Concise Explanatory Statement

Rhode Island Government Register

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, following is a concise explanatory statement:

AGENCY: Rhode Island Department of Business Regulation

DIVISION: Commercial Licensing

RULE IDENTIFIER: 230-RICR-30-20-3

REGULATION TITLE: **Appraisal Management Companies**

RULEMAKING ACTION: Full rulemaking, Amendment

COMMENT PERIOD: April 25, 2025, to May 25, 2025

A. Statement of Purpose of the Amendments

The Department of Business Regulation ("DBR") has updated this regulation consistent with 2023 statutory changes to R.I. Gen. Laws Chapter 5-20.9. Specifically, amendments to R.I. Gen. Laws § 5-20.9-4 necessitated changes to § 3.4 of this regulation. DBR has already implemented these changes as required by federal and state laws.

Real Estate Appraisals and the associated Appraisal Management Companies (AMCs) are federally regulated by the Appraisal Subcommittee (ASC), which oversees the regulatory framework and state licensing programs.

B. Summary of the Regulatory Analysis

Overall, these amendments update the regulation for consistency with 2023 RI statutory amendments and existing federal laws. DBR has already implemented the statutory changes so there will be no impact to licensees as the application already reflects these changes as required by statute.

There are no costs to the public resulting from any discretion exercised by DBR in these regulations. In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

C. Summary of Comments Resulting in Post-Comment Changes

The following differences exist between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-2.7 and the rule as adopted. These changes are all consistent with, and are a logical outgrowth of, the proposed regulation in the notice of proposed rulemaking in

accordance with R.I. Gen. Laws § 42-35-6.1. In addition to this summary of changes, a redlined document showing the exact changes is attached.

1. *§ 3.4(C)(6) Certification from AMC Owners who are appraisers regarding whether their appraiser licenses were in good standing.* Commentary was received from two people that it would be overly burdensome to require every AMC owner who also holds an appraiser credential to complete a form and submit it to the Department as part of the annual registration process.

   After considering these comments, reviewing the existing AMC registration application and consulting with the Appraisal Subcommittee, the Department has amended this paragraph to clarify that this certification may be made by the controlling person for all applicable owners, or each owner may certify individually. These edits are both responsive to the comments received and are consistent with the existing AMC registration application which provides for a certification by the controlling person regarding whether any owners have had an appraiser credential disciplined in any state. If the answer is yes, the controlling person is required to attach additional information explaining the discipline.

D. Summary of Comments Not Resulting in Regulatory Language Changes

Below is a summary of other public comments received that did not result in changes to the text of the Regulation and a brief description of the Department's reasons for not making any such changes after due consideration.

1. One additional email was received which acknowledged receipt of the notice of proposed rulemaking but did not contain any questions or commentary.

230-RICR-30-20-3

TITLE 230 – DEPARTMENT OF BUSINESS REGULATION

CHAPTER 30 - COMMERCIAL LICENSING

SUBCHAPTER 20 - REAL ESTATE

PART 3 – APPRAISAL MANAGEMENT COMPANIES

3.1 Authority

A. This Part is promulgated pursuant to the authority granted in R.I. Gen. Laws §§ 5-20.9-7, 5-20.9-9, 5-20.9-15, 5-20.9-16, 5-20.9-18, 5-20.9-19 and 42-14-17.

3.2 Purpose

A. The purpose of this Part is to establish standards and procedures for the registration of Appraisal Management Companies, and to generally assist the Department in carrying out the administration and enforcement of the Real Estate Appraisal Management Company Registration Act, R.I. Gen. Laws ~~§~~ Chapter 5-20.9~~-1 *et seq.*~~, so that the public interest may be effectively served.

3.3 Definitions

A. In addition to the terms defined in R.I. Gen. Laws §§ 5-20.7-2 and 5-20.9-2, for this Part, the following terms shall have the following meanings:

1. "AMC" means Appraisal Management Company.

2. "Department" means the Rhode Island Department of Business Regulation.

3. “Registrant” means the holder of an AMC Registration.

4. "Registration" or "AMC Registration" means the Registration issued by the Department to an AMC that meets the requirements of R.I. Gen. Laws ~~§~~ Chapter 5-20.9~~-1, *et seq*~~.

