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## DIGEST

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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)