House Engrossed Senate Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
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CHAPTER 334

SENATE BILL 1197

AN ACT

AMENDING SECTIONS 6-101, 32-3601, 32-3603 AND 32-3605, ARIZONA REVISED STATUTES; REPEALING SECTION 32-3606, ARIZONA REVISED STATUTES; AMENDING SECTION 32-3607, ARIZONA REVISED STATUTES; REPEALING SECTION 32-3608, ARIZONA REVISED STATUTES; AMENDING SECTIONS 32-3609, 32-3610, 32-3611, 32-3612, 32-3613, 32-3614, 32-3614.01, 32-3614.02, 32-3615, 32-3617, 32-3618, 32-3619, 32-3620, 32-3621, 32-3622, 32-3623, 32-3624 AND 32-3625, ARIZONA REVISED STATUTES; REPEALING SECTION 32-3626, ARIZONA REVISED STATUTES; AMENDING SECTIONS 32-3627, 32-3628, 32-3631, 32-3632, 32-3635, 32-3636, 32-3637, 32-3638, 32-3639, 32-3651, 32-3652, 32-3653, 32-3654, 32-3655, 32-3661, 32-3662, 32-3664, 32-3666, 32-3667, 32-3668, 32-3669, 32-3671, 32-3672, 32-3677, 32-3678, 32-3679, 32-3680, 32-4301, 41-1092 AND 41-3024.03, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO REAL ESTATE APPRAISAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 6-101, Arizona Revised Statutes, is amended to read:

6-101. Definitions

In this title, unless the context otherwise requires:

1. "Automated teller machine" means an automated device that is established by a bank, savings and loan association or credit union and that facilitates customer-bank communications activities, including taking deposits and disbursing cash drawn against a customer's deposit account or a customer's preapproved loan account, at a location separate from the home office or a branch.

2. "Bank" means a corporation that holds a banking permit issued pursuant to chapter 2 of this title.

3. "Banking office" means any place of business of the bank at which deposits are received, checks are paid or money is loaned but does not include the premises used for computer operations, proofing, record keeping, accounting, storage, maintenance or other administrative or service functions.

4. "Branch" means any banking office other than the principal banking office.

5. "Department" means the department of financial institutions.

6. "Enterprise" means any person under the jurisdiction of the department other than a financial institution.

7. "Federal deposit insurance corporation" includes any successor to the corporation or other agency or instrumentality of the United States ~~which~~ THAT undertakes to discharge the purposes of the corporation.

8. "Financial institution" means banks, trust companies, savings and loan associations, credit unions, consumer lenders, international banking facilities and financial institution holding companies under the jurisdiction of the department.

9. "Home state" means the state that has granted the bank its charter, permit or license to operate.

10. "Host state" means the state in which a financial institution is doing business and not the state that has granted the bank its charter, permit or license to operate.

11. "In-state financial institution" means a state or federal bank, savings bank, savings and loan association or holding company with its home office located in this state.

12. "International banking facility" means a facility THAT IS represented by a set of asset and liability accounts segregated on the books and records of a commercial bank, the principal office of which is located in this state, and ~~which~~ THAT is incorporated and doing business under the laws of the United States or of this state, a United States branch or agency of a foreign bank, an edge corporation organized under section 25(a) of the federal reserve act (12 United States Code sections

611 through 631) or an agreement corporation having an agreement or undertaking with the board of governors of the federal reserve system under section 25 of the federal reserve act (12 United States Code sections 601 through 604(a)) that includes only international banking facility time deposits and international banking facility extensions of credit as defined in 12 Code of Federal Regulations part 204.

13. "National credit union administration" includes any successor to the organization or other agency or instrumentality of the United States ~~which~~ THAT undertakes to discharge the purposes of the organization.

14. "Out-of-state bank" means a bank, savings bank or savings and loan association that is approved by the superintendent pursuant to section 6-322 and that has a charter, a permit or any other license to operate that is issued by a state other than this state.

15. "Out-of-state financial institution" means a state or federal bank, savings bank, savings and loan association or holding company with its home office in a state other than this state.

16. "Superintendent" means the superintendent of financial institutions.

17. "Title" includes this title, title 32, ~~chapter~~ CHAPTERS 9 AND 36 and title 44, chapter 2.1.

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

32-3601. Definitions

In this chapter, unless the context otherwise requires:

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

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

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

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

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

6. "Appraisal standards board" means the appraisal standards board appointed by the board of trustees of the appraisal foundation to develop, interpret and amend the uniform standards of professional appraisal practice.

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

8. "Appraiser qualifications board" means the appraiser qualifications board that is appointed by the board of trustees of the appraisal foundation to establish the minimum education, experience and examination requirements for real estate appraisers.

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

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

11. "DEPARTMENT" MEANS THE DEPARTMENT OF FINANCIAL INSTITUTIONS.

~~11.~~ 12. "Federal financial institutions examination council" means that agency of the federal government created pursuant to 12 United States Code chapters 34 and 34A, as amended.

~~12.~~ 13. "Federally related transaction" means any real estate related financial transaction that a federal financial institution's regulatory agency or the resolution trust corporation engages in, contracts for or regulates and that requires an appraisal.

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

~~14.~~ 15. "Real estate" means an identified parcel or tract of land, including improvements, if any.

~~15.~~ 16. "Real estate related financial transaction" means any transaction involving the sale of, lease of, purchase of, investment in or exchange of real property, including interests in property or the financing of property, the refinancing of real property or interests in real property and the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

~~16.~~ 17. "Real property" means one or more defined interests, benefits and rights inherent in the ownership of real estate.

~~17.~~ 18. "Registered trainee appraiser" means a person who meets both of the following requirements:

(a) Is registered with the superintendent and meets the appraiser qualifications board's qualifications for trainee appraisers to perform appraisal services only under the direct supervision of a certified appraiser who has met the minimum criteria to be a supervisory appraiser.

(b) Accepts assignments only from the registered trainee appraiser's supervisory appraiser.

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

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

~~20.~~ 21. "~~State licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser" means a person who develops and communicates appraisals and who holds a current, valid license or certificate issued under this chapter.

~~21.~~ 22. "Superintendent" means the superintendent of financial institutions.

~~22.~~ 23. "Supervisory appraiser" means a ~~state certified~~ STATE-CERTIFIED appraiser who has a supervisory appraiser designation and who:

(a) Has been in good standing for the last three years in the jurisdiction in which the registered trainee appraiser practices.

(b) Has not been disciplined in a manner that affects the supervisory appraiser's eligibility to engage in appraisal practice in any jurisdiction in the last three years.

(c) Directly supervises registered trainee appraisers by doing the following:

(i) Accepting responsibility for an appraisal by signing and certifying that the appraisal complies with the uniform standards of professional appraisal practice.

(ii) Reviewing and signing all registered trainee appraiser reports.

~~(iii) Personally inspecting each appraised property with the registered trainee appraiser.~~

~~23.~~ 24. "Value" means the monetary relationship between properties and those who buy, sell or use those properties.

Sec. 3. Section 32-3603, Arizona Revised Statutes, is amended to read:

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

A. All real estate appraisals and appraisal reviews performed on real property in this state shall be performed only by individuals who are registered, licensed or certified in accordance with the requirements of this chapter. No person, other than a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser, may assume or use that title or any title, designation or abbreviation likely to create the impression of registration as a trainee appraiser or licensure or certification as an appraiser by this state.

B. No person other than a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser may receive a fee for a real estate appraisal or an appraisal review of real property in this state. This subsection does not prohibit a supervisory appraiser from remitting compensation to a registered trainee appraiser during the course of training.

Sec. 4. Section 32-3605, Arizona Revised Statutes, is amended to read:

32-3605. Superintendent; duties; powers; immunity

A. The superintendent shall adopt rules in aid or in furtherance of this chapter.

B. The superintendent shall:

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

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

3. In prescribing criteria for licensing and registration, adopt criteria that at a minimum are equal to the minimum criteria for licensing and registration adopted by the appraiser qualifications board.

4. Further define by rule with respect to ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraisers appropriate and reasonable educational experience, appraisal experience and equivalent experience that meets the statutory requirement of this chapter.

5. Adopt the national examination as approved by the appraiser qualifications board for ~~state certified~~ STATE-CERTIFIED appraisers.

6. Adopt the national examination as approved by the appraiser qualifications board for ~~state licensed~~ STATE-LICENSED appraisers.

7. Establish administrative procedures for:

(a) PROCESSING APPLICATIONS FOR LICENSES AND CERTIFICATES, INCLUDING REGISTRATION CERTIFICATES.

(b) Approving or disapproving applications for registration, licensure and certification. ~~and~~

(c) Issuing licenses and certificates, including registration certificates.

