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**HOUSE BILL NO. 762**

Offered January 8, 2014

Prefiled January 7, 2014

*A BILL to amend and reenact §§ 54.1-2013 and 54.1-2021.1 of the Code of Virginia, relating to license required for appraisal management company.*

\_\_\_\_\_  
Patron—Minchew

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Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 54.1-2013 and 54.1-2021.1 of the Code of Virginia are amended and reenacted as follows:**

**§ 54.1-2013. General powers of Real Estate Appraiser Board; regulations; educational requirements for licensure.**

The Board shall have all of the powers of a regulatory board under Chapter 2 (§ 54.1-200 et seq.) of this title. The Board may do all things necessary and convenient for carrying into effect the provisions of this chapter, *Chapter 20.2* (§ 54.1-2020 et seq.), and all things required or expected of a state appraiser certifying and licensing agency under Title 11 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (12 U.S.C. § 3331 et seq.). The Board shall promulgate necessary regulations. The Director shall have the authority to promulgate initial emergency regulations upon the enactment of this chapter as necessary to comply with applicable federal requirements, provided that within twelve months from the effective date of such emergency regulations, the Board promulgates the regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.).

The Board shall include in its regulations educational and experience requirements as conditions for licensure, provisions for the supervision of appraiser practices, provisions for the enforcement of standards of professional appraiser practice, and provisions for the disposition of referrals of improper appraiser conduct from any person or any federal agency or instrumentality. This paragraph shall not be construed to limit the powers and authority of the Board.

The Board may set different education and experience requirements for licensed residential real estate appraisers, certified residential real estate appraisers, and certified general real estate appraisers. All applicants for licensure under this chapter shall meet applicable educational and experience requirements prior to licensure.

Applicants for licensure as a certified residential real estate appraiser or a certified general real estate appraiser shall successfully complete an examination administered or approved by the Board prior to licensure. The Board may set different examination requirements for certified residential real estate appraisers and certified general real estate appraisers. The Board may require that licensed residential real estate appraisers successfully complete an examination administered or approved by the Board prior to licensure or prior to the renewal of an initial license.

All regulations established by the Board shall satisfy any minimum criteria that are necessary in order that the federal financial institution's regulatory agencies recognize and accept licenses for licensed residential real estate appraisers, certified residential real estate appraisers, and certified general real estate appraisers, and appraisal management companies issued by the Board.

**§ 54.1-2021.1. (Effective July 1, 2014) Appraisal management companies; license required; posting of bond or letter of credit.**

*A. No person shall engage in business as an appraisal management company without a license issued by the Board.*

~~Beginning July 1, 2014, the~~ *B. The Board may issue a license to do business as an appraisal management company in the Commonwealth to any applicant who has submitted a complete application and provides satisfactory evidence that he has successfully:*

*1. Completed all requirements established by the Board that are consistent with this chapter and are reasonably necessary to implement, administer, and enforce the provisions of this chapter; and*

*2. Certified to the Board the following information, and such other information as may be reasonably required by the Board, regarding the person or entity seeking licensure:*

*a. The name of the person or entity;*

*b. The business address of the person or entity;*

*c. Phone contact information for the person or entity, and email address;*

*d. If the entity is not an entity domiciled in the Commonwealth, the name and contact information for the entity's agent for service of process in the Commonwealth;*

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59 e. If the entity is not an entity domiciled in the Commonwealth, proof that the entity is properly and  
60 currently registered with the Virginia State Corporation Commission;

61 f. The name, address, and contact information for any person or any entity that owns 10 percent or  
62 more of the appraisal management company;

63 g. The name, address, and contact information for a responsible person for the appraisal management  
64 company located in the Commonwealth, who shall be a person or entity licensed under Chapter 20.1 (§  
65 54.1-2009 et seq.);

66 h. That any person or entity that owns 10 percent or more of the appraisal management company has  
67 never had a license to act as an appraiser refused, denied, canceled, or revoked by the Commonwealth  
68 or any other state;

69 i. That the entity has a system in place to review the work of all appraisers that may perform  
70 appraisal services for the appraisal management company on a periodic basis to ensure that the appraisal  
71 services are being conducted in accordance with the Uniform Standards of Professional Appraisal  
72 Practice;

