

3113



SERVICELINK
A BLACK KNIGHT COMPANY

September 8, 2015

Pennsylvania Board of Certified Real Estate Appraisers
P. O. Box 69523
Harrisburg, PA 17106-9523
Sent via Email to: jawolfgang@pa.gov

2015 SEP 11 AM 10:15

RECEIVED
IRRC

RE: Appraisal Management Company Proposed Rules

Dear Ms. Wolfgang;

ServiceLink Valuation Solutions, LLC ("ServiceLink"), is writing to provide comments on the Pennsylvania Appraisal Management Company Proposed Permanent Rules. ServiceLink is an Appraisal Management Company ("AMC"), PA license number AMCo00065, which has been an active market participant in the mortgage settlement services industry for decades. ServiceLink is also a member of the Real Estate Valuation Advocacy Association ("REVAA"), an industry trade group.

ServiceLink is dedicated to preserving a high level of public trust in the appraisal process and supports appraiser independence standards. ServiceLink is not opposed to the registration of AMCs and believes that responsible legislation and correlating regulations can benefit both consumers and market participants in the mortgage lending industry. ServiceLink appreciates the opportunity to offer comments, and offers the following comments for your consideration:

- **Excerpt from the proposed rules:**
 - § 36.434. *Broker price opinions and evaluations.*
 - a) An appraisal management company may not solicit or order, nor offer to solicit order, a BPO for use in a non-Federally related transaction.
 - b) An appraisal management company may not solicit or order, nor offer to solicit or order, a BPO for use in a Federally-related transaction.

Comments: This provision clearly prohibits AMCs from ordering BPOs in Pennsylvania. BPOs are an important valuation tool that help lenders determine the probable selling price or estimate of value of a property when an appraisal isn't required. They are frequently utilized in the following types of circumstances:

- Default
 - Collections
 - Loan modifications
 - Short sale due diligence by the servicer authorizing the short sale
 - Foreclosure bidding
 - REO properties

- Capital Markets
 - Whole loan trade due diligence by sellers and potential buyers
 - Securitizations
 - Warehouse lending for transactions under \$250,000
- Other
 - Home Equity lines of credit
 - Refinancing

It is unclear why an appraisal should be required in instances such as those listed above, and how requiring an appraisal would be in the best interests of the public.

Recommendation: ServiceLink respectfully requests that the Board reconsider the current prohibition on BPOS in situations in which an appraisal is not required.

- **Excerpt from the proposed rules:**

- **§ 36.434. Broker price opinions and evaluations.**

- . . . (c) An appraisal management company may not solicit or order, nor offer to solicit or order, an evaluation.

Comments: This provision as written would prohibit an AMC from ordering any evaluation products or services, which would include appraisals completed by an appraiser. The Uniform Standards of Professional Appraisal Practice ("USPAP") AO-13 reads, "an evaluation, when performed by an individual acting as an appraiser, is an appraisal." Thus, evaluations may be completed by appraisers, but would be prohibited in Pennsylvania under this proposed rule.

In addition, this provision would prevent evaluations completed by brokers and salespersons. The Interagency Appraisal and Evaluation Guidelines ("IAG") allow evaluations to be performed by real estate salespersons and brokers. Evaluations serve important functions when an appraisal is not needed or required, similar to BPOs, as outlined above. It is unclear what public interest would be served by eliminating the use of evaluations in Pennsylvania.

Recommendation: ServiceLink respectfully requests the Board reconsider the prohibition on evaluations in situations in which an appraisal is not required.

- **Excerpt from the proposed rules:**

- **§ 36.436. Requirements for solicitation or order of appraisals.**

- a) An appraisal management company shall include in an order or order solicitation for appraisal services from a certified residential appraiser or certified general appraiser who is not an employee of the appraisal management company:

- . . . 2) The terms for time of payment for appraisal services.

Comments: Most AMCs have agreements with appraisers regarding the payment schedule via inclusion in a contractual agreement or a published payment schedule. In these cases, it would be redundant to restate the payment schedule in each order or order solicitation and unnecessarily cumbersome. Revising the provision so that it requires the AMC to provide the payment schedule to the appraiser, without mandating that it is provided in a certain way, would achieve the same objective without creating redundancy or cumbersome processes.

Recommendation: Revise subsection (a) (2) to read as follows

a) An appraisal management company shall include in an order or order solicitation for appraisal services from a certified residential appraiser or certified general appraiser who is not an employee of the appraisal management company:

. . . 2) The terms for time of payment for appraisal services unless the schedule has been incorporated in an agreement or otherwise published by the AMC.

Thank you for considering these comments regarding the Pennsylvania AMC Proposed Permanent Rules. I appreciate your time and consideration. Please do not hesitate to contact me with any questions at (412) 776-2212 or Laura.Raposo@svclnk.com.

Respectfully submitted,

Laura Raposo
Vice President, Valuations Compliance
ServiceLink Valuation Solutions, LLC
Registration # PA- AMCo00065

Cc: Mark Schiffman, REVAA, Mark.Schiffman@Revaa.org