

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 398

PRINTER'S NO. 2633

AMOUNT

No Fiscal Impact

FUND

General Fund – Professional & Occupational
Affairs Restricted Revenue Account

DATE INTRODUCED

February 2, 2011

PRIME SPONSOR

Representative Stevenson

HISTORY OF BILL

Referred to PROFESSIONAL LICENSURE, Feb. 2, 2011

Reported as amended, April 6, 2011

First consideration, April 6, 2011

Laid on the table, April 6, 2011

Removed from table, April 26, 2011

Second consideration, April 27, 2011

Re-committed to APPROPRIATIONS, April 27, 2011

Re-reported as committed, May 2, 2011

Third consideration and final passage, May 2, 2011 (189-5)

(Remarks see House Journal Page 805-806), May 2, 2011

In the Senate

Referred to CONSUMER PROTECTION AND PROFESSIONAL LICENSURE, May 6, 2011

Reported as amended, Oct. 25, 2011

First consideration, Oct. 25, 2011

Re-referred to APPROPRIATIONS, Nov. 16, 2011

Re-reported as committed, Dec. 12, 2011

DESCRIPTION AND PURPOSE OF BILL

House Bill 398 establishes the Appraisal Management Company Registration Act. The bill requires appraisal management companies (AMCs) to register with the State Board of Certified Real Estate Appraisers and become subject to the Board's oversight and regulation.

The registration and biennial renewal fee is established at \$1,000 or a rate set by rule or regulation of the Board. Registration also requires that the AMC post a \$20,000 surety bond. Other registration requirements include the provision of contact information for the AMC; documentation of authorization to conduct business in the Commonwealth; provision of contact information for any person who owns 10% or more of the applicant; contact information for the AMC's compliance person; certification that the applicant verifies the qualifications of the appraisers, has a system for appraisal reviews, and maintains records of appraisal reviews; discloses any disciplinary record or criminal conviction in the past 10 years; and any other information required by Board rules.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The Board must register an applicant as an AMC if in receipt of a properly completed application, payment of the required fee, posting of the required bond or letter of credit, and a determination by the Board that the activities of the applicant will be conducted by persons of good moral character. An applicant has a right to hearing if his application is denied.

The duties and responsibilities of an AMC are to conduct appraisal reviews through a certified appraiser; maintain records as to compliance with this act; have a compliance person; provide updates to Board records; disclose fees paid for an appraisal; provide notice of any possible discipline in another jurisdiction; and provide to the appraiser a copy of the contract for the sale of the property.

Registered AMCs and exempted companies are prohibited from hiring non-appraisers to conduct appraisals; requiring an appraiser to provide his digital signature or seal; altering any appraisal; removing an appraisal from an appraisal panel without notice; entering into a contract or agreement with an appraiser or the performance of appraisals unless the appraiser is certified and in good standing; requesting an appraiser provide a desired valuation in an appraisal or estimated values based on comparable sales; providing a target amount or desired price to an appraiser; improperly influencing an appraiser; and prohibiting an appraiser from recording the fee the appraiser was paid for the performance of an appraisal in the appraisal report.

An AMC is permitted to correct objective factual errors in an appraisal and provide additional detail to support the appraiser's conclusion.

The Board must keep a record of all applicants including whether the registration was granted or denied. The Board must keep a roster of all registered AMCs. The Board is authorized to impose disciplinary actions.

The Board has the authority to issue temporary regulations to implement the Act with such authority expiring three years after the effective date.

The bill is effective the earlier of the 60 days after the issuance of the temporary regulations or 180 days.

FISCAL IMPACT:

According to the Department of State, the number of appraisal management companies which will be subject to the provisions of this legislation is unknown. Therefore, no actual estimate of the cost can be calculated. However, the Department has stated that the \$1,000 biennial registration fee will be sufficient to cover the costs of administering the law. Further, the law allows the Board to set and adjust fees to cover all incurred costs.