

REFERENCE TITLE: state board of appraisal

State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

## **SB 1316**

Introduced by  
Senator Yarbrough

### AN ACT

AMENDING SECTIONS 32-3601, 32-3603, 32-3604, 32-3605, 32-3606, 32-3607 AND 32-3610, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, TO "REGISTRATION, LICENSURE AND CERTIFICATION"; AMENDING SECTIONS 32-3611, 32-3612, 32-3613 AND 32-3614, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 32-3614.01 AND 32-3614.02; AMENDING SECTIONS 32-3616 AND 32-3617, ARIZONA REVISED STATUTES; REPEALING SECTION 32-3618, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 36, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-3618; AMENDING SECTIONS 32-3619, 32-3620, 32-3621, 32-3625, 32-3631, 32-3635, 32-3668 AND 32-3669, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO THE STATE BOARD OF APPRAISAL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-3601, Arizona Revised Statutes, is amended to  
3 read:

4 32-3601. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Appraisal" or "real estate appraisal" means a statement **THAT IS**  
7 independently and impartially prepared by an individual setting forth an  
8 opinion as to the market value of real property as of a specific date and  
9 supported by the presentation and analysis of relevant market information.

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

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

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

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

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

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

30 8. "Appraiser qualifications board" means the appraiser qualifications  
31 board **THAT IS** appointed by the board of trustees of the appraisal foundation  
32 to establish the minimum education, experience and examination requirements  
33 for real estate appraisers.

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

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

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

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

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

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

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

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

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

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

30 (a) IS REGISTERED WITH THE BOARD AND IS QUALIFIED TO PERFORM APPRAISAL  
31 SERVICES ONLY UNDER THE DIRECT SUPERVISION OF A CERTIFIED APPRAISER WHO HAS  
32 MET THE MINIMUM CRITERIA TO BE A SUPERVISORY APPRAISER.

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

35 ~~18-~~ 19. "Review appraiser" means a person who engages in the activity  
36 of reviewing and evaluating the appraisal work of others from the perspective  
37 of an appraiser, generally for compensation as a separate skill. This  
38 includes the function of reviewing an appraisal report or a file memorandum  
39 setting forth the results of the review process.

40 ~~19-~~ 20. "Standards of professional appraisal practice" means the  
41 uniform standards of professional appraisal practice adopted by the board.

42 ~~20-~~ 21. "State licensed or state certified appraiser" means a person  
43 who develops and communicates appraisals and who holds a current, valid  
44 license or certificate issued ~~to him~~ under ~~the provisions of~~ this chapter.

1           22. "SUPERVISORY APPRAISER" MEANS A STATE CERTIFIED APPRAISER WHO HAS A  
2 SUPERVISORY APPRAISER DESIGNATION AND WHO:

3           (a) HAS BEEN IN GOOD STANDING FOR AT LEAST A THREE-YEAR PERIOD IN THE  
4 JURISDICTION IN WHICH THE REGISTERED TRAINEE APPRAISER PRACTICES.

5           (b) HAS NOT BEEN SUBJECT TO ANY DISCIPLINARY ACTION IN ANY  
6 JURISDICTION IN THE LAST THREE YEARS.

7           (c) DIRECTLY SUPERVISES REGISTERED TRAINEE APPRAISERS BY DOING THE  
8 FOLLOWING:

9           (i) ACCEPTING RESPONSIBILITY FOR AN APPRAISAL BY SIGNING AND  
10 CERTIFYING THAT THE APPRAISAL COMPLIES WITH THE UNIFORM STANDARDS OF  
11 PROFESSIONAL APPRAISAL PRACTICE.

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

13           (iii) PERSONALLY INSPECTING EACH APPRAISED PROPERTY WITH THE  
14 REGISTERED TRAINEE APPRAISER UNTIL DETERMINING THAT THE REGISTERED TRAINEE  
15 APPRAISER IS COMPETENT TO INSPECT THE PROPERTY IN ACCORDANCE WITH THE  
16 COMPETENCY RULE OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE.

17       ~~21.~~ 23. "Value" means the monetary relationship between properties and  
18 those who buy, sell or use those properties.

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

20       32-3603. Registration, license or certificate use; exception

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

29       B. No person other than a state licensed or state certified appraiser  
30 may receive a fee for a real estate appraisal or an appraisal review of real  
31 property in this state.

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

33       32-3604. State board of appraisal

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

36       B. The membership of the board consists of:

37       1. Four members who are state certified or state licensed appraisers  
38 under this chapter, one of whom is a state certified general appraiser, one  
39 of whom is a state certified residential appraiser, ~~one of whom is a state~~  
40 ~~licensed appraiser~~ and ~~one~~ TWO of whom ~~is any~~ ARE EITHER state certified or  
41 state licensed ~~appraiser~~ APPRAISERS. Membership in a professional appraisal  
42 organization or association is not a prerequisite to service on the board.

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

45       3. A registered property tax agent.

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

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

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

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

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

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

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

25           G. The board shall meet to elect a chairman annually from among its  
26 members.

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

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

33           J. The auditor general shall conduct a performance audit or a special  
34 audit of the board pursuant to section 41-1279.03 on or before December 31,  
35 2004 and at least once every ten years thereafter. The auditor general shall  
36 also conduct performance audits or special audits of the board when directed  
37 to do so by the joint legislative audit committee.

38           Sec. 4. Section 32-3605, Arizona Revised Statutes, is amended to read:  
39 32-3605. State board of appraisal; duties

40           A. The board shall adopt rules in aid or in furtherance of this  
41 chapter.

42           B. The state board of appraisal shall:

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

- 1           2. In prescribing criteria for certification, adopt criteria that at a  
2 minimum are equal to the minimum criteria for certification adopted by the  
3 appraiser qualifications board.
- 4           3. In prescribing criteria for licensing AND REGISTRATION, adopt  
5 criteria that at a minimum are equal to the minimum criteria for licensing  
6 AND REGISTRATION adopted by the appraiser qualifications board.
- 7           4. Further define by rule with respect to state licensed or state  
8 certified appraisers appropriate and reasonable educational experience,  
9 appraisal experience and equivalent experience that meets the statutory  
10 requirement of this chapter.
- 11          5. ~~Establish~~ ADOPT the NATIONAL examination ~~specifications~~ AS APPROVED  
12 BY THE APPRAISER QUALIFICATIONS BOARD for state certified appraisers, ~~provide~~  
13 ~~or procure appropriate examination questions and answers, administer~~  
14 ~~examinations and establish procedures for grading examinations consistent~~  
15 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~  
16 ~~board.~~
- 17          6. ~~Establish~~ ADOPT the NATIONAL examination ~~specifications~~ AS APPROVED  
18 BY THE APPRAISER QUALIFICATIONS BOARD for state licensed appraisers, ~~provide~~  
19 ~~or procure appropriate examination questions and answers, administer~~  
20 ~~examinations and establish procedures for grading examinations consistent~~  
21 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~  
22 ~~board.~~
- 23          7. Establish administrative procedures for approving or disapproving  
24 applications for REGISTRATION, licensure and certification and issuing  
25 licenses and certificates, INCLUDING REGISTRATION CERTIFICATES.
- 26          8. Define by rule, with respect to state licensed and certified  
27 appraisers, the continuing education requirements for the renewal of licenses  
28 or certificates that satisfy the statutory requirements provided in this  
29 chapter.
- 30          9. Periodically review the requirements for the development and  
31 communication of appraisals provided in this chapter and adopt rules  
32 explaining and interpreting the requirements.
- 33          10. Define and explain by rule each stage and step associated with the  
34 administrative procedures for the disciplinary process pursuant to this  
35 chapter, including:
- 36           (a) Prescribing minimum criteria for accepting a complaint against a  
37 REGISTERED TRAINEE APPRAISER OR A licensed or certified appraiser.
- 38           (b) Defining the process and procedures used in investigating the  
39 allegations of the complaint.
- 40           (c) Defining the process and procedures used in hearings on the  
41 complaint, including a description of the rights of the board and any person  
42 who is alleged to have committed the violation.
- 43           (d) Establishing criteria to be used in determining the appropriate  
44 actions for violations.

- 1           11. Communicate information that is useful to the public and appraisers  
2 relating to actions for violations.
- 3           12. Censure, suspend and revoke licenses and certificates pursuant to  
4 the disciplinary proceedings provided for in section 32-3631.
- 5           13. At least monthly transmit to the appraisal subcommittee a roster  
6 listing individuals who have received a state certificate or license in  
7 accordance with this chapter.
- 8           14. Report on the disposition of any matter referred by the appraisal  
9 subcommittee or any other federal agency or instrumentality or federally  
10 recognized entity reporting any action of a state licensed or state certified  
11 appraiser that is contrary to this chapter.
- 12           15. Make a determination and finding if there exists a scarcity of  
13 state certified or state licensed appraisers to perform appraisals in  
14 connection with federally related transactions in this state and issue  
15 resident temporary licenses and certificates pursuant to section 32-3626.
- 16           16. Transmit the national registry fee collected pursuant to section  
17 32-3607 to the appraisal subcommittee.
- 18           17. Establish the fees in accordance with the limits established in  
19 section 32-3607.
- 20           18. Perform such other functions and duties as may be necessary to  
21 carry out this chapter.
- 22           C. Subject to title 41, chapter 4, article 4, the board may employ an  
23 executive director and other personnel and designate their duties. The  
24 executive director shall serve at the pleasure of the board.
- 25           D. The executive director shall not change or amend actions of the  
26 board.
- 27           Sec. 5. Section 32-3606, Arizona Revised Statutes, is amended to read:  
28 32-3606. Executive director; duties  
29 The executive director shall:  
30           1. Receive applications for state licenses and certificates.  
31           2. Establish the administrative procedures for processing applications  
32 for state licenses and certificates.  
33           3. Maintain a registry of the names and addresses of people **WHO ARE**  
34 **REGISTERED**, licensed or certified under this chapter.  
35           4. Retain records and all application materials submitted to the  
36 board.  
37           5. Assist the board in such other matters as the board may require.  
38           **6. PUBLISH ON THE BOARD'S WEBSITE AN UPDATED LIST OF SUPERVISORY**  
39 **APPRAISERS.**
- 40           Sec. 6. Section 32-3607, Arizona Revised Statutes, is amended to read:  
41 32-3607. Fees; use of credit cards  
42           A. The board shall charge and collect fees that are sufficient to fund  
43 the activities necessary to carry out this chapter. These include:  
44           1. An application fee for licensure or certification of not more than  
45 four hundred dollars.

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

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

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

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

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

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

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

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

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

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

28           Sec. 7. Section 32-3610, Arizona Revised Statutes, is amended to read:  
29 32-3610. Uniform standards of professional appraisal practice:  
30 state standards; exception

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

34           Sec. 8. Heading change

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

38           Sec. 9. Section 32-3611, Arizona Revised Statutes, is amended to read:  
39 32-3611. Registration licensure and certification process

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

43           B. Appropriate fees, as fixed by the board pursuant to section  
44 32-3607, shall accompany all applications for original REGISTRATION,  
45 licensure or certification, renewal and examination.

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

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

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

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

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

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

23 E. Applications for REGISTRATION, licensure or certification by  
24 persons who are charged or under indictment for fraud involving appraisal of  
25 real property may be denied pending final disposition of the charge or  
26 indictment. ~~Upon~~ ON final disposition, the board shall review the  
27 proceedings and act ~~upon~~ ON the application.

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

30 32-3612. Classifications of licensure and certification

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

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

36 2. State certified residential real estate appraisers consisting of  
37 those persons meeting the requirements for certification relating to the  
38 appraisal or appraisal review of one to four residential units without regard  
39 to value or complexity. THE CLASSIFICATION INCLUDES THE APPRAISAL FOR  
40 FEDERALLY RELATED TRANSACTIONS OF VACANT OR UNIMPROVED LAND THAT IS USED FOR  
41 ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE HIGHEST AND BEST USE IS FOR ONE  
42 TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION DOES NOT INCLUDE THE APPRAISAL  
43 OF A SUBDIVISION FOR WHICH A DEVELOPMENT ANALYSIS OR APPRAISAL IS NECESSARY.

44 3. State licensed real estate appraisers consisting of those persons  
45 meeting the requirements for licensing relating to appraisal or appraisal

1 review of noncomplex one to four residential units having a value of less  
2 than one million dollars and complex one to four residential units having a  
3 value of less than two hundred fifty thousand dollars. THE CLASSIFICATION  
4 INCLUDES THE APPRAISAL FOR NONFEDERALLY RELATED TRANSACTIONS OF VACANT OR  
5 UNIMPROVED LAND THAT IS USED FOR ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE  
6 HIGHEST AND BEST USE IS FOR ONE TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION  
7 DOES NOT INCLUDE THE APPRAISAL OF SUBDIVISIONS FOR WHICH A DEVELOPMENT  
8 ANALYSIS OR APPRAISAL IS NECESSARY.

9 ~~B. Notwithstanding section 32-3602-~~

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

13 ~~2. All federally related transactions not requiring a state certified~~  
14 ~~appraiser may be appraised by either a state certified or state licensed~~  
15 ~~appraiser.~~

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

18 4. REGISTERED TRAINEE APPRAISERS WHO MAY NOT APPRAISE ANY PROPERTY  
19 TYPE WITHOUT BEING SUBJECT TO THE DIRECT CONTROL AND SUPERVISION OF A  
20 REGISTERED SUPERVISORY APPRAISER.

21 5. SUPERVISORY APPRAISERS.

22 Sec. 11. Section 32-3613, Arizona Revised Statutes, is amended to  
23 read:

24 32-3613. Application and qualification requirements for  
25 issuance of license

26 A. An application for licensing and examination shall be made on forms  
27 as prescribed by the board and accompanied by the required fees.

28 B. Those persons filing for licensing shall meet the minimum criteria  
29 for licensing established by the board under section 32-3605, subsection B,  
30 paragraph 3.

31 C. No person may be a state licensed appraiser unless the person has  
32 achieved a passing grade on ~~a suitable~~ THE NATIONAL examination ~~administered~~  
33 ~~by the board~~ APPROVED BY THE APPRAISER QUALIFICATIONS BOARD.

34 Sec. 12. Section 32-3614, Arizona Revised Statutes, is amended to  
35 read:

36 32-3614. Application and qualification requirements for  
37 certification

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

40 B. Those persons filing for certification shall meet the minimum  
41 criteria for certification established by the board under section 32-3605,  
42 subsection B, paragraph 2 and section 32-3615.

43 C. No person may be a state certified real estate appraiser unless the  
44 person has achieved a passing grade on ~~a suitable~~ THE NATIONAL examination  
45 ~~administered~~ APPROVED by the APPRAISER QUALIFICATIONS board.

1 D. Persons presenting evidence showing successful completion of the  
2 requirements of this section shall be recognized as having met the  
3 qualifications as a state certified real estate appraiser.

4 Sec. 13. Title 32, chapter 36, article 2, Arizona Revised Statutes, is  
5 amended by adding sections 32-3614.01 and 32-3614.02, to read:

6 32-3614.01. Application for registered trainee appraiser  
7 certificates

8 A. AN APPLICATION FOR A REGISTERED TRAINEE APPRAISER CERTIFICATE SHALL  
9 BE MADE ON A FORM PRESCRIBED BY THE BOARD AND ACCOMPANIED BY THE FEES  
10 PRESCRIBED BY SECTION 32-3607. AN APPLICANT MUST COMPLETE EDUCATION  
11 REQUIREMENTS AS OUTLINED BY THE APPRAISER QUALIFICATIONS BOARD. THE  
12 APPLICANT MUST SUBMIT PROOF THAT THE APPLICANT HAS SUCCESSFULLY PASSED THE  
13 REQUIRED COURSES THAT ARE SPECIFICALLY ORIENTED TO THE REQUIREMENTS AND  
14 RESPONSIBILITIES OF SUPERVISORY APPRAISERS AND TRAINEE APPRAISERS AND THAT  
15 COMPLY WITH THE SPECIFICATIONS ESTABLISHED BY THE APPRAISER QUALIFICATIONS  
16 BOARD.

17 B. A CRIMINAL BACKGROUND CHECK MAY BE CONDUCTED PURSUANT TO SECTION  
18 41-1750. THE STATE BOARD OF APPRAISAL MAY CHARGE THE COST OF A CRIMINAL  
19 BACKGROUND CHECK TO THE APPLICANT.

20 32-3614.02. Application for supervisory appraiser designation

21 A. AN APPLICATION FOR A SUPERVISORY APPRAISER DESIGNATION SHALL BE  
22 MADE ON A FORM PRESCRIBED BY THE BOARD. THE APPLICANT MUST SUBMIT PROOF OF  
23 ATTENDANCE AT A COURSE THAT IS SPECIFICALLY ORIENTED TO THE REQUIREMENTS AND  
24 RESPONSIBILITIES OF SUPERVISORY APPRAISERS AND TRAINEE APPRAISERS AND THAT  
25 COMPLIES WITH THE SPECIFICATIONS ESTABLISHED BY THE APPRAISER QUALIFICATIONS  
26 BOARD.

27 B. A CRIMINAL BACKGROUND CHECK MAY BE CONDUCTED PURSUANT TO SECTION  
28 41-1750. THE STATE BOARD OF APPRAISAL MAY CHARGE THE COST OF A CRIMINAL  
29 BACKGROUND CHECK TO THE APPLICANT.

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

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

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

37 B. A REGISTRATION CERTIFICATE ISSUED FOR REGISTERED TRAINEE APPRAISERS  
38 SHALL BE VALID FOR THREE YEARS FROM THE DATE OF ISSUANCE. THE EXPIRATION  
39 DATE OF THE REGISTRATION SHALL APPEAR ON THE REGISTRATION CERTIFICATE.

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

42 32-3617. Nonresident temporary licensure or certification

43 A. Every applicant for nonresident temporary licensure or  
44 certification under this chapter who is not a resident of this state shall  
45 submit, with the application for nonresident temporary licensure or

1 certification, an irrevocable consent that service of process on the  
2 applicant may be made by delivery of the process to the secretary of state  
3 if, in an action against the applicant in a court of this state arising out  
4 of the applicant's activities as a nonresident temporary state licensed or  
5 state certified appraiser, the plaintiff cannot effect, in the exercise of  
6 due diligence, personal service on the applicant.

7 B. A nonresident of this state who has complied with subsection A OF  
8 THIS SECTION may obtain a nonresident temporary license or certificate as a  
9 nonresident temporary state licensed or state certified appraiser by  
10 conforming to all of the requirements of this chapter relating to state  
11 licensed or state certified appraisers.

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

17 ~~1. The properties to be appraised are federally related.~~

18 ~~2.~~ 1. The nonresident appraiser's business in this state is of a  
19 temporary nature.

20 ~~3.~~ 2. The nonresident appraiser applies with the board on forms  
21 prepared by the board.

22 ~~4.~~ 3. The nonresident appraiser pays the nonresident temporary  
23 licensure or certification fee required by the board.

