

Supporting Statement
Minimum Standards for State Registration of
Appraisal Management Companies
OMB Control No. 1557-0324

A. *Justification.*

1. *Circumstances that make the collection necessary:*

The OCC, Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Consumer Financial Protection Bureau (Bureau), and Federal Housing Finance Agency (FHFA) (collectively, Agencies) have rules implementing the minimum requirements in section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)¹ to be applied by States in the registration and supervision of appraisal management companies (AMCs). The Agencies also have implemented 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 (ASC) the information required by the ASC to administer the new national registry of appraisal management companies (AMC National Registry or Registry).

2. *Use of the information:*

State Recordkeeping Requirements

States seeking to register AMCs must have an AMC registration and supervision program. Twelve CFR 34.213(a) requires each participating 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 renew or review and deny an application for initial registration; (ii) periodically review and renew or deny renewal of an AMC's registration; (iii) examine the books and records of the AMC operating in the State and require the AMC to submit reports, information, and documents; (iv) verify that the appraisers on an AMC's panel hold valid State certifications or licenses, as applicable; (v) investigate and assess potential violations of applicable appraisal-related laws, regulations, or orders; (vi) discipline, suspend, terminate, or deny the registration renewals of an AMC that violates applicable appraisal-related laws, regulations, or orders; and (vii) report an AMC's violation of appraisal-related laws, regulations, or orders as well as disciplinary and enforcement actions and other relevant information about an AMC's operation to the ASC.

Twelve CFR 34.213(b) requires each participating State to impose requirements on AMCs that are not owned and controlled by an insured depository institution and not regulated by a Federal financial institutions 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) engage only State-certified or State-licensed appraisers for Federally regulated

¹ Pub. L. 111-203, sec. 1473, 124 Stat. 1376, 2190 (2010).

transactions in conformity with any Federally related 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 to competently complete the appraisal assignment for the particular market and property type; (iv) direct the appraiser to perform the assignment in accordance with Uniform Standards of Professional Appraisal Practices (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, 15 U.S.C. 1639e(a) through (i) and the regulations thereunder.

State Reporting Burden

Twelve CFR 34.216 requires that each State electing to register AMCs for purposes of permitting AMCs to provide appraisal management services relating to covered transactions in the State must submit to the ASC the information required to be submitted under subpart H to part 34 and any additional information required by the ASC concerning AMCs that operate in the State.

AMC Recordkeeping Requirements

Twelve CFR 34.212(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 from the appraiser panel with an explanation of its action; or (ii) receives written notice from the appraiser asking to be removed from the appraiser panel or notice of the death or incapacity of the appraiser.

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. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.*

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rule.

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 OCC issued a notice for 60 days of comment regarding this collection on July 29, 2021, 86 FR 40898. The OCC received no comments.

9. *Payment to respondents.*

There is no payment to respondents.

10. *Any assurance of confidentiality:*

The information will be kept confidential to the extent permitted by law.

11. *Justification for questions of a sensitive nature:*

Not applicable. No personally identifiable information is collected.

12. *Estimate of Hour Burden Including Annualized Hourly Costs:*

State Recordkeeping Requirements:

1 respondent; 1 response per year; 40 hours per response; 40 total burden hours.

State Reporting Burden:

1,158 respondents; 2 responses per year; 1 hour per response; 2,316 total burden hours.

AMC Recordkeeping Burden:

1,239 respondents; 1 response per year; 0.08 hours per response; 99 total burden hours.

Total Estimated Annual Burden: 2,455 hours.

Cost of Hour Burden: 2,455 hours x \$ 114.17 per hour = \$280,287.35

To estimate wages, the OCC reviewed May 2020 data for wages (by industry and occupation)

from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114.17 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (2 percent as of Q1 2021), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2020 for NAICS 522: credit intermediation and related activities).

13. *Estimate of Start-up Costs to Respondents:*

None.

14. *Estimate of annualized costs to the government:*

None.

15. *Changes in burden:*

Prior Burden: 421 hours.

Current Burden: 2,455

Difference: + 2,034 hours.

The difference in burden is due to the availability of more accurate burden estimates.

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.