8. Define by rule, with respect to ~~state licensed~~ REGISTERED TRAINEE APPRAISERS, STATE-LICENSED and ~~certified~~ STATE-CERTIFIED appraisers, the continuing education requirements for the renewal of licenses or certificates that satisfy the statutory requirements provided in this chapter.

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

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

(a) Prescribing minimum criteria for accepting a complaint against a registered trainee appraiser or a licensed or certified appraiser. The superintendent may not consider a complaint for administrative action if the complaint either:

(i) Relates to an appraisal that was completed more than five years before the complaint was submitted to the superintendent or more than two years after final disposition of any judicial proceeding in which the appraisal was an issue, whichever period of time is greater.

(ii) Is filed against a person who is a staff person of the department of financial institutions and the person is a licensed or certified appraiser and the complaint is against the person's license or certificate and relates to the person's performance of duties. This item ~~does not apply~~ APPLIES to a contract investigator who is under contract with the department for the performance of an appraisal review as defined by the uniform standards of professional appraisal practice. ~~This item does not remove the requirement that the staff person is subject to the ethics rules section of the uniform standards of professional appraisal practice.~~

(b) Defining the process and procedures used in investigating the allegations of the complaint. The superintendent shall consolidate complaints that are filed within a six-month period of time if the complaints are against the same appraiser, relate to the same appraisal and property and are filed by an entity that is subject to the mandatory reporting provisions of the Dodd-Frank Wall Street reform and consumer protection act (P.L. 111-203; 124 Stat. 1376). Complaints that are consolidated pursuant to this subdivision must be considered and adjudicated as one complaint.

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

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

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

12. Issue decrees of censure, fix periods and terms of probation and suspend and revoke licenses and certificates pursuant to the disciplinary proceedings provided for in section 32-3631.

13. At least monthly transmit to the appraisal subcommittee a ~~roster~~ listing ~~individuals who~~ OF ALL APPRAISAL MANAGEMENT COMPANIES THAT have received a state certificate ~~or license~~ OF REGISTRATION in accordance with this chapter.

14. Report on the disposition of any matter referred by the appraisal subcommittee or any other federal agency or instrumentality or federally recognized entity reporting any action of a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser OR APPRAISAL MANAGEMENT COMPANY that is contrary to this chapter.

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

~~16.~~ 15. Transmit the national registry fee collected pursuant to section 32-3607 to the appraisal subcommittee.

~~17.~~ 16. Establish the fees in accordance with section 32-3607.

17. RECEIVE APPLICATIONS FOR STATE LICENSES AND CERTIFICATES.

18. MAINTAIN A REGISTRY OF THE NAMES AND ADDRESSES OF PERSONS WHO ARE REGISTERED, LICENSED OR CERTIFIED UNDER THIS CHAPTER.

19. RETAIN RECORDS AND ALL APPLICATION MATERIALS SUBMITTED TO THE SUPERINTENDENT.

20. PUBLISH ON THE DEPARTMENT'S WEBSITE A CURRENT LIST OF SUPERVISORY APPRAISERS AND REGISTERED TRAINEE APPRAISERS.

~~18.~~ 21. Perform such other functions and duties as may be necessary to carry out this chapter.

C. The superintendent may accept and spend federal monies and grants, gifts, contributions and devises from any public or private source to assist in carrying out the purposes of this chapter. These monies do not revert to the state general fund at the end of the fiscal year.

D. The ~~board~~ SUPERINTENDENT may impose a civil penalty pursuant to section ~~32-3632~~ 32-3631.

Sec. 5. Repeal

Section 32-3606, Arizona Revised Statutes, is repealed.

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

32-3607. Fees; use of credit cards; appraisal subcommittee fund

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

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

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

3. An examination fee in an amount to be determined by the ~~board~~ SUPERINTENDENT.

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

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

6. A two-year national registry fee of not to exceed the actual cost of twice the current annual national registry fee FOR A STATE-LICENSED OR STATE-CERTIFIED APPRAISER.

7. A ONE-YEAR NATIONAL REGISTRY FEE NOT TO EXCEED THE ACTUAL COST OF THE CURRENT ANNUAL NATIONAL REGISTRY FEE FOR APPRAISAL MANAGEMENT COMPANIES.

~~7.~~ 8. A nonresident temporary licensure or certification fee of not more than one hundred fifty dollars.

~~8.~~ 9. A course approval fee of not more than five hundred dollars.

~~9.~~ 10. An application fee to be a registered trainee appraiser in an amount to be determined by the ~~board~~ SUPERINTENDENT.

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

C. Pursuant to section 35-142, subsection ~~I~~ J, the ~~board~~ SUPERINTENDENT may accept a credit card or debit card for the payment of fees established by this section. The ~~board~~ SUPERINTENDENT may impose a convenience fee for payment made pursuant to this subsection in an amount to be determined by the ~~board~~ SUPERINTENDENT.

D. THE APPRAISAL SUBCOMMITTEE FUND IS ESTABLISHED CONSISTING OF NATIONAL REGISTRY FEE MONIES COLLECTED PURSUANT TO THIS SECTION. THE DEPARTMENT SHALL ADMINISTER THE FUND. THE DEPARTMENT SHALL USE THE MONIES TO PROMPTLY REMIT THE NATIONAL REGISTRY FEES TO THE APPRAISAL SUBCOMMITTEE FOR STATE-LICENSED APPRAISERS, STATE-CERTIFIED APPRAISERS, REGISTERED APPRAISAL MANAGEMENT COMPANIES OR APPRAISAL MANAGEMENT COMPANIES THAT OPERATE AS A SUBSIDIARY OF A FEDERALLY REGULATED FINANCIAL INSTITUTION.

Sec. 7. Repeal; transfer of monies

A. Section 32-3608, Arizona Revised Statutes, is repealed.

B. All unexpended and unencumbered monies remaining in the board of appraisal fund established by section 32-3608, Arizona Revised Statutes, as repealed by subsection A of this section, are transferred to the state general fund on the effective date of this section.

Sec. 8. Section 32-3609, Arizona Revised Statutes, is amended to read:

32-3609. Confidential records

Except as otherwise provided by law, the following records are confidential:

1. Questions contained in any examination administered by or for the ~~board~~ SUPERINTENDENT or in any examination submitted to the ~~board~~ SUPERINTENDENT for course approval.

2. Questions asked and the answers of individual examinees, except that the ~~board~~ SUPERINTENDENT shall provide the grades of each examinee for public inspection and copying.

3. Appraisal reports or appraisal reviews and supporting documentation deemed confidential under the uniform standards of professional appraisal practice edition adopted by the ~~board~~ SUPERINTENDENT.

4. All documents associated with a complaint ~~until the complaint is resolved~~ AS PRESCRIBED BY SECTION 6-129.

Sec. 9. Section 32-3610, Arizona Revised Statutes, is amended to read:

32-3610. Uniform standards of professional appraisal practice; state standards; exception

The uniform standards of professional appraisal practice as published by the appraisal standards board are the standards for the appraisal practice in this state unless the ~~board~~ SUPERINTENDENT objects.

Sec. 10. Section 32-3611, Arizona Revised Statutes, is amended to read:

32-3611. Registration, licensure and certification process

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

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

C. At the time of filing an application for registration, licensure or certification, each applicant shall sign a pledge to comply with the standards set forth in this chapter and shall state that the applicant understands the types of misconduct for which disciplinary proceedings may be initiated against a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser, as set forth in this chapter.

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

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

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

3. Not have had a license or certificate revoked pursuant to this chapter within five years immediately preceding the application.

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

E. Applications for registration, licensure or certification by persons who are charged or under indictment for fraud involving appraisal of real property may be denied pending final disposition of the charge or indictment. On final disposition, the ~~board~~ SUPERINTENDENT shall review the proceedings and act on the application.

Sec. 11. Section 32-3612, Arizona Revised Statutes, is amended to read:

32-3612. <u>Classifications of licensure, registration and certification</u>

The following classifications are established:

1. ~~State certified~~ STATE-CERTIFIED general real estate appraisers consisting of those persons meeting the requirements for certification relating to the appraisal or appraisal review of all types of real property.

2. ~~State certified~~ STATE-CERTIFIED residential real estate appraisers consisting of those persons meeting the requirements for certification relating to the appraisal or appraisal review of one to four

residential units without regard to value or complexity. The classification includes the appraisal for federally and nonfederally related transactions of vacant or unimproved land that is used for one to four family purposes or for which the highest and best use is for one to four family purposes. This classification does not include the appraisal of a subdivision for which a development analysis or appraisal is necessary.

3. ~~State licensed~~ STATE-LICENSED real estate appraisers consisting of those persons meeting the requirements for licensing relating to appraisal or appraisal review of noncomplex one to four residential units having a value of less than one million dollars and complex one to four residential units having a value of less than two hundred fifty thousand dollars. The classification includes the appraisal for nonfederally related transactions of vacant or unimproved land that is used for one to four family purposes or for which the highest and best use is for one to four family purposes. This classification does not include the appraisal of subdivisions for which a development analysis or appraisal is necessary.

