

BILL ANALYSIS

Senate Research Center
87R8459 SCL-F

S.B. 1368
By: Creighton
Business & Commerce
3/26/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas appraisers have been faced with lawsuits alleging defects in appraisals performed for mortgage transactions during the 2005-2008 "real estate bubble" that have now gone into default. Under current law, the filing limit does not commence until the claimant discovers, or should have discovered, the alleged defect, resulting in an almost infinite statute of limitations for claims against appraisers.

The Federal Uniform Standards of Professional Appraisal Practice only requires that an appraiser retain a workfile for the later of five years after the appraisal was prepared or two years after final disposition of any judicial proceeding in which with the appraiser provided testimony. Because this work could have been performed many years ago, the appraiser often cannot adequately defend themselves.

S.B. 1368 would establish a statutory limitation on the time in which litigation against real estate appraisers can be filed following the date the service was performed.

As proposed, S.B. 1368 amends current law relating to the limitations periods for certain suits against real estate appraisers and appraisal firms.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 16, Civil Practice and Remedies Code, by adding Section 16.013, as follows:

Sec. 16.013. REAL ESTATE APPRAISERS AND APPRAISAL FIRMS. (a) Defines "appraisal," "appraisal review," "real estate appraisal firm," and "real estate appraiser."

(b) Requires a person to bring suit for damages or other relief arising from an appraisal or appraisal review conducted by a real estate appraiser or appraisal firm not later than the earlier of two years after the day the person knew or should have known the facts on which the action is based or five years after the day the appraisal or appraisal review was completed.

SECTION 2. Makes application of Section 16.013, Civil Practice and Remedies Code, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2021.