



conditions:

~~(A) Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to this part, or employs 11 or more appraisers licensed or certified pursuant to this part. Provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates.~~

~~(B) Receives requests for appraisals from one or more clients. Provides those services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such transactions into securitizations.~~

~~(C) Within a given 12 calendar month period oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states, as described in Section 11345.5.~~

~~(2) An appraisal management company does not include a department or division of an entity that provides appraisal management services only to that entity.~~

~~(3) An appraisal management company that is a subsidiary of an insured depository institution and regulated by a federal financial institution is not required to register with the bureau.~~

~~(C) (e) For a fee paid by "Appraisal management services" means one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers. the following:~~

~~(1) Recruiting, selecting, and retaining appraisers.~~

~~(2) "Appraisal management company" does not include any of the following, when that person or entity directly contracts with an independent appraiser: Contracting with state-certified or state-licensed appraisers to perform appraisal assignments.~~

~~(A) (3) Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to transact business in this state. Managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed.~~

~~(B) (4) Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license. Reviewing and verifying the work of appraisers.~~

~~(C) Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.~~

~~(D) Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.~~

~~(3) (f) "Appraisal management company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person. "Appraiser panel" means a network, list, or roster of licensed or certified appraisers approved by an appraisal management company to perform appraisals as independent contractors for the appraisal management company. Appraisers on an appraisal management company's "appraiser panel" under this part include both appraisers accepted by the appraisal management company for consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions, and appraisers engaged by the appraisal management company to perform one or more appraisals for that client. in covered transactions or for secondary mortgage market participants in connection with covered transactions. An appraiser is an independent contractor for purposes of this part if the appraiser is treated as an independent contractor by the appraisal management company for purposes of federal income taxation.~~

~~(e)~~ (g) "Appraisal Subcommittee" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(h) "Consumer credit" means credit offered or extended to a consumer primarily for personal, family, or household purposes.

~~(f)~~ (i) "Controlling person" means one or more of the following:

(1) An officer or director of an appraisal management company, or an individual who holds a 10 percent or greater ownership interest in an appraisal management company.

(2) An individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with clients for the performance of appraisal services and that has the authority to enter into agreements with independent appraisers for the completion of appraisals.

(3) An individual who possesses the power to direct or cause the direction of the management or policies of an appraisal management company.

(j) "Course provider" means a person or entity that provides educational courses related to professional appraisal practice.

(k) "Covered transaction" means any consumer credit transaction secured by the consumer's principal dwelling.

(l) "Creditor" means:

(1) A person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments, not including a down payment, and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.

(2) A person regularly extends consumer credit if, in any 12-month period, the person originates more than one credit extension for transactions secured by a dwelling.

(m) "Department" means the Department of Consumer Affairs.

~~(g)~~ (n) "Director" or "chief" means the Chief of the Bureau of Real Estate Appraisers.

(o) "Dwelling" means:

(1) A residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobilehome, and trailer, if it is used as a residence.

(2) A consumer can have only one "principal" dwelling at a time. Thus, a vacation or other second home is not a principal dwelling. However, if a consumer buys or builds a new dwelling that will become the consumer's principal dwelling within a year or upon the completion of construction, the new dwelling is considered the principal dwelling for purposes of this section.

~~(h)~~ (p) "Federal financial institutions regulatory agency" means the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Home Loan Bank System, National Credit Union Administration, and any other agency determined by the director to have jurisdiction over transactions subject to this part.

(q) "Federally regulated appraisal management company" means an appraisal management company that is owned and controlled by an insured depository institution, as defined in Section 1813 of Title 12 of the United States Code and regulated by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation.

~~(i)~~ (r) "Federally related real estate appraisal activity" means the act or process of making or performing an appraisal on real estate or real property in a federally related transaction and preparing an appraisal as a result of that activity.

~~(s)~~ (s) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for or regulates and which requires the services of a state licensed real estate appraiser regulated by this part. This term also includes any transaction identified as such by a federal financial institutions regulatory agency.

~~(t)~~ (t) "License" means any license, certificate, permit, registration, or other means issued by the bureau authorizing the person to whom it is issued to act pursuant to this part within this state.

~~(u)~~ (u) "Licensure" means the procedures and requirements a person shall comply with in order to qualify for issuance of a license and includes the issuance of the license.

~~(v)~~ (v) "Office" or "bureau" means the Bureau of Real Estate Appraisers.

~~(w)~~ (w) "Registration" means the procedures and requirements with which a person or entity shall comply in order to qualify to conduct business as an appraisal management company.

