

## Appraisal Management Company Registration & Regulation Model Act

(as of 11/26/2012)

**Note:** *In addition to creating the standards regarding the registration and supervision of appraisal management companies, legislation is also going to need to be considered that will add several items to the functions of the Board and agency. These include adding to the mission statement of the Board/agency the authority/responsibility to:*

- 1) *Register and supervise appraisal management companies;*
- 2) *Submit information about appraisal management companies to the national registry; and*
- 3) *Collect the national registry fees outlined in the Dodd-Frank Act from the AMCs and to forward those funds to the Appraisal Subcommittee.*

(1) **Title.**

- (A) This Act shall be known as the Appraisal Management Company Registration and Regulation Act.

(2) **Definitions.**

- (A) As used in this chapter, the following terms shall have the following meaning:

- (1) "Appraisal" means the practice of developing an opinion of the value of real property in conformance with the Uniform Standards for Professional Appraisal Practice as developed by the Appraisal Standards Board of The Appraisal Foundation.
- (2) "Appraisal firm" means a corporation, limited liability company, sole proprietorship, or other entity that performs appraisal services and is 100% owned and controlled by a person or persons licensed or certified in this state.
- (3) "Appraisal assignment" means an agreement between an appraiser and an appraisal management company to provide an appraisal service.
- (4) "Appraisal consulting" means the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.
- (5) "Appraisal management company" means a corporation, limited liability company, sole proprietorship or other entity that directly or indirectly performs appraisal management services.

- (6) “Appraisal management services” means to, directly or indirectly, perform any of the following functions on behalf of a lender, financial institution, client, or any other person:
- (a) Administer an appraiser panel;
  - (b) Recruit, retain, or select appraisers for the performance of appraisal services;
  - (c) Qualify, verify licensing or certification, and negotiate fees and service level expectations with appraisers who perform appraisal services and are part of, or are requesting to be part of, an appraiser panel;
  - (d) Contract with appraisers to perform appraisal services;
  - (e) Receive an order for an appraisal service from one person, and deliver the order for the appraisal service to an appraiser that is part of an appraiser panel for completion;
  - (f) Manage the process of having an appraisal service performed, including providing administrative duties, such as receiving appraisal orders and reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed;
  - (g) Track and determine the status of orders for appraisal services;
  - (h) Conduct quality control of the results of a completed appraisal service prior to the delivery of the results of the completed appraisal service to the person that ordered the appraisal service;
  - (i) Collecting fees from creditors and underwriters for appraisal services provided; or
  - (j) Providing the results of a completed appraisal service to one or more clients.
- (5) “Appraisal review” means the act or process of developing and communicating an opinion about the quality of another appraiser’s work that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors that do not make a substantive valuation change shall not be an appraisal review.
- (6) “Appraisal service” means acting as an appraiser to provide an appraisal, appraisal review, or appraisal consulting.

- (7) "Appraiser" means a person who holds a license or certificate in this state to complete an appraisal service.
- (8) "Appraiser panel" means a network of licensed or certified appraisers who perform appraisal services as independent contractors for an appraisal management company.
- (9) "Board" (or Commission, Office, Council, etc.) means the {State agency with responsibility for licensing real estate appraisers}.
- (10) "Client" means a person or entity that contracts with or otherwise enters into an agreement with an appraisal management company for the performance of appraisal management services.
- (11) "Competent appraiser" means an appraiser that satisfies each provision of the Competency Rule of the Uniform Standards of Professional Appraisal Practice for a specific appraisal assignment that the appraiser has received, or may receive, from an appraisal management company.
- (12) "Controlling person" means
  - (a) An owner, officer or director of an appraisal management company; or
  - (b) an individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of 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.
- (13) "Person" means an individual, firm, partnership, association, corporation, limited liability company, sole proprietorship, or any other entity.
- (14) "Uniform Standards of Professional Appraisal Practice" means the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.

(3) **Registration required.**

- (A) It is unlawful for a person to directly or indirectly engage or to attempt to engage in business as an appraisal management company, to directly or indirectly engage or to attempt to perform appraisal management services, or to advertise or hold itself 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 Act.

