

2023 -- H 5532 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

**RELATING TO BUSINESSES AND PROFESSIONS -- REAL ESTATE APPRAISER
CERTIFICATION ACT**

Introduced By: Representative Joseph J. Solomon

Date Introduced: February 15, 2023

Referred To: House Corporations

(Dept. of Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 5-20.7-2, 5-20.7-3, 5-20.7-4, 5-20.7-8, 5-20.7-9, 5-20.7-10, 5-20.7-
2 16 and 5-20.7-17 of the General Laws in Chapter 5-20.7 entitled "Real Estate Appraiser
3 Certification Act" are hereby amended to read as follows:

4 **5-20.7-2. Definitions.**

5 When used in this chapter, unless the context indicates otherwise:

6 (1) "Appraisal" or "real estate appraisal" means an analysis, opinion, or conclusion relating
7 to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate.
8 An appraisal may be classified by subject matter into either a valuation or an analysis. A "valuation"
9 is an estimate of the value of real estate or real property. An "analysis" is a study of real estate or
10 real property other than estimating value.

11 (2) "Appraisal Foundation" means the Appraisal Foundation incorporated as an Illinois
12 not-for-profit corporation on November 30, 1987. The purposes of the Appraisal Foundation are:

13 (i) To establish and improve uniform appraisal standards by defining, issuing, and
14 promoting such standards;

15 (ii) To establish appropriate criteria for the certification, licensing, and recertification of
16 qualified appraisers by defining, issuing, and promoting that qualification criteria; to disseminate
17 that qualification criteria to states, governmental entities, and others; and

18 (iii) To develop or assist in the development of appropriate examinations for qualified

1 appraisers.

2 (3) "Appraisal report" means any communication, written or oral, of an appraisal.

3 (4) "Board" means the real-estate appraisal board established pursuant to the provisions of
4 this chapter.

5 (5) "Certified appraisal" or "certified appraisal report" means an appraisal or appraisal
6 report given or signed and certified as such by a state-certified real estate appraiser or state-licensed
7 real estate appraiser. When identifying an appraisal or appraisal report as "certified," the state-
8 certified real estate appraiser shall indicate on it whether he or she has been licensed or certified as
9 a residential or general state-certified real estate appraiser. A certified appraisal or appraisal report
10 represents to the public that it meets the appraisal standards defined in this chapter.

11 (6) "Department" means the department of business regulation.

12 (7) "Director" means the director of the department of business regulation.

13 (8) "Real estate" means an identified parcel or tract of land, including improvements, if
14 any.

15 (9) "Real property" means one or more defined interests, benefits, and rights inherent in
16 the ownership of real estate.

17 (10) "State-certified real estate appraiser" means a person who develops and communicates
18 real estate ~~appraisals~~ reports and who holds a current, valid certificate issued to him or her for either
19 general or residential real estate under the provisions of this chapter. A duly certified appraiser is
20 not required to hold a real estate broker's or salesperson's license under chapter 20.5 of this title.

21 (11) "State-licensed real estate appraiser" means a person who develops and communicates
22 real estate appraisals reports and who holds a current, valid license issued to him or her for
23 residential real estate under the provisions of this chapter. A duly licensed appraiser is not required
24 to hold a real estate broker's or salesperson's license under chapter 20.5 of this title.

25 **5-20.7-3. Certification required. Certification or license required.**

26 (a) No person, other than persons certified or licensed in accordance with the provisions of
27 this chapter, shall assume or use that title or any title, designation, or abbreviation likely to create
28 the impression of certification as a real estate appraiser by this state. A person who is not certified
29 or licensed pursuant to this chapter shall not describe or refer to any appraisal or other valuation of
30 real estate located in the state by the term "certified or licensed."

31 (b) This chapter precludes any person who is not certified as a state-certified real estate
32 appraiser from appraising real property for compensation under chapter 20.5 of this title; provided,
33 however, that this chapter does not preclude any person who holds a license pursuant to chapter
34 20.5 of this title and, in the ordinary course of business, from giving a written or oral opinion of

1 value of real estate for the purposes of a prospective listing, purchase, sale, or business valuation;
2 provided, however, that such opinion of value shall not be referred to as an appraisal.

