

REFERENCE TITLE: appraisal management companies

State of Arizona
Senate
Forty-ninth Legislature
Second Regular Session
2010

SB 1351

Introduced by
Senators Tibshraeny: Leff; Representative Reagan

AN ACT

AMENDING TITLE 32, CHAPTER 36, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5;
RELATING TO APPRAISAL MANAGEMENT COMPANIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 32, chapter 36, Arizona Revised Statutes, is amended
3 by adding article 5, to read:

4 ARTICLE 5. APPRAISAL MANAGEMENT COMPANIES

5 32-3661. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "APPRAISAL" MEANS THE ACT OR PROCESS OF DEVELOPING AN OPINION OF
8 THE VALUE OF REAL PROPERTY IN CONFORMANCE WITH THE UNIFORM STANDARDS OF
9 PROFESSIONAL APPRAISAL PRACTICE PUBLISHED BY THE APPRAISAL FOUNDATION, OR ANY
10 OTHER DEFINITION USED IN STATE OR FEDERAL LAWS.

11 2. "APPRAISAL MANAGEMENT COMPANY" MEANS A CORPORATION, PARTNERSHIP,
12 SOLE PROPRIETORSHIP, SUBSIDIARY OR OTHER BUSINESS ENTITY THAT DIRECTLY OR
13 INDIRECTLY PERFORMS APPRAISAL MANAGEMENT SERVICES, REGARDLESS OF THE USE OF
14 THE TERM "APPRAISAL MANAGEMENT COMPANY", "MORTGAGE TECHNOLOGY PROVIDER",
15 "LENDER PROCESSING SERVICES", "LENDER SERVICES", "LOAN PROCESSOR", "MORTGAGE
16 SERVICES", "REAL ESTATE CLOSING SERVICES PROVIDER", "SETTLEMENT SERVICES
17 PROVIDER", "VENDOR MANAGEMENT COMPANY" OR ANY OTHER TERM, AND THAT DOES ANY
18 OF THE FOLLOWING:

19 (a) ADMINISTERS NETWORKS OF INDEPENDENT CONTRACT APPRAISERS TO PERFORM
20 REAL PROPERTY APPRAISAL SERVICES IN THIS STATE FOR CLIENTS.

21 (b) RECEIVES REQUESTS FOR REAL PROPERTY APPRAISAL SERVICES FROM
22 CLIENTS AND, FOR A FEE PAID BY THE CLIENT, ENTERS INTO AN AGREEMENT WITH ONE
23 OR MORE INDEPENDENT APPRAISERS TO PERFORM THE REAL PROPERTY APPRAISAL
24 SERVICES CONTAINED IN THE REQUEST.

25 (c) OTHERWISE SERVES AS A THIRD PARTY LIAISON OF APPRAISAL MANAGEMENT
26 SERVICES BETWEEN CLIENTS AND APPRAISERS.

27 3. "APPRAISAL MANAGEMENT SERVICES" MEANS THE PROCESS OF RECEIVING A
28 REQUEST FOR THE PERFORMANCE OF REAL PROPERTY APPRAISAL SERVICES FROM A
29 CLIENT, AND FOR A FEE PAID BY THE CLIENT, ENTERING INTO AN AGREEMENT WITH ONE
30 OR MORE INDEPENDENT APPRAISERS TO PERFORM THE REAL PROPERTY APPRAISAL
31 SERVICES CONTAINED IN THE REQUEST.

32 4. "APPRAISAL REVIEW" MEANS THE ACT OR PROCESS OF DEVELOPING AND
33 COMMUNICATING AN OPINION ABOUT THE QUALITY OF ANOTHER APPRAISER'S WORK THAT
34 WAS PERFORMED AS PART OF AN APPRAISAL OR AN APPRAISAL REVIEW AND THAT OPINION
35 MAY BE SOLELY QUALITATIVE OR MAY INCLUDE AN ALTERNATE VALUE CONCLUSION, OR
36 BOTH.

37 5. "APPRAISER" MEANS A PERSON WHO IS LICENSED OR CERTIFIED AS AN
38 APPRAISER PURSUANT TO THIS CHAPTER AND WHO PERFORMS VALUATION SERVICES
39 COMPETENTLY AND IN A MANNER THAT IS INDEPENDENT, IMPARTIAL AND OBJECTIVE.

40 6. "APPRAISER PANEL" MEANS A GROUP OF INDEPENDENT APPRAISERS THAT HAS
41 BEEN SELECTED BY AN APPRAISAL MANAGEMENT COMPANY TO PERFORM REAL PROPERTY
42 APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY.

