

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

CHAPTER 184
SENATE BILL 1316

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 MEETS THE APPRAISER
31 QUALIFICATIONS BOARD'S QUALIFICATIONS FOR TRAINEE APPRAISERS TO PERFORM
32 APPRAISAL SERVICES ONLY UNDER THE DIRECT SUPERVISION OF A CERTIFIED APPRAISER
33 WHO HAS MET THE MINIMUM CRITERIA TO BE A SUPERVISORY APPRAISER.

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

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

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

43 ~~20-~~ 21. "State licensed or state certified appraiser" means a person
44 who develops and communicates appraisals and who holds a current, valid
45 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 THE LAST THREE YEARS IN THE
4 JURISDICTION IN WHICH THE REGISTERED TRAINEE APPRAISER PRACTICES.

5 (b) HAS NOT BEEN DISCIPLINED IN A MANNER THAT AFFECTS THE SUPERVISORY
6 APPRAISER'S ELIGIBILITY TO ENGAGE IN APPRAISAL PRACTICE IN ANY JURISDICTION
7 IN THE LAST THREE YEARS.

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

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

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

14 (iii) PERSONALLY INSPECTING EACH APPRAISED PROPERTY WITH THE
15 REGISTERED TRAINEE APPRAISER.

16 ~~21-~~ 23. "Value" means the monetary relationship between properties and
17 those who buy, sell or use those properties.

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

19 32-3603. Registration, license or certificate use; exception

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

28 B. No person other than a state licensed or state certified appraiser
29 may receive a fee for a real estate appraisal or an appraisal review of real
30 property in this state. THIS SUBSECTION DOES NOT PROHIBIT A SUPERVISORY
31 APPRAISER FROM REMITTING COMPENSATION TO A REGISTERED TRAINEE APPRAISER
32 DURING THE COURSE OF TRAINING.

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

34 32-3604. State board of appraisal

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

37 B. The membership of the board consists of:

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

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

1 3. A registered property tax agent.

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

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

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

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

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

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

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

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

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

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

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

39 Sec. 4. Section 32-3605, Arizona Revised Statutes, is amended to read:
40 32-3605. State board of appraisal; duties

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

43 B. The state board of appraisal shall:

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

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

7 3. In prescribing criteria for licensing **AND REGISTRATION**, adopt
8 criteria that at a minimum are equal to the minimum criteria for licensing
9 **AND REGISTRATION** adopted by the appraiser qualifications board.

10 4. Further define by rule with respect to state licensed or state
11 certified appraisers appropriate and reasonable educational experience,
12 appraisal experience and equivalent experience that meets the statutory
13 requirement of this chapter.

14 5. ~~Establish~~ **ADOPT** the **NATIONAL** examination ~~specifications~~ **AS APPROVED**
15 **BY THE APPRAISER QUALIFICATIONS BOARD** for state certified appraisers, ~~provide~~
16 ~~or procure appropriate examination questions and answers, administer~~
17 ~~examinations and establish procedures for grading examinations consistent~~
18 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~
19 ~~board.~~

20 6. ~~Establish~~ **ADOPT** the **NATIONAL** examination ~~specifications~~ **AS APPROVED**
21 **BY THE APPRAISER QUALIFICATIONS BOARD** for state licensed appraisers, ~~provide~~
22 ~~or procure appropriate examination questions and answers, administer~~
23 ~~examinations and establish procedures for grading examinations consistent~~
24 ~~with and equivalent to the criteria adopted by the appraiser qualifications~~
25 ~~board.~~

26 7. Establish administrative procedures for approving or disapproving
27 applications for **REGISTRATION**, licensure and certification and issuing
28 licenses and certificates, **INCLUDING REGISTRATION CERTIFICATES**.

29 8. Define by rule, with respect to state licensed and certified
30 appraisers, the continuing education requirements for the renewal of licenses
31 or certificates that satisfy the statutory requirements provided in this
32 chapter.

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

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

39 (a) Prescribing minimum criteria for accepting a complaint against a
40 **REGISTERED TRAINEE APPRAISER OR A** licensed or certified appraiser.

41 (b) Defining the process and procedures used in investigating the
42 allegations of the complaint.

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

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

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

5 12. Censure, suspend and revoke licenses and certificates pursuant to
6 the disciplinary proceedings provided for in section 32-3631.

7 13. At least monthly transmit to the appraisal subcommittee a roster
8 listing individuals who have received a state certificate or license in
9 accordance with this chapter.

