



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-0530/P3
MED:wlj/emw/klm

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT to amend** 15.405 (10r) (a) 3., 20.165 (1) (g), 440.03 (9) (a) (intro.), 458.03
2 (1) (c), 458.03 (2), 458.03 (3) (a), 458.085 (1), 458.085 (2), 458.085 (3), 458.095
3 (intro.), 458.105, 458.13, 458.26 (2), 458.26 (3) (intro.), 458.26 (3) (i), 458.26 (4)
4 and 458.30; and **to create** 15.405 (10r) (a) 1m., 440.03 (13) (b) 5s., 440.08 (2) (a)
5 10m., subchapter I (title) of chapter 458 [precedes 458.01], 458.01 (2m), 458.03
6 (1) (dm), 458.03 (3) (c), 458.04 (3), subchapter II (title) of chapter 458 [precedes
7 458.055] and subchapter III of chapter 458 [precedes 458.31] of the statutes;
8 **relating to:** regulation of appraisal management companies, granting
9 rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 15.405 (10r) (a) 1m. of the statutes is created to read:

2 15.405 **(10r)** (a) 1m. One controlling individual, as defined in s. 458.31 (7).

3 **SECTION 2.** 15.405 (10r) (a) 3. of the statutes is amended to read:

4 15.405 **(10r)** (a) 3. ~~Three~~ Two public members.

5 **SECTION 3.** 20.165 (1) (g) of the statutes is amended to read:

6 20.165 **(1)** (g) *General program operations.* The amounts in the schedule for
7the licensing, rule making, and regulatory functions of the department, other than
8the licensing, rule-making, and credentialing functions of the medical examining
9board and the affiliated credentialing boards attached to the medical examining
10 board and except for preparing, administering, and grading examinations. Ninety
11 percent of all moneys received under chs. 440 to 480, except ch. 448 and ss. 440.03
12 (13), 440.05 (1) (b), 458.21, and 458.365, less \$10 of each renewal fee received under
13 s. 452.12 (5); all moneys transferred from the appropriation under par. (i); and all
14 moneys received under s. 440.055 (2), shall be credited to this appropriation.

15 **SECTION 4.** 440.03 (9) (a) (intro.) of the statutes is amended to read:

16 440.03 **(9)** (a) (intro.) Subject to pars. (b) and (c) and s. 458.33 (2) (b) and (3),
17 the department shall, biennially, determine each fee for an initial credential for
18 which no examination is required, for a reciprocal credential, and for a credential
19 renewal by doing all of the following:

20 **SECTION 5.** 440.03 (13) (b) 5s. of the statutes is created to read:

21 440.03 **(13)** (b) 5s. Appraisal management company.

22 **SECTION 6.** 440.08 (2) (a) 10m. of the statutes is created to read:

23 440.08 **(2)** (a) 10m. Appraisal management company: December 15 of each
24 odd-numbered year.

1 458.085 (2) Experience requirements for general and residential appraiser
2 certification and for appraiser licensure under this ~~chapter~~ subchapter.

3 **SECTION 18.** 458.085 (3) of the statutes is amended to read:

4 458.085 (3) Continuing education requirements for renewal of certificates
5 issued under this ~~chapter~~ subchapter.

6 **SECTION 19.** 458.095 (intro.) of the statutes is amended to read:

7 **458.095 Temporary use of titles; appraisers certified or licensed in**
8 **other states.** (intro.) A certificate under this ~~chapter~~ subchapter is not required for
9 an appraiser who holds a current appraiser certificate in another state if all of the
10 following apply:

11 **SECTION 20.** 458.105 of the statutes is amended to read:

12 **458.105 Certificate number.** The department shall assign a certificate
13 number to each individual who is certified or licensed under this ~~chapter~~ subchapter
14 and shall place the number upon each certificate prior to its issuance.

