EMERGENCY

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TE OF CALIFORNIA–OFFICE OF ADMINISTRATIVE LAW

OTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

). 400 (REV. 01-09)

OAL FILE UMBERS	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER	EMERGENCY NUMBER
	Z-		2010-0111-02E

For use by Office of Administrative Law (OAL) only

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OFFICE OF ADMINISTRATIVE LAW

NOTICE | REGULATIONS

ENCY WITH RULEMAKING AUTHORITY: OFFICE OF REAL ESTATE APPRAISERS

AGENCY FILE NUMBER (If any):

PUBLICATION OF NOTICE (Complete for publication in Notice Register)

SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE

NOTICE TYPE	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
☐ Notice re Proposed Regulatory Action ☐ Other			

AL USE ONLY	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE
	☐ Approved as Submitted ☐ Approved as Modified ☐ Disapproved/ Withdrawn		

SUBMISSION OF REGULATIONS (Complete when submitting regulations)

SUBJECT OF REGULATION(S): Appraisal Management Company registration (SB 237)

1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S): N/A

ECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

SECTION(S) AFFECTED List all section number(s) individually. Attach ditional sheet if needed.)

ADOPT: §§ 3575, 3576, & 3577

AMEND: §§ 3500, 3522, 3523, 3524, 3526, 3527, 3528, 3529, 3530, 3582, 3681, 3702, (see below) **

REPEAL: ** (Additional §§ to AMEND - 3703, 3721, 3724, 3726, 3728, 3731, & 3741)

.E(S): Title 10, Chapter 6.5

'PE OF FILING

- Regular Rulemaking (Gov. Code §11346)
- Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)
- Emergency (Gov. Code, §11346.1(b))
- ☐ Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
- ☐ Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
- ☐ Emergency Readopt (Gov. Code, §11346.1(h))
- ☐ File & Print
- ☐ Other (Specify) _____
- ☐ Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
- ☐ Print Only

.L BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1): N/A

ECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

- Effective 30th day after filing with Secretary of State
- ☒ Effective on filing with Secretary of State
- ☐ §100 Changes Without Regulatory Effect
- ☐ Effective other (Specify) _____

HECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

- Department of Finance (Form STD. 399) (SAM §6660)
- ☐ Fair Political Practices Commission
- ☐ State Fire Marshal
- Other (Specify) _____

ONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional)
Bob Clark	916-440-7878		

I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

ATURE OF AGENCY HEAD OR DESIGNEE: Bob Clark

DATE: 12/22/09

ED NAME AND TITLE OF SIGNATORY: Bob Clark, Director

For use by Office of Administrative Law (OAL) only

STATE OF CALIFORNIA
OFFICE OF REAL ESTATE APPRAISERS
IMPLEMENTATION OF SB 237 (CHAPTER 173, STATUTES OF 2009)
(REGISTRATION OF APPRAISAL MANAGEMENT COMPANIES)
TEXT OF PROPOSED CHANGES
CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 6.5
PURSUANT TO EMERGENCY ACTION SUBMISSION
(DECEMBER 22, 2009)

ARTICLE 1. DEFINITIONS, Section 3500 is amended to read:

3500. Meaning of Words and General Definitions

(a) Words shall have their usual meaning unless the context or a definition clearly indicates a different meaning. Words used in their present tense include the future tense and words in the singular form include the plural form. Use of the word "shall" or "must" denotes mandatory conduct; "may" denotes permissive conduct; and "should" denotes recommended conduct.

(b) As used in these regulations, the following words and phrases shall have the following definitions:

(1) "Applicant" means a natural person who has made application to be a State Licensed Real Estate Appraiser, a State Certified Real Estate Appraiser, a Course Provider or a person who has applied for a Trainee License, a Reciprocal License or a Temporary Practice permit. Applicant also means an entity or Controlling Person that has applied for a Certificate of Registration as an Appraisal Management Company;

(2) (A) "Appraisal Management Company" means any person or entity that satisfies all of the following conditions:

1. Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to Part 3 (commencing with section 11300), of Division 4 of the Business and Professions Code or employs 11 or more appraisers licensed or certified pursuant to that Part.
2. Receives requests for appraisals from one or more clients.
3. For a fee paid by one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers.

(B) "Appraisal Management Company" does not include any of the following, when that person or entity directly contracts with an independent appraiser:

1. Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to

transact business in this state.
2. Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license.
3. Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.
4. Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.

