

## **BILL ANALYSIS**

Senate Research Center

H.B. 1268  
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Business & Commerce  
5/11/2001  
Engrossed

### **DIGEST AND PURPOSE**

Current law attempts to deter the practice of appraisal fixing by providing penalties for appraisers who provide or offer to provide an artificially high or low appraisal in exchange for some derived benefit from the lender requesting their services. However, without similar penalties for lenders who attempt to secure an artificial appraisal, the law only addresses half of the problem. H. B. 1268 makes it a Class A misdemeanor if a lender makes or attempts to make a contract with an appraiser that is contingent on a minimum, maximum, or pre-agreed estimate of property value when securing a residential mortgage loan.

### **RULEMAKING AUTHORITY**

This bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

### **SECTION BY SECTION ANALYSIS**

H.B. 1268 amends the Business & Commerce Code to provide that a lender commits a Class A misdemeanor offense if, in connection with a mortgage loan transaction, the lender compensates or offers to compensate a person for appraisal services and the compensation is contingent on a minimum, maximum, or pre-agreed estimate of value of the property securing the loan and interferes with the person's ability or obligation to provide an independent and impartial opinion of the property's value.

Effective date: September 1, 2001.