

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Commerce, Public Policy and Interstate Cooperation, to which was referred House Bill No. 1235, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, line 16, delete "IC 25-34.1-11-16;" and insert "IC
2 **25-34.1-11-15;**".
- 3 Page 2, delete lines 19 through 42, begin a new paragraph and
4 insert:
- 5 "SECTION 2. IC 25-34.1-11 IS ADDED TO THE INDIANA CODE
6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2010]:
- 8 **Chapter 11. Appraisal Management Companies**
- 9 **Sec. 1. As used in this chapter, "appraisal" has the meaning set**
10 **forth in IC 24-5-23.5-1.**
- 11 **Sec. 2. As used in this chapter, "appraisal management**
12 **company" means a person that, for compensation, acts as a third**
13 **party intermediary by contracting with independent real estate**
14 **appraisers to perform appraisals for other persons.**
- 15 **Sec. 3. (a) As used in this chapter, "appraisal management**
16 **services" means any of the following functions:**
- 17 **(1) To recruit, qualify, verify licensing or certification, or**
18 **negotiate fees and service level expectations with independent**
19 **real estate appraisers on behalf of a person seeking an**
20 **appraisal.**
- 21 **(2) To receive an order for an appraisal from a person and**

1 **deliver the order for completion to a independent real estate**
 2 **appraiser.**

3 **(3) To track and determine the status of orders for appraisals.**

4 **(4) To conduct quality control of a completed appraisal before**
 5 **delivery of the appraisal to the client who ordered the**
 6 **appraisal.**

7 **(5) To provide a completed appraisal performed by a real**
 8 **estate appraiser to one (1) or more clients.**

9 **(b) The term does not include transportation or communication**
 10 **of an appraisal or order for an appraisal without concern for the**
 11 **appraisal information in the appraisal or the order for an**
 12 **appraisal, including transportation or communication by the**
 13 **United States Postal Service, a delivery company, a courier, or an**
 14 **Internet service provider.**

15 **Sec. 4. As used in this chapter, "board" refers to the real estate**
 16 **appraiser licensure and certification board established by**
 17 **IC 25-34.1-8-1.**

18 **Sec. 5. (a) As used in this chapter, "person" means an individual**
 19 **engaged in a trade or business, an association, a partnership, a**
 20 **limited partnership, a limited liability company, a corporation, or**
 21 **a similar entity.**

22 **(b) The term does not include an employee.**

23 **Sec. 6. As used in this chapter, "real estate appraiser" means a**
 24 **person who:**

25 **(1) prepares an appraisal for a real estate transaction in**
 26 **Indiana; and**

27 **(2) meets one (1) or more of the following:**

28 **(A) Is licensed as a real estate broker under IC 25-34.1 and**
 29 **performs real estate appraisals within the scope of the**
 30 **person's license.**

31 **(B) Holds a real estate appraiser license or certificate**
 32 **issued under IC 25-34.1-8.**

33 **Sec. 7. "USPAP" refers to the Uniform Standards of**
 34 **Professional Appraisal Practice, as published by the Appraisal**
 35 **Standards Board of the Appraisal Foundation, under the authority**
 36 **of Title XI of the federal Financial Institutions Reform, Recover,**
 37 **and Enforcement Act (12 U.S.C. 3331-3351).**

38 **Sec. 8. An appraisal management company may not perform**
 39 **appraisal management services unless the appraisal management**
 40 **company has obtained a certificate of registration from the board**
 41 **under this chapter.**

42 **Sec. 9. (a) An appraisal management company that wishes to**

1 obtain or renew a certificate of registration under this chapter
 2 must submit the following information to the board on forms
 3 prescribed by the board:

4 (1) The name of the person seeking registration.

5 (2) The business address of the person seeking registration.

6 (3) The telephone contact information of the person seeking
 7 registration.

8 (4) The name, address, and contact information of each
 9 person that has an ownership share in an appraisal
 10 management company that equals or exceeds five percent
 11 (5%) of the total ownership share of the appraisal
 12 management company.

13 (5) Any other information that the board reasonably requires.

14 (b) An appraisal management company that wishes to obtain or
 15 renew a certificate of registration must pay the fee established
 16 under section 15 of this chapter.

17 Sec. 10. (a) The board shall issue a certificate of registration to
 18 an appraisal management company that:

19 (1) has furnished the information required by section 9(a) of
 20 this chapter in the manner prescribed by the board; and

21 (2) paid the fee required under section 9(b) of this chapter.