(C) "Appraisal Management Company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person in connection with one or more appraisals for that client;

~~(2)~~ (3) "Appraisal Standards Board (ASB)" means the board of The Appraisal Foundation;

~~(3)~~ (4) "Appraisal Subcommittee (ASC)" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council;

~~(4)~~ (5) "Appraiser" means an individual who holds a license issued by the Office of Real Estate Appraisers;

~~(5)~~ (6) "Appraiser Qualifications Board (AQB)" means the subcommittee of The Appraisal Foundation. The "Appraiser Qualifications Board" (AQB) is the board of The Appraisal Foundation which promulgates the minimum national requirements for licensure for licensed appraisers. The minimum national requirements includes the interpretations and clarifications of the appraiser qualifications criteria issued by AQB;

(7) "Certificate of Registration" means a certificate issued by the California Office of Real Estate Appraisers verifying the registration of a person or entity as approved to conduct business in California as an Appraisal Management Company.

(8) "Controlling Person" means one of more of the following:
(A) An officer or director of an Appraisal Management Company, or an individual that holds 10% or greater ownership interest in an Appraisal Management Company.
(B) An individual employed, appointed or authorized by an Appraisal Management Company that has the authority to enter into a contractual relationship with clients for the performance of appraisal services and that has the authority to enter into agreements with independent appraisers for the completion of appraisals.
(C) An individual who possesses the power to direct or cause the direction of the management or policies of an Appraisal Management Company.

~~(6)~~ (9) "Course Provider" means a person or organization that has been approved by the Office of Real Estate Appraisers to provide educational courses within the parameters set forth herein.

(10) "Designated Officer" means a Controlling Person authorized by the governing structure of the Appraisal Management Company to act on behalf of the company for purposes of application for, and compliance with, a Certificate of Registration to operate as an Appraisal Management

Company pursuant to California law. The Designated Officer shall be responsible for the supervision and control of activities conducted on behalf of the Appraisal Management Company by its officers and employees as necessary to secure full compliance with the provisions of SB 237 (Chapter 173, Statutes of 2009), including contract services provided to the Appraisal Management Company for the performance of appraisal activities for which a California Real Estate Appraisal license is required.

~~(7)~~ (11) "Director" means the Director of OREA or his or her designee;

~~(8)~~ (12) "FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73 and any amendments thereto;

~~(9)~~ (13) "Non-Residential Property" means all other property except one to four unit residential structures and land suitable for one to four unit residential use;

~~(10)~~ (14) "Office" means the Office of Real Estate Appraisers, and/or the Director;

~~(11)~~ (15) "OREA" means the Office of Real Estate Appraisers;

(16) "Registrant" means a person or entity authorized to conduct business as an Appraisal Management Company in California through issuance of a Certificate of Registration by the California Office of Real Estate Appraisers.

(17) "Registration" means the procedures and requirements with which a person or entity shall comply in order to qualify to conduct business as an Appraisal Management Company;

~~(12)~~ (18) "Residential Property" means real property containing, and land suitable for, four or fewer residential units;

~~(13)~~ (19) "Uniform Standards of Professional Appraisal Practice (USPAP)" means those standards as adopted by the Appraisal Standards Board of The Appraisal Foundation.

NOTE: Authority cited, Sections 11310, 11313, 11314, 11316, 11350 and 11361, Business and Professions Code. Reference: Sections 10, 11302, 11310, 11360 and 11361, Business and Professions Code.

ARTICLE 2. GENERAL REQUIREMENTS, Sections 3522, 3523, 3524, 3526, 3527, 3528, 3529, and 3530 are amended to read:

3522. License or Certificate of Registration

Each license or Certificate of Registration shall show on its face in clear and concise language the following information:

(a) The name of the holder;

(b) The license number or Certificate of Registration number;

(c) The scope of authority conferred by the document;

(d) Whether restricted or limited in any manner, and if so, the nature of the restriction or limitation; and

(e) The dates of issuance and expiration of the document.

NOTE: Authority cited: Section 11314, Business and Professions Code. Reference: Sections 11320 and 11321, Business and Professions Code

3523. License or Certificate of Registration Property of the Office

Each license or Certificate of Registration shall remain the property of the Office and shall be surrendered to the Office or its authorized representative upon order of the Director, unless otherwise ordered pursuant to these regulations.

NOTE: Authority cited: Sections 11313 and11314, Business and Professions Code. Reference: Sections 11315 and 11319, Business and Professions Code.