15 **SECTION 21.** 458.13 of the statutes is amended to read:

16 **458.13 Continuing education requirements.** At the time of renewal of a
17 certificate issued under this ~~chapter~~ subchapter, each applicant shall submit proof
18 that, within the 2 years immediately preceding the date on which the renewal
19 application is submitted, he or she has satisfied the continuing education
20 requirements specified in the rules promulgated under s. 458.085 (3).

21 **SECTION 22.** 458.26 (2) of the statutes is amended to read:

22 458.26 (2) The department shall present the findings of any investigation of
23 an appraiser or an applicant for a certificate under this ~~chapter~~ subchapter to the
24 board for its consideration. The department shall, upon motion of the board, and

1 may, upon its own determination, commence disciplinary proceedings on any matter
2 under investigation concerning a certified appraiser, licensed appraiser or applicant.

3 **SECTION 23.** 458.26 (3) (intro.) of the statutes is amended to read:

4 458.26 (3) (intro.) Disciplinary proceedings shall be conducted by the board

5 according to the rules promulgated under s. 440.03 (1). The department may deny

6 any certificate under this ~~chapter~~ subchapter, and the board may limit, suspend or

7 revoke any certificate under this ~~chapter~~ subchapter or reprimand or impose

8 additional continuing education requirements on the holder of a certificate under

9 this ~~chapter~~ subchapter, if the department or board finds that the applicant for or

10 holder of the certificate has done any of the following:

11 **SECTION 24.** 458.26 (3) (i) of the statutes is amended to read:

12 458.26 (3) (i) Violated this ~~chapter~~ subchapter or any rule promulgated under

13 this ~~chapter~~ subchapter.

14 **SECTION 25.** 458.26 (4) of the statutes is amended to read:

15 458.26 (4) In addition to or in lieu of a reprimand or denial, limitation,

16 suspension or revocation of a certificate under sub. (3), the board may assess against

17 a certified appraiser, licensed appraiser or applicant for a certificate under this

18 ~~chapter~~ subchapter a forfeiture of not less than ~~\$100~~ \$1,000 nor more than ~~\$1,000~~

19 \$10,000 for each violation enumerated under sub. (3).

20 **SECTION 26.** 458.30 of the statutes is amended to read:

21 **458.30 Penalties.** Any person who violates this ~~chapter~~ subchapter or any

22 rule promulgated under this ~~chapter~~ subchapter may be fined not more than ~~\$1,000~~

23 ~~or imprisoned for not more than 6 months or both~~ \$10,000.

24 **SECTION 27.** Subchapter III of chapter 458 [precedes 458.31] of the statutes is

25 created to read:

(c) Managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed; and

(d) Reviewing and verifying the work of appraisers.

(5) "Appraisal review" means the process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment or appraisal review assignment related to the appraiser's data collection, analysis, opinions, conclusions, estimate of value, or compliance with the Uniform Standards of Professional Appraisal Practice.

"Appraisal review" does not include:

(a) A general examination for grammatical, typographical, mathematical or other similar errors;

or;

(b) A general examination for completeness, including regulatory or client requirements as specified in the agreement process, that does not communicate an opinion of value.

(6) "Appraisal Subcommittee" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council created pursuant to Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

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(7) "Appraiser panel" means a network, list or roster of licensed or certified appraisers approved by an AMC to perform appraisals as independent contractors for the AMC. Appraisers on an AMC's "appraiser panel" under this part include both appraisers accepted by the AMC for consideration for future appraisal assignments in covered transactions or for secondary mortgage

market participants in connection with covered transactions and appraisers engaged by the AMC to perform one or more appraisals in covered transactions or for secondary mortgage market participants in connection with covered transactions. An appraiser is an independent contractor for purposes of this subpart if the appraiser is treated as an independent contractor by the AMC for purposes of Federal income taxation.

7 **(8)** "Client" means a person that contracts with an appraisal management
8 company for the performance of appraisal management services for the client.

(9) "Consumer credit" means credit offered or extended to a consumer primarily for personal, family, or household purposes.

9 **(10)** "Controlling individual" means any of the following:

10 (a) An owner, officer, or director of an appraisal management company.

