

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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**Action:** Do Pass with Amendments to the A-Eng. Measure (Printed B-Eng.)

**Vote:** 4 - 0 - 1

**Yeas:** Atkinson, Ferrioli, Metsger, Devlin

**Nays:** -

**Exc.:** Burdick

**Prepared By:** Erin Seiler, Administrator

**Meeting Dates:** 2/18, 2/20, 2/22

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**WHAT THE MEASURE DOES:** Requires appraisal management companies to register with the Department of Consumer and Business Services (DCBS). Specifies that affiliate of financial institution or insurance company may not provide appraisal management services without registering as appraisal management company. Establishes standards for appraisal management companies. Requires appraisal management companies to file surety bond with DCBS. Prohibits appraisal management companies from attempting to influence appraisals, altering completed appraisal reports, or placing certain requirements on independent contractor appraisers. Directs DCBS to establish dispute resolution process and authorizes DCBS to impose civil penalties on appraisal management companies. Prescribes operative date of January 1, 2011. Declares emergency; effective upon passage.

**ISSUES DISCUSSED:**

- Origins of appraisal management companies
- Fees charged by appraisal management companies and payments they make to appraisers
- Current regulation of appraisal management companies
- Educational requirements for appraiser licensure
- Regulation of appraisal management companies in other states
- Home Valuation Code of Conduct

**EFFECT OF COMMITTEE AMENDMENT:** Requires appraisal management companies to register with DCBS. Requires appraisal management companies to file surety bond with DCBS. Prescribes operative date of January 1, 2011.

**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. AMCs recruit, qualify, and verify licensing of appraisers, as well as negotiate 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.