

**ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011**  
**COMMITTEE STATEMENT**  
**LB410**

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**Hearing Date:** Tuesday February 01, 2011  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Utter  
**One Liner:** Adopt the Nebraska Appraisal Management Company Registration Act

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin, Utter, Pirsch  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**

Senator Dennis Utter  
Donald Kelly  
Robert Hallstrom  
Katherine Policky  
Korby Gilbertson

**Representing:**

Introducer  
Real Estate Valuation Advocacy Assn  
NE Bankers Assn  
Real Property Appraisal Board  
NE Realtors Assn

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB410 (Utter) would enact twenty new sections to be known as the Nebraska Appraisal Management Company Registration Act. The bill would provide, section by section, as follows:

Section 1 would enact a new section to provide for a named act: the Nebraska Appraisal Management Company Registration Act.

Section 2 would enact a new section to provide for definitions. An appraisal management company would be defined as an external third party that, in connection with valuing real property collateralizing mortgage loans, mortgages, or trust deeds, oversees a network or panel of certified or licensed appraisers, and that is authorized, either by a creditor or by an underwriter of or other principal in the secondary mortgage markets: to recruit, select, and retain appraisers; to contract with certified or licensed appraisers to perform real property appraisal activity; to manage the process of having an appraisal performed; and to review and verify the work of appraisers.

Section 3 would enact a new section to provide that it is unlawful to engage in business as an appraisal management company without first obtaining a registration issued by Real Property Appraiser Board. This section would provide requirements for an application for registration and would provide that a registration shall be valid for two years.

Section 4 would enact a new section to provide that the Nebraska Appraisal Management Company Registration Act

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does not apply to: (1) a person that exclusively employs persons for the performance of appraisal services; (2) an appraisal management company owned and controlled by a federally regulated financial institution; (3) an appraiser that enters into an agreement with an appraiser for the performance of appraisal services if upon completion of the appraisal services the appraisal report is signed by both the appraiser who completed the appraisal services and the appraiser who requested the appraisal services; or (4) a relocation management company.

Section 5 would enact a new section to provide requirements for service of process on non-domiciliary appraisal management companies.

Section 6 would enact a new section to provide for establishment of registration processing and renewal fees.

Section 7 would enact a new section to provide restrictions on who may own an appraisal management company.

Section 8 would enact a new section to provide restrictions on who may perform appraisal services for an appraisal management company.

Section 9 would enact a new section to provide that an appraisal management company shall have a system in place to verify that an appraiser being added to the appraiser panel holds the appropriate license or certification in good standing.

Section 10 would enact a new section to provide that an employee or independent contractor that performs a Uniform Standards of Professional Appraisal Practice standard 3 appraisal review shall be an appraiser with the proper level of licensure.

Section 11 would enact a new section to provide that an appraisal management company shall have a system in place to verify that an appraiser on the appraiser panel has not had a license or certification refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state in the previous twenty-four months.

Section 12 would enact a new section to provide requirements for an appraisal management company to maintain detailed records.

Section 13 would enact a new section to provide that an appraisal management company may not alter, modify, or otherwise change a completed appraisal report without the appraiser's written consent.

Section 14 would enact a new section to provide requirements for the Real Property Appraiser Board to maintain a list of registered appraisal management companies.

Section 15 would enact a new section to provide complaint procedures with the Real Property Appraiser Act for an appraiser if the appraisal management company removes the appraiser from the appraiser panel of the appraisal management company.

Section 16 would enact a new section to provide that the Real Property Appraiser Board may censure an appraisal management company or levy fines or impose civil penalties on an appraisal management company for violations of the act.

Section 17 would enact a new section to provide requirements for disciplinary hearings by the Real Property Appraiser Act.

Section 18 would enact a new section to provide the Real Property Appraiser Board with rule and regulation authority to carry out the act.

Section 19 would enact a new section to provide for disposition of fees and other revenue.

Section 20 would enact a new section to provide that an appraisal management company with a reasonable basis to believe that an appraiser has failed to comply with applicable laws or the Uniform Standards of Professional Appraisal Practice shall refer the matter to the Real Property Appraiser Board if the failure to comply is material.

Section 21 would amend section 76-2222 of the Real Property Appraiser Act to provide that the Real Property Appraiser Board shall be increased from five to six members by adding a third at-large member who shall be a representative of the appraisal management company industry.

Section 22 would amend section 76-2223 of the Real Property Appraiser Act to provide that the Real Property Appraiser Board shall administer and enforce the Nebraska Appraisal Management Company Registration Act.

Section 23 would provide for an operative date of January 1, 2012.

Section 24 would provide for repealers of the amendatory sections.

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**Explanation of amendments:**

The committee amendments (AM197) would make the following changes:

1. Section 3 would be amended to require registered appraisal management companies to maintain a twenty-five thousand dollar surety bond for the benefit of any person damaged by a violation of the act.
2. Section 6 would be amended by striking its provisions regarding registration processing fees and renewal processing fees not to exceed five hundred dollars and replacing those provisions with fee provisions as follows: (1) an application fee of no more than three hundred fifty dollars; (2) an initial registration fee of no more than two thousand dollars; (3) a renewal registration fee of no more than one thousand five hundred dollars; (4) and a late renewal fee of twenty-five dollars for each month or portion of a month the fee is late.
3. Section 7 would be amended to provide that a registered appraisal management company shall not knowingly prohibit an appraiser from including within an appraisal report submitted to the appraisal management company or its assignee the fee that was paid by the appraisal management company for the appraisal report.
4. Section 10 would be amended to provide that an employee of or independent contractor to an appraisal management company that performs a Uniform Standards of Professional Appraisal Practice standard 3 appraisal review shall be an appraiser with the proper level of licensure "in this state."
5. Section 15 would be amended to provide that each registered appraisal management company shall make payment of fees to an appraiser for the completion of an appraisal or valuation assignment within sixty days after the date on which the appraiser provides the completed appraisal report or valuation assignment to the appraisal management company or its assignee.
6. Section 16 would be amended to provide that the fine or penalty not to exceed five thousand dollars which the Real Property Appraiser Board may impose under this section for violations of the act would be for a first offense and that a fine or penalty not to exceed ten thousand dollars would be for a second or subsequent offense.
7. Section 20 would be amended. This section provides that an appraisal management company with a reasonable basis to believe that an appraiser has failed to comply with applicable laws or the Uniform Standards of Appraisal Practice shall refer the matter to the Real Property Appraiser board if the failure to comply is material. The amendments would strike provisions providing that a failure to comply is material if it is likely to significantly affect the value assigned to the consumer's principal dwelling.
8. Section 21 which would amend section 76-2222 would be stricken from the bill and thereby remove provisions which would add a representative of the appraisal management company industry to the Real Property Appraiser Board as an

additional at large member.

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Rich Pahls, Chairperson