

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

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)

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

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

4 6-101. Definitions

5 In this title, unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

1 611 through 631) or an agreement corporation having an agreement or
2 undertaking with the board of governors of the federal reserve system
3 under section 25 of the federal reserve act (12 United States Code
4 sections 601 through 604(a)) that includes only international banking
5 facility time deposits and international banking facility extensions of
6 credit as defined in 12 Code of Federal Regulations part 204.

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

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

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

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

20 17. "Title" includes this title, title 32, ~~chapter~~ CHAPTERS 9 AND
21 36 and title 44, chapter 2.1.

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

24 32-3601. Definitions

25 In this chapter, unless the context otherwise requires:

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

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

36 3. "Appraisal foundation" means the appraisal foundation
37 incorporated as an Illinois not-for-profit corporation on November 30,
38 1987.

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

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

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

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

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

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

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

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

25 ~~11.~~ 12. "Federal financial institutions examination council" means
26 that agency of the federal government created pursuant to 12 United States
27 Code chapters 34 and 34A, as amended.

28 ~~12.~~ 13. "Federally related transaction" means any real estate
29 related financial transaction that a federal financial institution's
30 regulatory agency or the resolution trust corporation engages in,
31 contracts for or regulates and that requires an appraisal.

32 ~~13.~~ 14. "Property tax agent" means an individual who is designated
33 by a person or is an employee of an entity designated as an agent pursuant
34 to section 42-16001, who acts on behalf of a person who owns, controls or
35 possesses property valued by a county assessor and who receives a fee for
36 the analysis of any matter relating to the review of the valuation of the
37 person's property before the assessor. Property tax agent does not
38 include a person who is admitted to practice law in this state, an
39 employee of the person owning, controlling or possessing the property or
40 an employee of an entity designated pursuant to section 42-16001, if the
41 employee is performing a secretarial, clerical or administrative support
42 function.

43 ~~14.~~ 15. "Real estate" means an identified parcel or tract of land,
44 including improvements, if any.

1 ~~15.~~ 16. "Real estate related financial transaction" means any
2 transaction involving the sale of, lease of, purchase of, investment in or
3 exchange of real property, including interests in property or the
4 financing of property, the refinancing of real property or interests in
5 real property and the use of real property or interests in property as
6 security for a loan or investment, including mortgage-backed securities.

7 ~~16.~~ 17. "Real property" means one or more defined interests,
8 benefits and rights inherent in the ownership of real estate.

9 ~~17.~~ 18. "Registered trainee appraiser" means a person who meets
10 both of the following requirements:

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

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

17 ~~18.~~ 19. "Review appraiser" means a person who engages in the
18 activity of reviewing and evaluating the appraisal work of others from the
19 perspective of an appraiser, generally for compensation as a separate
20 skill. This includes the function of reviewing an appraisal report or a
21 file memorandum setting forth the results of the review process.

22 ~~19.~~ 20. "Standards of professional appraisal practice" means the
23 uniform standards of professional appraisal practice adopted by the
24 superintendent.

25 ~~20.~~ 21. "~~State-licensed~~ STATE-LICENSED or ~~state-certified~~
26 STATE-CERTIFIED appraiser" means a person who develops and communicates
27 appraisals and who holds a current, valid license or certificate issued
28 under this chapter.

29 ~~21.~~ 22. "Superintendent" means the superintendent of financial
30 institutions.

31 ~~22.~~ 23. "Supervisory appraiser" means a ~~state-certified~~
32 STATE-CERTIFIED appraiser who has a supervisory appraiser designation and
33 who:

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

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

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

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

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

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

3 ~~23.~~ 24. "Value" means the monetary relationship between properties
4 and those who buy, sell or use those properties.

