

2022 Regular Session

SENATE BILL NO. 222

BY SENATOR LAMBERT

REAL ESTATE. Provides relative to the Louisiana Appraisal Management Company Licensing and Regulation Act. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 37:3415.2(2), 3415.8(A), (C), and (E)(3), 3415.9(B)(1),
3 3415.10(D), and the introductory paragraph of 3415.18(A) and to enact R.S.
4 37:3415.22(C), relative to the Louisiana Appraisal Management Company Licensing
5 and Regulation Act; to provide for definitions; to provide appraisal management
6 company ownership and controlling person requirements; to provide for procedures;
7 to exempt federally regulated appraisal management companies; to provide for an
8 effective date; to provide a sunset date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 37:3415.2(2), 3415.8(A), (C), and (E)(3), 3415.9(B)(1), 3415.10(D),
11 and the introductory paragraph of 3415.18(A) are hereby amended and reenacted and R.S.
12 37:3415.22(C) is hereby enacted to read as follows:

13 §3415.2. Definitions

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

16 * * *

17 (2) "Appraisal management company" means ~~any corporation, partnership,~~

1 ~~sole proprietorship, subsidiary, unit, or other business entity that engages in any of~~
 2 ~~the following activity;~~ **in connection with valuing properties collateralizing**
 3 **mortgage loans or mortgages incorporated into a securitization, any third party**
 4 **that annually oversees a network panel of more than fifteen licensed appraisers**
 5 **in the state or twenty-five or more licensed appraisers in two or more states and**
 6 **is authorized either by a creditor of a consumer credit transaction secured by**
 7 **a consumer's principal dwelling or by an underwriter of, or other principal in,**
 8 **the secondary mortgage markets to do both of the following:**

9 (a) ~~Administers a network of independent contract appraisers to perform real~~
 10 ~~estate appraisal services for lenders or other clients.~~ **Recruit, select, contract with,**
 11 **or otherwise retain an appraiser for the purpose of performing an appraisal and**
 12 **to verify any work performed by the appraiser for compliance with applicable**
 13 **state and federal requirements.**

14 (b) ~~Receives requests for residential appraisal services from clients and enters~~
 15 ~~into agreements, written or otherwise, with one or more independent appraisers to~~
 16 ~~perform the real estate appraisal services contained in the request.~~ **Manage the**
 17 **process of having an appraisal performed, including but not limited to**
 18 **providing administrative duties, receiving appraisal orders and appraisal**
 19 **reports, submitting completed appraisal reports to creditors and underwriters,**
 20 **collecting fees from creditors and underwriters for services provided, and**
 21 **reimbursing appraisers for services performed.**

* * *

§3415.8. Owner requirements

24 A. An appraisal management company applying for a license in this state
 25 may not be owned by any person who has had a license or certificate to act as an
 26 appraiser, real estate broker or agent, mortgage broker, or mortgage originator, which
 27 combined are considered herein to be "real estate or lending-related licenses"
 28 refused, denied, suspended, canceled, **surrendered in lieu of revocation,** or revoked
 29 in the past in any state ~~without specific approval by the board.~~

* * *

C. Any licensed appraisal management company with an owner or employee whose real estate or lending-related license has been ~~suspended, revoked, or cancelled~~ **refused, denied, suspended, canceled, surrendered in lieu of revocation, or revoked** subsequent to being registered shall notify the board in writing within ten days of such action.

* * *

E. Each person that has any ownership interest in an appraisal management company in this state shall comply with all of the following:

* * *

(3) Certify to the board that the person has never had a license to act as an appraiser refused, denied, ~~cancelled~~, **canceled**, suspended, **surrendered in lieu of revocation**, or revoked in this state or in any other state.

§3415.9. Controlling person; requirements

* * *

B. In order to serve as a controlling person of an appraisal management company, a person shall comply with all of the following:

(1) Certify to the board that he has never had a certificate or license issued by the board of this state, or the board of any other state, to act as an appraiser refused, denied, canceled, suspended, **surrendered in lieu of revocation**, or revoked.

* * *

§3415.10. License application assessment; delinquent renewal

* * *

D. The provisions of this Section shall expire on December 31, ~~2022~~ **2026**.

* * *

§3415.18. Adjudication of disputes between an appraisal management company and an appraiser

A. ~~Except within the first thirty days after an independent appraiser is first~~

1 added to the appraiser panel of an appraisal management company, an An appraisal
 2 management company ~~may~~ shall not remove an appraiser from its appraiser panel,
 3 or otherwise refuse to assign requests for real estate appraisal services to an
 4 independent appraiser without doing all of the following:

5 * * *

6 §3415.22. Federal registry requirements

7 * * *

8 **C.(1) Any appraisal management company not meeting the minimum**
 9 **qualifications established by 12 U.S.C. 3350(11) shall not be included in the**
 10 **National Registry of Appraisal Management Companies as administered by the**
 11 **Appraisal Subcommittee of the Federal Financial Institution Examination**
 12 **Council.**

