

SUBSTITUTE FOR
HOUSE BILL NO. 4975

A bill to amend 1980 PA 299, entitled
"Occupational code,"
(MCL 339.101 to 339.2919) by adding article 26A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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,

1 FOR A FEE PAID BY THE CLIENT, ENTERING INTO AGREEMENTS WITH 1 OR
2 MORE INDEPENDENT APPRAISERS TO PERFORM THE REAL ESTATE APPRAISAL
3 SERVICES DESCRIBED IN THE REQUEST.

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

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

8 (E) "APPRAISER PANEL" MEANS A GROUP OF INDEPENDENT APPRAISERS
9 WHO ARE SELECTED BY AN APPRAISAL MANAGEMENT COMPANY TO PERFORM REAL
10 ESTATE APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY.

11 (F) "CERTIFIED APPRAISER" MEANS A CERTIFIED GENERAL REAL
12 ESTATE APPRAISER, AS DEFINED IN SECTION 2601, OR A CERTIFIED
13 RESIDENTIAL REAL ESTATE APPRAISER, AS DEFINED IN SECTION 2601.

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

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

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

21 (ii) AN INDIVIDUAL WHO IS EMPLOYED, APPOINTED, OR AUTHORIZED BY
22 AN APPRAISAL MANAGEMENT COMPANY AND HAS THE AUTHORITY TO ENTER INTO
23 CONTRACTUAL RELATIONSHIPS WITH CLIENTS FOR THE PERFORMANCE OF
24 APPRAISAL MANAGEMENT SERVICES AND THE AUTHORITY TO ENTER INTO
25 AGREEMENTS WITH INDEPENDENT APPRAISERS FOR THE PERFORMANCE OF REAL
26 ESTATE APPRAISAL SERVICES.

27 (iii) AN INDIVIDUAL WHO POSSESSES, DIRECTLY OR INDIRECTLY, THE

1 POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OR
2 POLICIES OF AN APPRAISAL MANAGEMENT COMPANY.

3 (I) "REAL ESTATE APPRAISAL SERVICES" MEANS THE PRACTICE OF
4 DEVELOPING AN OPINION OF THE VALUE OF REAL PROPERTY IN A MANNER
5 THAT CONFORMS WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
6 PRACTICE.

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

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

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

15 (B) DIRECTLY OR INDIRECTLY PERFORM OR ATTEMPT TO PERFORM
16 APPRAISAL MANAGEMENT SERVICES.

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

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

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

24 (A) A PERSON THAT EXCLUSIVELY ENGAGES INDIVIDUALS ON AN
25 EMPLOYER AND EMPLOYEE BASIS TO PERFORM REAL ESTATE APPRAISAL
26 SERVICES IN THE NORMAL COURSE OF ITS BUSINESS AND THAT IS
27 RESPONSIBLE FOR ENSURING THAT THE REAL ESTATE APPRAISAL SERVICES

1 PERFORMED BY ITS EMPLOYEES COMPLY WITH THE UNIFORM STANDARDS OF
2 PROFESSIONAL APPRAISAL PRACTICE.

3 (B) A PERSON THAT IN THE NORMAL COURSE OF BUSINESS ENTERS INTO
4 AN AGREEMENT, WHETHER WRITTEN OR OTHERWISE, WITH AN INDEPENDENT
5 CONTRACTOR APPRAISER FOR THAT APPRAISER TO PERFORM REAL ESTATE
6 APPRAISAL SERVICES AND, WHEN THE APPRAISAL IS COMPLETE, COSIGNS THE
7 REPORT WITH THAT INDEPENDENT CONTRACTOR APPRAISER.

8 (C) AN APPRAISAL MANAGEMENT COMPANY THAT IS A SUBSIDIARY OWNED
9 AND CONTROLLED BY A FINANCIAL INSTITUTION REGULATED BY A FEDERAL
10 FINANCIAL INSTITUTION REGULATORY AGENCY. AS USED IN THIS
11 SUBDIVISION:

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

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

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

21 (A) THE APPLICANT'S NAME.

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

25 (C) TELEPHONE CONTACT INFORMATION CONCERNING THE APPLICANT.

26 (D) IF THE APPLICANT IS NOT A CORPORATION THAT IS DOMICILED IN
27 THIS STATE, THE NAME AND CONTACT INFORMATION FOR THE APPLICANT'S

1 AGENT FOR SERVICE OF PROCESS IN THIS STATE.

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

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

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

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

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

13 (J) A COMPLETED IRREVOCABLE CONSENT TO SERVICE OF PROCESS, IN
14 THE FORM PRESCRIBED BY THE DEPARTMENT, EXECUTED ON BEHALF OF THE
15 APPLICANT.

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

18 (2) AN APPLICANT FOR REGISTRATION UNDER SUBSECTION (1) SHALL
19 INCLUDE WITH THE APPLICATION THE REGISTRATION FEE DESCRIBED IN
20 SECTION 38A OF THE STATE LICENSE FEE ACT, 1979 PA 152, MCL
21 338.2238A.

22 SEC. 2667. THE DEPARTMENT SHALL NOT GRANT REGISTRATION TO A
23 PERSON APPLYING FOR REGISTRATION AS AN APPRAISAL MANAGEMENT COMPANY
24 UNDER THIS ARTICLE UNLESS ALL OF THE FOLLOWING ARE MET:

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

27 (i) HAS NOT HAD A LICENSE OR CERTIFICATE TO ACT AS AN APPRAISER

1 REFUSED, DENIED, CANCELED, OR REVOKED IN THIS STATE OR IN ANY OTHER
2 STATE, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY GRANTED
3 OR REINSTATED.

4 (ii) HAS NOT BEEN CONVICTED OF, OR ENTERED A PLEA OF GUILTY OR
5 NOLO CONTENDERE TO, A FELONY RELATING TO THE PRACTICE OF APPRAISAL
6 OR ANY CRIME INVOLVING FRAUD, MISREPRESENTATION, OR MORAL
7 TURPITUDE.

8 (iii) SUBMITS TO A BACKGROUND INVESTIGATION, AS DETERMINED BY
9 THE DEPARTMENT.

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

14 (B) THE APPLICANT DESIGNATES AN INDIVIDUAL TO ACT AS THE
15 PRIMARY CONTACT FOR ALL COMMUNICATION BETWEEN THE DEPARTMENT AND
16 THE APPRAISAL MANAGEMENT COMPANY. THE INDIVIDUAL DESIGNATED UNDER
17 THIS SUBDIVISION MUST BE A LICENSED ATTORNEY DESIGNATED BY THE
18 APPRAISAL MANAGEMENT COMPANY OR AN INDIVIDUAL WHO MEETS ALL OF THE
19 FOLLOWING:

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

21 (ii) HE OR SHE CERTIFIES TO THE DEPARTMENT THAT HE OR SHE HAS
22 NEVER HAD A CERTIFICATE OR A LICENSE ISSUED BY THIS STATE OR ANY
23 OTHER STATE TO ACT AS AN APPRAISER REFUSED, DENIED, CANCELED, OR
24 REVOKED, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY
25 GRANTED OR REINSTATED.

26 (iii) HE OR SHE HAS NOT BEEN CONVICTED OF, OR ENTERED A PLEA OF
27 GUILTY OR NOLO CONTENDERE TO, A FELONY RELATING TO THE PRACTICE OF

1 APPRAISAL OR ANY CRIME INVOLVING FRAUD, MISREPRESENTATION, OR MORAL
2 TURPITUDE.

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

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

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

10 (2) IF THE DEPARTMENT GRANTS A REGISTRATION AS AN APPRAISAL
11 MANAGEMENT COMPANY UNDER THIS ARTICLE, THE DEPARTMENT SHALL PROVIDE
12 THE REGISTRANT A CERTIFICATE OF REGISTRATION.

13 (3) THE DEPARTMENT SHALL DETERMINE THE TERM OF A REGISTRATION
14 UNDER SECTION 202. THE DEPARTMENT SHALL INCLUDE THE EXPIRATION DATE
15 OF AN APPRAISAL MANAGEMENT COMPANY'S REGISTRATION ON ITS
16 CERTIFICATE OF REGISTRATION.

