

Conference Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
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CHAPTER 291

SENATE BILL 1291

AN ACT

AMENDING SECTIONS 32-3601, 32-3602, 32-3603, 32-3604, 32-3605, 32-3607 AND 32-3608, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-3609; AMENDING SECTIONS 32-3611, 32-3615, 32-3617, 32-3618, 32-3619, 32-3621, 32-3622, 32-3625 AND 32-3626, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 32-3627 AND 32-3628; AMENDING SECTIONS 32-3631, 32-3636 AND 32-3654, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-3656; AMENDING SECTIONS 43-1089.02 AND 43-1181, ARIZONA REVISED STATUTES; RELATING TO THE STATE BOARD OF APPRAISAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 32-3601, Arizona Revised Statutes, is amended to
3 read:

4 32-3601. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Appraisal" or "real estate appraisal" means a statement
7 independently and impartially prepared by an individual setting forth an
8 opinion as to the market value of real property as of a specific date and
9 supported by the presentation and analysis of relevant market information.

10 2. "Appraisal assignment" means an engagement for which a real estate
11 appraiser is employed or retained to act, or would be perceived by third
12 parties or the public in acting, as a disinterested third party in rendering
13 an unbiased analysis, opinion or conclusion relating to the nature, quality,
14 value or utility of specified interests in or aspects of identified real
15 estate.

16 3. "Appraisal foundation" means the appraisal foundation incorporated
17 as an Illinois not-for-profit corporation on November 30, 1987.

18 4. "Appraisal report" means any communication, written or oral, of an
19 appraisal.

20 5. "Appraisal review" means the act of reviewing or the report that
21 follows a review of an appraisal assignment or appraisal report in which a
22 real estate appraiser forms an opinion as to the adequacy and appropriateness
23 of the report being reviewed.

24 6. "APPRAISAL STANDARDS BOARD" MEANS THE APPRAISAL STANDARDS BOARD
25 APPOINTED BY THE BOARD OF TRUSTEES OF THE APPRAISAL FOUNDATION TO DEVELOP,
26 INTERPRET AND AMEND THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

27 ~~6.~~ 7. "Appraisal subcommittee" means the subcommittee of the federal
28 financial institutions examination council created pursuant to 12 United
29 States Code section 3310 and chapter 34A, as amended.

30 ~~7.~~ 8. "Appraiser qualifications board" means the appraiser
31 qualifications board appointed by the board of trustees of the appraisal
32 foundation to establish the minimum education, experience and examination
33 requirements for real estate appraisers.

34 ~~8.~~ 9. "Board" means the state board of appraisal.

35 ~~9.~~ ~~"Certified appraisal" or "certified appraisal report" means an~~
36 ~~appraisal or appraisal report given or signed and certified as such by a~~
37 ~~state certified appraiser.~~

38 10. "Complex one to four residential units" means property that is
39 atypical for the marketplace. Atypical factors may include architectural
40 style, age of improvements, size of improvements, size of lot, neighborhood
41 land use, potential environmental hazard liability, leasehold interests,
42 limited readily available comparable sales data or other unusual factors.

43 11. "Course review APPROVAL" means the act of the board reviewing
44 course materials to form an opinion as to the adequacy and appropriateness of
45 the course for LICENSING PURSUANT TO SECTION 32-3613, CERTIFICATION PURSUANT

1 TO SECTION 32-3614 AND continuing education as prescribed in section 32-3625
2 in accordance with the appraiser qualifications board and this chapter.

3 12. "Federal financial institutions examination council" means that
4 agency of the federal government created pursuant to 12 United States Code
5 chapters 34 and 34A, as amended.

6 13. "Federally related transaction" means any real estate related
7 financial transaction that a federal financial institution's regulatory
8 agency or the resolution trust corporation engages in, contracts for or
9 regulates and that requires an appraisal.

10 ~~14. "Licensed appraisal" or "licensed appraisal report" means an~~
11 ~~appraisal or appraisal report given or signed by a state licensed appraiser.~~

12 ~~15.~~ 14. "Property tax agent" means an individual who is designated by
13 a person or is an employee of an entity designated as an agent pursuant to
14 section 42-16001, who acts on behalf of a person who owns, controls or
15 possesses property valued by a county assessor and who receives a fee for the
16 analysis of any matter relating to the review of the valuation of the
17 person's property before the assessor. Property tax agent does not include a
18 person who is admitted to practice law in this state, an employee of the
19 person owning, controlling or possessing the property or an employee of an
20 entity designated pursuant to section 42-16001, if the employee is performing
21 a secretarial, clerical or administrative support function.

22 ~~16.~~ 15. "Real estate" means an identified parcel or tract of land,
23 including improvements, if any.

24 ~~17.~~ 16. "Real estate related financial transaction" means any
25 transaction involving the sale, lease, purchase, investment in or exchange of
26 real property, including interests in property or the financing of property,
27 the refinancing of real property or interests in real property and the use of
28 real property or interests in property as security for a loan or investment
29 including mortgage-backed securities.

30 ~~18.~~ 17. "Real property" means one or more defined interests, benefits
31 and rights inherent in the ownership of real estate.

32 ~~19.~~ 18. "Review appraiser" means a person who engages in the activity
33 of reviewing and evaluating the appraisal work of others from the perspective
34 of an appraiser, generally for compensation as a separate skill. This
35 includes the function of reviewing an appraisal report or a file memorandum
36 setting forth the results of the review process.

37 ~~20.~~ 19. "Standards of professional appraisal practice" means the
38 uniform standards of professional appraisal practice adopted by the board.

39 ~~21.~~ 20. "State licensed or state certified appraiser" means a person
40 who develops and communicates appraisals and who holds a current, valid
41 license or certificate issued to him under the provisions of this chapter.

42 ~~22. "Valuation" means an estimate of the value of property.~~

43 21. "VALUE" MEANS THE MONETARY RELATIONSHIP BETWEEN PROPERTIES AND
44 THOSE WHO BUY, SELL OR USE THOSE PROPERTIES.

1 Sec. 2. Section 32-3602, Arizona Revised Statutes, is amended to read:
2 32-3602. Applicability of chapter

3 This chapter does not apply to:

4 1. A real estate broker or salesperson who is licensed in this state
5 and who, when acting as such, gives an opinion as to the price of real estate
6 ~~for the purpose of prospective listing or sale~~ if this opinion is not
7 referred to as an appraisal.

8 2. A natural person, a corporation through its officers or a
9 partnership through its partners that ~~deals in~~ GIVES AN OPINION OF VALUE OF
10 that person's or its own property and does not receive special compensation
11 for the transaction IF THIS OPINION IS NOT REFERRED TO AS AN APPRAISAL.

12 3. An attorney in the performance of that person's duties as an
13 attorney.

14 4. A mortgage banker, mortgage broker or commercial mortgage banker
15 who is licensed in this state and who, when acting as such, prepares a report
16 analyzing real property if the report is not made for the primary purpose of
17 establishing the sale or market value of the property.

18 5. An individual who is otherwise subject to licensing or
19 certification by law and whose duties require appraisal of real property for
20 purposes of tax assessment.

21 6. ~~A professional~~ AN engineer or architect registered in this state or
22 a contractor or insurance producer licensed in this state who, when acting as
23 such, prepares a report analyzing real property if the report utilizes the
24 specialized knowledge of the registered ~~professional~~ engineer or architect or
25 the licensed contractor or insurance producer.

26 7. A property tax agent who is registered in this state and who, when
27 acting as such, prepares a report analyzing real estate if the report is made
28 for purposes of tax assessment or tax valuation of the real estate.

29 8. An individual appraising real property only for the purpose of
30 providing an opinion in a judicial proceeding or an individual providing an
31 opinion in a judicial proceeding. An individual providing an opinion under
32 the exemption of this paragraph shall not represent or imply in any report or
33 testimony that the individual testifying is licensed or certified under this
34 chapter.

35 9. A PERSON WHO PRODUCES A STATEMENT THAT IS PROVIDED TO ANY OTHER
36 PERSON CONCERNING THE ESTIMATED VALUE OF REAL PROPERTY THROUGH AN INTERNET
37 WEBSITE, AUTOMATED VALUATION OR OTHER SOFTWARE PROGRAM OR OTHER MEANS OF
38 COMPARATIVE MARKET ANALYSIS AND WHO DISCLOSES THAT THE ESTIMATE IS NOT AN
39 APPRAISAL.

40 Sec. 3. Section 32-3603, Arizona Revised Statutes, is amended to read:
41 32-3603. License or certificate use; exception

42 A. All real estate appraisals and appraisal reviews performed ON REAL
43 PROPERTY in this state shall be performed only by individuals licensed or
44 certified in accordance with the requirements of this chapter. No person,
45 other than a state licensed or state certified appraiser, may assume or use

1 that title or any title, designation or abbreviation likely to create the
2 impression of licensure or certification as an appraiser by this state.

3 B. No person other than a state licensed or state certified appraiser
4 may receive a fee for a real estate appraisal or an appraisal review OF REAL
5 PROPERTY IN THIS STATE.

6 Sec. 4. Section 32-3604, Arizona Revised Statutes, is amended to read:
7 32-3604. State board of appraisal

8 A. A state board of appraisal is established and is composed of nine
9 members who are appointed by the governor pursuant to section 38-211.

10 B. The membership of the board consists of:

11 1. Four members who are state certified or state licensed appraisers
12 under this chapter, one of whom is a state certified general appraiser, one
13 of whom is a state certified residential appraiser, one of whom is a state
14 licensed appraiser and one of whom is any state certified or state licensed
15 appraiser. Membership in a professional appraisal organization or
16 association is not a prerequisite to service on the board.

17 2. Three public members who are not related within the third degree of
18 consanguinity or affinity to any real estate appraiser.

19 3. A registered property tax agent.

20 4. One member, who is not a certified or licensed appraiser, who is
21 employed by a lending institution that purchases or makes use of either
22 commercial or residential appraisals and whose position of employment relates
23 to the use of appraisals by that institution.

24 C. Members shall serve for staggered terms of three years.

25 ~~D. No person may serve as a member of the board for more than two~~
26 ~~consecutive terms.~~ Not more than two persons from the same professional
27 appraisal organization or association may serve on the board concurrently.
28 The governor may remove a member for cause. NO PERSON MAY SERVE AS A MEMBER
29 OF THE BOARD FOR MORE THAN TWO CONSECUTIVE TERMS UNLESS BOTH OF THE FOLLOWING
30 APPLY:

31 1. THE PERSON IS APPOINTED TO SERVE THE REMAINDER OF SOME OTHER BOARD
32 MEMBER'S TERM OF OFFICE AFTER THAT BOARD MEMBER'S SEAT IS DECLARED VACANT.

33 2. THE PERSON'S SERVICE FOR THE REMAINDER OF THE VACATED TERM DOES NOT
34 EXCEED EIGHTEEN MONTHS.

35 E. The public members of the board shall not be engaged in the
36 practice of appraising or be the owner or employee of any proprietary
37 business involving appraisal education or testing of appraisers.

38 F. The board shall meet at least once each calendar quarter to conduct
39 business. Places of future meetings shall be decided by the vote of members
40 at meetings. By order of the chairman and if necessary to meet the
41 requirements of this chapter, the board may hold special meetings or
42 emergency meetings including meetings using conference telephone or other
43 similar communications equipment in such a manner that the voices of all
44 members participating in the meeting are simultaneously audible to all other
45 members participating in the meeting.

1 G. The board shall meet to elect a chairman annually from among its
2 members.

3 H. A majority of the members constitutes a quorum.

4 I. Each member of the board is eligible to receive compensation not to
5 exceed one hundred fifty dollars for each day or seventy-five dollars for
6 each part of a day consisting of less than four hours actually spent in the
7 conduct of the business of the board, plus reimbursement for all expenses
8 pursuant to title 38, chapter 4, article 2.

9 J. The auditor general shall conduct a performance audit or a special
10 audit of the board pursuant to section 41-1279.03 on or before December 31,
11 2004 and at least once every ten years thereafter. The auditor general shall
12 also conduct performance audits or special audits of the board when directed
13 to do so by the joint legislative audit committee.

14 Sec. 5. Section 32-3605, Arizona Revised Statutes, is amended to read:
15 32-3605. State board of appraisal; duties

16 A. The board shall adopt rules in aid or in furtherance of this
17 chapter.

18 B. The state board of appraisal shall:

19 1. In prescribing standards of professional appraisal practice, adopt
20 standards that at a minimum are equal to the standards prescribed by the
21 ~~appraiser qualifications board~~ APPRAISAL STANDARDS BOARD.

22 2. In prescribing criteria for certification, adopt criteria that at a
23 minimum are equal to the minimum criteria for certification adopted by the
24 ~~appraisal subcommittee~~ APPRAISER QUALIFICATIONS BOARD.

25 3. In prescribing criteria for licensing, adopt criteria that at a
26 minimum are equal to the minimum criteria for licensing adopted by the
27 ~~appraisal subcommittee~~ APPRAISER QUALIFICATIONS BOARD.

28 4. Further define by rule with respect to state licensed or state
29 certified appraisers appropriate and reasonable educational experience,
30 appraisal experience and equivalent experience that meets the statutory
31 requirement of this chapter.

32 5. Establish the examination specifications for state certified
33 appraisers, provide or procure appropriate examination questions and answers,
34 administer examinations and establish procedures for grading examinations
35 consistent with and equivalent to the criteria adopted by the ~~appraisal~~
36 ~~subcommittee~~ APPRAISER QUALIFICATIONS BOARD.

37 6. Establish the examination specifications for state licensed
38 appraisers, provide or procure appropriate examination questions and answers,
39 administer examinations and establish procedures for grading examinations
40 consistent with and equivalent to the criteria adopted by the ~~appraisal~~
41 ~~subcommittee~~ APPRAISER QUALIFICATIONS BOARD.

42 7. Establish administrative procedures for approving or disapproving
43 applications for licensure and certification and issuing licenses and
44 certificates.

- 1 8. Define by rule, with respect to state licensed and certified
2 appraisers, the continuing education requirements for the renewal of licenses
3 or certificates that satisfy the statutory requirements provided in this
4 chapter.
- 5 9. Periodically review the requirements for the development and
6 communication of appraisals provided in this chapter and adopt rules
7 explaining and interpreting the requirements.
- 8 10. Define and explain by rule each stage and step associated with the
9 administrative procedures for the disciplinary process pursuant to this
10 chapter including:
- 11 (a) Prescribing minimum criteria for accepting a complaint against a
12 licensed or certified appraiser.
- 13 (b) Defining the process and procedures used in investigating the
14 allegations of the complaint.
- 15 (c) Defining the process and procedures used in hearings on the
16 complaint, including a description of the rights of the board and any person
17 who is alleged to have committed the violation.
- 18 (d) Establishing criteria to be used in determining the appropriate
19 actions for violations.
- 20 11. Communicate information that is useful to the public and appraisers
21 relating to actions for violations.
- 22 12. Censure, suspend and revoke licenses and certificates pursuant to
23 the disciplinary proceedings provided for in section 32-3631.
- 24 13. At least monthly transmit to the appraisal subcommittee a roster
25 listing individuals who have received a state certificate or license in
26 accordance with this chapter.
- 27 14. Report on the disposition of any matter referred by the appraisal
28 subcommittee or any other federal agency or instrumentality or federally
29 recognized entity reporting any action of a state licensed or state certified
30 appraiser that is contrary to this chapter.
- 31 15. Make a determination and finding if there exists a scarcity of
32 state certified or state licensed appraisers to perform appraisals in
33 connection with federally related transactions in this state and issue
34 resident temporary licenses and certificates pursuant to section 32-3626.
- 35 16. Transmit the annual NATIONAL registry fee collected pursuant to
36 section 32-3607 to the ~~federal financial institutions examination council~~
37 APPRAISAL SUBCOMMITTEE.
- 38 17. Establish the fees in accordance with the limits established in
39 section 32-3607.
- 40 18. Perform such other functions and duties as may be necessary to
41 carry out this chapter.
- 42 C. The board may employ an executive director and other personnel and
43 designate their duties. The executive director shall serve at the pleasure
44 of the board.

1 D. The executive director shall not change or amend actions of the
2 board.

3 Sec. 6. Section 32-3607, Arizona Revised Statutes, is amended to read:
4 32-3607. Fees

5 A. The board shall charge and collect fees that are sufficient to fund
6 the activities necessary to carry out this chapter. These include:

7 1. An application fee for licensure or certification, ~~OF~~ not more
8 than four hundred dollars.

9 2. An application fee for a resident temporary license or
10 certificate, ~~OF~~ not more than four hundred dollars.

11 3. An examination fee, ~~OF~~ not more than one hundred dollars.

12 ~~4. A reexamination fee, not more than one hundred dollars.~~

13 ~~5.~~ 4. A fee for renewal of a license, certificate or resident
14 temporary license or certificate, ~~OF~~ not more than four hundred twenty-five
15 dollars.

16 ~~6.~~ 5. A delinquent renewal fee in addition to the renewal fee, ~~OF~~
17 not more than twenty-five dollars.

18 ~~7.~~ 6. A two year ~~federal~~ NATIONAL registry fee, ~~OF~~ not to exceed the
19 actual cost of twice the current annual ~~federal~~ NATIONAL registry fee.

20 ~~8.~~ 7. A nonresident temporary ~~license~~ LICENSURE or certification
21 fee, ~~OF~~ not more than one hundred fifty dollars.

22 ~~9. A fee for an extension to renew a license or certification of not~~
23 ~~more than six months, not more than twenty dollars.~~

24 ~~10.~~ 8. A course ~~review~~ APPROVAL fee, ~~OF~~ not more than five hundred
25 dollars.

26 B. If the appraisal subcommittee raises the ~~federal~~ NATIONAL registry
27 fee during the second year of a biennial license or certificate, state
28 licensed and state certified appraisers shall pay the additional ~~federal~~
29 NATIONAL registry fee on demand by the board. Failure to pay the additional
30 fee within thirty days of notice by the board subjects the ~~licensee~~ LICENSE
31 or certificate holder to a penalty of twice the amount owed but not to exceed
32 twenty dollars. The board shall not renew a license or certificate until all
33 outstanding obligations of the ~~licensee~~ LICENSE or certificate holder are
34 paid.

35 Sec. 7. Section 32-3608, Arizona Revised Statutes, is amended to read:
36 32-3608. Board of appraisal fund

37 A. A board of appraisal fund is established. Except as provided in
38 subsection C of this section, pursuant to sections 35-146 and 35-147, the
39 board shall deposit ten per cent of the monies in the state general fund and
40 deposit the remaining ninety per cent in the board of appraisal fund.

41 B. Except as provided in subsection C of this section, all monies
42 deposited in the board of appraisal fund are subject to section 35-143.01.

43 C. The ~~federal~~ NATIONAL registry fee collected pursuant to section
44 32-3607, subsection A, paragraph ~~7- 6~~ shall be deposited in the board of
45 appraisal fund pending transmittal to the ~~federal financial institutions~~

1 ~~examination council on direction by the board~~ APPRAISAL SUBCOMMITTEE. These
2 monies are not subject to section 35-143.01.

3 Sec. 8. Title 32, chapter 36, article 1, Arizona Revised Statutes, is
4 amended by adding section 32-3609, to read:

5 32-3609. Confidential records

6 EXCEPT AS OTHERWISE PROVIDED BY LAW, THE FOLLOWING RECORDS ARE
7 CONFIDENTIAL:

8 1. QUESTIONS CONTAINED IN ANY EXAMINATION ADMINISTERED BY OR FOR THE
9 BOARD OR IN ANY EXAMINATION SUBMITTED TO THE BOARD FOR COURSE APPROVAL.

10 2. QUESTIONS ASKED AND THE ANSWERS OF INDIVIDUAL EXAMINEES, EXCEPT
11 THAT THE BOARD SHALL PROVIDE THE GRADES OF EACH EXAMINEE FOR PUBLIC
12 INSPECTION AND COPYING.

13 3. APPRAISAL REPORTS OR APPRAISAL REVIEWS AND SUPPORTING DOCUMENTATION
14 DEEMED CONFIDENTIAL UNDER THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
15 PRACTICE EDITION ADOPTED BY THE BOARD.

16 4. ALL DOCUMENTS ASSOCIATED WITH A COMPLAINT UNTIL THE COMPLAINT IS
17 RESOLVED.

18 Sec. 9. Section 32-3611, Arizona Revised Statutes, is amended to read:

19 32-3611. Licensure and certification process

20 A. Applications for original licensure or certification, renewals and
21 examinations shall be made in writing to the executive director on forms
22 approved by the board.

23 B. Appropriate fees, as fixed by the board pursuant to section
24 32-3607, shall accompany all applications for original licensure or
25 certification, renewal and examination.

26 C. At the time of filing an application for licensure or
27 certification, each applicant shall sign a pledge to comply with the
28 standards set forth in this chapter and shall state that he THE APPLICANT
29 understands the types of misconduct for which disciplinary proceedings may be
30 initiated against a state licensed or state certified appraiser, as set forth
31 in this chapter.

32 D. Except as otherwise provided in this chapter, the executive
33 director shall require such other proof and request such documents, through
34 the application or otherwise, as the board deems necessary for the interests
35 of the public and to verify the honesty, truthfulness, reputation and
36 competency of the applicant and shall require that the applicant for
37 licensure or certification:

38 1. Be at least eighteen years of age and a citizen of the United
39 States or a QUALIFIED ALIEN AS DEFINED IN 8 UNITED STATES CODE SECTION 1641
40 ~~legal resident alien.~~

41 2. Shall not have had a license or certificate denied pursuant to this
42 chapter within one year immediately preceding the application.

43 3. Shall not have had a license or certificate revoked pursuant to
44 this chapter within two years immediately preceding the application.

1 4. State whether or not ~~he~~ THE APPLICANT has ever been convicted in a
2 court of competent jurisdiction in this or any other state of a felony or of
3 forgery, theft, extortion or conspiracy to defraud or any other ~~offense~~ CRIME
4 involving dishonesty or moral turpitude.

5 E. Applications for licensure or certification by persons who are
6 charged or under indictment for fraud involving appraisal of real property
7 may be denied pending final disposition of the charge or indictment. Upon
8 final disposition, the board shall review the proceedings and act upon the
9 application.

10 Sec. 10. Section 32-3615, Arizona Revised Statutes, is amended to
11 read:

12 32-3615. Experience requirement for licensure or certification

13 ~~A. An original certificate as a state certified real estate appraiser~~
14 ~~shall not be issued to any person who does not possess either:~~

15 ~~1. Two years of experience as an appraiser in real estate appraisal~~
16 ~~supported by adequate written reports or filed memoranda. This experience~~
17 ~~shall have been acquired during any period within five years immediately~~
18 ~~preceding the filing of the application for certification.~~

19 ~~2. Four years of experience as an appraiser in real estate appraisal~~
20 ~~supported by adequate written reports or filed memoranda. This experience~~
21 ~~shall have been acquired during any period within ten years immediately~~
22 ~~preceding the filing of the application for certification.~~

23 A. EACH APPLICANT FOR LICENSURE OR CERTIFICATION SHALL HAVE EXPERIENCE
24 THAT WAS ACQUIRED WITHIN TEN YEARS IMMEDIATELY PRECEDING THE FILING OF THE
25 APPLICATION FOR LICENSURE OR CERTIFICATION.

26 B. Each applicant for LICENSURE OR certification shall furnish under
27 oath a detailed listing of the real estate or other appraisal reports, review
28 reports or filed memoranda for each year for which experience is claimed by
29 the applicant. On request, the applicant shall make available to the board
30 for examination copies of appraisal reports which the applicant has prepared
31 in the course of ~~his~~ THE APPLICANT'S appraisal ~~practice~~ EXPERIENCE.

32 Sec. 11. Section 32-3617, Arizona Revised Statutes, is amended to
33 read:

34 32-3617. Nonresident temporary licensure or certification

35 A. Every applicant for NONRESIDENT TEMPORARY licensure or
36 certification under this chapter who is not a resident of this state shall
37 submit, with the application for NONRESIDENT TEMPORARY licensure or
38 certification, an irrevocable consent that service of process on the
39 applicant may be made by delivery of the process to the secretary of state
40 if, in an action against the applicant in a court of this state arising out
41 of the applicant's activities as a NONRESIDENT TEMPORARY state licensed or
42 state certified appraiser, the plaintiff cannot effect, in the exercise of
43 due diligence, personal service on the applicant.

1 B. A nonresident of this state who has complied with subsection A may
2 obtain a NONRESIDENT TEMPORARY license or certificate as a NONRESIDENT
3 TEMPORARY state licensed or state certified appraiser by conforming to all of
4 the requirements of this chapter relating to state licensed or state
5 certified appraisers.

6 C. A nonresident of this state who is licensed or certified in another
7 state is entitled to a NONRESIDENT temporary license LICENSURE or
8 certification from the board, which shall be valid until the completion of
9 each appraisal assignment but not for a period of more than one year from the
10 date of issuance, if:

11 1. The properties to be appraised are federally related.

12 2. The nonresident appraiser's business in this state is of a
13 temporary nature.

14 3. The nonresident appraiser applies with the board on forms prepared
15 by the board.

16 4. The nonresident appraiser pays the NONRESIDENT temporary license
17 LICENSURE or certification fee required by the board.

18 Sec. 12. Section 32-3618, Arizona Revised Statutes, is amended to
19 read:

20 32-3618. Nonresident licensure or certification by reciprocity

21 If, in the determination of the board, another state is deemed to have
22 substantially equivalent licensing and OR certification requirements AND THE
23 BOARD HAS ENTERED INTO A RECIPROCITY AGREEMENT WITH THAT STATE, an applicant
24 who is licensed or certified under the laws of the other state may obtain a
25 license or certificate as a state licensed or state certified appraiser in
26 this state on such terms and conditions as may be determined by the board.

27 Sec. 13. Section 32-3619, Arizona Revised Statutes, is amended to
28 read:

29 32-3619. Renewal of license or certificate; fees; military duty
30 exception

31 A. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, to renew a license or
32 certificate as a state licensed or state certified appraiser, the holder of a
33 current, valid license or certificate shall make an application and pay the
34 prescribed fee to the board not earlier than ~~one hundred twenty~~ NINETY days
35 nor later than thirty days before the expiration date of the license or
36 certificate then held. With the application for renewal, the state licensed
37 or state certified appraiser shall present evidence in the form prescribed by
38 the board of having completed the continuing education requirements for
39 renewal specified in section 32-3625. The renewal application shall be
40 mailed to the last known address of record not more than ninety days nor less
41 than sixty days before the renewal date.

42 ~~B. If the board determines that an applicant has failed to meet the~~
43 ~~requirements for renewal of a license or certificate through mistake,~~
44 ~~misunderstanding or circumstances beyond the control of the applicant, the~~
45 ~~board may extend the term of the license or certificate for a period of not~~

1 ~~more than six months, on payment by the applicant of a prescribed fee for the~~
2 ~~extension.~~

3 ~~C. At the time of the first renewal, the licensee shall have fully~~
4 ~~completed the requirements of section 32-3613, subsection C and section~~
5 ~~32-3625, subsection A.~~

6 ~~D. If the applicant satisfies the requirements for renewal during the~~
7 ~~extended term of licensure or certification, the beginning date of the~~
8 ~~renewal license or certificate is the day after the expiration of the license~~
9 ~~or certificate previously held by the applicant.~~

10 ~~E. If a person fails to renew a license or certificate as a state~~
11 ~~licensed or state certified appraiser before its expiration or within a~~
12 ~~period of extension granted by the board pursuant to this chapter, the person~~
13 ~~may obtain a renewal license or certificate by satisfying all of the~~
14 ~~requirements for renewal and by the payment of a late renewal fee.~~

15 B. THE BOARD MAY ACCEPT A RENEWAL APPLICATION AFTER THE EXPIRATION
16 DATE AND WITHIN NINETY DAYS OF THE DATE OF EXPIRATION BUT SHALL ASSESS A
17 DELINQUENT RENEWAL FEE IN ADDITION TO THE RENEWAL FEE.

18 C. A PERSON DEPLOYED OUTSIDE OF THE UNITED STATES ON ACTIVE MILITARY
19 DUTY WITH THE UNITED STATES ARMED FORCES AND WHOSE LICENSE OR CERTIFICATE HAS
20 EXPIRED DURING SUCH ACTIVE MILITARY DUTY OUTSIDE OF THE UNITED STATES MAY
21 FILE A RENEWAL APPLICATION WITHIN ONE HUNDRED EIGHTY DAYS OF RETURNING HOME
22 FROM ACTIVE MILITARY DUTY AND SHALL NOT BE REQUIRED TO PAY A DELINQUENT
23 RENEWAL FEE. EVIDENCE OF THE RENEWAL APPLICANT'S DATES AND LOCATIONS OF
24 DEPLOYMENT MUST BE SUBMITTED WITH A RENEWAL APPLICATION FILED UNDER THIS
25 SUBSECTION. IN ADDITION, THE RENEWAL APPLICANT MUST PROVIDE EVIDENCE OF
26 COMPLETION OF THE CONTINUING EDUCATION REQUIREMENTS THAT THE RENEWAL
27 APPLICANT WOULD HAVE OTHERWISE BEEN REQUIRED TO MEET DURING THE PERIOD
28 PRECEDING THE RENEWAL APPLICATION.

29 D. AN APPRAISER WHO FAILS TO SEEK RENEWAL WITHIN THE TIME PERIOD
30 SPECIFIED IN SUBSECTION A, B OR C OF THIS SECTION MUST REAPPLY FOR LICENSURE
31 OR CERTIFICATION AND MEET ALL OF THE REQUIREMENTS OF THIS CHAPTER.

32 E. AN APPRAISER SHALL NOT ENGAGE IN, ADVERTISE OR PURPORT TO ENGAGE IN
33 REAL ESTATE APPRAISAL ACTIVITY IN THIS STATE AFTER A LICENSE OR CERTIFICATE
34 HAS EXPIRED AND BEFORE THE RENEWAL OF THE EXPIRED LICENSE OR CERTIFICATE.

35 F. NOTWITHSTANDING SECTION 41-1092.11, A LICENSE OR CERTIFICATE
36 EXPIRES ON ITS EXPIRATION DATE.

37 Sec. 14. Section 32-3621, Arizona Revised Statutes, is amended to
38 read:

39 32-3621. Principal place of business

40 A. Each state licensed or state certified appraiser shall advise the
41 board of the address of his THE APPRAISER'S principal place of business and
42 all other addresses at which he THE APPRAISER is currently engaged in the
43 business of preparing real property appraisal reports.

1 ~~B. If a state licensed or state certified appraiser changes a place of~~
2 ~~business, he shall give written notification within ten days of the change to~~
3 ~~the board and shall apply for an amended license or certificate.~~

4 ~~C.~~ B. Every state licensed or state certified appraiser shall notify
5 the board of ~~his~~ THE APPRAISER'S current residence address. Residence
6 addresses on file with the board are exempt from disclosure as public
7 records.

8 C. EVERY STATE LICENSED OR STATE CERTIFIED APPRAISER SHALL PROVIDE A
9 DAYTIME TELEPHONE NUMBER TO THE BOARD.

10 D. IF A STATE LICENSED OR STATE CERTIFIED APPRAISER CHANGES A PLACE OF
11 BUSINESS OR RESIDENCE OR THE APPRAISER'S DAYTIME TELEPHONE NUMBER, THE
12 APPRAISER SHALL GIVE WRITTEN NOTIFICATION OF THE CHANGE WITHIN TEN DAYS AFTER
13 THE CHANGE TO THE BOARD.

14 Sec. 15. Section 32-3622, Arizona Revised Statutes, is amended to
15 read:

16 32-3622. Licenses and certificates

17 A. A license or certificate issued under this chapter shall ~~bear the~~
18 ~~signatures or facsimile signatures of the members~~ BE SIGNED ON BEHALF of the
19 board and SHALL BEAR the license or certificate number assigned by the board.

20 B. Each state licensed or state certified appraiser shall place ~~his~~
21 THE APPRAISER'S license or certificate number adjacent to or immediately
22 below the title "state licensed appraiser" or "state certified appraiser" and
23 the number shall be included in an appraisal report or in a contract or other
24 instrument used by the license or certificate holder in conducting appraisal
25 activities.

26 Sec. 16. Section 32-3625, Arizona Revised Statutes, is amended to
27 read:

28 32-3625. Continuing education

29 A. As a prerequisite to renewal of a license or certificate, a state
30 licensed or state certified appraiser shall present evidence satisfactory to
31 the board of having met the continuing education requirements of either
32 subsection B or C.

33 B. The basic continuing education requirement for renewal of a license
34 or certificate is the completion by the applicant, during the immediately
35 preceding term of the license or certificate, of courses or seminars which
36 are approved by the board.

37 C. An applicant for relicensing or recertification may satisfy all or
38 part of the continuing education requirements by presenting evidence of the
39 following which shall be approved by the board:

40 1. Completion of an education program of study determined by the board
41 to be equivalent, for continuing education purposes, to courses approved by
42 the board pursuant to subsection B.

43 2. Participation other than as a student in educational processes and
44 programs which are approved by the board and which relate to appropriate
45 appraisal theory, practices or techniques, including teaching, program

1 development and preparation of textbooks, monographs, articles and other
2 instructional materials, NOT TO EXCEED FIFTY PER CENT OF AN APPLICANT'S
3 CONTINUING EDUCATION REQUIREMENTS AND NOT FOR THE SAME COURSE IN CONSECUTIVE
4 RENEWAL PERIODS.

5 D. The board shall adopt rules to assure that persons renewing their
6 licenses or certificates as state licensed or state certified appraisers
7 follow practices and techniques which provide a high degree of service and
8 protection to those members of the public with whom they deal in the
9 professional relationship under the authority of the license or certificate.
10 The rules shall include the following:

11 1. Policies and procedures for obtaining board approval of courses and
12 instruction pursuant to subsection B.

13 2. Standards, policies and procedures to be applied by the board in
14 evaluating an applicant's claims of equivalency in accordance with
15 subsection C.

16 3. Standards, monitoring methods and systems for recording attendance
17 to be employed by course sponsors as a prerequisite to board approval of
18 courses for credit.

19 E. In adopting rules pursuant to subsection D, paragraph 1, the board
20 shall give consideration to courses of instruction, seminars and other
21 appropriate appraisal educational courses or programs previously or hereafter
22 developed by or under the auspices of professional appraisal organizations
23 and utilized by those associations for purposes of designation, or indicating
24 compliance with the continuing education requirements of such organizations.
25 No person who offers these courses may discriminate in the opportunity to
26 participate in these courses on the basis of membership or nonmembership in
27 an appraisal organization.

28 F. No amendment or repeal of a rule adopted by the board pursuant to
29 this section may operate to deprive a state licensed or state certified
30 appraiser of credit toward renewal of a license or certificate for any course
31 of instruction either completed by the applicant or enrolled in by the
32 applicant before the amendment or repeal of the rule which would have
33 qualified for continuing education credit under the rule as it existed before
34 the repeal or amendment.

35 G. A license or certificate as a state licensed or state certified
36 appraiser that has been revoked as a result of disciplinary action by the
37 board shall not be reinstated unless the applicant presents evidence of
38 completion of the continuing education required by this chapter. This
39 requirement of evidence of continuing education shall not be imposed on an
40 applicant for reinstatement who has been required to successfully complete
41 the examination for state licensed or state certified appraiser as a
42 condition of reinstatement of a license or certificate.

- 1 2. THE LICENSE OR CERTIFICATE NUMBER.
2 3. A REQUEST FOR INACTIVE STATUS.
3 B. THE PERIOD A LICENSE OR CERTIFICATE IS ON INACTIVE STATUS UNDER
4 THIS SECTION MAY NOT EXCEED TWO YEARS.
5 C. A LICENSE OR CERTIFICATE HOLDER WHO IS ON INACTIVE STATUS SHALL NOT
6 DO EITHER OF THE FOLLOWING:
7 1. REPRESENT THAT THE LICENSE OR CERTIFICATE HOLDER IS AN ACTIVE
8 APPRAISER LICENSED OR CERTIFIED IN THIS STATE.
9 2. PERFORM REAL ESTATE APPRAISALS OR APPRAISAL REVIEWS ON REAL ESTATE
10 IN THIS STATE.
11 D. A LICENSE OR CERTIFICATE HOLDER ON INACTIVE STATUS UNDER THIS
12 SECTION MUST FILE WITH THE BOARD AN APPLICATION FOR REACTIVATION OF THE
13 LICENSE OR CERTIFICATE BEFORE RESUMING REAL ESTATE APPRAISAL ACTIVITY.
14 E. TO RETURN TO ACTIVE STATUS, AN INACTIVE LICENSE OR CERTIFICATE
15 HOLDER SHALL DO BOTH OF THE FOLLOWING:
16 1. FILE WITH THE BOARD AN APPLICATION FOR REACTIVATION OF THE LICENSE
17 OR CERTIFICATE.
18 2. PROVIDE EVIDENCE OF COMPLETION OF THE REQUIRED CONTINUING EDUCATION
19 THAT THE LICENSE OR CERTIFICATE HOLDER WOULD HAVE BEEN REQUIRED TO MEET
20 DURING THE PERIOD WHEN THE LICENSE OR CERTIFICATE HOLDER'S LICENSE OR
21 CERTIFICATE WAS ON INACTIVE STATUS.
22 F. IF THE HOLDER OF AN INACTIVE LICENSE OR CERTIFICATE UNDER THIS
23 SECTION DOES NOT FILE AN APPLICATION FOR REACTIVATION WITHIN A TWO YEAR
24 PERIOD, THAT PERSON MUST REAPPLY FOR LICENSURE OR CERTIFICATION PURSUANT TO
25 THE REQUIREMENTS OF THIS CHAPTER.
26 G. A LICENSE OR CERTIFICATE HOLDER WHO IS ON INACTIVE STATUS PURSUANT
27 TO THIS SECTION REMAINS ON INACTIVE STATUS UNTIL THE BOARD APPROVES THE
28 APPLICATION FOR REACTIVATION OF THE LICENSE OR CERTIFICATE.
29 H. THE BOARD MAY TAKE DISCIPLINARY OR REMEDIAL ACTION AGAINST A
30 LICENSE OR CERTIFICATE HOLDER WHO IS ON INACTIVE STATUS PURSUANT TO THIS
31 SECTION.
32 I. A LICENSE OR CERTIFICATE HOLDER WHO PLACES THE HOLDER'S LICENSE OR
33 CERTIFICATE ON INACTIVE STATUS MUST PAY THE RENEWAL FEE AND COMPLETE AN
34 APPLICATION FOR RENEWAL AS PRESCRIBED IN SECTION 32-3619. A LICENSE OR
35 CERTIFICATE HOLDER ON INACTIVE STATUS IS NOT REQUIRED TO PROVIDE EVIDENCE OF
36 COMPLETION OF THE CONTINUING EDUCATION REQUIREMENTS UNTIL THE APPLICATION FOR
37 REACTIVATION IS FILED PURSUANT TO SUBSECTION E OF THIS SECTION.
38 32-3628. Inactive license or certificate status during military
39 duty; reactivation application; renewal application
40 and fee; continuing education
41 A. A LICENSE OR CERTIFICATE HOLDER WHO IS ORDERED TO ACTIVE MILITARY
42 DUTY WITH THE UNITED STATES ARMED FORCES MAY REQUEST THAT THE LICENSE OR
43 CERTIFICATE BE PLACED ON INACTIVE STATUS BY FILING WITH THE BOARD AN
44 APPLICATION THAT INCLUDES ALL OF THE FOLLOWING:
45 1. THE LICENSE OR CERTIFICATE HOLDER'S NAME.

1 2. THE LICENSE OR CERTIFICATE NUMBER.
2 3. THE DATE THAT THE ACTIVE MILITARY DUTY BEGINS.
3 4. A REQUEST FOR INACTIVE STATUS.
4 B. THE LICENSE OR CERTIFICATE IS DEEMED TO BE ON INACTIVE STATUS WHILE
5 THE LICENSE OR CERTIFICATE HOLDER IS ON ACTIVE MILITARY DUTY BUT THE PERIOD
6 OF INACTIVE STATUS MAY NOT EXCEED THREE YEARS.
7 C. A LICENSE OR CERTIFICATE HOLDER WHO IS ON INACTIVE STATUS PURSUANT
8 TO THIS SECTION SHALL NOT DO EITHER OF THE FOLLOWING:
9 1. REPRESENT THAT THE HOLDER IS AN ACTIVE APPRAISER LICENSED OR
10 CERTIFIED IN THIS STATE.
11 2. PERFORM REAL ESTATE APPRAISALS OR APPRAISAL REVIEWS ON REAL ESTATE
12 IN THIS STATE.
13 D. A LICENSE OR CERTIFICATE HOLDER ON INACTIVE STATUS MUST FILE WITH
14 THE BOARD AN APPLICATION FOR REACTIVATION OF THE LICENSE OR CERTIFICATE
15 WITHIN THIRTY DAYS AFTER RETURNING HOME FROM ACTIVE MILITARY DUTY.
16 E. IF THE HOLDER OF AN INACTIVE LICENSE OR CERTIFICATE TIMELY FILES AN
17 APPLICATION FOR REACTIVATION OF THE LICENSE OR CERTIFICATE, THE LICENSE OR
18 CERTIFICATE IS RETURNED TO ACTIVE STATUS ON THE BOARD'S APPROVAL OF THE
19 APPLICATION FOR REACTIVATION. THE TIME PERIOD FOR COMPLETION OF THE
20 CONTINUING EDUCATION REQUIREMENTS THAT THE LICENSE OR CERTIFICATE HOLDER
21 WOULD OTHERWISE HAVE BEEN REQUIRED TO MEET DURING THE PERIOD WHEN THE LICENSE
22 OR CERTIFICATE WAS ON INACTIVE STATUS IS EXTENDED FOR A PERIOD NOT TO EXCEED
23 ONE HUNDRED EIGHTY DAYS AFTER RETURN FROM ACTIVE MILITARY DUTY. THE LICENSE
24 OR CERTIFICATE HOLDER MUST SUBMIT PROOF OF COMPLETION OF ANY CONTINUING
25 EDUCATION REQUIREMENTS TO THE BOARD NO LATER THAN THIRTY DAYS AFTER
26 COMPLETION.
27 F. IF THE HOLDER OF AN INACTIVE LICENSE OR CERTIFICATE UNDER THIS
28 SECTION DOES NOT MAKE A TIMELY APPLICATION FOR REACTIVATION AS REQUIRED BY
29 SUBSECTION D OF THIS SECTION, THE HOLDER MUST REAPPLY FOR LICENSURE OR
30 CERTIFICATION MEETING ALL OF THE REQUIREMENTS OF THIS CHAPTER.
31 G. A LICENSE OR CERTIFICATE HOLDER WHO IS ON INACTIVE STATUS PURSUANT
32 TO THIS SECTION REMAINS ON INACTIVE STATUS UNTIL THE BOARD APPROVES THE
33 APPLICATION FOR REACTIVATION OF THE LICENSE OR CERTIFICATE.
34 H. THE HOLDER OF AN INACTIVE LICENSE OR CERTIFICATE APPLYING FOR
35 REACTIVATION OF THE LICENSE OR CERTIFICATE UNDER THIS SECTION SHALL INCLUDE
36 WITH THE APPLICATION FOR REACTIVATION A COPY OF THE DOCUMENTATION FROM THE
37 ARMED FORCES SHOWING THE PERIOD OF TIME THAT THE HOLDER OF THE INACTIVE
38 LICENSE OR CERTIFICATE WAS ON ACTIVE MILITARY DUTY.
39 I. ANY LICENSE OR CERTIFICATE HOLDER WHO PLACES THE HOLDER'S LICENSE
40 OR CERTIFICATE ON INACTIVE STATUS UNDER THIS SECTION MUST PAY THE RENEWAL FEE
41 PRESCRIBED IN SECTION 32-3607 AND COMPLETE AN APPLICATION FOR RENEWAL
42 PURSUANT TO SECTION 32-3619. A LICENSE OR CERTIFICATE HOLDER ON INACTIVE
43 STATUS PURSUANT TO THIS SECTION WHO FILES AN APPLICATION FOR REACTIVATION IS
44 REQUIRED TO PROVIDE EVIDENCE OF COMPLETION OF THE CONTINUING EDUCATION
45 REQUIREMENTS PURSUANT TO SUBSECTION E OF THIS SECTION.

1 J. FOR THE PURPOSES OF THIS SECTION, ACTIVE MILITARY DUTY DOES NOT
2 INCLUDE SERVICE PERSONS PERFORMING WEEKEND DRILL AND ANNUAL TRAINING.

3 Sec. 19. Section 32-3631, Arizona Revised Statutes, is amended to
4 read:

5 32-3631. Disciplinary proceedings

6 A. The rights of an applicant or holder under a license or certificate
7 as a state licensed or state certified appraiser may be revoked or suspended
8 or the holder of the license or certificate may otherwise be disciplined in
9 accordance with this chapter on any of the grounds set forth in this
10 section. The board may investigate the actions of a state licensed or state
11 certified appraiser and may revoke or suspend the rights of a license or
12 certificate holder or otherwise discipline a state licensed or state
13 certified appraiser for any of the following acts or omissions:

14 1. Procuring or attempting to procure a license or certificate
15 pursuant to this chapter by knowingly making a false statement, submitting
16 false information, refusing to provide complete information in response to a
17 question in an application for a license or certificate or committing any
18 form of fraud or misrepresentation.

19 2. Failing to meet the minimum qualifications established by this
20 chapter.

21 3. Paying or offering to pay money or other considerations other than
22 as provided by this chapter to any member or employee of the board to procure
23 a license or certificate under this chapter.

24 4. A conviction, including a conviction based on a plea of guilty, of
25 a crime which is substantially related to the qualifications, functions and
26 duties of a person developing appraisals and communicating appraisals to
27 others, or ~~convicted of~~ A CONVICTION FOR any felony OR ANY CRIME involving
28 moral turpitude.

29 5. An act or omission involving dishonesty, fraud or misrepresentation
30 with the intent to substantially benefit the license or certificate holder or
31 another person or with the intent to substantially injure another person.

32 6. Violation of any of the standards of the development or
33 communication of appraisals as provided in this chapter.

34 7. Negligence or incompetence in developing an appraisal, in preparing
35 an appraisal report or in communicating an appraisal.

36 8. ~~Willfully~~ WILFULLY disregarding or violating any of the provisions
37 of this chapter or the rules of the board for the administration and
38 enforcement of this chapter.

39 9. Accepting an appraisal assignment if the employment itself is
40 contingent on the appraiser reporting a predetermined estimate, analysis or
41 opinion or if the fee to be paid is contingent on the opinion, conclusion or
42 valuation VALUE reached or on the consequences resulting from the appraisal
43 assignment.

44 10. Violating the confidential nature of any records to which ~~he~~ THE
45 APPRAISER gains access through employment or engagement as an appraiser.

1 11. Entry of a final civil judgment against the person on grounds of
2 fraud, misrepresentation or deceit in the making of any appraisal.

3 B. In a disciplinary proceeding based on a civil judgment, the state
4 licensed or state certified appraiser shall be afforded an opportunity to
5 present matters in mitigation and extenuation.

6 C. The board may issue subpoenas for the attendance of witnesses and
7 the production of books, records, documents and other evidence necessary and
8 relevant to an investigation or hearing.

9 Sec. 20. Section 32-3636, Arizona Revised Statutes, is amended to
10 read:

11 32-3636. Contingent fees

12 A. A state licensed or state certified appraiser may not accept a fee
13 for an appraisal assignment that is contingent on the appraiser reporting a
14 predetermined estimate, analysis or opinion or that is contingent on the
15 opinion, conclusion or valuation VALUE reached or on the consequences
16 resulting from the appraisal assignment.

