

304.6-190 Appraisals for mortgage loans.

- (1) A mortgage loan shall not be made or acquired by a domestic insurer unless an appraisal has been made by a competent appraiser for the purpose of the investment which meets the following requirements:
 - (a) The appraisal shall be made prior to the date that the insurer commits to make the investment;
 - (b) The appraisal shall be written and shall state an opinion of value as of a specific date, supported by presentation and analysis of relevant market material;
 - (c) The appraisal shall provide the current fair market value of the real estate, that is the value of the real estate in an arms-length sale as of the date of the appraisal; and
 - (d) The appraisal shall be reviewed and signed by a principal of the firm. The principal shall be a specific individual having appraisal experience with the property type, and shall be accountable for the conclusions contained in the report.
- (2) Appraisers conducting appraisals pursuant to this section shall not be compensated, directly or indirectly, on the basis of the outcome of the appraisal performed and shall have direct reporting access to the chief investment officer of the insurer.
- (3) The department may contract with qualified appraisers to conduct appraisals if an insurer fails to have appraisals done pursuant to this section. All costs for the services of an appraiser pursuant to this subsection shall be borne by the insurer.
- (4) All appraisals shall be placed in the appropriate real estate mortgage loan file, and shall be subject to evaluation by the department.
- (5) The department shall randomly select a number of appraisals from each domestic insurer with a mortgage loan portfolio and evaluate the quality of the appraisal. The evaluation shall be done annually and the number of appraisals reviewed shall be determined by the department.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1007, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 496, sec. 11, effective July 15, 1994.