4. Registered trainee appraisers who may not appraise any property type without being subject to the direct control and supervision of the registered trainee appraiser's designated supervisory appraiser.

5. Supervisory appraisers.

Sec. 12. Section 32-3613, Arizona Revised Statutes, is amended to read:

32-3613. Application and qualification requirements for licensure

A. An application for ~~licensing~~ LICENSURE and examination shall be made on forms as prescribed by the ~~board~~ SUPERINTENDENT and BE accompanied by the required fees.

B. ~~Those~~ Persons filing for ~~licensing~~ LICENSURE shall meet the minimum criteria for ~~licensing~~ LICENSURE established by the ~~board~~ SUPERINTENDENT under section 32-3605, subsection B, paragraph 3.

C. ~~No~~ A person may NOT be a ~~state licensed~~ STATE-LICENSED appraiser unless the person has achieved a passing grade on the national examination approved by the appraiser qualifications board.

Sec. 13. Section 32-3614, Arizona Revised Statutes, is amended to read:

32-3614. Application and qualification requirements for certification

A. An application for certification and examination shall be made on forms prescribed by the ~~board~~ SUPERINTENDENT and BE accompanied by the required fees.

B. ~~Those~~ Persons filing for certification shall meet the minimum criteria for certification established by the ~~board~~ SUPERINTENDENT under section 32-3605, subsection B, paragraph 2 and section 32-3615.

C. ~~No~~ A person may NOT be a ~~state certified~~ STATE-CERTIFIED real estate appraiser unless the person has achieved a passing grade on the national examination approved by the appraiser qualifications board.

D. Persons presenting evidence showing successful completion of the requirements of this section shall be recognized as having met the qualifications as a ~~state certified~~ STATE-CERTIFIED real estate appraiser.

Sec. 14. Section 32-3614.01, Arizona Revised Statutes, is amended to read:

32-3614.01. Application for registered trainee appraiser certificates

An application for a registered trainee appraiser certificate shall be made on a form prescribed by the ~~board~~ SUPERINTENDENT and BE accompanied by the fees prescribed by section 32-3607. An applicant must complete education requirements as outlined by the appraiser qualifications board. The applicant must submit proof that the applicant has successfully passed the required courses that are specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers and that comply with the specifications established by the appraiser qualifications board.

Sec. 15. Section 32-3614.02, Arizona Revised Statutes, is amended to read:

32-3614.02. Application for supervisory appraiser designation

An application for a supervisory appraiser designation shall be made on a form prescribed by the ~~board~~ SUPERINTENDENT. The applicant must submit proof of successful completion of a course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers and that complies with the specifications established by the appraiser qualifications board.

Sec. 16. Section 32-3615, Arizona Revised Statutes, is amended to read:

32-3615. Experience requirement for licensure or certification

A. Each applicant for licensure or certification shall have experience that was acquired within ten years immediately preceding the filing of the application for licensure or certification.

B. Each applicant for licensure or certification shall furnish under oath a detailed listing of the real estate or other appraisal reports, review reports or filed memoranda for each year for which experience is claimed by the applicant. On request, the applicant shall make available to the ~~board~~ SUPERINTENDENT for examination copies of appraisal reports ~~which~~ THAT the applicant has prepared in the course of the applicant's appraisal experience.

Sec. 17. Section 32-3617, Arizona Revised Statutes, is amended to read:

32-3617. Nonresident temporary licensure or certification

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

B. A nonresident of this state who has complied with subsection A of this section may obtain a nonresident temporary license or certificate as a nonresident temporary ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser by conforming to all of the requirements of this chapter relating to ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraisers.

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

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

2. The nonresident appraiser applies with the ~~board~~ SUPERINTENDENT on forms ~~prepared~~ PRESCRIBED by the ~~board~~ SUPERINTENDENT.

3. The nonresident appraiser pays the nonresident temporary licensure or certification fee required by the ~~board~~ SUPERINTENDENT.

D. The ~~board~~ SUPERINTENDENT shall adopt rules in furtherance of this section to avoid the abuse of the temporary practice rights in this state.

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

32-3618. Reciprocity

Reciprocity shall be granted to an appraiser if all of the following conditions apply:

1. The appraiser holds a credential from a state that is in compliance with 12 United States Code sections 3310, 3332, 3333, 3335, 3338, 3339, 3341, 3342, 3345, 3346, 3347, 3348, 3350, 3351, 3353, 3354 and 3355.

2. The credential requirements for the state described in paragraph 1 of this section meet or exceed those of this state.

3. The appraiser has completed an application for licensure or certification on a form as prescribed by the ~~board~~ SUPERINTENDENT and submitted the fees prescribed pursuant to section 32-3607.

Sec. 19. Section 32-3619, Arizona Revised Statutes, is amended to read:

32-3619. Renewal of license or certificate; fees

A. Except as otherwise provided in this section and in section 32-4301, to renew a registration certificate as a registered trainee appraiser or a license or certificate as a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser, the holder of a current, valid license or certificate shall ~~make an application~~ APPLY and pay the prescribed fee to the ~~board~~ SUPERINTENDENT not earlier than ninety days nor later than thirty days before ~~the expiration date of~~ the license or certificate ~~then held~~ EXPIRES. With the application for renewal, the registered trainee appraiser or the ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall present evidence in the form prescribed by the ~~board~~ SUPERINTENDENT of having completed the continuing education requirements for renewal specified in section 32-3625.

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

C. An appraiser or registered trainee appraiser who fails to seek renewal within the time period specified in subsection A or B of this section must reapply for licensure or certification and meet all of the requirements of this chapter.

D. An appraiser or registered trainee appraiser shall not engage in, advertise or purport to engage in real estate appraisal activity in this state after a license or certificate has expired and before the renewal of the expired license or certificate except as provided in section 41-1092.11.

Sec. 20. Section 32-3620, Arizona Revised Statutes, is amended to read:

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

A. The ~~board~~ SUPERINTENDENT may deny the initial issuance or renewal of a license or certificate as a registered trainee appraiser, a supervisory appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser to an applicant who has been convicted of a felony or on any of the grounds prescribed in this chapter.

B. To assist in determining whether grounds exist to deny the initial issuance or renewal of a license or certificate to an applicant, the ~~board~~ SUPERINTENDENT shall require the applicant to ~~obtain~~ APPLY FOR a valid fingerprint clearance card issued pursuant to section 41-1758.03.

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

Sec. 21. Section 32-3621, Arizona Revised Statutes, is amended to read:

32-3621. Addresses; telephone numbers; e-mail addresses; notification of change

A. Each registered trainee appraiser or ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall advise the ~~board~~ SUPERINTENDENT of the address of the person's principal place of business and all other addresses at which the person is currently engaged in the business of preparing real property appraisal reports.

B. Every registered trainee appraiser or ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall notify the ~~board~~ SUPERINTENDENT of the person's current residence address. Residence addresses on file with the ~~board~~ SUPERINTENDENT are exempt from disclosure as public records.

C. Every registered trainee appraiser or ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall provide the person's e-mail address if one exists and a daytime telephone number to the ~~board~~ SUPERINTENDENT.

D. If a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser changes the person's place of business or residence, e-mail address or daytime telephone number, the person shall give the ~~board~~ SUPERINTENDENT written notification of the change within ten days after the change.

Sec. 22. Section 32-3622, Arizona Revised Statutes, is amended to read:

32-3622. Licenses and certificates

A. A license or certificate issued under this chapter shall be signed on behalf of the ~~board~~ SUPERINTENDENT and shall bear the license or certificate number assigned by the ~~board~~ SUPERINTENDENT.

B. Each ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall place the appraiser's license or certificate number adjacent to or immediately below the title "~~state licensed~~ STATE-LICENSED appraiser" or "~~state certified~~ STATE-CERTIFIED appraiser", and the number shall be included in an appraisal report or in a contract or other instrument used by the license or certificate holder in conducting appraisal activities.

Sec. 23. Section 32-3623, Arizona Revised Statutes, is amended to read:

32-3623. Use of term

A. The term "~~state licensed~~ STATE-LICENSED appraiser" or "~~state certified~~ STATE-CERTIFIED appraiser" may only be used to refer to individuals who hold the license or certificate and may not be used after or immediately in connection with the name or signature of a firm, partnership, corporation or group or in such a manner that it might be

interpreted as referring to a firm, partnership, corporation or group or anyone other than the individual holder of the license or certificate.

B. A license or certificate shall not be issued under this chapter to a corporation, partnership, firm or group. This subsection shall not be construed to prevent a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser from signing an appraisal report on behalf of a corporation, partnership, firm or group.