3 (c) Nothing in this chapter shall preclude a trainee directly supervised by a certified
4 appraiser from assisting in or preparing ~~a certified~~ an appraisal report and signing such appraisal
5 provided the appraisal is approved and signed by a certified appraiser as appropriate.

6 (d) ~~Any appraisal conducted by an institution licensed in this state to accept deposits in
7 connection with a loan transaction, other than those conducted by:~~

8 ~~(1) Federally or NCUA insured banks, savings banks, or credit unions; or~~

9 ~~(2) Persons regulated or licensed under title 19 or any transactions, municipal or state,
10 regardless of monetary value, shall require an appraisal by a licensed or certified appraiser.~~

11 Any appraisal, as defined in § 5-20.7-2, must be performed by a licensed or certified
12 appraiser unless specifically exempted by federal law for federally insured institutions.

13 **5-20.7-4. Creation of board — Composition — Appointment, terms, and**
14 **compensation of members.**

15 (a)(1) Within the department of business regulation, there is created the Rhode Island real
16 estate appraisers board which shall consist of ten (10) members to be appointed by the governor.
17 Six (6) of the board members shall be practicing appraisers and, for the initial board appointment,
18 shall be members in good standing of one of the following professional associations or the
19 successor associations: the American Institute of Real Estate Appraisers, the Society of Real Estate
20 Appraisers, the International Right of Way Association, the National Association of Independent
21 Fee Appraisers, or the International Association of Assessing Officers. Where possible, at least one
22 but not more than two (2) appraiser appointments shall be from the membership of each of these
23 professional organizations.

24 (2) One board member shall be a member of the general public, and shall not be engaged
25 in the practice of real estate appraisal. One board member shall hold a real estate license under
26 chapter 20.5 of this title and shall not be a state-certified real estate appraiser. One member shall
27 be a representative of the Rhode Island banking industry. The director of the department of business
28 regulation or his or her designee shall serve at all times as a member of the board ex officio without
29 voting privileges.

30 (3) The term of office of the initial members and the powers of the initial board expire on
31 December 31, 1991.

32 (b) Commencing January 1, 1992, and subsequently, the board shall consist of ten (10)
33 members:

34 (1) Six (6) members shall be state-certified appraisers:

1 (i) Two (2) appraiser members shall be appointed for a term of three (3) years;

2 (ii) Two (2) members for a term of two (2) years; and

3 (iii) Two (2) members for a term of one year;

4 (2) One board member shall be a member of the general public, appointed for a term of
5 three (3) years, and shall not be engaged in the practice of real estate appraisal;

6 (3) One board member shall hold a real estate license under chapter 20.5 of this title,
7 appointed for a term of two (2) years and shall not be a state-certified real estate appraiser;

8 (4) One member shall be a representative of the Rhode Island banking industry and shall
9 be appointed for a term of one year; and

10 (5) The director of the department of business regulation, or his or her designee, shall serve
11 at all times as a member of the board ex officio without voting privileges.

12 (c)(1) Successors of all members shall each be appointed for terms of three (3) years and
13 until their successors are appointed and qualified by subscribing to the constitutional oath of office,
14 which shall be filed with the secretary of state. Members to fill vacancies shall be appointed for the
15 unexpired term. No member shall be appointed to succeed himself or herself for more than two (2)
16 terms. Upon qualification of the appointed members, the board shall organize by selecting from its
17 members a chairperson and vice-chairperson with a term of office of one year.

18 (2) The board shall meet not less than once each month or as necessary in order to conduct
19 its business, the dates and times of which shall be decided by a vote of the members.

20 (3) Each real estate appraiser member of the board appointed as of January 1, 1992, must
21 be a state-certified real estate appraiser. At least one-half (1/2) of the appraiser members shall hold
22 the general appraisal certificate and not less than two (2) shall hold the residential appraisal
23 certificate.

