

AN ACT

relating to the regulation of real estate appraisers.

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

SECTION 1. Section 1103.003, Occupations Code, is amended by adding Subdivisions (2-a), (6-a), and (6-b) to read as follows:

(2-a) "Appraisal Standards Board" means the Appraisal Standards Board of the Appraisal Foundation, or its successor.

(6-a) "Federally related transaction" means a real estate-related transaction that:

(A) requires the services of an appraiser; and

(B) is engaged in, contracted for, or regulated by a federal financial institution regulatory agency.

(6-b) "Federal financial institution regulatory agency" means:

(A) the Board of Governors of the Federal Reserve System;

(B) the Federal Deposit Insurance Corporation;

(C) the Office of the Comptroller of the Currency;

(D) the Office of Thrift Supervision;

(E) the National Credit Union Administration; or

(F) the successors of any of those agencies.

SECTION 2. Section 1103.151, Occupations Code, is amended to read as follows:

1           Sec. 1103.151.   RULES RELATING TO CERTIFICATES AND LICENSES.

2   The board may adopt:

3           (1)   rules for certifying or licensing an appraiser or  
4 approving an appraiser trainee in this state that are in accordance  
5 with this chapter and consistent with~~[, but not more stringent~~  
6 ~~than,~~] applicable federal law;

7           (2)   rules relating to the education and experience  
8 required for certifying or licensing an appraiser or approving an  
9 appraiser trainee that are consistent with~~[, but not more stringent~~  
10 ~~than,~~] the guidelines recognized by the Appraiser Qualifications  
11 Board [~~Appraisal Subcommittee~~];

12           (3)   rules relating to the examination required by  
13 Subchapter F; and

14           (4)   rules relating to procedures for the timely  
15 renewal of a certificate or license.

16           SECTION 3.   Section 1103.152, Occupations Code, is amended  
17 to read as follows:

18           Sec. 1103.152.   APPRAISER        CERTIFICATE        AND        LICENSE  
19 CATEGORIES.   ~~[(a) In this section, "Appraisal Standards Board"~~  
20 ~~means the Appraisal Standards Board of the Appraisal Foundation, or~~  
21 ~~its successor.~~

22           ~~[(b)]~~   The board may:

23           (1)   establish certificate and license categories that  
24 are consistent with the categories recognized by the Appraiser  
25 Qualifications Board~~[, the Appraisal Standards Board, and the~~  
26 ~~Appraisal Subcommittee~~]; and

27           (2)   prescribe qualifications for each category that

1 are consistent with [~~not more stringent than~~] the qualifications  
2 established for that category by the Appraiser Qualifications  
3 Board[, ~~the Appraisal Standards Board, and the Appraisal~~  
4 ~~Subcommittee~~].

5 SECTION 4. Section 1103.153, Occupations Code, is amended  
6 to read as follows:

7 Sec. 1103.153. RULES RELATING TO CONTINUING EDUCATION. The  
8 board may adopt rules relating to continuing education requirements  
9 for a certified or licensed appraiser or an approved appraiser  
10 trainee.

11 SECTION 5. Section 1103.154, Occupations Code, is amended  
12 to read as follows:

13 Sec. 1103.154. RULES RELATING TO PROFESSIONAL CONDUCT. The  
14 board may adopt:

15 (1) rules as necessary to conform to the minimum  
16 written standards of the Appraisal Standards Board [~~Subcommittee~~]  
17 by incorporating the Uniform Standards of Professional Appraisal  
18 Practice;

19 (2) rules requiring a certified or licensed appraiser  
20 to comply with standards of competency, professional conduct, and  
21 ethics [~~generally accepted by the Appraisal Subcommittee and~~]  
22 prescribed by the Uniform Standards of Professional Appraisal  
23 Practice, as adopted by the Appraisal Standards Board [~~Foundation~~];  
24 and

25 (3) rules relating to the standards for the  
26 development of an appraisal and the conveyance of an appraisal  
27 report by a certified or licensed appraiser that are consistent

1 with the Uniform Standards of Professional Appraisal Practice.