11 (b) An individual who is authorized by an appraisal management company to
12 do all of the following:

13 1. Contract with a client.

14 2. Contract with an independent appraiser to perform an appraisal service.

15 (c) An individual who has, directly or indirectly, the power to direct or cause the
16 direction of the management or policies of an appraisal management company.

(11) "Covered transaction" means any consumer credit transaction secured by the consumer's principal dwelling.

(12) "Creditor" means a person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments (not including a down payment) and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract. A person regularly extends consumer credit if:

(a) The person extended credit (other than credit subject to the requirements of title 12 Code of Federal Regulations section 1026.32) more than five times for transactions secured by a dwelling in the

preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year; or

(b) In any twelve-month period, the person extends more than one credit extension that is subject to the requirements of title 12 Code of Federal Regulations section 1026.32 or one or more such credit extensions through a mortgage broker.

(13) "Dwelling" means a residential structure that contains one to four units, whether or not that structure is attached to real property. "Dwelling" includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence. A consumer can have only one principal dwelling at a time. A vacation or other second home is not considered a principal dwelling; provided that for purposes of this definition, if a consumer buys or builds a new dwelling that will become the consumer's principal dwelling within a year or upon the completion of construction, the new dwelling shall be considered the principal dwelling.

(14) "Federally regulated appraisal management company" means an appraisal management company that is owned and controlled by an insured depository institution, as defined in title 12 United States Code section 1813, and regulated by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation.

(15) "Federally related transaction" means any real estate-related financial transaction that involves an insured depository institution regulated by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, or National Credit Union Administration, and that requires the services of an appraiser under the interagency appraisal rules.

17 **(16)** "Independent appraiser" means an appraiser who performs an appraisal
18 service on an independent contractor basis.

19 **(17)** "Licensed appraisal management company" means an appraisal
20 management company licensed under s. 458.33.

(18) "Person" means a natural person or an organization, including a corporation, partnership, proprietorship, association, cooperative, estate, trust, or government unit.

(19) "Real estate-related financial transaction" means any transaction involving the sale, lease, purchase, investment in, or exchange of real property, including interests in property or the financing thereof, including the refinancing of real property or interests in real property and the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(20) "Secondary mortgage market participant" means a guarantor or insurer of mortgage-backed securities or an underwriter or issuer of mortgage-backed securities. "Secondary mortgage market participant" only includes an individual investor in a mortgage-backed security if that investor also serves in the capacity of a guarantor, insurer, underwriter, or issuer for the mortgage-backed security.

11 **458.32 Prohibited conduct.** Except as provided under s. 458.34, no person
12 may do any of the following unless the person is a licensed appraisal management
13 company:
14 (1) Perform appraisal management services for compensation.

1 (2) Advertise that the person is an appraisal management company; use the
2 title "licensed appraisal management company," "appraisal management company,"
3 or other similar title; or otherwise hold itself out as an appraisal management
4 company.

5 **458.33 Licensure. (1) APPLICATION.** A person applying for a license under sub.
6 (2) shall submit an application to the department on a form prescribed by the
7 department. The application shall include all of the following:

8 (a) The applicant's name, address, and telephone number.

9 (b) If the applicant is not a business domiciled in this state, the name, address,
10 and telephone number of the applicant's agent for service of process in this state.

11 (c) The name, address, and telephone number of each person that owns more
12 than 10 percent of the applicant.

13 (d) The name, address, and telephone number of the applicant's designated
14 controlling individual under s. 458.36.

15 (e) A statement of the applicant in a form prescribed by the department that
16 certifies all of the following:

17 1. That the applicant has in place a system to verify that each independent
18 appraiser on the applicant's appraiser panel and any other appraiser that may
19 perform an appraisal service for the applicant is a certified appraiser or licensed
20 appraiser.

21 2. That the applicant requires all appraisers performing appraisal services for
22 the applicant to perform appraisal services in accordance with the uniform
23 standards of professional appraisal practice described under s. 458.24.

