



TEXAS

APPRAISER LICENSING &amp; CERTIFICATION BOARD

DOUGLAS E. OLDMIXON, COMMISSIONER

**Standards and Enforcement Services Division**

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**VIA CMRRR:**

October 26, 2015

&lt;AMC NAME&gt;

Attn: &lt; PRIMARY CONTACT &gt;

&lt;STREET&gt;

&lt;CITY&gt;, Texas &lt;ZIP&gt;

**Re: Appraisal Management Company Desk Audit**

Dear &lt;PRIMARY CONTACT&gt;,

Pursuant to Section 1104.156 of the Texas Appraisal Management Company Registration and Regulation Act (Act), a desk audit of your business records will be conducted by the Texas Appraiser Licensing and Certification Board (Board) to ensure compliance with the Act, the Board Rules, and the Uniform Standards of Professional Appraisal Practice (USPAP).

Enclosed is an overview of the desk audit and a checklist of documents to be provided to the Board. Please provide all of the documents listed in the checklist no later than <DATE>. As part of the desk audit, the Board will review the documents to ensure compliance with the Act, the Board Rules, and USPAP.

As you are probably aware, Section 1104.156 of the Act requires each residential service company to “retain for at least five years all business records relating to each service request that the company receives and the appraiser who performs the appraisal for the company . . . A written record of all substantive communications between an appraisal management company registered under this chapter and an appraiser relating to inclusion on an appraisal panel or to an appraisal assignment must be maintained as provided under Subsection (a).”

We look forward to receiving the requested documents on or before the date indicated above. Failure to provide the documents on or before that date is a violation of Board Rules, which may result in disciplinary action.

Thank you for your attention to this matter. If we can be of further assistance, please do not hesitate to contact our office.

Very respectfully,

Standards and Enforcement Services Division  
Texas Appraiser Licensing and Certification Board

## APPRAISAL MANAGEMENT COMPANY DESK AUDIT OVERVIEW

Pursuant to section 1104.156 of the Texas Appraisal Management Company Registration and Regulation Act (Act) and Board Rule 159.156, the Texas Appraiser Licensing and Certification Board (Board) may audit the business records of each registered Appraisal Management Company (AMC) to ensure compliance with the Act, the Board Rules, and the Uniform Standards of Professional Appraisal Practice (USPAP).

Board staff performs desk audits to ensure registered AMCs are in compliance with the requirements of the Act, the Board Rules, and the Uniform Standards of Professional Appraisal Practice (USPAP).

Areas of the desk audit include the following:

<NAME AREA OF DESK AUDIT>

<NAME AREA OF DESK AUDIT>

<NAME AREA OF DESK AUDIT>

Board staff will send a written request for documents relating to the above items. Board staff will itemize the requested documents in a checklist, which will accompany the written request. The AMC must provide the requested items within twenty (20) days of the request. After receiving the requested documents, Board staff will audit the documents at the Board's Austin office.

At the end of the desk audit Board staff will prepare a report detailing the desk audit findings. If necessary, Board staff's will detail what is necessary for the AMC to come into compliance.

TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD  
APPRAISAL MANAGEMENT COMPANY DESK AUDIT CHECKLIST

AMC Name:  
AMC Registration No.:  
Date:

Please provide the requested items no later than <DATE>. PLEASE ORGANIZE AND TAB OR LABEL THE ATTACHMENTS TO CORRESPOND WITH EACH OF THE NUMBERED ITEMS BELOW. *Please provide in electronic format unless doing so proves unduly burdensome, in which case a hard copy may be submitted.*

[AUDIT AREA #1]

- 1. SPECIFIC REQUEST
- 2. SPECIFIC REQUEST
- 3. SPECIFIC REQUEST

[AUDIT AREA #2]

- 1. SPECIFIC REQUEST
- 2. SPECIFIC REQUEST
- 3. SPECIFIC REQUEST

[AUDIT AREA #3]

- 1. SPECIFIC REQUEST
- 2. SPECIFIC REQUEST
- 3. SPECIFIC REQUEST

## TEXAS ADMINISTRATIVE CODE

## TITLE 22

## PART 8 Texas Appraiser Licensing and Certification Board

## CHAPTER 159 Rules Relating to the Provisions of the Texas Appraisal Management Company Registration and Regulation Act

## RULE §159.155 Periodic Review of Appraisals

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(a) A license holder must review the work of appraisers performing appraisal services on 1-4 family unit properties collateralizing mortgage obligations by performing an appraisal review in accordance with Standard 3 of USPAP of:

(1) one of the first five appraisals performed for the license holder by each appraiser, prior to making a sixth assignment; and

(2) a total of five percent, randomly selected, of the appraisals performed for the AMC for each twelve-month period following the date of the AMC's registration.