24 (4) Upon expiration of their terms, members of the board shall continue to hold office until
25 the appointment and qualification of their successors. The appointing authority may remove a
26 member for cause.

27 (5) A quorum of the board is a majority of the voting members of the board members
28 appointed and/or sitting, whichever is less, with at least three (3) of these members required to be
29 appraiser members.

30 (6) The department of business regulation, with the assistance of the board, shall implement
31 a program for recertification on or before July 1, 1992, and establish any reasonable rules and
32 regulations that are appropriate to insure that the examination, education, and experience
33 requirements of certificate and license holders meet the public interest and the minimum standards
34 of the Appraisal Foundation.

1 ~~(d) The board shall adopt a seal of any design that it prescribes. Copies of all records and~~
2 ~~papers in the office of the board, duly certified and authenticated by its seal, shall be received in all~~
3 ~~courts with like effect as the original. All records of the board shall be open to public inspection~~
4 ~~under any reasonable rules and regulations that it prescribes.~~

5 ~~(e)~~(d) No member of the board shall receive compensation for his or her official duties on
6 the board but shall be reimbursed for his or her actual and necessary expenses incurred in the
7 performance of his or her official duties.

8 **5-20.7-8. Classes of certification and licensing — Residential and general.**

9 (a) There are two (2) classes for state-certified real estate appraisers and two (2) classes of
10 licensed real estate appraisers.

11 (b) State-certified appraisers.

12 (1) A state-certified residential real estate appraiser is a person who fulfills the
13 requirements for certification for the appraisal of residential real property. ~~For the purposes of this~~
14 ~~section, residential property means property used for noncomplex single or multi family dwellings~~
15 ~~of 1 — 4 units having no minimum transaction value, or property used for complex 1 — 4~~
16 ~~residential units having a transaction value of less than two hundred fifty thousand dollars~~
17 ~~(\$250,000) as required by the appraiser qualifications board of the appraisal foundation.~~

18 (2)~~(a)~~ A state-certified general real estate appraiser is a person who fulfills the requirements
19 for certification for the appraisal of all types of real property.

20 (c) State-licensed appraisers.

21 ~~(b)~~(1) A state-licensed appraiser is a person who fulfills the requirements for licensing for
22 the appraisal of residential property as required by the appraiser qualifications board of the
23 appraisal foundation. ~~For purposes of this section, residential property applies to the appraisal of~~
24 ~~noncomplex 1 — 4 residential units having a transaction value of less than one million dollars~~
25 ~~(\$1,000,000) and complex 1 — 4 residential units having a transaction value of less than two~~
26 ~~hundred fifty thousand dollars (\$250,000).~~

27 ~~(e)~~(2) A licensed appraiser trainee is an individual who has successfully completed all
28 requisite core courses as required by the appraisal appraiser qualifications board of the Appraisal
29 Foundation.

30 (d) [Deleted by P.L. 2013, ch. 54, § 1 and P.L. 2013, ch. 58, § 1].

31 **5-20.7-9. Requirements prior to certification or licensing examination. Education**
32 **requirements prior to examination.**

33 (a) Residential classification. As a prerequisite to taking the examination for certification
34 as a state-certified residential real estate appraiser, an applicant shall present evidence satisfactory

1 to the board that he or she has successfully completed the required classroom hours of courses
2 promulgated by the ~~appraisal~~ [appraiser](#) qualifications board of the Appraisal Foundation in subjects
3 related to real estate appraisal and the uniform standards of professional appraisal practice from a
4 duly licensed real estate school pursuant to the provisions of § 5-20.5-19 or a nationally recognized
5 appraisal organization, college, university, or other school approved by the ~~appraisal~~ [appraiser](#)
6 qualifications board of the Appraisal Foundation, or any other school that is approved by the board.