24 3. That the applicant has in place a system to verify that all appraisal services
25 performed for the applicant are conducted independently and free from

1 inappropriate influence or coercion under s. 458.41 and under 15 USC 1639e and
2 rules promulgated under 15 USC 1639e.

3 4. That the applicant maintains a detailed record of each request for an
4 appraisal service that it receives, including the identity of the appraiser that
5 performs the appraisal service.

6 5. That the applicant satisfies s. 458.35 (2).

7 (f) The information and authorizations necessary for the department to conduct a
criminal history record check for:

1. Each person that owns more than 10 percent of the applicant; and
2. The applicant's controlling individual.

7 (2) APPRAISAL MANAGEMENT COMPANY LICENSE. The department may, after an
8 investigation, grant and issue an appraisal management company license to an
9 appraisal management company that does all of the following:

10 (a) Complies with sub. (1).

11 (b) Pays the initial credential fee determined by the department under s.
12 440.03 (9) (a), but not to exceed \$4,000.

13 (c) Meets to the satisfaction of the department any other requirements for
14 licensure under this subchapter and under rules promulgated by the department.

15 The department shall promulgate rules under this paragraph that require an
16 applicant for a license under this subsection to demonstrate that the applicant is
17 qualified to competently perform appraisal management services in compliance with
18 all applicable state and federal laws.

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20 **(3) RENEWALS.** (a) A licensed appraisal management company shall submit a
21 renewal application, along with the applicable renewal fee determined by the
22 department under s. 440.03 (9) (a), but not to exceed \$2,000, to the department on
23 a form prescribed by the department by the applicable renewal date specified under
24 s. 440.08 (2) (a).

(b) The department may renew the license of an appraisal management company that satisfies the requirement of par. (a).

(4) Limitations - The department shall not issue or renew an appraisal management company license if any person that owns more than 10 percent of the appraisal management company:

- (a) Is determined by the department not to have good moral character; or
- (b) Fails to submit to a criminal history records check.

25 **458.34 Exemptions.** (1) A license under s. 458.33 (2) is not required for any of
26 the following:

1 **(a)** A person that, in the ordinary course of business, contracts with an
2 independent appraiser for the performance of an appraisal, if upon completion of the
3 appraisal the person co-signs the appraisal report.

(b) A federally regulated appraisal management company.

(c) A department or unit within a financial institution that:

1. Is subject to direct regulation by an agency of the United States government that is a
member of the Federal Financial Institutions Examination Council or its successor, or to regulation
by an agency of this State; and

2. Receives a request for the performance of an appraisal from one employee of the
financial institution, and another employee of the same financial institution assigns the request for
the appraisal to an appraiser that is an independent contractor to the institution;

13 **(d)** An appraisal management company that does not contract with
independent appraisers for the performance of appraisal services.

9 **(2)** An appraisal management company that is exempt from licensure under
10 sub. (1)(b)a) may advertise
11 as an appraisal management company but may not hold itself out as a licensed
12 appraisal management company.

****NOTE: I qualified paragraphs (b) and (c) here so that these provisions would only apply
to AMCs that are not otherwise exempt under sub. (2), OK? I believe this is correct because under
federal law, if an AMC has 15 or fewer appraisers, it does not fall within the definition of AMC to
begin with.

14 **(3)** An appraisal management company that is exempt from licensure under
15 par. (1)(b) shall be
16 considered a licensed appraisal management company for purposes of, and shall
17 comply with the provisions of, ss. 458.35, 458.365, 458.37, 458.38, 458.39, 458.41,
18 458.43, and 458.44.

(4)

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458.35 Limitations. (1) No licensed appraisal management company may

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do any of the following:

1 (a) Contract with an appraiser for the performance of an appraisal service
2 unless the appraiser is a certified appraiser or licensed appraiser.

3 (b) Employ any person in a position in which the person has the responsibility
4 to request appraisal services from an appraiser or to review the results of completed
5 appraisal services if the person has had a license or other credential to act as an
6 appraiser in any state denied, canceled, revoked, or surrendered in lieu of revocation
7 unless that license or other credential was later granted or reinstated.

