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Legislative Document

No. 1349

H.P. 939

House of Representatives, April 6, 2017

An Act Regarding the Registration of Appraisal Management Companies

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative FECTION of Biddeford.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 32 MRSA c. 124-A** is enacted to read:

3 **CHAPTER 124-A**

4 **APPRAISAL MANAGEMENT COMPANY REGISTRATION**

5 **§14041. Short title**

6 This chapter may be known and cited as "the Appraisal Management Company
7 Registration Act."

8 **§14042. Definitions**

9 As used in this chapter, unless the context otherwise indicates, the following terms
10 have the following meanings.

11 **1. Appraisal.** "Appraisal" has the same meaning as in section 14002, subsection 1.

12 **2. Appraisal assignment.** "Appraisal assignment" means an agreement between an
13 appraiser and an appraisal management company to provide an appraisal service.

14 **3. Appraisal management company.** "Appraisal management company" means an
15 entity that:

16 A. Provides appraisal management services to creditors or secondary mortgage
17 market participants with appraisers who are:

18 (1) Employees of the entity; or

19 (2) Part of an appraiser panel that includes more than 15 appraisers who are
20 independent contractors to the entity;

21 B. Provides services in connection with valuing a consumer's principal dwelling as
22 security for a consumer credit transaction or incorporating such transactions into
23 securitizations; and

24 C. Within a calendar year or a 12-month period established by board rule, oversees
25 an appraiser panel of more than 15 certified or licensed appraisers in one state or 25
26 or more certified or licensed appraisers in more than one state.

27 "Appraisal management company" does not include a department or division of an entity
28 that provides appraisal management services only to that entity.

29 **4. Appraisal management service.** "Appraisal management service" means:

30 A. Recruiting, selecting and retaining appraisers;

31 B. Contracting with appraisers to perform appraisal assignments;

32 C. Managing the process of having an appraisal performed, including, but not limited
33 to:

- 1 (1) Providing administrative services;
- 2 (2) Receiving appraisal orders and appraisal reports;
- 3 (3) Submitting completed appraisal reports to creditors and secondary market
- 4 participants;
- 5 (4) Collecting fees from creditors and secondary market participants for services
- 6 provided; and
- 7 (5) Paying appraisers for services performed; and

8 D. Reviewing and verifying the work of appraisers.

9 **5. Appraisal review.** "Appraisal review" means the act or process of developing

10 and communicating an opinion about the quality of an appraiser's work that was

11 performed as part of an appraisal assignment related to the appraiser's data collection,

12 analysis, opinions, conclusions, estimate of value or compliance with the Uniform

13 Standards of Professional Appraisal Practice. "Appraisal review" does not include a

14 quality control examination.

15 **6. Appraisal service.** "Appraisal service" means providing an appraisal or appraisal

16 review.

17 **7. Appraiser.** "Appraiser" means a person licensed under chapter 124.

18 **8. Appraiser panel.** "Appraiser panel" means a network, list or roster of licensed or

19 certified appraisers approved by an appraisal management company to perform appraisals

20 for the appraisal management company. "Appraiser panel" includes appraisers accepted

21 by an appraisal management company for consideration for future appraisal assignments

22 in covered transactions or for secondary mortgage market participants in connection with

23 covered transactions and appraisers engaged by an appraisal management company to

24 perform one or more appraisals in covered transactions or for secondary mortgage market

25 participants in connection with covered transactions.

26 **9. Board.** "Board" means the Board of Real Estate Appraisers under section 14011.

27 **10. Client.** "Client" means a person that contracts with or otherwise enters into an

28 agreement with an appraisal management company for the performance of appraisal

29 management services.

30 **11. Consumer credit.** "Consumer credit" means credit offered or extended to a

31 consumer primarily for personal, family or household purposes.

32 **12. Controlling person.** "Controlling person" means:

33 A. An owner, officer or director of an appraisal management company;

34 B. An individual employed, appointed or authorized by an appraisal management

35 company who has authority to enter into a contractual relationship with other persons

36 for the performance of appraisal management services and has authority to enter into

37 agreements with appraisers for the performance of appraisal services; or

1 C. An individual who is authorized to, directly or indirectly, direct or cause the
2 direction of the management or policies of an appraisal management company.

