

# State of Wisconsin



2017 Senate Bill 453

Date of enactment: **November 30, 2017**

Date of publication\*: **December 1, 2017**

## 2017 WISCONSIN ACT 113

**AN ACT** *to amend* 15.405 (10r) (a) 3., 20.165 (1) (g), 440.03 (9) (a) (intro.), 458.03 (1) (c), 458.03 (2), 458.03 (3) (a), 458.03 (3) (b), 458.085 (1), 458.085 (2), 458.085 (3), 458.095 (intro.), 458.105, 458.13, 458.21, 458.26 (2), 458.26 (3) (intro.), 458.26 (3) (i), 458.26 (4) and 458.30; and *to create* 15.405 (10r) (a) 1m., 440.03 (13) (b) 5s., 440.08 (2) (a) 10m., subchapter I (title) of chapter 458 [precedes 458.01], 458.01 (2m), 458.01 (3m), 458.03 (1) (dm), 458.03 (3) (c), 458.04 (3), subchapter II (title) of chapter 458 [precedes 458.055] and subchapter III of chapter 458 [precedes 458.31] of the statutes; **relating to:** regulation of appraisal management companies, providing an exemption from emergency rule procedures, granting rule-making authority, and providing a criminal penalty.

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

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

15.405 (10r) (a) 1m. One controlling individual, as defined in s. 458.31 (6). This subdivision does not apply if s. 458.48 applies.

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

15.405 (10r) (a) 3. ~~Three~~ Two public members or, if s. 458.48 applies, 3 public members.

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

20.165 (1) (g) *General program operations.* The amounts in the schedule for the licensing, rule making, and regulatory functions of the department, other than the licensing, rule-making, and credentialing functions of the medical examining board and the affiliated credentialing boards attached to the medical examining board and except for preparing, administering, and grading examinations. Ninety percent of all moneys received under chs. 440 to 480, except ch. 448 and ss. 440.03 (13), 440.05 (1) (b), 458.21, and 458.365, less \$10 of each

renewal fee received under s. 452.12 (5); all moneys transferred from the appropriation under par. (i); and all moneys received under s. 440.055 (2), shall be credited to this appropriation.

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

440.03 (9) (a) (intro.) Subject to pars. (b) and (c) and s. 458.33 (2) (b) and (5), the department shall, biennially, determine each fee for an initial credential for which no examination is required, for a reciprocal credential, and for a credential renewal by doing all of the following:

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

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

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

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

**SECTION 7.** Subchapter I (title) of chapter 458 [precedes 458.01] of the statutes is created to read:

### **CHAPTER 458** **SUBCHAPTER I** **GENERAL PROVISIONS**

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

**SECTION 8.** 458.01 (2m) of the statutes is created to read:

458.01 (2m) “Appraisal management company” has the meaning given in 12 CFR 34.211 (c).

**SECTION 9.** 458.01 (3m) of the statutes is created to read:

458.01 (3m) “Appraisal subcommittee” has the meaning given in 12 USC 3350 (2).

**SECTION 10.** 458.03 (1) (c) of the statutes is amended to read:

458.03 (1) (c) Submit to the board a copy of any legislation proposed by the department relating to appraisers or appraisal management companies or to the board, prior to introduction in the legislature.

**SECTION 11.** 458.03 (1) (dm) of the statutes is created to read:

458.03 (1) (dm) Transmit the annual registry fees paid to the department under s. 458.365 to the federal financial institutions examination council or its successor agency.

**SECTION 12.** 458.03 (2) of the statutes is amended to read:

458.03 (2) The department may prepare letters and bulletins and conduct clinics disseminating information to appraisers and appraisal management companies.

**SECTION 13.** 458.03 (3) (a) of the statutes is amended to read:

458.03 (3) (a) Advise the secretary on matters relating to appraisers or appraisal management companies or to the board.

**SECTION 14.** 458.03 (3) (b) of the statutes is amended to read:

458.03 (3) (b) At least once each year, transmit to the appraisal subcommittee ~~of the federal financial institutions examination council, or its successor agency,~~ a roster listing the names and addresses of certified appraisers and licensed appraisers.

**SECTION 15.** 458.03 (3) (c) of the statutes is created to read:

458.03 (3) (c) Transmit reports to the appraisal subcommittee on a timely basis of supervisory activities involving appraisal management companies or other 3rd-party providers of appraisals and appraisal management services, as defined in s. 458.31 (2), including investigations initiated and disciplinary actions taken.