8 (c) Contract with an appraiser for the provision of appraisal services if the
9 appraiser has had a license or other credential to act as an appraiser in any state
10 denied, canceled, revoked, or surrendered in lieu of revocation unless the license or
11 other credential was later granted or reinstated.

12 (d) Contract with any person for the provision of appraisal services if the
13 licensed appraisal management company knows or has reason to know that the
14 person employs or is under contract with an independent appraiser or other person
15 for the provision of appraisal services who, as a result of disciplinary action, has had
16 a license or other credential to act as an appraiser in any state denied, canceled,
17 revoked, or surrendered in lieu of revocation unless the license or other credential
18 was later granted or reinstated.

19 (2) No licensed appraisal management company or applicant for a license
20 under s. 458.33 may be owned in whole or in part, directly or indirectly, by any of the
21 following:

22 (a) A person who, as a result of disciplinary action, has had a license or other
23 credential to act as an appraiser in any state denied, canceled, revoked, or
24 surrendered in lieu of revocation unless that license or other credential was later
25 granted or reinstated.

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458.36 Designated controlling individuals. (1) Each applicant for a license under s. 458.33 shall designate one controlling individual who is a certified appraiser and who will be the primary contact for all communications between the department and the appraisal management company.

(2) The controlling individual identified pursuant to subsection (1) shall

(a) Remain in good standing in this state and in any other state that has at any time issued the controlling individual an appraiser certification;

(b) Never have had an appraiser license or certification in this State or any other state refused, denied, canceled, revoked, or surrendered in lieu of a pending disciplinary proceeding in any jurisdiction and not subsequently reinstated or granted, unless said license or certification was subsequently reinstated;

(c) Be of good moral character; and

(d) Submit to a criminal history record check.

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458.365 Appraisal management services in federally related transactions; annual registry fee required. Each licensed appraisal management company that performs or desires to perform appraisal management services in a federally related transaction shall pay to the department the annual registry fee required by the Appraisal Subcommittee or its successor agency.

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458.37 Appraiser competency. (1) Before assigning an appraisal service to

16 an appraiser, a licensed appraisal management company shall verify that the
appraiser has the requisite education, expertise, and experience necessary to complete the
appraisal assignment for the particular market and property type in accordance with the uniform
standards of professional appraisal practice described under s. 458.24, and that the independent
appraiser is a certified appraiser or licensed appraiser in good standing with the board.

17 (2) A licensed appraisal management company shall regularly review the work
18 of appraisers performing appraisal services for the company to ensure that the
19 services comply with the uniform standards of professional appraisal practice
20 described under s. 458.24 and with any standards prescribed by the department by
21 rule; and

22 (3) Before assigning an appraisal service to an appraiser, a licensed appraisal management
company shall:

23 (a) consider the appraiser's necessary expertise concerning the geographic area of the
subject property, including the appraiser's past experiences working in the geographic area
of the subject property,

24 (b) the distance of the appraiser's business office from the subject property;

(c) the appraiser's access to local market information; and

(d) any other relevant indicator of familiarity with and expertise concerning the geographic
area.

1 (4) Before assigning an appraisal review of an appraisal of a subject property located in
this state to an appraiser, a licensed appraisal
2management company shall verify that the appraiser performing the appraisal review holds a current
appraiser license or certificate in this state that is at least equivalent to the license or certificate held
by the

5 appraiser performing the appraisal service being reviewed.

6 **458.38 Compensation of appraisers.**

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(1) An appraisal management company shall compensate appraisers at a rate that is reasonable and customary for appraisal services being performed in the market area of the property being appraised in accordance with Section 129e of the Truth in Lending Act (15 U.S.C. 1639e) and regulations promulgated pursuant thereto.

6
(2) In any report or other written communication to a client, lender, or other person a licensed appraisal management company shall separately state the following fees:

10 (a) Any fee paid to the appraiser for the completion of the appraisal service.