24 D. THE BOARD SHALL ADOPT RULES IN FURTHERANCE OF THIS CHAPTER TO AVOID  
25 THE ABUSE OF THE TEMPORARY PRACTICE RIGHTS IN THIS STATE.

26 Sec. 16. Repeal

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

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

30 32-3618. Reciprocity

31 RECIPROCITY SHALL BE OFFERED TO AN APPRAISER IF THE APPRAISER MEETS ALL  
32 OF THE FOLLOWING:

33 1. HOLDS AN EXISTING VALID APPRAISER CREDENTIAL THAT IS ISSUED BY A  
34 STATE THAT THE APPRAISAL SUBCOMMITTEE CONSIDERS TO BE IN COMPLIANCE AS  
35 DEFINED BY THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL.

36 2. IS IN GOOD STANDING WITH THE ISSUING STATE.

37 3. PASSED AN APPRAISAL QUALIFICATIONS BOARD APPROVED QUALIFYING  
38 EXAMINATION WHEN THE APPRAISER OBTAINED THE APPRAISER CREDENTIAL FROM THE  
39 ISSUING STATE.

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

42 32-3619. Renewal of license or certificate; fees

43 A. Except as otherwise provided in this section and in section  
44 32-4301, to renew a REGISTRATION CERTIFICATE AS A REGISTERED TRAINEE  
45 APPRAISER OR A license or certificate as a state licensed or state certified

1 appraiser, the holder of a current, valid license or certificate shall make  
2 an application and pay the prescribed fee to the board not earlier than  
3 ninety days nor later than thirty days before the expiration date of the  
4 license or certificate then held. With the application for renewal, the  
5 state licensed or state certified appraiser shall present evidence in the  
6 form prescribed by the board of having completed the continuing education  
7 requirements for renewal specified in section 32-3625. **THERE ARE NO**  
8 **CONTINUING EDUCATION REQUIREMENTS FOR RENEWAL OF A REGISTRATION CERTIFICATE**  
9 **FOR A REGISTERED TRAINEE APPRAISER PURSUANT TO SECTION 32-3625.** The renewal  
10 application shall be mailed to the last known address of record not more than  
11 ninety days nor less than sixty days before the renewal date.

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

15 C. An appraiser **OR REGISTERED TRAINEE APPRAISER** who fails to seek  
16 renewal within the time period specified in subsection A or B of this section  
17 must reapply for licensure or certification and meet all of the requirements  
18 of this chapter.

19 D. An appraiser shall not engage in, advertise or purport to engage in  
20 real estate appraisal activity in this state after a license or certificate  
21 has expired and before the renewal of the expired license or certificate.

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

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

26 **32-3620. Basis for denial of a license or certificate**

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

31 B. To assist in determining whether grounds exist to deny the issuance  
32 of a license or certificate to an applicant, the board may require a criminal  
33 background check including the fingerprinting of every applicant for an  
34 original license and certificate. The criminal background check may be  
35 conducted pursuant to section 41-1750 or in any other manner deemed suitable  
36 by the board. The board may charge the cost of each criminal background  
37 check to the applicant.

38 C. A person who is denied the issuance of a license or certificate may  
39 request, and if requested shall receive, a hearing in accordance with title  
40 41, chapter 6, article 10.

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

43 **32-3621. Addresses; telephone numbers; notification of change**

44 A. Each **REGISTERED TRAINEE APPRAISER OR** state licensed or state  
45 certified appraiser shall advise the board of the address of the **appraiser's**

1 PERSON'S principal place of business and all other addresses at which the  
2 ~~appraiser~~ PERSON is currently engaged in the business of preparing real  
3 property appraisal reports.

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

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

11 D. If a REGISTERED TRAINEE APPRAISER OR A state licensed or state  
12 certified appraiser changes ~~a~~ THE PERSON'S place of business or residence,  
13 E-MAIL ADDRESS or ~~the appraiser's~~ daytime telephone number, the ~~appraiser~~  
14 PERSON shall give THE BOARD written notification of the change within ten  
15 days after the change ~~to the board~~.

