

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4975**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending section 602 (MCL 339.602), as amended by 2007 PA 157,
and by adding article 26A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 602. A person, school, or institution that violates this
2 act or a rule or order promulgated or issued under this act shall
3 be assessed 1 or more of the following penalties:

4 (a) Placement of a limitation on a license or certificate of
5 registration. ~~for an occupation regulated under articles 8 to 25.~~

6 (b) Suspension of a license or certificate of registration.

7 (c) Denial of a license, certificate of registration, or
8 renewal of a license or certificate of registration.

9 (d) Revocation of a license or certificate of registration.

(e) In the case of a person licensed or registered under this act and except as otherwise provided ~~for by~~ **IN** this act, an administrative fine to be paid to the department ~~, not to exceed~~ **OF NOT MORE THAN \$10,000.00.**

(f) Censure.

(g) Probation.

(h) A requirement that restitution be made, based ~~upon~~ **ON** proofs submitted to and findings made by the hearing examiner after a contested case.

ARTICLE 26A

SEC. 2661. AS USED IN THIS ACT:

(A) "APPRAISAL" MEANS THAT TERM AS DEFINED IN SECTION 2601.

(B) "APPRAISAL MANAGEMENT COMPANY" MEANS A PERSON THAT PROVIDES APPRAISAL MANAGEMENT SERVICES.

(C) "APPRAISAL MANAGEMENT SERVICES" MEANS TO PERFORM ANY OF THE FOLLOWING FUNCTIONS FOR A CLIENT OR CLIENTS:

(i) ADMINISTERING A NETWORK OF INDEPENDENT CONTRACT APPRAISERS TO PERFORM REAL ESTATE APPRAISAL SERVICES.

(ii) RECEIVING REQUESTS FOR REAL ESTATE APPRAISAL SERVICES AND, FOR A FEE PAID BY THE CLIENT, ENTERING INTO AGREEMENTS WITH 1 OR MORE INDEPENDENT APPRAISERS TO PERFORM THE REAL ESTATE APPRAISAL SERVICES DESCRIBED IN THE REQUEST.

(iii) ACTING AS A THIRD-PARTY BROKER OR INTERMEDIARY BETWEEN PERSONS REQUESTING REAL ESTATE APPRAISAL SERVICES AND INDEPENDENT APPRAISERS WHO AGREE TO PROVIDE THOSE SERVICES.

(D) "APPRAISER" MEANS THAT TERM AS DEFINED IN SECTION 2601.

(E) "APPRAISER PANEL" MEANS A GROUP OF INDEPENDENT APPRAISERS

1 WHO ARE SELECTED BY AN APPRAISAL MANAGEMENT COMPANY TO PERFORM REAL
2 ESTATE APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY.

3 (F) "CERTIFIED APPRAISER" MEANS A CERTIFIED GENERAL REAL
4 ESTATE APPRAISER, AS DEFINED IN SECTION 2601, OR A CERTIFIED
5 RESIDENTIAL REAL ESTATE APPRAISER, AS DEFINED IN SECTION 2601.

6 (G) "CLIENT" MEANS A PERSON THAT CONTRACTS WITH, OR OTHERWISE
7 ENTERS INTO AN AGREEMENT WITH, AN APPRAISAL MANAGEMENT COMPANY FOR
8 THE PERFORMANCE OF REAL ESTATE APPRAISAL SERVICES.

9 (H) "CONTROLLING PERSON" MEANS ANY OF THE FOLLOWING:

10 (i) AN OWNER, OFFICER, OR DIRECTOR OF A CORPORATION,
11 PARTNERSHIP, OR OTHER BUSINESS ENTITY THAT OFFERS OR APPLIES TO
12 OFFER APPRAISAL MANAGEMENT SERVICES IN THIS STATE.

13 (ii) AN INDIVIDUAL WHO IS EMPLOYED, APPOINTED, OR AUTHORIZED BY
14 AN APPRAISAL MANAGEMENT COMPANY AND HAS THE AUTHORITY TO ENTER INTO
15 CONTRACTUAL RELATIONSHIPS WITH CLIENTS FOR THE PERFORMANCE OF
16 APPRAISAL MANAGEMENT SERVICES AND THE AUTHORITY TO ENTER INTO
17 AGREEMENTS WITH INDEPENDENT APPRAISERS FOR THE PERFORMANCE OF REAL
18 ESTATE APPRAISAL SERVICES.