**SECTION 16.** 458.04 (3) of the statutes is created to read:

458.04 (3) (a) If the secretary creates an advisory committee under s. 15.04 (1) (c), other than an advisory committee under sub. (1), to provide advice to the department on matters relating to appraisal management companies, the advisory committee shall consist of the following members:

1. One controlling individual, as defined in s. 458.31 (6).
2. One public member.

3. One member of the board who is an appraiser, who shall serve as chairperson of the advisory committee.

(b) An advisory committee under par. (a) shall report to the secretary and the board.

**SECTION 17.** Subchapter II (title) of chapter 458 [precedes 458.055] of the statutes is created to read:

## CHAPTER 458

### SUBCHAPTER II

#### REAL ESTATE APPRAISERS

**SECTION 18.** 458.085 (1) of the statutes is amended to read:

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

**SECTION 19.** 458.085 (2) of the statutes is amended to read:

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

**SECTION 20.** 458.085 (3) of the statutes is amended to read:

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

**SECTION 21.** 458.095 (intro.) of the statutes is amended to read:

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

**SECTION 22.** 458.105 of the statutes is amended to read:

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

**SECTION 23.** 458.13 of the statutes is amended to read:

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

**SECTION 24.** 458.21 of the statutes is amended to read:

**458.21 Appraisals in federally related transactions; annual registry fee required.** Each certified appraiser or licensed appraiser who performs or desires to perform an appraisal in a federally related transaction shall pay to the department the annual registry fee required by the ~~federal financial institutions examination council~~ appraisal subcommittee or its successor agency.

**SECTION 25.** 458.26 (2) of the statutes is amended to read:

458.26 (2) The department shall present the findings of any investigation of an appraiser or an applicant for a certificate under this ~~chapter~~ subchapter to the board for its consideration. The department shall, upon motion of the board, and may, upon its own determination, commence disciplinary proceedings on any matter under investigation concerning a certified appraiser, licensed appraiser or applicant.

**SECTION 26.** 458.26 (3) (intro.) of the statutes is amended to read:

458.26 (3) (intro.) Disciplinary proceedings shall be conducted by the board according to the rules promulgated under s. 440.03 (1). The department may deny any certificate under this ~~chapter~~ subchapter, and the board may limit, suspend or revoke any certificate under this ~~chapter~~ subchapter or reprimand or impose additional continuing education requirements on the holder of a certificate under this ~~chapter~~ subchapter, if the department or board finds that the applicant for or holder of the certificate has done any of the following:

**SECTION 27.** 458.26 (3) (i) of the statutes is amended to read:

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

**SECTION 28.** 458.26 (4) of the statutes is amended to read:

458.26 (4) In addition to or in lieu of a reprimand or denial, limitation, suspension or revocation of a certificate under sub. (3), the board may assess against a certified appraiser, licensed appraiser or applicant for a certificate under this ~~chapter~~ subchapter a forfeiture of not less than \$100 nor more than \$1,000 for each violation enumerated under sub. (3).

**SECTION 29.** 458.30 of the statutes is amended to read:

**458.30 Penalties.** Any person who violates this ~~chapter~~ subchapter or any rule promulgated under this ~~chapter~~ subchapter may be fined not more than \$1,000 or imprisoned for not more than 6 months or both.

**SECTION 30.** Subchapter III of chapter 458 [precedes 458.31] of the statutes is created to read:

## CHAPTER 458

### SUBCHAPTER III

#### REAL ESTATE APPRAISAL MANAGEMENT COMPANIES

**458.31 Definitions.** In this subchapter:

(1) "Appraisal management company" has the meaning given in [12 CFR 34.211](#) (c).

(2) "Appraisal management services" has the meaning given in [12 CFR 34.211](#) (d).

(3) (a) Except as provided in par. (b), "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 assign-

ment 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 described in s. 458.24.

(b) "Appraisal review" does not include any of the following:

1. A general examination for grammatical, typographical, mathematical, or other similar errors.

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

(4) "Appraiser panel" has the meaning given in [12 CFR 34.211](#) (e).

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

(6) "Controlling individual" means any of the following:

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

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

1. Contract with a client.

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

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

(7) "Federally regulated appraisal management company" has the meaning given in [12 CFR 34.211](#) (k).

(8) "Independent appraiser" means an appraiser who performs an appraisal service on an independent contractor basis.

(9) "Licensed appraisal management company" means an appraisal management company licensed under s. 458.33.

(10) "Person" has the meaning given in [12 CFR 34.211](#) (m).

**458.32 Prohibited conduct.** Except as provided under s. 458.34, no appraisal management company may do any of the following unless the company is a licensed appraisal management company:

(1) Perform appraisal management services for compensation.

