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122nd Session, 2017-2018

**A32, R52, S279**

**STATUS INFORMATION**

General Bill

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Introduced in the House on March 9, 2017

Last Amended on March 7, 2017

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Governor's Action: May 11, 2017, Signed

Summary: Appraisal Management Company Registration Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date	Body	Action Description with journal page number
1/24/2017	Senate	Introduced and read first time ( <a href="#">Senate Journal-page 13</a> )
1/24/2017	Senate	Referred to Committee on <b>Labor, Commerce and Industry</b> ( <a href="#">Senate Journal-page 13</a> )
2/14/2017	Senate	Committee report: Favorable with amendment <b>Labor, Commerce and Industry</b> ( <a href="#">Senate Journal-page 19</a> )
3/7/2017	Senate	Committee Amendment Adopted ( <a href="#">Senate Journal-page 19</a> )
3/7/2017	Senate	Amended ( <a href="#">Senate Journal-page 19</a> )
3/7/2017	Senate	Read second time ( <a href="#">Senate Journal-page 19</a> )
3/7/2017	Senate	Roll call Ayes-41 Nays-0 ( <a href="#">Senate Journal-page 19</a> )
3/8/2017	Senate	Read third time and sent to House ( <a href="#">Senate Journal-page 29</a> )
3/9/2017	House	Introduced and read first time ( <a href="#">House Journal-page 2</a> )
3/9/2017	House	Referred to Committee on <b>Labor, Commerce and Industry</b> ( <a href="#">House Journal-page 2</a> )
5/2/2017	House	Committee report: Favorable <b>Labor, Commerce and Industry</b> ( <a href="#">House Journal-page 5</a> )
5/4/2017	House	Requests for debate-Rep(s). Hill ( <a href="#">House Journal-page 40</a> )
5/4/2017	House	Read second time ( <a href="#">House Journal-page 40</a> )
5/4/2017	House	Roll call Yeas-93 Nays-1 ( <a href="#">House Journal-page 41</a> )
5/9/2017	House	Read third time and enrolled ( <a href="#">House Journal-page 61</a> )
5/9/2017		Ratified R 52
5/11/2017		Signed By Governor
5/17/2017		Effective date See Act
5/18/2017		Act No. 32

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**VERSIONS OF THIS BILL**

[1/24/2017](#)

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**NOTE: THIS IS A TEMPORARY VERSION. THIS DOCUMENT WILL REMAIN IN THIS VERSION UNTIL FINAL APPROVAL BY THE LEGISLATIVE COUNCIL.**

(A32, R52, S279)

**AN ACT TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT” BY ADDING ARTICLE 3 TO CHAPTER 60, TITLE 40 SO AS TO PROVIDE CERTAIN DEFINITIONS, TO REQUIRE REGISTRATION FOR ENTITIES ACTING AS APPRAISAL MANAGEMENT COMPANIES, TO SPECIFY REGISTRATION AND RENEWAL REQUIREMENTS, TO PROVIDE EXEMPTIONS FROM REGISTRATION, TO PROVIDE FOR THE CONDUCT OF APPRAISAL MANAGEMENT COMPANIES, AND TO PROVIDE REMEDIES FOR VIOLATIONS; TO AMEND SECTION 40-60-10, AS AMENDED, RELATING TO THE SOUTH CAROLINA REAL ESTATE APPRAISERS BOARD, SO AS TO PROVIDE FOR EIGHT MEMBERS TO INCLUDE ONE MEMBER REPRESENTING AN APPRAISAL MANAGEMENT COMPANY; TO DESIGNATE SECTIONS 40-60-5 THROUGH 40-60-230 AS ARTICLE 1; AND TO REDESIGNATE CHAPTER 60, TITLE 40 AS “REAL ESTATE APPRAISERS AND APPRAISAL MANAGEMENT COMPANIES”.**

Be it enacted by the General Assembly of the State of South Carolina:

**Appraisal Management Company Registration Act**

SECTION 1. Chapter 60, Title 40 of the 1976 Code is amended by adding:

“Article 3

Appraisal Management Company Registration Act

Section 40-60-310. This article may be cited as the ‘Appraisal Management Company Registration Act’.