- (B) The registration required by subsection (A) of this section shall, at a minimum, include the following information:
- (1) name of the person entity seeking registration;
  - (2) business address of the person seeking registration;
  - (3) phone contact information of the person seeking registration;
  - (4) if the person is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state;
  - (5) the name, address, and contact information for any individual or any corporation, partnership, or other business that owns 10% or more of the appraisal management company;
  - (6) the name, address, and contact information for one controlling person;
  - (7) a certification that the person has a system and process in place to verify that an appraiser being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the *{State Real Estate Appraiser Act}*.
  - (8) a certification that the person requires appraisers completing appraisal services at its request to comply with the Uniform Standards of Professional Appraisal Practice, including the requirements for geographic and product competence;
  - (9) a certification that the person has a system in place to require that appraisal services are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards under section 129E of the Truth in Lending Act, including the requirements for payment of a reasonable and customary fee;
  - (10) a certification that the person maintains a detailed record of each appraisal service request that it receives and the appraiser that performs the appraisal service for the appraisal management company;
  - (11) an irrevocable Uniform Consent to Service of Process; and
  - (12) any other information that is reasonably required by the Board to implement this Act.

(4) **Exemptions.**

(A) The provisions of this chapter do not apply to:

- (1) A person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals;
- (2) A person acting as an appraisal firm that at all times during a calendar year employs as independent contractors not more than 15 appraisers for the performance of appraisals;
- (3) A department or unit within a financial institution that is subject to direct regulation by an agency of the United States Government that is a member of the Federal Financial Institutions Examination Council or its successor, or to regulation by an agency of this state, 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 an independent contractor to the institution, except that an AMC that is a wholly owned subsidiary of a financial institution shall not be considered a department or unit within a financial institution to which the provisions of this act do not apply;
- (4) A person who enters into an agreement with an appraiser for the performance of an appraisal that on completion results in a report signed by both the appraiser who completed the appraisal and the appraiser who requested completion of the appraisal;
- (5) An appraisal management company with an appraisal panel of not more than 15 appraisers at all times during a calendar year; and
- (6) An appraisal management company that is a subsidiary owned and controlled by a financial institution that is subject to the appraisal independence standards under the federal Truth in Lending Act.

(5) **Forms.**

(A) A person seeking to be registered as an appraisal management company in this State shall submit to the Board an application on a form prescribed by the Board.

(5) **Expiration of license.**

(A) Unless renewed, a registration granted by the Board pursuant to this Act shall expire on the first anniversary of the date on which the registration is issued.

(6) **Consent to Service of Process.**

- (A) Each person applying for a registration as an appraisal management company in this state shall complete an irrevocable Uniform Consent to Service of Process, as prescribed by the Board.

(7) **Registration Fees.**

- (A) The Board shall establish by regulation the fee to be paid by each appraisal management company that is registered under this chapter, or that is seeking to be registered under this chapter, such that the sum of the fees paid by all appraisal management companies registered under this chapter, or seeking registration under this chapter shall be sufficient for the administration of this chapter, but in no case shall the fee be more than two thousand five hundred dollars (\$2,500).
- (B) The Board shall collect from each appraisal management company seeking to be registered in this state the amount determined by the federal Appraisal Subcommittee to be a national registry fee for each appraiser on the appraiser panel of an appraisal management company pursuant to Section 1109(a)(4) of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

(8) **Owner Requirements.**

- (A) An appraisal management company applying for a registration in this state shall not be owned in whole or in part, directly or indirectly, by:
- (1) A person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated; or
  - (2) Another entity that is more than 10% owned by any person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.
- (B) Each person that owns more than 10% of an appraisal management company in this state shall:
- (1) Be of good moral character, as determined by the Board; and
  - (2) Submit to a background investigation, as determined by the Board.

(C) Each appraisal management company applying for a registration in this state shall certify to the board that:

- (1) It has reviewed each entity that owns more than 10% of the appraisal management company; and
- (2) No entity that owns the appraisal management company, whole or in part, directly or indirectly, is more than 10% owned by any person that has had a license or certificate to act as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation, unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.

(9) **Controlling Persons.**

(A) Each appraisal management company applying to the Board for a registration in this state shall designate one controlling person that will be the main contact for all communication between the Board and the appraisal management company.

(B) The controlling person designated pursuant to subsection (A) of this section shall:

- (1) Be actively licensed or certified in a state as appraiser at all times that the person is designated as a controlling person;
- (2) Have never had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state;
- (3) Be of good moral character, as determined by the Board; and
- (4) Submit to a background investigation, as determined by the Board.