7 (b) General classification. As a prerequisite to taking the examination for certification as a
8 state-certified general real estate appraiser, an applicant shall present evidence satisfactory to the
9 director that he or she has successfully completed the required classroom hours of courses
10 promulgated by the ~~appraisal~~ [appraiser](#) qualifications board of the Appraisal Foundation in subjects
11 related to real estate appraisal and the uniform standards of professional appraisal practice from a
12 duly licensed real estate school pursuant to the provisions of § 5-20.5-19, or a nationally recognized
13 appraisal organization, college, university, or other school approved by the ~~appraisal~~ [appraiser](#)
14 qualifications board of the Appraisal Foundation, or such other school as approved by the board.

15 (c) Licensed real estate appraiser. As a prerequisite to taking the examination for licensing
16 as a state-licensed residential real estate appraiser, an applicant shall present evidence satisfactory
17 to the board that he or she has successfully completed the required classroom hours of courses
18 promulgated by the ~~appraisal~~ [appraiser](#) qualifications board of the Appraisal Foundation in subjects
19 related to real estate appraisal and the uniform standards of professional appraisal practice from a
20 duly licensed real estate school pursuant to the provisions of § 5-20.5-19 or a nationally recognized
21 appraisal organization, college, university, or other school approved by the ~~appraisal~~ [appraiser](#)
22 qualifications board of the Appraisal Foundation, or any other school that is approved by the board.

23 **5-20.7-10. Experience requirement. Experience requirements prior to examination.**

24 (a) An original certification as a state-certified real estate appraiser or licensing as a state-
25 licensed appraiser shall not be issued to any person who does not possess the requisite experience
26 in real property appraisal as required by the ~~appraisal~~ [appraiser](#) qualifications board of the Appraisal
27 Foundation and supported by adequate written reports or file memoranda. ~~The experience must be~~
28 ~~acquired within a period of five (5) years immediately preceding the filing of the application for~~
29 ~~certification.~~ The experience shall be of the type of appraisal for which the applicant is seeking
30 certification/licensing and shall meet the minimum standards of the Appraisal Foundation and/or
31 applicable federal regulations.

32 (b) Each applicant for certification and licensing shall furnish, under oath, a detailed listing
33 of the real estate appraisal reports or file memoranda for each year for which experience is claimed
34 by the applicant. For an applicant for general certification at least fifty percent (50%) of the

1 prepared reports must demonstrate knowledge and working understanding of income capitalization
2 or other nonresidential reports. Upon request, the applicant shall make available to the director or
3 board for examination a sample of appraisal reports, which the applicant has prepared in the course
4 of his or her practice.

5 (c) In order for a licensed trainee appraiser to be issued certification as a state-certified
6 appraiser or licensing as a state-licensed appraiser, the trainee must have completed the requisite
7 experience in real property appraisal as required by the ~~appraisal~~ [appraiser](#) qualifications board and
8 supported by adequate written reports or file memoranda. That experience must be completed under
9 the direct supervision of certified real estate appraisers. The trainee may rely on more than one
10 supervising appraiser in order to complete this experience requirement, and no certified appraiser
11 shall supervise more than three (3) trainees.

12 **5-20.7-16. Nonresident certified or licensed real estate appraisers — Secretary of state**
13 **as agent for service of process — Reciprocity.**

14 (a) Every applicant for certification or licensing under this chapter who is not a resident of
15 this state shall submit, with the application for certification or licensing, an irrevocable consent that
16 service of process upon him or her may be made by delivery of the process to the secretary of state,
17 if in an action against the applicant in a court of this state arising out of the applicant's activities as
18 a state-certified or licensed real estate appraiser, the plaintiff cannot, in the exercise of due
19 diligence, effect personal service upon the applicant.

20 (b) A nonresident of the state who has complied with the provisions of subsection (a) may
21 obtain a certificate as a state-certified real estate appraiser or a licensed real estate appraiser by
22 conforming to all of the provisions of this chapter relating to state-certified [or licensed](#) real estate
23 appraisers. If, in the determination by the board, another state is deemed to have substantially
24 equivalent certification requirements, an applicant who is certified under the laws of that other state
25 may obtain a certificate as a state-certified [or licensed](#) real estate appraiser in this state upon any
26 terms and conditions that are determined by the board.