3 **13. Covered transaction.** "Covered transaction" means a consumer credit
4 transaction secured by a consumer's principal dwelling.

5 **14. Creditor.** "Creditor" means a person who regularly extends consumer credit that
6 is subject to a finance charge or is payable by written agreement in more than 4
7 installments, not including a down payment, and to whom the obligation is initially
8 payable, either on the face of the note or contract or by agreement when there is no note
9 or contract. For the purpose of this subsection, a person regularly extends consumer
10 credit if the person:

11 A. Extended credit, other than credit subject to the requirements of 12 Code of
12 Federal Regulations, Section 1026.32 more than 5 times for transactions secured by a
13 dwelling in the preceding calendar year; or

14 B. In any 12-month period, originates more than one credit extension that is subject
15 to the requirements of 12 Code of Federal Regulations, Section 1026.32 or one or
16 more such credit extensions through a mortgage broker.

17 **15. Dwelling.** "Dwelling" means a residential structure that contains one to 4 units,
18 whether or not the structure is attached to real property. "Dwelling" includes an
19 individual condominium unit, cooperative unit, mobile home and trailer, if it is used as a
20 residence.

21 **16. Federal appraisal subcommittee.** "Federal appraisal subcommittee" means the
22 Appraisal Subcommittee of the Federal Financial Institutions Examination Council under
23 12 United States Code, Chapter 34.

24 **17. Federal financial institutions regulatory agency.** "Federal financial
25 institutions regulatory agency" means the federal Office of the Inspector General,
26 Consumer Financial Protection Bureau, Federal Housing Finance Agency or Board of
27 Governors of the Federal Reserve System; the Federal Deposit Insurance Corporation; the
28 Office of the Comptroller of the Currency; or the National Credit Union Administration.

29 **18. Federally regulated appraisal management company.** "Federally regulated
30 appraisal management company" means an appraisal management company that is owned
31 and controlled by an insured depository institution, as defined in 12 United States Code,
32 Section 1813 and regulated by the federal Office of the Comptroller of the Currency;
33 Office of the Inspector General, Board of Governors of the Federal Reserve System; or
34 the Federal Deposit Insurance Corporation.

35 **19. Federally related transaction.** "Federally related transaction" has the same
36 meaning as in section 14002, subsection 9.

37 **20. Federally related transaction regulations.** "Federally related transaction
38 regulations" means regulations established by a federal financial institutions regulatory
39 agency pursuant to Title XI, Sections 1112, 1113 and 1114 of the Financial Institutions

1 Reform, Recovery, and Enforcement Act of 1989, 12 United States Code, Sections 3341
2 to 3343.

3 **21. Person.** "Person" means an individual, firm, partnership, association,
4 corporation, limited liability company, sole proprietorship or any other entity.

5 **22. Principal dwelling.** "Principal dwelling" means a consumer's principal
6 dwelling. "Principal dwelling" includes a dwelling a consumer buys or builds that will
7 become the consumer's principal dwelling within one year or upon the completion of
8 construction. "Principal dwelling" does not include a vacation or other second home.

9 **23. Quality control examination.** "Quality control examination" means an
10 examination of an appraisal report for completeness, including for grammatical,
11 mathematical and typographical errors. "Quality control examination" does not include an
12 appraisal review.

13 **24. Secondary mortgage market participant.** "Secondary mortgage market
14 participant" means a guarantor or insurer of mortgage-backed securities, or an
15 underwriter or issuer of mortgage-backed securities. "Secondary mortgage market
16 participant" includes an individual investor in a mortgage-backed security only if that
17 investor is also a guarantor, issuer, underwriter or issuer of the mortgage-backed security.

18 **25. Uniform Standards of Professional Appraisal Practice.** "Uniform Standards
19 of Professional Appraisal Practice" has the same meaning as in section 14002, subsection
20 15.

21 **§14043. Registration required**

22 **1. Registration.** A person shall obtain registration from the board before:

23 A. Directly or indirectly engaging or to attempting to engage in business as an
24 appraisal management company;

25 B. Directly or indirectly performing or attempting to perform appraisal management
26 services; or

27 C. Advertising or holding the person out as engaging in or conducting business as an
28 appraisal management company.

29 **2. Application.** An applicant for registration as an appraisal management company
30 shall submit to the board an application on forms prescribed by the board and pay a fee
31 established by the board. The board shall review and approve or deny an application for
32 initial registration or an application for renewal of a registration.