11 (b) Any fee charged to the client for the licensed appraisal management company's appraisal management services.

12 (3) A licensed appraisal management company may not do any of the following:

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13 (a) Fail, except in cases of breach of contract or for other good cause, to make
14 payment to an appraiser for the completion of an appraisal service within 30 days
15 after the date on which the appraisal management company receives the completed
16 appraisal service. An appraisal service is complete under this paragraph when the
17 scope of work has been completed and the work product has been delivered to the
18 client with any required certification or other signed document.

1 (b) Include any fee for appraisal management services performed by the
2 licensed appraisal management company in the amount the company reports as
3 charges for the actual completion of an appraisal service by an appraiser.

4 (c) Prohibit an appraiser from showing in an appraisal report or other
5 document the fee that the licensed appraisal management company paid to the
6 appraiser for the appraisal service.

7 (d) Require an appraiser to state or affirm that any fees the licensed appraisal
8 management company paid to the appraiser were reasonable and customary.

9 **458.39 Recordkeeping. (1)** A licensed appraisal management company shall
10 maintain all of the following records for at least 5 years after the record is generated
11 or 2 years after final disposition of any court proceeding concerning an appraisal
12 service, whichever is later:

13 (a) A written record of each request for an appraisal service and appraisal
14 management services the licensed appraisal management company receives.

15 (b) A written record of the identity of each appraiser who performs an appraisal
16 service for the licensed appraisal management company.

17 (c) A written record of all substantive communications between a licensed
18 appraisal management company and an appraiser concerning an appraisal service
19 or an independent appraiser's inclusion on an appraiser panel of the appraisal
20 management company.

21 **(2)** The department may audit the records of a licensed appraisal management
22 company at any time to ensure compliance with this subchapter, rules promulgated
23 under this subchapter, or the uniform standards of professional appraisal practice
24 described under s. 458.24.

3 **458.41 Appraiser independence. (1)** A licensed appraisal management
4 company shall ensure that appraisals that are conducted for the company are
5 conducted independently and free from inappropriate influence or coercion
6 consistent with this section and 15 USC 1639e and rules promulgated under 15 USC
7 1639e.

8 **(2)** No licensed appraisal management company or employee, controlling
9 individual, or other agent of a licensed appraisal management company may
10 inappropriately influence or coerce, or attempt to inappropriately influence or
11 coerce, an appraiser conducting an appraisal service, contrary to this section or to 15
12 USC 1639e or rules promulgated under 15 USC 1639e, including by doing any of the
13 following:

14 (a) Withholding, or threatening to withhold, timely payment for an appraisal
15 service.

16 (b) Withholding, or threatening to withhold, future business from an
17 independent appraiser, or demoting or terminating, or threatening to demote or
18 terminate, an appraiser.

19 (c) Expressly or impliedly promising future business, promotions, or increased
20 compensation for an appraiser.

21 (d) Conditioning the assignment of an appraisal service or the payment of a fee
22 or other compensation for an appraisal service on the opinion, conclusion, or

1 valuation to be reached, or on a preliminary estimate or opinion requested from an
2 appraiser.

3 (e) Requesting an appraiser to provide an estimated, predetermined, or desired
4 valuation in an appraisal report, or to provide estimated values of comparable sales
5 prior to the appraiser's completion of an appraisal service.

6 (f) Providing to an appraiser an anticipated, estimated, encouraged, or desired
7 value for a subject property or a proposed or target amount to be loaned to the
8 borrower, except that a licensed appraisal management company may provide to an
9 appraiser a copy of a sales contract for purchase.

10 (g) Providing financial or nonfinancial benefits to an appraiser or to any person
11 connected with the appraiser.

12 (h) Removing or threatening to remove an independent appraiser from an
13 appraiser panel.

14 (i) Obtaining, using, or paying for a second or subsequent appraisal or ordering
15 an automated valuation model in connection with a mortgage financing transaction,
16 unless there is a reasonable basis to believe that the initial appraisal was flawed and
17 the basis is clearly noted in the loan file, or unless the appraisal or automated
18 valuation model is performed as a bona fide prefunding or postfunding appraisal
19 review or quality control process.

