

SENATE BILL REPORT

HB 2566

As of February 22, 2012

Title: An act relating to maintenance of a surety bond for appraisal management companies.

Brief Description: Increasing the penal sum of a surety bond required to be maintained by an appraisal management company.

Sponsors: Representatives Stanford, Takko, Blake and Hudgins.

Brief History: Passed House: 2/09/12, 97-0.

Committee Activity: Labor, Commerce & Consumer Protection: 2/23/12.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Stephanie Christensen (786-7405)

Background: An appraisal management company is a business entity that administers a panel of appraisers to complete real estate appraisal assignments on behalf of other entities. An appraisal management company's functions include recruiting appraisers, negotiating fees, and administering appraisal orders. It is unlawful to engage in business as an appraisal management company or to perform appraisal management services without obtaining a license from the Department of Licensing.

Appraisal management services include the following functions performed on behalf of a lender, financial institution, mortgage broker, loan originator, or any other person:

- administering an appraiser panel;
- recruiting, qualifying, verifying licensing or certification, and negotiating fees and service level expectations with persons who are part of an appraiser panel;
- receiving an order for an appraisal from one person or entity and delivering the order to an appraiser for completion;
- tracking and determining the status of appraisal orders;
- conducting quality control of a completed appraisal prior to delivery of the appraisal; and
- providing a completed appraisal to one or more persons or entities.

An application for licensure must include certain information about the entity and controlling persons, as well as certifications that the entity has a system for verification of appraisal panel members' licensure or certification; has a system to review the work of appraisers who

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perform real estate appraisal services; maintains a detailed record of each service request; and maintains a complete copy of appraisal reports.

An applicant for licensure must maintain a \$25,000 surety bond for the use and benefit of the state and any person with a cause of action against the licensee. The bond must be conditioned that the licensee abides by the applicable licensing laws and rules.

Summary of Bill: An applicant for licensure as an appraisal management company must file and maintain a surety bond of at least \$100,000.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created:

Effective Date: Ninety days after adjournment of session in which bill is passed.