2 SECTION 6. Section 1103.202, Occupations Code, is amended  
3 to read as follows:

4 Sec. 1103.202. ELIGIBILITY REQUIREMENTS FOR CERTIFICATE.  
5 To be eligible for a certificate under this chapter, an applicant  
6 must:

- 7 (1) pass the examination required by Subchapter F;
- 8 (2) successfully complete the number and type of  
9 classroom hours or other educational qualifications required by the  
10 Appraiser Qualifications Board [~~guidelines of the Appraisal~~  
11 ~~Subcommittee~~];
- 12 (3) provide evidence satisfactory to the board that  
13 the applicant has at least the minimum number of hours of experience  
14 in performing appraisals over the specified number of calendar  
15 years as required by the Appraiser Qualifications Board [~~guidelines~~  
16 ~~of the Appraisal Subcommittee~~]; and
- 17 (4) satisfy the board as to the applicant's honesty,  
18 trustworthiness, and integrity.

19 SECTION 7. Section 1103.203, Occupations Code, is amended  
20 to read as follows:

21 Sec. 1103.203. ELIGIBILITY REQUIREMENTS FOR LICENSE. To be  
22 eligible for a license under this chapter, an applicant must:

- 23 (1) pass the examination required by Subchapter F;
- 24 (2) successfully complete the number and type of [~~at~~  
25 ~~least 75~~] classroom hours or other educational qualifications  
26 required by the guidelines of the Appraiser Qualifications Board  
27 [~~in subjects determined by the board to be related to real estate~~

1 ~~appraisal, including at least 15 classroom hours covering the~~  
2 ~~Uniform Standards of Professional Appraisal Practice];~~

3 (3) provide evidence satisfactory to the board that  
4 the applicant has at least the minimum number of hours of experience  
5 in performing appraisals over the specified number of calendar  
6 years as required by the guidelines of the Appraiser Qualifications  
7 Board [~~the equivalent of 2,000 hours of experience in performing~~  
8 ~~appraisals]; and~~

9 (4) satisfy the board as to the applicant's honesty,  
10 trustworthiness, and integrity.

11 SECTION 8. Subsection (c), Section 1103.204, Occupations  
12 Code, is amended to read as follows:

13 (c) The board shall give an applicant for a certificate or  
14 license credit toward fulfilling the requirements of Sections  
15 1103.202(2) and 1103.203(2) for classroom hours taken in the course  
16 of becoming licensed as a real estate broker or salesperson or for  
17 professional development or continuing education courses taken,  
18 whether the classroom hours or courses are taken by a person as a  
19 real estate broker or salesperson or as an employee of a financial  
20 institution engaged in real estate-related financial transactions,  
21 if the classroom hours or courses satisfy the requirements  
22 established by the guidelines recognized by the Appraiser  
23 Qualifications Board [~~Appraisal Subcommittee~~].

24 SECTION 9. Subsections (b) and (c), Section 1103.205,  
25 Occupations Code, are amended to read as follows:

26 (b) An applicant for a certificate or license must provide  
27 an affidavit on a form prescribed by the board stating that the

1 applicant has the required number of hours of experience in  
2 performing appraisals as ~~[established by the guidelines]~~  
3 recognized by the Appraiser Qualifications Board ~~[Appraisal~~  
4 ~~Subcommittee]~~.

5 (c) For the purpose of determining the qualifications of an  
6 applicant for a certificate or license under this chapter,  
7 acceptable appraisal experience includes:

8 (1) any one or any combination of the categories  
9 recognized by the Appraiser Qualifications Board ~~[guidelines of the~~  
10 ~~Appraisal Subcommittee]~~; and

11 (2) experience as a real estate lending officer of a  
12 financial institution or as a real estate broker that includes the  
13 actual performance or technical review of real estate appraisals.

14 SECTION 10. Subsections (a), (c), and (d), Section  
15 1103.209, Occupations Code, are amended to read as follows:

16 (a) The board may issue a certificate or license under terms  
17 adopted by the board to an applicant who is certified or licensed  
18 under the laws of another state having certification or licensing  
19 requirements that the board determines have not been disapproved by  
20 the Appraiser Qualifications Board ~~[Appraisal Subcommittee]~~. The  
21 terms must comply with the minimum criteria for obtaining a  
22 certificate or license recognized by the Appraiser Qualifications  
23 Board ~~[Appraisal Subcommittee]~~.

