

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 64
Economic Matters

(Delegate Jackson)

Finance

**Business Occupations - Real Estate Appraisers - Payment by Real Estate
Appraisal Management Companies**

This bill reduces the number of days – from 60 to 45 – that an appraisal management company (AMC) has to pay an appraiser a reasonable and customary fee after the appraiser provides an initial completed appraisal or valuation study. The bill also authorizes the Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors to bring a disciplinary action based solely on a violation of this requirement.

Fiscal Summary

State Effect: Assuming compliance with the reduced payment period, the bill does not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Unless there is a breach of contract or substandard performance of services an AMC is required to pay an appraiser a reasonable and customary fee within 60 days after the appraiser provides the completed appraisal or valuation study. However, the commission is prohibited from bringing a disciplinary action or recommending criminal sanctions based solely on a violation of this requirement. Disciplinary actions against AMCs include suspending or revoking a registration and imposing a civil penalty of up to \$25,000 per violation.

Generally, AMCs provide a broad range of appraisal management services in conjunction with the purchase or sale of real estate. For example, AMCs (1) administer an appraisal panel; (2) recruit, retain, or select appraisers; (3) verify licensing and certification, negotiate fees and service level expectations, and review qualifications of persons who are or wish to be part of an appraiser panel; (4) contract with appraisers to perform appraisal assignments; and (5) manage the process of having an appraisal performed, such as collecting fees for services provided and reimbursing appraisers for services performed.

Background: Chapters 269 and 270 of 2011 established various regulatory requirements pertaining to the provision of appraisal management services in the State and required AMCs to register with the commission.

Small Business Effect: There are currently 147 AMCs registered with the commission, and, according to the Department of Labor, Licensing, and Regulation, most are large multistate businesses. However, to the extent that some AMCs are small businesses, the bill potentially affects their cash flows by reducing the number of days that they have to pay an appraiser for completed services. The effect will depend on the existing practices of individual AMCs and how long they currently delay payment. The bill also authorizes the commission to take disciplinary actions for violations of this requirement. Conversely, appraisers used by AMCs, which are independent contractors and may be small businesses, may benefit. The bill does not otherwise change the compensation of appraisers by AMCs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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