33 **3. Surety bond.** An applicant for registration as an appraisal management company
34 shall file with the board a surety bond as determined by the board, not to exceed \$15,000.

35 **4. Consent to service of process.** An applicant for registration as an appraisal
36 management company shall complete an irrevocable consent to service of process as
37 prescribed by the board.

1 **5. Information required.** An appraisal management company registered or
2 applying to be registered shall provide to the board all information that the board is
3 required to submit to the federal appraisal subcommittee pursuant to regulations or
4 guidance promulgated by the federal appraisal subcommittee.

5 **6. Federally regulated appraisal management companies.** Notwithstanding
6 subsection 1, a federally regulated appraisal management company is not required to
7 register with the board. A federally regulated appraisal management company shall:

8 A. Notify the board of its intent to operate in the State; and

9 B. Provide to the board information required to be submitted by the board to the
10 federal appraisal subcommittee pursuant to regulations and policies of the federal
11 appraisal subcommittee regarding the determination of a national registry fee under
12 section 14045, subsection 2.

13 **§14044. Expiration of license**

14 Unless renewed, a registration issued by the board pursuant to this chapter expires on
15 December 31st of every other year.

16 **§14045. Registration fees**

17 **1. Fee established by rule.** The board shall establish by rule a reasonable fee to be
18 paid by an appraisal management company that is registered or applying to be registered
19 under this chapter. Fees paid by all appraisal management companies registered or
20 applying to be registered under this chapter must be sufficient for the administration of
21 this chapter.

22 **2. National registry fee.** The board shall collect from an appraisal management
23 company registered, applying to be registered or operating as a federally regulated
24 appraisal management company in this State, for each appraiser on an appraiser panel of
25 the appraisal management company, the national registry fee determined by the federal
26 appraisal subcommittee pursuant to Title XI, Section 1109(a)(4) of the federal Financial
27 Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by the Dodd-
28 Frank Wall Street Reform and Consumer Protection Act (2010).

29 **§14046. Owner requirements**

30 **1. License or certification as appraiser.** An appraisal management company
31 registered or applying for or renewing a registration under this chapter may not be owned
32 in whole or in part, directly or indirectly, by a person that has had a license or certificate
33 to act as an appraiser refused, denied, cancelled for a substantive cause, revoked or
34 surrendered in lieu of a pending revocation in any state unless the person has
35 subsequently had a license or certificate to act as an appraiser granted or reinstated.

36 **2. Background.** A person that owns more than 10% of an appraisal management
37 company shall:

38 A. Be of good moral character, as determined by the board; and

1 B. Submit to a background investigation, as required by the board.

2 **§14047. Controlling persons**

3 **1. Designation of controlling person.** An appraisal management company applying
4 to the board for a registration or for renewal of a registration shall designate one
5 controlling person that will be the main contact for all communication between the board
6 and the appraisal management company.

7 **2. Requirements.** A controlling person must:

8 A. Be actively licensed or certified in at least one state as an appraiser at all times
9 that the person is designated as a controlling person;

10 B. Have never had a license or certificate to act as an appraiser refused, denied,
11 canceled, revoked or surrendered in lieu of a pending revocation in any state;

12 C. Be of good moral character, as determined by the board; and

13 D. Submit to a background investigation, as required by the board.

14 **§14048. Employee requirements**

15 An appraisal management company that is registered or applies for registration or
16 renewal of registration may not:

17 **1. Ordering and reviewing of appraisal services.** Knowingly employ any person
18 in a position in which the person has the responsibility to order appraisal services or to
19 review the results of a completed appraisal service who has had a license or certificate to
20 act as an appraiser in this State or any other state refused, denied, cancelled, revoked or
21 surrendered in lieu of a pending revocation; and

22 **2. Independent contractor.** Knowingly enter into any independent contractor
23 arrangement for the performance of appraisal services with a person who has had a
24 license or certificate to act as an appraiser in this State or any other state refused, denied,
25 cancelled, revoked or surrendered in lieu of a pending revocation.