10 14. Report on the disposition of any matter referred by the appraisal
11 subcommittee or any other federal agency or instrumentality or federally
12 recognized entity reporting any action of a state licensed or state certified
13 appraiser that is contrary to this chapter.

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

18 16. Transmit the national registry fee collected pursuant to section
19 32-3607 to the appraisal subcommittee.

20 17. Establish the fees in accordance with the limits established in
21 section 32-3607.

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

24 C. Subject to title 41, chapter 4, article 4, the board may employ an
25 executive director and other personnel and designate their duties. The
26 executive director shall serve at the pleasure of the board.

27 D. The executive director shall not change or amend actions of the
28 board.

29 E. THE BOARD MAY ACCEPT AND SPEND FEDERAL MONIES AND GRANTS, GIFTS,
30 CONTRIBUTIONS AND DEVICES FROM ANY PUBLIC OR PRIVATE SOURCE TO ASSIST IN
31 CARRYING OUT THE PURPOSES OF THIS CHAPTER. THESE MONIES DO NOT REVERT TO THE
32 STATE GENERAL FUND AT THE END OF THE FISCAL YEAR.

33 Sec. 5. Section 32-3606, Arizona Revised Statutes, is amended to read:

34 32-3606. Executive director; duties

35 The executive director shall:

36 1. Receive applications for state licenses and certificates.

37 2. Establish the administrative procedures for processing applications
38 for state licenses and certificates.

39 3. Maintain a registry of the names and addresses of people WHO ARE
40 REGISTERED, licensed or certified under this chapter.

41 4. Retain records and all application materials submitted to the
42 board.

43 5. Assist the board in such other matters as the board may require.

44 6. PUBLISH ON THE BOARD'S WEBSITE A CURRENT LIST OF SUPERVISORY
45 APPRAISERS AND REGISTERED TRAINEE APPRAISERS.

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

4 B. Appropriate fees, as fixed by the board pursuant to section
5 32-3607, shall accompany all applications for original REGISTRATION,
6 licensure or certification, renewal and examination.

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

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

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

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

23 3. ~~Shall~~ Not have had a license or certificate revoked pursuant to
24 this chapter within two 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 of
27 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 of
31 real property may be denied pending final disposition of the charge or
32 indictment. ~~Upon~~ ON final disposition, the board shall review the
33 proceedings and act ~~upon~~ ON the application.

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

36 32-3612. Classifications of licensure and certification

37 ~~A-~~ The following classifications ~~of state licensed real estate~~
38 ~~appraisers and state certified real estate appraisers~~ are established:

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

42 2. State certified residential real estate appraisers consisting of
43 those persons meeting the requirements for certification relating to the
44 appraisal or appraisal review of one to four residential units without regard
45 to value or complexity. THE CLASSIFICATION INCLUDES THE APPRAISAL FOR

1 FEDERALLY AND NONFEDERALLY RELATED TRANSACTIONS OF VACANT OR UNIMPROVED LAND
2 THAT IS USED FOR ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE HIGHEST AND
3 BEST USE IS FOR ONE TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION DOES NOT
4 INCLUDE THE APPRAISAL OF A SUBDIVISION FOR WHICH A DEVELOPMENT ANALYSIS OR
5 APPRAISAL IS NECESSARY.

6 3. State licensed real estate appraisers consisting of those persons
7 meeting the requirements for licensing relating to appraisal or appraisal
8 review of noncomplex one to four residential units having a value of less
9 than one million dollars and complex one to four residential units having a
10 value of less than two hundred fifty thousand dollars. THE CLASSIFICATION
11 INCLUDES THE APPRAISAL FOR NONFEDERALLY RELATED TRANSACTIONS OF VACANT OR
12 UNIMPROVED LAND THAT IS USED FOR ONE TO FOUR FAMILY PURPOSES OR FOR WHICH THE
13 HIGHEST AND BEST USE IS FOR ONE TO FOUR FAMILY PURPOSES. THIS CLASSIFICATION
14 DOES NOT INCLUDE THE APPRAISAL OF SUBDIVISIONS FOR WHICH A DEVELOPMENT
15 ANALYSIS OR APPRAISAL IS NECESSARY.

