

2016 Regular Session

HOUSE BILL NO. 804

BY REPRESENTATIVE PUGH

REAL ESTATE/APPRAISERS: Regulates real estate appraisers and appraisal management companies

1 AN ACT

2 To amend and reenact R.S. 37:3397(B)(1) and (3), 3411, 3415.10, 3415.15(A) and to enact  
3 R.S. 37:3415.22, relative to the regulation of real estate appraisers and appraisal  
4 management companies; provides for licensing classifications and requirements; to  
5 regulate record keeping requirements; to change a sunset provision; to regulate real  
6 estate appraiser compensation; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 37:3397(B)(1) and (3), 3411, 3415.10, 3415.15(A) are hereby  
9 amended and reenacted and R.S. 37:3415.22 is hereby enacted to read as follows:

10 §3397. License classifications; criteria

11 \* \* \*

12 B.(1)(a) Applicants for a real estate appraiser trainee license shall be subject  
13 to training and direct supervision by a certified appraiser who meets all of the  
14 following qualifications:

15 (i) Has been licensed as a certified real estate appraiser in Louisiana for at  
16 least three years prior to becoming a supervising appraiser.

17 (ii) Is in good standing as a certified residential or certified general real  
18 estate appraiser in Louisiana.

19 (b) Both the trainee applicant and the supervising appraiser shall complete  
20 a course that complies, at minimum, with the specifications for course content

1 established by the Appraiser Qualifications Board (AQB) of the Appraisal  
2 Foundation. The course shall be oriented toward the requirements and  
3 responsibilities of supervising appraisers and expectations for trainee appraisers.  
4 The course shall be completed by the trainee appraiser prior to obtaining a trainee  
5 appraiser license and by the supervising appraiser prior to supervising a trainee  
6 appraiser. The supervising appraiser shall not have been subject to any disciplinary  
7 action in any jurisdiction within the last three years that affects the supervisor's legal  
8 eligibility to engage in appraiser practice. The appraiser trainee is permitted to have  
9 more than one supervising appraiser. The scope of work for the appraiser trainee is  
10 limited to the appraisal of those properties that the supervising appraiser is licensed  
11 to appraise.

12 \* \* \*

13 ~~(3) The appraiser trainee shall maintain a separate appraisal log for each~~  
14 ~~supervising licensed appraiser that includes, at a minimum, the following~~  
15 ~~information for each appraisal~~ An appraisal experience log shall be maintained  
16 jointly by the supervising appraiser and the trainee appraiser. It is the responsibility  
17 of both the supervisory appraiser and the trainee appraiser to ensure the appraisal  
18 experience log is accurate, current, and complies with the requirements of the trainee  
19 appraiser's credentialing jurisdiction. At a minimum, the appraisal log shall include  
20 the following:

21 (a) Type of property.

22 (b) ~~Client name and address~~ Date of report.

23 (c) Address of appraised property.

24 (d) Description of work performed by the ~~appraiser trainee and supervising~~  
25 ~~appraiser~~ trainee appraiser and scope of the review and supervision of the  
26 supervisory appraiser.

27 (e) Number of actual work hours by the trainee appraiser on the assignment.

1 (f) ~~Name~~; The signature; and state ~~license~~ certification number of the  
 2 ~~supervising supervisory~~ appraiser. Separate appraisal logs shall be maintained for  
 3 each supervisory appraiser if applicable.

4 \* \* \*

5 §3411. Documents to be retained

6 A licensed real estate appraiser shall retain for five years originals or true  
 7 copies of contracts engaging the appraiser's services for real property appraisal work,  
 8 appraisal reports, and supporting data assembled and formulated by the appraiser in  
 9 preparing reports. The period for retention of the records applicable to each  
 10 engagement of the services of the appraiser shall run from the date of the submission  
 11 of the appraisal report to the client. These records shall be made available by the  
 12 appraiser for inspection and copying by the board on reasonable notice to the  
 13 appraiser. When litigation is contemplated at any time, reports and records shall be  
 14 retained for two years ~~after the trial date~~ from final disposition.

15 \* \* \*

16 §3415.10. License application assessment; delinquent renewal

17 A. When accepting an application for an initial or renewal license, the board  
 18 is authorized to collect an assessment not in excess of one thousand five hundred  
 19 dollars.

20 B. If the license renewal is delinquent, the board is further authorized to  
 21 collect a delinquent renewal assessment as follows:

22 (1) If the renewal application is submitted during the period of January first  
 23 to February fifteenth, an amount not in excess of one hundred fifty dollars.

24 (2) If the renewal application is submitted during the period of February  
 25 sixteenth to June thirtieth, an amount not in excess of three hundred dollars.

26 C. If an initial license is issued after January first of any year, the assessment  
 27 shall be prorated to the remaining portion of the year ending December thirty-first.

28 D. The provisions of this Section shall expire on December 31, ~~2015~~ 2017.

29 \* \* \*

1 §3415.15. Fees; customary and reasonable; disclosure

2 A. An appraisal management company shall compensate appraisers at a rate  
3 that is customary and reasonable for appraisals being performed in the market area  
4 of the property being appraised, consistent with the ~~presumptions of compliance~~  
5 under requirements of 15 U.S.C. 1639(e) and the final federal law rules as provided  
6 for in the applicable provisions of 12 CFR Parts 34, 225, 226, 323, 1026, and 1222.

