

House Engrossed Senate Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
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First Regular Session
2013

CHAPTER 184

SENATE BILL 1316

AN ACT

AMENDING SECTIONS 32-3601, 32-3603, 32-3604, 32-3605, 32-3606, 32-3607 AND 32-3610, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, TO "REGISTRATION, LICENSURE AND CERTIFICATION"; AMENDING SECTIONS 32-3611, 32-3612, 32-3613 AND 32-3614, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 32-3614.01 AND 32-3614.02; AMENDING SECTIONS 32-3616 AND 32-3617, ARIZONA REVISED STATUTES; REPEALING SECTION 32-3618, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-3618; AMENDING SECTIONS 32-3619, 32-3620, 32-3621, 32-3625, 32-3631, 32-3635, 32-3668 AND 32-3669, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; 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 THAT IS
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 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 8. "Appraiser qualifications board" means the appraiser qualifications
31 board THAT IS appointed by the board of trustees of the appraisal foundation
32 to establish the minimum education, experience and examination requirements
33 for real estate appraisers.

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

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

40 11. "Course approval" means the act of the board reviewing course
41 materials to form an opinion as to the adequacy and appropriateness of the
42 course for licensing pursuant to section 32-3613, certification pursuant to
43 section 32-3614 and continuing education as prescribed in section 32-3625 in
44 accordance with the appraiser qualifications board and this chapter.

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

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

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

18 15. "Real estate" means an identified parcel or tract of land,
19 including improvements, if any.

20 16. "Real estate related financial transaction" means any transaction
21 involving the sale OF, lease OF, purchase OF, investment in or exchange of
22 real property, including interests in property or the financing of property,
23 the refinancing of real property or interests in real property and the use of
24 real property or interests in property as security for a loan or investment
25 including mortgage-backed securities.

26 17. "Real property" means one or more defined interests, benefits and
27 rights inherent in the ownership of real estate.

28 18. "REGISTERED TRAINEE APPRAISER" MEANS A PERSON WHO MEETS BOTH OF THE
29 FOLLOWING REQUIREMENTS:

30 (a) IS REGISTERED WITH THE BOARD AND MEETS THE APPRAISER
31 QUALIFICATIONS BOARD'S QUALIFICATIONS FOR TRAINEE APPRAISERS TO PERFORM
32 APPRAISAL SERVICES ONLY UNDER THE DIRECT SUPERVISION OF A CERTIFIED APPRAISER
33 WHO HAS MET THE MINIMUM CRITERIA TO BE A SUPERVISORY APPRAISER.

34 (b) ACCEPTS ASSIGNMENTS ONLY FROM THE REGISTERED TRAINEE APPRAISER'S
35 SUPERVISORY APPRAISER.

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

41 ~~19.~~ 20. "Standards of professional appraisal practice" means the
42 uniform standards of professional appraisal practice adopted by the board.

1 ~~20-~~ 21. "State licensed or state certified appraiser" means a person
2 who develops and communicates appraisals and who holds a current, valid
3 license or certificate issued ~~to him under the provisions of this chapter.~~

4 22. "SUPERVISORY APPRAISER" MEANS A STATE CERTIFIED APPRAISER WHO HAS A
5 SUPERVISORY APPRAISER DESIGNATION AND WHO:

6 (a) HAS BEEN IN GOOD STANDING FOR THE LAST THREE YEARS IN THE
7 JURISDICTION IN WHICH THE REGISTERED TRAINEE APPRAISER PRACTICES.

8 (b) HAS NOT BEEN DISCIPLINED IN A MANNER THAT AFFECTS THE SUPERVISORY
9 APPRAISER'S ELIGIBILITY TO ENGAGE IN APPRAISAL PRACTICE IN ANY JURISDICTION
10 IN THE LAST THREE YEARS.

11 (c) DIRECTLY SUPERVISES REGISTERED TRAINEE APPRAISERS BY DOING THE
12 FOLLOWING:

13 (i) ACCEPTING RESPONSIBILITY FOR AN APPRAISAL BY SIGNING AND
14 CERTIFYING THAT THE APPRAISAL COMPLIES WITH THE UNIFORM STANDARDS OF
15 PROFESSIONAL APPRAISAL PRACTICE.

16 (ii) REVIEWING AND SIGNING ALL REGISTERED TRAINEE APPRAISER REPORTS.

17 (iii) PERSONALLY INSPECTING EACH APPRAISED PROPERTY WITH THE
18 REGISTERED TRAINEE APPRAISER.

19 ~~21-~~ 23. "Value" means the monetary relationship between properties and
20 those who buy, sell or use those properties.

21 Sec. 2. Section 32-3603, Arizona Revised Statutes, is amended to read:

22 32-3603. Registration, license or certificate use; exception

23 A. All real estate appraisals and appraisal reviews performed on real
24 property in this state shall be performed only by individuals WHO ARE
25 REGISTERED, licensed or certified in accordance with the requirements of this
26 chapter. No person, other than a REGISTERED TRAINEE APPRAISER OR A state
27 licensed or state certified appraiser, may assume or use that title or any
28 title, designation or abbreviation likely to create the impression of
29 REGISTRATION AS A TRAINEE APPRAISER OR licensure or certification as an
30 appraiser by this state.