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

18 32-3625. Continuing education

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

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

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

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

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

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

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

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

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

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

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

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

29 **H. A REGISTERED TRAINEE APPRAISER DOES NOT HAVE TO COMPLETE ANY**  
30 **CONTINUING EDUCATION CREDITS FOR RENEWAL OF REGISTRATION.**

31 **I. A LICENSE OR CERTIFICATE THAT HAS BEEN REVOKED BY THE BOARD AS A**  
32 **RESULT OF DISCIPLINARY ACTION SHALL NOT BE REINSTATED UNLESS THE APPLICANT**  
33 **SUCCESSFULLY COMPLETES THE APPROPRIATE REQUIREMENTS OF THE APPRAISAL**  
34 **QUALIFICATIONS BOARD, INCLUDING EDUCATION AND PASSAGE OF THE CURRENT NATIONAL**  
35 **EXAMINATION.**

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

38 **32-3631. Disciplinary proceedings**

39 A. The rights of an applicant or holder under a license or certificate  
40 as a **REGISTERED TRAINEE APPRAISER OR A** state licensed or state certified  
41 appraiser may be revoked or suspended or the holder of the license or  
42 certificate may otherwise be disciplined in accordance with this chapter on  
43 any of the grounds set forth in this section. The board may investigate the  
44 actions of a **REGISTERED TRAINEE APPRAISER OR A** state licensed or state  
45 certified appraiser and may revoke or suspend the rights of a license or

1 certificate holder or otherwise discipline a REGISTERED TRAINEE APPRAISER OR  
2 A state licensed or state certified appraiser for any of the following acts  
3 or omissions:

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

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

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

14 4. A conviction, including a conviction based on a plea of guilty, of  
15 a crime that is substantially related to the qualifications, functions and  
16 duties of a person developing appraisals and communicating appraisals to  
17 others, or a conviction for any felony or any crime involving moral  
18 turpitude.

19 5. An act or omission involving dishonesty, fraud or misrepresentation  
20 with the intent to substantially benefit the license or certificate holder or  
21 another person or with the intent to substantially injure another person.

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

24 7. Negligence or incompetence BY THE STATE LICENSED OR STATE CERTIFIED  
25 APPRAISER in developing an appraisal, in preparing an appraisal report or in  
26 communicating an appraisal.

27 8. Wilfully disregarding or violating any of the provisions of this  
28 chapter or the rules of the board for the administration and enforcement of  
29 this chapter.

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

34 10. Violating the confidential nature of any records to which the  
35 REGISTERED TRAINEE APPRAISER OR THE STATE LICENSED OR STATE CERTIFIED  
36 appraiser gains access through employment or engagement as A REGISTERED  
37 TRAINEE APPRAISER OR an appraiser.

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

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

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

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

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

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

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

16 32-3635. Standards of practice

17 A. A REGISTERED TRAINEE APPRAISER OR A state licensed or state  
18 certified appraiser shall comply with the standards of professional appraisal  
19 practice adopted by the board.

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

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

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

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

29 32-3668. Owner requirements

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

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

38 1. Be of good moral character.

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

42 3. Certify to the board that the person has never had any financial,  
43 real estate or mortgage lending industry license or certificate refused,  
44 denied, canceled, revoked or voluntarily surrendered in this state or in any

1 other state. This requirement may be waived by appeal and at the discretion  
2 of the board.

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

5 32-3669. Controlling person

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

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

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

17 2. Be of good moral character.

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

21 Sec. 26. Appropriation; state board of appraisal; registered  
22 trainee appraisers and supervisory appraisers

23 The sum of \$42,880 is appropriated from the state general fund in  
24 fiscal year 2013-2014 to the state board of appraisal for one full-time  
25 employee to implement the regulation of registered trainee appraisers and  
26 supervisory appraisers pursuant to title 32, chapter 36, Arizona Revised  
27 Statutes, as amended by this act.