19 (iii) AN INDIVIDUAL WHO POSSESSES, DIRECTLY OR INDIRECTLY, THE
20 POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OR
21 POLICIES OF AN APPRAISAL MANAGEMENT COMPANY.

22 (I) "REAL ESTATE APPRAISAL SERVICES" MEANS THE PRACTICE OF
23 DEVELOPING AN OPINION OF THE VALUE OF REAL PROPERTY IN A MANNER
24 THAT CONFORMS WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
25 PRACTICE.

26 (J) "UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE"
27 MEANS THAT TERM AS DEFINED IN SECTION 2601.

1 SEC. 2663. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), A PERSON
2 SHALL NOT DO ANY OF THE FOLLOWING IN THIS STATE WITHOUT REGISTERING
3 WITH, AND OBTAINING A CERTIFICATE OF REGISTRATION FROM, THE
4 DEPARTMENT UNDER THIS ARTICLE:

5 (A) DIRECTLY OR INDIRECTLY ENGAGE OR ATTEMPT TO ENGAGE IN
6 BUSINESS AS AN APPRAISAL MANAGEMENT COMPANY.

7 (B) DIRECTLY OR INDIRECTLY PERFORM OR ATTEMPT TO PERFORM
8 APPRAISAL MANAGEMENT SERVICES.

9 (C) ADVERTISE OR HOLD ITSELF OUT AS ENGAGING IN OR CONDUCTING
10 BUSINESS AS AN APPRAISAL MANAGEMENT COMPANY.

11 (D) IN THE CONDUCT OR NAME OF ITS BUSINESS, USE THE TERM
12 "APPRAISAL MANAGEMENT COMPANY", "MORTGAGE TECHNOLOGY COMPANY", OR
13 ANY SIMILAR TERM THAT TENDS TO INDICATE THE PERSON IS REGISTERED
14 UNDER THIS ACT.

15 (2) THIS ARTICLE DOES NOT APPLY TO ANY OF THE FOLLOWING:

16 (A) A PERSON THAT EXCLUSIVELY ENGAGES INDIVIDUALS ON AN
17 EMPLOYER AND EMPLOYEE BASIS TO PERFORM REAL ESTATE APPRAISAL
18 SERVICES IN THE NORMAL COURSE OF ITS BUSINESS AND THAT IS
19 RESPONSIBLE FOR ENSURING THAT THE REAL ESTATE APPRAISAL SERVICES
20 PERFORMED BY ITS EMPLOYEES COMPLY WITH THE UNIFORM STANDARDS OF
21 PROFESSIONAL APPRAISAL PRACTICE.

22 (B) A PERSON THAT IN THE NORMAL COURSE OF BUSINESS ENTERS INTO
23 AN AGREEMENT, WHETHER WRITTEN OR OTHERWISE, WITH AN INDEPENDENT
24 CONTRACTOR APPRAISER FOR THAT APPRAISER TO PERFORM REAL ESTATE
25 APPRAISAL SERVICES AND, WHEN THE APPRAISAL IS COMPLETE, COSIGNS THE
26 REPORT WITH THAT INDEPENDENT CONTRACTOR APPRAISER.

27 (C) AN APPRAISAL MANAGEMENT COMPANY THAT IS A SUBSIDIARY OWNED

1 AND CONTROLLED BY A FINANCIAL INSTITUTION REGULATED BY A FEDERAL
2 FINANCIAL INSTITUTION REGULATORY AGENCY. AS USED IN THIS
3 SUBDIVISION:

4 (i) "FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCY" MEANS 1
5 OF THE FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCIES, AS THAT
6 TERM IS DEFINED IN 12 USC 3350.

7 (ii) "FINANCIAL INSTITUTION" MEANS THAT TERM AS DEFINED IN 12
8 USC 3350.

9 SEC. 2665. (1) A PERSON REGISTERING AS AN APPRAISAL MANAGEMENT
10 COMPANY IN THIS STATE SHALL SUBMIT TO THE DEPARTMENT A REGISTRATION
11 APPLICATION, IN THE FORM PRESCRIBED BY THE DEPARTMENT, THAT
12 INCLUDES ALL OF THE FOLLOWING INFORMATION:

13 (A) THE APPLICANT'S NAME.