17 SEC. 2671. (1) AN APPRAISAL MANAGEMENT COMPANY SHALL ENSURE
18 THAT ANY EMPLOYEE OF THE APPRAISAL MANAGEMENT COMPANY, OR ANY OTHER
19 INDIVIDUAL WORKING ON BEHALF OF THE APPRAISAL MANAGEMENT COMPANY,
20 WHO IS RESPONSIBLE FOR SELECTING INDEPENDENT APPRAISERS FOR THE
21 PERFORMANCE OF REAL ESTATE APPRAISAL SERVICES FOR THE APPRAISAL
22 MANAGEMENT COMPANY OR REVIEW COMPLETED APPRAISALS FOR THE APPRAISAL
23 MANAGEMENT COMPANY IS APPROPRIATELY TRAINED.

24 (2) AN APPRAISAL MANAGEMENT COMPANY SHALL ENSURE THAT ANY
25 EMPLOYEE OR INDEPENDENT CONTRACTOR OF THE COMPANY WHO IS
26 RESPONSIBLE FOR COMPLETING STANDARD 3 APPRAISAL REVIEWS, OR WHO
27 PERFORMS A STANDARD 3 APPRAISAL REVIEW, ON ITS BEHALF HAS A VALID

1 LICENSE AS A CERTIFIED APPRAISER. AS USED IN THIS SUBSECTION:

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

6 (B) "STANDARD 3 APPRAISAL REVIEW" MEANS AN APPRAISAL REVIEW
7 THAT MEETS THE REQUIREMENTS OF STANDARD 3 OF THE UNIFORM STANDARDS
8 OF PROFESSIONAL APPRAISAL PRACTICE FOR APPRAISAL REVIEWS. THE TERM
9 DOES NOT INCLUDE A QUALITY CONTROL EXAMINATION.

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

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

17 (B) KNOWINGLY ENTER INTO ANY INDEPENDENT CONTRACTOR
18 ARRANGEMENT, WHETHER IN VERBAL, WRITTEN, OR OTHER FORM, WITH ANY
19 INDIVIDUAL TO PERFORM APPRAISAL SERVICES WHO HAS HAD A LICENSE OR
20 CERTIFICATE TO ACT AS AN APPRAISER IN THIS STATE OR IN ANY OTHER
21 STATE REFUSED, DENIED, CANCELED, SURRENDERED IN LIEU OF REVOCATION,
22 OR REVOKED, UNLESS THAT LICENSE OR CERTIFICATE WAS SUBSEQUENTLY
23 GRANTED OR REINSTATED.

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

27 (D) FAIL, NEGLECT, OR REFUSE TO PAY AN INDEPENDENT APPRAISER

1 FOR AN APPRAISAL OR VALUATION ASSIGNMENT WITHIN 60 DAYS AFTER THE
2 DATE ON WHICH THE INDEPENDENT APPRAISER TRANSMITS OR OTHERWISE
3 PROVIDES THE COMPLETED APPRAISAL OR VALUATION STUDY TO THE
4 APPRAISAL MANAGEMENT COMPANY OR ITS ASSIGNEE, UNLESS THE APPRAISER
5 BREACHED HIS OR HER AGREEMENT WITH THE COMPANY CONCERNING THAT
6 ASSIGNMENT OR HIS OR HER PERFORMANCE OF THE APPRAISAL OR VALUATION
7 SERVICES WAS SUBSTANDARD.

8 (E) ALTER, MODIFY, OR OTHERWISE CHANGE A COMPLETED APPRAISAL
9 REPORT SUBMITTED BY AN INDEPENDENT APPRAISER.

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

12 (G) REQUIRE AN APPRAISER TO INDEMNIFY THE APPRAISAL MANAGEMENT
13 COMPANY OR HOLD THE APPRAISAL MANAGEMENT COMPANY HARMLESS FOR
14 LIABILITY, DAMAGE, LOSSES, OR CLAIMS ARISING OUT OF THE SERVICES
15 PROVIDED BY THE APPRAISAL MANAGEMENT COMPANY, IF THE APPRAISER DID
16 NOT PERFORM THOSE SERVICES.