43 7. "CLIENT" MEANS A PERSON THAT CONTRACTS WITH, OR OTHERWISE ENTERS
44 INTO AN AGREEMENT WITH, AN APPRAISAL MANAGEMENT COMPANY FOR THE PERFORMANCE
45 OF REAL PROPERTY APPRAISAL SERVICES.

1 8. "CONTROLLING PERSON" MEANS ANY OF THE FOLLOWING:

2 (a) AN OWNER, OFFICER OR DIRECTOR OF A CORPORATION, PARTNERSHIP OR
3 OTHER BUSINESS ENTITY SEEKING TO OFFER APPRAISAL MANAGEMENT SERVICES IN THIS
4 STATE.

5 (b) AN INDIVIDUAL WHO IS EMPLOYED, APPOINTED OR AUTHORIZED BY AN
6 APPRAISAL MANAGEMENT COMPANY AND WHO HAS THE AUTHORITY TO ENTER INTO A
7 CONTRACTUAL RELATIONSHIP WITH CLIENTS FOR THE PERFORMANCE OF APPRAISAL
8 MANAGEMENT SERVICES AND TO ENTER INTO AGREEMENTS WITH INDEPENDENT APPRAISERS
9 FOR THE PERFORMANCE OF REAL PROPERTY APPRAISAL SERVICES.

10 (c) AN INDIVIDUAL WHO POSSESSES, DIRECTLY OR INDIRECTLY, THE POWER TO
11 DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OR POLICIES OF AN APPRAISAL
12 MANAGEMENT COMPANY.

13 9. "REAL PROPERTY APPRAISAL SERVICES" MEANS THE PRACTICE OF DEVELOPING
14 AN OPINION OF THE VALUE OF REAL PROPERTY IN CONFORMANCE WITH THE UNIFORM
15 STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE PUBLISHED BY THE APPRAISAL
16 FOUNDATION.

17 10. "RELOCATION MANAGEMENT COMPANY" MEANS A BUSINESS ENTITY WHOSE
18 EXCLUSIVE BUSINESS SERVICES ARE NOT FOR MORTGAGE PURPOSES AND INCLUDE THE
19 RELOCATION OF EMPLOYEES AS AN AGENT OR CONTRACTOR FOR THE EMPLOYER OR THE
20 EMPLOYER'S AGENT FOR THE PURPOSES OF DETERMINING AN ANTICIPATED SALES PRICE,
21 AS DEFINED BY THE WORLDWIDE EMPLOYEE RELOCATION COUNCIL, OF THE RESIDENCE OF
22 AN EMPLOYEE BEING RELOCATED BY THE EMPLOYER IN THE COURSE OF ITS BUSINESS.

23 11. "UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE" MEANS THE
24 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE PROMULGATED BY THE
25 APPRAISAL FOUNDATION AND ADOPTED PURSUANT TO THIS CHAPTER.

26 32-3662. Registration

27 A. A PERSON, CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP, SUBSIDIARY
28 OR ANY OTHER BUSINESS ENTITY SHALL NOT DIRECTLY OR INDIRECTLY ENGAGE OR
29 ATTEMPT TO ENGAGE IN BUSINESS AS AN APPRAISAL MANAGEMENT COMPANY, DIRECTLY OR
30 INDIRECTLY PERFORM OR ATTEMPT TO PERFORM APPRAISAL MANAGEMENT SERVICES OR
31 ADVERTISE OR HOLD ITSELF OUT AS ENGAGING IN OR CONDUCTING BUSINESS AS AN
32 APPRAISAL MANAGEMENT COMPANY WITHOUT FIRST OBTAINING A REGISTRATION ISSUED BY
33 THE BOARD PURSUANT TO THIS ARTICLE, REGARDLESS OF THE ENTITY'S USE OF
34 APPRAISAL MANAGEMENT COMPANY, MORTGAGE TECHNOLOGY COMPANY OR ANY OTHER NAME.

35 B. A PERSON WHO WISHES TO BE REGISTERED AS AN APPRAISAL MANAGEMENT
36 COMPANY IN THIS STATE MUST FILE A WRITTEN APPLICATION WITH THE BOARD ON A
37 FORM PREPARED AND FURNISHED BY THE BOARD AND PAY A FEE IN AN AMOUNT TO BE
38 DETERMINED BY THE BOARD. THE REGISTRATION REQUIRED BY SUBSECTION A SHALL
39 INCLUDE:

40 1. THE NAME, RESIDENCE ADDRESS, BUSINESS ADDRESS AND TELEPHONE NUMBER
41 OF THE APPLICANT AND THE LOCATION OF EACH PRINCIPAL OFFICE AND BRANCH OFFICE
42 AT WHICH THE APPRAISAL MANAGEMENT COMPANY WILL CONDUCT BUSINESS IN THIS
43 STATE.

