

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;

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

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

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

9 (C) is related to the actual or potential
10 acquisition, disposition, encumbrance, or management of an
11 interest in real property; or

12 (3) an appraiser who is certified by a jurisdiction
13 other than this state ~~from~~ in performing an appraisal review of an
14 appraisal performed on real property in this state, if the
15 appraiser does not offer an opinion of value as part of the
16 appraisal review.

17 (4) an employee of a financial institution or any
18 other person, engaged by a financial institution when performing
19 an evaluation of real property for the use of the financial
20 institution in a transaction for which the financial institution
21 would not be required to use the services of a State licensed or
22 State certified appraiser pursuant to federal regulations adopted
23 under Title XI of the federal Financial Institutions Reform,
24 Recovery, and Enforcement Act of 1989, nor does this Chapter
25 prohibit the procurement of an automated valuation model.
26 "Automated valuation model" means an automated system that is used
27 to derive a property value through the use of publicly available

1 property records and various analytic methodologies such as
2 comparable sales prices, home characteristics, and historical home
3 price appreciations.

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

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

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

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

16 (b) A certified or licensed appraiser is not required to
17 comply with the standards described by Subsection (a) when
18 providing an evaluation exempted from this Chapter under Section
19 1103.004(4) provided that the evaluation shall contain on the first
20 page the following notice that shall be clear and conspicuous:
21 "This is not an appraisal performed in accordance with the Uniform
22 Standards of Professional Appraisal Practice."

23 SECTION 4. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2021.