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

7 32-3603. Registration, license or certificate use; exception

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

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

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

24 32-3605. Superintendent; duties; powers; immunity

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

27 B. The superintendent shall:

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

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

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

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

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

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

- 1 7. Establish administrative procedures for:
- 2 (a) PROCESSING APPLICATIONS FOR LICENSES AND CERTIFICATES,
3 INCLUDING REGISTRATION CERTIFICATES.
- 4 (b) Approving or disapproving applications for registration,
5 licensure and certification. ~~and~~
- 6 (c) Issuing licenses and certificates, including registration
7 certificates.
- 8 8. Define by rule, with respect to ~~state-licensed~~ REGISTERED
9 TRAINEE APPRAISERS, STATE-LICENSED and ~~certified~~ STATE-CERTIFIED
10 appraisers, the continuing education requirements for the renewal of
11 licenses or certificates that satisfy the statutory requirements provided
12 in this chapter.
- 13 9. Periodically review the requirements for the development and
14 communication of appraisals provided in this chapter and adopt rules
15 explaining and interpreting the requirements.
- 16 10. Define and explain by rule each stage and step associated with
17 the administrative procedures for the disciplinary process pursuant to
18 this chapter, including:
- 19 (a) Prescribing minimum criteria for accepting a complaint against
20 a registered trainee appraiser or a licensed or certified appraiser. The
21 superintendent may not consider a complaint for administrative action if
22 the complaint either:
- 23 (i) Relates to an appraisal that was completed more than five years
24 before the complaint was submitted to the superintendent or more than two
25 years after final disposition of any judicial proceeding in which the
26 appraisal was an issue, whichever period of time is greater.
- 27 (ii) Is filed against a person who is a staff person of the
28 department of financial institutions and the person is a licensed or
29 certified appraiser and the complaint is against the person's license or
30 certificate and relates to the person's performance of duties. This item
31 ~~does not apply~~ APPLIES to a contract investigator who is under contract
32 with the department for the performance of an appraisal review as defined
33 by the uniform standards of professional appraisal practice. ~~This item~~
34 ~~does not remove the requirement that the staff person is subject to the~~
35 ~~ethics rules section of the uniform standards of professional appraisal~~
36 ~~practice.~~
- 37 (b) Defining the process and procedures used in investigating the
38 allegations of the complaint. The superintendent shall consolidate
39 complaints that are filed within a six-month period of time if the
40 complaints are against the same appraiser, relate to the same appraisal
41 and property and are filed by an entity that is subject to the mandatory
42 reporting provisions of the Dodd-Frank Wall Street reform and consumer
43 protection act (P.L. 111-203; 124 Stat. 1376). Complaints that are
44 consolidated pursuant to this subdivision must be considered and
45 adjudicated as one complaint.

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

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

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

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

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

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

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

24 ~~16.~~ 15. Transmit the national registry fee collected pursuant to
25 section 32-3607 to the appraisal subcommittee.

26 ~~17.~~ 16. Establish the fees in accordance with section 32-3607.

27 17. RECEIVE APPLICATIONS FOR STATE LICENSES AND CERTIFICATES.

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

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

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

34 ~~18.~~ 21. Perform such other functions and duties as may be
35 necessary to carry out this chapter.

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

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

42 Sec. 5. Repeal

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

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

3 32-3607. Fees; use of credit cards; appraisal subcommittee
4 fund

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

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

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

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

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

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

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

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

25 ~~7.~~ 8. A nonresident temporary licensure or certification fee of
26 not more than one hundred fifty dollars.

27 ~~8.~~ 9. A course approval fee of not more than five hundred dollars.

28 ~~9.~~ 10. An application fee to be a registered trainee appraiser in
29 an amount to be determined by the ~~board~~ SUPERINTENDENT.

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

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

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

8 Sec. 7. Repeal; transfer of monies

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

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

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

16 32-3609. Confidential records

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

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

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

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

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

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

33 32-3610. Uniform standards of professional appraisal
34 practice; state standards; exception

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

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

40 32-3611. Registration, licensure and certification process

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

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

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

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

18 1. Be at least eighteen years of age and a citizen of the United
19 States or a qualified alien as defined in 8 United States Code section
20 1641.

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

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

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

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

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

36 32-3612. Classifications of licensure, registration and
37 certification

38 The following classifications are established:

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

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

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

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

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

22 5. Supervisory appraisers.