27 **5-20.7-17. Continuing education prerequisite to renewal.**

28 (a) As a prerequisite to certificate or license renewal, a state-certified or licensed real estate
29 appraiser shall present evidence satisfactory to the director of having met the continuing education
30 requirements of this section.

31 (b) The basic continuing education requirement for renewal of a certificate or license is the
32 completion by the applicant, during the immediately preceding term of certification, of not less
33 than twenty-eight (28) hours of instruction in courses or seminars from a duly licensed real estate
34 school pursuant to the provisions of § 5-20.5-19 or a nationally recognized appraisal organization,

1 college, university, or other school approved by the appraiser qualifications board of the Appraisal
2 Foundation or such other school as approved by the board.

3 (c) In lieu of meeting the requirements of subsection (b) of this section, an applicant for
4 certificate or license renewal may satisfy all or part of the recertification requirements by presenting
5 evidence of the following:

6 (1) Completion of an educational program of study determined by the board to be
7 equivalent, for continuing education purposes, to courses meeting the requirements of subsection
8 (b) of this section; or

9 (2) ~~Participation~~ Up to one-half (1/2) of an individual's continuing education requirement
10 may be completed by participation other than as a student in educational processes and programs
11 approved by the board that relate to appraisal theory, practices, or techniques, including, but not
12 necessarily limited to, teaching, program development, and preparation of textbooks, monographs,
13 articles, and other instructional materials.

14 (3) [Deleted by P.L. 2013, ch. 54, § 1 and P.L. 2013, ch. 58, § 1].

15 SECTION 2. Sections 5-20.9-2, 5-20.9-4, 5-20.9-8, 5-20.9-9, 5-20.9-11 and 5-20.9-15 of
16 the General Laws in Chapter 5-20.9 entitled "Real Estate Appraisal Management Company
17 Registration Act" are hereby amended to read as follows:

18 **5-20.9-2. Definitions.**

19 (a) All definitions set forth in § 5-20.7-2 are herein incorporated by reference.

20 (b) As used in this chapter, the following terms shall have the following meanings unless
21 the context clearly specifies otherwise:

22 (1) "Appraisal" means an analysis, opinion, or conclusion relating to the nature, quality,
23 value, or utility of specified interests in, or aspects of, identified real estate. An appraisal may be
24 classified by subject matter into either a valuation or an analysis.

25 (i) A "valuation" is an estimate of the value of real estate or real property.

26 (ii) An "analysis" is a study of real estate or real property other than estimating value.

27 (2) "Appraisal management company" means:

28 (i) In connection with valuing properties collateralizing mortgage loans or mortgages
29 incorporated into a securitization, any external third party authorized either by a creditor of a
30 consumer credit transaction secured by a consumer's principal dwelling, or by an underwriter of or
31 other principal in the secondary mortgage markets, that oversees a network or panel of more than
32 fifteen (15) certified or licensed appraisers in Rhode Island or twenty-five (25) or more nationally,
33 excluding those appraisers who do not provide appraisal services for covered transactions, within
34 a given year to:

- 1 (A) Recruit, select, and retain appraisers;
- 2 (B) Contract with licensed and certified appraisers to perform appraisal assignments;
- 3 (C) Manage the process of having an appraisal performed, including providing
- 4 administrative duties such as receiving appraisal orders and appraisal reports, submitting completed
- 5 appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for
- 6 services provided, and reimbursing appraisers for services performed; or
- 7 (D) Review and verify the work of appraisers.