3524. Term of License or Certificate of Registration

Every original license or Certificate of Registration shall be valid for the term set forth in ~~Section~~ Sections 11341 and 11345.1 of the Business and Professions Code unless otherwise ordered pursuant to these regulations.

NOTE: Authority cited: Sections 11313 and11314, Business and Professions Code. Reference: Sections 11341 and 11345.1, Business and Professions Code.

3526. Consent to Service of Process

Each applicant for and holder of a license, ~~or~~ temporary practice permit, or Controlling Person for an Appraisal Management Company who is a non-resident of California shall complete the Consent to Service of Process ~~REA~~ Form REA 3006 (Rev. 5/8/00), which is hereby incorporated by reference, or any federally-approved equivalent form.

NOTE: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code. Reference: Section 1018, Code of Civil Procedures

3527. Personal Information or Contact Change

(a) All applicants for and holders of a license or temporary practice permit, ~~or~~ course provider approval permit, or Registrant or Controlling Person for an Appraisal Management Company

shall submit written notice to OREA of any change to the following within 10 days on the Change Notification and Miscellaneous Requests REA Form 3011 (Rev. 5/8/00):

(1) Name;

(2) Residence telephone number;

(3) Business telephone number;

(4) Residence address;

(5) Business name or address; or

(6) Mailing address.

(b) The business name, address and telephone number shall be considered the applicant, ~~or~~ licensee's or Registrant's address and telephone number of record for all purposes unless otherwise requested in writing by the applicant or licensee and shall be considered a matter of public record. If no business address is provided, the mailing address shall be the address of record.

NOTE: Authority cited: Sections 11313, 11314, and 11340 Business and Professions Code. Reference: Sections 11340 and 11345.05, Business and Professions Code

3528. Minimum Requirements

All applicants for, and holders of, any license or permit authorized by this chapter shall meet the minimum requirements set forth in this chapter or those established by the Appraiser Qualifications Board, whichever is greater.

Effective January 1, 2008, all applicants for licensure must meet all of the minimum requirements effective on that date. Applications received on or before December 31, 2007, that are not complete as to education and/or experience, will be evaluated based on the completion date of the education and/or experience component requirements. Applicants who have completed the education requirements prior to January 1, 2008, may complete the experience requirement after January 1, 2008.

Any holder of a Certificate of Registration issued by the Office of Real Estate Appraisers as authorized by this chapter, and any person or entity acting in a capacity that requires a Certificate of Registration under this chapter, shall meet the minimum requirements set forth in Article 4 for registration as an Appraisal Management Company no later than one-hundred seventy (170) days from the effective date of these emergency regulations.

NOTE: Authority cited: Sections 11313,11314, and 11340 Business and Professions Code. Reference: Section 11340, Business and Professions Code; Section 1112, Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73 (FIRREA).

3529. Audits

The Office may ~~conduct audits of applicant's, licensee's and educational provider records~~ review and audit the records of applicants, licensees, educational providers, registered Appraisal Management Companies and persons or entities acting in a capacity that requires a Certification of Registration, to determine compliance with the requirements of this chapter and state and federal law. Applicants, licensees, ~~and~~ educational providers, and registered Appraisal Management Companies shall cooperate with the Office in the conduct of such audits and provide access during normal business hours to records and such information as the Office deems reasonably necessary for the completion of the audit.

NOTE: Authority cited: Sections 11313, 11314, 11328 and 11340 Business and Professions Code. Reference: Sections 11320.5, 11328, 11328.1 11340 and 11345.45, Business and Professions Code.

3530. Limitations on Licenses and Certificates of Registration for Aliens

(a) All eligibility requirements contained herein shall be applied without regard to the race, creed, color, gender, religion, or national origin of the individual applying for the public benefit.
(b) Pursuant to Section 411 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. No. 104-193 (PRWORA)), (8 U.S.C. § 1621), and notwithstanding any other provision of this division, aliens who are not qualified aliens, nonimmigrant aliens under the Immigration and Nationality Act (INA) (8 U.S.C. § 1101 et seq.), or aliens paroled into the United States under Section 212 (d) (5) of the INA (8 U.S.C. § 1182 (d) (5)) for less than one year, are not eligible to receive any license to act as a state licensed real estate appraiser or Controlling Person of an Appraisal Management Company as set forth in California Business and Professions Code, Division 4, Part 3, Sections 11300 et seq., except as provided in 8 U.S.C. § 1621(c)(2).