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

25 32-3613. Application and qualification requirements for
26 licensure

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

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

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

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

38 32-3614. Application and qualification requirements for
39 certification

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

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

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

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

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

9 32-3614.01. Application for registered trainee appraiser
10 certificates

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

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

22 32-3614.02. Application for supervisory appraiser designation

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

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

31 32-3615. Experience requirement for licensure or
32 certification

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

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

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

3 32-3617. Nonresident temporary licensure or certification

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

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

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

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

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

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

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

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

36 32-3618. Reciprocity

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

39 1. The appraiser holds a credential from a state that is in
40 compliance with 12 United States Code sections 3310, 3332, 3333, 3335,
41 3338, 3339, 3341, 3342, 3345, 3346, 3347, 3348, 3350, 3351, 3353, 3354 and
42 3355.

43 2. The credential requirements for the state described in paragraph
44 1 of this section meet or exceed those of this state.

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

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

6 32-3619. Renewal of license or certificate; fees

7 A. Except as otherwise provided in this section and in section
8 32-4301, to renew a registration certificate as a registered trainee
9 appraiser or a license or certificate as a ~~state-licensed~~ STATE-LICENSED
10 or ~~state-certified~~ STATE-CERTIFIED appraiser, the holder of a current,
11 valid license or certificate shall ~~make an application~~ APPLY and pay the
12 prescribed fee to the ~~board~~ SUPERINTENDENT not earlier than ninety days
13 nor later than thirty days before ~~the expiration date of~~ the license or
14 certificate ~~then held~~ EXPIRES. With the application for renewal, the
15 registered trainee appraiser or the ~~state-licensed~~ STATE-LICENSED or ~~state~~
16 ~~certified~~ STATE-CERTIFIED appraiser shall present evidence in the form
17 prescribed by the ~~board~~ SUPERINTENDENT of having completed the continuing
18 education requirements for renewal specified in section 32-3625.

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

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

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

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

33 32-3620. Basis for denial of a license or certificate

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

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

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

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

3 32-3621. Addresses; telephone numbers; e-mail addresses;
4 notification of change

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

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

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

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

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

26 32-3622. Licenses and certificates

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

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

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

39 32-3623. Use of term

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

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

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

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

10 32-3624. Professional corporations and partnerships

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

- 17 1. The assistant is under the direct supervision of a ~~state~~
18 ~~licensed~~ STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED appraiser.
- 19 2. The final appraisal document is approved and signed by an
20 individual who is licensed or certified.

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

23 32-3625. Continuing education

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Sec. 26. Repeal

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

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

10 32-3627. Inactive license or certificate status; reactivation
11 application; renewal application and fee;
12 continuing education

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

- 16 1. The license or certificate holder's name.
- 17 2. The license or certificate number.
- 18 3. A request for inactive status.

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

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

- 23 1. Represent that the license or certificate holder is an active
24 appraiser licensed or certified in this state.
- 25 2. Perform real estate appraisals or appraisal reviews on real
26 estate in this state.

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

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

- 33 1. File with the ~~board~~ SUPERINTENDENT an application for
34 reactivation of the license or certificate.
- 35 2. Provide evidence of completion of the required continuing
36 education that the license or certificate holder would have been required
37 to meet during the period when the license or certificate holder's license
38 or certificate was on inactive status.

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

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

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

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

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

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

15 ~~32-3628.~~ Inactive license or certificate status during
16 military duty; reactivation application; renewal
17 application and fee; continuing education

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 32-3631. Disciplinary proceedings; civil penalties