8 (ii) An appraisal management company does not include any entity that employs real estate

9 appraisers as employees for the performance of real estate appraisal services in a manner consistent

10 with federal regulations promulgated in accordance with § 1473 of the Dodd-Frank Wall Street

11 Reform and Consumer Protection Act.

12 (3) “Appraisal review” means the act or process of developing and communicating an

13 opinion about the quality of another appraiser’s work that was performed as part of an appraisal

14 assignment related to the appraiser’s data collection, analysis, opinions, conclusions, opinion of

15 value, or compliance with the Uniform Standards of Professional Appraisal Practice; provided

16 however, that “appraisal review” shall not include:

- 17 (i) A general examination for grammatical, typographical, or similar errors; or
- 18 (ii) A general examination for completeness, including regulatory or client requirements as
- 19 specified in an agreement that does not communicate an opinion of value.

20 (4) “Appraiser panel” means a group of independent fee appraisers that have been selected

21 by an appraisal management company to perform residential real estate appraisal services for the

22 appraisal management company.

23 (5) “Client” means any person or entity who or that contracts with, or otherwise enters into

24 an agreement with, an appraisal management company for the management of residential real estate

25 appraisal services.

26 (6) “Controlling person” means:

27 (i) An owner, officer, or director of a corporation, partnership, or other business entity

28 seeking to offer appraisal management services in this state; or

29 (ii) An individual employed, appointed, or authorized by an appraisal management

30 company who has the authority to enter into a contractual relationship with clients for the

31 performance of appraisal management services and has the authority to enter into agreements with

32 independent appraisers for the performance of residential real estate appraisal services; or

33 (iii) An individual who possesses, directly or indirectly, the power to direct or cause the

34 direction of the management or policies of an appraisal management company.

1 (7) "Covered transaction" means any consumer credit transaction secured by the
2 consumer's principal dwelling.

3 ~~(7)~~(8) "Department" means the department of business regulation.

4 ~~(8)~~(9) "Director" means the director of the department of business regulation.

5 ~~(9)~~(10) "Independent fee appraiser" means:

6 (i) A natural person who is a state-licensed or state-certified appraiser and receives a fee
7 for performing an appraisal, but who is not an employee of the person engaging the appraiser; or

8 (ii) An organization that, in the ordinary course of business, employs state-licensed or state-
9 certified appraisers to perform appraisals, receives a fee for performing the appraisals, and is not
10 subject to § 1124 of the federal Financial Institutions Reform, Recovery and Enforcement Act of
11 1989 ("FIRREA"), 12 U.S.C. § 3353.

12 ~~(10)~~(11) "Real estate appraisal services" means the practice of developing an appraisal by
13 a licensed or certified appraiser in conformance with the USPAP.

14 ~~(11)~~(12) "USPAP" mean the Uniform Standards for Professional Appraisal Practice
15 published by the Appraisal Foundation.

16 **5-20.9-4. Requirements for registration.**

17 (a) Appraisal management companies shall provide the following information upon
18 registration:

19 (1) Name and contact information of the entity seeking registration;

20 (2) Name and contact information of the controlling person for the entity;

21 (3) If the entity is not a corporation domiciled in this state, the name and contact
22 information for the company's agent for service of process in this state; and

23 (4) Name, address, and contact information for any individual or any corporation,
24 partnership, or other business entity who or that owns 10% or more of the appraisal management
25 company.

26 (b) Contact information shall include the entity's business and mailing address, telephone
27 number, facsimile number, and electronic mail (email) address.

28 (c) An appraisal management company shall certify that the following is true upon its initial
29 registration and upon each renewal of its registration:

30 (1) The registered entity has a system and process in place to verify that a person being
31 added to the appraiser panel of the appraisal management company holds a certification or license
32 in good standing in ~~this state~~ any jurisdiction to perform appraisals;

33 (2) The registered entity has a system in place to periodically perform a quality assurance
34 review of the work of independent fee appraisers who or that are performing real estate appraisal

1 services on its behalf to ensure that appraisal services are being conducted in accordance with
2 USPAP;

3 (3) The registered entity maintains a detailed record of each service request that it receives
4 for five (5) years;