31 B. No person other than a state licensed or state certified appraiser
32 may receive a fee for a real estate appraisal or an appraisal review of real
33 property in this state. THIS SUBSECTION DOES NOT PROHIBIT A SUPERVISORY
34 APPRAISER FROM REMITTING COMPENSATION TO A REGISTERED TRAINEE APPRAISER
35 DURING THE COURSE OF TRAINING.

36 Sec. 3. Section 32-3604, Arizona Revised Statutes, is amended to read:

37 32-3604. State board of appraisal

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

40 B. The membership of the board consists of:

41 1. Four members who are state certified or state licensed appraisers
42 under this chapter, one of whom is a state certified general appraiser, one
43 of whom is a state certified residential appraiser, ~~one of whom is a state~~
44 ~~licensed appraiser~~ and ~~one~~ TWO of whom ~~is any~~ ARE EITHER state certified or

1 state licensed appraiser APPRAISERS. Membership in a professional appraisal
2 organization or association is not a prerequisite to service on the board.

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

5 3. A registered property tax agent.

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

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

11 D. Not more than two persons from the same professional appraisal
12 organization or association may serve on the board concurrently. The governor
13 may remove a member for cause. No person may serve as a member of the board
14 for more than two consecutive terms unless both of the following apply:

15 1. The person is appointed to serve the remainder of some other board
16 member's term of office after that board member's seat is declared vacant.

17 2. The person's service for the remainder of the vacated term does not
18 exceed eighteen months.

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

22 F. The board shall meet at least once each calendar quarter to conduct
23 business. Places of future meetings shall be decided by the vote of members
24 at meetings. By order of the chairman and if necessary to meet the
25 requirements of this chapter, the board may hold special meetings or
26 emergency meetings including meetings using conference telephone or other
27 similar communications equipment in such a manner that the voices of all
28 members participating in the meeting are simultaneously audible to all other
29 members participating in the meeting.

30 G. The board shall meet to elect a chairman annually from among its
31 members.

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

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

38 J. The auditor general shall conduct a performance audit or a special
39 audit of the board pursuant to section 41-1279.03 on or before December 31,
40 2004 and at least once every ten years thereafter. The auditor general shall
41 also conduct performance audits or special audits of the board when directed
42 to do so by the joint legislative audit committee.

1 Sec. 4. Section 32-3605, Arizona Revised Statutes, is amended to read:
2 32-3605. State board of appraisal; duties

3 A. The board shall adopt rules in aid or in furtherance of this
4 chapter.

5 B. The state board of appraisal shall:

6 1. In prescribing standards of professional appraisal practice, adopt
7 standards that at a minimum are equal to the standards prescribed by the
8 appraisal standards board.

9 2. In prescribing criteria for certification, adopt criteria that at a
10 minimum are equal to the minimum criteria for certification adopted by the
11 appraiser qualifications board.

12 3. In prescribing criteria for licensing AND REGISTRATION, adopt
13 criteria that at a minimum are equal to the minimum criteria for licensing
14 AND REGISTRATION adopted by the appraiser qualifications board.

15 4. Further define by rule with respect to state licensed or state
16 certified appraisers appropriate and reasonable educational experience,
17 appraisal experience and equivalent experience that meets the statutory
18 requirement of this chapter.

19 5. ~~Establish ADOPT the NATIONAL examination specifications AS APPROVED~~
20 ~~BY THE APPRAISER QUALIFICATIONS BOARD for state certified appraisers, provide~~
21 ~~or procure appropriate examination questions and answers, administer~~
22 ~~examinations and establish procedures for grading examinations consistent~~
23 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~
24 ~~board.~~

25 6. ~~Establish ADOPT the NATIONAL examination specifications AS APPROVED~~
26 ~~BY THE APPRAISER QUALIFICATIONS BOARD for state licensed appraisers, provide~~
27 ~~or procure appropriate examination questions and answers, administer~~
28 ~~examinations and establish procedures for grading examinations consistent~~
29 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~
30 ~~board.~~

31 7. Establish administrative procedures for approving or disapproving
32 applications for REGISTRATION, licensure and certification and issuing
33 licenses and certificates, INCLUDING REGISTRATION CERTIFICATES.

34 8. Define by rule, with respect to state licensed and certified
35 appraisers, the continuing education requirements for the renewal of licenses
36 or certificates that satisfy the statutory requirements provided in this
37 chapter.

38 9. Periodically review the requirements for the development and
39 communication of appraisals provided in this chapter and adopt rules
40 explaining and interpreting the requirements.

41 10. Define and explain by rule each stage and step associated with the
42 administrative procedures for the disciplinary process pursuant to this
43 chapter, including:

1 (a) Prescribing minimum criteria for accepting a complaint against a
2 REGISTERED TRAINEE APPRAISER OR A licensed or certified appraiser.