Sec. 24. Section 32-3624, Arizona Revised Statutes, is amended to read:

32-3624. Professional corporations and partnerships

A corporation, partnership or other business entity may provide appraisal services in connection with transactions related to this chapter if the appraisal is prepared by individuals WHO ARE licensed or certified in accordance with this chapter. An individual who is not a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser may assist in the preparation of an appraisal if both of the following apply:

1. The assistant is under the direct supervision of a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser.

2. The final appraisal document is approved and signed by an individual who is licensed or certified.

Sec. 25. Section 32-3625, Arizona Revised Statutes, is amended to read:

32-3625. Continuing education

A. As a prerequisite to renewal of a license or certificate, a ~~state registered~~ STATE-REGISTERED trainee appraiser or a ~~licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall present evidence satisfactory to the ~~board~~ SUPERINTENDENT of having met the continuing education requirements of either subsection B or C of this section.

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

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

1. Completion of an education program of study determined by the ~~board~~ SUPERINTENDENT to be equivalent, for continuing education purposes, to courses approved by the ~~board~~ SUPERINTENDENT pursuant to subsection B of this section.

2. Participation other than as a student in educational processes and programs that are approved by the ~~board~~ SUPERINTENDENT and that relate to appropriate appraisal theory, practices or techniques, including teaching, program development and preparation of textbooks, monographs,

articles and other instructional materials, not to exceed fifty ~~per cent~~ PERCENT of an applicant's continuing education requirements and not for the same course in consecutive renewal periods.

D. The ~~board~~ SUPERINTENDENT shall adopt rules to ~~assure~~ ENSURE that ~~persons renewing their licenses or certificates~~ A PERSON WHO RENEWS THE PERSON'S LICENSE OR CERTIFICATE as ~~state licensed~~ A STATE-LICENSED or ~~state certified appraisers follow~~ STATE-CERTIFIED APPRAISER FOLLOWS practices and techniques that provide a high degree of service and protection to ~~those~~ members of the public with whom ~~they deal~~ THE PERSON DEALS in the professional relationship under the authority of the license or certificate. The rules shall include the following:

1. Policies and procedures for obtaining ~~board~~ THE SUPERINTENDENT'S approval of courses and instruction pursuant to subsection B of this section.

2. Standards, policies and procedures to be applied by the ~~board~~ SUPERINTENDENT in evaluating an applicant's claims of equivalency in accordance with subsection C of this section.

3. Standards, monitoring methods and systems for recording attendance to be employed by course sponsors as a prerequisite to ~~board~~ THE SUPERINTENDENT'S approval of courses for credit.

E. In adopting rules pursuant to subsection D, paragraph 1 of this section, the ~~board~~ SUPERINTENDENT shall give consideration to courses of instruction, seminars and other appropriate appraisal educational courses or programs previously or hereafter developed by or under the auspices of professional appraisal organizations and ~~utilized~~ USED by those associations for purposes of designation~~,~~ or indicating compliance with the continuing education requirements of such organizations. ~~No~~ A person who offers these courses may NOT discriminate in the opportunity to participate in these courses on the basis of membership or nonmembership in an appraisal organization.

F. ~~No~~ AN amendment or repeal of a rule adopted by the ~~board~~ SUPERINTENDENT pursuant to this section may ~~operate to~~ NOT deprive a ~~state registered~~ STATE-REGISTERED trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser of credit toward renewal of a license or certificate for any course of instruction ~~either completed by~~ THAT the applicant EITHER COMPLETED or enrolled in ~~by the applicant~~ before the amendment or repeal of the rule that would have qualified for continuing education credit ~~under the rule~~ as ~~it~~ THE RULE existed before the repeal or amendment.

G. A license or certificate as a ~~state registered~~ STATE-REGISTERED trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser that has been suspended as a result of disciplinary action by the ~~board~~ SUPERINTENDENT shall not be reinstated unless the applicant presents evidence of completion of the continuing education required by this chapter.

H. A license or certificate that has been revoked by the ~~board~~ SUPERINTENDENT shall not be reinstated unless the applicant successfully completes the appropriate requirements of the appraisal qualifications board, including education and passage of the current national examination.

Sec. 26. Repeal

Section 32-3626, Arizona Revised Statutes, is repealed.

Sec. 27. Section 32-3627, Arizona Revised Statutes, is amended to read:

32-3627. Inactive license or certificate status; reactivation application; renewal application and fee; continuing education

A. Any license or certificate holder may request that the license or certificate be placed on inactive status by filing with the ~~board~~ SUPERINTENDENT an application that includes all of the following:

1. The license or certificate holder's name.

2. The license or certificate number.

3. A request for inactive status.

B. The period a license or certificate is on inactive status under this section may not exceed two years.

C. A license or certificate holder who is on inactive status shall not do either of the following:

1. Represent that the license or certificate holder is an active appraiser licensed or certified in this state.

2. Perform real estate appraisals or appraisal reviews on real estate in this state.

D. A license or certificate holder WHO IS on inactive status under this section must file with the ~~board~~ SUPERINTENDENT an application for reactivation of the license or certificate before resuming real estate appraisal activity.

E. To return to active status, ~~an~~ THE inactive license or certificate holder shall do both of the following:

1. File with the ~~board~~ SUPERINTENDENT an application for reactivation of the license or certificate.

2. Provide evidence of completion of the required continuing education that the license or certificate holder would have been required to meet during the period when the license or certificate holder's license or certificate was on inactive status.

F. If the holder of an inactive license or certificate under this section does not file an application for reactivation within a ~~two-year~~ TWO-YEAR period, that person must reapply for licensure or certification pursuant to the requirements of this chapter.

G. A license or certificate holder who is on inactive status pursuant to this section remains on inactive status until the ~~board~~

SUPERINTENDENT approves the application for reactivation of the license or certificate.

H. The ~~board~~ SUPERINTENDENT may take disciplinary or remedial action against a license or certificate holder who is on inactive status pursuant to this section.

I. A license or certificate holder who places the holder's license or certificate on inactive status must pay the renewal fee and complete an application for renewal as prescribed in section 32-3619. ~~A~~ THE license or certificate holder on inactive status is not required to provide evidence of completion of the continuing education requirements until the application for reactivation is filed pursuant to subsection E of this section.

Sec. 28. Section 32-3628, Arizona Revised Statutes, is amended to read:

32-3628. Inactive license or certificate status during military duty; reactivation application; renewal application and fee; continuing education

A. A license or certificate holder who is ordered to active military duty with the United States armed forces may request that the license or certificate be placed on inactive status by filing with the ~~board~~ SUPERINTENDENT an application that includes all of the following:

1. The license or certificate holder's name.
2. The license or certificate number.
3. The date that the active military duty begins.
4. A request for inactive status.

B. The license or certificate is deemed to be on inactive status while the license or certificate holder is on active military duty, but the period of inactive status may not exceed three years.

C. A license or certificate holder who is on inactive status pursuant to this section shall not do either of the following:

1. Represent that the holder is an active appraiser licensed or certified in this state.
2. Perform real estate appraisals or appraisal reviews on real estate in this state.

D. A license or certificate holder WHO IS on inactive status must file with the ~~board~~ SUPERINTENDENT an application for reactivation of the license or certificate within one hundred eighty days after returning home from active military duty.

E. If the holder of an inactive license or certificate timely files an application for reactivation of the license or certificate, the license or certificate is returned to active status on the ~~board's~~ SUPERINTENDENT'S approval of the application for reactivation. The ~~time period for completion of~~ LICENSE OR CERTIFICATE HOLDER SHALL COMPLETE the continuing education requirements that ~~the license or certificate holder~~ would otherwise have been required ~~to meet during the period~~ when the

license or certificate was on inactive status ~~is extended for a period not to exceed~~ WITHIN ninety days after THE PERSON'S return from active military duty. The license or certificate holder must submit proof of completion of any continuing education requirements to the ~~board~~ SUPERINTENDENT no later than one hundred twenty days after completion.

F. If the holder of an inactive license or certificate under this section does not ~~make a~~ timely ~~application~~ APPLY for reactivation as required by subsection D of this section, the holder must reapply for licensure or certification meeting all of the requirements of this chapter.

G. A license or certificate holder who is on inactive status pursuant to this section remains on inactive status until the ~~board~~ SUPERINTENDENT approves the application for reactivation of the license or certificate.

H. The holder of an inactive license or certificate applying for reactivation of the license or certificate under this section shall include with the application for reactivation a copy of the documentation from the armed forces showing the period of time that the holder of the inactive license or certificate was on active military duty.

I. Any license or certificate holder who places the holder's license or certificate on inactive status under this section must pay the renewal fee prescribed in section 32-3607 and complete an application for renewal pursuant to section 32-3619. A license or certificate holder on inactive status pursuant to this section who files an application for reactivation ~~is required to~~ SHALL provide evidence of completion of the continuing education requirements pursuant to subsection E of this section.