26 **§14049. Denial of registration**

27 The board may deny or refuse to renew an application for a registration to operate as
28 an appraisal management company if the applicant fails to satisfy a requirement of this
29 chapter or the board determines that the applicant:

30 **1. Unfit.** Has demonstrated incompetence, untrustworthiness or conduct or practices
31 that render the registrant unfit to perform appraisal management services; or

32 **2. Good faith.** Does not perform appraisal management services in good faith and is
33 a source of detriment, injury or loss to the public.

34 **§14049-A. Appraiser panel**

35 For the purpose of determining whether within a 12-month period an appraisal
36 management company oversees an appraiser panel of more than 15 state-certified or

1 state-licensed appraisers in a state or 25 or more certified or licensed appraisers in 2 or
2 more states and therefor qualifies as an appraisal management company pursuant to this
3 chapter, the following provisions apply.

4 **1. Begin date.** An appraiser is considered part of the appraisal management
5 company's appraiser panel as of the earliest date on which the appraisal management
6 company:

7 A. Accepts the appraiser for consideration for future appraisal assignments in
8 covered transactions or for secondary mortgage market participants in connection
9 with covered transactions; or

10 B. Engages the appraiser to perform one or more appraisals on behalf of a creditor
11 for a covered transaction or secondary mortgage market participant in connection
12 with covered transactions.

13 **2. End date.** An appraiser who is considered part of the appraisal management
14 company's appraiser panel pursuant to subsection 1 is considered to remain on the panel
15 until the date on which the appraisal management company:

16 A. Sends written notice to the appraiser removing the appraiser from the appraiser
17 panel;

18 B. Receives written notice from the appraiser asking to be removed from the
19 appraiser panel; or

20 C. Receives written notice of the death or incapacity of the appraiser.

21 **3. Subsequent engagement after removal.** If an appraiser is removed from an
22 appraisal management company's appraiser panel pursuant to subsection 2, paragraph A
23 or B, and the appraisal management company subsequently accepts the appraiser for
24 consideration for future assignments or engages the appraiser at any time during the 12
25 months after the removal of the appraiser, the removal must be considered not to have
26 occurred and the appraiser must be considered to have been part of the appraisal
27 management company's appraiser panel without interruption.

28 **4. Twelve-month period.** The period for purposes of counting appraisers on an
29 appraisal management company's appraiser panel may be the calendar year or a 12-month
30 period established by rule by the board.

31 **§14049-B. Appraiser engagement**

32 Prior to placing an appraisal assignment with an appraiser on an appraiser panel, an
33 appraisal management company shall verify that the appraiser receiving the appraisal
34 assignment is licensed under chapter 124.

35 **§14049-C. Appraisal review**

36 An employee of or independent contractor to an appraisal management company who
37 performs an appraisal review for real property located in this State must be licensed under
38 chapter 124.

1 **§14049-D. Appraisal management company operational and record-keeping**
2 **requirements**

3 **1. Operational requirements.** An appraisal management company shall:

4 A. Engage only certified or licensed appraisers for federally related transactions in
5 conformity with federally related transaction regulations;

6 B. Establish and comply with processes and controls reasonably designed to ensure
7 that the appraisal management company in engaging an appraiser selects an appraiser
8 who is independent of the transaction and who has the requisite education, expertise
9 and experience necessary to competently complete the appraisal assignment for the
10 particular market and property type;

11 C. Direct an appraiser to perform an assignment in accordance with the Uniform
12 Standards of Professional Appraisal Practice; and

13 D. Establish and comply with processes and controls reasonably designed to ensure
14 that the appraisal management company conducts appraisal management services in
15 accordance with the requirements of the Truth in Lending Act, 15 United States Code
16 Section 1639e(a)-(i) and regulations adopted under that section.

17 **2. Record keeping.** An appraisal management company registered or applying to be
18 registered or to renew an existing registration in this State shall:

19 A. Certify to the board on a form prescribed by the board that the appraisal
20 management company maintains a detailed record of each service request that the
21 appraisal management company receives for appraisals of real property located in this
22 State; and

23 B. Retain for at least 5 years, or at least 2 years after final disposition of any related
24 judicial proceeding, all business records relating to each request for an appraisal
25 service that the appraisal management company has received and the appraiser who
26 performs the appraisal service for the appraisal management company.