44 2. THE NAME UNDER WHICH THE APPLICANT WILL CONDUCT BUSINESS AS AN
45 APPRAISAL MANAGEMENT COMPANY.

1 3. THE NAME, RESIDENCE ADDRESS, BUSINESS ADDRESS AND TELEPHONE NUMBER
2 OF EACH PERSON WHO WILL HAVE AN INTEREST IN THE APPRAISAL MANAGEMENT COMPANY
3 AS A PRINCIPAL, PARTNER, OFFICER, DIRECTOR OR TRUSTEE, SPECIFYING THE
4 CAPACITY AND TITLE OF EACH PERSON.

5 4. IF THE ENTITY SEEKING REGISTRATION IS NOT A CORPORATION THAT IS
6 DOMICILED IN THIS STATE, THE NAME AND CONTACT INFORMATION FOR THE COMPANY'S
7 AGENT FOR SERVICE OF PROCESS IN THIS STATE.

8 5. A CERTIFICATION THAT THE ENTITY SEEKING REGISTRATION HAS A SYSTEM
9 AND PROCESS IN PLACE TO VERIFY THAT A PERSON BEING ADDED TO THE APPRAISER
10 PANEL OF THE APPRAISAL MANAGEMENT COMPANY HOLDS A LICENSE OR CERTIFICATION IN
11 GOOD STANDING IN THIS STATE.

12 6. A CERTIFICATION THAT THE ENTITY SEEKING REGISTRATION HAS A SYSTEM
13 IN PLACE TO REVIEW THE WORK OF ALL INDEPENDENT APPRAISERS THAT ARE PERFORMING
14 REAL PROPERTY APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY ON A
15 PERIODIC BASIS TO ENSURE THAT THE REAL PROPERTY APPRAISAL SERVICES ARE BEING
16 CONDUCTED IN ACCORDANCE WITH UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
17 PRACTICE.

18 7. A CERTIFICATION THAT THE ENTITY MAINTAINS A DETAILED RECORD OF EACH
19 SERVICE REQUEST THAT IT RECEIVES AND THE INDEPENDENT APPRAISER THAT PERFORMS
20 THE REAL PROPERTY APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY.

21 8. AN IRREVOCABLE CONSENT TO SERVICE OF PROCESS.

22 9. ANY OTHER INFORMATION REQUIRED BY THE BOARD.

23 32-3663. Exemptions

24 THIS ARTICLE DOES NOT APPLY TO:

25 1. A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP, SUBSIDIARY OR
26 OTHER BUSINESS ENTITY THAT EXCLUSIVELY EMPLOYS PERSONS ON AN EMPLOYER AND
27 EMPLOYEE BASIS FOR THE PERFORMANCE OF REAL PROPERTY APPRAISAL SERVICES IN THE
28 NORMAL COURSE OF ITS BUSINESS AND THAT IS RESPONSIBLE FOR ENSURING THAT THE
29 REAL PROPERTY APPRAISAL SERVICES BEING PERFORMED BY ITS EMPLOYEES ARE BEING
30 PERFORMED IN ACCORDANCE WITH UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
31 PRACTICE.

32 2. AN INDIVIDUAL WHO IS AN APPRAISER AND WHO, DURING THE NORMAL COURSE
33 OF BUSINESS, ENTERS INTO AN AGREEMENT, WHETHER WRITTEN OR OTHERWISE, WITH
34 ANOTHER INDEPENDENT CONTRACTOR APPRAISER FOR THE PERFORMANCE OF REAL PROPERTY
35 APPRAISAL SERVICES THAT THE HIRING OR CONTRACTING APPRAISER CANNOT COMPLETE
36 FOR ANY REASON, INCLUDING COMPETENCY, WORKLOAD, SCHEDULE OR GEOGRAPHIC
37 LOCATION.

38 3. AN INDIVIDUAL WHO IS AN APPRAISER AND WHO, DURING THE NORMAL COURSE
39 OF BUSINESS, ENTERS INTO AN AGREEMENT, WHETHER WRITTEN OR OTHERWISE, WITH AN
40 INDEPENDENT CONTRACTOR APPRAISER FOR THE PERFORMANCE OF REAL PROPERTY
41 APPRAISAL SERVICES AND, ON THE COMPLETION OF THE APPRAISAL, THE REPORT OF THE
42 APPRAISER PERFORMING THE REAL PROPERTY APPRAISAL SERVICES IS COSIGNED BY THE
43 APPRAISER WHO SUBCONTRACTED WITH THE INDEPENDENT APPRAISER FOR THE
44 PERFORMANCE OF THE REAL PROPERTY APPRAISAL SERVICES.