J. For the purposes of this section, active military duty does not include service persons performing weekend drill and annual training.

Sec. 29. Section 32-3631, Arizona Revised Statutes, is amended to read:

32-3631. Disciplinary proceedings; civil penalties

A. The rights of an applicant or holder under a license or certificate as a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser may be revoked or suspended, or the holder of the license or certificate may otherwise be disciplined, including being placed on probation as prescribed by rule, in accordance with this chapter on any of the grounds set forth in this section. The ~~board~~ SUPERINTENDENT may investigate the actions of a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser in this state or in any other state and may revoke or suspend the rights of a license or certificate holder or otherwise discipline a registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser for any of the following acts or omissions:

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

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

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

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

5. COMMITTING an act or omission involving dishonesty, fraud or misrepresentation with the intent to substantially benefit the license or certificate holder or another person or with the intent to substantially injure another person.

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

7. ~~Negligence or incompetence by the state licensed~~ BEING NEGLIGENT OR INCOMPETENT AS A STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser in developing an appraisal, in preparing an appraisal report or in communicating an appraisal.

8. Wilfully disregarding or violating any ~~of the~~ provisions of this chapter or ~~a board~~ AN order or ~~the rules of the board~~ RULE OF THE SUPERINTENDENT for the administration and enforcement of this chapter.

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

10. Violating the confidential nature of any records to which the registered trainee appraiser or the ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser gains access through employment or engagement as a registered trainee appraiser or an appraiser.

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

B. In a disciplinary proceeding based on a civil judgment, a registered trainee appraiser or ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser ~~shall be afforded an opportunity to~~ MAY present matters in mitigation and extenuation.

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

D. The lapsing or suspension of a license or certificate by operation of law or by AN order or decision of the ~~board~~ SUPERINTENDENT or a court of law, or the voluntary surrender of a license or certificate by a license or certificate holder, shall not deprive the ~~board~~ SUPERINTENDENT of jurisdiction to do ~~any~~ EITHER of the following within twenty-four months after the expiration of the license or certificate pursuant to section 32-3616:

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

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

E. IF THE SUPERINTENDENT DETERMINES THAT A STATE-LICENSED OR STATE-CERTIFIED APPRAISER IS IN VIOLATION OF THIS CHAPTER, THE SUPERINTENDENT MAY TAKE DISCIPLINARY OR REMEDIAL ACTION AND MAY IMPOSE A CIVIL PENALTY NOT TO EXCEED THREE THOUSAND DOLLARS PER COMPLAINT FILED WITH THE SUPERINTENDENT PURSUANT TO THS CHAPTER. ALL CIVIL PENALTIES COLLECTED PURSUANT TO THIS SUBSECTION SHALL BE DEPOSITED IN THE DEPARTMENT REVOLVING FUND ESTABLISHED BY SECTION 6-135.

Sec. 30. Section 32-3632, Arizona Revised Statutes, is amended to read:

32-3632. Hearing and judicial review; costs and fees; appeal

A. The hearing on the charges shall be at a time and place prescribed by the ~~board~~ and shall be in accordance with title 41, chapter 6, article 10.

~~B. If the board determines that a state licensed or state certified appraiser is in violation of this chapter, it shall prepare a finding of fact and take disciplinary or remedial action and may impose a civil penalty not to exceed three thousand dollars per complaint filed with the board pursuant to this chapter. All civil penalties collected pursuant to this subsection shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.~~

~~C.~~ B. If a case proceeds to a ~~formal~~ hearing before either the ~~board~~ SUPERINTENDENT or ~~the office of administrative hearings~~ AN ADMINISTRATIVE LAW JUDGE, both of the following apply:

1. If the ~~board~~ DEPARTMENT sustains its burden of proof and prevails on the merits of the case, the ~~board~~ DEPARTMENT may collect from the respondent applicant, registered trainee appraiser, appraiser or property tax agent the ~~board's~~ DEPARTMENT'S costs and expenses associated with the formal hearing, including reasonable attorney fees, expert testimony and preparation fees, investigative costs and expenses and costs incurred relating to the office of administrative hearings and court

reporters. All monies collected pursuant to this paragraph shall be deposited~~, pursuant to sections 35-146 and 35-147, in the board of appraisal fund established by section 32-3608. Notwithstanding section 35-143.01, these monies may be spent without legislative appropriation~~ IN THE DEPARTMENT REVOLVING FUND ESTABLISHED BY SECTION 6-135.

2. If the ~~board~~ DEPARTMENT does not sustain its burden of proof and the respondent applicant, registered trainee appraiser, appraiser or property tax agent prevails on the merits of the case, the respondent applicant, registered trainee appraiser, appraiser or property tax agent may collect from the ~~board~~ DEPARTMENT fees and other costs associated with the formal hearing.

~~D.~~ C. Except as provided in section 41-1092.08, subsection H, any final decision or order of the ~~board~~ SUPERINTENDENT may be appealed to the superior court pursuant to title 12, chapter 7, article 6.

Sec. 31. Section 32-3635, Arizona Revised Statutes, is amended to read:

32-3635. Standards of practice; unprofessional conduct

A. A registered trainee appraiser or a ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall comply with the standards of professional appraisal practice adopted by the ~~board~~ SUPERINTENDENT.

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

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

D. All federally related appraisals shall be in writing.

E. Failure to pay ~~board-imposed~~ THE fees and expenses authorized by section 32-3632, subsection ~~C~~ B is unprofessional conduct as defined by uniform standards of professional appraisal practice.

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

32-3636. Contingent fees

A ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser may not accept a fee for an appraisal assignment that is contingent on the appraiser reporting a predetermined estimate, analysis or opinion or that is contingent on the opinion, conclusion or value reached or on the consequences resulting from the appraisal assignment.

Sec. 33. Section 32-3637, Arizona Revised Statutes, is amended to read:

32-3637. Retention of records; definition

A. A ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall retain a work file for at least five years after preparation of the work file or at least two years after final

disposition of any judicial proceeding in which the appraiser provided testimony related to the work file, whichever period of time is greater.

B. A ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser shall do either of the following:

1. Have custody of the appraiser's work file.

2. Make appropriate work file retention, access and retrieval arrangements with the party having custody of the work file.

C. The ~~board~~ SUPERINTENDENT may inspect all records required to be maintained under this chapter by the ~~state licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser on reasonable notice to the appraiser.

D. For the purposes of this section, "work file" includes documentation that is necessary to support an appraiser's analyses, opinions and conclusions and that demonstrates compliance with the uniform standards of professional appraisal practice.

Sec. 34. Section 32-3638, Arizona Revised Statutes, is amended to read:

32-3638. Violation; classification

Any person who performs a real estate appraisal or appraisal review, who is not licensed or certified under this chapter and who knowingly assumes or uses any title, designation or abbreviation likely to create the impression of licensure or certification by this state or any person who knowingly provides false or fraudulent information to the ~~board~~ SUPERINTENDENT is guilty of a class 1 misdemeanor.

Sec. 35. Section 32-3639, Arizona Revised Statutes, is amended to read:

32-3639. Damages; injunctive relief

If the ~~board~~ SUPERINTENDENT has a reasonable basis to believe, after investigation, that any person is violating any provision of this chapter, the ~~board~~ SUPERINTENDENT may bring an action in superior court for appropriate injunctive or other equitable relief, damages sustained and taxable costs and reasonable attorney fees.

Sec. 36. Section 32-3651, Arizona Revised Statutes, is amended to read:

32-3651. Definitions

In this article, unless the context otherwise requires:

1. "Analysis" means the review of a property valuation or legal classification established by a county assessor in the representation of a person in appealing the property valuation OR LEGAL CLASSIFICATION to the county assessor.

2. "Appraisal" means the development of real or personal property ~~value~~ VALUATION or legal classification opinions or conclusions.

~~3. "Board" means the state board of appraisal.~~

~~4.~~ 3. "Property tax agent" means an individual who is designated by a person or is an employee of an entity designated as an agent pursuant

to section 42-16001, who acts on behalf of a person who owns, controls or possesses property valued by a county assessor or the department of revenue and who receives a fee for the analysis of any matter relating to the review of the valuation or legal classification of the person's property before the assessor, the county or state board of equalization or the department of revenue. Property tax agent does not include a person who is admitted to practice law in this state, an employee of the person owning, controlling or possessing the property or an employee of an entity designated pursuant to section 42-16001, if such employee is performing a secretarial, clerical or administrative support function.

Sec. 37. Section 32-3652, Arizona Revised Statutes, is amended to read:

32-3652. Registration; renewal; fees

A. An individual who wishes to act as a property tax agent shall apply for registration by submitting to the ~~board~~ SUPERINTENDENT a completed application form prescribed by the ~~board~~ SUPERINTENDENT with the initial registration fee. The applicant shall also file with the ~~board~~ SUPERINTENDENT an affidavit stating whether the applicant has been convicted of a felony or any misdemeanor involving dishonesty or moral turpitude in this or any other state within the last ten years. The ~~board~~ SUPERINTENDENT may review the affidavit and issue or deny the registration based on its findings.