(10) **Employee Requirements.**

(A) 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:

- (1) Knowingly employ any person, in a position in which the person has the responsibility to order appraisal services or to review the results of completed appraisal services, who has had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation;
- (2) Knowingly enter into any independent contractor arrangement, whether in verbal, written, or other form, for the performance of appraisal services with any person who has had a license or certificate to act as an appraiser in this

state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation; and

- (3) Knowingly enter into any contract, agreement, or other business relationship, whether in verbal, written, or any other form, for the performance of appraisal services with any entity that employs, has entered into an independent contract arrangement, or has entered into any contract, agreement, or other business relationship, whether in verbal, written, or any other form for the performance of appraisal services with any person who has ever had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation.

**(11) Denial of Registration.**

- (A) The board may deny renewing a registration for an appraisal management company that is actively registered under this chapter, or may deny a registration to a person that has applied for registration under this chapter, if:
  - (1) The applicant who fails to satisfy a requirement of this chapter; or
  - (2) On a determination by the board that:
    - (a) The applicant has demonstrated incompetence, untrustworthiness, or conduct or practices that render the registrant unfit to perform appraisal management services; or
    - (c) The applicant does not perform appraisal management services in good faith and is a source of detriment, injury, or loss to the public.
- (B) The board shall immediately provide written notice to the applicant of the board's denial of a registration under this chapter.

**(12) Appraiser Engagement; Competency.**

- (A) Prior to placing an appraisal assignment with an appraiser on the appraiser panel of an appraisal management company, the appraisal management company shall verify that the appraiser receiving the appraisal assignment is a competent appraiser for the performance of the appraisal service being assigned to the appraiser by the appraisal management company.

**(13) Appraisal Review.**

- (A) A person who performs an appraisal review for an appraisal management company must be licensed or certified under *{State Appraiser Licensing Statute}* with at least the same certification for the property type as the appraiser who completed the report being reviewed.



(14) **Verification of Licensure or Certification.**

- (A) An appraisal management company registered in this state must verify that an appraiser to whom the company is making an appraisal assignment:
- (1) Is actively licensed or certified in this state pursuant to *{State Appraiser Licensing and Certification Act}*; and
  - (2) Has not had a license or certificate as an appraiser denied, revoked, or surrendered in lieu of revocation in any state since the last time the company made an appraisal assignment to the appraiser.

(15) **Professional Standards.**

- (A) An appraisal management company registered under this chapter shall on a periodic basis perform an appraisal review of the work of appraisers performing appraisal services for the company to ensure that the services comply with:
- (1) The edition of the Uniform Standards of Professional Appraisal Practice in effect at the time of the appraisal service; or
  - (2) Other standards prescribed by board rule.

(16) **Recordkeeping.**

- (A) An appraisal management company registered under this chapter, or that has applied for registration under this chapter, shall retain for at least five years all business records relating to each request for an appraisal service that the appraisal management company has received and the appraiser who performs the appraisal service for the appraisal management company.
- (B) The board may audit the records of an appraisal management company registered under this chapter, or an appraisal management company that has applied for registration under this chapter, to ensure compliance with this chapter, board rules, and the Uniform Standards of Professional Appraisal Practice.
- (C) A written record of all substantive communications between an appraisal management company registered under this chapter and an appraiser relating to inclusion on an appraisal panel or to an appraisal assignment must be maintained as provided under Subsection (A).

(17) **Compensation of Appraisers.**

(A) An appraisal management company shall:

- (1) Except in cases of breach of contract or substandard performance of an appraisal service, make payment to an appraiser for the completion of an appraisal service within forty-five (45) days of the date on which the appraiser transmits or otherwise provides the results of the completed appraisal service to the appraisal management company or its assignee; and
- (2) Compensate appraisers at a rate that is reasonable and customary for appraisal services being performed in the market area of the property being appraised without the services of an appraisal management company.

(18) **Statement of Fees.**

(A) In reporting to a client, an appraisal management company shall separately state the fees:

- (1) Paid to an appraiser for the completion of an appraisal service; and
- (2) Charged by the appraisal management company to the client for appraisal management services.