3 (b) Defining the process and procedures used in investigating the
4 allegations of the complaint.

5 (c) Defining the process and procedures used in hearings on the
6 complaint, including a description of the rights of the board and any person
7 who is alleged to have committed the violation.

8 (d) Establishing criteria to be used in determining the appropriate
9 actions for violations.

10 11. Communicate information that is useful to the public and appraisers
11 relating to actions for violations.

12 12. Censure, suspend and revoke licenses and certificates pursuant to
13 the disciplinary proceedings provided for in section 32-3631.

14 13. At least monthly transmit to the appraisal subcommittee a roster
15 listing individuals who have received a state certificate or license in
16 accordance with this chapter.

17 14. Report on the disposition of any matter referred by the appraisal
18 subcommittee or any other federal agency or instrumentality or federally
19 recognized entity reporting any action of a state licensed or state certified
20 appraiser that is contrary to this chapter.

21 15. Make a determination and finding if there exists a scarcity of
22 state certified or state licensed appraisers to perform appraisals in
23 connection with federally related transactions in this state and issue
24 resident temporary licenses and certificates pursuant to section 32-3626.

25 16. Transmit the national registry fee collected pursuant to section
26 32-3607 to the appraisal subcommittee.

27 17. Establish the fees in accordance with the limits established in
28 section 32-3607.

29 18. Perform such other functions and duties as may be necessary to
30 carry out this chapter.

31 C. Subject to title 41, chapter 4, article 4, the board may employ an
32 executive director and other personnel and designate their duties. The
33 executive director shall serve at the pleasure of the board.

34 D. The executive director shall not change or amend actions of the
35 board.

36 E. THE BOARD MAY ACCEPT AND SPEND FEDERAL MONIES AND GRANTS, GIFTS,
37 CONTRIBUTIONS AND DEVICES FROM ANY PUBLIC OR PRIVATE SOURCE TO ASSIST IN
38 CARRYING OUT THE PURPOSES OF THIS CHAPTER. THESE MONIES DO NOT REVERT TO THE
39 STATE GENERAL FUND AT THE END OF THE FISCAL YEAR.

40 Sec. 5. Section 32-3606, Arizona Revised Statutes, is amended to read:
41 32-3606. Executive director; duties

42 The executive director shall:

43 1. Receive applications for state licenses and certificates.

1 2. Establish the administrative procedures for processing applications
2 for state licenses and certificates.

3 3. Maintain a registry of the names and addresses of people WHO ARE
4 REGISTERED, licensed or certified under this chapter.

5 4. Retain records and all application materials submitted to the
6 board.

7 5. Assist the board in such other matters as the board may require.

8 6. PUBLISH ON THE BOARD'S WEBSITE A CURRENT LIST OF SUPERVISORY
9 APPRAISERS AND REGISTERED TRAINEE APPRAISERS.

10 Sec. 6. Section 32-3607, Arizona Revised Statutes, is amended to read:
11 32-3607. Fees; use of credit cards

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

14 1. An application fee for licensure or certification of not more than
15 four hundred dollars.

16 2. An application fee for a resident temporary license or certificate
17 of not more than four hundred dollars.

18 3. An examination fee ~~of not more than one hundred dollars~~ IN AN
19 AMOUNT TO BE DETERMINED BY THE BOARD.

20 4. A fee for renewal of a license, certificate or resident temporary
21 license or certificate of not more than four hundred twenty-five dollars.

22 5. A delinquent renewal fee in addition to the renewal fee of not more
23 than twenty-five dollars.

24 6. A two-year national registry fee of not to exceed the actual cost
25 of twice the current annual national registry fee.

26 7. A nonresident temporary licensure or certification fee of not more
27 than one hundred fifty dollars.

28 8. A course approval fee of not more than five hundred dollars.

29 9. AN APPLICATION FEE TO BE A REGISTERED TRAINEE APPRAISER IN AN
30 AMOUNT TO BE DETERMINED BY THE BOARD.

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

39 C. PURSUANT TO SECTION 35-142, SUBSECTION I, THE BOARD MAY ACCEPT A
40 CREDIT CARD OR DEBIT CARD FOR THE PAYMENT OF FEES ESTABLISHED BY THIS
41 SECTION. THE BOARD MAY IMPOSE A CONVENIENCE FEE FOR PAYMENT MADE PURSUANT TO
42 THIS SUBSECTION IN AN AMOUNT TO BE DETERMINED BY THE BOARD.

1 Sec. 7. Section 32-3610, Arizona Revised Statutes, is amended to read:
2 32-3610. Uniform standards of professional appraisal practice;

3 state standards; exception

4 The uniform standards of professional appraisal practice AS PUBLISHED
5 BY THE APPRAISAL STANDARDS BOARD are the standards for the appraisal practice
6 in this state unless the board objects.

7 Sec. 8. Heading change

8 The article heading of title 32, chapter 36, article 2, Arizona Revised
9 Statutes, is changed from "LICENSING AND CERTIFICATION" to "REGISTRATION,
10 LICENSURE AND CERTIFICATION".

