

SENATE BILL 291

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2001 Regular Session
1r1680
CF HB 188

By: **Senator Dorman**

Introduced and read first time: January 29, 2001

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Real Estate Appraisals - Prohibition on Making Payment Dependent on**
3 **Finding of the Appraisal**

4 FOR the purpose of prohibiting a bank, mortgage lender, savings and loan
5 association, or any other lender that enters into a certain contract with a real
6 estate appraiser that requires the real estate appraiser to make an appraisal of
7 real property from making the payment of the real estate appraiser dependent
8 on a factual finding of the appraisal; establishing certain penalties for a lender
9 who makes the payment of a real estate appraiser dependent on a factual
10 finding of the appraisal; providing that, under certain circumstances, a real
11 estate appraiser is entitled to triple the amount of the appraisal contract if a
12 lender fails to pay the real estate appraiser within a certain amount of time;
13 defining certain terms; and generally relating to the payment of real estate
14 appraisers by lenders.

15 BY adding to
16 Article - Real Property
17 Section 14-127
18 Annotated Code of Maryland
19 (1996 Replacement Volume and 2000 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Real Property**

23 14-127.

24 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
25 INDICATED.

26 (2) "CONTRACT" INCLUDES ANY TYPE OF EMPLOYMENT AGREEMENT.

1 (3) "REAL ESTATE APPRAISER" MEANS A CERTIFIED REAL ESTATE
2 APPRAISER OR A LICENSED REAL ESTATE APPRAISER, AS THOSE TERMS ARE
3 DEFINED IN § 16-101 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE.

4 (B) (1) IF A BANK, MORTGAGE LENDER, SAVINGS AND LOAN ASSOCIATION,
5 OR ANY OTHER LENDER ENTERS INTO A CONTRACT WITH A REAL ESTATE APPRAISER
6 THAT REQUIRES THE REAL ESTATE APPRAISER TO MAKE AN APPRAISAL OF REAL
7 PROPERTY TO ESTABLISH MARKET VALUE, THE LENDER MAY NOT MAKE PAYMENT
8 OF THE REAL ESTATE APPRAISER DEPENDENT ON A FACTUAL FINDING OF THE
9 APPRAISAL.

10 (2) IF A REAL ESTATE APPRAISER SEEKS RELIEF IN COURT FOR A
11 VIOLATION OF PARAGRAPH (1) OF THIS SECTION AND THE COURT FINDS IN FAVOR OF
12 THE REAL ESTATE APPRAISER, THE COURT SHALL AWARD THE REAL ESTATE
13 APPRAISER THREE TIMES THE AMOUNT THAT THE LENDER AGREED TO PAY THE
14 REAL ESTATE APPRAISER UNDER THE CONTRACT FOR THE APPRAISAL, PLUS COURT
15 COSTS AND ATTORNEYS' FEES.

16 (C) IF A BANK, MORTGAGE LENDER, SAVINGS AND LOAN ASSOCIATION, OR
17 ANY OTHER LENDER ENTERS INTO A CONTRACT WITH A REAL ESTATE APPRAISER
18 AND PAYMENT FOR THE APPRAISAL SERVICE REMAINS UNPAID AFTER 90 DAYS OF
19 THE DATE OF THE INVOICE, THE REAL ESTATE APPRAISER IS ENTITLED TO TRIPLE
20 THE CONTRACT AMOUNT WHERE:

21 (1) THE REAL ESTATE APPRAISER COMPLETED THE APPRAISAL WITHIN
22 THE TIME LIMITS SET BY THE CONTRACT; AND

23 (2) (I) IF THE APPRAISAL WAS FOR THE PURPOSE OF BUYING OR
24 SELLING PROPERTY, THE APPRAISAL ESTIMATE WAS LESS THAN THE CONTRACT
25 SALE PRICE OF THE PROPERTY; OR

26 (II) IF THE APPRAISAL WAS FOR THE PURPOSE OF REFINANCING
27 OR A SECOND MORTGAGE, THE APPRAISAL ESTIMATE WAS BENEATH THE ESTIMATE
28 REQUESTED BY THE LENDER.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2001.