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

- 1 1. Procuring or attempting to procure a license or certificate
2 pursuant to this chapter by knowingly making a false statement, submitting
3 false information, refusing to provide complete information in response to
4 a question in an application for a license or certificate or committing
5 any form of fraud or misrepresentation.
- 6 2. Failing to meet the minimum qualifications established by this
7 chapter.
- 8 3. Paying or offering to pay money or other considerations other
9 than as provided by this chapter to any member or employee of the ~~board~~
10 DEPARTMENT to procure a license or certificate under this chapter.
- 11 4. ~~A conviction~~ BEING CONVICTED, including ~~a conviction~~ based on a
12 plea of guilty, of a crime that is substantially related to the
13 qualifications, functions and duties of a person developing appraisals and
14 communicating appraisals to others, or ~~a conviction for~~ BEING CONVICTED OF
15 any felony or any crime involving moral turpitude.
- 16 5. COMMITTING an act or omission involving dishonesty, fraud or
17 misrepresentation with the intent to substantially benefit the license or
18 certificate holder or another person or with the intent to substantially
19 injure another person.
- 20 6. ~~Violation of~~ VIOLATING any of the standards of the development
21 or communication of appraisals as provided in this chapter.
- 22 7. ~~Negligence or incompetence by the state licensed~~ BEING NEGLIGENT
23 OR INCOMPETENT AS A STATE-LICENSED or ~~state certified~~ STATE-CERTIFIED
24 appraiser in developing an appraisal, in preparing an appraisal report or
25 in communicating an appraisal.
- 26 8. Wilfully disregarding or violating any ~~of the~~ provisions of this
27 chapter or ~~a board~~ AN order or ~~the rules of the board~~ RULE OF THE
28 SUPERINTENDENT for the administration and enforcement of this chapter.
- 29 9. Accepting an appraisal assignment if the employment itself is
30 contingent on the appraiser reporting a predetermined estimate, analysis
31 or opinion or if the fee to be paid is contingent on the opinion,
32 conclusion or value reached or on the consequences resulting from the
33 appraisal assignment.
- 34 10. Violating the confidential nature of any records to which the
35 registered trainee appraiser or the ~~state licensed~~ STATE-LICENSED or ~~state~~
36 ~~certified~~ STATE-CERTIFIED appraiser gains access through employment or
37 engagement as a registered trainee appraiser or an appraiser.
- 38 11. ~~Entry of~~ HAVING a final civil judgment ENTERED against the
39 person on grounds of fraud, misrepresentation or deceit in the making of
40 any appraisal.
- 41 B. In a disciplinary proceeding based on a civil judgment, a
42 registered trainee appraiser or ~~state licensed~~ STATE-LICENSED or ~~state~~
43 ~~certified~~ STATE-CERTIFIED appraiser ~~shall be afforded an opportunity to~~
44 MAY present matters in mitigation and extenuation.

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

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

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

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

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

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

25 32-3632. Hearing and judicial review; costs and fees; appeal

26 A. The hearing on the charges shall be at a time and place
27 prescribed by the ~~board~~ and shall be in accordance with title 41, chapter
28 6, article 10.

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

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

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

1 reporters. All monies collected pursuant to this paragraph shall be
2 deposited, ~~pursuant to sections 35-146 and 35-147, in the board of~~
3 ~~appraisal fund established by section 32-3608. Notwithstanding section~~
4 ~~35-143.01, these monies may be spent without legislative appropriation IN~~
5 THE DEPARTMENT REVOLVING FUND ESTABLISHED BY SECTION 6-135.

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

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

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

17 32-3635. Standards of practice; unprofessional conduct

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

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

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

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

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

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

34 32-3636. Contingent fees

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

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

42 32-3637. Retention of records; definition

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

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

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

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

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

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

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

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

18 32-3638. Violation; classification

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

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

27 32-3639. Damages; injunctive relief

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

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

35 32-3651. Definitions

36 In this article, unless the context otherwise requires:

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

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

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

44 ~~4.~~ 3. "Property tax agent" means an individual who is designated
45 by a person or is an employee of an entity designated as an agent pursuant

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

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

13 32-3652. Registration; renewal; fees

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

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

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

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

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

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

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

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

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

3 32-3653. Property tax agent conduct

4 A property tax agent:

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

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

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

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

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

18 32-3654. Disciplinary actions

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

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

27 1. Secured registration by fraud or deceit.

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

30 3. Knowingly violated section 32-3653.

31 C. The ~~board~~ SUPERINTENDENT shall:

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

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

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

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

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

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

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

7 32-3655. Rules

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

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

12 32-3661. Definitions

13 In this article, unless the context otherwise requires:

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

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

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

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

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

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

43 (a) RECRUITING, SELECTING AND RETAINING APPRAISERS.