3.4 Application for Registration

A. In accordance with R.I. Gen. Laws § 5-20.9-3, AMCs are required to register with the Department.

B. Every applicant for AMC registration shall submit a complete application to the Department along with the applicable fees.

C. In addition to the information required by R.I. Gen. Laws § 5-20.9-4, the application must also include:

1. All trade names and fictitious names used by the AMC.

2. Identification of whether it is a single state or multistate AMC. If multistate, a list of all other states the AMC is registered in.

3. A designated controlling person that will be the principal contact for all communication between the AMC and the Department, in accordance with R.I. Gen. Laws § 5-20.9-11.

4. A certification that the AMC is registered with the Rhode Island Secretary of State.

5. From any person who owns, in whole or in part, directly or indirectly, more than ten percent (10%) of the AMC, a ~~A C~~certification regarding criminal history and a Criminal History Record from the Rhode Island Department of Attorney General ~~for each person identified~~as required by R.I. Gen. Laws § 5-20.9-4(d)(1). Non-residents must also submit a Criminal History Record from the~~ir home~~ state law enforcement agency in their state of primary residence.

6. A certification in accordance with R.I. Gen. Laws § 5-20.9-4(d)(2), that every person who owns, in whole or in part, directly or indirectly, any percentage of an AMC, and who is also a credentialed appraiser that their appraiser credentials are in good standing and, if not, they shall attach an explanation of any discipline or enforcement. The certification may be made by the controlling person or each applicable owner.

~~From any person who owns, in whole or in part, directly or indirectly, any percentage of an AMC, a~~A ~~certification in accordance with R.I. Gen. Laws § 5-20.9-~~4(d)(2)~~10(b) that each owner or controlling person of an AMC has never had a license or registration to act as an appraiser denied, suspended or revoked, in this state or in any other state.~~regarding the status of all appraiser licenses and any discipline on those licenses.~~

7. For nonresident AMCs, consent to service of process and identification of a registered agent in accordance with R.I. Gen. Laws § 5-20.9-5.

8. A certification that the AMC has systems in place to comply with the requirements of R.I. Gen. Laws § 5-20.9-4(c).

9. A completed taxpayer status affidavit.

10. A list of all independent fee appraisers on the AMC's appraisal panel in Rhode Island.

3.5 Duty to Update Information on File with the Department

A. All application requirements must be maintained and kept current for the duration of the Registration.

B. Change of Address. Written notice shall be given to the Department within fourteen (14) days of any change in a Registrant's mailing address, email address, controlling person, or any other change in contact information reported on the most recent application. Note that a change in business address, ownership or management would require a Transfer Application or other additional information to be submitted.

C. Registrations are Not Transferable. A Registration shall be granted only to the applicant. A Registration is not subject to transfer, assignment or leasing to another person or entity without prior application to, and approval from the Department.

D. Dissolution of AMC. When a Registrant dissolves a firm or otherwise ceases operation, the Registrant must notify the Department within ten (10) days of ceasing operations.

3.6 Term of Registration

A. The term of Registration shall be one (1) year from the date on which it was issued.

B. The expiration date of the Registration shall appear on the Registration. It is the obligation of the Registrant to timely renew its Registration.

3.7 Renewal of Registration

A. Renewal applications must be received by the Department prior to the expiration of the AMC Registration.

B. Every AMC registered pursuant to R.I. Gen. Laws ~~§~~ Chapter 5-20.9~~-1, *et seq.*,~~ which desires to renew its Registration shall apply for the renewal of the Registration upon a form to be furnished by the Department, which shall contain whatever information the Department requires. Any renewal of a Registration shall be subject to the same provisions and requirements covering issuance, suspension, and revocation of any Registration as originally issued.

C. Criminal History Records are required for initial applications and upon renewal only for any new persons identified by R.I. Gen. Laws § 5-20.9-4(d). However, all such persons identified by R.I. Gen. Laws § 5-20.9-4(d) must certify each year that they have not been convicted of or plead nolo contendere to any felony or misdemeanor since the last renewal.