Section 40-60-320. For the purposes of this article:

(1) ‘Appraisal management company’ means an external third party, in connection with valuing properties, collateralizing mortgage loans, or incorporating mortgages into a securitization. The third party must be authorized either by a creditor of a consumer credit transaction secured by a consumer’s principal dwelling or by an underwriter or by other principal in the secondary mortgage markets that oversees a network or panel of more than fifteen certified or licensed appraisers in a state or twenty-five or more nationally within a given year in order to:

- (a) recruit, select, and retain appraisers;
- (b) contract with licensed and certified appraisers to perform appraisal assignments;
- (c) manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or
- (d) review and verify the work of appraisers.

(2) ‘Appraisal management services’ means the process of receiving a request for the performance of real estate appraisal services from a client and, for a fee paid by the client, entering into an agreement with one or more certified or licensed appraisers, who are independent contractors, to perform the real estate appraisal services contained in the request.

(3) ‘Appraiser panel’ means a group of certified or licensed appraisers, who are independent contractors, selected by an appraisal management company to perform real estate appraisal services for the appraisal management company.

(4) ‘Appraisal review’ means the act, by a certified or licensed appraiser employed by an appraisal management company, of developing and communicating an opinion about the quality of work of another appraiser that was performed as part of an appraisal assignment. Appraisal review does not include:

- (a) an examination by an unlicensed employee of an appraisal management company for an appraisal solely for grammatical errors, typographical errors, or other similar errors; or
- (b) a quality control examination for completeness that does not make a valuation change.

(5) ‘Client’ means a person or entity that contracts with, or otherwise enters into an agreement with, an appraisal management company for the purpose of real estate appraisal services.

(6) ‘Controlling person’ means:

(a) an owner, officer, or director of a corporation, partnership, limited liability company, or other business entity that seeks to offer an appraisal management service in this State;

(b) an individual employed, appointed, or authorized by an appraisal management company authorized to enter a management agreement with certified or licensed appraisers, who are independent contractors, for the performance of real estate appraisal services; or

(c) an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.

(7) 'Independent contractor' means a person in a trade, business, or profession in which he offers his services to the general public, in which the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

(8) 'Real estate appraisal services' means the practice of developing an opinion of the value of real property in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation.

(9) 'Payor' means a person or entity responsible for making payment for the appraisal.

Section 40-60-330. (A)(1) A person may not directly or indirectly engage or attempt to engage in business as an appraisal management company, or directly or indirectly engage or attempt to perform appraisal management services, or advertise or hold himself out as engaging in or conducting business as an appraisal management company without first obtaining a registration issued by the board under the provisions of this chapter.

(2) To register as an appraisal management company, an applicant shall submit to the board an application on a form or forms prescribed by the board.

(3) In the event that a registration process is unavailable upon the effective date of this article, an appraisal management company already conducting business in this State may continue to conduct business pursuant to the article until one hundred twenty days after a registration process becomes available.

(B) The registration required in subsection (A) must include:

- (1) the name of the entity seeking registration;
- (2) the business address of the entity seeking registration;
- (3) contact information of the entity seeking registration;

(4) the name and contact information for the company's agent for service of process in this State if the entity seeking registration is not a corporation that is domiciled in this State;

(5) contact information for an individual, corporation, partnership, or other business entity that owns ten percent or more of the appraisal management company;

(6) the name, address, and contact information of a controlling person;

(7) certification that the entity seeking registration has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a certification or license in good standing in this State pursuant to the South Carolina Real Estate Appraisers Act;

(8) certification that the applicant has a system in place to review the work of all certified or licensed appraisers who are independent contractors and perform real estate appraisal services for the appraisal management company on a periodic basis to validate that the real estate appraisal services are being conducted pursuant to Uniform Standards of Professional Appraisals Practice;

(9) certification that the entity maintains a detailed record of each service request that it receives and the certified or licensed appraisers who are independent contractors and who perform the real estate appraisal services for the appraisal management company;

(10) an irrevocable consent to service of process;

(11) a detailed statement of current financial condition of the entity on a form approved by the board;

(12) authorization for the board to conduct a criminal background check of all controlling persons and any individual who owns ten percent or more of the appraisal management company; and

(13) certification that the person has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion, as required by the appraisal independence standards established under Section 129E of the Truth in Lending Act, 15 U.S.C. Section 1639e.