(B) An appraisal management company may not:

- (1) Prohibit an appraiser from recording the fee that the appraiser was paid by the appraisal management company for completing the appraisal service in the body of the report that is submitted by the appraiser to the appraisal management company; or
- (2) Include any fees for appraisal management services performed by the appraisal management company in the amount the company reports as charges for the actual completion of an appraisal service by an appraiser.

(19) **Surety Bonds.**

(A) An applicant for issuance of a registration as an appraisal management company pursuant to this chapter shall file with the Board a surety bond with one or more corporate sureties authorized to do business in this state in an amount that is not less than one-hundred and fifty percent (150%) of the average amount of the billings of the appraisal management company in this state during the previous twelve month period, but shall not be less than \$25,000.

(B) The surety bond required pursuant to subsection (A) must:

- (1) Be in the form prescribed by the Board;

- (2) Have as a condition of issuance that the appraisal management company shall pay all amounts owing to persons who perform appraisal services for the appraisal management company and all amounts adjudged against the appraisal management company by reason of negligent or improper provision of appraisal management services or breach of contract in the performance of appraisal management services; and
  - (3) Require the surety company to provide written notice to the Board by registered or certified mail at least 30 days before the surety company cancels or revokes the bond and when the surety company pays for a loss under the bond.
- (C) Upon termination or cancellation of the bond required by subsection (A), a registered appraisal management company shall file a replacement bond or shall surrender the license of the appraisal management company to do business in the state and shall immediately cease operation as an appraisal management company in the state.
- (D) The surety bond required pursuant to subsection (A) shall accrue to the Board for the benefit of:
- (1) A person or entity to secure the faithful performance of appraisal management services by an appraisal management company; or
  - (2) An appraiser who has performed an appraisal service for the appraisal management company for which the appraiser has not received payment.
- (E) A person or entity having a claim against an appraisal management company may bring suit directly on the surety bond required by subsection (A) or the Board may bring suit on behalf of the person or entity having a claim against the surety bond.
- (F) An action by a person or entity against the bond pursuant to subsection (E) must be commenced within one year after the appraisal management company has failed to pay the amount owed by the appraisal management company to an appraiser or the amount adjudged against the appraisal management company.
- (20) **Prohibited Practices.**
- (A) An appraisal management company registered in this state or an employee, director, officer, or agent of an appraisal management company registered in this state may not:
- (1) Cause or attempt to cause the results of the performance of an appraisal service to be based on any factor other than the independent judgment of the appraiser;
  - (2) Seek to influence an appraiser or to otherwise encourage a targeted value in order to facilitate the making or pricing of a consumer credit transaction;

- (3) Alter, modify, or otherwise change the results of a completed appraisal service that have been submitted by an appraiser to the appraisal management company by:
  - (a) Altering or removing the signature or seal of the appraiser; or
  - (b) Adding information to, removing information from, or changing information contained in the results of the completed appraisal service, including any disclosure authorized by this chapter submitted by an appraiser in or with the report;
- (4) Condition the request for the performance of an appraisal service or the payment of an appraisal fee, salary, or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an appraiser;
- (5) Request that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time before the completion of an appraisal by an appraiser;
- (6) Provide to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for a purchase transaction may be provided;
- (7) Make any part of the fee paid to the appraiser or the fee paid by the appraisal management company contingent on a favorable outcome, including:
  - (a) A loan closing; or
  - (b) A specific valuation being achieved by the appraiser in the appraisal report;
- (8) Withhold or threaten to withhold timely payment for the completion of an appraisal assignment when the appraisal services that are the subject of the appraisal assignment are provided in accordance with a contract or other agreement between the parties;
- (9) Withhold or threaten to withhold future business from an appraiser;
- (10) Demote or terminate or threaten to demote or terminate an appraiser;
- (11) Expressly or impliedly promise future business, promotions, or increased compensation for an appraiser;
- (12) Provide to an appraiser, or any person related to the appraiser, stock or other financial or non-financial benefits;

- (13) Allow the removal of an appraiser from an appraiser panel, without prior written notice to the appraiser;
  
- (14) Obtain, use, or pay for a second or subsequent appraisal or order an automated valuation model in connection with a mortgage financing transaction unless:
  - (a) There is a reasonable basis to believe that the initial appraisal was flawed or tainted and that basis is clearly and appropriately noted in the loan file;
  - (b) The subsequent appraisal or automated valuation model is done under a bona fide pre-funding or post-funding appraisal review or quality control process; or
  - (c) The subsequent appraisal or automated valuation model is otherwise required or permitted by federal or state law.
  
