

AN ACT

relating to the performance of a real property evaluation for use by certain financial institutions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1103.003, Occupations Code, is amended by adding Subdivisions (4-b), (6-c), and (7-a) to read as follows:

(4-b) "Automated valuation model" means an automated system used to derive the value of real property through publicly available property records and various analytic methodologies, including comparable sales prices, home characteristics, and historical home price appreciations.

(6-c) "Federally regulated financial institution" means:

(A) a depository institution as defined by Section 3, Federal Deposit Insurance Act (12 U.S.C. Section 1813) or a subsidiary of a depository institution; or

(B) a federal credit union or a state credit union as defined by Section 101, Federal Credit Union Act (12 U.S.C. Section 1752), a subsidiary of a credit union, or a credit union service organization.

(7-a) "Non-bank financial institution" means:

(A) a residential mortgage loan company licensed under Chapter 156, Finance Code;

(B) a mortgage banker regulated under Chapter

1 157, Finance Code; or

2 (C) a regulated lender licensed under Chapter
3 342, Finance Code.

4 SECTION 2. Section 1103.004, Occupations Code, is amended
5 to read as follows:

6 Sec. 1103.004. APPLICABILITY [~~EFFECT~~] OF CHAPTER. This
7 chapter does not apply to [~~prohibit~~]:

8 (1) a person who is authorized by law to perform [~~from~~
9 ~~performing~~] an evaluation of real property for or to provide
10 [~~providing~~] an evaluation of real property to another person;

11 (2) a real estate broker licensed under Chapter 1101
12 or a sales agent acting under the authority of a sponsoring broker
13 who provides [~~from providing~~] to another person a written analysis,
14 opinion, or conclusion relating to the estimated price of real
15 property if the analysis, opinion, or conclusion:

16 (A) is not referred to as an appraisal;

17 (B) is given in the ordinary course of the
18 broker's business; and

19 (C) is related to the actual or potential
20 acquisition, disposition, encumbrance, or management of an
21 interest in real property; [~~or~~]

22 (3) an appraiser [~~who is~~] certified by a jurisdiction
23 other than this state who performs [~~from performing~~] an appraisal
24 review of an appraisal performed on real property in this state, if
25 the appraiser does not offer an opinion of value as part of the
26 appraisal review;

27 (4) an employee of a federally regulated financial

1 institution or any other person engaged by the institution who
2 performs an evaluation of real property for use by the institution
3 in a transaction for which the institution is not required to use
4 the services of a licensed or certified appraiser under federal
5 regulations adopted under Title XI, Financial Institutions Reform,
6 Recovery, and Enforcement Act of 1989 (12 U.S.C. Section 1833e) or
7 under applicable state law;

8 (5) an employee of a non-bank financial institution or
9 any other person engaged by the institution who provides an
10 analysis, assessment, opinion, conclusion, notation, or
11 compilation of data concerning the value of an interest in real
12 property for use by the institution; or

13 (6) the procurement or use of an automated valuation
14 model.

15 SECTION 3. Section 1103.405, Occupations Code, is amended
16 to read as follows:

17 Sec. 1103.405. PROFESSIONAL STANDARDS. (a) Except as
18 provided by Subsection (b), a [A] person who holds a certificate,
19 license, or registration issued under this chapter shall comply
20 with:

21 (1) the most current edition of the Uniform Standards
22 of Professional Appraisal Practice adopted by the Appraisal
23 Standards Board of the Appraisal Foundation; or

24 (2) other standards provided by board rule that are at
25 least as stringent as the Uniform Standards of Professional
26 Appraisal Practice.

27 (b) A certified or licensed appraiser is not required to

1 comply with the standards described by Subsection (a) to provide:

2 (1) an evaluation of real property described by
3 Section 1103.004(4); or

4 (2) an analysis, assessment, opinion, conclusion,
5 notation, or compilation of data concerning the value of an
6 interest in real property described by Section 1103.004(5) for use
7 by a non-bank financial institution.

8 (c) A document provided under Section 1103.004(4) or (5)
9 must contain on the first page of the document the following notice:

10 "This is not an appraisal performed in accordance with the Uniform
11 Standards of Professional Appraisal Practice."

12 SECTION 4. The changes in law made by this Act apply only to
13 an evaluation, document, or action related to a real property
14 transaction commenced on or after the effective date of this Act.
15 An evaluation, document, or other action related to a real property
16 transaction commenced before the effective date of this Act is
17 governed by the law applicable immediately before the effective
18 date of this Act, and that law is continued in effect for that
19 purpose.

20 SECTION 5. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 2533 was passed by the House on April 9, 2021, by the following vote: Yeas 143, Nays 1, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2533 on May 18, 2021, by the following vote: Yeas 142, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2533 was passed by the Senate, with amendments, on May 11, 2021, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor