

REFERENCE TITLE: state board of appraisal

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2778

Introduced by
Representative McLain

AN ACT

AMENDING SECTION 32-3604, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-3610; AMENDING SECTIONS 32-3625, 32-3628 AND 32-3673, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-3681; RELATING TO THE STATE BOARD OF APPRAISAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 32-3604, Arizona Revised Statutes, is amended to
3 read:
4 32-3604. State board of appraisal
5 A. A state board of appraisal is established and is composed of nine
6 members who are appointed by the governor pursuant to section 38-211.
7 B. The membership of the board consists of:
8 1. Four members who are state certified or state licensed appraisers
9 under this chapter, one of whom is a state certified general appraiser, one
10 of whom is a state certified residential appraiser, one of whom is a state
11 licensed appraiser and one of whom is any state certified or state licensed
12 appraiser. Membership in a professional appraisal organization or
13 association is not a prerequisite to service on the board.
14 2. Three public members who are not related within the third degree of
15 consanguinity or affinity to any real estate appraiser.
16 3. A registered property tax agent.
17 4. One member, who is not a certified or licensed appraiser, who is
18 employed by a lending institution that purchases or makes use of either
19 commercial or residential appraisals and whose position of employment relates
20 to the use of appraisals by that institution.
21 C. A BOARD MEMBER WHO IS NOT AN APPRAISER MUST HAVE TAKEN, OR ON
22 ACCEPTANCE OF APPOINTMENT TO THE BOARD MUST TAKE, A MINIMUM OF A THREE HOUR
23 CLASS ON THE STATE AND FEDERAL STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE
24 THAT IS PRESENTED BY AN APPRAISAL FOUNDATION CERTIFIED STANDARDS OF
25 PROFESSIONAL APPRAISAL PRACTICE INSTRUCTOR. THE CLASS MUST OUTLINE THE
26 STANDARDS THAT APPRAISAL REPORTS MUST MEET IN ORDER TO BE IN COMPLIANCE WITH
27 THE STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.
28 ~~C.~~ D. Members shall serve for staggered terms of three years.
29 ~~D.~~ E. Not more than two persons from the same professional appraisal
30 organization or association may serve on the board concurrently. The
31 governor may remove a member for cause. No person may serve as a member of
32 the board for more than two consecutive terms unless both of the following
33 apply:
34 1. The person is appointed to serve the remainder of some other board
35 member's term of office after that board member's seat is declared vacant.
36 2. The person's service for the remainder of the vacated term does not
37 exceed eighteen months.
38 ~~E.~~ F. The public members of the board shall not be engaged in the
39 practice of appraising or be the owner or employee of any proprietary
40 business involving appraisal education or testing of appraisers.
41 ~~F.~~ G. The board shall meet at least once each calendar quarter to
42 conduct business. Places of future meetings shall be decided by the vote of
43 members at meetings. By order of the chairman and if necessary to meet the
44 requirements of this chapter, the board may hold special meetings or
45 emergency meetings, including meetings using conference telephone or other

1 similar communications equipment in such a manner that the voices of all
2 members participating in the meeting are simultaneously audible to all other
3 members participating in the meeting.

4 ~~G.~~ H. The board shall meet to elect a chairman annually from among
5 its members.

6 ~~H.~~ I. A majority of the members constitutes a quorum.

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

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

17 Sec. 2. Title 32, chapter 36, article 1, Arizona Revised Statutes, is
18 amended by adding section 32-3610, to read:

19 32-3610. Uniform standards of professional appraisal practice;
20 state standards; exception

21 THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE ARE THE
22 STANDARDS FOR THE APPRAISAL PRACTICE IN THIS STATE UNLESS THE BOARD OBJECTS.

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

24 32-3625. Continuing education

25 A. As a prerequisite to renewal of a license or certificate, a state
26 licensed or state certified appraiser shall present evidence satisfactory to
27 the board of having met the continuing education requirements of either
28 subsection B or C OF THIS SECTION.

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

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

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

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

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

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

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

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

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

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

31 G. A license or certificate as a state licensed or state certified
32 appraiser that has been suspended as a result of disciplinary action by the
33 board shall not be reinstated unless the applicant presents evidence of
34 completion of the continuing education required by this chapter.

35 H. A QUALIFYING CONTINUING EDUCATION CLASS MAY BE APPLIED TO AN
36 APPRAISER'S SUBSEQUENT RENEWAL PERIOD IF THE APPRAISER TAKES THE CLASS AFTER
37 THE APPRAISER DELIVERS A RENEWAL APPLICATION TO THE BOARD WITHIN THE TIME
38 PERIOD SPECIFIED IN SECTION 32-3619, SUBSECTION A OR B.