1 4. A RELOCATION MANAGEMENT COMPANY IN THE COURSE OF EMPLOYEE
2 RELOCATION PURSUANT TO ITS RELOCATION POLICY.

3 32-3664. Registration forms

4 AN APPLICANT FOR INITIAL AND RENEWAL REGISTRATION AS AN APPRAISAL
5 MANAGEMENT COMPANY SHALL SUBMIT TO THE BOARD AN APPLICATION ON A FORM
6 PRESCRIBED BY THE BOARD.

7 32-3665. Expiration of registration

8 AN INITIAL REGISTRATION GRANTED BY THE BOARD PURSUANT TO THIS ARTICLE
9 IS VALID FOR ONE YEAR FROM THE DATE ON WHICH IT IS ISSUED. REGISTRATION
10 RENEWALS ARE VALID FOR TWO YEARS.

11 32-3666. Consent to service of process

12 EACH ENTITY APPLYING FOR REGISTRATION AS AN APPRAISAL MANAGEMENT
13 COMPANY SHALL COMPLETE AND EXECUTE AN IRREVOCABLE CONSENT TO SERVICE OF
14 PROCESS FORM AS PRESCRIBED BY THE BOARD.

15 32-3667. Fee; bond

16 A. THE BOARD SHALL ESTABLISH THE FEE FOR APPRAISAL MANAGEMENT COMPANY
17 REGISTRATION BY RULE.

18 B. THE APPRAISAL MANAGEMENT COMPANY IS REQUIRED TO SHOW PROOF OF A
19 SURETY BOND OF FIFTY THOUSAND DOLLARS.

20 32-3668. Owner requirements

21 A. AN APPRAISAL MANAGEMENT COMPANY APPLYING FOR REGISTRATION MAY NOT
22 BE OWNED BY A PERSON OR HAVE ANY PRINCIPAL OF THE COMPANY WHO HAS HAD A
23 LICENSE OR CERTIFICATE REFUSED, DENIED, CANCELED, REVOKED OR VOLUNTARILY
24 SURRENDERED IN THIS STATE OR IN ANY OTHER STATE. THIS REQUIREMENT MAY BE
25 WAIVED BY APPEAL AND AT THE DISCRETION OF THE BOARD.

26 B. EACH PERSON THAT OWNS, IS AN OFFICER OF OR HAS A FINANCIAL INTEREST
27 IN AN APPRAISAL MANAGEMENT COMPANY IN THIS STATE SHALL:

28 1. BE OF GOOD MORAL CHARACTER.

29 2. SUBMIT TO A BACKGROUND INVESTIGATION AS DETERMINED BY THE BOARD.

30 3. CERTIFY TO THE BOARD THAT THE PERSON HAS NEVER HAD A LICENSE OR
31 CERTIFICATE REFUSED, DENIED, CANCELED, REVOKED OR VOLUNTARILY SURRENDERED IN
32 THIS STATE OR IN ANY OTHER STATE. THIS REQUIREMENT MAY BE WAIVED BY APPEAL
33 AND AT THE DISCRETION OF THE BOARD.

34 32-3669. Controlling person

35 A. EACH APPRAISAL MANAGEMENT COMPANY APPLYING TO THE BOARD FOR
36 REGISTRATION IN THIS STATE SHALL DESIGNATE ONE CONTROLLING PERSON THAT WILL
37 BE THE MAIN CONTACT FOR ALL COMMUNICATION BETWEEN THE BOARD AND THE APPRAISAL
38 MANAGEMENT COMPANY.

39 B. TO SERVE AS A CONTROLLING PERSON OF AN APPRAISAL MANAGEMENT
40 COMPANY, A PERSON SHALL:

41 1. CERTIFY TO THE BOARD THAT THE PERSON HAS NEVER HAD A CERTIFICATE OR
42 A LICENSE ISSUED BY THIS STATE, OR ANY OTHER STATE, REFUSED, DENIED,
43 CANCELED, REVOKED OR VOLUNTARILY SURRENDERED. THIS REQUIREMENT MAY BE WAIVED
44 BY APPEAL AND AT THE DISCRETION OF THE BOARD.

45 2. BE OF GOOD MORAL CHARACTER.

1 3. SUBMIT TO A BACKGROUND INVESTIGATION AS DETERMINED BY THE BOARD.
2 32-3670. Employee requirements

3 ANY EMPLOYEE OF AN APPRAISAL MANAGEMENT COMPANY, OR ANY PERSON WORKING
4 ON BEHALF OF AN APPRAISAL MANAGEMENT COMPANY, WHO HAS THE RESPONSIBILITY OF
5 SELECTING INDEPENDENT APPRAISERS FOR THE PERFORMANCE OF REAL PROPERTY
6 APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT COMPANY OR THE RESPONSIBILITY
7 OF REVIEWING COMPLETED APPRAISALS SHALL BE APPROPRIATELY TRAINED AND
8 QUALIFIED IN THE PERFORMANCE OF REAL PROPERTY APPRAISALS AS DETERMINED BY THE
9 BOARD BY RULE.

