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BILL



ANALYSIS

Telephone: (517) 373-5383  
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House Bill 4975 (Substitute S-1 as reported)  
House Bill 5271 (Substitute H-2 as reported without amendment)  
Sponsor: Representative Margaret O'Brien  
House Committee: Banking and Financial Services  
Senate Committee: Banking and Financial Institutions

### **CONTENT**

House Bill 4975 (S-1) would add Article 26A to the Occupational Code to do the following:

- Prohibit a person from engaging in business as an appraisal management company, or performing appraisal management services, without registering with the Department of Licensing and Regulatory Affairs (LARA).
- Prohibit an appraisal management company from entering into a contract with an independent contractor who was not a licensed real estate appraiser.
- Require a company to ensure that its employees who selected independent appraisers were appropriately trained.
- Require a company to ensure that employees and contractors were licensed appraisers if they performed Standard 3 appraisal reviews meeting the requirements of the uniform standards of professional appraisal practice.
- Require a company to certify to LARA that it had certain verification systems in place.
- Establish criteria for a person who owned more than 10% of an applicant.
- Require an applicant to designate a licensed attorney or a controlling person to act as the primary contact for all communication between LARA and the company.
- Allow LARA to require an applicant to provide a surety bond if the person's registration had been previously denied, suspended, or revoked as a result of disciplinary action for violating Article 26A or the rules promulgated under it.
- Prohibit a company from changing a completed appraisal report submitted by an independent appraiser.
- Prohibit an employee, officer, director, or agent of a registered company from influencing or attempting to influence the development, reporting, or review of an appraiser.
- Establish procedures for a company to remove an appraiser from its appraiser panel, and allow the appraiser to file a complaint with LARA.

Article 26A would not apply to a person who engages individuals on an employer and employee basis and is responsible for ensuring that their services comply with the uniform standards; a person who enters into an agreement with an independent contractor appraiser and cosigns his or her report; or an appraisal management company that is a subsidiary owned and controlled by a Federal financial institution regulatory agency.

The bill also would amend a section of the Code that lists administrative sanctions that may be imposed on a person who violates the Code or a rule promulgated under it. These include placement of a limitation on a license or certificate of registration for an occupation regulated under Articles 8 to 25. The bill would delete the reference to an occupation regulated under those articles.

House Bill 5271 (H-2) would amend the State License Fee Act to establish a \$500 application processing fee and a \$250 annual registration fee for a person registered or seeking registration as a State registered appraisal management company:

The bills are tie-barred and would take effect on April 1, 2013.

MCL 339.602 et al. (H.B. 4975)  
Proposed MCL 338.2238 (H.B. 5271)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bills would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs. The \$500 application fee and the \$250 annual registration fee would generate an unknown amount of revenue for LARA. The bills also would generate extra work for LARA in regulating appraisal management companies. It is unknown whether the new revenue generated by the application and registration fees would be sufficient to cover the additional regulatory costs to LARA.

Date Completed: 6-8-12

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.