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

22 (2) AN APPRAISAL MANAGEMENT COMPANY REGISTERED UNDER THIS
23 ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS, ON A
24 FORM PRESCRIBED BY THE DEPARTMENT, THAT IT HAS A SYSTEM IN PLACE TO
25 PERIODICALLY REVIEW THE WORK OF APPRAISERS WHO PERFORM REAL ESTATE
26 APPRAISAL SERVICES FOR IT TO VERIFY THAT THE REAL ESTATE APPRAISAL
27 SERVICES ARE BEING CONDUCTED IN ACCORDANCE WITH THE UNIFORM

1 STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

2 (3) AN APPRAISAL MANAGEMENT COMPANY REGISTERED UNDER THIS
3 ARTICLE SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS, ON A
4 FORM PRESCRIBED BY THE DEPARTMENT, THAT IT MAINTAINS A DETAILED
5 RECORD OF EACH SERVICE REQUEST THAT IT RECEIVES AND THE IDENTITY OF
6 THE INDEPENDENT APPRAISER THAT PERFORMS THE REAL ESTATE APPRAISAL
7 SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY. AN APPRAISAL
8 MANAGEMENT COMPANY SHALL RETAIN THE RECORDS DESCRIBED IN THIS
9 SUBSECTION FOR AT LEAST 5 YEARS.

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

18 SEC. 2675. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), AN
19 EMPLOYEE, DIRECTOR, OFFICER, OR AGENT OF AN APPRAISAL MANAGEMENT
20 COMPANY REGISTERED UNDER THIS ARTICLE SHALL NOT INFLUENCE OR
21 ATTEMPT TO INFLUENCE THE DEVELOPMENT, REPORTING, OR REVIEW OF AN
22 APPRAISAL THROUGH COERCION, EXTORTION, COLLUSION, COMPENSATION,
23 INSTRUCTION, INDUCEMENT, INTIMIDATION, OR BRIBERY OR IN ANY OTHER
24 MANNER, INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOLLOWING:

25 (A) WITHHOLDING OR THREATENING TO WITHHOLD TIMELY PAYMENT FOR
26 AN APPRAISAL.

27 (B) WITHHOLDING OR THREATENING TO WITHHOLD FUTURE BUSINESS FOR

1 AN INDEPENDENT APPRAISER.

2 (C) DEMOTING OR TERMINATING OR THREATENING TO DEMOTE OR
3 TERMINATE AN INDEPENDENT APPRAISER.

4 (D) PROMISING AN INDEPENDENT APPRAISER, EITHER EXPRESSLY OR BY
5 IMPLICATION, FUTURE BUSINESS, PROMOTIONS, OR INCREASED
6 COMPENSATION.

7 (E) CONDITIONING A REQUEST FOR AN APPRAISAL SERVICE OR THE
8 PAYMENT OF AN APPRAISAL FEE OR SALARY OR BONUS ON REACHING A
9 PARTICULAR OPINION, CONCLUSION, OR VALUATION OR ON A PRELIMINARY
10 ESTIMATE OR OPINION REQUESTED FROM AN INDEPENDENT APPRAISER.

11 (F) REQUESTING THAT AN INDEPENDENT APPRAISER PROVIDE AN
12 ESTIMATED, PREDETERMINED, OR DESIRED VALUATION IN AN APPRAISAL
13 REPORT, OR PROVIDE ESTIMATED VALUES OR COMPARABLE SALES AT ANY TIME
14 BEFORE THE INDEPENDENT APPRAISER'S COMPLETION OF AN APPRAISAL
15 SERVICE.

16 (G) PROVIDING TO AN INDEPENDENT APPRAISER AN ANTICIPATED,
17 ESTIMATED, ENCOURAGED, OR DESIRED VALUE FOR A SUBJECT PROPERTY OR A
18 PROPOSED OR TARGET AMOUNT OF A LOAN TO A BORROWER. HOWEVER, THIS
19 SUBDIVISION DOES NOT PROHIBIT PROVIDING A COPY OF A SALES CONTRACT
20 FOR A PURCHASE TRANSACTION TO THE APPRAISER.

