87R13375 DRS-F

By:  Darby H.B. No. 2533

A BILL TO BE ENTITLED

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 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 157, Finance Code; or

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

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

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

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

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

(A)  is not referred to as an appraisal;

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

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

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

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

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

(6)  the purchase of an automated valuation model.

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

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

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

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

(b)  A certified or licensed appraiser is not required to comply with the standards described by Subsection (a) to provide:

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

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

(c)  A document provided under Section 1103.004(4) or (5) must contain on the first page of the document the following notice: "This is not an appraisal performed in accordance with the Uniform Standards of Professional Appraisal Practice."

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

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