17 ~~B. A state licensed or state certified appraiser who enters into an
18 agreement to perform specialized services may be paid a fixed fee or a fee
19 that is contingent on the results achieved by the specialized services.~~

20 ~~C. If a state licensed or state certified appraiser enters into an
21 agreement to perform specialized services for a contingent fee, this
22 provision shall be clearly stated in each written or oral report. In each
23 written report, this provision shall be clearly stated in a prominent
24 location in the report, in each letter of transmittal and in the
25 certification statement made by the appraiser in the report.~~

26 Sec. 21. Section 32-3654, Arizona Revised Statutes, is amended to
27 read:

28 32-3654. Disciplinary actions

29 A. On the complaint of any person or on its own motion, the board
30 shall investigate any suspected violation of this article by a property tax
31 agent. If the board finds a violation it may issue a letter of concern.

32 B. If the board finds that the property tax agent committed any of the
33 following violations, it shall revoke or suspend the agent's registration:

34 1. Secured registration by fraud or deceit.

35 2. Committed an act or is responsible for an omission involving fraud
36 or knowing misrepresentation with the intent to obtain a benefit.

37 3. Knowingly violated section 32-3653.

38 C. The board shall:

39 1. Suspend the agent's registration for not less than six months on
40 the first finding of a violation pursuant to subsection B of this section.

41 2. Suspend the agent's registration for not less than twelve months on
42 the second finding of a violation pursuant to subsection B of this section.

43 3. Revoke the agent's registration on a third or subsequent finding of
44 a violation pursuant to subsection B of this section.

1 D. The board shall not impose discipline until the agent has been
2 provided an opportunity for a hearing before the board pursuant to title 41,
3 chapter 6, article 10. The board shall notify the agent of the charges and
4 the date and time of the hearing. The notice may be personally served or sent
5 by certified mail to the agent's last known address. ~~The board may assess~~
6 ~~the costs of the investigation and hearing against a person who is found~~
7 ~~guilty of violating this article.~~ Except as provided in section 41-1092.08,
8 subsection H, the final decision of the board is subject to judicial review
9 pursuant to title 12, chapter 7, article 6.

10 E. The board shall not renew an agent's registration during the time
11 the registration is suspended or revoked. ~~If the agent is not registered or~~
12 ~~the agent's registration expires, the board shall not issue a new~~
13 ~~registration to the agent during the time the registration is suspended or~~
14 ~~revoked.~~

15 Sec. 22. Title 32, chapter 36, article 4, Arizona Revised Statutes, is
16 amended by adding section 32-3656, to read:

17 32-3656. Confidential records

18 EXCEPT AS OTHERWISE PROVIDED BY LAW, ALL DOCUMENTS ASSOCIATED WITH A
19 COMPLAINT PURSUANT TO THIS ARTICLE ARE CONFIDENTIAL UNTIL THE COMPLAINT IS
20 RESOLVED.

21 Sec. 23. Section 43-1089.02, Arizona Revised Statutes, is amended to
22 read:

23 43-1089.02. Credit for donation of school site

24 A. A credit is allowed against the taxes imposed by this title in the
25 amount of thirty per cent of the value of real property and improvements
26 donated by the taxpayer to a school district or a charter school for use as a
27 school or as a site for the construction of a school.

28 B. To qualify for the credit:

- 29 1. The real property and improvements must be located in this state.
30 2. The real property and improvements must be conveyed unencumbered
31 and in fee simple, except that:

32 (a) The conveyance must include as a deed restriction and protective
33 covenant running with title to the land the requirement that as long as the
34 donee holds title to the property the property shall only be used as a school
35 or as a site for the construction of a school, subject to ~~the provisions of~~
36 subsection I or J of this section.

37 (b) In the case of a donation to a charter school, the donor shall
38 record a lien on the property as provided by subsection J, paragraph 3 of
39 this section.

40 3. The conveyance shall not violate ~~the provisions of~~ section 15-341,
41 subsection D and section 15-183, subsection V.

42 C. For purposes of this section, the value of the donated property is
43 the property's fair market value as determined in a ~~certified~~ AN appraisal as
44 defined in section 32-3601 that is conducted by an independent party and that
45 is paid for by the donee.

1 D. If the property is donated by co-owners, including partners in a
2 partnership and shareholders of an S corporation, as defined in section 1361
3 of the internal revenue code, each donor may claim only the pro rata share of
4 the allowable credit under this section based on the ownership interest. If
5 the property is donated by a husband and wife who file separate returns for a
6 taxable year in which they could have filed a joint return, they may
7 determine between them the share of the credit each will claim. The total of
8 the credits allowed all co-owner donors may not exceed the allowable credit.

9 E. If the allowable tax credit exceeds the taxes otherwise due under
10 this title on the claimant's income, or if there are no taxes due under this
11 title, the taxpayer may carry the amount of the claim not used to offset the
12 taxes under this title forward for not more than five consecutive taxable
13 years' income tax liability.

14 F. The credit under this section is in lieu of any deduction pursuant
15 to section 170 of the internal revenue code taken for state tax purposes.

16 G. On written request by the donee, the donor shall disclose in
17 writing to the donee the amount of the credit allowed pursuant to this
18 section with respect to the property received by the donee.

19 H. A school district or charter school may refuse the donation of any
20 property for purposes of this section.

21 I. If the donee is a school district:

22 1. The district shall notify the school facilities board established
23 by section 15-2001 and furnish the board with any information the board
24 requests regarding the donation. A school district shall not accept a
25 donation pursuant to this section unless the school facilities board has
26 reviewed the proposed donation and has issued a written determination that
27 the real property and improvements are suitable as a school site or as a
28 school. The school facilities board shall issue a determination that the
29 real property and improvements are not suitable as a school site or as a
30 school if the expenses that would be necessary to make the property suitable
31 as a school site or as a school exceed the value of the proposed donation.

32 2. The district may sell any donated property pursuant to section
33 15-342, but the proceeds from the sale shall only be used for capital
34 projects. The school facilities board shall withhold an amount that
35 corresponds to the amount of the proceeds from any monies that would
36 otherwise be due the school district from the school facilities board
37 pursuant to section 15-2041.

38 J. If the donee is a charter school:

39 1. The charter school shall:

40 (a) Immediately notify the sponsor of the charter school by certified
41 mail and shall furnish the sponsor with any information requested by the
42 sponsor regarding the donation during the ten year period after the
43 conveyance is recorded.

1 (b) Notify the sponsor by certified mail, and the sponsor shall notify
2 the state treasurer, in the event of the charter school's financial failure
3 or if the charter school:

4 (i) Fails to establish a charter school on the property within
5 forty-eight months after the conveyance is recorded.

6 (ii) Fails to provide instruction to pupils on the property within
7 forty-eight months after the conveyance is recorded.

8 (iii) Establishes a charter school on the property but subsequently
9 ceases to operate the charter school on the property for twenty-four
10 consecutive months or fails to provide instruction to pupils on the property
11 for twenty-four consecutive months.

12 2. The charter school, or a successor in interest, shall pay to the
13 state treasurer the amount of the credit allowed under this section, or if
14 that amount is unknown, the amount of the allowable credit under this
15 section, if any of the circumstances listed in paragraph 1, subdivision (b)
16 of this ~~section~~ SUBSECTION occur. If the amount is not paid within one year
17 after the treasurer receives notice under paragraph 1, subdivision (b) of
18 this subsection, a penalty and interest shall be added, determined pursuant
19 to title 42, chapter 1, article 3.

20 3. A tax credit under this section constitutes a lien on the property,
21 which the donor must record along with the title to the property to qualify
22 for the credit. The amount of the lien is the amount of the allowable credit
23 under this section, adjusted according to the average change in the GDP price
24 deflator, as defined in section 41-563, for each calendar year since the
25 donation, but not exceeding twelve and one-half per cent more than the
26 allowable credit. The lien is subordinate to any liens securing the
27 financing of the school construction. The lien is extinguished on the
28 earliest of the following:

29 (a) Ten years after the lien is recorded. After that date, the
30 charter school, or a successor in interest, may request the state treasurer
31 to release the lien.

32 (b) On payment to the state treasurer by the donee charter school, or
33 by a successor in interest, of the amount of the allowable credit under this
34 section, either voluntarily or as required by paragraph 2 of this subsection.
35 After the required amount is paid, the charter school or successor in
36 interest may request the state treasurer to release the lien.

37 (c) On conveyance of fee simple title to the property to a school
38 district.