11 Sec. 9. Section 32-3611, Arizona Revised Statutes, is amended to read:
12 32-3611. Registration licensure and certification process

13 A. Applications for original REGISTRATION, licensure or certification,
14 renewals and examinations shall be made in writing to the executive director
15 on forms approved by the board.

16 B. Appropriate fees, as fixed by the board pursuant to section
17 32-3607, shall accompany all applications for original REGISTRATION,
18 licensure or certification, renewal and examination.

19 C. At the time of filing an application for REGISTRATION, licensure or
20 certification, each applicant shall sign a pledge to comply with the
21 standards set forth in this chapter and shall state that the applicant
22 understands the types of misconduct for which disciplinary proceedings may be
23 initiated against A REGISTERED TRAINEE APPRAISER OR a state licensed or state
24 certified appraiser, as set forth in this chapter.

25 D. Except as otherwise provided in this chapter, the executive
26 director shall require such other proof and request such documents, through
27 the application or otherwise, as the board deems necessary for the interests
28 of the public and to verify the honesty, truthfulness, reputation and
29 competency of the applicant and shall require that the applicant for
30 REGISTRATION, licensure or certification:

31 1. Be at least eighteen years of age and a citizen of the United
32 States or a qualified alien as defined in 8 United States Code section 1641.

33 2. ~~Shall~~ Not have had a license or certificate denied pursuant to this
34 chapter within one year immediately preceding the application.

35 3. ~~Shall~~ Not have had a license or certificate revoked pursuant to
36 this chapter within two years immediately preceding the application.

37 4. State whether or not the applicant has ever been convicted in a
38 court of competent jurisdiction in this or any other state of a felony or of
39 forgery, theft, extortion or conspiracy to defraud or any other crime
40 involving dishonesty or moral turpitude.

41 E. Applications for REGISTRATION, licensure or certification by
42 persons who are charged or under indictment for fraud involving appraisal of
43 real property may be denied pending final disposition of the charge or

1 indictment. Upon ON final disposition, the board shall review the
2 proceedings and act upon ON the application.

3 Sec. 10. Section 32-3612, Arizona Revised Statutes, is amended to
4 read:

5 32-3612. Classifications of licensure and certification

6 ~~A. The following classifications of state licensed real estate~~
7 ~~appraisers and state certified real estate appraisers are established:~~

8 1. State certified general real estate appraisers consisting of those
9 persons meeting the requirements for certification relating to the appraisal
10 or appraisal review of all types of real property.

11 2. State certified residential real estate appraisers consisting of
12 those persons meeting the requirements for certification relating to the
13 appraisal or appraisal review of one to four residential units without regard
14 to value or complexity. THE CLASSIFICATION INCLUDES THE APPRAISAL FOR
15 FEDERALLY AND NONFEDERALLY RELATED TRANSACTIONS OF VACANT OR UNIMPROVED LAND
16 THAT IS USED FOR ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE HIGHEST AND
17 BEST USE IS FOR ONE TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION DOES NOT
18 INCLUDE THE APPRAISAL OF A SUBDIVISION FOR WHICH A DEVELOPMENT ANALYSIS OR
19 APPRAISAL IS NECESSARY.

20 3. State licensed real estate appraisers consisting of those persons
21 meeting the requirements for licensing relating to appraisal or appraisal
22 review of noncomplex one to four residential units having a value of less
23 than one million dollars and complex one to four residential units having a
24 value of less than two hundred fifty thousand dollars. THE CLASSIFICATION
25 INCLUDES THE APPRAISAL FOR NONFEDERALLY RELATED TRANSACTIONS OF VACANT OR
26 UNIMPROVED LAND THAT IS USED FOR ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE
27 HIGHEST AND BEST USE IS FOR ONE TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION
28 DOES NOT INCLUDE THE APPRAISAL OF SUBDIVISIONS FOR WHICH A DEVELOPMENT
29 ANALYSIS OR APPRAISAL IS NECESSARY.

30 ~~B. Notwithstanding section 32-3602:~~

31 ~~1. All federally related transactions involving property with a value~~
32 ~~equal to or greater than one million dollars and complex one to four family~~
33 ~~residential real property shall be appraised by a state certified appraiser.~~

34 ~~2. All federally related transactions not requiring a state certified~~
35 ~~appraiser may be appraised by either a state certified or state licensed~~
36 ~~appraiser.~~

37 ~~C. All nonfederally related transactions may be appraised either by a~~
38 ~~state certified or a state licensed appraiser.~~

39 4. REGISTERED TRAINEE APPRAISERS WHO MAY NOT APPRAISE ANY PROPERTY
40 TYPE WITHOUT BEING SUBJECT TO THE DIRECT CONTROL AND SUPERVISION OF THE
41 REGISTERED TRAINEE APPRAISER'S DESIGNATED SUPERVISORY APPRAISER.

42 5. SUPERVISORY APPRAISERS.