B. Except as provided in section 32-4301, registration is valid for two years. An individual may renew a registration by submitting to the ~~board~~ SUPERINTENDENT a renewal form prescribed by the ~~board~~ SUPERINTENDENT with the renewal fee on or before the date the registration expires.

C. An appraiser WHO IS licensed or certified pursuant to this chapter may register and renew registration as a property tax agent without paying the fee prescribed by this section.

D. The ~~board~~ SUPERINTENDENT shall issue a certificate of registration to an individual~~,~~ if the individual complies with this section and ~~the individual~~ is not prohibited from registering pursuant to section 32-3654.

E. A person shall not act as a property tax agent if the person is not registered pursuant to this section.

F. The ~~board~~ SUPERINTENDENT shall collect from each individual a fee of:

1. Two hundred dollars for an initial registration.
2. One hundred dollars for a renewal.
3. Five dollars for a duplicate registration certificate.

~~G. The board shall deposit, pursuant to sections 35-146 and 35-147, monies collected pursuant to subsection F of this section in the board of appraisal fund.~~

Sec. 38. Section 32-3653, Arizona Revised Statutes, is amended to read:

32-3653. Property tax agent conduct

A property tax agent:

1. Shall not knowingly misrepresent any information or act in a fraudulent manner.

2. Shall not prepare documents or provide evidence in a property valuation or legal classification appeal unless the agent is authorized by the property owner to do so and any required agency authorization form has been filed.

3. Shall not knowingly submit false or erroneous information in a property valuation or legal classification appeal.

4. Shall use appraisal standards and methods that are adopted by the ~~board~~ SUPERINTENDENT when the agent submits appraisal information in a property valuation or legal classification appeal.

Sec. 39. Section 32-3654, Arizona Revised Statutes, is amended to read:

32-3654. Disciplinary actions

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

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

1. Secured registration by fraud or deceit.

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

3. Knowingly violated section 32-3653.

C. The ~~board~~ SUPERINTENDENT shall:

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

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

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

D. The ~~board~~ SUPERINTENDENT shall not impose discipline until the agent has been provided an opportunity for a hearing ~~before the board~~ pursuant to title 41, chapter 6, article 10. The ~~board~~ SUPERINTENDENT shall notify the agent of the charges and the date and time of the hearing. The notice may be personally served or sent by certified mail to the agent's last known address. Except as provided in section 41-1092.08,

subsection H, the final decision of the ~~board~~ SUPERINTENDENT is subject to judicial review pursuant to title 12, chapter 7, article 6.

E. The ~~board~~ SUPERINTENDENT shall not renew an agent's registration during the time the registration is suspended or revoked.

Sec. 40. Section 32-3655, Arizona Revised Statutes, is amended to read:

32-3655. Rules

The ~~board~~ SUPERINTENDENT may adopt rules for the purpose of administering this article.

Sec. 41. Section 32-3661, Arizona Revised Statutes, is amended to read:

32-3661. Definitions

In this article, unless the context otherwise requires:

1. "Appraisal" means the act or process of developing an opinion of the value of real property in conformance with the uniform standards of professional appraisal practice published by the appraisal foundation, or any other definition used in state or federal laws.

2. "Appraisal management company" means a corporation, partnership, sole proprietorship, subsidiary or other business entity that directly or indirectly performs appraisal management services, regardless of the use of the term "appraisal management company", "mortgage technology provider", "lender processing services", "lender services", "loan processor", "mortgage services", "real estate closing services provider", "settlement services provider"~~,~~ OR "vendor management company" or any other term, and that does any of the following:

(a) Administers an appraiser panel of AT LEAST SIXTEEN STATE-LICENSED OR STATE-CERTIFIED APPRAISERS IN ONE STATE WHO ARE independent ~~contract~~ CONTRACTORS OR AT LEAST TWENTY-FIVE STATE-LICENSED OR STATE-CERTIFIED appraisers ~~to~~ IN AT LEAST TWO STATES WHO perform real property appraisal services in this state for clients.

(b) Receives requests for real property appraisal services from clients and, for a fee paid by the client, enters into an agreement with one or more independent appraisers to perform the real property appraisal services contained in the request.

(c) Otherwise serves as a ~~third party~~ THIRD-PARTY liaison of appraisal management services between clients and appraisers.

3. "Appraisal management services" means ~~the process of receiving a request for the performance of real property appraisal services from a client and, for a fee paid by the client, entering into an agreement with one or more independent appraisers who are part of an appraiser panel to perform the real property appraisal services contained in the request.~~ ANY OF THE FOLLOWING:

(a) RECRUITING, SELECTING AND RETAINING APPRAISERS.

(b) CONTRACTING WITH STATE-LICENSED OR STATE-CERTIFIED APPRAISERS TO PERFORM APPRAISAL AGREEMENTS.

(c) MANAGING THE PROCESS OF HAVING AN APPRAISAL PERFORMED, INCLUDING PROVIDING ADMINISTRATIVE SERVICES SUCH AS RECEIVING APPRAISAL ORDERS AND APPRAISAL REPORTS, SUBMITTING COMPLETED APPRAISAL REPORT TO CREDITORS AND SECONDARY MARKET PARTICIPANTS, COLLECTING FEES FROM CREDITORS AND SECONDARY MARKET PARTICIPANTS FOR SERVICES PROVIDED AND PAYING APPRAISERS FOR SERVICES PERFORMED.

(d) REVIEWING AND VERIFYING THE WORK OF APPRAISERS.

4. "Appraisal review" means the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment, but does not include an examination of an appraisal for grammatical, typographical or other similar errors that do not communicate an opinion related to the appraiser's data collection, analysis, opinions, conclusions, estimate of value or compliance with the uniform standards of professional appraisal practice.

5. "Appraiser" means a person who is licensed or certified as an appraiser pursuant to this chapter and who performs valuation services competently and in a manner that is independent, impartial and objective.

6. "Appraiser panel":

(a) Means a ~~group of independent appraisers that has been selected by an appraisal management company to perform real property appraisal services for the appraisal management company.~~ NETWORK, LIST OR ROSTER OF STATE-LICENSED OR STATE-CERTIFIED APPRAISERS APPROVED BY AN APPRAISAL MANAGEMENT COMPANY TO PERFORM APPRAISALS AS INDEPENDENT CONTRACTORS FOR THE APPRAISAL MANAGEMENT COMPANY. FOR THE PURPOSES OF THIS SUBDIVISION, AN APPRAISER IS AN INDEPENDENT CONTRACTOR IF THE APPRAISER MANAGEMENT COMPANY TREATS THE APPRAISER AS AN INDEPENDENT CONTRACTOR FOR FEDERAL INCOME TAX PURPOSES.

(b) INCLUDES BOTH APPRAISERS ACCEPTED BY THE APPRAISAL MANAGEMENT COMPANY FOR CONSIDERATION FOR FUTURE APPRAISAL ASSIGNMENTS IN COVERED TRANSACTIONS OR FOR SECONDARY MORTGAGE MARKET PARTICIPANTS IN CONNECTION WITH COVERED TRANSACTIONS AND APPRAISERS ENGAGED BY THE APPRAISAL MANAGEMENT COMPANY TO PERFORM ONE OR MORE APPRAISALS IN COVERED TRANSACTIONS.

7. "Client" means a person that contracts with, or otherwise enters into an agreement with, an appraisal management company for the performance of real property appraisal services.

8. "Controlling person" means any of the following:

(a) An owner, officer or director of a corporation, partnership or other business entity seeking to offer appraisal management services in this state.

(b) An individual who is employed, appointed or authorized by an appraisal management company and who has the authority to enter into a contractual relationship with clients for the performance of appraisal

management services and to enter into agreements with independent appraisers for the performance of real property appraisal services.

(c) An individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.

9. "Real property appraisal services" means the practice of developing an opinion of the value of real property in conformance with the uniform standards of professional appraisal practice published by the appraisal foundation.

10. "Relocation management company" means a business entity whose exclusive business services are not for mortgage purposes and include the relocation of employees as an agent or contractor for the employer or the employer's agent for the purposes of determining an anticipated sales price, as defined by the worldwide employee relocation council, of the residence of an employee being relocated by the employer in the course of its business.

11. "Uniform standards of professional appraisal practice" means the uniform standards of professional appraisal practice promulgated by the appraisal foundation and adopted pursuant to this chapter.