13 **(2) In accordance with 12 U.S.C. 221 et seq., this Chapter shall not apply**
 14 **to any entity that is a subsidiary owned and controlled by a federal financial**
 15 **institution regulatory agency, including the Board of Governors of the Federal**
 16 **Reserve System, the Federal Deposit Insurance Corporation, the Office of the**
 17 **Comptroller of the Currency, the Office of Thrift Supervision, and the National**
 18 **Credit Union Administration.**

19 Section 2. This Act shall become effective upon signature by the governor or, if not
 20 signed by the governor, upon expiration of the time for bills to become law without signature
 21 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 22 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 23 effective on the day following such approval.

The original instrument was prepared by Xavier Alexander. The following digest, which does not constitute a part of the legislative instrument, was prepared by Cheryl Serrett.

DIGEST

SB 222 Reengrossed 2022 Regular Session Lambert

Present law defines "appraisal management company" as any corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that engages in the following:

- (1) Administers a network of independent contract appraisers to perform services.

- (2) Receives requests for residential appraisal services and enters into agreements with independent contract appraisers to perform services.

Proposed law redefines an "appraisal management company" as any third-party that oversees a network panel of more than 15 licensed appraisers in the state or 25 or more licensed appraisers in two or more states and is authorized by a creditor of a consumer credit transaction secured by a consumer's principal dwellings or by an underwriter of, or other principal in, the secondary mortgage markets to do the following:

- (1) Recruit, select, contract with, or retain an appraiser to perform an appraisal and to verify any work performed by the appraiser.
- (2) Manage the process of having an appraisal performed.

Present law provides that an appraisal management company applying for a license may not be owned by any person who has had a license or certificate to act as an appraiser, real estate broker or agent, or mortgage originator, which combined are considered herein to be real estate or lending-related licenses refused, denied, suspended, canceled, or revoked in the past in any state without specific approval by the licensing board.

Proposed law adds that an appraisal management company applying for a license may not be owned by any person who has had a license or certificate to act as an appraiser, real estate broker or agent, or mortgage originator, which is considered to be a real estate or lending-related license surrendered in lieu of revocation in any state.

Present law provides that any licensed appraisal management company with an owner or employee whose real estate or lending-related license has been suspended, revoked, or canceled subsequent to being registered shall notify the board within 10 days.

Proposed law retains present law and extends the 10-day notice requirement to any licensed appraisal management company with an owner or employee whose real estate or lending-related license has been refused, denied, or surrendered in lieu of revocation.

Present law provides that a person that has ownership interest in an appraisal management company shall certify that he has never had a license to act as an appraiser refused, denied, canceled, suspended, or revoked in this state or any other state.

Proposed law retains present law and further provides that a person that has ownership interest in an appraisal management company shall certify that he has never had a license to act as an appraiser surrendered in lieu of revocation in this state or any other state.

Present law provides that to serve as a controlling person of an appraisal management company, certain requirements must be met, including a certification to the board that such person's certificate or license has never been refused, denied, canceled, suspended, or revoked in any state.

Proposed law retains present law and further provides that a controlling person shall certify that he has never had a license to act as an appraiser surrendered in lieu of revocation in order to serve as the controlling person of an appraisal management company.

Present law provides that within the first 30 days after an independent appraiser is added to the appraisal panel, an appraisal management company may not remove an appraiser from its appraiser panel or refuse to assign request to do appraisals without:

- (1) Providing written notification of reasons why the appraiser is being removed.
- (2) Providing an opportunity for the appraiser to respond to the written notification.

Proposed law provides that an appraisal management company shall not remove an appraiser from its appraiser panel or refuse to assign requests to do appraisals without:

- (1) Providing written notification of reasons why the appraiser is being removed.
- (2) Providing an opportunity for the appraiser to respond to the written notification.

Proposed law provides that any appraisal management company that does not meet the minimum qualifications established by federal law (12 U.S.C. 3350(11)) shall not be included in the National Registry of Appraisal Management Companies.

Proposed law provides that the provisions of present law and proposed law do not apply to any entity which is subsidiary-owned and controlled by a federal financial institution regulatory agency.

Present law, relative to licensing and renewals, expires on December 31, 2022.

Proposed law extends the expiration date in present law from December 31, 2022, to December 31, 2026.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 37.3415.2(2), 3415.8(A), (C), and (E)(3), 3415.9(B)(1), 3415.10(D), and 3415(18)(A)(intro para); adds R.S. 37:3415.22(C))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the original bill

1. Make technical amendments.
2. Changes definition of "appraisal management company" from any third-party that oversees 25 or more licensed appraisers nationally to any third-party that oversees 25 or more licensed appraisers in two or more states.

Senate Floor Amendments to engrossed bill

1. Makes technical corrections.