

**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>	6 - 2 - 0
<b>Yeas:</b>	Cameron, Conger, Matthews, Sheehan, Holvey, Whisnant
<b>Nays:</b>	Clem, Smith J.
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	3/22, 4/12

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**WHAT THE MEASURE DOES:** Transfers regulatory duties relating to appraisal management companies (AMCs) from the Department of Consumer and Business Services to the Appraiser Certification and Licensure Board. Requires the AMC to certify it has a system to require that appraisals are conducted independently and without coercion or influence. Modifies dispute resolution process. Establishes what an AMC is prohibited from requiring of the appraiser. Deletes mandatory audit of each AMC every two years and allows the board to adopt rules establishing audit procedures. Allows the board to collect an annual AMC registry fee and to impose a civil penalty not to exceed \$15,000 per violation. Requires the board to adopt rules that require an AMC to provide documentation showing the AMC provides training to AMC employees. Directs AMC employee to notify the board if an appraiser's conduct is likely to affect the value assigned to real estate being appraised. Adds to the board an eighth member to represent AMCs. Declares an emergency, effective on passage and operative on January 1, 2012.

**ISSUES DISCUSSED:**

- Elimination of mandatory audits
- Dispute resolution process
- Registration exemption

**EFFECT OF COMMITTEE AMENDMENT:** Exempts from AMC registration requirements any AMC that is a subsidiary of and owned and controlled by a financial institution regulated by a federal financial institution regulatory agency. Requires the AMC to certify to the board that the AMC requires its appraisers to confirm that the appraiser is competent to perform the appraisal before accepting the assignment. Allows an AMC to request that an appraiser consider the prices of other comparable properties. Allows the board to deny registration or renewal of registration to an AMC. Allow the board to collect an annual AMC registry fee. Allows the board to impose a civil penalty not to exceed \$15,000 per violation. Requires the board to adopt rules that require an AMC to provide documentation showing the AMC provides training to AMC employees. Deletes requirement that the board adopt rules to establish training requirements and qualifications for AMC employees. Modifies the indemnity provision. Transfers to the board from the department unexpended balances for the biennium ending June 30, 2013, as opposed to June 30, 2011. Changes the operative date from September 1, 2011, to January 1, 2012.

**BACKGROUND:** House Bill 3624 (2010) required AMCs to register with the Department of Consumer and Business Services. During the rulemaking process, the department facilitated three roundtable discussions with a large group of stakeholders and legislators to discuss various concerns with the legislation.

Also during 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, which addressed some appraisal-related issues. One key provision is the requirement that AMCs register with a state appraiser regulatory agency. The Dodd-Frank Act gives states three years to comply with this requirement. House Bill 2499-A, while modifying many provisions relating to AMCs, does transfer AMC regulatory authority from the department to the Appraiser Certification and Licensure Board, in compliance with the Dodd-Frank Act.

4/19/2011 5:37:00 PM

*This summary has not been adopted or officially endorsed by action of the committee.*