10 32-3671. Agreements with independent appraisers; limitations

11 AN APPRAISAL MANAGEMENT COMPANY REGISTERED IN THIS STATE PURSUANT TO
12 THIS ARTICLE MAY NOT ENTER INTO CONTRACTS OR AGREEMENTS WITH AN INDEPENDENT
13 APPRAISER FOR THE PERFORMANCE OF REAL PROPERTY APPRAISAL SERVICES UNLESS THAT
14 PERSON IS LICENSED OR CERTIFIED IN GOOD STANDING PURSUANT TO THE BOARD.

15 32-3672. Annual certifications

16 A. EACH APPRAISAL MANAGEMENT COMPANY SEEKING TO BE REGISTERED IN THIS
17 STATE SHALL CERTIFY TO THE BOARD ON AN ANNUAL BASIS ON A FORM PRESCRIBED BY
18 THE BOARD THAT THE APPRAISAL MANAGEMENT COMPANY HAS A SYSTEM AND PROCESS IN
19 PLACE TO VERIFY THAT A PERSON BEING ADDED TO THE APPRAISER PANEL OF THE
20 APPRAISAL MANAGEMENT COMPANY HOLDS A LICENSE OR CERTIFICATE IN GOOD STANDING
21 IN THIS STATE PURSUANT TO THE BOARD.

22 B. EACH APPRAISAL MANAGEMENT COMPANY SEEKING TO BE REGISTERED IN THIS
23 STATE SHALL CERTIFY TO THE BOARD ON AN ANNUAL BASIS THAT IT HAS A SYSTEM IN
24 PLACE TO REVIEW THE QUALITY OF APPRAISALS OF ALL INDEPENDENT APPRAISERS THAT
25 ARE PERFORMING REAL PROPERTY APPRAISAL SERVICES FOR THE APPRAISAL MANAGEMENT
26 COMPANY ON A PERIODIC BASIS TO ENSURE THAT THE REAL PROPERTY APPRAISAL
27 SERVICES ARE BEING CONDUCTED IN ACCORDANCE WITH UNIFORM STANDARDS OF
28 PROFESSIONAL APPRAISAL PRACTICE.

29 C. EACH APPRAISAL MANAGEMENT COMPANY SEEKING TO BE REGISTERED SHALL
30 CERTIFY TO THE BOARD ON AN ANNUAL BASIS THAT IT MAINTAINS A DETAILED RECORD
31 OF EACH SERVICE REQUEST THAT IT RECEIVES AND THE NAME OF THE INDEPENDENT
32 APPRAISER THAT PERFORMS THE REAL PROPERTY APPRAISAL SERVICES FOR THE
33 APPRAISAL MANAGEMENT COMPANY. AN APPRAISAL MANAGEMENT COMPANY SHALL MAINTAIN
34 A DETAILED RECORD FOR THE SAME TIME PERIOD THAT AN APPRAISER IS REQUIRED TO
35 MAINTAIN AN APPRAISAL RECORD FOR THE SAME REAL PROPERTY APPRAISAL ACTIVITY.

36 32-3673. Disclosure of fees

37 THE APPRAISAL MANAGEMENT COMPANY MUST VERIFY THAT THE FEE PAID TO THE
38 APPRAISER IS PROPERLY DISCLOSED IN THE CERTIFICATION OF THE APPRAISAL.

39 32-3674. Appraiser independence; prohibitions

40 A. ANY EMPLOYEE, DIRECTOR, OFFICER OR AGENT OF AN APPRAISAL MANAGEMENT
41 COMPANY REGISTERED PURSUANT TO THIS ARTICLE SHALL NOT INFLUENCE OR ATTEMPT TO
42 INFLUENCE THE DEVELOPMENT, REPORTING OR REVIEW OF AN APPRAISAL THROUGH
43 COERCION, EXTORTION, COLLUSION, COMPENSATION, INSTRUCTION, INDUCEMENT,
44 INTIMIDATION, BRIBERY OR ANY OTHER MANNER, INCLUDING:

1 1. WITHHOLDING OR THREATENING TO WITHHOLD TIMELY PAYMENT FOR AN
2 APPRAISAL.

3 2. WITHHOLDING OR THREATENING TO WITHHOLD FUTURE BUSINESS FOR AN
4 INDEPENDENT APPRAISER OR DEMOTING OR TERMINATING, OR THREATENING TO DEMOTE OR
5 TERMINATE, AN INDEPENDENT APPRAISER.