5 (4) The registered entity maintains a system to assure that the appraiser selected for an
6 appraisal assignment is independent of the transaction and has the requisite education, expertise,
7 and experience necessary to competently complete the appraisal assignment for the particular
8 market and property type; and

9 (5) The registered entity will have a system in place to ensure that real estate appraisal
10 services are provided independently and free from inappropriate influence and coercion under the
11 appraisal independence standards established under § 129E of the Truth in Lending Act, 15 U.S.C.
12 § 1639e, including the requirement that independent fee appraisers be compensated at a customary
13 and reasonable rate when the appraisal management company is providing services for a consumer
14 credit transaction secured by the principal dwelling of a consumer.

15 ~~(d) A person who, directly or indirectly, owns more than ten percent (10%) of an applicant,~~
16 ~~or any officer, controlling person, employee in charge, or managing principal of an applicant, shall~~
17 ~~furnish to the department authorization for a state or national criminal history background check.~~
18 ~~An appraisal management company that has an owner of more than ten percent (10%), directly or~~
19 ~~indirectly, or any officer, controlling person, employee in charge, or managing principal, who has~~
20 ~~had a license or certificate to act as an appraiser or to engage in any activity related to the transfer~~
21 ~~of real property refused, denied, canceled, or revoked in this state or in any other state, whether on~~
22 ~~a temporary or permanent basis, or who is not of good moral character as determined by the~~
23 ~~director, shall not be eligible for licensure.~~

24 Ownership requirements. An AMC shall not be registered in this state if:

25 (1) Any person who owns, in whole or in part, directly or indirectly, more than ten percent
26 (10%) of the AMC fails to submit to a background investigation, and/or is determined by the
27 director not to have good moral character as determined by an analysis of the factors in § 28-5.1-
28 14.

29 (2) The AMC is owned in whole or in part, directly or indirectly, by any person who has
30 had a license or certificate to act as an appraiser refused, denied, canceled, surrendered in lieu of
31 revocation, or revoked in this state or in any other state for substantive cause, as determined the
32 appropriate certifying and licensing agency. However, an AMC is not barred from registration if
33 the license or certificate of the appraiser with an ownership interest was not revoked for a
34 substantive cause and has been reinstated by the state or states in which the appraiser was licensed

1 [or certified.](#)

2 **5-20.9-8. Expiration of registration.**

3 A registration granted by the department pursuant to this chapter shall be valid for ~~two (2)~~
4 ~~years~~ [one year](#) from the date on which it is issued.

5 **5-20.9-9. Grounds for denial, suspension, or revocation of registration — Fines and**
6 **penalties.**

7 (a) The department may deny, censure, suspend, or revoke a registration of an appraisal
8 management company issued under this chapter, levy fines or impose civil penalties not to exceed
9 five thousand dollars (\$5,000) per violation, if in the opinion of the department, an appraisal
10 management company is attempting to perform, has performed, or has attempted to perform any of
11 the following acts:

12 (1) The appraisal management company has filed an application for registration that, as of
13 its effective date or as of any date after filing, contained any statement that, in light of the
14 circumstances under which it was made, is false or misleading with respect to any material fact;

15 (2) The appraisal management company has violated or failed to comply with any provision
16 of this chapter, or any rule adopted by the department;

17 (3) The appraisal management company is permanently or temporarily enjoined by any
18 court of competent jurisdiction from engaging in or continuing any conduct or practice involving
19 any aspect of the real estate appraisal management business;

20 (4) The appraisal management company or a controlling person thereof is the subject of an
21 order of the department or any other state appraiser regulatory agency denying, suspending, or
22 revoking that person's license as a real estate appraiser;

23 (5) The appraisal management company acted as an appraisal management company while
24 not properly registered with the department;

25 (6) The appraisal management company has failed to pay the proper filing or renewal fee
26 under this chapter;

27 (7) The appraisal management company has demonstrated incompetence,
28 untrustworthiness, or conduct or practices that render the applicant unfit to perform appraisal
29 management services; or

30 (8) The appraisal management company has committed any of the prohibited practices set
31 forth in this chapter or in the department's regulations.