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

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

25 (J) DOING ANY OTHER ACT OR PRACTICE THAT IMPAIRS OR ATTEMPTS
26 TO IMPAIR AN APPRAISER'S INDEPENDENCE, OBJECTIVITY, OR
27 IMPARTIALITY.

1 (2) SUBSECTION (1) DOES NOT PROHIBIT, AND SHALL NOT BE
2 CONSTRUED TO PROHIBIT, AN APPRAISAL MANAGEMENT COMPANY FROM
3 REQUESTING THAT AN INDEPENDENT APPRAISER PROVIDE ADDITIONAL
4 INFORMATION ABOUT THE BASIS FOR A VALUATION OR THAT THE APPRAISER
5 CORRECT OBJECTIVE FACTUAL ERRORS IN AN APPRAISAL REPORT.

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

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

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

16 (ii) IF THE APPRAISER WAS REMOVED FROM THE PANEL FOR ILLEGAL
17 CONDUCT, A VIOLATION OF THE UNIFORM STANDARDS OF PROFESSIONAL
18 APPRAISAL PRACTICE, OR A VIOLATION OF STATE LICENSING STANDARDS,
19 THE NATURE OF THE ALLEGED CONDUCT OR VIOLATION.

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

22 (2) IF AN APPRAISAL MANAGEMENT COMPANY REMOVES AN INDEPENDENT
23 APPRAISER FROM ITS APPRAISER PANEL FOR ALLEGED ILLEGAL CONDUCT, AN
24 ALLEGED VIOLATION OF THE UNIFORM STANDARDS OF PROFESSIONAL
25 APPRAISAL PRACTICE, OR AN ALLEGED VIOLATION OF STATE LICENSING
26 STANDARDS, THE APPRAISER MAY FILE A COMPLAINT WITH THE DEPARTMENT
27 FOR A REVIEW OF THE DECISION OF THE APPRAISAL MANAGEMENT COMPANY.

1 IN ITS CONSIDERATION OF THE COMPLAINT, THE DEPARTMENT MAY NOT MAKE
2 ANY DETERMINATION REGARDING THE NATURE OF THE BUSINESS RELATIONSHIP
3 BETWEEN THE APPRAISER AND THE APPRAISAL MANAGEMENT COMPANY THAT IS
4 UNRELATED TO THE ALLEGED CONDUCT OR VIOLATION.

5 (3) IF THE DEPARTMENT, AFTER ITS INVESTIGATION OF A COMPLAINT
6 UNDER SUBSECTION (2) AND AFTER PROVIDING THE INDEPENDENT APPRAISER
7 AND THE APPRAISAL MANAGEMENT COMPANY THAT WAS THE SUBJECT OF THE
8 COMPLAINT AN OPPORTUNITY FOR HEARING AND REVIEW, DETERMINES THAT AN
9 APPRAISER DID NOT COMMIT A VIOLATION OF LAW, A VIOLATION OF THE
10 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, OR A
11 VIOLATION OF STATE LICENSING STANDARDS, THE DEPARTMENT SHALL ORDER
12 THE APPRAISAL MANAGEMENT COMPANY TO ADD THE APPRAISER TO ITS
13 APPRAISER PANEL OF THE APPRAISAL MANAGEMENT COMPANY.

14 (4) AFTER THE ADJUDICATION OF A COMPLAINT TO THE DEPARTMENT BY
15 AN APPRAISER AGAINST AN APPRAISAL MANAGEMENT COMPANY UNDER
16 SUBSECTION (3), IF THE DEPARTMENT FINDS THAT THE APPRAISAL
17 MANAGEMENT COMPANY ACTED IMPROPERLY IN REMOVING THE APPRAISER FROM
18 ITS APPRAISER PANEL, THE APPRAISAL MANAGEMENT COMPANY SHALL NOT
19 REFUSE TO MAKE ASSIGNMENTS FOR REAL ESTATE APPRAISAL SERVICES TO
20 THE APPRAISER, REDUCE THE NUMBER OF ASSIGNMENTS TO THE APPRAISER,
21 OR OTHERWISE PENALIZE THE APPRAISER.

22 Enacting section 1. This amendatory act takes effect April 1,
23 2013.

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