*(x) "Secondary mortgage participant" means a guarantor or insurer of mortgage-backed securities, or an underwriter or issuer of mortgage-backed securities. Secondary mortgage market participant only includes an individual investor in a mortgage-backed security if that investor also serves in the capacity of a guarantor, insurer, underwriter, or issuer for the mortgage-backed security.*

~~(y)~~ (y) "State licensed real estate appraiser" is a person who is issued and holds a current valid license under this part.

~~(z)~~ (z) "Uniform Standards of Professional Appraisal Practice" are the standards of professional appraisal practice established by the Appraisal Foundation.

~~(q) "Course provider" means a person or entity that provides educational courses related to professional appraisal practice.~~

**SEC. 61.** Section 11320.5 of the Business and Professions Code is amended to read:

**11320.5.** No person or entity shall act in the capacity of an appraisal management company ~~without first obtaining~~ *or represent itself to the public as an appraisal management company, either in its advertising or through its business name, without* a certificate of registration from the office.

**SEC. 62.** Section 11321 of the Business and Professions Code is amended to read:

**11321.** (a) No person other than a state licensed real estate appraiser may assume or use that title or any title, designation, or abbreviation likely to create the impression of state licensure as a real estate appraiser in this state.

(b) No person other than a licensee may sign an ~~appraisal~~ *appraisal in a federally related transaction*. A trainee licensed pursuant to Section 11327 may sign an appraisal *in a federally related transaction* if it is also signed by a licensee.

(c) No person other than a licensee holding a current valid license at the residential level issued under this part to perform, make, or approve and sign an appraisal may use the abbreviation SLREA in his or her real property appraisal business.

(d) No person other than a licensee holding a current valid license at a certified level issued under this part to perform, make, or approve and sign an appraisal may use the term "state certified real estate appraiser" or the abbreviation SCREA in his or her real property appraisal business.

**SEC. 63.** Section 11323 of the Business and Professions Code is amended to read:

**11323.** No licensee shall engage in any appraisal activity ~~in connection with the purchase, sale, transfer, financing, or development of real property~~ if his or her compensation is dependent on or affected by the value conclusion generated by the appraisal.

**SEC. 64.** Section 11324 of the Business and Professions Code is amended to read:

**11324.** An individual who is not a licensee may assist in the preparation of an appraisal *in a federally related transaction* under the following conditions:

(a) The assistance is under the direct supervision of an individual who is a licensed appraiser and the final conclusion as to value is made by a licensed appraiser.

(b) The final appraisal document *in a federally related transaction* is approved and signed, with acceptance of full responsibility, by the supervising individual who is licensed by the state pursuant to this part, identifies the assisting individual, and identifies the scope of work performed by the individual who assisted in preparation of the ~~appraisal~~: *appraisal in a federally related transaction*.

**SEC. 65.** Section 11345 of the Business and Professions Code is amended to read:

**11345.** The director shall adopt regulations governing the process and procedure of applying for registration as an appraisal management company. Applications for a certificate of registration shall require, at a minimum, all of the following:

(a) The name of the person or entity seeking registration.

(b) The business address and telephone number of the person or entity seeking registration.

(c) If the applicant is not a person or entity domiciled in this state, the name and contact number of a person or entity acting as agent for service of process in this state, along with an irrevocable consent to service of process in favor of the office.

(d) The name, address, and contact information for each controlling person ~~employed by~~ *of* the applicant who has operational authority to direct the management of, and establish policies for, the applicant. ~~If the applicant employs more than 10 individuals meeting the criteria of this subdivision, the applicant may list the names, addresses, and contact information for the 10 individuals meeting the criteria who hold the greatest level of management responsibility within its organization.~~

**SEC. 66.** Section 11345.2 of the Business and Professions Code is amended to read:

**11345.2.** (a) ~~No~~ *An* individual ~~may~~ *shall not* act as a controlling person for a registrant if any of the following apply:

(1) The individual has entered a plea of guilty or no contest to, or been convicted of, a felony. *Notwithstanding subdivision (c) of Section 480, if the individual's felony conviction has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code, the bureau may allow the individual to act as a controlling person.*

(2) The individual has had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property refused, denied, canceled, or revoked in this state or any other state.

(b) Any individual who acts as a controlling person of an appraisal management company and who enters a plea of guilty or no contest to, or is convicted of, a felony, or who has a license or certificate as an appraiser refused, denied, canceled, or revoked in any other state shall report that fact or cause that fact to be reported to the office, in writing, within 10 days of the date he or she has knowledge of that fact.