16 ~~B. Notwithstanding section 32-3602+~~

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

20 ~~2. All federally related transactions not requiring a state certified~~
21 ~~appraiser may be appraised by either a state certified or state licensed~~
22 ~~appraiser.~~

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

25 4. REGISTERED TRAINEE APPRAISERS WHO MAY NOT APPRAISE ANY PROPERTY
26 TYPE WITHOUT BEING SUBJECT TO THE DIRECT CONTROL AND SUPERVISION OF THE
27 REGISTERED TRAINEE APPRAISER'S DESIGNATED SUPERVISORY APPRAISER.

28 5. SUPERVISORY APPRAISERS.

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

31 32-3613. Application and qualification requirements for
32 issuance of license

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

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

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

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

43 32-3614. Application and qualification requirements for
44 certification

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

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

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

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

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

14 32-3614.01. Application for registered trainee appraiser
15 certificates

16 A. AN APPLICATION FOR A REGISTERED TRAINEE APPRAISER CERTIFICATE SHALL
17 BE MADE ON A FORM PRESCRIBED BY THE BOARD AND ACCOMPANIED BY THE FEES
18 PRESCRIBED BY SECTION 32-3607. AN APPLICANT MUST COMPLETE EDUCATION
19 REQUIREMENTS AS OUTLINED BY THE APPRAISER QUALIFICATIONS BOARD. THE
20 APPLICANT MUST SUBMIT PROOF THAT THE APPLICANT HAS SUCCESSFULLY PASSED THE
21 REQUIRED COURSES THAT ARE SPECIFICALLY ORIENTED TO THE REQUIREMENTS AND
22 RESPONSIBILITIES OF SUPERVISORY APPRAISERS AND TRAINEE APPRAISERS AND THAT
23 COMPLY WITH THE SPECIFICATIONS ESTABLISHED BY THE APPRAISER QUALIFICATIONS
24 BOARD.

25 B. A CRIMINAL BACKGROUND CHECK MAY BE CONDUCTED PURSUANT TO SECTION
26 41-1750. THE STATE BOARD OF APPRAISAL MAY CHARGE THE COST OF A CRIMINAL
27 BACKGROUND CHECK TO THE APPLICANT.

28 32-3614.02. Application for supervisory appraiser designation

29 A. AN APPLICATION FOR A SUPERVISORY APPRAISER DESIGNATION SHALL BE
30 MADE ON A FORM PRESCRIBED BY THE BOARD. THE APPLICANT MUST SUBMIT PROOF OF
31 SUCCESSFUL COMPLETION OF A COURSE THAT IS SPECIFICALLY ORIENTED TO THE
32 REQUIREMENTS AND RESPONSIBILITIES OF SUPERVISORY APPRAISERS AND TRAINEE
33 APPRAISERS AND THAT COMPLIES WITH THE SPECIFICATIONS ESTABLISHED BY THE
34 APPRAISER QUALIFICATIONS BOARD.

35 B. A CRIMINAL BACKGROUND CHECK MAY BE CONDUCTED PURSUANT TO SECTION
36 41-1750. THE STATE BOARD OF APPRAISAL MAY CHARGE THE COST OF A CRIMINAL
37 BACKGROUND CHECK TO THE APPLICANT.

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

40 32-3616. Terms of license, certificate and registration

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

1 B. A REGISTRATION CERTIFICATE ISSUED FOR REGISTERED TRAINEE APPRAISERS
2 SHALL BE VALID FOR THREE YEARS FROM THE DATE OF ISSUANCE. THE EXPIRATION
3 DATE OF THE REGISTRATION SHALL APPEAR ON THE REGISTRATION CERTIFICATE.

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

6 32-3617. Nonresident temporary licensure or certification

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

16 B. A nonresident of this state who has complied with subsection A OF
17 THIS SECTION may obtain a nonresident temporary license or certificate as a
18 nonresident temporary state licensed or state certified appraiser by
19 conforming to all of the requirements of this chapter relating to state
20 licensed or state certified appraisers.

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

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

27 ~~2.~~ 1. The nonresident appraiser's business in this state is of a
28 temporary nature.

29 ~~3.~~ 2. The nonresident appraiser applies with the board on forms
30 prepared by the board.

31 ~~4.~~ 3. The nonresident appraiser pays the nonresident temporary
32 licensure or certification fee required by the board.

33 D. THE BOARD SHALL ADOPT RULES IN FURTHERANCE OF THIS SECTION TO AVOID
34 THE ABUSE OF THE TEMPORARY PRACTICE RIGHTS IN THIS STATE.

35 Sec. 16. Repeal

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

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

39 32-3618. Reciprocity

40 RECIPROCITY SHALL BE GRANTED TO AN APPRAISER IF ALL OF THE FOLLOWING
41 CONDITIONS APPLY:

42 1. THE APPRAISER HOLDS A CREDENTIAL FROM A STATE THAT IS IN COMPLIANCE
43 WITH 12 UNITED STATES CODE SECTIONS 3310, 3332, 3333, 3335, 3338, 3339, 3341,
44 3342, 3345, 3346, 3347, 3348, 3350, 3351, 3353, 3354 AND 3355.

1 2. THE CREDENTIAL REQUIREMENTS FOR THE STATE DESCRIBED IN PARAGRAPH 1
2 OF THIS SECTION MEET OR EXCEED THOSE OF THIS STATE.

3 3. THE APPRAISER HAS COMPLETED AN APPLICATION FOR LICENSURE OR
4 CERTIFICATION ON A FORM AS PRESCRIBED BY THE BOARD AND SUBMITTED THE FEES
5 PRESCRIBED PURSUANT TO SECTION 32-3607.

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

8 32-3619. Renewal of license or certificate; fees

9 A. Except as otherwise provided in this section and in section
10 32-4301, to renew a REGISTRATION CERTIFICATE AS A REGISTERED TRAINEE
11 APPRAISER OR A license or certificate as a state licensed or state certified
12 appraiser, the holder of a current, valid license or certificate shall make
13 an application and pay the prescribed fee to the board not earlier than
14 ninety days nor later than thirty days before the expiration date of the
15 license or certificate then held. With the application for renewal, the
16 REGISTERED TRAINEE APPRAISER OR THE state licensed or state certified
17 appraiser shall present evidence in the form prescribed by the board of
18 having completed the continuing education requirements for renewal specified
19 in section 32-3625. The renewal application shall be mailed to the last
20 known address of record not more than ninety days nor less than sixty days
21 before the renewal date.

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

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

29 D. An appraiser OR REGISTERED TRAINEE APPRAISER shall not engage in,
30 advertise or purport to engage in real estate appraisal activity in this
31 state after a license or certificate has expired and before the renewal of
32 the expired license or certificate.

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

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

37 32-3620. Basis for denial of a license or certificate

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

42 B. To assist in determining whether grounds exist to deny the issuance
43 of a license or certificate to an applicant, the board may require a criminal
44 background check including the fingerprinting of every applicant for an
45 original license and certificate. The criminal background check may be

1 conducted pursuant to section 41-1750 or in any other manner deemed suitable
2 by the board. The board may charge the cost of each criminal background
3 check to the applicant.

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

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

9 32-3621. Addresses; telephone numbers; notification of change

10 A. Each REGISTERED TRAINEE APPRAISER OR state licensed or state
11 certified appraiser shall advise the board of the address of the ~~appraiser's~~
12 PERSON'S principal place of business and all other addresses at which the
13 ~~appraiser~~ PERSON is currently engaged in the business of preparing real
14 property appraisal reports.

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

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

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

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

29 32-3625. Continuing education

30 A. As a prerequisite to renewal of a license or certificate, a state
31 REGISTERED TRAINEE APPRAISER OR A licensed or state certified appraiser shall
32 present evidence satisfactory to the board of having met the continuing
33 education requirements of either subsection B or C OF THIS SECTION.

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

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

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

44 2. Participation other than as a student in educational processes and
45 programs that are approved by the board and that relate to appropriate

1 appraisal theory, practices or techniques, including teaching, program
2 development and preparation of textbooks, monographs, articles and other
3 instructional materials, not to exceed fifty per cent of an applicant's
4 continuing education requirements and not for the same course in consecutive
5 renewal periods.

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

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

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

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

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

29 F. No amendment or repeal of a rule adopted by the board pursuant to
30 this section may operate to deprive **A STATE REGISTERED TRAINEE APPRAISER OR** a
31 state licensed or state certified appraiser of credit toward renewal of a
32 license or certificate for any course of instruction either completed by the
33 applicant or enrolled in by the applicant before the amendment or repeal of
34 the rule that would have qualified for continuing education credit under the
35 rule as it existed before the repeal or amendment.

36 G. A license or certificate as a **STATE REGISTERED TRAINEE APPRAISER OR**
37 **A** state licensed or state certified appraiser that has been suspended as a
38 result of disciplinary action by the board shall not be reinstated unless the
39 applicant presents evidence of completion of the continuing education
40 required by this chapter.