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

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

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

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

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

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

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

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

2. That the applicant requires all appraisers performing appraisal services for the applicant to perform appraisal services in accordance with the Uniform Standards of Professional Appraisal Practice described under s. 458.24.

3. That the applicant has in place a system to verify that all appraisal services performed for the applicant are conducted independently and free from inappropriate influence or coercion under s. 458.41 and under [15 USC 1639e](#) and rules promulgated under [15 USC 1639e](#).

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

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

(f) The information and authorizations necessary to conduct a background investigation for all of the following:

1. Each person identified in par. (c).

2. The applicant's controlling individual designated under s. 458.36.

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

(a) Complies with sub. (1).

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

(c) Meets to the satisfaction of the department any other requirements for licensure under this subchapter and under rules promulgated by the department. The department shall promulgate rules under this paragraph that require an applicant for a license under this subsection to demonstrate that the applicant is qualified to competently perform appraisal management services in compliance with all applicable state and federal laws.

(3) INVESTIGATION. The department shall conduct a background investigation that satisfies [12 CFR 34.214](#) (b) (2) on each person specified under sub. (1) (f) 1. and 2.

(4) DENIAL OF LICENSE OR RENEWAL. The department may not issue or renew an appraisal management company license if any of the following applies to any person that owns more than 10 percent of the appraisal management company:

(a) The person is determined by the department not to have good moral character.

(b) The person fails to submit to a background investigation under sub. (3).

(5) RENEWALS. A licensed appraisal management company shall submit a renewal application, along with the applicable renewal fee determined by the department under s. 440.03 (9) (a), but not to exceed \$2,000, to the department on a form prescribed by the department by the applicable renewal date specified under s. 440.08 (2) (a). A renewal under this subsection is subject to sub. (4).

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

(a) An appraiser that, in the ordinary course of business, contracts with an independent appraiser for the performance of an appraisal if upon completion of the appraisal the appraiser co-signs the appraisal report.

(b) A federally regulated appraisal management company.

(c) A department or unit within a financial institution that 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 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. An appraisal management company that is a wholly owned subsidiary of a financial institution shall not be considered a "department or unit within a financial institution" for purposes of this paragraph.

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

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

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

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

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

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

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

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

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

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

(b) A person that is more than 10 percent owned by another person if that other person, as a result of disciplinary action, has had a license or other credential to act as an appraiser in any state denied, canceled, revoked, or surrendered in lieu of revocation unless that license or other credential was later granted or reinstated.

**458.36 Designated controlling individuals.** Each applicant for a license under s. 458.33 shall designate one controlling individual who will be the primary contact for all communications between the department and the appraisal management company. An individual may be designated as a controlling individual under this section only if he or she meets all of the following criteria:

(1) The individual is a certified appraiser.

(2) The individual remains in good standing in this state and in any other state that has at any time issued the controlling individual an appraiser license or certification.

(3) The individual has never 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.

(4) The individual is of good moral character.

(5) The individual submits to a background investigation under s. 458.33 (3).

**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.

**458.37 Appraiser competency.** (1) (a) Before assigning an appraisal service to an appraiser, a licensed appraisal management company shall verify that the appraiser has the requisite license or certification, education, expertise, experience, and competency 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.

(b) A licensed appraisal management company that has reviewed the work of an appraiser under sub. (4) shall consider the review for the purposes of verifying the competency of an appraiser for future work.

(2) (a) At or before the time an appraiser accepts an appraisal services assignment from a licensed appraisal management company, the appraisal management company shall require the appraiser to confirm in writing that the appraiser satisfies all of the following:

1. The appraiser is competent, or will become competent, in the property type of the assignment.

2. The appraiser is competent, or will become competent, in the geographical area of the assignment.

3. The appraiser has, or will obtain, access to appropriate data sources for the assignment.

4. The appraiser will immediately notify the licensed appraisal management company in writing if the appraiser later determines that he or she is not qualified to complete the assignment under subd. 1., 2., or 3.

(b) An appraiser that intentionally misrepresents the information provided by the appraiser to the licensed appraisal management company under par. (a) shall be subject to disciplinary action by the board under s. 458.26 or removal from the appraiser panel.

(3) (a) Before an appraiser is added to an appraiser panel, a licensed appraisal management company shall require the appraiser to declare in writing the geographic areas where the appraiser is competent to appraise, the types of properties the appraiser is competent to appraise, and the methodologies the appraiser is competent to per-

form. The appraisal management company shall require the appraiser to update the information under this paragraph at least annually and shall retain copies of all such declarations for a period of 5 years from the date they are submitted.

(b) An appraiser that intentionally misrepresents the information provided by the appraiser to a licensed appraisal management company under par. (a) shall be subject to disciplinary action by the board under s. 458.26 or removal from the appraiser panel.

