

March 24, 2009

**S 829. REGULATION OF APPRAISAL MANAGEMENT COMPANIES (=H 716).** Filed 3/24/09. *TO REGULATE REAL ESTATE APPRAISAL MANAGEMENT COMPANIES.*

Identical to H 716, filed 3/19/09.

**Intro. by Jenkins.**

GS 93E, 114

July 28, 2009

**S 829. REGULATION OF APPRAISAL MANAGEMENT COMPANIES.** Filed 3/24/09. Senate committee substitute makes the following changes to 1st edition. Reorganizes proposed GS 93E-2-1 and provides that beginning January 1, 2012 (was, January 1, 2010), it is unlawful for any person, *corporation, partnership, sole proprietorship, subsidiary, unit or any other business entity* (collectively, specified entities) to do certain activities without first registering with the NC Appraisal Board (Board). Deletes listed exceptions to the prohibition.

Deletes in proposed GS 93E-2-2 the definition of *act as a real estate appraisal management company* and modifies the definition of *appraisal management company* to mean a specified entity that (1) administers a network of independent contract appraisers, (2) receives requests for appraisals from clients, (3) receives a fee paid by the client for the appraisals, and (4) enters into an agreement with one or more independent appraisers in its network to perform the appraisals contained in the request. Excludes from the definition of *appraisal management company* the exceptions that were deleted from GS 93E-2-1 and adds other exclusions for certain specified entities.

Expands the list of information to be included in the registration of an appraisal management company in proposed GS 93E-2-4. Also adds that to qualify to be registered, (1) each individual who owns, directly or indirectly, more than 10% of the appraisal management company must be of good moral character, as determined by the Board, and submit all information the Board deems necessary pursuant to its rules and (2) each owner must certify that he or she has never had a license to act as an appraiser refused, denied, cancelled, or revoked by NC or any other state. Prohibits an appraisal management company from entering into any contracts or agreements with an independent appraiser for the performance of residential real estate appraisal services unless the appraiser is licensed or certified in good standing.

Substitutes the term *managing principal* with the term *compliance manager* in proposed GS 93E-2-5.

Adds new GS 93E-2-7(b) to prohibit an employee, director, officer, or agent of an appraisal management company or any other third party acting as joint venture partner or independent contractor from influencing the development, reporting, result, or review of a real estate appraisal through any manner, including (1) altering, modifying, or otherwise changing a completed appraisal report submitted by an independent appraiser without the appraiser's written knowledge and consent; (2) using an appraisal report submitted by an independent appraiser for any other transaction; (3) requiring an appraiser to sign certain indemnification agreements; and (4) requiring an appraiser to provide the company with the appraiser's digital signature or seal.

In proposed GS 93E-2-10, makes it a Class 1 misdemeanor (was, Class I felony) for a person to violate the provisions of Article 2 of GS 93E.

Makes conforming and technical changes throughout the act.

Changes the effective date to January 1, 2012 (was, when the act becomes law).

August 5, 2009

**S 829. REGULATION OF APPRAISAL MANAGEMENT COMPANIES.** Filed 3/24/09. Senate amendment makes the following changes to 2nd edition. Makes technical changes only.

June 10, 2010

**S 829. REGULATION OF APPRAISAL MANAGEMENT COMPANIES.** Filed 3/24/09. House committee substitute makes the following changes to 3rd edition.

Amends proposed GS 93E-2-1 to provide that, beginning January 1, 2011 (was, January 1, 2012), it is unlawful for any person, corporation, partnership, sole proprietorship, subsidiary, unit,

or other business entity in the state to do any of the specified actions without first registering with the North Carolina Appraisal Board (Board).