**SEC. 67.** Section 11345.3 of the Business and Professions Code is repealed.

~~**11345.3.** The director may not issue a certificate of registration to an appraisal management company unless the appraisal management company confirms in its application for registration that all of its contracts with clients include provision of each of the following as standard business practices, as and where applicable:~~

~~(a) Ensuring that employee appraisers and independent contractor appraisers contracted by the applicant possess all required licenses and certificates from the office:~~

~~(b) Reviewing the work of all employee appraisers and independent contractor appraisers contracted by the applicant to ensure that appraisal services are performed in accordance with the Uniform Standards of Professional Appraisal Practice.~~

~~(c) Maintaining records of each of the following for each service request:~~

~~(1) Date of receipt of the request.~~

~~(2) Name of the person from whom the request was received.~~

~~(3) Name of the client for whom the request was made, if different from the name of the person from whom the request was received.~~

~~(4) The appraiser or appraisers assigned to perform the requested service.~~

~~(5) Date of delivery of the appraisal product to the client.~~

**SEC. 68.** Section 11345.3 is added to the Business and Professions Code, to read:

**11345.3.** All appraisal management companies shall do all of the following:

(a) Ensure that all contracted appraisal panel members possess all required licenses and certificates from the office.

(b) Establish and comply with processes and controls reasonably designed to ensure that the appraisal management company, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite license, education, expertise, and experience necessary to competently complete the appraisal assignment for the particular market and property type.

(c) Direct the appraiser to perform the assignment in accordance with the Uniform Standards of Professional Appraisal Practice.

(d) Establish and comply with processes and controls reasonably designed to ensure that the appraisal management company conducts its appraisal management services in accordance with the requirements of Section 129E(a) through (i) of the Truth in Lending Act, 15 U.S.C. 1639e(a) through (i), and regulations thereunder.

(e) Engage appraisal panel members with an engagement letter that shall include terms of payment.

(f) Appraisal management companies shall maintain all of the following records for each service request:

(1) Date of receipt of the request.

(2) Name of the person from whom the request was received.

(3) Name of the client for whom the request was made, if different from the name of the person from whom the request was received.

(4) The appraiser or appraisers assigned to perform the requested service.

(5) Date of delivery of the appraisal product to the client.

(6) Client contract.

(7) Engagement letter.

(8) The appraisal report.

**SEC. 69.** Section 11345.5 is added to the Business and Professions Code, to read:

**11345.5.** For purposes of subdivision (d) of Section 11302 and determining whether, within a 12-month period, an appraisal management company oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states:

*(a) An appraiser is deemed part of the appraisal management company's appraiser panel as of the earliest date on which the appraisal management company does either of the following:*

*(1) Accepts the appraiser for the appraisal management company's consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions.*

*(2) Engages the appraiser to perform one or more appraisals on behalf of a creditor for a covered transaction or secondary mortgage market participant in connection with covered transactions.*

*(b) An appraiser who is deemed part of the appraisal management company's appraiser panel pursuant to subdivision (a) is deemed to remain on the panel until the date on which the appraisal management company does either of the following:*

*(1) Sends written notice to the appraiser removing the appraiser from the appraiser panel, with an explanation of its action.*

*(2) Receives written notice from the appraiser asking to be removed from the appraiser panel or notice of the death or incapacity of the appraiser.*

*(c) If an appraiser is removed from an appraisal management company's appraiser panel pursuant to subdivision (b), but the appraisal management company subsequently accepts the appraiser for consideration for future assignments or engages the appraiser at any time during the 12 months after the appraisal management company's removal, the removal will be deemed not to have occurred, and the appraiser will be deemed to have been part of the appraisal management company's appraiser panel without interruption.*

**SEC. 70.** Section 11345.6 of the Business and Professions Code is amended to read:

**11345.6.** (a) No ~~registered~~ appraisal management company may alter, modify, or otherwise change a completed appraisal report submitted by an ~~employee appraiser or an independent contractor appraiser, including, without limitation, by doing either of the following:~~ *appraiser.*

~~(1) Permanently removing the appraiser's signature or seal.~~

~~(2) Adding information to, or removing information from, the appraisal report with an intent to change the value conclusion.~~

(b) No ~~registered~~ appraisal management company may require an ~~employee or independent contractor~~ appraiser to provide it with the appraiser's digital signature or seal. However, nothing in this subdivision shall be deemed to prohibit an appraiser from voluntarily providing his or her digital signature or seal to another person, to the extent permissible under the Uniform Standards of Professional **Appraiser Appraisal** Practice.

**SEC. 71.** Section 11345.8 is added to the Business and Professions Code, to read:

**11345.8.** *A federally regulated appraisal management company operating in California shall report to the bureau the information the bureau is required to submit to the Appraisal Subcommittee, pursuant to the Appraisal Subcommittee's policies regarding the determination of the Appraisal Management Company Registry fee. The bureau may charge the federally regulated appraisal management company a state fee in an amount not to exceed the reasonable regulatory cost to the board for processing and submitting the information. This fee shall be deposited in the Real Estate Appraisers Regulation Fund.*

[REDACTED]

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