



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2009 Assembly Bill 472**

**Assembly Amendment 2**

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### *Current Law and Provisions of 2009 Assembly Bill 472*

**2009 Assembly Bill 472** makes a series of changes to the certification and licensure of real estate appraisers and the requirements for appraisal reports. Under current law, the Department of Regulation and Licensing (DRL) issues licenses and certificates to real estate appraisers. In order to obtain a license or certificate, a person must satisfy specific requirements, including education, experience, and examination requirements established in rules promulgated by DRL. Under current law, a person who is not licensed or certified is prohibited from using a title indicating that he or she is “Wisconsin licensed,” “Wisconsin certified,” or some similar term. Current law also prohibits a person who is not licensed or certified from describing or referring to an appraisal of real estate in this state as “Wisconsin certified,” “Wisconsin licensed,” or something similar. However, current law permits a person who is not licensed or certified to appraise real estate or co-sign an appraisal report, if the person does not violate the prohibitions described above.

Assembly Bill 472 prohibits a person, for compensation, from performing a real estate appraisal or preparing or cosigning a real estate appraisal report, unless he or she is licensed or certified as a real estate appraiser by DRL. In addition, under the bill, a person who is not licensed or certified may not, for compensation, engage in the business or occupation of, or hold himself or herself out as, a real estate appraiser. Therefore, a person who is not licensed or certified may not, for compensation, appraise real estate or cosign an appraisal report, even if he or she does not violate the current prohibitions. The bill does not affect the requirements that a person must satisfy to be licensed or certified.

There are three exceptions to the prohibitions created in the legislation:

1. A person licensed by DRL under current law as a real estate salesperson or broker may prepare a broker market analysis without being licensed as a real estate appraiser under the bill. Under the bill, a “broker market analysis” is defined as an analysis used solely to establish a listing price or purchase price for a property.

2. The bill does not apply to an “assessor,” defined as a person who assesses real estate for property tax purposes for a town, village, city, or county or the Department of Revenue (DOR). Under current law, which this bill does not affect, assessors are regulated by DOR.
3. The bill’s prohibitions do not apply to an individual who is supervised by a licensed or certified appraiser, under rules to be promulgated by DRL.

In addition, Assembly Bill 472, requires each certified or licensed appraiser to pay to DRL the annual registry fee that is required by the Federal Financial Institutions Examination Council. Under current law, a certified or licensed appraiser must pay the fee to DRL only if he or she performs, or desires to perform, appraisals in certain transactions overseen by federal agencies.

### **Appraisal Reports**

Under current law, an appraisal report prepared by a real estate appraiser must comply with certain requirements, including stating whether the appraiser has conducted an on-site inspection of the real estate or buildings or dwellings on the real estate.

Assembly Bill 472 requires an appraisal report that pertains to residential real estate or vacant land also to include information about conveyances of the real estate or land within *three years* preceding the appraisal, including the sales prices or values of ownership interests transferred, the identities of the grantors and grantees, and the numbers assigned by the Register of Deeds for recording the conveyances.

### **Assembly Amendment 2**

*Assembly Amendment 2* makes a number of changes in the legislation. The amendment creates a new section in ch. 452, Stats., which relates to real estate practices. The amendment provides that a broker or salesperson performing a broker market analysis *must disclose* all the following in writing and shall provide a copy of the written disclosure to the recipient of the broker market analysis:

1. The broker market analysis is not an appraisal or an appraisal report.
2. The broker market analysis has not been prepared by a certified appraiser or licensed appraiser.

The amendment also revises language in the original bill defining “broker market analysis.” The provision is redrafted to define the term to mean an analysis of property made by a broker or salesperson licensed under ch. 452, Stats., if any of the following apply:

1. The analysis is within the scope of the broker’s or salesperson’s licensure and is used solely to establish a listing price or set a purchase price.
2. The analysis is used to establish the value for purposes other than a real estate transaction or mortgage.

The amendment utilizes definitions of terminology from current statutes contained in ch. 458, Stats., relating to the Real Estate Appraisers Board.

*Assembly Amendment 2* makes no other changes in the bill.

**Legislative History**

Assembly Bill 472 was introduced on October 6, 2009 by Representative Zepnick and others; and cosponsored by Senator Plale and others, and referred to the Assembly Committee on Housing. A public hearing was held on the bill by the Assembly Committee on Housing on October 7, 2009. At an executive session held on October 20, 2009, the committee voted to recommend passage of the bill on a vote of Ayes, 4; Noes, 3.

Assembly Amendment 2 was introduced by Representatives Zepnick and Young on October 23, 2009.

The Assembly adopted Assembly Amendment 2 on October 27, 2009 on a voice vote and passed the bill, as amended, on a vote of Ayes, 78; Noes, 18.

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