

HCS HB 967 -- MISSOURI APPRAISAL MANAGEMENT COMPANY REGISTRATION AND REGULATION ACT

SPONSOR: Cunningham (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Institutions by a vote of 8 to 0.

This substitute establishes the Missouri Appraisal Management Company Registration and Regulation Act to regulate real estate appraisal management companies. In its main provisions, the substitute:

(1) Makes it unlawful for any person to act as a real estate appraisal management company, to directly or indirectly engage or assume to engage in the business of real estate appraisal management, or to advertise or hold himself or herself out as engaging in or conducting the business of real estate appraisal management without being registered with the Division of Finance within the Department of Insurance, Financial Institutions and Professional Registration;

(2) Allows the division to adopt rules necessary to implement, administer, and enforce the provisions of the substitute and to:

(a) Prescribe forms and procedures for submitting information to the division;

(b) Prescribe standards of practice for registered companies; and

(c) Prescribe standards for the operation of real estate appraisal management companies;

(3) Requires appraisal management companies to make written application to the division for the registration of the company accompanied by the required fee as established by rule. No company may be owned by a person who has had an appraiser license or certificate refused, denied, canceled, or revoked. Anyone with more than 10% ownership in an appraisal management company must be of good moral character and submit to a background investigation at his or her own expense. Once the division has received all the required information and fees, a certificate of registration authorizing the company to act as an appraisal management company will be issued unless the division finds reason to deny. An applicant who is denied will be given the opportunity for a hearing before the division;

(4) Allows the division to take disciplinary action for violations of the provisions of Sections 361.800 - 361.855, RSMo,

as specified;

(5) Requires registrants who believe a real estate appraiser has violated any applicable law or the Uniform Standards of Professional Appraisal Practice (USPAP) to file a complaint with the division against the appraiser;

(6) Requires fees charged by a real estate appraiser to comply with USPAP standards and not to contain hidden charges. Fees must be paid to the appraiser within 30 days of the date the appraisal is transmitted;

(7) Requires an applicant who is not a resident of this state to also submit with his or her application an irrevocable consent that service of process in any action against the applicant arising out of the applicant's activities as an appraisal management company be made by delivery of the process on the division director and to submit the name and address of its registered agent;

(8) Requires registrants to maintain complete records of all appraisal information and allows the division to inspect the records periodically without prior notice or when pertinent to an investigation;

(9) Requires each real estate appraisal management company to designate a managing principal who is responsible to assure that the company is in compliance with these provisions. An individual registrant operating as a sole proprietorship will be considered the managing principal. Anyone not complying with this provision will have his or her registration suspended until compliance has been achieved;

(10) Specifies that registrations will expire June 30 of every year and become invalid unless renewed by filing an application and paying a renewal fee as established by rule. Additional fees will be charged if the application is late, except that any registrant failing to reinstate within six months will be required to file a new application for registration. Reinstatement is not retroactive;

(11) Prohibits anyone under a real estate appraisal management company, third party acting as joint venture partner, or independent contractor from influencing or attempting to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or any other manner as specified in the substitute;

(12) Requires the division to keep records relating to all

applicants for registration whether granted or refused. The division will also keep a current roster of all appraisal management companies registered and will file the roster with the Secretary of State on or before November 1 of each year; and

(13) Requires a surety bond of \$250,000 to accompany each registration.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Income on General Revenue Fund of \$2,242 in FY 2010, \$10,102 in FY 2011, and \$2,152 in FY 2012. No impact on Other State Funds in FY 2010, FY 2011, and FY 2012.

PROPOSERS: Supporters say that the bill will provide a standard of conduct for Missouri appraisers, further protect the consumer, and bring greater accountability. These changes will help to eliminate conflicts of interest on mortgage appraisals.

Testifying for the bill were Representative Hobbs; Missouri Appraisers Advisory Council; Missouri Association of Realtors; and Missouri Bankers Association.

OPPOSERS: There was no opposition voiced to the committee.