

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

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

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

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

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

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

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

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

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

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

26 (4) an employee of a federally regulated financial
27 institution or any other person engaged by the institution who

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

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

12 (6) the purchase of an automated valuation model.

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

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

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

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

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

27 (1) an evaluation of real property described by

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

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

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

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