NOTE: Authority cited: Sections 11313,1314, 11327, 11340, 1350, and 11352 Business and Professions Code. Reference: Sections 11320 and 11321, Business and Professions Code; U.S.C. §§ 1621, 1641, and 1642.

ARTICLE 4. APPLICATION PROCESS, Sections 3575, 3576, and 3577, are adopted to read:

3575. Appraisal Management Company Certificate of Registration Application

(a) Applications for a Certificate of Registration shall be valid for one year from the date of receipt by the Office. The one-year period shall not be extended.
(b) Applicants for a Certificate of Registration shall have an appropriate knowledge of the English language, including reading, writing and spelling, and of arithmetic computations common to real estate and appraisal practice.
(c) Applicants for a Certificate of Registration must submit an Appraisal Management Company Certificate of Registration Application form, REA 5001 (New 01/01/10), which is hereby incorporated by reference.

(d) Applicants for a Certificate of Registration must also submit a separate application for each Controlling Person for the company. Each Controlling Person must complete an Appraisal Management Company Controlling Person Application form, REA 5002 (New 01/01/10) which is hereby incorporated by reference.
(e) All applicants for a Certificate of Registration must submit the names of all Controlling Persons, including the name of the Designated Officer, as these terms are defined herein.

NOTE: Authority cited: Sections 11314, Business and Professions Code. Reference: Sections 11320.5 and 11345, Business and Professions Code

3576. Background Requirements for Controlling Persons in Appraisal Management Companies

(a) No individual can act as a Controlling Person of an Appraisal Management Company who has entered a plea of guilty or no contest to, or been convicted of, a felony.
(b) No individual can act as a Controlling Person of an Appraisal Management Company who has had a license or certificate to act as an appraiser, or to engage in any activities related to real estate lending or the transfer of real property refused, denied, canceled, or revoked in California or any other state.
(c) A Controlling Person of an Appraisal Management Company that holds a Certificate of Registration who has entered a plea of guilty or no contest to, or been convicted of, a felony, or who has had a real estate appraiser's license or real estate sale's license revoked, surrendered, or denied in California or any other state must report this occurrence to the Office within 10 days of the date he or she has knowledge of that fact.
(d) An applicant for a Controlling Person who is licensed or certified as a real estate appraiser in any other jurisdiction, must have a license in good standing in that jurisdiction and provide the office with a certificate of license history.
(e) All applicants for Controlling Persons, who are not licensed or certified by the Office, must submit fingerprint images to be used by the Department of Justice for the purpose of obtaining information relating to the existence or content of state and federal records of arrests or convictions.
(f) An Appraisal Management Company must disclose the name(s) of the managing principal or chief decision maker and the Designated Officer of the Appraisal Management Company.

NOTE: Authority cited: Sections 11314 and 11343, Business and Professions Code. Reference: Section 11345.2 Business and Professions Code

3577. Minimum Standards of Practice for Appraisal Management Companies

All Appraisal Management Companies must ensure that they adhere to the following business practices:
(a) Appraisal Management Companies will contract only with appraisers that possess the required licenses and certificates by the Office.

(b) Appraisal Management Companies must ensure that all appraisal assignments completed by the contracted appraisers are completed in accordance with the Uniform Standards of Professional Appraisal Practice.

(c) Appraisal Management Companies must maintain records for each contracted appraisal service with the following information:

(1) Date of the receipt of the request from the lender/client;

(2) The name of the client and the client's representative;

(3) The name of the appraiser assigned to perform the appraisal assignment; and

(4) The date the appraisal assignment was received.

(d) Appraisal Management Companies must maintain records of all appraisal fees dispersed to contracted appraisers and the final fee charged to the lender/client.

(e) An Appraisal Management Company cannot prohibit a contracted appraiser/client from disclosing the fee paid to the appraiser/client for an appraisal assignment in the body of the appraisal report.

