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BILL ANALYSIS



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Senate Bill 1016 (as enrolled)

PUBLIC ACT 414 of 2006

Sponsor: Senator Tom George

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Regulatory Reform

Date Completed: 2-2-07

CONTENT

The bill amended Article 26 (Real Estate Appraisers) of the Occupational Code to do the following:

- **Replace specific experience, education, and continuing education requirements for licensure under Article 26 with criteria established by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation.**
- **Replace requirements for educational courses and an appraisal log with AQB criteria.**
- **Provide that a score on the uniform real property appraiser examination is valid for two years, instead of three.**

The bill took effect on September 29, 2006.

Criteria for Licensure

The bill requires the Department of Labor and Economic Growth (DLEG) to use the AQB criteria regarding education, examination, and experience for licensure under Article 26. The bill adopts the AQB criteria by reference. The Department may, by the Director's promulgation of a rule, supplement or amend the standards by adoption of a stricter standard that is otherwise in compliance with the minimum AQB criteria in effect or by adoption of subsequent amendments to that standard adopted by the Appraiser Qualifications Board.

In addition, the bill requires DLEG to license as a limited real estate appraiser, a State licensed real estate appraiser, a certified

residential real estate appraiser, or a certified general real estate appraiser, an individual who is at least 18 years of age, is of good moral character, and provides proof of having completed the minimum education, examination, and experience requirements contained in the AQB criteria for the appropriate license category.

The bill defines "AQB criteria" as the criteria established by the Appraiser Qualifications Board of the Appraisal Foundation or as adopted by rule of the Director. Until January 1, 2008, "AQB criteria" means the criteria entitled "Real Property Appraiser Qualification Criteria and Interpretation of the Criteria", adopted by the AQB on February 16 1994, effective January 1, 1998, and as revised and effective January 1, 2003. Beginning on January 1, 2008, "AQB criteria" means the criteria with the same title adopted by the Board on February 20, 2004, effective January 1, 2008.

Educational Courses

Article 26 authorizes the DLEG Director to promulgate rules regulating the offering of educational courses required under the article, including the type and conditions of instruction, the qualification of instructors, the methods of grading, the means of monitoring and reporting attendance, and the representations made by course sponsors.

Under the bill, educational courses required for licensure under Article 26 must comply with AQB criteria.

Previously, Article 26 established minimum requirements for prelicensure courses and continuing education courses. The bill deleted those provisions.

Examination

Under Article 26, except as otherwise provided, an individual seeking licensure under as a State licensed real estate appraiser, certified general real estate appraiser, or certified residential real estate appraiser must first successfully pass the AQB endorsed uniform real property appraiser examination or its equivalent as appropriate to the level of licensure sought that is acceptable to the Real Estate Appraisers Board and DLEG.

Previously, examination scores were considered valid for three years from the date of the examination. Under the bill, scores will be considered valid for two years.

Continuing Education

Previously, as a condition for the renewal of licensure as a certified general real estate appraiser, a certified residential real estate appraiser, or a State licensed real estate appraiser, a licensee had to complete 14 classroom hours of continuing education meeting the standards set forth in Article 26 for each year since the expiration of his or her previous license. Effective the third year of licensure, a licensee had to complete at least 14 classroom hours of continuing education for each year since the expiration of his or her previous license. This continuing education had to meet specified standards.

The bill deleted these provisions.

Under the bill, as a condition for the renewal of licensure as a limited real estate appraiser, a certified general real estate appraiser, a certified residential real estate appraiser, or a State licensed real estate appraiser, the licensee must complete the minimum continuing education requirements described in the AQB criteria.

Books & Records

Article 26 requires a licensee to maintain a system of books and records open to DLEG upon request during normal business hours. The books and records must be maintained in accordance with the uniform standards of professional appraisal practice, the

requirements of Article 26, and any requirements imposed by rules promulgated under the article. The books and records must show all appraisals undertaken by the name of the client and the address or description of the property appraised.

In addition, applicants for licensure must provide an appraisal log. Previously, the log had to include, at a minimum, the following for each appraisal: type of property, date of report, address of appraised property, description of work performed, and number of work hours. The bill, instead, requires an appraisal log to include, at a minimum, the documentation or data required to be kept under the AQB criteria.

Under Article 26, if a licensee fails to make available to DLEG upon request books and records that are required to be kept, the licensee is subject to the penalties set forth in Article 6 of the Code (e.g., license suspension or revocation, a maximum civil fine of \$10,000, censure, probation, or a requirement to make restitution). Under the bill, a licensee also is subject to the penalties for failure to maintain the required books and records.

Repealed Sections

The bill repealed Sections 2611, 2613, 2614, and 2615 of the Code, which contained education and experience requirements for licensure as a limited real estate appraiser, State licensed real estate appraiser, certified residential real estate appraiser, or certified general real estate appraiser.

The bill also repealed Section 2621, which set forth criteria for the experience required of applicants for licensure.

MCL 339.2601 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.