24 (c) The application form submitted for a reciprocal  
25 certificate or license under this section must be comparable to the  
26 form required of a resident of this state applying for a similar  
27 certificate or license ~~[by the state in which the appraiser is~~

1 ~~certified or licensed~~].

2 (d) The fee charged to an appraiser from another state for a  
3 reciprocal certificate or license under this section must be  
4 comparable to the fee required of a resident of this state applying  
5 for a similar certificate or license [~~by the state in which the~~  
6 ~~appraiser is certified or licensed~~]. A person who obtains a  
7 certificate or license by reciprocity under this section must pay  
8 the federal registry fee and any other fee the board imposes.

9 SECTION 11. Subsections (b) and (c), Section 1103.211,  
10 Occupations Code, are amended to read as follows:

11 (b) A person may renew a certificate or license by:

12 (1) paying the renewal fee; and

13 (2) providing evidence satisfactory to the board that  
14 the person has completed continuing education requirements that  
15 comply with the guidelines recognized by the Appraiser  
16 Qualifications Board [~~Appraisal Subcommittee~~] and that are imposed  
17 by rule under this chapter.

18 (c) For purposes of Subsection (b)(2), the board shall  
19 accept as continuing education any educational offering that  
20 complies with the guidelines recognized by the Appraiser  
21 Qualifications Board [~~Appraisal Subcommittee~~] that a certified or  
22 licensed appraiser was awarded by a national appraiser organization  
23 approved by the board as a provider of qualifying appraisal  
24 education.

25 SECTION 12. Subsection (b), Section 1103.251, Occupations  
26 Code, is amended to read as follows:

27 (b) The examination must be:

- 1           (1) written; and  
2           (2) approved by the [~~Appraisal Foundation; and~~  
3           ~~[(3) consistent with, but not more stringent than, the~~  
4 ~~Uniform State Certification/Licensing Examination guidelines~~  
5 ~~endorsed by the]~~ Appraiser Qualifications Board.

6           SECTION 13. Section 1103.254, Occupations Code, is amended  
7 to read as follows:

8           Sec. 1103.254. EXAMINATION APPLICATION.           (a) An  
9 application to take the examination must be on a form prescribed by  
10 the board.

11           (b) An application is active for one year beginning on the  
12 date the application is initially accepted. If an applicant does  
13 not pass the examination before the first anniversary of the date of  
14 application, the applicant must submit a new application and pay  
15 the appropriate fees.

16           SECTION 14. Section 1103.256, Occupations Code, is amended  
17 to read as follows:

18           Sec. 1103.256. MINIMUM PASSING GRADE REQUIRED. To pass the  
19 examination, an applicant for a certificate or license must achieve  
20 the minimum score required [~~or approved~~] by the Appraiser  
21 Qualifications Board[~~, whichever is lower~~].

22           SECTION 15. Subsection (c), Section 1103.257, Occupations  
23 Code, is amended to read as follows:

24           (c) If requested in writing by a person who fails an  
25 examination, the board shall provide to the person an analysis of  
26 the person's performance on the examination. The request must be  
27 accompanied by a [~~notarized~~] statement identifying the person and a



1 fee in an amount determined by the board. The board shall release  
2 the analysis directly to the person requesting the analysis.

3 SECTION 16. Section 1103.258, Occupations Code, is amended  
4 to read as follows:

5 Sec. 1103.258. REEXAMINATION. (a) An applicant who fails  
6 an examination may apply to retake the examination on payment of an  
7 additional examination fee.

8 (b) An applicant who has not successfully completed the  
9 examination before the first anniversary of the date the  
10 application was initially accepted by the board must submit a new  
11 application and pay the required application fee [~~The applicant~~  
12 ~~must apply to retake the examination not later than the first~~  
13 ~~anniversary of the date of the examination the applicant failed~~].