14 (B) THE STREET ADDRESS OF THE APPLICANT'S PRINCIPAL PLACE OF
15 BUSINESS. THE DEPARTMENT SHALL NOT ACCEPT AN APPLICATION THAT
16 INCLUDES ONLY A POST OFFICE BOX AS AN ADDRESS.

17 (C) TELEPHONE CONTACT INFORMATION CONCERNING THE APPLICANT.

18 (D) IF THE APPLICANT IS NOT A CORPORATION THAT IS DOMICILED IN
19 THIS STATE, THE NAME AND CONTACT INFORMATION FOR THE APPLICANT'S
20 AGENT FOR SERVICE OF PROCESS IN THIS STATE.

21 (E) THE NAME, ADDRESS, AND CONTACT INFORMATION FOR ANY
22 INDIVIDUAL OR ANY CORPORATION, PARTNERSHIP, OR OTHER BUSINESS
23 ENTITY THAT OWNS 10% OR MORE OF THE APPRAISAL MANAGEMENT APPLICANT.

24 (F) THE NAME, ADDRESS, AND CONTACT INFORMATION FOR ANY
25 CONTROLLING PERSON OF THE APPLICANT.

26 (G) A CERTIFICATION THAT THE APPLICANT HAS THE SYSTEM AND
27 PROCESS DESCRIBED IN SECTION 2673(1) IN PLACE.

1 (H) A CERTIFICATION THAT THE APPLICANT HAS THE SYSTEM
2 DESCRIBED IN SECTION 2673(2) IN PLACE.

3 (I) A CERTIFICATION THAT THE APPLICANT MAINTAINS THE DETAILED
4 RECORD OF EACH SERVICE REQUEST DESCRIBED IN SECTION 2673(3).

5 (J) A COMPLETED IRREVOCABLE CONSENT TO SERVICE OF PROCESS, IN
6 THE FORM PRESCRIBED BY THE DEPARTMENT, EXECUTED ON BEHALF OF THE
7 APPLICANT.

8 (K) ANY OTHER INFORMATION THAT IS REASONABLY REQUIRED BY THE
9 DEPARTMENT TO PROCESS THE APPLICATION.

10 (2) AN APPLICANT FOR REGISTRATION UNDER SUBSECTION (1) SHALL
11 INCLUDE WITH THE APPLICATION THE REGISTRATION FEE DESCRIBED IN
12 SECTION 38A OF THE STATE LICENSE FEE ACT, 1979 PA 152, MCL
13 338.2238A.

14 SEC. 2667. (1) THE DEPARTMENT SHALL NOT GRANT REGISTRATION TO
15 A PERSON APPLYING FOR REGISTRATION AS AN APPRAISAL MANAGEMENT
16 COMPANY UNDER THIS ARTICLE UNLESS ALL OF THE FOLLOWING ARE MET:

17 (A) ANY INDIVIDUAL WHO OWNS MORE THAN 10% OF THE APPLICANT
18 MEETS ALL OF THE FOLLOWING:

19 (i) HAS NOT HAD A LICENSE OR CERTIFICATE TO ACT AS AN APPRAISER
20 REFUSED, DENIED, CANCELED, OR REVOKED IN THIS STATE OR IN ANY OTHER
21 STATE, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY GRANTED
22 OR REINSTATED.

23 (ii) HAS NOT BEEN CONVICTED OF, OR ENTERED A PLEA OF GUILTY OR
24 NOLO CONTENDERE TO, A FELONY RELATING TO THE PRACTICE OF APPRAISAL
25 OR ANY CRIME INVOLVING FRAUD, MISREPRESENTATION, OR MORAL
26 TURPITUDE.

27 (iii) SUBMITS TO A BACKGROUND INVESTIGATION, AS DETERMINED BY

1 THE DEPARTMENT.

2 (iv) CERTIFIES TO THE DEPARTMENT THAT HE OR SHE HAS NEVER HAD A
3 LICENSE TO ACT AS AN APPRAISER REFUSED, DENIED, CANCELED, OR
4 REVOKED IN THIS STATE OR IN ANY OTHER STATE, UNLESS THAT LICENSE OR
5 CERTIFICATE WAS SUBSEQUENTLY GRANTED OR REINSTATED.

6 (B) THE APPLICANT DESIGNATES AN INDIVIDUAL TO ACT AS THE
7 PRIMARY CONTACT FOR ALL COMMUNICATION BETWEEN THE DEPARTMENT AND
8 THE APPRAISAL MANAGEMENT COMPANY. THE INDIVIDUAL DESIGNATED UNDER
9 THIS SUBDIVISION MUST BE AN ATTORNEY LICENSED TO PRACTICE LAW IN
10 ANY STATE OR TERRITORY OF THE UNITED STATES WHO IS DESIGNATED BY
11 THE APPRAISAL MANAGEMENT COMPANY OR AN INDIVIDUAL WHO MEETS ALL OF
12 THE FOLLOWING:

13 (i) HE OR SHE IS A CONTROLLING PERSON OF THE APPLICANT.

14 (ii) HE OR SHE CERTIFIES TO THE DEPARTMENT THAT HE OR SHE HAS
15 NEVER HAD A CERTIFICATE OR A LICENSE ISSUED BY THIS STATE OR ANY
16 OTHER STATE TO ACT AS AN APPRAISER REFUSED, DENIED, CANCELED, OR
17 REVOKED, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY
18 GRANTED OR REINSTATED.

19 (iii) HE OR SHE HAS NOT BEEN CONVICTED OF, OR ENTERED A PLEA OF
20 GUILTY OR NOLO CONTENDERE TO, A FELONY RELATING TO THE PRACTICE OF
21 APPRAISAL OR ANY CRIME INVOLVING FRAUD, MISREPRESENTATION, OR MORAL
22 TURPITUDE.

23 (iv) HE OR SHE SUBMITS TO A BACKGROUND INVESTIGATION, AS
24 DETERMINED BY THE DEPARTMENT.

25 (v) HE OR SHE HAS A VALID LICENSE AS A CERTIFIED APPRAISER.

26 (C) IF APPLICABLE, THE APPLICANT MEETS SUBSECTION (2).

27 (2) IF AN APPLICATION FOR REGISTRATION UNDER THIS ARTICLE IS

1 MADE BY A PERSON WHOSE REGISTRATION WAS PREVIOUSLY DENIED,
2 SUSPENDED, OR REVOKED AS A RESULT OF DISCIPLINARY ACTION FOR
3 VIOLATION OF THIS ARTICLE OR OF THE RULES PROMULGATED UNDER THIS
4 ARTICLE, THE DEPARTMENT MAY REQUIRE, AS A CONDITION TO REGISTERING
5 THE APPLICANT OR THE REMOVAL OF THE SUSPENSION, THAT THE APPLICANT
6 PROVIDE A SURETY BOND TO THE DEPARTMENT THAT MEETS ALL OF THE
7 FOLLOWING:

8 (A) IS ISSUED BY A BONDING COMPANY OR INSURANCE COMPANY
9 AUTHORIZED TO DO BUSINESS IN THIS STATE.

10 (B) EXPIRES AFTER THE DATE THE REGISTRATION EXPIRES.

11 (C) IS IN A PRINCIPAL AMOUNT OF NOT MORE THAN \$5,000.00. THE
12 DEPARTMENT SHALL DETERMINE THE PRINCIPAL AMOUNT OF THE BOND, BASED
13 ON THE SIZE OF THE APPLICANT'S OPERATION IN THIS STATE.

14 (D) IS IN A FORM SATISFACTORY TO THE DEPARTMENT, IS PAYABLE TO
15 THE DEPARTMENT FOR THE BENEFIT OF MICHIGAN RESIDENTS, AND SECURES
16 THE PERFORMANCE OF THE OBLIGATIONS OF THE APPLICANT IN CONNECTION
17 WITH THE CONDUCT OF ITS BUSINESS.

18 (3) IF THE DEPARTMENT ORDERS THE FILING OF A BOND UNDER
19 SUBSECTION (2), A PERSON INJURED BY AN UNLAWFUL ACT OR OMISSION OF
20 THE APPLICANT MAY BRING AN ACTION IN A PROPER COURT ON THE BOND FOR
21 THE AMOUNT OF THE DAMAGE SUFFERED AS A RESULT TO THE EXTENT COVERED
22 BY THE BOND.