32 (b) The department shall provide written notice of the denial, suspension, or revocation of
33 a registration under this chapter. Any party aggrieved by the department's decision regarding
34 registration issuance or renewal may, within ten (10) days of the decision, appeal the matter to the

1 director by submitting a written request for a formal hearing to be conducted in accordance with
2 the provisions of § ~~5-20.9-17~~ [5-20.9-18](#).

3 **5-20.9-11. Controlling person and review appraiser employees.**

4 (a) Each appraisal management company applying to the department for a registration in
5 this state shall designate one controlling person who will be the principal contact for all
6 communication between the department and the appraisal management company.

7 (b) Any employee of the appraisal management company who has the responsibility to
8 [conduct an appraisal](#) review, [as defined in § 5-20.9-2, of](#) the work of independent fee appraisers
9 must ~~have a current USPAP certification~~ [be a state-licensed or certified appraiser](#).

10 **5-20.9-15. Adjudication of disputes between an appraisal management company and**
11 **an appraiser.**

12 (a) ~~Except within the first thirty (30) days after an independent appraiser is added to the~~
13 ~~appraiser panel of an appraisal management company, an~~ [An](#) appraisal management company may
14 not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real
15 estate appraisal services to an independent appraiser without:

16 (1) Notifying the appraiser in writing of the reasons why the appraiser is being removed
17 from the appraiser panel of the appraisal management company, including the alleged statutory or
18 USPAP violation, if any; and

19 (2) Providing an opportunity for the appraiser to respond to the notification of the appraisal
20 management company.

21 (b) An appraiser that is removed from the appraiser panel of an appraisal management
22 company for alleged illegal conduct, violation of the USPAP, or violation of state licensing statutes,
23 may file a complaint with the department for a review of the decision of the appraisal management
24 company. The review of the department in any such case is limited to determining whether the
25 appraisal management company has complied with subsection (a) of this section and whether the
26 appraiser has committed a violation of state law, state licensing standards, or a violation of the
27 USPAP.

28 (c) If, after opportunity for hearing and review, the department determines that an appraisal
29 management company acted improperly in removing an appraiser from the appraiser panel, or that
30 an appraiser did not commit a violation of law, a violation of the USPAP, or a violation of state
31 licensing standards, the department may order that an appraiser be restored to the appraiser panel
32 of the appraisal management company that was the subject of the complaint, or impose any other
33 administrative penalties set forth in regulations.

34 (d) Hearings will be conducted in accordance with § ~~5-20.9-17~~ [5-20.9-18](#), chapter 35 of

1 title 42, and the department's rules of procedure for administrative hearings.

2 SECTION 3. Section 5-20.9-10 of the General Laws in Chapter 5-20.9 entitled "Real Estate
3 Appraisal Management Company Registration Act" is hereby repealed.

4 ~~**5-20.9-10. Owner requirements.**~~

5 ~~(a) An appraisal management company applying for a registration in this state may not be~~
6 ~~owned or controlled by a person if such person has had a license or certification to act as an~~
7 ~~appraiser denied or revoked in this state or in any other state, or who is not of good moral character~~
8 ~~as determined by the director.~~

9 ~~(b) Each owner or controlling person of an appraisal management company in this state~~
10 ~~shall certify to the department that such person has never had a license to act as an appraiser denied,~~
11 ~~suspended, or revoked in this state or in any other state.~~

12 SECTION 4. This act shall take effect upon passage.

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LC001627/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- REAL ESTATE APPRAISER
CERTIFICATION ACT

1 This act would amend the Real Estate Appraiser Certification Act and the Real Estate
2 Appraisal Management Company ("AMC") Registration Act by updating provisions for
3 consistency with federal laws and based on recommendations from the appraisal subcommittee, the
4 federal regulator of state appraiser licensing and certification programs and AMC registration.

5 This act would take effect upon passage.

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LC001627/SUB A
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