3.8 Expired Registrations

A. Applications for the restoration of an expired Registration, which has been allowed to lapse for less than one (1) year, may be renewed upon submission of a complete renewal application and payment of a reinstatement fee of one hundred ($100) dollars, in addition to the required renewal fee.

B. If the Registration has been expired for more than one (1) year, the AMC must follow the procedure for a new application.

C. Any AMC seeking to reinstate a Registration after expiration must affirm by affidavit that the AMC has not engaged in any unregistered activity since the expiration of the Registration.

D. If an AMC has engaged in unregistered activity pursuant to R.I. Gen. Laws § 5-20.9-9, the AMC must file an affidavit with the Department listing all such unregistered activity. The Department shall review the affidavit submitted and may take disciplinary action in accordance with § 3.11 of this Part.

3.9 Fees and Charges

A. AMC Registration fees are payable to the General Treasurer and are non-refundable.

B. The Department will collect the AMC Federal Registry Fee and transmit it to the Federal Registry in accordance with 12 C.F.R. § 1102.403.

C. Fees:

Initial Registration Fee	$ 500
Renewal Registration Fee	$ 500
Reinstatement Fee for Late Renewal	$ 100
AMC Federal Registry Fee – AMCs in existence for more than 1 year	$ 25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in Rhode Island during the previous year.
AMC Federal Registry Fee – AMCs in existence for less than 1 year	$ 25 multiplied by the number of appraisers who have performed an appraisal for the AMC in connection with a covered transaction in Rhode

	Island since the AMC commenced doing business.
Certificate of Good Standing Fee	$ 25

3.10 Records Retention

A. When the Department conducts an inspection of an AMC, the Department may request that photocopies or electronic copies of required records be produced by the Registrant for submission to the Department. The Department will consider the AMC in compliance with its record keeping requirements if the records are stored electronically so long as they can be readily retrieved in compliance with R.I. Gen. Laws § 5-20.9-6 and this Part.

3.11 Enforcement Actions

A. Complaints. The Department shall have authority to investigate all complaints against AMCs for violations of R.I. Gen. Laws ~~§~~ Chapter 5-20.9~~-1, *et seq.*,~~ or this Part. In furtherance thereof, the Department shall notify the AMC in writing of the Department's receipt of a complaint, enclosing a copy thereof. The AMC shall within twenty (20) days from the date of the Department's letter, file with the Department a written answer to the complaint. The Department shall review the answer and submit a copy thereof to the complainant for further response, if necessary. Upon receipt of the response, the Department will then evaluate the complaint and response thereto and the matter will be handled in compliance with the Department's applicable procedures and regulations for such matters. The Department may, upon its own motion, with or without a complaint, notice a hearing for the purposes of further investigating whether to sanction a Registrant or other Person.

B. All hearings and enforcement actions shall be conducted in accordance with the Administrative Procedures Act, R.I. Gen. Laws ~~§~~ Chapter 42-35~~-1 *et seq.*~~, and the Department's Rules of Procedure for Administrative Hearings, Part 10-00-2 of this Title.

C. It is sufficient cause for denial, suspension or revocation of an AMC Registration if an owner, controlling person, principal or employee of an AMC has been found by the Department to be responsible for any act or omission that would be cause for refusing, suspending, or revoking a Registration.

3.12 Penalties for Violations

A. Any AMC or principal thereof who fails to comply with the provisions of this Part or the provisions of R.I. Gen. Laws ~~§~~Chapter 5-20.9 ~~-1 *et seq.*,~~ may be subject to any of the penalties outlined in R.I. Gen. Laws § 5-20.9-9.

3.13 Reporting of Convictions and Disciplinary Actions

A. Any AMC whose registration is disciplined by any state agency resulting in the denial, suspension or revocation of that AMC's registration shall file a written report of such discipline with the Department within sixty (60) days of the final order or consent agreement in the case.

B. Any owner, controlling person, principal of an AMC whose real estate appraiser license is disciplined by any state appraiser regulatory agency resulting in the denial, suspension or revocation of that person's real estate appraiser license shall file a written report of such discipline with the Department within sixty (60) days of the final order or consent agreement in the case.

3.14 Severability

A. If any section, term, or provision of this regulation is adjudged invalid for any reason, that judgment will not affect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.