23 SEC. 2669. (1) THE DEPARTMENT SHALL NOT GRANT REGISTRATION
24 UNDER THIS ARTICLE TO A PERSON APPLYING FOR REGISTRATION AS AN
25 APPRAISAL MANAGEMENT COMPANY IF THE PERSON DOES NOT MEET THE
26 REQUIREMENTS OF SECTIONS 2665 AND 2667.

27 (2) IF THE DEPARTMENT GRANTS A REGISTRATION AS AN APPRAISAL

1 MANAGEMENT COMPANY UNDER THIS ARTICLE, THE DEPARTMENT SHALL PROVIDE
2 THE REGISTRANT A CERTIFICATE OF REGISTRATION.

3 (3) THE TERM OF A REGISTRATION UNDER THIS ARTICLE IS 3 YEARS.
4 THE DEPARTMENT MAY GRANT A SHORTER TERM FOR AN INITIAL REGISTRATION
5 UNDER THIS ARTICLE SO THAT ALL REGISTRATIONS UNDER THIS ARTICLE
6 EXPIRE ON THE SAME DATE. THE DEPARTMENT SHALL INCLUDE THE
7 EXPIRATION DATE OF AN APPRAISAL MANAGEMENT COMPANY'S REGISTRATION
8 ON ITS CERTIFICATE OF REGISTRATION.

9 SEC. 2671. (1) AN APPRAISAL MANAGEMENT COMPANY SHALL ENSURE
10 THAT ANY EMPLOYEE OF THE APPRAISAL MANAGEMENT COMPANY, OR ANY OTHER
11 INDIVIDUAL WORKING ON BEHALF OF THE APPRAISAL MANAGEMENT COMPANY,
12 WHO IS RESPONSIBLE FOR SELECTING INDEPENDENT APPRAISERS FOR THE
13 PERFORMANCE OF REAL ESTATE APPRAISAL SERVICES FOR THE APPRAISAL
14 MANAGEMENT COMPANY OR REVIEW COMPLETED APPRAISALS FOR THE APPRAISAL
15 MANAGEMENT COMPANY IS APPROPRIATELY TRAINED.

16 (2) AN APPRAISAL MANAGEMENT COMPANY SHALL ENSURE THAT ANY
17 EMPLOYEE OR INDEPENDENT CONTRACTOR OF THE COMPANY WHO IS
18 RESPONSIBLE FOR COMPLETING STANDARD 3 APPRAISAL REVIEWS, OR WHO
19 PERFORMS A STANDARD 3 APPRAISAL REVIEW, ON ITS BEHALF HAS A VALID
20 LICENSE AS A CERTIFIED APPRAISER. AS USED IN THIS SUBSECTION:

21 (A) "QUALITY CONTROL EXAMINATION" MEANS AN EXAMINATION OF AN
22 APPRAISAL REVIEW REPORT TO DETERMINE THE REPORT'S COMPLETENESS,
23 INCLUDING, BUT NOT LIMITED TO, EXAMINING THE REPORT FOR
24 GRAMMATICAL, TYPOGRAPHICAL, OR OTHER SIMILAR ERRORS.

25 (B) "STANDARD 3 APPRAISAL REVIEW" MEANS AN APPRAISAL REVIEW
26 THAT MEETS THE REQUIREMENTS OF STANDARD 3 OF THE UNIFORM STANDARDS
27 OF PROFESSIONAL APPRAISAL PRACTICE FOR APPRAISAL REVIEWS. THE TERM

1 DOES NOT INCLUDE A QUALITY CONTROL EXAMINATION.

2 (3) AN APPRAISAL MANAGEMENT COMPANY SHALL NOT DO ANY OF THE
3 FOLLOWING:

4 (A) KNOWINGLY EMPLOY ANY INDIVIDUAL TO PERFORM APPRAISAL
5 SERVICES WHO HAS HAD A LICENSE OR CERTIFICATE TO ACT AS AN
6 APPRAISER IN THIS STATE OR IN ANY OTHER STATE REFUSED, DENIED,
7 CANCELED, SURRENDERED IN LIEU OF REVOCATION, OR REVOKED, UNLESS
8 THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY GRANTED OR REINSTATED.

