87R12552 TYPED

By:  Nichols S.B. No. 996

A BILL TO BE ENTITLED

AN ACT

relating to performance of an evaluation of real property for use by a financial institution

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

SECTION 1.  Section 1103.003, Occupations Code, is amended by adding Subdivision (7-a) to read as follows:

(7-a)  "Financial institution" means:

(A)  a depository institution as defined in section 3 of the Federal Deposit Insurance Act [12 USCS § 1813]or a subsidiary of a depository institution:

(B)  a credit union as defined in section 101 of the Federal Credit Union Act [12 USCS § 1752], a subsidiary of a credit union or a credit union service organization;

(C)  a person licensed to make regulated loans, as provided by statute of this state;

(D)  a person licensed or registered in this state under Finance Code Chapter 156 or Finance Code Chapter 157.

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

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

(1)  a person authorized by law ~~from~~ in performing an evaluation of real property for or 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 ~~from~~ in 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 ~~from~~ in 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 financial institution or any other person, engaged by a financial institution when performing an evaluation of real property for the use of the financial institution in a transaction for which the financial institution would not be required to use the services of a State licensed or State certified appraiser pursuant to federal regulations adopted under Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, nor does this Chapter prohibit the procurement of an automated valuation model. "Automated valuation model" means an automated system that is used to derive a property value through the use of publicly available property records and various analytic methodologies such as comparable sales prices, home characteristics, and historical home price appreciations.

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) when providing an evaluation exempted from this Chapter under Section 1103.004(4)provided that the evaluation shall contain on the first page the following notice that shall be clear and conspicuous: "This is not an appraisal performed in accordance with the Uniform Standards of Professional Appraisal Practice."

SECTION 4.  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.