22 (b) A certificate of registration issued to an appraisal
 23 management company under this chapter expires two (2) years
 24 after the date on which the certificate of registration is issued.

25 Sec. 11. (a) A person may not own an interest in an appraisal
 26 management company if the person has had the person's license or
 27 certificate to act as a real estate appraiser in Indiana or any other
 28 state revoked and the license or certificate has not been reinstated.

29 (b) An appraisal management company may only hire an
 30 independent contractor to perform an appraisal who:

31 (1) holds a license or certificate under IC 25-34.1-3-8 or a
 32 license as a real estate broker under IC 25-34.1; and

33 (2) is in good standing.

34 (c) An appraisal management company may not corrupt or
 35 improperly influence a real estate appraiser in violation of
 36 IC 24-5-23.5-7.

37 Sec. 12. (a) As used in this section, "appraisal review" means the
 38 USPAP Standard 3 process of developing and communicating an
 39 opinion about the quality of an independent real estate appraiser's
 40 work that is performed as part of an appraisal assignment made by
 41 an appraisal management company. However, the term does not
 42 include:

1 **(1) an examination of an appraisal solely for grammatical**
 2 **errors, typographical errors, or similar errors; or**

3 **(2) a quality control examination for completeness.**

4 **(b) An individual who performs an appraisal review must hold**
 5 **a license or certificate under IC 25-34.1-3-8 or a license as a real**
 6 **estate broker under IC 25-34.1.**

7 **Sec. 13. (a) An appraisal management company performing**
 8 **appraisal management services shall maintain a record of each**
 9 **service request for an appraisal that the appraisal management**
 10 **company receives. The following must be included in a record**
 11 **maintained under this subsection:**

12 **(1) The person making the service request.**

13 **(2) The date on which the service request is made.**

14 **(3) The property to be appraised.**

15 **(4) The real estate appraiser who performed the appraisal.**

16 **(5) A copy of the appraisal produced for the service request.**

17 **(6) The individuals who reviewed the appraisal.**

18 **(7) The date on which the appraisal was delivered to the**
 19 **person who made the service request.**

20 **(8) The costs and fees for the appraisal management services**
 21 **performed by the appraisal management company.**

22 **(9) The costs and fees for the appraisal performed by the real**
 23 **estate appraiser.**

24 **(b) An appraisal management company shall keep the records**
 25 **described in subsection (a) for not less than six (6) years after the**
 26 **date specified in subsection (a)(2).**

27 **Sec. 14. The board shall prescribe forms for the registration of**
 28 **appraisal management companies under this chapter.**

29 **Sec. 15. (a) The board shall establish the registration fee to be**
 30 **paid by an appraisal management company seeking registration**
 31 **under this chapter. The amount of the registration fee must be the**
 32 **lesser of:**

33 **(1) the amount determined by the board to be sufficient for**
 34 **the administration of appraisal management registrations**
 35 **under this chapter when aggregated with all the registration**
 36 **fees paid by appraisal management companies seeking**
 37 **registration under this chapter; or**

38 **(2) five hundred dollars (\$500).**

39 **(b) Registration fees collected under this section must be**
 40 **deposited in the investigative fund established by IC 25-34.1-8-7.5.**

41 **Sec. 16. An appraisal management company is responsible for**
 42 **ensuring an appraisal complies with standards established:**

1 **(1) in the USPAP; and**

2 **(2) by the board.**

3 **Sec. 17. (a) An appraisal management company that violates**
 4 **this chapter is subject to disciplinary sanctions under**
 5 **IC 25-1-11-12.**

6 **(b) The board may impose a civil penalty of not more than ten**
 7 **thousand dollars (\$10,000) for each violation of this chapter.**

8 **(c) A civil penalty collected under this section must be deposited**
 9 **in the investigative fund established by IC 25-34.1-8-7.5.**

10 **Sec. 18. (a) A person who performs appraisal management**
 11 **services without a certificate of registration under this chapter**
 12 **commits a Class A infraction.**

13 **(b) The attorney general, the board, or the prosecuting attorney**
 14 **of any county in which a violation occurs may maintain an action**
 15 **in the name of the state to enjoin a person from violating this**
 16 **section.**

17 **Sec. 19. The board may adopt rules under IC 4-22-2 that the**
 18 **board considers necessary or advisable for the administration of**
 19 **this chapter."**

20 Delete pages 3 through 6.

(Reference is to HB 1235 as printed January 21, 2010.)

and when so amended that said bill do pass .

Committee Vote: Yeas 8, Nays 0.

Senator Alting, Chairperson