6 3. EXPRESSLY OR IMPLIEDLY PROMISING FUTURE BUSINESS, PROMOTIONS OR
7 INCREASED COMPENSATION FOR AN INDEPENDENT APPRAISER.

8 4. CONDITIONING THE REQUEST FOR AN APPRAISAL SERVICE OR THE PAYMENT OF
9 AN APPRAISAL FEE OR SALARY OR BONUS ON THE OPINION, CONCLUSION OR VALUATION
10 TO BE REACHED OR ON A PRELIMINARY ESTIMATE OR OPINION REQUESTED FROM AN
11 INDEPENDENT APPRAISER.

12 5. REQUESTING THAT AN INDEPENDENT APPRAISER PROVIDE AN ESTIMATED,
13 PREDETERMINED OR DESIRED VALUATION IN AN APPRAISAL REPORT OR PROVIDE
14 ESTIMATED VALUES OR COMPARABLE SALES AT ANY TIME BEFORE THE INDEPENDENT
15 APPRAISER'S COMPLETION OF AN APPRAISAL SERVICE.

16 6. PROVIDING TO AN INDEPENDENT APPRAISER AN ANTICIPATED, ESTIMATED,
17 ENCOURAGED OR DESIRED VALUE FOR A SUBJECT PROPERTY OR A PROPOSED OR TARGET
18 AMOUNT TO BE LOANED TO THE BORROWER, EXCEPT THAT A COPY OF THE SALES CONTRACT
19 FOR PURCHASE TRANSACTIONS MAY BE PROVIDED.

20 7. PROVIDING TO AN INDEPENDENT APPRAISER, OR ANY ENTITY OR PERSON
21 RELATED TO THE APPRAISER, STOCK OR OTHER FINANCIAL OR NONFINANCIAL BENEFITS.

22 8. ALLOWING THE REMOVAL OF AN INDEPENDENT APPRAISER FROM AN APPRAISER
23 PANEL, WITHOUT PRIOR WRITTEN NOTICE TO THE APPRAISER.

24 9. OBTAINING, USING OR PAYING FOR A SECOND OR SUBSEQUENT APPRAISAL OR
25 ORDERING AN AUTOMATED VALUATION MODEL IN CONNECTION WITH A MORTGAGE FINANCING
26 TRANSACTION, UNLESS THERE IS A REASONABLE BASIS TO BELIEVE THAT THE INITIAL
27 APPRAISAL WAS FLAWED OR TAINTED AND THE BASIS IS CLEARLY AND APPROPRIATELY
28 NOTED IN THE LOAN FILE OR UNLESS THE APPRAISAL OR AUTOMATED VALUATION MODEL
29 IS DONE PURSUANT TO A BONA FIDE PRE-FUNDING OR POST-FUNDING APPRAISAL REVIEW
30 OR QUALITY CONTROL PROCESS.

31 10. ENGAGING IN ANY OTHER ACT OR PRACTICE THAT IMPAIRS OR ATTEMPTS TO
32 IMPAIR AN APPRAISER'S INDEPENDENCE, OBJECTIVITY OR IMPARTIALITY.

33 B. APPRAISAL FEES MUST BE BASED ON THE COMPLEXITY OF THE APPRAISAL
34 PERFORMED. AN APPRAISAL FEE OFFERED OR PAID MAY NOT BE BASED ON THE
35 PREDETERMINED VALUE OR RANGE OF VALUE OF THE SUBJECT PROPERTY OR THE AMOUNT
36 OF THE TRANSACTION PRICE. AT ITS DISCRETION, THE BOARD MAY REVIEW ANY
37 APPRAISER FEE SCHEDULE DEVELOPED BY AN APPRAISAL MANAGEMENT COMPANY
38 REGISTERED IN THIS STATE.

39 C. SUBSECTIONS A AND B DO NOT PROHIBIT AN APPRAISAL MANAGEMENT COMPANY
40 FROM REQUESTING THAT AN INDEPENDENT APPRAISER EITHER:

41 1. PROVIDE ADDITIONAL INFORMATION ABOUT THE BASIS FOR A VALUATION.

42 2. CORRECT OBJECTIVE FACTUAL ERRORS IN AN APPRAISAL REPORT.