1 32-3614.02. Application for supervisory appraiser designation

2 A. AN APPLICATION FOR A SUPERVISORY APPRAISER DESIGNATION SHALL BE
3 MADE ON A FORM PRESCRIBED BY THE BOARD. THE APPLICANT MUST SUBMIT PROOF OF
4 SUCCESSFUL COMPLETION OF A COURSE THAT IS SPECIFICALLY ORIENTED TO THE
5 REQUIREMENTS AND RESPONSIBILITIES OF SUPERVISORY APPRAISERS AND TRAINEE
6 APPRAISERS AND THAT COMPLIES WITH THE SPECIFICATIONS ESTABLISHED BY THE
7 APPRAISER QUALIFICATIONS BOARD.

8 B. A CRIMINAL BACKGROUND CHECK MAY BE CONDUCTED PURSUANT TO SECTION
9 41-1750. THE STATE BOARD OF APPRAISAL MAY CHARGE THE COST OF A CRIMINAL
10 BACKGROUND CHECK TO THE APPLICANT.

11 Sec. 14. Section 32-3616, Arizona Revised Statutes, is amended to
12 read:

13 32-3616. Terms of license, certificate and registration

14 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, a license or
15 certificate issued under this chapter is valid for two years from the date of
16 issuance. The expiration date of the license or certificate shall appear on
17 the license or certificate.

18 B. A REGISTRATION CERTIFICATE ISSUED FOR REGISTERED TRAINEE APPRAISERS
19 SHALL BE VALID FOR THREE YEARS FROM THE DATE OF ISSUANCE. THE EXPIRATION
20 DATE OF THE REGISTRATION SHALL APPEAR ON THE REGISTRATION CERTIFICATE.

21 Sec. 15. Section 32-3617, Arizona Revised Statutes, is amended to
22 read:

23 32-3617. Nonresident temporary licensure or certification

24 A. Every applicant for nonresident temporary licensure or
25 certification under this chapter who is not a resident of this state shall
26 submit, with the application for nonresident temporary licensure or
27 certification, an irrevocable consent that service of process on the
28 applicant may be made by delivery of the process to the secretary of state
29 if, in an action against the applicant in a court of this state arising out
30 of the applicant's activities as a nonresident temporary state licensed or
31 state certified appraiser, the plaintiff cannot effect, in the exercise of
32 due diligence, personal service on the applicant.

33 B. A nonresident of this state who has complied with subsection A OF
34 THIS SECTION may obtain a nonresident temporary license or certificate as a
35 nonresident temporary state licensed or state certified appraiser by
36 conforming to all of the requirements of this chapter relating to state
37 licensed or state certified appraisers.

38 C. A nonresident of this state who is licensed or certified in another
39 state is entitled to nonresident temporary licensure or certification from
40 the board, which shall be valid until the completion of each appraisal
41 assignment but not for a period of more than one year from the date of
42 issuance, if:

- 43 1. ~~The properties to be appraised are federally related.~~

1 ~~2-~~ 1. The nonresident appraiser's business in this state is of a
2 temporary nature.

3 ~~3-~~ 2. The nonresident appraiser applies with the board on forms
4 prepared by the board.

5 ~~4-~~ 3. The nonresident appraiser pays the nonresident temporary
6 licensure or certification fee required by the board.

7 D. THE BOARD SHALL ADOPT RULES IN FURTHERANCE OF THIS SECTION TO AVOID
8 THE ABUSE OF THE TEMPORARY PRACTICE RIGHTS IN THIS STATE.

9 Sec. 16. Repeal

10 Section 32-3618, Arizona Revised Statutes, is repealed.

11 Sec. 17. Title 32, chapter 36, article 2, Arizona Revised Statutes, is
12 amended by adding a new section 32-3618, to read:

13 32-3618. Reciprocity

14 RECIPROCITY SHALL BE GRANTED TO AN APPRAISER IF ALL OF THE FOLLOWING
15 CONDITIONS APPLY:

16 1. THE APPRAISER HOLDS A CREDENTIAL FROM A STATE THAT IS IN COMPLIANCE
17 WITH 12 UNITED STATES CODE SECTIONS 3310, 3332, 3333, 3335, 3338, 3339, 3341,
18 3342, 3345, 3346, 3347, 3348, 3350, 3351, 3353, 3354 AND 3355.

19 2. THE CREDENTIAL REQUIREMENTS FOR THE STATE DESCRIBED IN PARAGRAPH 1
20 OF THIS SECTION MEET OR EXCEED THOSE OF THIS STATE.

21 3. THE APPRAISER HAS COMPLETED AN APPLICATION FOR LICENSURE OR
22 CERTIFICATION ON A FORM AS PRESCRIBED BY THE BOARD AND SUBMITTED THE FEES
23 PRESCRIBED PURSUANT TO SECTION 32-3607.

