

Regular Session, 2012

HOUSE BILL NO. 823

BY REPRESENTATIVE GREENE

REAL ESTATE/APPRAISERS: Provides with respect to licensure requirements for appraisal management companies

1 AN ACT

2 To amend and reenact R.S. 37:3415.3(B)(10) and (11) and to enact R.S. 37:3415.3(C),
3 relative to appraisal management companies; to require a surety bond as a condition
4 for obtaining and maintaining an appraisal management company license; to provide
5 for the form of the bond; to provide for the amount of the bond; to provide for claims
6 against the bond; to authorize a deposit of cash or security in lieu of the bond; to
7 require restoration of the face amount of the bond; to provide for applicability; to
8 provide for an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 37:3415.3(B)(10) and (11) are hereby amended and reenacted and
11 R.S. 37:3415.3(C) is hereby enacted to read as follows:

12 §3415.3. License required; bond required

13 * * *

14 B. The license required by Subsection A of this Section shall, at a minimum,
15 include the following information:

16 * * *

17 (10) Proof that the entity has obtained and maintains a surety bond that meets
18 the requirements of Subsection C of this Section.

1 (11) An irrevocable Uniform Consent to Service of Process, pursuant to this
2 Chapter.

3 ~~(11) Any other information required by the board.~~

4 C.(1) Every applicant for a license or the renewal of a license shall obtain
5 and maintain a surety bond in the amount of twenty thousand dollars. The surety
6 bond shall:

7 (a) Be in the form prescribed by the board pursuant to regulations duly
8 promulgated by it.

9 (b) Accrue to the state for the benefit of a claimant against the registrant to
10 secure the faithful performance of the licensee obligations under this Chapter.

11 (2) The aggregate liability of the surety shall not exceed the principal sum
12 of the bond.

13 (3) A party having a claim against the licensee may bring suit directly on the
14 surety bond, or the board may bring suit on behalf of the party having a claim against
15 the licensee.

16 (4) Consumer claims shall be given priority in recovering from the bond.

17 (5) A deposit of cash or security may be accepted in lieu of the surety bond.

18 (6) If a claim reduces the face amount of the bond, the bond shall be
19 annually restored upon renewal of the licensee's registration.

20 Section 2. The provisions of R.S. 37:3415.3.(B)(10) and (C) shall apply to any new
21 or renewed license after December 31, 2011, and only upon promulgation of rules by the
22 board concerning the provisions of R.S. 37:3415.3.(B)(10) and (C).

23 Section 3. This Act shall become effective upon signature by the governor or, if not
24 signed by the governor, upon expiration of the time for bills to become law without signature
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become
27 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Greene

HB No. 823

Abstract: Requires a surety bond as a condition for obtaining and maintaining an appraisal management company license.

Present law prohibits an entity from directly or indirectly engaging or attempting to engage in business as an appraisal management company, directly or indirectly engaging or attempting to perform appraisal management services, or advertising or holding itself out as engaging in or conducting business as an appraisal management company without first obtaining a license issued by the La. Real Estate Appraisers Board.

Present law requires the license to, at a minimum, include the following information:

- (1) The name of the entity seeking a license.
- (2) The business address of the entity seeking a license.
- (3) The phone contact information of the entity seeking a license.
- (4) If the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state.
- (5) The name, address, and contact information of any individual, corporation, partnership, or other business entity that has any ownership interest in the appraisal management company.
- (6) The name, address, and contact information for a controlling person.
- (7) Certification that the entity has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds an appraisal license in good standing.
- (8) Certification that the entity has a system in place to review the work on a periodic basis of all independent appraisers that are performing real estate appraisal services for the appraisal management company to ensure that the real estate appraisal services are being conducted in accordance with Uniform Standards of Professional Appraisal Practice.
- (9) Certification that the entity maintains a detailed record for five years of each real estate appraisal service request that it receives and an itemized list of all fees contracted with each appraiser who performs real estate appraisal services for the appraisal management company.
- (10) An irrevocable Uniform Consent to Service of Process.
- (11) Any other information required by the board.

Proposed law retains present law but repeals the board's authority to request other information and adds a requirement of proof that the entity has obtained and maintains a surety bond that meets the requirements of proposed law.

Proposed law requires every applicant for a license or the renewal of a license to obtain and maintain a surety bond in the amount of \$20,000.

Proposed law requires the surety bond to:

- (1) Be in the form prescribed by the board pursuant to regulations duly promulgated by it.
- (2) Accrue to the state for the benefit of a claimant against the registrant to secure the faithful performance of the licensee obligations under proposed law.

Proposed law provides that the aggregate liability of the surety shall not exceed the principal sum of the bond.

Proposed law authorizes a party having a claim against the licensee to bring suit directly on the surety bond, or the board to bring suit on behalf of the party having a claim against the licensee.

Proposed law provides that consumer claims shall be given priority in recovering from the bond.

Proposed law provides that a deposit of cash or security may be accepted in lieu of the surety bond.

Proposed law requires that, if a claim reduces the face amount of the bond, the bond shall be annually restored upon renewal of the licensee's registration.

Proposed law provides that the surety bond requirement shall apply to any new or renewed license after Dec. 31, 2011, and only upon promulgation of rules by the board concerning proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 37:3415.3(B)(10) and (11); Adds R.S. 37:3415.3(C))