9 (B) KNOWINGLY ENTER INTO ANY INDEPENDENT CONTRACTOR
10 ARRANGEMENT, WHETHER IN VERBAL, WRITTEN, OR OTHER FORM, WITH ANY
11 INDIVIDUAL TO PERFORM APPRAISAL SERVICES WHO HAS HAD A LICENSE OR
12 CERTIFICATE TO ACT AS AN APPRAISER IN THIS STATE OR IN ANY OTHER
13 STATE REFUSED, DENIED, CANCELED, SURRENDERED IN LIEU OF REVOCATION,
14 OR REVOKED, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY
15 GRANTED OR REINSTATED.

16 (C) ENTER INTO A CONTRACT OR AGREEMENT WITH AN INDEPENDENT
17 APPRAISER FOR THE PERFORMANCE OF REAL ESTATE APPRAISAL SERVICES
18 UNLESS THAT INDIVIDUAL IS LICENSED UNDER ARTICLE 26.

19 (D) FAIL, NEGLECT, OR REFUSE TO PAY AN INDEPENDENT APPRAISER
20 FOR AN APPRAISAL OR VALUATION ASSIGNMENT WITHIN 60 DAYS AFTER THE
21 DATE ON WHICH THE INDEPENDENT APPRAISER TRANSMITS OR OTHERWISE
22 PROVIDES THE COMPLETED APPRAISAL OR VALUATION TO THE APPRAISAL
23 MANAGEMENT COMPANY OR ITS ASSIGNEE, UNLESS THE APPRAISER BREACHED
24 HIS OR HER AGREEMENT WITH THE COMPANY CONCERNING THAT ASSIGNMENT OR
25 HIS OR HER PERFORMANCE OF THE APPRAISAL OR VALUATION SERVICES WAS
26 SUBSTANDARD.

27 (E) ALTER, MODIFY, OR OTHERWISE CHANGE A COMPLETED APPRAISAL

1 REPORT SUBMITTED BY AN INDEPENDENT APPRAISER.

2 (F) PROCURE A LICENSE FOR ITSELF OR ANYONE ELSE BY FRAUD,
3 MISREPRESENTATION, OR DECEIT.

4 (G) REQUIRE AN APPRAISER TO INDEMNIFY THE APPRAISAL MANAGEMENT
5 COMPANY OR HOLD THE APPRAISAL MANAGEMENT COMPANY HARMLESS FOR
6 LIABILITY, DAMAGE, LOSSES, OR CLAIMS ARISING OUT OF THE SERVICES
7 PROVIDED BY THE APPRAISAL MANAGEMENT COMPANY, IF THE APPRAISER DID
8 NOT PERFORM THOSE SERVICES.

9 SEC. 2673. (1) AN APPRAISAL MANAGEMENT COMPANY REGISTERED
10 UNDER THIS ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL
11 BASIS, ON A FORM PRESCRIBED BY THE DEPARTMENT, THAT IT HAS A SYSTEM
12 AND PROCESS IN PLACE TO VERIFY THAT AN INDIVIDUAL THE COMPANY IS
13 ADDING TO ITS APPRAISER PANEL IS LICENSED UNDER ARTICLE 26.

14 (2) AN APPRAISAL MANAGEMENT COMPANY REGISTERED UNDER THIS
15 ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS, ON A
16 FORM PRESCRIBED BY THE DEPARTMENT, THAT IT HAS A SYSTEM IN PLACE TO
17 PERIODICALLY REVIEW THE WORK OF APPRAISERS WHO PERFORM REAL ESTATE
18 APPRAISAL SERVICES FOR IT TO VERIFY THAT THE REAL ESTATE APPRAISAL
19 SERVICES ARE BEING CONDUCTED IN ACCORDANCE WITH THE UNIFORM
20 STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