- (16) Prohibit legal and allowable communication between the appraiser and:
  - (a) The lender;
  - (b) A real estate license holder; or
  - (c) Any other person from whom the appraiser, in the judgment of the appraiser, believes information would be relevant;
  
- (17) Refuse to accept the results of a completed appraisal service by more than one appraiser if an appraiser provides substantial assistance to another appraiser in the preparation of the report, unless the appraisal assignment names an individual appraiser or the statement of work requires an unassisted report; or
  
- (18) Require an appraiser to:
  - (a) Complete an appraisal service, if the appraiser, in the judgment of the appraiser, does not have the necessary expertise for the specific geographic area and the appraiser has notified the company of this belief;
  - (b) Prepare an appraisal report under a schedule that the appraiser, in the judgment of the appraiser, believes does not afford the appraiser the ability to meet all the relevant legal and professional obligations if the appraiser has notified the company of this belief;
  - (c) Provide the appraisal management company with the digital signature or seal of the appraiser;

- (d) Modify any aspect of an appraisal report without the agreement of the appraiser that the modification is appropriate;
  - (e) Engage in any act or practice that does not comply with:
    - (i) The Uniform Standards of Professional Appraisal Practice; or
    - (ii) Any assignment conditions and certifications required by the client;
  - (f) Engage in any other act or practice that impairs or attempts to impair the independence, objectivity, or impartiality of an appraiser;
  - (g) Enter into an agreement to not serve on the panel of another appraisal management company;
  - (h) Indemnify or hold harmless the appraisal management company against liability except liability for errors and omissions by the appraiser; or
  - (i) Pay a fee imposed on the appraisal management company by the federal Appraisal Subcommittee pursuant to the Dodd-Frank Wall Street Reform Act of 2010.
- (B) Subsection (A) may not be construed to prohibit:
- (1) An appraiser from reimbursing an appraisal management company for the actual cost of discretionary services provided to the appraiser;
  - (2) An appraiser from voluntarily providing the digital signature or seal to the appraisal management company;
  - (3) An appraisal management company from asking an appraiser, after a report is delivered, to:
    - (a) Consider additional appropriate property information, including the consideration of additional comparable properties to make or support an appraisal;
    - (b) Provide further detail, substantiation, or explanation for the value conclusion of the appraiser; or
    - (c) Correct errors in the appraisal report;
  - (4) An appraisal management company from requiring an appraiser to provide advance notice of and an opportunity for the appraisal management company to participate in any legal and allowable communications between the appraiser and a lender; or

- (5) An appraisal management company from providing to an appraiser a copy of an executed contract for a purchase transaction.

(21) **Mandatory Reporting**

- (A) An appraisal management company that has a reasonable basis to believe an appraiser is failing to comply with the Uniform Standards of Professional Appraisal Practice in a manner that materially affects the value conclusion contained in an appraisal report, is violating applicable laws, or is otherwise engaging in unethical or unprofessional conduct shall refer the matter to the Board.

(22) **Registration number.**

- (A) The Board shall issue a unique registration number to each appraisal management company that is registered in this state.
- (B) The Board shall publish annually a list of the appraisal management companies that have registered with the Board pursuant to this chapter and have been issued a registration number pursuant to subsection (A) of this section.

(23) **Advertising.**

- (A) An appraisal management company registered in this state shall disclose the registration number provided to it by the Board on all print and electronic advertising, including any electronic advertising or communication via the internet.

(24) **Adjudication of Disputes between an Appraisal Management Company and an Appraiser.**

- (A) Except within the first thirty (30) days after an appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser, without:
  - (1) Notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company;
  - (2) Identifying the illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, that the appraisal management company has a reasonable basis to believe that the appraiser has engaged in; and
  - (3) Providing an opportunity for the appraiser to respond to the notification by the appraisal management company.
- (B) An appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or violation of state licensing standards, may file a complaint

with the *{Board}* for a review of the decision of the appraisal management company, except that the review of the Board in any such case is limited to determining whether the appraisal management company has complied with subsection (A) and whether the appraiser has committed a violation of state law, state licensing standards, or a violation of the Uniform Standards of Professional Appraisal Practice.