39 (d) On enforcement and satisfaction of the lien pursuant to paragraph
40 4 of this subsection.

41 4. The state treasurer shall enforce the lien by foreclosure within
42 one year after receiving notice of any of the circumstances described in
43 paragraph 1, subdivision (b) of this subsection.

44 5. Subject to paragraphs 3 and 4 of this subsection, the charter
45 school may sell any donated property.

1 Sec. 24. Section 43-1181, Arizona Revised Statutes, is amended to
2 read:

3 43-1181. Credit of donation of school site

4 A. A credit is allowed against the taxes imposed by this title in the
5 amount of thirty per cent of the value of real property and improvements
6 donated by the taxpayer to a school district or a charter school for use as a
7 school or as a site for the construction of a school.

8 B. To qualify for the credit:

9 1. The real property and improvements must be located in this state.

10 2. The real property and improvements must be conveyed unencumbered
11 and in fee simple except that:

12 (a) The conveyance must include as a deed restriction and protective
13 covenant running with title to the land the requirement that as long as the
14 donee holds title to the property the property shall only be used as a school
15 or as a site for the construction of a school, subject to subsection I or J
16 of this section.

17 (b) In the case of a donation to a charter school, the donor shall
18 record a lien on the property as provided by subsection J, paragraph 3 of
19 this section.

20 3. The conveyance shall not violate section 15-341, subsection D or
21 section 15-183, subsection U.

22 C. For the purposes of this section, the value of the donated property
23 is the property's fair market value as determined in ~~a certified~~ AN appraisal
24 as defined in section 32-3601 that is conducted by an independent party and
25 that is paid for by the donee.

26 D. If the property is donated by co-owners, including corporate
27 partners in a partnership, each donor may claim only the pro rata share of
28 the allowable credit under this section based on the ownership interest. The
29 total of the credits allowed all co-owner donors may not exceed the allowable
30 credit.

31 E. If the allowable tax credit exceeds the taxes otherwise due under
32 this title on the claimant's income, or if there are no taxes due under this
33 title, the taxpayer may carry the amount of the claim not used to offset the
34 taxes under this title forward for not more than five consecutive taxable
35 years' income tax liability.

36 F. The credit under this section is in lieu of any deduction pursuant
37 to section 170 of the internal revenue code taken for state tax purposes.

38 G. On written request by the donee, the donor shall disclose in
39 writing to the donee the amount of the credit allowed pursuant to this
40 section with respect to the property received by the donee.

41 H. A school district or charter school may refuse the donation of any
42 property for purposes of this section.

43 I. If the donee is a school district:

44 1. The district shall notify the school facilities board established
45 by section 15-2001 and furnish the board with any information the board

1 requests regarding the donation. A school district shall not accept a
2 donation pursuant to this section unless the school facilities board has
3 reviewed the proposed donation and has issued a written determination that
4 the real property and improvements are suitable as a school site or as a
5 school. The school facilities board shall issue a determination that the
6 real property and improvements are not suitable as a school site or as a
7 school if the expenses that would be necessary to make the property suitable
8 as a school site or as a school exceed the value of the proposed donation.

9 2. The district may sell any donated property pursuant to section
10 15-342, but the proceeds from the sale shall only be used for capital
11 projects. The school facilities board shall withhold an amount that
12 corresponds to the amount of the proceeds from any monies that would
13 otherwise be due the school district from the school facilities board
14 pursuant to section 15-2041.

15 J. If the donee is a charter school:

16 1. The charter school shall:

17 (a) Immediately notify the sponsor of the charter school by certified
18 mail and shall furnish the sponsor with any information requested by the
19 sponsor regarding the donation during the ten year period after the
20 conveyance is recorded.

21 (b) Notify the sponsor by certified mail, and the sponsor shall notify
22 the state treasurer, in the event of the charter school's financial failure
23 or if the charter school:

24 (i) Fails to establish a charter school on the property within
25 forty-eight months after the conveyance is recorded.

26 (ii) Fails to provide instruction to pupils on the property within
27 forty-eight months after the conveyance is recorded.

28 (iii) Establishes a charter school on the property but subsequently
29 ceases to operate the charter school on the property for twenty-four
30 consecutive months or fails to provide instruction to pupils on the property
31 for twenty-four consecutive months.

32 2. The charter school, or a successor in interest, shall pay to the
33 state treasurer the amount of the credit allowed under this section, or if
34 that amount is unknown, the amount of the allowable credit under this
35 section, if any of the circumstances listed in paragraph 1, subdivision (b)
36 of this subsection occur. If the amount is not paid within one year after
37 the treasurer receives notice under paragraph 1, subdivision (b) of this
38 subsection, a penalty and interest shall be added, determined pursuant to
39 title 42, chapter 1, article 3.

40 3. A tax credit under this section constitutes a lien on the property,
41 which the donor must record along with the title to the property to qualify
42 for the credit. The amount of the lien is the amount of the allowable credit
43 under this section, adjusted according to the average change in the GDP price
44 deflator, as defined in section 41-563, for each calendar year since the
45 donation, but not exceeding twelve and one-half per cent more than the

1 allowable credit. The lien is subordinate to any liens securing the
2 financing of the school construction. The lien is extinguished on the
3 earliest of the following:

4 (a) Ten years after the lien is recorded. After that date, the
5 charter school, or a successor in interest, may request the state treasurer
6 to release the lien.

7 (b) On payment to the state treasurer by the donee charter school, or
8 by a successor in interest, of the amount of the allowable credit under this
9 section, either voluntarily or as required by paragraph 2 of this subsection.
10 After the required amount is paid, the charter school or successor in
11 interest may request the state treasurer to release the lien.

12 (c) On conveyance of fee simple title to the property to a school
13 district.

14 (d) On enforcement and satisfaction of the lien pursuant to paragraph
15 4 of this subsection.

16 4. The state treasurer shall enforce the lien by foreclosure within
17 one year after receiving notice of any of the circumstances described in
18 paragraph 1, subdivision (b) of this subsection.

19 5. Subject to paragraphs 3 and 4 of this subsection, the charter
20 school may sell any donated property.

21 Sec. 25. Emergency

22 This act is an emergency measure that is necessary to preserve the
23 public peace, health or safety and is operative immediately as provided by
24 law.

~~APPROVED BY THE GOVERNOR JULY 2, 2007.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 2, 2007.~~

~~FAILED~~
Passed the House April 24, 20 07,

by the following vote: 32 Ayes,

22 Nays, 6 Not Voting
Art IX, Section 22

Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate March 5, 20 07,

by the following vote: 21 Ayes,

6 Nays, 3 Not Voting

Timothy J. Bee *with Art. IX, Sec. 22*
President of the Senate

Chermin Bellington
Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR~~

~~This Bill was received by the Governor this~~

~~_____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary to the Governor~~

~~Approved this _____ day of~~

~~_____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Governor of Arizona~~

S.B. 1291

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE~~

~~This Bill was received by the Secretary of State~~

~~this _____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary of State~~

Passed the House April 30, 2007

Passed the Senate _____, 20____

by the following vote: 52 Ayes,

by the following vote: _____ Ayes,

3 Nays, 5 Not Voting
Article IX, Section 22

_____ Nays, _____ Not Voting

[Signature]
Speaker of the House

President of the Senate

[Signature]
Chief Clerk of the House

Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill received by the Governor this

_____ day of _____, 20____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill received by the Secretary of State

this _____ day of _____, 20____

at _____ o'clock _____ M.

Secretary of State

ON RECONSIDERATION
S.B. 1291

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House June 19, 20 07,
by the following vote: 55 Ayes,

4 Nays, 1 Not Voting
with Emergency
[Signature]
Speaker of the House

[Signature]
Norman L. Moore
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate June 18, 20 07,
by the following vote: 28 Ayes,

0 Nays, 2 Not Voting
with Emergency
[Signature]
President of the Senate

[Signature]
Charmen Bellinger
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 20th day of June, 2007

at 5:30 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 2 day of

July, 2007,

at 11¹⁰ o'clock A M.

[Signature]
Governor of Arizona

S.B. 1291

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 2 day of July, 2007

at 2:43 o'clock P. M.

[Signature]
Secretary of State