7 \* \* \*

8 §3415.22. Federal registry requirements

9 A. The board shall collect from each appraisal management company that is  
10 registered or seeking to be registered in this state the information that the appraisal  
11 subcommittee, as described in R.S. 37:3395, requires to be submitted to it by the  
12 state pursuant to regulations promulgated by the appraisal subcommittee, including  
13 the collection of administrative fees consistent with the final federal rules as  
14 provided for in the applicable provisions of 12 CFR Parts 34, 208, 225, 323, 390,  
15 1026, and 1222.

16 B.(1) A federally regulated appraisal management company operating in this  
17 state shall report to the board any information required to be submitted by the state  
18 to the appraisal subcommittee pursuant to the policies of the appraisal subcommittee  
19 regarding the determination of the appraisal management company national registry  
20 fee.

21 (2) Reports submitted pursuant to this Subsection shall include the  
22 following:

23 (a) A statement, in a form prescribed by the board, detailing the intent of the  
24 federally regulated appraisal management company to operate in this state.

25 (b)(i) Any information related to whether the appraisal management  
26 company is owned in whole or in part, directly or indirectly, by any person who has  
27 had an appraiser license or certification refused, denied, cancelled, surrendered in  
28 lieu of revocation, or revoked in any state.

- 1           (ii) Any information related to the revocation of a license of any person  
 2           described in Item (i) of this Subparagraph and whether the revoked license has been  
 3           reinstated by the state or states in which the appraiser was licensed.

### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 804 Reengrossed

2016 Regular Session

Pugh

**Abstract:** Regulates real estate appraisers and appraisal management companies.

Present law establishes the standard for certification as an appraiser who may supervise appraiser trainees. Present law requires a supervisor to have the following qualifications:

- (i) Licensure as a certified real estate appraiser for at least three years prior to becoming a supervising appraiser.
- (ii) Good standing as a certified residential or certified general real estate appraiser.

Proposed law adds a restriction that the enumerated qualifications of present law must have been achieved in La.

Present law states, in part, that a supervising appraiser shall not have been subject to any disciplinary action within the last three years that affects the supervisor's legal eligibility to engage in appraiser practice. Proposed law clarifies that the regulation imposed by present law includes such disciplinary actions in any jurisdiction.

Present law requires an appraiser trainee to maintain a separate appraisal log for each supervising licensed appraiser, and present law enumerates a list of information that must be included in the log. Proposed law amends present law and clarifies that an appraisal experience log shall be maintained jointly by the supervising appraiser and the trainee appraiser. Proposed law further clarifies that it is the responsibility of both the supervisory appraiser and the trainee appraiser to ensure the appraisal experience log is accurate, current, and complies with the requirements of the trainee appraiser's credentialing jurisdiction. Proposed law amends present law by changing the enumerated list of information that must be included in the log and establishes a minimum standard that includes the following:

- (1) Type of property.
- (2) Date of report.
- (3) Address of appraised property.
- (4) Description of work performed by the trainee appraiser and scope of the review and supervision of the supervisory appraiser.
- (5) Number of actual work hours by the trainee appraiser on the assignment.
- (6) The signature and state certification number of the supervisory appraiser. Separate appraisal logs shall be maintained for each supervisory appraiser if applicable.

Present law imposes certain record keeping requirements on licensed real estate appraisers. Present law requires appraisers to retain reports and records for two years after the trial date of any expected litigation. Proposed law requires appraisers to retain reports and records for two years after final disposition.

Present law imposes an expiration date on certain application procedures relative to applicants for licenses or licensees applying for a renewal of their licenses. Proposed law retains the portion of present law imposing the sunset provision but changes the sunset date from December 31, 2015, to December 31, 2017.

Present law requires any appraisal management company to compensate appraisers at a rate that is customary and reasonable for appraisals being performed in the market area of the property being appraised, consistent with the presumptions of compliance under federal law. Proposed law retains present law consistent with the final federal rules as provided for in the applicable provisions of present law (12 CFR Parts 34, 225, 226, 323, 1026, and 1222). Proposed law also requires appraisal management companies to compensate appraisers in a manner consistent with the requirements imposed by present law (15 U.S.C. 1639(e)).

Proposed law requires the board to collect, from each appraisal management company that is registered or seeking to be registered in this state, the information that the appraisal subcommittee requires to be submitted to it by the state pursuant to regulations promulgated by the appraisal subcommittee, including the collection of administrative fees consistent with the final federal rules.

Proposed law requires federally regulated appraisal management companies operating in this state to report to the board any information required to be submitted by the state to the appraisal subcommittee pursuant to the policies of the appraisal subcommittee regarding the determination of the appraisal management company national registry fee. Proposed law requires that reports submitted pursuant to proposed law shall include the following:

- (1) A statement, in a form prescribed by the board, detailing the intent of the federally regulated appraisal management company to operate in this state.
- (2) Any information related to whether the appraisal management company is owned in whole or in part, directly or indirectly, by any person who has had an appraiser license or certification refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any state.
- (3) Any information related to the revocation of a license of any person described in proposed law and whether the revoked license has been reinstated by the state or states in which the appraiser was licensed.

(Amends R.S. 37:3397(B)(1) and (3), 3411, 3415.10, 3415.15(A); Adds R.S. 37:3415.22)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.
2. Retain a sunset provision but extend the applicable sunset date from Dec. 31, 2015, to Dec. 31, 2017.
3. Correct references to certain provisions of federal law.
4. Revise provisions relative to the unlawful practice of an appraisal management company's assessment of certain fees and costs to an appraiser.

The House Floor Amendments to the engrossed bill:

1. Make technical changes.
2. Delete provisions relative to the unlawful practice of an appraisal management company's assessment of certain fees and costs to an appraiser.