

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	8 - 1 - 0
<b>Yeas:</b>	Krieger, Matthews, Riley, Smith J., Tomei, Whisnant, Wingard, Holvey
<b>Nays:</b>	Gilliam
<b>Exc.:</b>	0
<b>Prepared By:</b>	Patrick Brennan, Administrator
<b>Meeting Dates:</b>	2/3, 2/11

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**WHAT THE MEASURE DOES:** Requires appraisal management companies to register with the Appraiser Certification and Licensure Board. Specifies that an affiliate of a financial institution or insurance company may not provide appraisal management services without registering as an appraisal management company. Establishes standards for appraisal management companies. Prohibits appraisal management companies from attempting to influence appraisals, altering completed appraisal reports, or placing certain requirements on independent contractor appraisers. Directs the Board to establish a dispute resolution process and authorizes the Board to impose civil penalties on appraisal management companies. Declares an emergency and takes effect upon passage.

**ISSUES DISCUSSED:**

- Origins of appraisal management companies
- Fees charged by appraisal management companies and payments they make to appraisers
- Current lack of regulation of appraisal management companies
- Alternative amendments

**EFFECT OF COMMITTEE AMENDMENT:** Deletes instances of term “independent contractor.” Specifies that an affiliate of a financial institution or insurance company may not provide appraisal management services without registering as an appraisal management company. Deletes requirement that statement of audit results include the use of the terms “passed or failed.” Deletes specific period of time in which an appraiser must be paid. Adds statement of purpose. Deletes reference to appraisal management companies as it refers to reciprocity of registration. Deletes language granting the Board the authority to establish requirements for qualifications and training of appraisal management company employees. Revises language relating to audits of appraisal management companies. Replaces language prohibiting the alteration of appraisal reports. Allows for modification of appraisal reports to consider the valuation of other comparable properties.

**BACKGROUND:** Appraisal management companies (AMCs) are business entities that administer a network of certified and licensed appraisers to fulfill real estate appraisal assignments on behalf of mortgage lending institutions, as well as other entities. The AMC recruits, qualifies, verifies licensing of appraisers, and negotiates fees and service level expectations with a network of third-party appraisers. AMCs also provide administrative duties such as order entry and assignment, tracking and status updates, pre-delivery quality control, and preliminary and hard copy report delivery.