27 An appraisal management company registered under this chapter shall make all records
28 required to be maintained by the appraisal management company available for inspection
29 by the board upon reasonable notice to the appraisal management company.

30 **§14049-E. Compensation of appraisers**

31 **1. Compensation.** An appraisal management company shall compensate appraisers
32 at a rate that is reasonable and customary for appraisal services being performed in the
33 market area of the property being appraised without the services of an appraisal
34 management company in accordance with federal law. Except in cases of breach of
35 contract or substandard performance of an appraisal service, an appraisal management
36 company shall make payment to an appraiser for the completion of an appraisal service
37 within 45 days of the date on which the appraiser transmits or otherwise provides the
38 results of the completed appraisal service to the appraisal management company.

39 **2. Fees prohibited.** An appraisal management company may not:

1 A. Require an appraiser that is on an appraiser panel of the appraisal management
2 company or seeking to be added to an appraiser panel of the appraisal management
3 company to pay the national registry fee assessed by the federal appraisal
4 subcommittee under section 14045, subsection 2;

5 B. As a prerequisite to an appraiser being added to an appraiser panel or as a
6 prerequisite to an appraiser receiving an order for an appraisal from an appraisal
7 management company, require an appraiser to pay any fee directly or indirectly to the
8 appraisal management company or to reimburse the appraisal management company
9 for any costs, fees or other expenses incurred solely by the appraisal management
10 company; or

11 C. Deduct any amount from the reasonable and customary fee paid to an appraiser
12 for any costs, fees or other expenses incurred solely by the appraisal management
13 company.

14 **§14049-F. Statement of fees**

15 When reporting fees to a client, an appraisal management company shall separately
16 indicate the fees paid to an appraiser for the completion of an appraisal service and the
17 fees charged by the appraisal management company to the client for appraisal
18 management services.

19 **§14049-G. Prohibited practices**

20 **1. Prohibitions.** An appraisal management company registered under this chapter or
21 an employee, director, officer or agent of an appraisal management company registered
22 under this chapter may not:

23 A. Cause or attempt to cause the results of an appraisal service to be based on any
24 factor other than the independent judgment of the appraiser;

25 B. Seek to influence an appraiser or to otherwise encourage a targeted value in order
26 to facilitate the making or pricing of a consumer credit transaction;

27 C. Modify or otherwise change the results of a completed appraisal service that have
28 been submitted by an appraiser to the appraisal management company by:

29 (1) Altering or removing the signature or seal of the appraiser; or

30 (2) Adding information to, removing information from or changing information
31 contained in the results of the completed appraisal service, including any
32 disclosure authorized by this chapter submitted by an appraiser in or with the
33 appraisal report;

34 D. Condition a request for the performance of an appraisal service or the payment of
35 an appraisal fee, salary or bonus on the opinion, conclusion or valuation to be reached
36 or on a preliminary estimate or opinion requested from an appraiser;

37 E. Request that an appraiser provide an estimated, predetermined or desired
38 valuation in an appraisal report or provide estimated values or comparable sales at
39 any time before the completion of an appraisal by an appraiser;