20 (j) Requiring that an appraiser indemnify or hold harmless the appraisal
21 management company for liability for any damages, losses, or claims arising out of
22 appraisal management services provided to a client by the appraisal management
23 company.

24 (k) Any other act or practice that impairs, or attempts to impair, an appraiser's
25 independence, objectivity, or impartiality.

1 **(3)** No licensed appraisal management company may do any of the following:

2 (a) Change an appraisal report or other results of an appraisal service

3 submitted by an appraiser to the licensed appraisal management company.

4 (b) Require an appraiser to change an appraisal report or other results of an
5 appraisal service.

6 (c) Require an appraiser to complete an appraisal service if the appraiser, in
7 the appraiser's professional judgment, determines that he or she does not have
8 necessary expertise concerning the geographic area of the subject property, if the

9 appraiser notifies the licensed appraisal management company of that
10 determination.

11 (d) Require an appraiser to prepare an appraisal report or complete an
12 appraisal service under a time frame that the appraiser, in the appraiser's
13 professional judgment, determines will not allow the appraiser to satisfy the
14 appraiser's relevant legal and professional obligations, if the appraiser notifies the
15 licensed appraisal management company of that determination.

16 (e) Interfere in any way with an appraiser's ability to obtain information that
17 is relevant to an appraisal service.

18 (f) Require an appraiser to engage in any conduct that does not comply with the
19 uniform standards of professional appraisal practice described under s. 458.24, or
20 with lawful conditions required by the client.

21 **(4)** This section does not prohibit a licensed appraisal management company
22 from asking an appraiser to consider additional appropriate property information,
23 including additional comparable sales, to make or support an appraisal; provide
24 further detail, substantiation, or explanation for the independent appraiser's value
25 conclusion; or correct errors in the appraisal report.

1 (5) This section does not prohibit the exchange of information or other
2communication between an appraiser and any person if the exchange of information
3or other communication does not inappropriately influence or coerce, or attempt to
4inappropriately influence or coerce, the appraiser contrary to this section or to USC
51639e or rules promulgated under 15 USC 1639e.

6 **458.42 License number.** (1) The department shall assign a unique license
7number to each licensed appraisal management company. The license number shall
8appear on each certificate of licensure the department issues under s. 458.33 (2).

9(2) The department shall publish a list of all current licensed appraisal
10management companies and their license numbers.

11 (3) A licensed appraisal management company shall display its license number
12on all print or electronic advertising or other visual communications.

13 **458.43 Department review of decisions concerning appraisers.** (1)
14 Except within the first 90 days after a licensed appraisal management company adds
15 an independent appraiser to the licensed appraisal management company's
16 appraiser panel, a licensed appraisal management company may not remove an
17 independent appraiser from its appraiser panel or otherwise refuse to assign requests for
18 appraisal services unless the licensed appraisal
19 management company does the following:

19 (a) If the independent appraiser is not being removed under par. (b), notifies
20 the independent appraiser in writing of the reasons the independent appraiser is
21 being removed from the appraiser panel or is not receiving requests from the appraisal
22 management company.

22 (b) If the independent appraiser is being removed from the appraiser panel for
23 conduct alleged to be any of the following, notifies the independent appraiser of the

24 alleged conduct and provides the independent appraiser with an opportunity to

25 respond before removal:

1 1. A violation of this subchapter or rules promulgated under this subchapter,
2 other state or federal law, or the uniform standards of professional appraisal practice
3 described under s. 458.24.

4 2. Other good cause.

5 **(2)** (a) An independent appraiser who is removed from an appraiser panel
6 under sub. (1) (b) may petition the department for review of that removal decision.

7 The department's review of a removal decision under this paragraph is limited to
8 determining whether the licensed appraisal management company has complied
9 with sub. (1) and whether the independent appraiser engaged in conduct described

10 in sub. (1) (b) 1. or 2.