21 (3) AN APPRAISAL MANAGEMENT COMPANY REGISTERED UNDER THIS
22 ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS, ON A
23 FORM PRESCRIBED BY THE DEPARTMENT, THAT IT MAINTAINS A DETAILED
24 RECORD OF EACH SERVICE REQUEST THAT IT RECEIVES AND THE IDENTITY OF
25 THE INDEPENDENT APPRAISER THAT PERFORMS THE REAL ESTATE APPRAISAL
26 SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY. AN APPRAISAL
27 MANAGEMENT COMPANY SHALL RETAIN THE RECORDS DESCRIBED IN THIS

1 SUBSECTION FOR AT LEAST 5 YEARS.

2 (4) AN APPRAISAL MANAGEMENT COMPANY REGISTERED UNDER THIS
3 ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON A BIENNIAL BASIS, ON A
4 FORM PRESCRIBED BY THE DEPARTMENT, THAT IT HAS A SYSTEM IN PLACE TO
5 VERIFY THAT EACH INDIVIDUAL ON ITS APPRAISER PANEL HAS NOT HAD HIS
6 OR HER LICENSE AS AN APPRAISER REFUSED, DENIED, CANCELED, REVOKED,
7 OR SURRENDERED IN LIEU OF A PENDING REVOCATION IN THE 24 MONTHS
8 PRECEDING THE DATE OF THE COMPANY'S CERTIFICATION UNDER THIS
9 SUBSECTION.

10 SEC. 2675. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), AN
11 EMPLOYEE, DIRECTOR, OFFICER, OR AGENT OF AN APPRAISAL MANAGEMENT
12 COMPANY REGISTERED UNDER THIS ARTICLE SHALL NOT INFLUENCE OR
13 ATTEMPT TO INFLUENCE THE DEVELOPMENT, REPORTING, OR REVIEW OF AN
14 APPRAISAL THROUGH COERCION, EXTORTION, COLLUSION, COMPENSATION,
15 INSTRUCTION, INDUCEMENT, INTIMIDATION, OR BRIBERY OR IN ANY OTHER
16 MANNER, INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOLLOWING:

17 (A) WITHHOLDING OR THREATENING TO WITHHOLD TIMELY PAYMENT FOR
18 AN APPRAISAL.

19 (B) WITHHOLDING OR THREATENING TO WITHHOLD FUTURE BUSINESS FOR
20 AN INDEPENDENT APPRAISER.

21 (C) DEMOTING OR TERMINATING OR THREATENING TO DEMOTE OR
22 TERMINATE AN INDEPENDENT APPRAISER.

23 (D) PROMISING AN INDEPENDENT APPRAISER, EITHER EXPRESSLY OR BY
24 IMPLICATION, FUTURE BUSINESS, PROMOTIONS, OR INCREASED
25 COMPENSATION.

26 (E) CONDITIONING A REQUEST FOR AN APPRAISAL SERVICE OR THE
27 PAYMENT OF AN APPRAISAL FEE OR SALARY OR BONUS ON REACHING A

1 PARTICULAR OPINION, CONCLUSION, OR VALUATION OR ON A PRELIMINARY
2 ESTIMATE OR OPINION REQUESTED FROM AN INDEPENDENT APPRAISER.

3 (F) REQUESTING THAT AN INDEPENDENT APPRAISER PROVIDE AN
4 ESTIMATED, PREDETERMINED, OR DESIRED VALUATION IN AN APPRAISAL
5 REPORT, OR PROVIDE ESTIMATED VALUES OR COMPARABLE SALES AT ANY TIME
6 BEFORE THE INDEPENDENT APPRAISER'S COMPLETION OF AN APPRAISAL
7 SERVICE.

8 (G) PROVIDING TO AN INDEPENDENT APPRAISER AN ANTICIPATED,
9 ESTIMATED, ENCOURAGED, OR DESIRED VALUE FOR A SUBJECT PROPERTY OR A
10 PROPOSED OR TARGET AMOUNT OF A LOAN TO A BORROWER. HOWEVER, THIS
11 SUBDIVISION DOES NOT PROHIBIT PROVIDING A COPY OF A SALES CONTRACT
12 FOR A PURCHASE TRANSACTION TO THE APPRAISER.

13 (H) PROVIDING AN INDEPENDENT APPRAISER, OR A PERSON RELATED TO
14 THE APPRAISER, STOCK OR OTHER FINANCIAL OR NONFINANCIAL BENEFITS.