- 1 F. Provide to an appraiser an anticipated, estimated, encouraged or desired value for
2 a subject property or a proposed or target amount to be loaned to a borrower, except
3 that a copy of the sales contract for a purchase transaction may be provided;
- 4 G. Make any part of a fee paid to the appraiser or a fee paid by the appraisal
5 management company contingent on a favorable outcome, including a loan closing or
6 a specific valuation being achieved by the appraiser in the appraisal report;
- 7 H. Withhold or threaten to withhold timely payment for the completion of an
8 appraisal assignment when the appraisal services that are the subject of the appraisal
9 assignment are provided in accordance with a contract or other agreement between
10 the parties;
- 11 I. Seek to influence an appraiser by withholding or threatening to withhold future
12 business from an appraiser;
- 13 J. Seek to influence an appraiser by demoting or terminating or threatening to
14 demote or terminate an appraiser;
- 15 K. Seek to influence an appraiser by expressly or impliedly promising future
16 business, promotions or increased compensation for an appraiser;
- 17 L. Provide to an appraiser, or any person related to an appraiser, stock or other
18 financial or nonfinancial benefits;
- 19 M. Allow the removal of an appraiser from an appraiser panel without prior written
20 notice to the appraiser;
- 21 N. Obtain, use or pay for a second or subsequent appraisal or order an automated
22 valuation model in connection with a mortgage financing transaction unless:
- 23 (1) There is a reasonable basis to believe that the initial appraisal was flawed or
24 tainted and that basis is clearly and appropriately noted in the loan file;
- 25 (2) The subsequent appraisal or automated valuation model is done under a bona
26 fide prefunding or postfunding appraisal review or quality control process; or
- 27 (3) The subsequent appraisal or automated valuation model is otherwise required
28 or permitted by federal or state law;
- 29 O. Prohibit legal communication between an appraiser and a lender, real estate
30 license holder or any other person from whom the appraiser believes information
31 would be relevant;
- 32 P. Refuse to accept the results of a completed appraisal service by more than one
33 appraiser if an appraiser provides substantial assistance to another appraiser in the
34 preparation of the report, unless the appraisal assignment names an individual
35 appraiser or the statement of work requires an unassisted report; or
- 36 Q. Require an appraiser to:
- 37 (1) Complete an appraisal service if the appraiser determines the appraiser does
38 not have the necessary expertise for the specific geographic area and the
39 appraiser has notified the company of that determination;

- 1 (2) Prepare an appraisal report under a schedule that the appraiser believes does
2 not afford the appraiser the ability to meet all the relevant legal and professional
3 obligations if the appraiser has notified the company of that belief;
- 4 (3) Provide the appraisal management company with the digital signature or seal
5 of the appraiser;
- 6 (4) Modify any aspect of an appraisal report without the agreement of the
7 appraiser that the modification is appropriate;
- 8 (5) Engage in any act or practice that does not comply with the Uniform
9 Standards of Professional Appraisal Practice;
- 10 (6) Engage in any act or practice that does not comply with any assignment
11 conditions and certifications required by a client;
- 12 (7) Engage in any act or practice that impairs or attempts to impair the
13 independence, objectivity or impartiality of an appraiser;
- 14 (8) Enter into an agreement to not serve on the appraiser panel of another
15 appraisal management company;
- 16 (9) Indemnify or hold harmless the appraisal management company against
17 liability except liability for errors and omissions by the appraiser; or
- 18 (10) Pay a fee imposed on the appraisal management company by the federal
19 appraisal subcommittee.

20 **2. Construction.** Nothing in subsection 1 may be construed to prohibit:

21 A. An appraiser from reimbursing an appraisal management company for the actual
22 cost of discretionary services provided to the appraiser;

23 B. An appraiser from voluntarily providing the appraiser's digital signature or seal to
24 an appraisal management company;

25 C. An appraisal management company from asking an appraiser, after an appraisal
26 report is delivered, to:

27 (1) Consider additional appropriate property information, including the
28 consideration of additional comparable properties to make or support an
29 appraisal;

30 (2) Provide further detail, substantiation or explanation of the appraiser's
31 conclusion regarding values; or

32 (3) Correct errors in the appraisal report;

33 D. An appraisal management company from requiring an appraiser to provide
34 advance notice of and an opportunity for the appraisal management company to
35 participate in any legal communications between the appraiser and a lender; or

36 E. An appraisal management company from providing to an appraiser a copy of an
37 executed contract for a purchase transaction.

1 **§14049-H. Mandatory reporting**

2 An appraisal management company that has a reasonable basis to believe an
3 appraiser is failing to comply with the Uniform Standards of Professional Appraisal
4 Practice in a manner that materially affects the conclusion of value contained in an
5 appraisal report, is violating applicable laws or is otherwise engaging in unethical or
6 unprofessional conduct shall refer the matter to the board.

7 **§14049-I. Registration number**

8 The board shall issue a unique registration number to each appraisal management
9 company registered in this State. The board shall publish annually a list of registered
10 appraisal management companies that have been issued a registration number pursuant to
11 this section.

12 **§14049-J. Advertising**

13 An appraisal management company registered in this State shall disclose the
14 registration number provided to it by the board under section 14049-I on all print and
15 electronic advertising, including any advertising or communication via the Internet.

