

## Article - Business Occupations and Professions

§16-5B-11.

(a) (1) Each appraisal management company shall ensure that real estate appraisal services are provided independently and free from inappropriate influence and coercion under the appraisal independence standards established under Section 129E of the Truth in Lending Act.

(2) (i) An appraisal management company shall pay an appraiser reasonable and customary fees consistent with the presumptions of compliance defined under federal law.

(ii) The Commission may not bring disciplinary action under § 16-702.2 of this title or recommend criminal sanctions under § 16-706 of this title based solely on subparagraph (i) of this paragraph.

(b) An employee, partner, director, officer, or agent of an appraisal management company may not influence or attempt to influence the development, reporting, result, or review of an appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or any other means, including:

(1) compensating, colluding, or influencing, or attempting to compensate, collude, or influence a person involved in an appraisal for the purpose of causing the appraised value assigned under the appraisal to the property to be based on a factor other than the independent judgment of the appraiser;

(2) mischaracterizing, or suborning any mischaracterization of, the appraised value of a property in conjunction with a consumer credit transaction;

(3) seeking to influence an appraiser or otherwise encouraging a targeted value in order to facilitate the making or pricing of a consumer credit transaction;

(4) withholding or threatening to withhold timely payment for an appraisal report or for the provision of real estate appraisal services when the appraisal report or services are provided in accordance with a contract between the parties;

(5) withholding or threatening to withhold future business from an appraiser;

(6) demoting or terminating or threatening to demote or terminate an appraiser;

(7) expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;

(8) requiring an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for any liability,

damage, losses, or claims arising out of the services provided by the appraisal management company, and not the services performed by the appraiser;

(9) conditioning a request for an appraisal or the payment of an appraisal fee or salary or bonus on:

(i) an opinion, a conclusion, or a valuation to be reached; or

(ii) a preliminary estimate or opinion requested from an appraiser;

(10) requesting that an appraiser provide:

(i) an estimated, predetermined, or desired valuation in an appraisal report; or

(ii) estimated values or comparable sales at any time before the appraiser's completion of an appraisal;

(11) except for a copy of the sales contract for purchase transactions, providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower;

(12) providing to an appraiser, or a person related to the appraiser, stock or other financial or nonfinancial benefits;

(13) allowing the removal of an appraiser from an appraiser panel without prior written notice to the appraiser;

(14) obtaining, using, or paying for a second or subsequent appraisal, or ordering an automated valuation model, in connection with a mortgage financing transaction unless:

(i) there is a reasonable basis to believe that the initial appraisal was flawed and the basis is clearly and appropriately noted in the loan file;

(ii) the subsequent appraisal or automated valuation model is done under a bona fide prefunding or postfunding appraisal review or quality control process;

(iii) a second appraisal is required under State or federal law; or

(iv) the second appraisal or automated valuation model is ordered by an appraisal management company in response to a request by a client in order to satisfy client valuation policies for the property being appraised and the second appraisal or automated valuation model is ordered by the client prior to the completion of the first appraisal; or

(15) any other act impairing or attempting to impair an appraiser's independence or impartiality.

(c) Nothing in subsection (a) or (b) of this section may be construed to prohibit an appraisal management company from asking an appraiser to:

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

(2) provide further detail, substantiation, or explanation for an appraiser's value conclusion; or

(3) correct errors in an appraisal report.