15 (I) REMOVING AN INDEPENDENT APPRAISER FROM AN APPRAISER PANEL
16 WITHOUT PRIOR WRITTEN NOTICE TO THAT APPRAISER.

17 (J) DOING ANY OTHER ACT OR PRACTICE THAT IMPAIRS OR ATTEMPTS
18 TO IMPAIR AN APPRAISER'S INDEPENDENCE, OBJECTIVITY, OR
19 IMPARTIALITY.

20 (2) SUBSECTION (1) DOES NOT PROHIBIT, AND SHALL NOT BE
21 CONSTRUED TO PROHIBIT, AN APPRAISAL MANAGEMENT COMPANY FROM
22 REQUESTING THAT AN INDEPENDENT APPRAISER DO ANY OF THE FOLLOWING:

23 (A) PROVIDE ADDITIONAL INFORMATION ABOUT THE BASIS FOR A
24 VALUATION.

25 (B) CORRECT OBJECTIVE FACTUAL ERRORS IN AN APPRAISAL REPORT.

26 (C) CONSIDER ADDITIONAL VERIFIABLE INFORMATION THAT WAS NOT
27 PREVIOUSLY KNOWN OR CONSIDERED BY THE APPRAISER IN COMPLETING THE

1 VALUATION OR APPRAISAL.

2 SEC. 2677. (1) BEGINNING 90 DAYS AFTER AN APPRAISAL MANAGEMENT
3 COMPANY FIRST ADDS THE INDEPENDENT APPRAISER TO ITS APPRAISER
4 PANEL, THE APPRAISAL MANAGEMENT COMPANY SHALL NOT REMOVE AN
5 APPRAISER FROM ITS APPRAISER PANEL, OR OTHERWISE REFUSE TO ASSIGN
6 REQUESTS FOR REAL ESTATE APPRAISAL SERVICES TO AN INDEPENDENT
7 APPRAISER, WITHOUT DOING ALL OF THE FOLLOWING:

8 (A) WITHIN 10 BUSINESS DAYS AFTER THE REMOVAL OF THE
9 APPRAISER, NOTIFYING THE APPRAISER IN WRITING OF ALL OF THE
10 FOLLOWING, AS APPLICABLE:

11 (i) THE REASONS WHY THE APPRAISER WAS REMOVED FROM THE PANEL.

12 (ii) IF THE APPRAISER WAS REMOVED FROM THE PANEL FOR ILLEGAL
13 CONDUCT, A VIOLATION OF THE UNIFORM STANDARDS OF PROFESSIONAL
14 APPRAISAL PRACTICE, OR A VIOLATION OF STATE LICENSING STANDARDS,
15 THE NATURE OF THE ALLEGED CONDUCT OR VIOLATION.

16 (B) PROVIDING AN OPPORTUNITY FOR THE APPRAISER TO RESPOND TO
17 THE COMPANY'S NOTIFICATION OR NOTIFICATIONS UNDER SUBDIVISION (A).

18 (2) IF AN APPRAISAL MANAGEMENT COMPANY REMOVES AN INDEPENDENT
19 APPRAISER FROM ITS APPRAISER PANEL FOR ALLEGED ILLEGAL CONDUCT, AN
20 ALLEGED VIOLATION OF THE UNIFORM STANDARDS OF PROFESSIONAL
21 APPRAISAL PRACTICE, OR AN ALLEGED VIOLATION OF STATE LICENSING
22 STANDARDS, THE APPRAISER MAY FILE A COMPLAINT WITH THE DEPARTMENT
23 FOR A REVIEW OF THE DECISION OF THE APPRAISAL MANAGEMENT COMPANY.
24 IN ITS CONSIDERATION OF THE COMPLAINT, THE DEPARTMENT MAY NOT MAKE
25 ANY DETERMINATION REGARDING THE NATURE OF THE BUSINESS RELATIONSHIP
26 BETWEEN THE APPRAISER AND THE APPRAISAL MANAGEMENT COMPANY THAT IS
27 UNRELATED TO THE ALLEGED CONDUCT OR VIOLATION.

1 Enacting section 1. This amendatory act takes effect April 1,
2 2013.

3 Enacting section 2. This amendatory act does not take effect
4 unless House Bill No. 5271 of the 96th Legislature is enacted into
5 law.