(C) A change of an entity's name, address, organizational status, or federal identification number must be reported to the department within fifteen days. Failure to do so may result in registration cancellation and the requirement of the new entity to submit an initial application and meet all requirements for registration.

(D) The board shall review and approve or deny the registration of an appraisal management company.

Section 40-60-340. The following are excluded from the registration requirements of an appraisal management company:

(1) a person or entity that exclusively employs appraisers on an employer and employee basis for the performance of appraisals;

(2) a department or unit within a financial institution subject to direct regulation by an agency of the United States Government or an agency of this State and that receives a request for the performance of an appraisal from one employee of the financial institution, and another employee of the same financial institution assigns the request for the appraisal to an appraiser that is a certified or licensed appraiser. However, an appraisal management company that is a subsidiary owned or controlled by a financial institution may not be considered a department or unit within a financial institution to which the provisions of this chapter do not apply;

(3) a person that enters into an agreement, whether written or otherwise, with an appraiser for the performance of an appraisal, and upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the appraiser who requested the completion of the appraisal. However, an appraisal management company may not avoid the requirements of this chapter by requiring an employee of the appraisal management company who is an appraiser to sign an appraisal that is completed by an appraiser who is part of the appraisal panel of the appraisal management company;

(4) an appraisal management company that maintains an appraiser panel that consists of:

(a) fifteen or fewer certified or licensed appraisers who are independent contractors in this State, or

(b) a total of twenty-four or fewer certified or licensed appraisers who are independent contractors in two or more states; and

(5) an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency, except that each appraisal management company exempt from registration pursuant to this subsection shall comply with the requirements of Section 40-60-360(C).

Section 40-60-350. (A) An initial registration granted by the board pursuant to this article is valid from the date of issuance through expiration unless renewed pursuant to subsection (B).

(B) To renew biennially, an entity actively registered under this article shall submit all information required by the board before June thirtieth, and the board shall review and renew or review and deny the renewal of the registration of an appraisal management company.

(C) Failure to renew registration by the renewal date must result in the loss of authority to operate under this article.

(D) A request to reinstate registration within twelve months of expiration must be accompanied by a payment penalty of one hundred dollars for each month of delinquency.

(E) A registration expired for more than twelve months must be canceled but may be considered for reinstatement by the board upon proper application and payment of the original registration fee and any late fee. The application must be reviewed by the board to determine reinstatement and any further required conditions of the reinstatement.

Section 40-60-360. (A) The board shall promulgate regulations to establish fees for registration, renewal, and reinstatement and additional fees as are reasonably necessary for the administration of this chapter. The fees must be established in consideration of the costs of administering this chapter and the actual cost of the specific service to be provided or performed. The board periodically shall review and adjust the schedule of fees as needed to cover expenses.

(B) The board also shall collect the national registry fees established by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council pursuant to 12 U.S.C. Section 3338 and regulations adopted pursuant to it from each appraisal management company registered in this State or seeking to be registered in this State.

(C) The board shall collect the information and the national registry fees established by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council pursuant to 12 U.S.C. Section 3338 and regulations adopted pursuant to it from each appraisal management company exempt from registration pursuant to Section 40-60-340(5).

(D) All appraisal management company national registry fees collected must be transferred to the appraisal subcommittee.

(E) The board shall adopt regulations regarding the determination of the size of the appraiser panel of an appraisal management company in accordance with the rules of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council pursuant to 12 U.S.C. Section 3338.

Section 40-60-370. (A) An appraisal management company applying for registration in this State may not:

(1) be owned by a person who has had an appraiser certificate or license refused, denied, canceled, surrendered in lieu of revocation, or revoked in this State or in another state unless the certificate or license was subsequently granted or reinstated; or

(2) be more than ten percent owned by a person who is not of good moral character, which for purposes of this section requires that the person has not been convicted of or entered a plea of nolo contendere to

a felony relating to the practice of appraisal, banking, mortgage lending, or the provision of financial services, or a crime involving fraud, misrepresentation, or moral turpitude.

(B) For purposes of this section, each owner of more than ten percent of an appraisal management company shall submit to a criminal background check.

Section 40-60-380. (A) An appraisal management company applying to the board for registration in this State shall designate one controlling person who is to be the main contact for all communication between the board and the appraisal management company.