- (C) If an appraiser files a complaint against an appraisal management company pursuant to subsection (B) of this section, the Board shall adjudicate the complaint within 180-days.
- (D) If after opportunity for hearing and review, the Board determines that an appraisal management company acted improperly in removing an appraiser from the appraiser panel, or that an appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the Board shall order that an appraiser be restored to the appraiser panel of the appraisal management company that was the subject of the complaint.
- (E) Following the adjudication of a complaint to the Board by an appraiser against an appraisal management company, and the appraiser having been restored to the appraiser panel pursuant to subsection (D) of this section, an appraisal management company may not refuse to make assignments for appraisal services to an appraiser, or reduce the number of appraisal assignments, or otherwise penalize the appraiser, if the Board has found that the appraisal management company acted improperly in removing the appraiser from the appraiser panel.

(25) **Disciplinary Proceedings.**

- (A) The Board may initiate disciplinary proceedings against an appraisal management company registered in this state if, in the opinion of the Board, an appraisal management company is attempting to perform, has performed, or has attempted to perform any of the following acts:
  - (1) Committing any act in violation of this chapter;
  - (2) Violating any rule or regulation adopted by the Board in the interest of the public and consistent with the provisions of this chapter; or
  - (3) Procuring a registration by fraud, misrepresentation, or deceit
- (B) The conduct of administrative proceedings shall be in accordance with the Administrative Procedures Act and the rules promulgated thereunder, and shall be vested in the Board, such that the Board, after notice and opportunity for a hearing pursuant to the Administrative Procedures Act, may issue an order imposing one or more of the following penalties whenever the Board finds, by a preponderance of the evidence, that a registrant has violated any provision of this Act or rules promulgated thereunder:



- (1) Revocation of the registration with or without the right to reapply;
  - (2) Suspension of the registrant for a period not to exceed five (5) years;
  - (3) Stipulations, limitations, restrictions and conditions relating to conduct of the registrant's appraisal management services practice;
  - (4) Censure, including specific redress, if appropriate;
  - (5) Reprimand;
  - (6) Administrative fines not to exceed Twenty Five Thousand Dollars (\$25,000.00) per violation; and
  - (7) Payment of costs expended by the Board for any legal fees and costs and monitoring fees, including but not limited to administrative costs, witness fees and attorney fees.
- (C) Payment of fines and costs shall be in accordance with the following:
- (1) All administrative fines and costs shall be paid within thirty (30) days of notifying the controlling person of the registrant or the agent for service of process of the registrant in this state of the order of the Board imposing the administrative fine, unless the registrant has entered into an agreement with the Board extending the period for payment;
  - (2) The registration may be suspended until any fine imposed upon the registrant by the Board is paid;
  - (3) Unless the registrant has entered into an agreement with the Board extending the period for payment, if fines and costs are not paid in full by the registrant within thirty (30) days of the notification of the order, the fines and costs shall double and the registrant shall have an additional thirty-day period. If the double fine and costs are not paid within the additional thirty-day period, the registration shall automatically be revoked; and
  - (4) All monies received by the Board as a result of the imposition of the administrative fines and costs provided for in this section shall be deposited in the Board fund.
- (D) Complaint filing procedures shall be in accordance with the following:
- (1) Any complaint filed under this Act or the rules promulgated thereunder shall be in writing and signed by the person filing same and shall be on a form prescribed by the Board. A complaint may be filed against a registrant directly by the Board, if reasonable cause exists to believe there have been violation(s) of the Act or rules; and
  - (2) The registrant shall be entitled to any hearings or subject to any disciplinary proceedings provided for in the Act or the rules promulgated thereunder based upon any complaint filed pursuant to this section.

- (E) Written notice of charges shall be provided as follows:
  - (1) Before taking any administrative action against any registration, the Board shall notify the registrant in writing of any charges made at least thirty (30) days prior to the date set for hearing and shall afford the registrant an opportunity to be heard in person or by counsel; and
  - (2) The written notice may be served personally or sent by registered or certified mail to the last-known address of either the registrant's controlling person or the registrant's service agent in this state.

(26) **Rulemaking authority.**

- (A) The Board may adopt rules not inconsistent with the provisions of this chapter which may be reasonably necessary to implement, administer, and enforce the provisions of this chapter.