

Legislative update
And
Appraiser Group Actions

On March 16, 2018, the Federal Trade Commission accepted for public comment a consent agreement modifying a 2014 order entered in *In re CoreLogic*, Docket No. C-4458. The consent agreement settled the FTC's allegations that CoreLogic violated the 2014 order by imposing additional requirements to fulfill the purpose of the order.---The ASA and the National Association of Independent Fee Appraisers along with others presented their comments surrounding the case.

AI drafted an initial response to the ASC in relation to the North Dakota temporary waiver request. This was considered and passed around by the Network of State Appraiser Organizations for their input and approval. SCPAC agreed to sign it along with the other members. As a note, while AI does not participate in the Network, it considers our group to be highly regarded and represents a large number of appraisers by their Coalitions. They continue to inform us of their work and when feasible, to ask us for participation.

In July, SCPAC was part of the LLR Appraiser Task Force to discuss necessary and/or proposed changes to the Appraisers/AMC statute and regulations. After two meetings, the changes were submitted to the Board and are awaiting acceptance, rulings on some changes, and then the forwarding to the Senate for acceptance of those changes.

Fannie Mae and Freddie Mac (the GSEs) have launched an initiative to update the Uniform Appraisal Dataset (UAD) and uniform appraisal reporting forms. The UAD and Forms Redesign initiative will leverage extensive stakeholder input to update the appraisal dataset, align it with the industry-standard MISMO® Reference Model Version 3.X, and overhaul the uniform appraisal forms to establish a more flexible, dynamic structure for appraisal reporting. This work is designed to provide greater clarity to lenders, borrowers, and investors; simplify appraisal reporting and reviewing; and build a foundation for appraisal modernization.

Zillow “Zestimate” Class Action Lawsuit Dismissed with Prejudice by Federal Judge

(From Craig Capilla, Franklin Law Group)

On May 7, 2018, United States District Court Judge Amy J. St. Eve dismissed a class action lawsuit against Zillow, Inc. for a second time. In the suit, a group of Chicago-area homeowners alleged that Zillow was engaged in illegal practices because the estimates – “Zestimates” – Zillow posts with for-sale listings essentially act like an appraisal of exact market value. Under Illinois law, only licensed appraisers can issue an appraisal, an activity that requires state licensure and compliance with professional standards. Last August, Judge St. Eve dismissed the Plaintiffs' initial complaint, holding that Zillow labels the estimates clearly as estimates and includes on its site information that details the ways in which its estimates can be inaccurate.

From the NAA----A Huge Win For Appraisers - Especially in California!

The National Association of Appraisers succeeded with a request to the California Court of Appeal, Third Appellate District that the Court publish a recent appellate opinion favorable to real property appraisers. The appellate decision is entitled [Tindell v. Murphy](#), and it is important to appraisers because it recognizes the significance of an appraiser's identification of intended users in determining whether an appraiser should be held liable to a borrower. In the case, the plaintiff borrowers had purchased a home during the peak of the real estate bubble but later had regrets about that purchase when the real estate market soured. They blamed the appraiser and other parties for various mistakes that purportedly led them to make the purchase. However, the appraiser's appraisal was for the lender's evaluation of the mortgage loan only and identified only the lender as the intended user. Accordingly, the trial court properly dismissed the lawsuit against the appraiser, and the Court of Appeal upheld that ruling.

The Court of Appeal's decision was not originally slated for publication, meaning that it would not serve as precedent in other cases filed against appraisers. However, with the legal help of attorney Peter Christensen of LIA Administrators & Insurance Services, the NAA filed a formal request for publication with the Court, along with the Northern California Chapter of the Appraisal Institute, who also filed a request.

The Court of Appeal granted the NAA's request. Accordingly, the case will now serve appraisers as useful precedent in California in defending future cases by borrowers (or other "non-intended users") and also help appraisers in other states that do not have published opinions on the issue. It is one of only a handful of appellate cases in the U.S. that specifically addresses the concept of intended user.

Fannie Mae-----Has decided that the 1004MC will no longer be required for their forms. Freddie has not made the determination. This will play into the project of creating new forms that is on the table. This does not mean you will not include the form on your reports as that will be determined by the Lenders. Appraisers will still be responsible for the determination of Market changes and how they are determined. This will need to be retained in your work file.

From the Network, Peter Gallo on the meeting at the NAR Appraisal Summit-----
-----NAR Appraisal Summit June 2018 was attended by the network-- There was a general discussion period after the two panels. Some notes: there are currently 30.6 million appraisals in the UAD database. The current quality and condition ratings are not enough. A question was asked about data and how often it needs to be refreshed, to which the House Canary representative answered that public records include a continued stream of updated sales information. After our Appraisal Summit was complete the committee and other NAR representatives met with Fannie Mae for a discussion. Fannie Mae reiterated that there are two distinct "scorecards" that they are working on for 2018 which are UAD & Forms Redesign and Appraisal Process Modernization. They mentioned that they are "piloting" a lot of things including the bifurcated appraisals aka the hybrid appraisal. They also recently sent out thousands of "training letters" to appraisers who had shortcomings or issues with reports FNMA processed. They also again said that they are looking past "forms" and are looking at the future of appraising as more of a process. Several times it was mentioned that they are considering the appraiser of the future to be more of an "analyst".

It is noted that both the NAA and the Network feel very strong about appraisers joining the NAR. They have been respectful and accommodating to our needs. They are a very large resource to Appraisers and our associations. It should be recommended the SCPAC Board that Appraisers join the NAR .

As part of our growing concern pile of things that are being done in other states.....

I am wondering how SCPAC feels about the “valuation” process that some states are adopting, that allows appraisers to benefit from not having to follow USPAP but still perform services for Clients? Knowing that Virginia has adopted the allowance for this to take place has created additional avenues for revenue without the burden of having to follow USPAP. Do we oppose this and allow nonprofessionals to perform these tasks (which appear to be gaining momentum)? Or do we support it and help move the idea forward?

Currently in SC we are not allowed to do this. Are we missing an opportunity to earn income, especially during slow or down markets.

Upcoming Events

The Network has its upcoming meeting in Washington in October 18-20. We will be covering this meeting and the ARRO Conference and reporting upon my return.

There is a TAF Valuation and roundtable in DC on September 18th. This will be the 4th meeting and the reconsideration of value form will be discussed. It will be attended by Peter Gallo, current spokesperson for the Network.

The National Association of Appraisers (NAA) is holding its Next Summit in Las Vegas on September 19-21. Everyone should be getting updates on their activities as we are a member of the Board of Governors and have been added to their email distribution list.

There is also a meeting in San Antonio called Appraiser Fest. Hosted by Phil Crawford. I would recommend anyone who can go, do so as it appears to be a tremendous exchange of appraiser focus issues and ideas.