(B) To serve as a controlling person of an appraisal management company, a person shall certify to the board that he has never had a certificate or license issued by the appropriate board of this State or another state refused, denied, canceled, revoked, or surrendered in lieu of revocation.

(C) A registrant shall notify the board within fifteen days of a change in its controlling person or a change in the contact information of the controlling person.

Section 40-60-390. (A) An employee of the appraisal management company who is responsible for performing appraisal reviews of certified or licensed appraisers, who are independent contractors, must demonstrate knowledge of the Uniform Standards of Professional Appraisal Practice as determined by the board.

(B) An appraisal management company that applies to the board for a registration to do business in this State as an appraisal management company shall not knowingly:

(1) employ a person who has had a certificate or license to act as an appraiser in this State or in another state refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in a position in which the person has the responsibility to order appraisals or to review completed appraisals;

(2) enter into an independent contractor arrangement for appraisal services, whether in verbal, written, or other form, with a person who has had a certificate or license to act as an appraiser in this State or in another state refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation; or

(3) enter into a contract, agreement, or other business relationship, whether in verbal, written, or another form, with an entity for appraisal services that employs, has entered into an independent contract arrangement, or has entered into a contract, agreement, or other business relationship, whether in verbal, written, or other form, with a person who

has ever had a certificate or license to act as an appraiser in this State or in another state refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation.

Section 40-60-400. An employee, or independent contractor of, the appraisal management company must be an appraiser certified or licensed in this State to perform a Uniform Standards of Professional Appraisals Practice Standard 3 appraisal review of property located in this State.

Section 40-60-410. An appraisal management company registered in this State pursuant to this article may not enter into contracts or agreements with a certified or licensed appraiser, who is an independent contractor, to perform a real estate appraisal service in this State unless the person performing the appraisal service is certified or licensed in good standing with the board.

Section 40-60-420. An appraisal management company seeking to be registered shall certify to the board, at each renewal, that it:

(1) maintains a detailed record of each service request that it receives;

(2) has a policy that requires a certified or licensed appraiser who is an independent contractor and who performs a real estate appraisal service for the appraisal management company to maintain those records, including, but not limited to, the work file, for at least the later of:

(a) five years after preparation; or

(b) two years after final disposition of a judicial proceeding in which the appraiser or the appraisal management company provided testimony related to the assignment.

Section 40-60-430. A registered appraisal management company that requires a real estate appraiser to submit to a criminal background check as a condition of employment, contractual relationship, or access to an appraisal portal shall accept a criminal background check performed within the preceding twelve months if it substantially conforms to the criminal background checks of the company selected by the appraisal management company.

Section 40-60-440. (A) It is unprofessional conduct for an employee, director, or agent of an appraisal management company registered pursuant to this article to influence or attempt to influence the development, reporting, or review of an appraisal through coercion,

extortion, collusion, compensation, instruction, inducement, intimidation, bribery, or in another manner, including:

(1) withholding or threatening to withhold timely payment for an appraisal, with the exception of an appraisal noncompliant with the written terms of the agreement;

(2) withholding or threatening to withhold future business from certified or licensed appraisers, who are independent contractors, or demoting, threatening to demote, or terminating certified or licensed appraisers, who are independent contractors;

(3) expressly or impliedly promising future business, promotion, or increased compensation for certified or licensed appraisers, who are independent contractors;

(4) requesting that certified or licensed appraisers, who are independent contractors, provide an estimated, predetermined, or desired valuation in an appraisal report or provide estimated values of comparable sales at any time before the certified or licensed appraiser's completion of an appraisal service;

(5) providing to certified or licensed appraisers, who are independent contractors, an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, excepting that a copy of the sales contract for purchase transactions may be provided;

(6) providing stock or other financial or nonfinancial benefits to certified or licensed appraisers, who are independent contractors, or an entity or person related to the appraiser;

(7) allowing the removal of certified or licensed appraisers, who are independent contractors, from an appraiser panel without prior written notice to the appraiser specifying the basis for his removal from the appraisal panel;

