
Business & Financial Services Committee

HB 1012

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

Sponsors: Representatives Stanford, Kirby, Ryu and Hudgins.

Brief Summary of Bill

- Increases the amount of the surety bond that an appraisal management company must maintain from \$25,000 to \$100,000.

Hearing Date: 1/17/13

Staff: Alexa Silver (786-7190).

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 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 will abide 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.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.