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2001 Regular Session
11r2150

By: Senator Dorman

Introduced and read first time: February 2, 2001

Assigned to: Finance

## A BILL ENTITLED

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1	AN	ACT	concerning

## 2 Licensed and Certified Real Estate Appraisers - Scope of Practice and Payment by Lenders

- 4 FOR the purpose of expanding the definition of providing real estate appraisal
- 5 services to include valuation of any real estate in the State that will result in the
- 6 total indebtedness of a person that exceeds a certain amount; prohibiting a
- 7 person from providing, attempting to provide, or offering to provide real estate
- 8 appraisal services in the State unless the person is licensed or certified by the
- 9 State Commission of Real Estate Appraisers; prohibiting a lender that enters
- into a certain contract with a licensed or certified real estate appraiser from
- making the payment dependent on a factual finding of the appraisal or from
- withholding payment after a certain period of time under certain circumstances;
- 13 establishing certain penalties for a lender who makes the payment of a licensed
- or certified real estate appraiser dependent on a factual finding of the appraisal
- or withholds payment after a certain period of time under certain
- 16 circumstances; defining certain terms; and generally relating to providing real
- estate appraisal services and the payment of licensed or certified real estate
- appraisers by lenders.
- 19 BY repealing and reenacting, with amendments,
- 20 Article Business Occupations and Professions
- 21 Section 16-101(k) and 16-702
- 22 Annotated Code of Maryland
- 23 (2000 Replacement Volume and 2000 Supplement)
- 24 BY adding to
- 25 Article Real Property
- 26 Section 14-127
- 27 Annotated Code of Maryland
- 28 (1996 Replacement Volume and 2000 Supplement)
- 29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 30 MARYLAND, That the Laws of Maryland read as follows:

31 APPRAISAL; AND

(2)

32

## **SENATE BILL 427** 1 **Article - Business Occupations and Professions** 2 16-101. 3 (k) "Provide real estate appraisal services" means to make for consideration 4 an appraisal of real estate or prepare or sign an appraisal report in connection with: 5 a federally related transaction, as defined in the federal Financial 6 Institutions Reform, Recovery, and Enforcement Act of 1989; OR THE VALUATION OF ANY REAL ESTATE IN THE STATE THAT WILL 7 8 RESULT IN THE TOTAL INDEBTEDNESS OF A PERSON IN AN AMOUNT EXCEEDING \$1. 9 16-702. [After June 30, 1991, and except] EXCEPT as otherwise provided in this title, a 11 person may not provide, attempt to provide, or offer to provide real estate appraisal 12 services in the State unless THE PERSON IS licensed OR CERTIFIED by the 13 Commission. 14 **Article - Real Property** 15 14-127. IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 16 (A) (1) 17 INDICATED. "CERTIFIED REAL ESTATE APPRAISER" HAS THE MEANING STATED 19 IN § 16-101 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE. "CONTRACT" INCLUDES ANY TYPE OF EMPLOYMENT AGREEMENT. 20 (3)21 "LENDER" MEANS A BANK, MORTGAGE LENDER, SAVINGS AND LOAN 22 ASSOCIATION, OR ANY OTHER LENDER. "LICENSED REAL ESTATE APPRAISER" HAS THE MEANING STATED IN 24 § 16-101 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE. IF A LENDER ENTERS INTO A CONTRACT WITH A LICENSED OR CERTIFIED 26 REAL ESTATE APPRAISER THAT REQUIRES THE LICENSED OR CERTIFIED REAL 27 ESTATE APPRAISER TO MAKE AN APPRAISAL OF REAL PROPERTY TO ESTABLISH 28 MARKET VALUE: 29 THE LENDER MAY NOT MAKE PAYMENT OF THE LICENSED OR

30 CERTIFIED REAL ESTATE APPRAISER DEPENDENT ON A FACTUAL FINDING OF THE

33 COMPLETES THE APPRAISAL WITHIN THE TIME LIMITS IMPOSED BY THE LENDER 34 AND THE VALUE ESTIMATED BY THE APPRAISER FALLS BELOW THE AMOUNT OF THE

IF THE LICENSED OR CERTIFIED REAL ESTATE APPRAISER

- 1 CONTRACT OF SALE OR THE AMOUNT REQUESTED BY THE LENDER, A LENDER MAY
- 2 NOT WITHHOLD PAYMENT TO THE LICENSED OR CERTIFIED REAL ESTATE
- 3 APPRAISER FOR LONGER THAT 90 CALENDAR DAYS AFTER DELIVERY OF THE
- 4 APPRAISAL TO THE LENDER.
- 5 (C) IF A LICENSED OR CERTIFIED REAL ESTATE APPRAISER SEEKS RELIEF IN
- 6 COURT FOR A VIOLATION OF SUBSECTION (B) OF THIS SECTION AND THE COURT
- 7 FINDS IN FAVOR OF THE LICENSED OR CERTIFIED REAL ESTATE APPRAISER, THE
- 8 COURT SHALL AWARD THE LICENSED OR CERTIFIED REAL ESTATE APPRAISER
- 9 THREE TIMES THE AMOUNT THAT THE LENDER AGREED TO PAY THE LICENSED OR
- 10 CERTIFIED REAL ESTATE APPRAISER UNDER THE CONTRACT FOR THE APPRAISAL,
- 11 PLUS COURT COSTS AND ATTORNEYS' FEES.
- 12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 13 October 1, 2001.