41 **H. A LICENSE OR CERTIFICATE THAT HAS BEEN REVOKED BY THE BOARD SHALL**
42 **NOT BE REINSTATED UNLESS THE APPLICANT SUCCESSFULLY COMPLETES THE APPROPRIATE**
43 **REQUIREMENTS OF THE APPRAISAL QUALIFICATIONS BOARD, INCLUDING EDUCATION AND**
44 **PASSAGE OF THE CURRENT NATIONAL EXAMINATION.**

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

3 32-3631. Disciplinary proceedings

4 A. The rights of an applicant or holder under a license or certificate
5 as a REGISTERED TRAINEE APPRAISER OR A state licensed or state certified
6 appraiser may be revoked or suspended or the holder of the license or
7 certificate may otherwise be disciplined in accordance with this chapter on
8 any of the grounds set forth in this section. The board may investigate the
9 actions of a REGISTERED TRAINEE APPRAISER OR A state licensed or state
10 certified appraiser and may revoke or suspend the rights of a license or
11 certificate holder or otherwise discipline a REGISTERED TRAINEE APPRAISER OR
12 A state licensed or state certified appraiser for any of the following acts
13 or omissions:

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

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

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

24 4. A conviction, including a conviction based on a plea of guilty, of
25 a crime that is substantially related to the qualifications, functions and
26 duties of a person developing appraisals and communicating appraisals to
27 others, or a conviction for any felony or any crime involving moral
28 turpitude.

29 5. An act or omission involving dishonesty, fraud or misrepresentation
30 with the intent to substantially benefit the license or certificate holder or
31 another person or with the intent to substantially injure another person.

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

34 7. Negligence or incompetence BY THE STATE LICENSED OR STATE CERTIFIED
35 APPRAISER in developing an appraisal, in preparing an appraisal report or in
36 communicating an appraisal.

37 8. Wilfully disregarding or violating any of the provisions of this
38 chapter or the rules of the board for the administration and enforcement of
39 this chapter.

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

44 10. Violating the confidential nature of any records to which the
45 REGISTERED TRAINEE APPRAISER OR THE STATE LICENSED OR STATE CERTIFIED

1 appraiser gains access through employment or engagement as A REGISTERED
2 TRAINEE APPRAISER OR an appraiser.

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

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

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

12 D. The lapsing or suspension of a license or certificate by operation
13 of law or by order or decision of the board or a court of law, or the
14 voluntary surrender of a license OR CERTIFICATE by a license or certificate
15 holder, shall not deprive the board of jurisdiction to do any of the
16 following within twenty-four months after the expiration of the license or
17 certificate pursuant to section 32-3616:

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

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

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

24 32-3635. Standards of practice

25 A. A REGISTERED TRAINEE APPRAISER OR A state licensed or state
26 certified appraiser shall comply with the standards of professional appraisal
27 practice adopted by the board.

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

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

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

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

37 32-3668. Owner requirements

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

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

- 1 1. Be of good moral character.
- 2 2. Submit to a CRIMINAL background ~~investigation as determined by the~~
3 ~~board~~ CHECK CONDUCTED PURSUANT TO SECTION 41-1750. THE BOARD MAY CHARGE THE
4 COST OF A CRIMINAL BACKGROUND CHECK TO THE APPLICANT.

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

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

12 32-3669. Controlling person

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

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

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

24 2. Be of good moral character.

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

28 Sec. 26. Appropriation; state board of appraisal; registered
29 trainee appraisers and supervisory appraisers

30 The sum of \$42,880 is appropriated from the board of appraisal fund
31 established by section 32-3608, Arizona Revised Statutes, in fiscal year
32 2013-2014 to the state board of appraisal for one full-time employee to
33 implement the regulation of registered trainee appraisers and supervisory
34 appraisers pursuant to title 32, chapter 36, Arizona Revised Statutes, as
35 amended by this act.

36 Sec. 27. Applicability

37 This act does not apply to a person who, on or before June 1, 2013, is
38 training under a supervisory appraiser pursuant to rules prescribed by the
39 state board of appraisal and who becomes a state licensed or state certified
40 appraiser, as defined in section 32-3601, Arizona Revised Statutes, as
41 amended by this act, before January 1, 2015.

42 Sec. 28. Exemption from rule making

43 For the purposes of this act, the state board of appraisal is exempt
44 from the rule making requirements of title 41, chapter 6, Arizona Revised
45 Statutes, for two years after the effective date of this act.

APPROVED BY THE GOVERNOR MAY 2, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 2013.