

House passes bill to establish oversight for Idaho appraisers

By: [Benton Alexander Smith](#) March 14, 2016 0



File photo.

A bill that places the State Appraisal Board over appraisal transactions in Idaho passed the House of Representatives March 14.

The bill, which has already been approved by the Idaho Senate, passed the House on a vote of 44 to 22. It now goes before the governor for his signature.

The bill was created by the Real Estate Valuation Advocacy Association, a nonprofit trade association of appraisal companies, to satisfy state regulatory requirements implemented under Dodd-Frank laws. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act strengthened regulation in several sectors of the financial services industry in the wake of the Great Recession. Among other things, it required that each state create an appraisal oversight plan by 2018 or else every bank planning to give federally backed mortgage loans would have to have a independent appraisal department without communication with lenders.

“If you go back before the crisis you typically went to a bank to meet with an appraiser, the value was established and then you moved on,” said Bill Scoggin, with the Real Estate Valuation Advocacy Association. “There was a fear after 2008 that there was collusion between appraisers and lenders.”



Bill Scoggin

There are more than 700 appraisers in Idaho. The bill approved by the House March 14 places the oversight of appraisers belonging to appraisal management companies under the purview of the State Board of Real Estate Appraisers. The qualifications and standards of appraisers are unchanged, said Scott Calhoun, certified general appraiser at HS Calhoun Appraisal and Consulting.



Trent Wright

Trent Wright, president of the Idaho Bankers Association, said the move would assist banks by enabling them to avoid creating an independent appraisal department.

“From a community banker’s association perspective this is a vital,” Wright said. “Having to create an inside service that can extend to several communities is a significant expenditure compared to being able to use outside parties.”

The goal of having a board monitor the appraisal process is to ensure that customers are protected, Scoggin said. Banks still have the option of building an independent department if desired.

The bill will take effect July 2017 if signed into law.

“It is unusual for me to come before a legislature to ask for regulation — usually it is the opposite,” Scoggin said. But “if there is no regulation in place by 2018, lenders will be limited in

federal transactions without making their own department. It has the potential to be really disruptive.”