16 **§14049-K. Appraiser panel management**

17 Except within the first 30 days after an appraiser is added to an appraiser panel, an
18 appraisal management company may not remove an appraiser from its appraiser panel or
19 otherwise refuse to assign requests for real estate appraisal services to an appraiser
20 without notifying the appraiser in writing and identifying the reasons why the appraiser is
21 being removed from the appraiser panel and providing an opportunity for the appraiser to
22 respond to the notification.

23 **§14049-L. Background checks**

24 An appraisal management company registered or applying for registration in this
25 State that requires an appraiser to submit to a criminal background check as a condition
26 of employment or contractual relationship shall accept a criminal background check that
27 has been performed within the preceding 12 months and that substantially conforms to
28 the requirements for a criminal history records check to obtain a license under chapter
29 124.

30 **§14049-M. Disciplinary proceedings**

31 1. Acts subject to disciplinary proceedings. The board may initiate disciplinary
32 proceedings against an appraisal management company registered in this State if the
33 board determines an appraisal management company is attempting to perform, has
34 performed or has attempted to perform any of the following acts:

- 35 A. Committing an act in violation of this chapter;
36 B. Violating a rule adopted by the board; or
37 C. Procuring a registration by fraud, misrepresentation or deceit.

1 **2. Maine Administrative Procedure Act.** The board, after notice and opportunity
2 for a hearing in accordance with the Maine Administrative Procedure Act, may issue an
3 order imposing one or more of the following penalties if the board finds by a
4 preponderance of the evidence that an appraisal management company has violated a
5 provision of this chapter or rules adopted by the board pursuant to this chapter:

6 A. Revocation of the registration;

7 B. Suspension of the registration for a period not to exceed 2 years;

8 C. Stipulations, limitations, restrictions or conditions relating to conduct of the
9 appraisal management company;

10 D. Censure, including specific redress, if appropriate;

11 E. Reprimand; and

12 F. Administrative fines not to exceed \$5,000 per violation.

13 **§14049-N. Board powers**

14 The board may:

15 **1. Rule making.** Adopt rules necessary to implement, administer and enforce the
16 provisions of this chapter. Rules adopted pursuant to this subsection are routine technical
17 rules as defined in Title 5, chapter 375, subchapter 2-A;

18 **2. Applications.** Review and approve or deny an appraisal management company's
19 application for initial registration;

20 **3. Renewals.** Review and renew or refuse to renew an appraisal management
21 company's registration;

22 **4. Books and records.** Examine the books and records of an appraisal management
23 company operating in the State and require the appraisal management company to submit
24 reports, information and documents to the board;

25 **5. Valid certifications.** Verify that an appraiser on an appraiser panel holds a valid
26 state certification or license, as applicable;

27 **6. Investigations.** Conduct investigations of appraisal management companies to
28 assess potential violations of this chapter, rules adopted pursuant to this chapter or orders
29 issued pursuant to this chapter;

30 **7. Discipline.** Discipline an appraisal management company or suspend, terminate
31 or refuse to renew the registration of an appraisal management company that violates this
32 chapter, a rule adopted pursuant to this chapter or an order issued pursuant to this chapter;
33 and

34 **8. Report to federal appraisal subcommittee.** Report to the federal appraisal
35 subcommittee an appraisal management company's violation of this chapter, a rule
36 adopted pursuant to this chapter or an order issued pursuant to this chapter, as well as

1 disciplinary and enforcement actions and other relevant information about an appraisal
2 management company's operations.

3

SUMMARY

4 This bill enacts the Appraisal Management Company Registration Act. Under the
5 bill, appraisal management companies must obtain registration by the Board of Real
6 Estate Appraisers. Appraisal management companies are entities that provide appraisal
7 management services to creditors or secondary mortgage market participants with
8 appraisers who are employees of the entity or part of an appraiser panel made up of
9 independent contractors, that provide services in connection with valuing a consumer's
10 principal dwelling as security for a consumer credit transaction or incorporating such
11 transactions into securitizations and that oversee appraiser panels in one or more states.
12 Appraisal management services provided by appraisal management companies include
13 recruiting, selecting and retaining appraisers; contracting with appraisers to perform
14 appraisal assignments; managing the process of having an appraisal performed; and
15 reviewing and verifying the work of appraisers.