

AVAILABILITY OF MODIFIED TEXT

NOTICE IS HEREBY GIVEN that Federal Compliance has proposed modifications to the text of section 3577 and 3582 of Articles 4 and 5 of Chapter 6.5 of Title 10 of the California Code of Regulations. A copy of the modified text is enclosed. Any person who wishes to comment on the proposed modifications may do so by submitting written comments on or before August 24, 2020, to the following:

Bureau of Real Estate Appraisers
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Materials regarding this proposal can be found at <http://brea.ca.gov/html/Rulemaking.html> and were mailed to interested parties and individuals who provided written comments.

The Bureau of Real Estate Appraisers is proposing to define what constitutes a “substantive cause” in California Code of Regulations section 3577, is removing a citation reference to the Appraisal Subcommittee Policy Statement 8 and 9, and adding a revision date to 12 C.F.R. section 1102.402 as well as incorporating it by reference.

All proposed changes are shown in ~~strikeout~~ and underline.

Dated: August 6, 2020

PROPOSED MODIFIED TEXT

The text below represents existing language modified to show proposed changes. Proposed deletions are in ~~strike~~through. Proposed additions are in underline.

Amend Sections 3577 and 3582 of Articles 4 and 5 of Chapter 6.5 of Title 10 of the California Code of Regulations to read as follows:

§ 3577. Minimum Standards of Practice for Appraisal Management Companies.

All Appraisal Management Companies must ensure that they adhere to the following business practices when performing appraisal management services for properties located within the State of California:

(a) Appraisal Management Companies must adopt reasonable procedures designed to ensure that all appraisal assignments completed by its independent contractor or employee appraisers are performed in accordance with the Uniform Standards of Professional Appraisal Practice.

(b) Appraisal Management Companies must maintain records of each of the following for each service request for at least five years:

- (1) Date of the receipt of the request;
- (2) The name of the person from whom the request was received;
- (3) The name of the client for whom the request was made, if different from the name of the person from whom the request was received;
- (4) The name of the appraiser or appraisers assigned to perform the contracted service;
- (5) The date of delivery of the appraisal product to the client;
- (6) Client contract;
- (7) Engagement letter; and
- (8) The appraisal report.

(c) Appraisal Management Companies must maintain records of all appraisal fees dispersed to contracted appraisers and the final fee charged to the lender/client for at least five years.

(d) An Appraisal Management Company cannot prohibit a contracted appraiser/client from disclosing the fee paid to the appraiser/client for an appraisal assignment in the body of the appraisal report.

(e) No Appraisal Management Company shall improperly influence or attempt to improperly influence the development, reporting, result, or review of an appraisal report or review by engaging in coercion, extortion, inducement, collusion, bribery, intimidation, compensation, or instruction. In addition to the acts set forth in Business and Professions Code section 11345.4, prohibited acts include, but are not limited to, the following:

- (1) Withholding or threatening to withhold the timely payment for a contracted appraisal assignment that is completed in accordance with the Uniform Standards of Professional Appraisal Practice and with contractual provisions as agreed to by the Appraisal Management Company and the appraisal contractor;
- (2) Withholding or threatening to withhold future business with an appraisal contractor solely based on an appraisal result;
- (3) Basing the appraisal fee for an appraisal assignment on a pre-determined value;
- (4) Providing an appraiser with an anticipated, estimated, encouraged, or desired valuation before or after the completion of the appraisal report;
- (5) Expressly or impliedly promising future business, promotions, or increased compensation for a contracted appraiser based on certain business practices not in

compliance with the Uniform Standards of Professional Appraisal Practice.

(f) The Appraisal Management Company shall not base the payment of an appraisal fee on a mortgage-related event occurring subsequent to completion of the appraisal, i.e. close of escrow.

(g) The appraiser shall not be required to provide the Appraisal Management Company with the appraiser's digital signature.

(h) The Appraisal Management Company shall not alter, amend, or change an appraisal report submitted by a licensed or certified appraiser by removing the appraiser's signature or seal or by adding information to or removing information from the appraisal report.

(i) The Appraisal Management Company shall not remove an appraiser from their panel of approved appraisers without prior written notice. The notice shall state the reason(s) for the appraiser's removal.

(j) An Appraisal Management Company shall not be registered if the Appraisal Management Company, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause. As used in this section, substantive cause is any cause included in section 3721(a).

(k) An Appraisal Management Company is not barred by paragraph (j) of this section from being registered if the license or certificate of the appraiser with an ownership interest was not revoked for a substantive cause and has been reinstated by the State or States in which the appraiser was licensed or certified.

