
**Consumer Protection & Business
Committee**

SB 5124

Brief Description: Concerning appraisal management company Title XI compliance and license expiration.

Sponsors: Senator Das; by request of Department of Licensing.

Brief Summary of Bill

- Makes appraisal management company (AMC) licenses valid for one year.
- Changes the AMC ownership requirements.
- Modifies application of the state's AMC laws.

Hearing Date: 2/12/19

Staff: Serena Dolly (786-7150).

Background:

Appraisal Management Companies. An AMC performs appraisal management services on behalf of a lender, financial institution, mortgage broker, or loan originator, including:

- administering an appraiser panel;
- recruiting, qualifying, and verifying licensing;
- negotiating fees of real estate appraisers;
- receiving an appraisal order and delivering it to a panel of appraisers for completion;
- tracking order status;
- conducting quality control; and
- providing a completed appraisal.

Appraisal Management Company License and Regulation. The Department of Licensing (DOL) regulates the activities of AMCs and may conduct audits and investigations. A person in

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business as an AMC or engaging in appraisal management services must obtain a license from the DOL. An AMC license is valid for two years.

Appraisal Management Company Ownership Eligibility. Each entity owning more than 10 percent of an AMC may not be:

- directly controlled by a person who has had an appraiser license refused, denied, canceled, or revoked; or
- more than 10 percent owned by any person who has had an appraiser license refused, denied, canceled, or revoked in any state.

Each person that owns more than 10 percent of an AMC must:

- not have had an appraiser license refused, denied, canceled, or revoked in any state;
- be of good moral character, as determined by the DOL; and
- submit to a background investigation.

Each AMC must certify to the DOL that it has reviewed each individual or entity with at least a 10 percent share and that they are not prohibited from owning an AMC under the law.

Limitation on Application of State Appraisal Management Company Laws. The AMC laws do not apply to certain federally regulated financial institutions' departments or units.

Summary of Bill:

Appraisal Management Company Licenses. An AMC license is valid for one year.

Appraisal Management Company Ownership Eligibility. Each entity owning more than 10 percent of an AMC may not be directly controlled or owned, in whole or in part, by any person who has had an appraiser license refused, denied, canceled, or revoked in any state.

Each person who owns an AMC, in whole or in part, must not have had an appraiser license refused, denied, canceled, or revoked in any state. Owners of more than 10 percent of an AMC must be of good moral character and submit to background investigations.

Each AMC must certify to the DOL it has reviewed each individual or entity, in whole or in part, and that they are not prohibited.

Limitation on Application of State Appraisal Management Company Laws. The laws do not apply to an AMC that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 31, 2019, except for section 1, relating to the annual renewal of appraisal management company licenses, which takes effect June 4, 2020.