and LARA. It will enable LARA to collect and forward the necessary fee required by DFA for the national AMC database and it will also align Michigan's definitions of "Appraisal management services," "Appraiser panel," and "Federally regulated appraisal management company" with those found in federal regulations.

We are grateful to you, Chairwoman Farrington for your leadership in guiding this bill through the legislative process; we urge the members of the committee to support the bill's passage, and; we welcome the opportunity to answer any further questions that you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Q. Worthams". The signature is written in a cursive style with a large initial "D" and "Q".

David Q. Worthams
Vice President – Policy

Cc: House Republican Policy Office
House Democratic Policy Office
House Fiscal Agency – Legislative Analysis