

Regular Session, 2012

HOUSE BILL NO. 1014

BY REPRESENTATIVE HOFFMANN

REAL ESTATE/APPRAISERS: Provides relative to appraisal management companies

1 AN ACT

2 To amend and reenact R.S. 37:3415.13 and 3415.21 and to enact R.S. 37:3415.2(11), (12),
3 (13), and (14), 3415.3(C), and 3415.15, relative to appraisal management companies;
4 to define certain terms; to require an appraiser's license to perform appraisal reviews;
5 to provide that administrative reviews of an appraisal do not require an appraiser's
6 license; to provide for the competency of appraisers; to provide for customary and
7 reasonable fees for appraisers; to provide for increased fees for complex appraisals;
8 to provide for disclosure of fees paid to appraisers by appraisal management
9 companies; to provide for the disclosure of administration fees charged by appraisal
10 management companies; to repeal the requirement that administrative rules receive
11 affirmative approval from the Louisiana Legislature; to repeal an outdated
12 grandfathering clause; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 37:3415.13 and 3415.21 are hereby amended and reenacted and R.S.
15 37:3415.2(11), (12), (13), and (14), 3415.3(C), and 3415.15 are hereby enacted to read as
16 follows:

17 §3415.2. Definitions

18 As used in this Chapter, the following words have the meaning ascribed to
19 them in this Section unless the context clearly indicates otherwise:

20 * * *

1 §3415.21. Rulemaking authority; ~~effective date~~

2 A. The board ~~shall have the power to~~ may adopt any rules and regulations
3 in accordance with the Administrative Procedure Act necessary for the enforcement
4 of this Chapter.

5 ~~B. Notwithstanding any law to the contrary, these rules shall require the~~
6 ~~affirmative approval by the House of Representatives Committee on Commerce and~~
7 ~~the Senate Committee on Commerce, Consumer Protection and International Affairs.~~

8 ~~C. Any appraisal management company doing business in this state at the~~
9 ~~time of passage of this Act, may continue to perform such services without a license~~
10 ~~until the earlier of either such time that the rules and regulations pertaining to this~~
11 ~~Chapter have been approved in accordance with Subsections A and B of this Section~~
12 ~~or January 1, 2011.~~

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Hoffmann

HB No. 1014

Abstract: Provides for appraisal reviews by licensed appraisers; establishes guidelines for fees to be paid to appraisers; and requires an appraisal management company to confirm the competency level of an appraiser prior to assignment.

Proposed law defines "administrative review", "compliance review", "quality check", or "QC" as a process that checks an appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice or other stipulated requirements.

Proposed law defines "appraisal review" or "technical review" as the act or process of developing and communicating an opinion about the quality of an appraiser's work.

Proposed law defines "fee appraiser" as a person who is not an employee of the mortgage loan originator or appraisal management company engaging the appraiser and is one of the following:

- (1) A state-licensed or certified appraiser who receives a fee for performing an appraisal and certifies that the appraisal has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice.
- (2) A company not subject to the requirements of §1124 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 that utilizes the services of state-licensed or certified appraisers and receives a fee for performing appraisals in accordance with the Uniform Standards of Professional Appraisal Practice.

Proposed law defines "uniform settlement statement" as the standard form described in 12 U.S.C. 2603(a).

Proposed law requires a person who performs an appraisal review for an appraisal management company to be licensed or certified, with at least the same certification for the property type as the appraiser who completed the report being reviewed.

Proposed law provides that an administrative review may be performed by any individual, including a certified appraiser.

Proposed law requires an appraisal management company, before making an assignment to an appraiser, to verify that the appraiser receiving the assignment satisfies each provision of the competency rule of the Uniform Standards of Professional Appraisal Practice for the appraisal being assigned.

Proposed law requires lenders and their agents to compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised.

Proposed law provides that evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Proposed law further provides that fee studies shall exclude assignments ordered by known appraisal management companies.

Proposed law provides that, in the case of an appraisal involving a complex assignment, the fee may reflect the increased time, difficulty, and scope of the work required for such an appraisal and may include an amount over and above the customary and reasonable fee for noncomplex assignments.

Proposed law requires, in the case of an appraisal coordinated by an appraisal management company, the uniform settlement statement to include a clear disclosure of both of the following:

- (1) The fee paid directly to the appraiser by such company.
- (2) The administration fee charged by such company.

Present law authorizes the board to adopt any rules and regulations necessary for the enforcement of present law.

Proposed law retains present law but makes technical changes.

Present law requires the rules to obtain the affirmative approval of the House Committee on Commerce and the Senate Committee on Commerce, Consumer Protection, and International Affairs.

Proposed law repeals present law.

Present law provides that any appraisal management company doing business in this state at the time of passage of present law, may continue to perform such services without a license until the earlier of either such time that the rules and regulations pertaining to present law have been approved in accordance with present law or Jan. 1, 2011.

Proposed law repeals present law.

(Amends R.S. 37:3415.13 and 3415.21; Adds R.S. 37:3415.2(11), (12), (13), and (14), 3415.3(C), and 3415.15)