Amends definitions in proposed GS 93E-2-2, to provide that an *appraisal management company* is a corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that utilizes an appraisal panel or fee panel and performs, directly or indirectly, appraisal management services (was, administer a network of independent contract appraisers; receive requests for appraisals by clients; receive a fee from a client; and enter into an agreement with one or more network independent appraisers). Excepts from classification as an appraisal management company an appraiser who enters into an agreement with another appraiser to perform an appraisal and after completing the appraisal, the appraisal report is signed by both the appraising and the requesting appraisers, provided that the company may not avoid the requirements of the proposed Article as described. Also excepts any *state or federally chartered* bank, farm credit system, savings institution, or credit union; any licensed real estate broker performing *only* activities in accordance with Article 1 of GS Chapter 93E; and any person licensed to practice law in the state or a court-appointed personal representative or trustee who orders an appraisal in connection with a bona fide client relationship. Deletes several types of entities, previously excepted from classification as an appraisal management company. Adds new definitions for *appraisal management services; appraiser panel or fee panel; and appraisal review*. Makes organizational changes.

Amends proposed GS 93E-2-3 to provide that the Board, effective when the act becomes law, will have authority to adopt rules that are reasonably necessary to implement, administer, and enforce the provisions of the Article (deletes previously detailed authorizations).

Amends proposed GS 93E-2-4 to add to the list of registration requirements for appraisal management companies a certification that the entity has a system to require that appraisers inform the company of their areas of geographic competency, the types of properties the appraiser is competent to appraise, and the methodologies the appraiser is competent to perform. Also requires a registered appraisal management company to pay fees to an appraiser within 30 days after the appraisal is transmitted to the registrant, except in cases of noncompliance (previous edition included fees from a lender). Clarifies that a *registered* appraisal management company must not enter into any contracts or agreements with an independent appraiser for appraisal services *for properties located in the state* unless the independent appraiser is licensed or certified in good standing. Makes additional clarifying changes.

Amends proposed GS 93E-2-5 to require a compliance manager to be a certified real estate appraiser on active status and in good standing (was, a certified general real estate appraiser).

Amends proposed GS 93E-2-6 to require that each registration application include a registration fee *in the amount set by the Board* not to exceed \$3,500 (was, \$5,000). Registration under the Article expires on June 30, 2012 and on June 30 of each year thereafter (was, June 30 of each year). Authorizes the Board to charge a renewal fee not to exceed \$2,000 (was, \$2,500).

Amends proposed GS 93E-2-7, listing additional prohibited acts by an employee, director, officer, or agent of a *registered* appraisal management company or any third party, and reorganizing the subsections. Provides that an appraisal management company may request that a real estate appraiser provide additional information through the registrant's established dispute process.

Amends proposed GS 93E-2-8, to require an appraisal management company, upon request of the Board, to produce all books and records related to real estate management services provided for North Carolina properties (previously allowed the Board to conduct routine examinations and required the company to pay inspection expenses).

Amends proposed GS 93E-2-9 to require that registered appraisal management companies also maintain all records in electronic form.

Adds new section to amend GS 93E-1-5(a), requiring that four of the Governor's appointees (was, all five of the Governor's appointees) on the Board be persons who have been engaged in the real estate appraisal business in North Carolina for at least five years preceding their appointment and are also licensed or certified. Requires one of the Governor's appointees to be a person representing either the real estate appraisal management or banking industry.

Deletes section that exempted a real estate appraisal management company established under federal law from paying the initial registration fee imposed under the proposed Article.

Makes the act effective January 1, 2011, unless otherwise indicated (was, effective January 1, 2012).

June 24, 2010

**S 829. REGULATION OF APPRAISAL MANAGEMENT COMPANIES.** Filed 3/24/09. House amendment makes the following changes to 4th edition.

Recodifies proposed new GS 114-19.27 as GS 114-19.28. Makes a conforming change to proposed GS 93E-2-11.

July 28, 2010

**SL 2010-141 (S 829). REGULATION OF APPRAISAL MANAGEMENT COMPANIES. AN ACT TO REGULATE REAL ESTATE APPRAISAL MANAGEMENT COMPANIES.** Summarized in *Daily Bulletin* 3/24/09, 7/28/09, 8/5/09, 6/10/10, and 6/24/10. Enacted July 22, 2010. GS 93E-2-3, as enacted by Section 1, is effective July 22, 2010. The remainder is effective January 1, 2011.