(4) A licensed appraisal management company shall regularly review the work of appraisers performing appraisal services for the appraisal management company to ensure that the services comply with the Uniform Standards of Professional Appraisal Practice described under s. 458.24 and with any standards prescribed by the department by rule.

(5) Before assigning to an appraiser an appraisal review of an appraisal of a subject property located in this state, a licensed appraisal management 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 initially required for the subject property.

**458.38 Compensation of appraisers.** (1) A licensed 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 [15 USC 1639e](#) and rules promulgated under [15 USC 1639e](#).

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

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

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

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

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

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

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

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

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

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

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

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

(2) The department may audit the records of a licensed appraisal management company at any time to ensure compliance with this subchapter, rules promulgated under this subchapter, or the Uniform Standards of Professional Appraisal Practice described under s. 458.24.

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

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

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

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

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

(d) Conditioning the assignment of an appraisal service or the payment of a fee or other compensation for an appraisal service on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an appraiser.

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

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

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

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

(i) Obtaining, using, or paying for a 2nd or subsequent appraisal or ordering an automated valuation model in connection with a mortgage financing transaction, unless there is a reasonable basis to believe that the initial appraisal was flawed and the basis is clearly noted in the loan file, or unless the appraisal or automated valuation model is performed as a bona fide prefunding or postfunding appraisal review or quality control process.

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

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

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

(a) Change an appraisal report or other results of an appraisal service submitted by an appraiser to the licensed appraisal management company.

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

(c) Require an appraiser to complete an appraisal service if the appraiser, in the appraiser's professional judgment, determines that he or she does not have necessary expertise concerning the geographic area of the subject property, if the appraiser notifies the licensed appraisal management company in writing of that determination.

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

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

(f) Require an appraiser to engage in any conduct that does not comply with the Uniform Standards of Profes-

sional Appraisal Practice described under s. 458.24 or with lawful conditions required by the client.

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

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

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

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

(3) A licensed appraisal management company shall display its license number on all print or electronic advertising, on each solicitation for engagement on the appraisal management company's appraiser panel, and on each engagement letter used in connection with an appraisal assignment in this state.

**458.43 Department review of decisions concerning appraisers.** (1) Except within the first 60 days after a licensed appraisal management company adds an independent appraiser to the licensed appraisal management company's appraiser panel, a licensed appraisal management company may not remove an independent appraiser from its appraiser panel unless the licensed appraisal management company does the following:

(a) If the independent appraiser is not being removed under par. (b), notifies the independent appraiser in writing of the reasons the independent appraiser is being removed from the appraiser panel.

(b) If the independent appraiser is being removed from the appraiser panel for conduct alleged to be any of the following, notifies the independent appraiser of the alleged conduct and provides the independent appraiser with an opportunity to respond before removal:

1. A violation of this subchapter or rules promulgated under this subchapter, other state or federal law, or the Uniform Standards of Professional Appraisal Practice described under s. 458.24.

2. Other good cause.

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

department's review of a removal decision under this paragraph is limited to determining whether the licensed appraisal management company has complied with sub. (1) and whether the independent appraiser engaged in conduct described in sub. (1) (b) 1. or 2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) The department shall report any violations of applicable appraisal-related laws, regulations, or orders by an appraisal management company and disciplinary and enforcement actions against an appraisal management company to the appraisal subcommittee.

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

**458.46 Rules.** The department shall promulgate rules to implement this subchapter, including, to the extent the department, in consultation with the board, deems necessary, rules establishing standards of professional conduct for licensed appraisal management companies exempt from licensure under s. 458.34 (2).

**458.48 Nonapplicability.** Notwithstanding ss. 458.32 to 458.46, ss. 458.32 to 458.46 do not apply if federal law is amended or repealed so as to allow appraisal management companies that are not federally regulated appraisal management companies to perform services related to a federally related transaction without being required to register with and be subject to supervision by a state appraiser certifying and licensing agency as required under [12 USC 3353](#).

#### **SECTION 31. Nonstatutory provisions.**

(1) Using the procedure under section 227.24 of the statutes, the department of safety and professional services may promulgate rules required under section 458.46 of the statutes for the period before the effective date of the permanent rule promulgated under section 458.46 of the statutes, but not to exceed the period autho-



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rized under section 227.24 (1) (c) of the statutes, subject to extension under section 227.24 (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required

to provide a finding of emergency for a rule promulgated under this subsection.

**SECTION 32. Effective dates.** This act takes effect on July 1, 2018, except as follows:

(1) SECTION 31 (1) takes effect on the day after publication.

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