24 Sec. 18. Section 32-3619, Arizona Revised Statutes, is amended to
25 read:

26 32-3619. Renewal of license or certificate; fees

27 A. Except as otherwise provided in this section and in section
28 32-4301, to renew a REGISTRATION CERTIFICATE AS A REGISTERED TRAINEE
29 APPRAISER OR A license or certificate as a state licensed or state certified
30 appraiser, the holder of a current, valid license or certificate shall make
31 an application and pay the prescribed fee to the board not earlier than
32 ninety days nor later than thirty days before the expiration date of the
33 license or certificate then held. With the application for renewal, the
34 REGISTERED TRAINEE APPRAISER OR THE state licensed or state certified
35 appraiser shall present evidence in the form prescribed by the board of
36 having completed the continuing education requirements for renewal specified
37 in section 32-3625. The renewal application shall be mailed to the last
38 known address of record not more than ninety days nor less than sixty days
39 before the renewal date.

40 B. The board may accept a renewal application after the expiration
41 date and within ninety days of the date of expiration but shall assess a
42 delinquent renewal fee in addition to the renewal fee.

43 C. An appraiser OR REGISTERED TRAINEE APPRAISER who fails to seek
44 renewal within the time period specified in subsection A or B of this section

1 must reapply for licensure or certification and meet all of the requirements
2 of this chapter.

3 D. An appraiser OR REGISTERED TRAINEE APPRAISER shall not engage in,
4 advertise or purport to engage in real estate appraisal activity in this
5 state after a license or certificate has expired and before the renewal of
6 the expired license or certificate.

7 E. Notwithstanding section 41-1092.11, a license or certificate
8 expires on its expiration date.

9 Sec. 19. Section 32-3620, Arizona Revised Statutes, is amended to
10 read:

11 32-3620. Basis for denial of a license or certificate

12 A. The board may deny the issuance of a license or certificate as a
13 REGISTERED TRAINEE APPRAISER, A SUPERVISORY APPRAISER OR A state licensed or
14 state certified appraiser to an applicant who has been convicted of a felony
15 or on any of the grounds prescribed in this chapter.

16 B. To assist in determining whether grounds exist to deny the issuance
17 of a license or certificate to an applicant, the board may require a criminal
18 background check including the fingerprinting of every applicant for an
19 original license and certificate. The criminal background check may be
20 conducted pursuant to section 41-1750 or in any other manner deemed suitable
21 by the board. The board may charge the cost of each criminal background
22 check to the applicant.

23 C. A person who is denied the issuance of a license or certificate may
24 request, and if requested shall receive, a hearing in accordance with title
25 41, chapter 6, article 10.

26 Sec. 20. Section 32-3621, Arizona Revised Statutes, is amended to
27 read:

28 32-3621. Addresses; telephone numbers; notification of change

29 A. Each REGISTERED TRAINEE APPRAISER OR state licensed or state
30 certified appraiser shall advise the board of the address of the ~~appraiser's~~
31 PERSON'S principal place of business and all other addresses at which the
32 ~~appraiser~~ PERSON is currently engaged in the business of preparing real
33 property appraisal reports.

34 B. Every REGISTERED TRAINEE APPRAISER OR state licensed or state
35 certified appraiser shall notify the board of the ~~appraiser's~~ PERSON'S
36 current residence address. Residence addresses on file with the board are
37 exempt from disclosure as public records.

38 C. Every REGISTERED TRAINEE APPRAISER OR state licensed or state
39 certified appraiser shall provide THE PERSON'S E-MAIL ADDRESS IF ONE EXISTS
40 AND a daytime telephone number to the board.

41 D. If a REGISTERED TRAINEE APPRAISER OR A state licensed or state
42 certified appraiser changes a- THE PERSON'S place of business or residence,
43 E-MAIL ADDRESS or ~~the appraiser's~~ daytime telephone number, the ~~appraiser~~

1 PERSON shall give THE BOARD written notification of the change within ten
2 days after the change to the board.

3 Sec. 21. Section 32-3625, Arizona Revised Statutes, is amended to
4 read:

5 32-3625. Continuing education

6 A. As a prerequisite to renewal of a license or certificate, a state
7 REGISTERED TRAINEE APPRAISER OR A licensed or state certified appraiser shall
8 present evidence satisfactory to the board of having met the continuing
9 education requirements of either subsection B or C OF THIS SECTION.

10 B. The basic continuing education requirement for renewal of a license
11 or certificate is the completion by the applicant, during the immediately
12 preceding term of the license or certificate, of courses or seminars that are
13 approved by the board.

14 C. An applicant for REREGISTERING, relicensing or recertification may
15 satisfy all or part of the continuing education requirements by presenting
16 evidence of the following, which shall be approved by the board:

17 1. Completion of an education program of study determined by the board
18 to be equivalent, for continuing education purposes, to courses approved by
19 the board pursuant to subsection B OF THIS SECTION.

20 2. Participation other than as a student in educational processes and
21 programs that are approved by the board and that relate to appropriate
22 appraisal theory, practices or techniques, including teaching, program
23 development and preparation of textbooks, monographs, articles and other
24 instructional materials, not to exceed fifty per cent of an applicant's
25 continuing education requirements and not for the same course in consecutive
26 renewal periods.

27 D. The board shall adopt rules to assure that persons renewing their
28 licenses or certificates as state licensed or state certified appraisers
29 follow practices and techniques that provide a high degree of service and
30 protection to those members of the public with whom they deal in the
31 professional relationship under the authority of the license or certificate.
32 The rules shall include the following:

33 1. Policies and procedures for obtaining board approval of courses and
34 instruction pursuant to subsection B OF THIS SECTION.

35 2. Standards, policies and procedures to be applied by the board in
36 evaluating an applicant's claims of equivalency in accordance with
37 subsection C OF THIS SECTION.

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

41 E. In adopting rules pursuant to subsection D, paragraph 1 OF THIS
42 SECTION, the board shall give consideration to courses of instruction,
43 seminars and other appropriate appraisal educational courses or programs
44 previously or hereafter developed by or under the auspices of professional

1 appraisal organizations and utilized by those associations for purposes of
2 designation, or indicating compliance with the continuing education
3 requirements of such organizations. No person who offers these courses may
4 discriminate in the opportunity to participate in these courses on the basis
5 of membership or nonmembership in an appraisal organization.

6 F. No amendment or repeal of a rule adopted by the board pursuant to
7 this section may operate to deprive A STATE REGISTERED TRAINEE APPRAISER OR a
8 state licensed or state certified appraiser of credit toward renewal of a
9 license or certificate for any course of instruction either completed by the
10 applicant or enrolled in by the applicant before the amendment or repeal of
11 the rule that would have qualified for continuing education credit under the
12 rule as it existed before the repeal or amendment.

13 G. A license or certificate as a STATE REGISTERED TRAINEE APPRAISER OR
14 A state licensed or state certified appraiser that has been suspended as a
15 result of disciplinary action by the board shall not be reinstated unless the
16 applicant presents evidence of completion of the continuing education
17 required by this chapter.

18 H. A LICENSE OR CERTIFICATE THAT HAS BEEN REVOKED BY THE BOARD SHALL
19 NOT BE REINSTATED UNLESS THE APPLICANT SUCCESSFULLY COMPLETES THE APPROPRIATE
20 REQUIREMENTS OF THE APPRAISAL QUALIFICATIONS BOARD, INCLUDING EDUCATION AND
21 PASSAGE OF THE CURRENT NATIONAL EXAMINATION.

22 Sec. 22. Section 32-3631, Arizona Revised Statutes, is amended to
23 read:

24 32-3631. Disciplinary proceedings

25 A. The rights of an applicant or holder under a license or certificate
26 as a REGISTERED TRAINEE APPRAISER OR A state licensed or state certified
27 appraiser may be revoked or suspended or the holder of the license or
28 certificate may otherwise be disciplined in accordance with this chapter on
29 any of the grounds set forth in this section. The board may investigate the
30 actions of a REGISTERED TRAINEE APPRAISER OR A state licensed or state
31 certified appraiser and may revoke or suspend the rights of a license or
32 certificate holder or otherwise discipline a REGISTERED TRAINEE APPRAISER OR
33 A state licensed or state certified appraiser for any of the following acts
34 or omissions:

35 1. Procuring or attempting to procure a license or certificate
36 pursuant to this chapter by knowingly making a false statement, submitting
37 false information, refusing to provide complete information in response to a
38 question in an application for a license or certificate or committing any
39 form of fraud or misrepresentation.

40 2. Failing to meet the minimum qualifications established by this
41 chapter.

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

1 4. A conviction, including a conviction based on a plea of guilty, of
2 a crime that is substantially related to the qualifications, functions and
3 duties of a person developing appraisals and communicating appraisals to
4 others, or a conviction for any felony or any crime involving moral
5 turpitude.

6 5. An act or omission involving dishonesty, fraud or misrepresentation
7 with the intent to substantially benefit the license or certificate holder or
8 another person or with the intent to substantially injure another person.

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

11 7. Negligence or incompetence BY THE STATE LICENSED OR STATE CERTIFIED
12 APPRAISER in developing an appraisal, in preparing an appraisal report or in
13 communicating an appraisal.

14 8. Wilfully disregarding or violating any of the provisions of this
15 chapter or the rules of the board for the administration and enforcement of
16 this chapter.

17 9. Accepting an appraisal assignment if the employment itself is
18 contingent on the appraiser reporting a predetermined estimate, analysis or
19 opinion or if the fee to be paid is contingent on the opinion, conclusion or
20 value reached or on the consequences resulting from the appraisal assignment.

21 10. Violating the confidential nature of any records to which the
22 REGISTERED TRAINEE APPRAISER OR THE STATE LICENSED OR STATE CERTIFIED
23 appraiser gains access through employment or engagement as A REGISTERED
24 TRAINEE APPRAISER OR an appraiser.

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

27 B. In a disciplinary proceeding based on a civil judgment, ~~the~~ A
28 REGISTERED TRAINEE APPRAISER OR state licensed or state certified appraiser
29 shall be afforded an opportunity to present matters in mitigation and
30 extenuation.

