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FISCAL IMPACT REPORT

ORIGINAL DATE 02/20/13

SPONSOR SCORC LAST UPDATED _____ HB _____

SHORT TITLE Appraisal Management Companies SB 279/SCORCS

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 279 makes changes in the Appraisal Management Company Registration Act.

In 47-14-2 changes some definitions including:

1. appraisal management company" any external third party that oversees a network or panel of certified or licensed appraisers to:
 - A. Recruit, select and retain appraisers;
 - B. Contract with appraisers to perform appraisal assignments;
 - C. Manage the process of having an appraisal performed; or
 - D. Review and verify the work of appraisers;
2. "automated valuation model" means any computerized model used by mortgage originators and secondary market issuers to determine the collateral worth of a mortgage secured by a consumer's principal dwelling;
3. "appraiser" means a person who provides an opinion of the market value of real property and holds a state license, registration or certified license in good standing; and
4. broker price opinion" means an opinion by a qualifying or associate broker of the price of real estate for the purpose of marketing, selling, purchasing, leasing or exchanging the real estate or any interest therein or for the purposes of providing a financial institution with a collateral assessment of any real estate in which the financial institution has an existing or potential security interest; provided that the opinion of the price shall not be referred to or construed as an appraisal or appraisal report and shall not be used as the primary basis to determine the value of real estate for the purpose of loan origination.

Section 47-14-3 adds new material regarding registration of an appraisal management company. A person, corporation, partnership, sole proprietorship, subsidiary, Limited Liability Company or any other business entity seeking the registration required by Subsection A of this section shall:

- 1 Register with and be subject to supervision by the board;
- 2 Verify that only licensed or certified appraisers are used for federally related transactions;
- 3 Require that appraisals comply with the uniform standards of professional appraisal practice; and
- 4 Require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established pursuant to the federal Truth in Lending Act.

Also, new material adds that this applies to an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency.

In Section 47-14-9 NMSA 1978 material is added relating to denial of registration to an appraisal management company.

In Section 47-14-17 NMSA 1978 material is added regarding the necessity of independence of appraisals as well as a prohibition of discrimination.

Enforcement information is added in Section 47-14-21 NMSA 1978.

New material is added related to automated valuation models and criminal background checks.

FISCAL IMPLICATIONS

No fiscal implications were identified.

SIGNIFICANT ISSUES

RLD reports these changes will ensure the state is in federal compliance with Title XI FIRREA, Dodd-Frank Act.

MW/blm