39 Sec. 4. Section 32-3628, Arizona Revised Statutes, is amended to read:
40 32-3628. Inactive license or certificate status during military
41 duty; reactivation application; renewal application
42 and fee; continuing education

43 A. A license or certificate holder who is ordered to active military
44 duty with the United States armed forces may request that the license or

1 certificate be placed on inactive status by filing with the board an
2 application that includes all of the following:

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

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

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

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

16 D. A license or certificate holder on inactive status must file with
17 the board an application for reactivation of the license or certificate
18 within ~~thirty~~ ONE HUNDRED TWENTY days after returning home from active
19 military duty.

20 E. If the holder of an inactive license or certificate timely files an
21 application for reactivation of the license or certificate, the license or
22 certificate is returned to active status on the board's approval of the
23 application for reactivation. The time period for completion of the
24 continuing education requirements that the license or certificate holder
25 would otherwise have been required to meet during the period when the license
26 or certificate was on inactive status is extended for a period not to exceed
27 ninety days after return from active military duty. The license or
28 certificate holder must submit proof of completion of any continuing
29 education requirements to the board no later than ~~thirty~~ ONE HUNDRED TWENTY
30 days after completion.

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

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

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

43 I. Any license or certificate holder who places the holder's license
44 or certificate on inactive status under this section must pay the renewal fee
45 prescribed in section 32-3607 and complete an application for renewal

1 pursuant to section 32-3619. A license or certificate holder on inactive
2 status pursuant to this section who files an application for reactivation is
3 required to provide evidence of completion of the continuing education
4 requirements pursuant to subsection E of this section.

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

7 Sec. 5. Section 32-3673, Arizona Revised Statutes, is amended to read:
8 32-3673. Disclosure of fees

9 A. The appraisal management company shall not prohibit the appraiser
10 from reporting in the appraisal report the fee paid to the appraiser.

11 B. THE FEE PAID TO AN APPRAISER FOR AN APPRAISAL REPORT MUST BE STATED
12 IN THE SCOPE OF WORK SECTION OF THE APPRAISAL REPORT.

13 Sec. 6. Title 32, chapter 36, article 5, Arizona Revised Statutes, is
14 amended by adding section 32-3681, to read:

15 32-3681. Prohibited practices

16 AN APPRAISAL MANAGEMENT COMPANY OR AN EMPLOYEE, DIRECTOR, OFFICER OR
17 AGENT OF AN APPRAISAL MANAGEMENT COMPANY MAY NOT REQUIRE AN APPRAISER TO
18 INDEMNIFY OR HOLD HARMLESS THE APPRAISAL MANAGEMENT COMPANY AGAINST ANY
19 LIABILITY EXCEPT FOR LIABILITY THAT RESULTS FROM ERRORS OR OMISSIONS BY THE
20 APPRAISER.

21 Sec. 7. Appraisal management company investigative committee

22 A. The appraisal management company investigative committee is
23 established consisting of the following members:

24 1. Three members of the senate who are appointed by the president of
25 the senate, not more than two of whom are members of the same political
26 party. The president of the senate shall designate one of these members to
27 serve as cochairperson of the committee.

28 2. Three members of the house of representatives who are appointed by
29 the speaker of the house of representatives, not more than two of whom are
30 members of the same political party. The speaker of the house of
31 representatives shall designate one of these members to serve as
32 cochairperson of the committee.

33 3. One realtor who is licensed under title 32, chapter 20, Arizona
34 Revised Statutes. The governor shall appoint this member.

35 4. One appraiser who is licensed or certified under title 32, chapter
36 36, Arizona Revised Statutes. The governor shall appoint this member.

37 5. One person who represents a title company. The governor shall
38 appoint this member.

39 6. One person who represents a lender. The governor shall appoint
40 this member.

41 7. One person who represents an appraisal management company as
42 defined in section 32-3661, Arizona Revised Statutes. The governor shall
43 appoint this member.

44 8. One contractor who is licensed under title 32, chapter 10, Arizona
45 Revised Statutes. The governor shall appoint this member.

1 9. One mortgage broker who is licensed under title 6, chapter 9,
2 Arizona Revised Statutes. The governor shall appoint this member.

3 B. Appointed members serve at the pleasure of the person who made the
4 appointment.

5 C. The appraisal management company investigative committee members
6 are not eligible to receive compensation, but members appointed by the
7 governor are eligible for reimbursement of expenses under title 38, chapter
8 4, article 2, Arizona Revised Statutes.

9 D. The appraisal management company investigative committee shall
10 investigate the impact of appraisal management companies on the real estate
11 industry in this state.

12 E. The appraisal management company investigative committee shall
13 submit a report regarding the committee's activities and recommendations for
14 administrative or legislative action on or before November 15, 2012 to the
15 governor, the president of the senate and the speaker of the house of
16 representatives and shall provide a copy of this report to the secretary of
17 state.

18 F. This section is repealed from and after September 30, 2013.