73 j. That the entity maintains a detailed record of the following: (i) each request for an appraisal  
74 service that the appraisal management company receives; (ii) the name of each independent appraiser  
75 that performs the appraisal; (iii) the physical address or legal identification of the subject property; (iv)  
76 the name of the appraisal management company's client for the appraisal; (v) the amount paid to the  
77 appraiser; and (vi) the amount paid to the appraisal management company; and

78 k. That the entity has a system in place to ensure compliance with § 129E of the Truth in Lending  
79 Act (15 U.S.C. § 1601 et seq.).

80 B. C. Any person that owns 10 percent or more of an appraisal management company and any  
81 controlling person of an appraisal management company seeking to be licensed pursuant to this chapter  
82 shall be of good moral character, as determined by the Board, and shall submit to a background  
83 investigation, as determined by the Board.

84 C. D. In addition to the filing fee, each applicant for licensure shall post either a bond or a letter of  
85 credit as follows:

86 1. If a bond is posted, the bond shall (i) be in the amount of ~~\$25,000~~ \$100,000 or any other amount  
87 as set by regulation of the Board, (ii) be in a form prescribed by regulation of the Board, and (iii)  
88 accrue to the Commonwealth for the benefit of (a) a claimant against the licensee to secure the faithful  
89 performance of the licensee's obligations under this chapter or (b) an appraiser who has performed an  
90 appraisal for the licensee for which the appraiser has not been paid. The aggregate liability of the surety  
91 shall not exceed the principal sum of the bond. A party having a claim against the licensee may bring  
92 suit directly on the surety bond. When a claimant or an appraiser is awarded a final judgment in a court  
93 of competent jurisdiction against a licensee of this section for the licensee's failure to faithfully perform  
94 its obligations under this chapter or failure to pay an appraiser who performed an appraisal, the claimant  
95 or the appraiser may file a claim with the Board for a directive ordering payment from the bond issuer  
96 of the amount of the judgment, court costs and reasonable attorney fees as awarded by the court. Such  
97 claim shall be filed with the Board no later than 12 months after the judgment becomes final. Upon  
98 receipt of the claim against the licensee, the Board may cause its own investigation to be conducted.  
99 The amount of the bond shall be restored by the licensee to the full amount required within 15 days  
100 after the payment of any claim on the bond. If the licensee fails to restore the full amount of the bond,  
101 the Board shall immediately revoke the license of the licensee whose conduct resulted in payment from  
102 the bond.

103 2. If a letter of credit is posted, the letter of credit shall (i) be in the amount of ~~\$25,000~~ \$100,000 or  
104 any other amount as set by regulation of the Board, (ii) be irrevocable and in a form approved by the  
105 Board, payable to the Department of Professional Occupational Regulation, and (iii) be for the use and  
106 the benefit of (a) a claimant against the licensee to secure the faithful performance of the licensee's  
107 obligations under this chapter or (b) an appraiser who has performed an appraisal for the licensee for  
108 which the appraiser has not been paid. The aggregate liability on the letter of credit shall not exceed the  
109 principal sum of the letter of credit. When a claimant or an appraiser is awarded a final judgment in a  
110 court of competent jurisdiction against a licensee of this section for the licensee's failure to faithfully  
111 perform its obligations under this chapter or failure to pay an appraiser who performed an appraisal, the  
112 claimant or the appraiser may file a claim with the Board for a directive ordering payment from the  
113 issuer of the letter of credit of the amount of the judgment, court costs and reasonable attorney fees as  
114 awarded by the court. Such claim shall be filed with the Board no later than 12 months after the  
115 judgment becomes final. Upon receipt of the claim against the licensee, the Board may cause its own  
116 investigation to be conducted. Upon a draw against a letter of credit, the licensee shall provide a new  
117 letter of credit in the amount required by this subdivision within 15 days after payment of any claim on  
118 the letter of credit. If the licensee fails to restore the full amount of the letter of credit, the Board shall  
119 immediately revoke the license of the licensee whose conduct resulted in payment from the bond.