(l) All Appraisal Management Companies shall submit to the Bureau the Appraisal Management Company National Registry form REA 5030 (Rev. 1/1/19), which is hereby incorporated by reference, with payment of the national registry fee as determined by 12 C.F.R. section 1102.402 (Rev. 11/24/17) which is hereby incorporated by reference, and the Bureau's state processing fee. The form is due twelve months after the issue date of the initial registration or renewal on or after June 1, 2020, and every twelve months thereafter. Failure to submit form REA 5030 (Rev. 1/1/19) with payment to the Bureau within thirty days of the due date shall result in automatic suspension until the form REA 5030 (Rev. 1/1/19) is submitted with payment to the Bureau. Additionally, if an Appraisal Management Company fails to renew its registration before it expires and then seeks an initial registration, the Bureau cannot issue the registration until the Appraisal Management Company submits form REA 5030 (Rev. 1/1/19) with payment for the most recent 12 months the Appraisal Management Company was registered.

Note: Authority cited: Sections 11313 and 11314, Business and Professions Code. Reference: Sections 11345.3, 11345.4, 11345.45, and 11345.6, and 11345.8, Business and Professions Code; 12 C.F.R. sections 1102.402 and 1102.403; and Section 1090.5, Civil Code.

§ 3582. Fee Schedule.

(a) Fees are scheduled pursuant to Sections 11400 through 11408, Business and Professions Code.

(b) In addition to (a) above, the following is a schedule of additional fees:

1) Initial Application Fees	
Application Review fee for new, renewal, upgrade, reciprocal, reinstatement, Certificate of Registration, and Certificate of Registration renewal applications	\$400
Background fee for new, reciprocal, reinstatement, and controlling person applications	\$70
Child Support Review fee for new, reciprocal, reinstatement, and controlling person applications	\$10

Federal Registry fee for new, trainee upgrade, renewal, reciprocal, and reinstatement applications Federal – Appraiser Federal – Appraisal Management Company State Processing <u>for Appraiser</u> State Processing <u>for Appraisal Management Company</u>	(as prescribed by the ASC) (as prescribed by the ASC) \$25 <u>\$110</u>
2) Issuance of Original or Renewal fee-for new, renewals, upgrade, reciprocal, reinstatement, Certificate of Registration, and Certificate of Registration renewal applications Trainee Level Residential Level Certified Levels Appraisal Management Company Certificate of Registration	\$450 \$450 \$525 \$4,600
3) Late Renewal Fee (all license levels and Certificate of Registration) 0 - less than 12 months	\$125
4) Reinstatement After Child Support Suspension	\$140
5) Temporary Practice Permit	\$235
6) Petition for Equivalency (per course)	\$55
7) Course Provider Application Review Fee Course Review Fee	\$300 per submission \$200 per course
8) Miscellaneous Fees: Certification of Documents Change of Name (Business or Personal) Duplicate License Duplicate Admit Letter Dishonored Check Fee Laws & Regulations Package Letter of License History Photocopy Costs Retrieve File/Records from Archives State Registry (available on disk only) Full List Special Request	\$5 \$10 \$50 with certification of loss \$10 with certification of loss \$25 plus collection costs \$15 plus tax and postage \$40 \$.10 each page plus postage \$25 \$55 plus tax and postage \$90 plus tax and postage

(c) Notwithstanding any other provision, a license or Certificate of Registration shall be automatically suspended if payment of any fees is dishonored by the issuing institution for any reason. The license or Certificate of Registration shall remain suspended and shall not be renewed until receipt of all accumulated fees and penalties. Such a suspension shall be in addition to and not in place of any penalties imposed pursuant to this chapter and shall not relieve the licensee of his or her continuing education requirements.

(d) The fee to take an examination or reexamination for a license shall be set at an amount not to exceed the cost to the Bureau as determined by competitive bid. The Chief may provide that the applicant pay the fee directly to the examination provider.

Note: Authority cited: Sections 11313, 11343, 11350, 11352, 11400, 11401, 11404, 11405, 11406, 11406.5, 11408, and 11422, Business and Professions Code; and Section 17520 of the Family Code. Reference: Sections 11350, 11401, 11404, 11406 and 11406.5, Business and Professions Code.

12 C.F.R. § 1102.402

§ 1102.402 Establishing the annual AMC registry fee.

The annual AMC registry fee to be applied by States that elect to register and supervise AMCs is established as follows:

(a) In the case of an AMC that has been in existence for more than a year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in such State during the previous year; and

(b) In the case of an AMC that has not been in existence for more than a year, \$25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in such State since the AMC commenced doing business.