



# SENATE BILL 462: Modifications to NC Appraisal Board.

2019-2020 General Assembly

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<b>Committee:</b>		<b>Date:</b>	January 2, 2020
<b>Introduced by:</b>		<b>Prepared by:</b>	Jeremy Ray Staff Attorney
<b>Analysis of:</b>	S.L. 2019-146		

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**OVERVIEW:** *S.L. 2019-146 replaces education, experience, and examination requirements for registration, licensure, and certification of real estate appraisers with those required by The Appraisal Foundation Appraiser Qualifications Board.*

*Section 3 of this act allows the Board to collect fees from NC registered, and federally regulated, appraisal management companies to render them eligible to perform services in connection with federally related transactions. It also allows the Board to collect a fee from these companies to be placed on the AMC National Registry.*

*Section 6 of this act provides that a business eligible for a Job Maintenance and Capital Development Fund may have an agreement that provides that a grant paid out over the term of the agreement be in unequal annual payments and in amounts deviating from certain factors for annual payments, provided those factors are considered in the aggregate award to be paid over the entire term of the agreement.*

*Sections 1, 2, and 3 of this act became effective October 1, 2019, and apply to registrations, licensures, and certifications issued after that date. Section 6 of this act became effective July 22, 2019, and applies to agreements entered on or after that date. The remainder of this act became effective July 22, 2019.*

**BACKGROUND:** In 1989, the U.S. Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which authorized The Appraisal Foundation (Foundation) as the source of appraisal standards and appraiser qualifications.<sup>1</sup> The Foundation's Appraiser Qualifications Board (AQB) establishes minimum education, experience, and examination requirements, for each respective registration, licensure, and certification of real estate appraisers; those qualifications are listed online in the *The Real Property Appraiser Qualification Criteria* document.<sup>2</sup>

**CURRENT LAW:** Under G.S. 93E-1-6, any person desiring to be registered as a trainee or to obtain licensure as a licensed real estate appraiser or certification as a licensed or certified real estate appraiser must satisfy the following qualification requirements:

- For registration as a trainee:
  - Possess a high school diploma or higher.
  - Complete a course of instruction consisting of a least 90 hours of classroom instruction.
  - Satisfy any other additional qualifications imposed by the Board by rule.

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<sup>1</sup>[https://www.appraisalfoundation.org/imis/TAF/Standards/TAF/Standards\\_Qualifications.aspx?hkey=f95f32ad-67dc-439a-b82b-6bf3ea89fa44](https://www.appraisalfoundation.org/imis/TAF/Standards/TAF/Standards_Qualifications.aspx?hkey=f95f32ad-67dc-439a-b82b-6bf3ea89fa44)

<sup>2</sup>[https://www.appraisalfoundation.org/imis/TAF/Standards/Qualification\\_Criteria/Qualification\\_Criteria\\_RP\\_TAF/AQB\\_R\\_PAOC.aspx](https://www.appraisalfoundation.org/imis/TAF/Standards/Qualification_Criteria/Qualification_Criteria_RP_TAF/AQB_R_PAOC.aspx)

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

# Senate Bill 462

Page 2

- For licensure as a licensed real estate appraiser:
  - Possess an associate's degree or higher.
  - Complete a course of instruction consisting of a least 150 hours of classroom instruction.
  - Evidence of at least 2,500 hours of experience, or the federal government minimum.
  - Satisfy any other additional qualifications imposed by the Board by rule.
- For certification as a certified residential real estate appraiser:
  - Possess a bachelor's degree or higher.
  - Complete a course of instruction consisting of a least 200 hours of classroom instruction.
  - Evidence of at least 2,500 hours of experience, or the minimum required by the Appraisal foundation, whichever is greater.
  - Satisfy any other additional qualifications imposed by the Board by rule.
- For certification as a certified general real estate appraiser:
  - Possess a bachelor's degree or higher.
  - Complete a course of instruction consisting of a least 300 hours of classroom instruction.
  - Evidence of at least 3,000 hours of experience, or the minimum required by the Appraisal Foundation, whichever is greater.
  - Satisfy any other additional qualifications imposed by the Board by rule.

## **BILL ANALYSIS:**

**SECTION 1.** Replaces current education, experience, and examination requirements for registration, licensure, and certification of real estate appraisers with those required by the AQB, and requires, at a minimum, the possession of a high school diploma. This complies with federal law (12 U.S.C. 3345) which requires state agencies administering appraiser qualifications to provide for qualification requirements that are no less stringent than those required by the AQB. S.L. 2019-146 also authorizes any costs associated with examination to be paid directly to the private testing service.

**SECTION 2.** Removes references to trainee registration from another state as a method of reciprocity in North Carolina, and allows reciprocity from another state when the appraiser licensing and certification of the other state is in substantial compliance with 12 U.S.C. 3331.

**SECTION 3.** Permits the Board to collect from registrants, any additional fees as may be required pursuant to 12 U.S.C 338 to render North Carolina registered appraisal management companies eligible to perform services in connection with federally related transactions, and collect fees from an appraisal management company that is a subsidiary wholly owned and controlled by a financial institution in order to be placed on the AMC National Registry.

**SECTION 4.** Provides that an appraiser who may have a conflict of interest in an appraisal cannot be required by their employing company to prepare the appraisal. An appraisal management company procuring or facilitating an appraisal in connection with a consumer credit transaction secured by the principle dwelling of a consumer, cannot have a conflict of interest in the property or transaction involving the appraisal.

# Senate Bill 462

*Page 3*

**SECTION 5.** Exempts from registration by the Board, an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency.

**SECTION 6.** Provides that a business eligible for a Job Maintenance and Capital Development (JMAC) Fund may have an agreement that provides that a grant paid out over the term of the agreement be in unequal annual payments and in amounts deviating from certain required factors for annual payments, provided those factors are considered in the aggregate award to be paid over the entire term of the agreement.

**SECTION 7.** Sections 1, 2, and 3 of this act became effective October 1, 2019, and apply to registrations, licensures, and certifications issued after that date. Section 6 of this act became effective July 22, 2019, and applies to agreements entered on or after that date. The remainder of this act became effective July 22, 2019.