(8) obtaining, using, or paying for a second or subsequent appraisal or valuation in connection with a mortgage financing transaction, unless there is a reasonable basis to believe that the initial appraisal or valuation was flawed or tainted and this basis is clearly and appropriately noted in the loan file, or unless the appraisal review or quality control process written pre-established lending requirements, or unless the appraisal or valuation is required by state or federal law;

(9) engaging in another act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser;

(10) requiring an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for liability, damages, losses, or claims arising out of the services performed by the appraisal management company and not the services performed by the appraiser; and

(11) prohibiting certified or licensed appraisers, who are independent contractors, to file an initial complaint against the appraisal management company for alleged abuses of above prohibitions or other issues of misconduct. The board shall handle initial complaints in the same manner as those initial complaints against certified or licensed appraisers.

(B) The provisions of subsection (A) may not be construed to prohibit the appraisal management company from requiring certified or licensed appraisers, who are independent contractors, to:

- (1) provide additional information about the basis for a valuation;
- (2) correct objective factual errors in an appraisal report; and
- (3) consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.

Section 40-60-450. (A) An appraisal management company shall, except in cases of breach of contract or substandard performance of services, make payment to certified or licensed appraisers, who are independent contractors, for the completion of an appraisal or valuation assignment within forty-five days after the date on which the certified or licensed appraisers, who are independent contractors, transmit or otherwise provide the completed appraisal or valuation study to the appraisal management company or its assignee.

(B) An appraisal management company shall compensate appraisers at a rate that is customary and reasonable for appraisals being performed in the market area of the property being appraised, consistent with the requirements of 15 U.S.C. Section 1639e and regulations adopted pursuant to it.

(C) An appraiser may not be prohibited by the appraisal management company, client of the appraiser, or another third party from disclosing the fee paid to the appraiser for the performance of the appraisal in the appraisal report.

Section 40-60-460. (A) An appraisal management company may not alter, modify, or otherwise change a completed appraisal report submitted by a licensed or certified independent appraiser without the appraiser's consent, except as necessary to comply with regulatory mandates or legal requirements.

(B) An appraisal management company may not use an appraisal report submitted by a licensed or certified independent appraiser, or any of the data or information contained therein, for any purpose other than its intended use without the appraiser's or the intended end user's

consent, except as necessary to comply with regulatory mandates or legal requirements.

Section 40-60-470. (A) In addition to the grounds for disciplinary action pursuant to Section 40-1-110, the board may discipline, publicly or privately reprimand, or fine an appraisal management company or suspend or revoke a registration issued under this article if, in the opinion of the board, an appraisal management company is attempting to perform, has performed, or has attempted to:

- (1) commit an act in violation of this article;
- (2) violate a rule or regulation adopted by the board in the interest of the public and consistent with the provisions of this article;
- (3) procure a registration, license, or certification by fraud, misrepresentation, or deceit; or
- (4) violate the South Carolina Real Estate Appraisers Act or the federal Financial Institutions Reform Recovery and Enforcement Act of 1989.

(B) In addition to the sanctions provided in Section 40-1-120, the board may impose a fine not to exceed ten thousand dollars for an initial violation and not to exceed twenty thousand dollars for subsequent violations and may require payment of investigative costs. A fine is payable immediately upon the effective date of discipline unless otherwise provided by the board. A registrant against whom a fine is levied is not eligible for reinstatement until the fine is paid in full.

(C) A decision by the board to publicly or privately reprimand, fine, revoke, suspend, or otherwise restrict a registrant or to limit or otherwise discipline a registrant becomes effective upon delivery of a copy of the decision to the registrant.

(D) Nothing in this section prevents a registrant from voluntarily entering into a consent agreement with the board in which a violation is not contested and a sanction is accepted.

Section 40-60-480. The board may conduct investigations and disciplinary proceedings in accordance with Sections 40-1-80 and 40-1-90 and the Administrative Procedures Act, provided:

- (1) before disciplining a registrant by publicly or privately reprimanding, fining, or suspending or revoking a registration, the board shall notify the registrant in writing of charges made at least thirty days prior to the date set for the hearing and shall afford the registrant an opportunity to be heard in person or by counsel;
- (2) the written notice requirement is satisfied by sending the notice through the United States Postal Service by regular mail or certified mail,

return receipt requested, to the controlling person of the registrant to the address of the registrant on file with the board;

(3) a hearing on the charges must be held at a time and place prescribed by the board; and

(4) a registrant aggrieved by a final action of the board may seek review of the decision pursuant to Section 40-1-160 and the Administrative Procedures Act.