14 SECTION 17. Section 1103.303, Occupations Code, is amended  
15 to read as follows:

16 Sec. 1103.303. ELIGIBILITY REQUIREMENTS FOR REGISTRATION.  
17 A person is eligible to register with the board if:

18 (1) the certification and licensing program under  
19 which the person is certified or licensed by another state has not  
20 been disapproved by the Appraiser Qualifications Board [~~Appraisal~~  
21 ~~Subcommittee~~]; and

22 (2) the person's appraisal business in this state does  
23 not exceed six months [~~60 days~~].

24 SECTION 18. Section 1103.353, Occupations Code, is amended  
25 to read as follows:

26 Sec. 1103.353. ELIGIBILITY REQUIREMENTS FOR APPRAISER  
27 TRAINEE. To be eligible for approval as an appraiser trainee, an

1 applicant must:

2 (1) be at least 18 years of age;

3 (2) be a citizen of the United States or a lawfully  
4 admitted alien;

5 (3) have been a resident of this state for the 60 days  
6 preceding the date the application is filed; ~~and~~

7 (4) satisfy the board as to the applicant's honesty,  
8 trustworthiness, and integrity; and

9 (5) meet all other qualifications established by the  
10 board.

11 SECTION 19. Subsections (a) and (b), Section 1103.354,  
12 Occupations Code, are amended to read as follows:

13 (a) An appraiser trainee approved by the board may perform  
14 an appraisal under the direction of a sponsor or authorized  
15 supervisor of the trainee.

16 (b) The sponsor or authorized supervisor shall sign each  
17 report prepared by the appraiser trainee performing an appraisal  
18 under the direction of the sponsor or authorized supervisor. The  
19 ~~[If an appraiser trainee has more than one sponsor, one sponsor~~  
20 ~~shall sign the reports prepared by the appraiser trainee. A]~~  
21 sponsor or authorized supervisor ~~[who signs a report]~~ is  
22 responsible to the public and to the board for the appraiser  
23 trainee's conduct.

24 SECTION 20. Subchapter I, Chapter 1103, Occupations Code,  
25 is amended by adding Section 1103.405 to read as follows:

26 Sec. 1103.405. PROFESSIONAL STANDARDS. A person who holds  
27 a license, certificate, or approval issued under this chapter shall

1 comply with:

2 (1) the most current edition of the Uniform Standards  
3 of Professional Appraisal Practice adopted by the Appraisal  
4 Standards Board of the Appraisal Foundation; or

5 (2) other standards provided by board rule that are at  
6 least as stringent as the Uniform Standards of Professional  
7 Appraisal Practice.

8 SECTION 21. Section 1103.451, Occupations Code, is amended  
9 by amending Subsection (a) and adding Subsection (e) to read as  
10 follows:

11 (a) Any person, including a member of the board, may  
12 initiate the complaint process under this subchapter by filing with  
13 the board a written [~~an affidavit stating the~~] complaint on a form  
14 prescribed by the board.

15 (e) A complaint alleging a violation by a person licensed,  
16 certified, or approved under this chapter may not be terminated  
17 solely on the basis that the person fails to renew the certificate,  
18 license, or approval.

19 SECTION 22. Subsection (a), Section 1103.004, Occupations  
20 Code, is repealed.

21 SECTION 23. The Texas Appraiser Licensing and Certification  
22 Board shall adopt rules under this Act not later than January 1,  
23 2006.

24 SECTION 24. The changes in law made by this Act with regard  
25 to the requirements for issuing a license or certificate under  
26 Chapter 1103, Occupations Code, apply only to an application filed  
27 with the Texas Appraiser Licensing and Certification Board on or

1 after March 1, 2006. An application for a license or certificate  
2 filed before that date is governed by the law in effect on the date  
3 the application was filed, and the former law is continued in effect  
4 for that purpose.

5 SECTION 25. The change in law made by the amendment to  
6 Section 1103.451, Occupations Code, applies to a complaint filed  
7 under that section that is pending on the effective date or filed  
8 with the Texas Appraiser Licensing and Certification Board on or  
9 after the effective date of this Act.

10 SECTION 26. This Act takes effect September 1, 2005.

S.B. No. 381

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 381 passed the Senate on March 31, 2005, by the following vote: Yeas 30, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 381 passed the House on May 20, 2005, by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor