**Sponsor Testimony of Representatives Jonathan Dever**

**Regarding Substitute House Bill 213**

**Before the Senate Government Oversight and Reform Committee**

**Tuesday, September 12, 2017**

Chairman Coley, Vice Chair Uecker, Ranking Member Schiavoni and members of the Senate Government Oversight and Reform Committee, thank you for the opportunity to offer sponsor testimony on behalf of House Bill 213, which will establish licensing requirements for Appraisal Management Companies and bring Ohio in compliance with federal law and regulations.

By way of background, Appraisal Management Companies, also known as AMCs, are third-party service providers hired by lenders or other financial institutions to work with appraisers to complete residential assignments. These functions used to be managed in-house by lending institutions, but AMCs provide independence in the process and help lenders with regulatory compliance, maintaining quality assurance, and provide additional consumer protection.

House Bill 213 was drafted based upon the minimum federal AMC rules, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Under this federal law and subsequent regulations, states have 36 months to adopt regulations with regard to AMCs.

So what happens if Ohio does not pass House Bill 213? If Ohio does not move on this legislation, lenders will not be able to use AMCs to facilitate Federally Related Transactions in our state, as we will be in violation of federal laws and regulations.

Stakeholders played a vital role in the drafting process and a consensus found in the language of House Bill 213. The stakeholders included:

* Ohio Department of Commerce, Division of Real Estate & Professional Licensing
* Real Estate Valuation Advocacy Association (REVAA) – a trade association for AMCs
* Ohio Mortgage Bankers Association
* Ohio Bankers League
* Ohio Coalition of Appraisal Professionals
* Ohio Association of REALTORS

Today, 42 states have passed similar AMC legislation. Of the remaining eight states, all have introduced legislation or plan to introduce legislation by the fall of this year.

In conclusion, I would like to reiterate the important role that AMCs play in Ohio’s lending industry bv:

* Safeguarding appraiser independence and protection against fraud
* Providing quality assurance, which is essential to consumers, lenders, and the secondary market
* Protecting public safety through background checks conducted on appraisers
* Acting as a compliance partner for state and federal AMC regulations

Thank you, again, for allowing me the opportunity to offer sponsor testimony on Substitute House Bill 213. I would be happy to answer any questions at this time.