



House of Representatives

General Assembly

File No. 204

January Session, 2013

House Bill No. 5638

House of Representatives, March 27, 2013

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT DECREASING THE TIME FRAME FOR PAYMENT BY AN APPRAISAL MANAGEMENT COMPANY TO AN APPRAISER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 20-529b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2013*):

4 (c) Except in cases of breach of contract or substandard performance
5 of services or where the parties have mutually agreed upon an
6 alternate payment schedule in writing, each appraisal management
7 company operating in this state shall make payment to an appraiser
8 for the completion of an appraisal or valuation assignment not later
9 than [sixty] forty-five days after the date on which such appraiser
10 transmits or otherwise provides the completed appraisal or valuation
11 study to the appraisal management company or its assignee.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill results in no fiscal impact to the Department of Banking as it concerns the interactions between private entities and individuals.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5638*****AN ACT DECREASING THE TIME FRAME FOR PAYMENT BY AN APPRAISAL MANAGEMENT COMPANY TO AN APPRAISER.*****SUMMARY:**

This bill decreases, from 60 to 45 days, the time in which an appraisal management company must pay an appraiser for an appraisal or valuation assignment. By law, the (1) time period starts when the appraiser transmits or otherwise provides the completed appraisal or valuation study to the company or its assignee and (2) deadline does not apply in cases of breach of contract or substandard performance of services or where the parties have mutually agreed upon an alternate payment schedule in writing.

EFFECTIVE DATE: October 1, 2013

BACKGROUND***Appraisal Management Company***

The law defines an “appraisal management company” as any person, partnership, association, limited liability company, or corporation that performs appraisal management services. These services generally include administering appraisal panels, which are networks of certified or licensed appraisers who are independent contractors of the company. The panels are recruited and approved by the company and perform appraisals (1) directly for it or (2) requested or ordered through it. The company negotiates the fees paid to, and services provided by, the appraisers.

An appraisal management company does not include:

1. an appraiser who enters into a written or oral agreement with another appraiser to conduct an appraisal, which must be signed by both appraisers upon completion;
2. an appraisal management company that is wholly owned by a state or federally regulated financial institution (e.g., bank) or a department of such an institution that receives appraisal requests only from its employees; or
3. any local, state, or federal agency or department.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Change of Reference
Yea 19 Nay 0 (02/26/2013)

Banks Committee

Joint Favorable
Yea 17 Nay 0 (03/14/2013)