1 32-3675. Payment

2 EXCEPT IN CASES OF BREACH OF CONTRACT OR SUBSTANDARD PERFORMANCE OF
3 SERVICES, EACH APPRAISAL MANAGEMENT COMPANY SHALL MAKE PAYMENT TO AN
4 INDEPENDENT APPRAISER FOR THE COMPLETION OF AN APPRAISAL OR VALUATION
5 ASSIGNMENT WITHIN THIRTY DAYS AFTER THE DATE ON WHICH THE INDEPENDENT
6 APPRAISER TRANSMITS OR OTHERWISE PROVIDES THE COMPLETED APPRAISAL OR
7 VALUATION STUDY TO THE APPRAISAL MANAGEMENT COMPANY OR ITS ASSIGNEE.

8 32-3676. Appraisal reports; alteration; use

9 AN APPRAISAL MANAGEMENT COMPANY SHALL NOT:

10 1. ALTER, MODIFY, REVISE OR OTHERWISE CHANGE A COMPLETED APPRAISAL
11 REPORT SUBMITTED BY AN INDEPENDENT APPRAISER, INCLUDING REMOVING THE
12 SIGNATURE OF THE APPRAISER.

13 2. USE AN APPRAISAL REPORT SUBMITTED BY AN INDEPENDENT APPRAISER FOR
14 ANY PURPOSE OTHER THAN THE INTENDED USE STATED IN THE REPORT.

15 32-3677. Adjudication of disputes

16 A. EXCEPT WITHIN THE FIRST SIXTY DAYS AFTER AN INDEPENDENT APPRAISER
17 IS FIRST ADDED TO THE APPRAISER PANEL OF AN APPRAISAL MANAGEMENT COMPANY, AN
18 APPRAISAL MANAGEMENT COMPANY SHALL NOT REMOVE AN APPRAISER FROM ITS APPRAISER
19 PANEL, OR OTHERWISE REFUSE TO ASSIGN REQUESTS FOR REAL PROPERTY APPRAISAL
20 SERVICES TO AN INDEPENDENT APPRAISER, WITHOUT NOTIFYING THE APPRAISER IN
21 WRITING OF THE REASONS FOR THE APPRAISER BEING REMOVED FROM THE APPRAISER
22 PANEL OF THE APPRAISAL MANAGEMENT COMPANY. AN APPRAISAL MANAGEMENT COMPANY
23 MAY NOT REMOVE FROM THE PANEL OR REMOVE FROM RECEIVING ASSIGNMENTS AN
24 APPRAISER FOR UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OR QUALITY
25 ISSUES, UNLESS THE APPRAISAL MANAGEMENT COMPANY HAS FIRST OBTAINED A UNIFORM
26 STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE COMPLIANT REVIEW PERFORMED BY AN
27 APPRAISER CERTIFIED PURSUANT TO THIS CHAPTER AND THE REVIEW CLEARLY STATES
28 THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE VIOLATION THAT
29 SIGNIFICANTLY UNDERMINES THE CREDIBILITY OF THE APPRAISAL OR ITS OPINION OF
30 VALUE. THE APPRAISAL MANAGEMENT COMPANY MAY SUSPEND ASSIGNMENTS TO THE
31 APPRAISER UNTIL THIS REVIEW PROCESS IS COMPLETE. IF THE APPRAISER IS BEING
32 REMOVED FROM THE PANEL FOR ILLEGAL CONDUCT, VIOLATION OF THE UNIFORM
33 STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OR A VIOLATION OF STATE
34 LICENSING STANDARDS, THE APPRAISAL MANAGEMENT COMPANY SHALL PROVIDE THE
35 INDEPENDENT APPRAISER THE NATURE OF THE ALLEGED CONDUCT OR VIOLATION AND
36 PROVIDE AN OPPORTUNITY FOR THE APPRAISER TO RESPOND.

37 B. AN INDEPENDENT APPRAISER THAT IS REMOVED FROM THE APPRAISER PANEL
38 OF AN APPRAISAL MANAGEMENT COMPANY FOR ALLEGED ILLEGAL CONDUCT, VIOLATION OF
39 THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OR VIOLATION OF
40 STATE LICENSING STANDARDS MAY FILE A COMPLAINT WITH THE BOARD FOR A REVIEW OF
41 THE DECISION OF THE APPRAISAL MANAGEMENT COMPANY, EXCEPT THAT IN NO CASE
42 SHALL THE BOARD MAKE ANY DETERMINATION REGARDING THE NATURE OF THE BUSINESS
43 RELATIONSHIP BETWEEN THE APPRAISER AND THE APPRAISAL MANAGEMENT COMPANY THAT
44 IS UNRELATED TO THE ACTIONS SPECIFIED IN SUBSECTION A.

1 C. IF AN INDEPENDENT APPRAISER FILES A COMPLAINT AGAINST AN APPRAISAL
2 MANAGEMENT COMPANY PURSUANT TO SUBSECTION B, THE BOARD SHALL ADJUDICATE THE
3 COMPLAINT WITHIN A REASONABLE TIME.