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

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

7 (d) REVIEWING AND VERIFYING THE WORK OF APPRAISERS.

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

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

19 6. "Appraiser panel":

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

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

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

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

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

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

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

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

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

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

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

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

22 32-3662. Registration

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

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

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

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

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

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

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

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

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

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

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

25 9. An irrevocable consent to service of process.

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

31 ~~10.~~ 11. Any other information required by the ~~board~~ SUPERINTENDENT
32 deemed reasonable in scope and content and necessary for the
33 implementation and administration of this chapter.

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

36 32-3664. Registration forms

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

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

42 32-3666. Consent to service of process

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

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

3 32-3667. Fee; bond

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

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

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

11 32-3668. Owner requirements

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

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

20 1. Be of good moral character.

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

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

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

30 32-3669. Controlling person

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

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

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

42 2. Be of good moral character.

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

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

3 32-3671. Agreements with independent appraisers; limitations

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

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

11 32-3672. Certification on registration renewal

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

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

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

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

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

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

43 32-3677. Review of disputes

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

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

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

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

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

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

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

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

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

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

- 40 1. Committing any act in violation of this article.
- 41 2. Violating any rule adopted by the ~~board~~ SUPERINTENDENT in the
42 interest of the public and consistent with this article.
- 43 3. Knowingly making or causing to be made to the ~~board~~
44 SUPERINTENDENT any false representation of material fact.

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

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

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

10 32-3679. Disciplinary hearings

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

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

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

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

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

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

32 32-3680. Rulemaking authority

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

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

40 32-4301. License, certificate or registration expiration;
41 military active duty; one hundred eighty-day
42 extension

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

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

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

- 19 1. Is released from active duty service.
- 20 2. Suffers an injury as a result of active duty service that
21 temporarily prevents the member from being able to perform activities
22 necessary under the license, certificate or registration.

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

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

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

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

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

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

5 41-1092. Definitions

6 In this article, unless the context otherwise requires:

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

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

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

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

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

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

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

34 (a) The Arizona state board of accountancy.

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

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

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

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

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

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

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

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

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

- 1 ~~(k)~~ (j) The board of homeopathic and integrated medicine
- 2 examiners.
- 3 ~~(l)~~ (k) The Arizona medical board.
- 4 ~~(m)~~ (l) The naturopathic physicians medical board.
- 5 ~~(n)~~ (m) The state board of nursing.
- 6 ~~(o)~~ (n) The board of examiners of nursing care institution
- 7 administrators and adult care home managers.
- 8 ~~(p)~~ (o) The board of occupational therapy examiners.
- 9 ~~(q)~~ (p) The state board of dispensing opticians.
- 10 ~~(r)~~ (q) The state board of optometry.
- 11 ~~(s)~~ (r) The Arizona board of osteopathic examiners in medicine and
- 12 surgery.
- 13 ~~(t)~~ (s) The Arizona peace officer standards and training board.
- 14 ~~(u)~~ (t) The Arizona state board of pharmacy.
- 15 ~~(v)~~ (u) The board of physical therapy.
- 16 ~~(w)~~ (v) The state board of podiatry examiners.
- 17 ~~(x)~~ (w) The state board for private postsecondary education.
- 18 ~~(y)~~ (x) The state board of psychologist examiners.
- 19 ~~(z)~~ (y) The board of respiratory care examiners.
- 20 ~~(aa)~~ (z) The state board of technical registration.
- 21 ~~(bb)~~ (aa) The Arizona state veterinary medical examining board.
- 22 ~~(cc)~~ (bb) The acupuncture board of examiners.
- 23 ~~(dd)~~ (cc) The Arizona regulatory board of physician assistants.
- 24 ~~(ee)~~ (dd) The board of athletic training.
- 25 ~~(ff)~~ (ee) The board of massage therapy.

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

28 41-3024.03. Department of financial institutions; termination
29 July 1, 2024

30 A. The department of financial institutions terminates on July 1,
31 2024.

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

34 Sec. 57. Appropriation; fiscal year 2017-2018

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