Section 40-60-490. The board may issue restraining orders and cease and desist orders pursuant to Section 40-1-100.

Section 40-60-500. The board has jurisdiction over the actions committed or omitted by current and former registrants as provided by Section 40-1-115.

Section 40-60-510. As provided in Section 40-1-130, the board may deny registration to an applicant based on the same grounds for which the board may take disciplinary action against a registrant.

Section 40-60-520. A registration obtained pursuant to this chapter may not be denied solely because of a prior criminal conviction unless the criminal conviction directly relates to the profession or occupation.

Section 40-60-530. A registrant under investigation for a violation of this article or a regulation promulgated under this article may voluntarily surrender his registration to practice, in accordance with and subject to the provisions of Section 40-1-150. A person whose registration is voluntarily surrendered may not practice or represent himself as authorized to practice until the board takes final action in the pending disciplinary matter. The voluntary surrender of a registration is subject to public disclosure pursuant to Chapter 4, Title 30. The board has discretion to credit time that an authorization has been surrendered toward a period of suspension or other restriction of practice.

Section 40-60-540. A respondent aggrieved by a final decision of the board may seek review of the decision by the Administrative Law Court pursuant to Section 40-1-160. Motions for continuance and for other interlocutory relief are not subject to review by the Administrative Law Court until a final decision has been issued by the board.

Section 40-60-550. Investigations and proceedings conducted under this article are confidential, and all communications are privileged as provided in Section 40-1-190.

Section 40-60-560. The department, in addition to instituting a criminal proceeding, may institute a civil action through the Administrative Law Court, in the name of the State, for injunctive relief against a person or entity violating this article, a regulation promulgated under this article, or an order of the board. The court may impose a fine of not more than ten thousand dollars for each violation in addition to a fine imposed by the board for the same violation.”

### **Real Estate Appraisers Board, membership increased**

SECTION 2. Section 40-60-10(B) of the 1976 Code, as last amended by Act 243 of 2016, is further amended to read:

“(B) The South Carolina Real Estate Appraisers Board consists of eight members who must be residents of this State and appointed by the Governor with the advice and consent of the Senate and with consideration given to appropriate geographic representation and to areas of appraisal expertise as follows:

(1) One member must be a public member who may not be connected in any way with the practice of real estate appraisal, real estate brokerage, or mortgage lending. The member from the general public may be nominated by an individual, group, or association and must be appointed by the Governor in accordance with Section 40-1-45.

(2) One member must be a licensed real estate broker who is not a real estate appraiser.

(3) One member must be actively engaged in mortgage lending, representing supervised financial institutions, who is not a real estate licensee or a real estate appraiser and who also must not be connected in any way with the brokerage of real estate, the appraisal of real estate, or the review of real estate appraisals.

(4) Four members must be licensed or certified appraisers, actively engaged in real estate appraisal for at least three years, at least two of whom must be certified general appraisers and at least one of whom must be a certified residential appraiser. In appointing real estate appraisers to the board, the Governor, while not automatically excluding other appraisers, shall give preference to real estate appraisers whose primary source of income is derived from appraising real estate and not real estate brokerage.

(5) One member must represent an appraisal management company registered with the board.”

**Sections designated**

SECTION 3. Sections 40-60-5 through Section 40-60-230 are designated as Article 1, General Provisions. The Code Commissioner is directed to make appropriate changes in the 1976 Code to reflect this designation.

**Sections and chapter redesignated**

SECTION 4. The existing sections of Chapter 60, Title 40 are designated the "South Carolina Real Estate Appraiser License and Certification Act". Chapter 60, Title 40 is redesignated "Real Estate Appraisers and Appraisal Management Companies".

**Time effective**

SECTION 5. This act takes effect upon approval by the Governor. In the event that a registration process is unavailable upon the effective date of this act, an appraisal management company already conducting business in this State may continue to conduct business until one hundred twenty days after a registration process becomes available.

Ratified the 9<sup>th</sup> day of May, 2017.

Approved the 10<sup>th</sup> day of May, 2017.

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