Sec. 42. Section 32-3662, Arizona Revised Statutes, is amended to read:

32-3662. Registration

A. A person shall not directly or indirectly engage or attempt to engage in business as an appraisal management company, directly or indirectly perform or attempt to perform appraisal management services or advertise or hold itself out as engaging in or conducting business as an appraisal management company without first obtaining a registration issued by the ~~board~~ SUPERINTENDENT pursuant to this article, regardless of the entity's use of THE TERM "appraisal management company"~~,~~ OR "mortgage technology company" or any other name.

B. A person who wishes to be registered as an appraisal management company in this state must file a written application with the ~~board~~ SUPERINTENDENT on a form prepared and furnished by the ~~board~~ SUPERINTENDENT and pay a fee in an amount to be determined by the ~~board~~ SUPERINTENDENT. The registration required by subsection A OF THIS SECTION shall include:

1. The name, residence address, business address and telephone number of the applicant and the location of each principal office and branch office at which the appraisal management company will conduct business in this state.

2. The name under which the applicant will conduct business as an appraisal management company.

3. The name, residence address, business address and telephone number of each person who will have ~~an~~ AT LEAST A TEN PERCENT OWNERSHIP interest in the appraisal management company as a principal, partner,

officer, director or trustee, specifying the capacity and title of each person.

4. If the person seeking registration is a corporation that is not domiciled in this state, the name and contact information for the company's agent for service of process in this state.

5. A certification that the person seeking registration has a system and process in place to verify that a person being added to the appraiser panel for the appraisal management company's appraisal management services in this state holds a license or certification in good standing in this state.

6. A certification that the person seeking registration has a system in place to review the work of all independent appraisers that are performing real property appraisal services for the appraisal management company on a periodic basis to confirm that the real property appraisal services are being conducted in accordance with uniform standards of professional appraisal practice.

7. A certification that the person maintains a detailed record of each service request that it receives and the independent appraiser that performs the real property appraisal services for the appraisal management company.

8. A certification that the person seeking registration has a system in place to train those who select individual appraisers for real property APPRAISAL services in this state~~,~~ to ensure that the selectors have appropriate training in placing appraisal assignments.

9. An irrevocable consent to service of process.

10. A CERTIFICATION THAT ALLOWS THE SUPERINTENDENT TO EXAMINE THE BOOKS AND RECORDS OF THE APPRAISAL MANAGEMENT COMPANY AND A WRITTEN AGREEMENT THAT REQUIRES THE APPRAISAL MANAGEMENT COMPANY TO SUBMIT REPORTS, INFORMATION AND DOCUMENTS TO THE SUPERINTENDENT AS REQUIRED BY RULE.

~~10.~~ 11. Any other information required by the ~~board~~ SUPERINTENDENT deemed reasonable in scope and content and necessary for the implementation and administration of this chapter.

Sec. 43. Section 32-3664, Arizona Revised Statutes, is amended to read:

32-3664. Registration forms

An applicant for initial and renewal registration as an appraisal management company shall submit to the ~~board~~ SUPERINTENDENT an application on a form prescribed by the ~~board~~ SUPERINTENDENT.

Sec. 44. Section 32-3666, Arizona Revised Statutes, is amended to read:

32-3666. Consent to service of process

Each entity applying for registration as an appraisal management company shall complete and execute an irrevocable consent to service of process form as prescribed by the ~~board~~ SUPERINTENDENT.

Sec. 45. Section 32-3667, Arizona Revised Statutes, is amended to read:

32-3667. Fee; bond

A. The ~~board~~ SUPERINTENDENT shall establish the fee for appraisal management company registration by rule.

B. The appraisal management company ~~is required to~~ SHALL show proof of a surety bond of at least twenty thousand dollars but not more than fifty thousand dollars.

Sec. 46. Section 32-3668, Arizona Revised Statutes, is amended to read:

32-3668. Owner requirements

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

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

1. Be of good moral character.

2. ~~Obtain~~ APPLY FOR a valid fingerprint clearance card issued pursuant to section 41-1758.03.

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

Sec. 47. Section 32-3669, Arizona Revised Statutes, is amended to read:

32-3669. Controlling person

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

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

1. Certify to the ~~board~~ SUPERINTENDENT that the person has never had any financial, real estate or mortgage lending industry license or certificate issued by this state, or any other state, refused, denied, canceled, revoked or voluntarily surrendered. This requirement may be waived by appeal and at the discretion of the ~~board~~ SUPERINTENDENT.

2. Be of good moral character.

3. ~~Obtain~~ APPLY FOR a valid fingerprint clearance card issued pursuant to section 41-1758.03.

Sec. 48. Section 32-3671, Arizona Revised Statutes, is amended to read:

32-3671. Agreements with independent appraisers; limitations

An appraisal management company registered in this state pursuant to this article may not enter into contracts or agreements with an independent appraiser for the performance of real property appraisal services in this state unless that person is licensed or certified in good standing with the ~~board~~ SUPERINTENDENT.

Sec. 49. Section 32-3672, Arizona Revised Statutes, is amended to read:

32-3672. Certification on registration renewal

~~A.~~ Each appraisal management company seeking ~~to be registered~~ REGISTRATION RENEWAL in this state shall certify to the ~~board on renewal~~ SUPERINTENDENT on a form prescribed by the ~~board that the appraisal management company~~ SUPERINTENDENT THAT THE APPRAISAL MANAGEMENT COMPANY HAS COMPLIED WITH ALL OF THE FOLLOWING:

1. Has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license or certificate in good standing in this state pursuant to the ~~board~~ SUPERINTENDENT.

~~B.~~ 2. ~~Each appraisal management company seeking to be registered in this state shall certify to the board on renewal that it~~ Has a system in place to review the quality of appraisals of all independent appraisers that are performing real property appraisal services for the appraisal management company on a periodic basis to confirm that the real property appraisal services are being conducted in accordance with uniform standards of professional appraisal practice.

~~C.~~ 3. ~~Each appraisal management company seeking to be registered shall certify to the board on renewal that it~~ Maintains a detailed record of each service request that it receives and the name of the independent appraiser that performs the real property appraisal services for the appraisal management company. ~~An~~ THE appraisal management company shall maintain a detailed record for the same time period that an appraiser is required to maintain an appraisal record for the same real property appraisal activity.

~~D.~~ 4. ~~Each appraisal management company seeking to be registered shall certify to the board on renewal that it~~ Has a system in place to train those who select individual appraisers for real property appraisal services in this state~~,~~ to ensure that the selectors have appropriate training in placing appraisal assignments.

Sec. 50. Section 32-3677, Arizona Revised Statutes, is amended to read:

32-3677. Review of disputes

A. Except within the first sixty days after an independent appraiser is first added to the appraiser panel of an appraisal management

company, an appraisal management company shall not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real property appraisal services to an independent appraiser, without notifying the appraiser in writing of the reasons for the appraiser being removed from the appraiser panel of the appraisal management company.

B. An independent appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, A violation of the uniform standards of professional appraisal practice or A violation of state licensing standards may file a complaint with the ~~board~~ SUPERINTENDENT for a review of the decision of the appraisal management company, except that ~~in no case shall~~ the ~~board~~ SUPERINTENDENT MAY NOT make any determination regarding the nature of the business relationship between the appraiser and the appraisal management company that is unrelated to the actions specified in subsection A OF THIS SECTION.

C. If an independent appraiser files a complaint against an appraisal management company pursuant to subsection B OF THIS SECTION, the ~~board~~ SUPERINTENDENT shall ~~adjudicate~~ INVESTIGATE the complaint within a reasonable time.

D. If ~~after opportunity for a hearing and review,~~ the ~~board~~ SUPERINTENDENT determines that an independent appraiser did not commit a violation of law, a violation of the uniform standards of professional appraisal practice or a violation of state licensing standards: ~~,~~

1. The ~~board~~ SUPERINTENDENT shall order that the appraiser be added to the appraiser panel of the appraisal management company that was the subject of the complaint without prejudice. ~~The board shall furnish the appraisal management company with all written documentation and investigation records that support the board's findings.~~

2. THE APPRAISAL MANAGEMENT COMPANY MAY REQUEST A HEARING PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

Sec. 51. Section 32-3678, Arizona Revised Statutes, is amended to read:

32-3678. Censure, suspension or revocation; civil penalty

The ~~board~~ SUPERINTENDENT may censure an appraisal management company, conditionally or unconditionally suspend or revoke any registration issued under this article or impose civil penalties not to exceed fifteen thousand dollars per violation if, in the opinion of the ~~board~~ SUPERINTENDENT, an appraisal management company is attempting to perform, has performed or has attempted to perform any of the following acts:

1. Committing any act in violation of this article.

2. Violating any rule adopted by the ~~board~~ SUPERINTENDENT in the interest of the public and consistent with this article.