(b) Appraisal reviews performed pursuant to subsection (a)(1) of this section will be counted toward the calculation of five percent for the purposes of subsection (a)(2) of this section.

(c) An appraisal review pursuant to subsection (a)(1) of this section is not required if the first five appraisals by an appraiser were completed before the AMC was required by the AMC Act, to be registered with the Board.

(d) In addition to satisfying the requirements of USPAP, and §§§1104.153 and 1104.154 of the AMC Act, the review appraiser must have access to appropriate data sources for the appraisal being reviewed so the review appraiser can conduct the research and analyses necessary for credible assignment results required by the USPAP Scope of Work Rule.

(e) A certified residential appraiser may perform a review of a residential real estate appraisal completed by a certified general appraiser if the review appraiser is otherwise permitted by the Texas Appraiser Licensing and Certification Act to perform the assignment.

~~(f) An appraiser conducting a review under §1104.155 of the AMC Act and this rule must ensure compliance with the USPAP and with §1104.154 of the AMC Act.~~

(g) In order to satisfy the requirements of §1104.155 of the AMC Act, this rule and USPAP, a license holder performing an appraisal review must adhere to the following minimum scope of work:

(1) research and consult the appropriate data sources for the appraisal being reviewed to, at a minimum, validate the significant characteristics of the comparables and the essential elements

of the transactions including:

(A) ~~the multiple listing service(s), published and market cost data sources, comparable rental data, income and expense data and~~ other recognized ~~methods, techniques and~~ data sources (as applicable) for the geographic area in which the appraisal under review was performed, ~~if the appraisal under review included a sales comparison approach and in accordance with recognized methods and techniques necessary to produce a credible appraisal; and~~

~~—(B) published cost data sources and other recognized methods, techniques and data sources for the geographic area in which the appraisal under review was performed, if the appraisal under review included a cost approach;~~

~~—(C) the comparable rental data, income and expense data, and other recognized methods, techniques and data sources for the geographic area in which the appraisal under review was performed, if the appraisal under review included an income approach; and~~

~~(B)~~ (B) the sales ~~or~~ and listing history of the property which is the subject of the appraisal under appraisal review, if that property was sold within the three years prior to the effective date of the appraisal under review or was listed for sale as of the effective date of the appraisal under review;

(2) Comply with the requirements in Standard 3 of USPAP, including providing a signed certification.

~~—(2) state the reviewer's opinions and conclusions about the work under review for each of the approaches to value utilized in the appraisal under review, including the reason for any disagreements;~~

~~—(3) identify if the appraisal under review omitted an approach to value, a particular piece of information, or an analysis of either that was necessary for credible assignment results, identify what was omitted and explain why it was necessary for credible assignment results;~~

~~—(4) identify the client, any intended users and the effective date of the appraisal review;~~

~~—(5) state that the appraisal review's intended use and purpose is to satisfy the requirements of §1104.155 of the AMC Act and this rule, including ensuring that the appraisal under review complies with the USPAP edition in effect at the time of the appraisal;~~

~~—(6) state that the scope of work for the appraisal review is commensurate with the requirements of §1104.155 of the AMC Act, this rule and USPAP edition in effect at the time of the appraisal review and that the scope of work ensures the development of credible assignment results and that no assignment conditions impose limitations which make the results of the review not credible;~~

~~—(7) identify the appraisal under review, including:~~

~~—(A) any ownership interest of the appraiser or reviewer in the property that is the subject of the appraisal under review;~~

~~—(B) the report date and effective date of the appraisal under review;~~

~~—(C) the effective date of the opinions or conclusions in the appraisal under review;~~

~~—(D) the physical, legal, and economic characteristics of the property, properties, property type(s), or market area in the appraisal under review; and~~

~~—(E) the name of all appraisers who signed or provided significant professional assistance in the appraisal under review;~~

~~—(8) state clearly and conspicuously, all extraordinary assumptions and hypothetical conditions and state that their use might have affected the review; and~~

~~—(9) contain a certification which complies with USPAP Standards Rule 3-6.~~

(h) While not required by §1104.155 of the AMC Act or this rule, if the reviewer elects to develop an opinion of value, review opinion, or real property appraisal consulting conclusion, the review must comply with the additional provisions of [Standard 3 of USPAP](#) governing the development of an opinion of value, review opinion, or real property appraisal consulting conclusion.