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

34 D. The lapsing or suspension of a license or certificate by operation
35 of law or by order or decision of the board or a court of law, or the
36 voluntary surrender of a license OR CERTIFICATE by a license or certificate
37 holder, shall not deprive the board of jurisdiction to do any of the
38 following within twenty-four months after the expiration of the license or
39 certificate pursuant to section 32-3616:

40 1. Proceed with any investigation of or action or disciplinary
41 proceeding against the license or certificate holder.

42 2. Render a decision suspending or revoking the license or certificate
43 or denying the renewal or right of renewal of the license or certificate.

1 Sec. 23. Section 32-3635, Arizona Revised Statutes, is amended to
2 read:

3 32-3635. Standards of practice

4 A. A REGISTERED TRAINEE APPRAISER OR A state licensed or state
5 certified appraiser shall comply with the standards of professional appraisal
6 practice adopted by the board.

7 B. An appraisal or appraisal report shall not be issued by a real
8 estate appraiser unless it meets the appraisal standards established by this
9 chapter and rules adopted pursuant to this chapter.

10 C. An appraisal review report shall clearly indicate the nature of the
11 review process undertaken and shall separate the review function from any
12 other functions.

13 D. All federally related appraisals shall be in writing.

14 Sec. 24. Section 32-3668, Arizona Revised Statutes, is amended to
15 read:

16 32-3668. Owner requirements

17 A. An appraisal management company applying for registration may not
18 be owned by a person or have any principal of the company who has had any
19 financial, real estate or mortgage lending industry license or certificate
20 refused, denied, canceled, revoked or voluntarily surrendered in this state
21 or in any other state. This requirement may be waived by appeal and at the
22 discretion of the board.

23 B. Each person that owns, is an officer of or has a financial interest
24 in an appraisal management company in this state shall:

25 1. Be of good moral character.

26 2. Submit to a CRIMINAL background investigation as determined by the
27 ~~board~~ CHECK CONDUCTED PURSUANT TO SECTION 41-1750. THE BOARD MAY CHARGE THE
28 COST OF A CRIMINAL BACKGROUND CHECK TO THE APPLICANT.

29 3. Certify to the board that the person has never had any financial,
30 real estate or mortgage lending industry license or certificate refused,
31 denied, canceled, revoked or voluntarily surrendered in this state or in any
32 other state. This requirement may be waived by appeal and at the discretion
33 of the board.

34 Sec. 25. Section 32-3669, Arizona Revised Statutes, is amended to
35 read:

36 32-3669. Controlling person

37 A. Each appraisal management company applying to the board for
38 registration in this state shall designate one controlling person that will
39 be the main contact for all communication between the board and the appraisal
40 management company.

41 B. To serve as a controlling person of an appraisal management
42 company, a person shall:

43 1. Certify to the board that the person has never had any financial,
44 real estate or mortgage lending industry license or certificate issued by

1 this state, or any other state, refused, denied, canceled, revoked or
2 voluntarily surrendered. This requirement may be waived by appeal and at the
3 discretion of the board.

4 2. Be of good moral character.

5 3. Submit to a CRIMINAL background investigation as determined by the
6 board CHECK CONDUCTED PURSUANT TO SECTION 41-1750. THE BOARD MAY CHARGE THE
7 COST OF A CRIMINAL BACKGROUND CHECK TO THE APPLICANT.

8 Sec. 26. Appropriation; state board of appraisal; registered
9 trainee appraisers and supervisory appraisers

10 The sum of \$42,880 is appropriated from the board of appraisal fund
11 established by section 32-3608, Arizona Revised Statutes, in fiscal year
12 2013-2014 to the state board of appraisal for one full-time employee to
13 implement the regulation of registered trainee appraisers and supervisory
14 appraisers pursuant to title 32, chapter 36, Arizona Revised Statutes, as
15 amended by this act.

16 Sec. 27. Applicability

17 This act does not apply to a person who, on or before June 1, 2013, is
18 training under a supervisory appraiser pursuant to rules prescribed by the
19 state board of appraisal and who becomes a state licensed or state certified
20 appraiser, as defined in section 32-3601, Arizona Revised Statutes, as
21 amended by this act, before January 1, 2015.

22 Sec. 28. Exemption from rule making

23 For the purposes of this act, the state board of appraisal is exempt
24 from the rule making requirements of title 41, chapter 6, Arizona Revised
25 Statutes, for two years after the effective date of this act.

APPROVED BY THE GOVERNOR MAY 2, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 2013.

Passed the House April 18, 2013,

Passed the Senate March 6, 2013,

by the following vote: 50 Ayes,

by the following vote: 28 Ayes,

6 Nays, 4 Not Voting

0 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
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

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

S.B. 1316

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 30, 20 13

by the following vote: 27 Ayes,

1 Nays, 2 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

30 day of April, 20 13

at 3:45 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 2nd day of

May

at 2:15 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 2nd day of May, 20 13

at 4:55 o'clock P M.

[Signature]
acting Secretary of State