11 (b) If an independent appraiser petitions the department for review under par.
12 (a), the department shall complete its review within 180 days after the department
13 receives the petition.

14 (c) If, after opportunity for hearing, the department determines that a licensed
15 appraisal management company did not comply with sub. (1) or that an independent
16 appraiser did not engage in the conduct described in the notice under sub. (1) (b) 1.
17 or 2., the department shall order the licensed appraisal management company to
18 reinstate the independent appraiser on the appraiser panel. The licensed appraisal
19 management company may not refuse to assign appraisal services to the appraiser
20 or otherwise penalize or retaliate against the appraiser.

21 **458.44 Disciplinary proceedings and actions.** (1) The department shall,
22 upon motion of the board or upon its own motion, or upon a complaint filed with the
23 department or the board, conduct investigations concerning the conduct of a licensed
24 appraisal management company or an applicant for a license under s. 458.33.

1 (2) The department shall present the findings of any investigation under sub.
2(1) to the board. The department shall, upon motion of the board or upon its own
3motion, commence disciplinary proceedings on any matter under investigation
4concerning a licensed appraisal management company or applicant for a license
5under s. 458.33.

6 (3) Disciplinary proceedings shall be conducted by the board according to the
7rules promulgated under s. 440.03 (1). The department may deny a license, and the
8board may conditionally or unconditionally limit, suspend, or revoke a license issued
9under s. 458.33 (2) or reprimand a licensed appraisal management company, if the
10 department or board determines that the applicant or licensed appraisal
11 management company, or a controlling individual of the applicant or licensed
12 appraisal management company, has done any of the following:

13 (a) Made a material misstatement in an application for a license or renewal of
14 a license under s. 458.33, or in any other information provided to the board or
15 department.

16 (b) Engaged in unprofessional or unethical conduct, as determined by the
17 department by rule.

18 (c) Engaged in conduct in the course of conducting business as an appraisal
19 management company that evidences a lack of knowledge or ability to apply
20 professional principles or skills.

21 (d) Had a license or other credential to act as an appraiser in any state denied,
22 refused, canceled, revoked, or surrendered in lieu of a revocation, unless that license
23 or other credential was later granted or reinstated.

24 (e) Advertised in a manner that is false, deceptive, or misleading.

1 (f) Advertised, practiced, or attempted to practice as an appraisal management
2 company under another person's name.

3 (g) Subject to ss. 111.321, 111.322, and 111.34, provided appraisal management
4 services while the individual's ability to practice was impaired by alcohol or other
5 drugs.

6 (h) Provided appraisal services or appraisal management services where the
7 value of real estate provided in the appraisal report was based on the racial
8 composition of the area in which the real estate is located.

9 (i) Violated this subchapter or any rule promulgated under this subchapter.

10 **(4)** In addition to or in lieu of a reprimand or denial, limitation, suspension, or
11 revocation of a license under s. 458.33 (2), the board may assess against a licensed
12 appraisal management company or an applicant for a license under s. 458.33 a
13 forfeiture of not less than \$100 nor more than \$10,000 for each violation enumerated
14 under sub. (3).

15 **(5)** The department may seek judicial review under ch. 227 of any final decision
16 of the board. The department shall be represented in any review proceedings by an
17 attorney within the department. Upon request of the board, the attorney general
18 may represent the board.

19 **(6)** The department shall report any violations of applicable appraisal-related laws,
regulations, or orders by an appraisal management company, as well as disciplinary and
enforcement actions, to the Appraisal Subcommittee.

20 **458.45 Penalties.** Any person who violates this subchapter or any rule
21 promulgated under this subchapter may be fined not more than \$10,000.

22 **458.46 Rules.** The department shall promulgate rules to implement this
23 subchapter, including, to the extent the department, in consultation with the board,

24 deems necessary, rules establishing standards of professional conduct for licensed
25 appraisal management companies exempt from licensure under s. 458.34 (3) (a).

26 **SECTION 28. Effective date.**