3. Knowingly making or causing to be made to the ~~board~~ SUPERINTENDENT any false representation of material fact.

4. Suppressing or withholding from the ~~board~~ SUPERINTENDENT any information that the ~~applicant~~ APPRAISAL MANAGEMENT COMPANY possesses and that, if submitted by the ~~applicant~~ APPRAISAL MANAGEMENT COMPANY, would have rendered the ~~applicant~~ APPRAISAL MANAGEMENT COMPANY ineligible to be registered pursuant to rules adopted by the ~~board~~ SUPERINTENDENT.

5. Violating the federal financial institutions reform, recovery and enforcement act of 1989 (P.L. 101-73; 103 Stat. 183).

Sec. 52. Section 32-3679, Arizona Revised Statutes, is amended to read:

32-3679. Disciplinary hearings

A. The ~~board~~ SUPERINTENDENT OR AN ADMINISTRATIVE LAW JUDGE may conduct disciplinary proceedings in accordance with title 41, chapter 6, article 10.

B. Before censuring any registrant, or suspending or revoking any registration, the ~~board~~ SUPERINTENDENT shall notify the registrant in writing of any charges made at least forty-five days before the date set for the hearing and shall afford the registrant an opportunity to be heard in person or by counsel.

C. The written notice shall be satisfied by personal service on the controlling person of the registrant or the registrant's agent for service of process in this state or by sending the notice by certified mail to the controlling person of the registrant to the registrant's address on file with the ~~board~~ SUPERINTENDENT.

D. The hearing shall be at a time and place prescribed by the ~~board~~ SUPERINTENDENT. Any reasonable request for a delay of a hearing shall not exceed ninety days.

E. The ~~board~~ SUPERINTENDENT may make findings of fact and shall deliver or mail the findings to the registrant charged with a violation of this article.

Sec. 53. Section 32-3680, Arizona Revised Statutes, is amended to read:

32-3680. Rulemaking authority

The ~~board~~ SUPERINTENDENT shall adopt rules that are reasonably necessary to implement, administer and enforce this article, including rules for obtaining copies of appraisals and other documents necessary to audit compliance with this article and rules requiring a surety bond to be posted with each application.

Sec. 54. Section 32-4301, Arizona Revised Statutes, is amended to read:

32-4301. License, certificate or registration expiration; military active duty; one hundred eighty-day extension

A. Except as otherwise provided in this section, a license, certificate or registration THAT IS issued pursuant to this title to any member of the Arizona national guard or the United States armed forces

reserves shall not expire while the member is serving on federal active duty and shall be extended one hundred eighty days after the member returns from federal active duty, provided that the member, or the legal representative of the member, notifies the license, certificate or registration issuing authority of the federal active duty status of the member. A license, certificate or registration THAT IS issued pursuant to this title to any member serving in the regular component of the United States armed forces shall be extended one hundred eighty days from the date of expiration, provided that the member, or the legal representative of the member, notifies the license, certificate or registration issuing authority of the federal active duty status of the member.

B. A license, certificate or registration THAT IS issued pursuant to this title to any member of the Arizona national guard, the United States armed forces reserves or the regular component of the United States armed forces shall not expire and shall be extended one hundred eighty days from the date the military member is able to perform activities necessary under the license, certificate or registration if the member both:

1. Is released from active duty service.

2. Suffers an injury as a result of active duty service that temporarily prevents the member from being able to perform activities necessary under the license, certificate or registration.

C. If the license, certificate or registration is renewed during the applicable extended time period after the member returns from federal active duty, the member is responsible only for normal fees and activities relating to renewal of the license, certificate or registration and shall not be charged any additional costs such as late fees or delinquency fees.

D. The member, or the legal representative of the member, shall present to the authority issuing the license, certificate or registration a copy of the member's official military orders, a redacted military identification card or a written verification from the member's commanding officer before the end of the applicable extended time period in order to qualify for the extension.

E. This section does not apply to licenses THAT ARE issued pursuant to chapter 10 of this title if a person other than the person who is a member of the Arizona national guard, the United States armed forces reserves or the regular component of the United States armed forces ~~as described in subsection A~~ is authorized to renew the license.

F. A license or certificate THAT IS issued pursuant to chapter 36 of this title to any member of the Arizona national guard, the United States armed forces reserves or the regular component of the United States armed forces shall be placed in active status for ninety days after the member returns from federal active duty, provided that the member, or the legal representative of the member, notifies the ~~state board of appraisal~~

DEPARTMENT OF FINANCIAL INSTITUTIONS of the federal active duty status of the member.

Sec. 55. Section 41-1092, Arizona Revised Statutes, is amended to read:

41-1092. Definitions

In this article, unless the context otherwise requires:

1. "Administrative law judge" means an individual or an agency head, board or commission that sits as an administrative law judge, that conducts administrative hearings in a contested case or an appealable agency action and that makes decisions regarding the contested case or appealable agency action.

2. "Administrative law judge decision" means the findings of fact, conclusions of law and recommendations or decisions issued by an administrative law judge.

3. "Appealable agency action" means an action that determines the legal rights, duties or privileges of a party and that is not a contested case. Appealable agency actions do not include interim orders by self-supporting regulatory boards, rules, orders, standards or statements of policy of general application issued by an administrative agency to implement, interpret or make specific the legislation enforced or administered by it or clarifications of interpretation, nor does it mean or include rules concerning the internal management of the agency that do not affect private rights or interests. For the purposes of this paragraph, administrative hearing does not include a public hearing held for the purpose of receiving public comment on a proposed agency action.

4. "Director" means the director of the office of administrative hearings.

5. "Final administrative decision" means a decision by an agency that is subject to judicial review pursuant to title 12, chapter 7, article 6.

6. "Office" means the office of administrative hearings.

7. "Self-supporting regulatory board" means any one of the following:

(a) The Arizona state board of accountancy.

~~(b) The state board of appraisal.~~

~~(c)~~ (b) The board of barbers.

~~(d)~~ (c) The board of behavioral health examiners.

~~(e)~~ (d) The Arizona state boxing and mixed martial arts commission.

~~(f)~~ (e) The state board of chiropractic examiners.

~~(g)~~ (f) The board of cosmetology.

~~(h)~~ (g) The state board of dental examiners.

~~(i)~~ (h) The state board of funeral directors and embalmers.

~~(j)~~ (i) The Arizona game and fish commission.

~~(k)~~ (j) The board of homeopathic and integrated medicine examiners.

~~(l)~~ (k) The Arizona medical board.

~~(m)~~ (l) The naturopathic physicians medical board.

~~(n)~~ (m) The state board of nursing.

~~(o)~~ (n) The board of examiners of nursing care institution administrators and adult care home managers.

~~(p)~~ (o) The board of occupational therapy examiners.

~~(q)~~ (p) The state board of dispensing opticians.

~~(r)~~ (q) The state board of optometry.

~~(s)~~ (r) The Arizona board of osteopathic examiners in medicine and surgery.

~~(t)~~ (s) The Arizona peace officer standards and training board.

~~(u)~~ (t) The Arizona state board of pharmacy.

~~(v)~~ (u) The board of physical therapy.

~~(w)~~ (v) The state board of podiatry examiners.

~~(x)~~ (w) The state board for private postsecondary education.

~~(y)~~ (x) The state board of psychologist examiners.

~~(z)~~ (y) The board of respiratory care examiners.

~~(aa)~~ (z) The state board of technical registration.

~~(bb)~~ (aa) The Arizona state veterinary medical examining board.

~~(cc)~~ (bb) The acupuncture board of examiners.

~~(dd)~~ (cc) The Arizona regulatory board of physician assistants.

~~(ee)~~ (dd) The board of athletic training.

~~(ff)~~ (ee) The board of massage therapy.

Sec. 56. Section 41-3024.03, Arizona Revised Statutes, is amended to read:

41-3024.03. Department of financial institutions; termination July 1, 2024

A. The department of financial institutions terminates on July 1, 2024.

B. Title 6, ~~is~~ TITLE 32, CHAPTER 36 AND THIS SECTION ARE repealed on January 1, 2025.

Sec. 57. Appropriation; fiscal year 2017-2018

The sum of $675,000 is appropriated from the state general fund in fiscal year 2017-2018 to the department of financial institutions for the responsibilities added by Laws 2015, chapter 19 and this act.

APPROVED BY THE GOVERNOR MAY 22, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 22, 2017.

Passed the House May 9, 2017,

by the following vote: 34 Ayes,

21 Nays, 5 Not Voting

Speaker of the House

Jim Drake
Chief Clerk of the House

Passed the Senate February 16, 2017,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Susan Queens
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. 1197

SENATE CONCURS IN HOUSE AMENDMENTS AND FINAL PASSAGE

Passed the Senate May 10, 2017

by the following vote: 21 Ayes,

8 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

10th day of May, 2017

at 6:20 o'clock P. M.

Secretary to the Governor

Approved this 22nd day of

May 2017

at 4:57 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 22 day of May, 2017

at 6:34 o'clock P M.

Michele Reagan

Secretary of State

S.B. 1197