4 D. IF AFTER OPPORTUNITY FOR A HEARING AND REVIEW, THE BOARD DETERMINES
5 THAT AN INDEPENDENT APPRAISER DID NOT COMMIT A VIOLATION OF LAW, A VIOLATION
6 OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OR A VIOLATION OF
7 STATE LICENSING STANDARDS, THE BOARD SHALL ORDER THAT THE APPRAISER BE ADDED
8 TO THE APPRAISER PANEL OF THE APPRAISAL MANAGEMENT COMPANY THAT WAS THE
9 SUBJECT OF THE COMPLAINT WITHOUT PREJUDICE.

10 32-3678. Enforcement

11 THE BOARD MAY CENSURE AN APPRAISAL MANAGEMENT COMPANY, CONDITIONALLY OR
12 UNCONDITIONALLY SUSPEND OR REVOKE ANY REGISTRATION ISSUED UNDER THIS ARTICLE
13 OR IMPOSE CIVIL PENALTIES NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS PER
14 VIOLATION IF, IN THE OPINION OF THE BOARD, AN APPRAISAL MANAGEMENT COMPANY IS
15 ATTEMPTING TO PERFORM, HAS PERFORMED OR HAS ATTEMPTED TO PERFORM ANY OF THE
16 FOLLOWING ACTS:

17 1. COMMITTING ANY ACT IN VIOLATION OF THIS ARTICLE.

18 2. VIOLATING ANY RULE ADOPTED BY THE BOARD IN THE INTEREST OF THE
19 PUBLIC AND CONSISTENT WITH THIS ARTICLE.

20 3. KNOWINGLY MAKING OR CAUSING TO BE MADE TO THE BOARD ANY FALSE
21 REPRESENTATION OF MATERIAL FACT.

22 4. SUPPRESSING OR WITHHOLDING FROM THE BOARD ANY INFORMATION THAT THE
23 APPLICANT POSSESSES AND THAT, IF SUBMITTED BY THE APPLICANT, WOULD HAVE
24 RENDERED THE APPLICANT INELIGIBLE TO BE REGISTERED PURSUANT TO RULES ADOPTED
25 BY THE BOARD.

26 5. VIOLATING THE FEDERAL FINANCIAL INSTITUTIONS REFORM, RECOVERY AND
27 ENFORCEMENT ACT OF 1989 (P.L. 101-73; 103 STAT. 183).

28 32-3679. Disciplinary hearings

29 A. THE BOARD MAY CONDUCT DISCIPLINARY PROCEEDINGS IN ACCORDANCE WITH
30 TITLE 41, CHAPTER 6, ARTICLE 10.

31 B. BEFORE CENSURING ANY REGISTRANT, OR SUSPENDING OR REVOKING ANY
32 REGISTRATION, THE BOARD SHALL NOTIFY THE REGISTRANT IN WRITING OF ANY CHARGES
33 MADE AT LEAST FORTY-FIVE DAYS BEFORE THE DATE SET FOR THE HEARING AND SHALL
34 AFFORD THE REGISTRANT AN OPPORTUNITY TO BE HEARD IN PERSON OR BY COUNSEL.

35 C. THE WRITTEN NOTICE SHALL BE SATISFIED BY PERSONAL SERVICE ON THE
36 CONTROLLING PERSON OF THE REGISTRANT OR THE REGISTRANT'S AGENT FOR SERVICE OF
37 PROCESS IN THIS STATE OR BY SENDING THE NOTICE BY CERTIFIED MAIL TO THE
38 CONTROLLING PERSON OF THE REGISTRANT TO THE REGISTRANT'S ADDRESS ON FILE WITH
39 THE BOARD.

40 D. THE HEARING SHALL BE AT A TIME AND PLACE PRESCRIBED BY THE BOARD.
41 ANY REASONABLE REQUEST FOR A DELAY OF A HEARING SHALL NOT EXCEED NINETY DAYS.

42 E. THE BOARD MAY MAKE FINDINGS OF FACT AND SHALL DELIVER OR MAIL THE
43 FINDINGS TO THE REGISTRANT CHARGED WITH A VIOLATION OF THIS ARTICLE.

1 32-3680. Rule making authority
2 THE BOARD MAY ADOPT RULES THAT ARE REASONABLY NECESSARY TO IMPLEMENT,
3 ADMINISTER AND ENFORCE THIS ARTICLE, INCLUDING RULES FOR OBTAINING COPIES OF
4 APPRAISALS AND OTHER DOCUMENTS NECESSARY TO AUDIT COMPLIANCE WITH THIS
5 ARTICLE AND RULES REQUIRING A SURETY BOND TO BE POSTED WITH EACH APPLICATION.