(f) No Appraisal Management Company shall improperly influence the development of an appraisal report, review or consulting assignment by committing any of the following actions:

(1) Withholding or threatening to withhold the timely payment for a contracted appraisal assignment;

(2) Withholding or threatening to withhold future business with an appraisal contractor solely based on an appraisal result;

(3) Basing the appraisal fee for an appraisal assignment on a pre-determined value;

(4) Attempting to influence the development of an appraisal assignment through coercion, extortion or bribery;

(5) Expressly or impliedly promising future business, promotions, or increased compensation for a contracted appraiser based on certain business practices not in compliance with the Uniform Standards of Professional Appraisal Practice;

(6) Subsection (4) does not prohibit an Appraisal Management Company or an individual with an interest in a real estate transaction from requesting an appraiser to:

(A) Consider additional appropriate property information including relevant sales comparables not considered in the initial appraisal report;

(B) Provide further detail, substantiation or explanation of the appraiser's conclusion of value; or

(C) Correct errors in the appraisal report.

(g) The Appraisal Management Company shall not require the appraiser to collect the appraisal fee from a borrower, homeowner, or third party. Disbursement of appraisal fees must be directly from the Appraisal Management Company.

(h) The Appraisal Management Company shall not base the payment of an appraisal fee on a subsequent event related to the mortgage transaction, i.e. close of escrow.

(i) The appraiser shall not be required to provide the Appraisal Management Company with the appraiser's digital signature.

(j) The Appraisal Management Company shall not alter, amend, or change an appraisal report submitted by a licensed or certified appraiser by removing the appraiser's signature or seal or by adding or removing information to or from the appraisal report with an intent to change the value conclusion.

(k) The Appraisal Management Company shall not remove an independent appraiser from their panel of approved appraisers without prior written notice that includes evidence, which supports

the basis of fact that the appraiser has violated the Uniform Standards of Professional Appraisal Practice or other applicable appraisal regulations or state statues.
(l) An Appraisal Management Company shall notify the Office within 10 business days of any change to or addition of a Controlling Person of the company.
(m) A Controlling Person of an Appraisal Management Company cannot be a principal in a mortgage company in which the Appraisal Management Company provides the appraisal service.

NOTE: Authority cited: Sections 11313 and11314, Business and Professions Code. Reference: Sections 11345.4, 11345.45, 11345.6, Business and Professions Code and 1090.5, Civil Code

ARTICLE 5. FEES, Section 3582 is amended to read:

3582. Fee Schedule

(a) Fees are scheduled pursuant to Sections 11400 through 11408, Business and Professions Code.

(b) In addition to (a) above, the following is a schedule of additional fees:

1) Application Review – (all classifications-new renewal, upgrades and Certificate of Registration)	$ 150
2) Issuance Fees (new and renewals)	
Trainee Level	$ 300
Residential Level	$ 300
Certified Levels	$ 375
Appraisal Management Company Certificate of Registration	$1,600
3) Issuance Fees (upgrades)	
To Certified Levels	$ 75
4) Late Renewal Fee (all license levels and Certificate of Registration)	
0-less than 12 months	$125
12-24 months	$250
5) Background Investigation Fees	$ 70
6) Child Support Review Fee	$ 10
Reinstatement After Child Support Suspension	$140
7) Federal Registry Fees (every two years)	
Federal ($25 per year)	$ 50
State Processing	$ 25
8) Temporary Practice Permit	$ 80
9) Petition for Equivalency (per course)	$ 45
10) Basic Education Provider Fees	
Course Provider Application Review Fee	$150 per submission
Course Review Fee	$350 per course
Multiple Courses Review Fee (Submitted at same time)	
1 to 5 courses	$350 per course

6 or more courses	$250 per course for each course over 5 courses
11) Continuing Education Provider Fees	
Course Provider Application Review Fee	$150
Course Review Fee	
Up to 14 hours	$ 50
15 to 29 hours	$100
Each additional 14 hour segment or portion thereof	$ 50
12) Miscellaneous Fees	
Certificate of Good Standing	$ 15
Certification of Documents	$ 5
Change of Name (Business or Personal)	$ 10
Duplicate License	$ 50 with certification of loss
Duplicate Admit Letter	$ 10 with certification of loss
Dishonored Check Fee	$ 25 plus collection costs
Federal and State Laws & Regulations	
Course Materials Package	$ 50 plus tax and postage
Laws & Regulations Package	$ 15 plus tax and postage
Letter of License History	$ 40
Photocopy Costs	$.10 each page Plus postage
Retrieve File/Records from Archives	$ 25
State Registry (available on disk only)	
Full List	$ 55 plus tax and postage
Special Request (up to 5,000 records)	$90 plus tax and postage

(c) Notwithstanding any other provision, a license <u>or Certificate of Registration</u> shall be automatically suspended if payment of any fees is dishonored by the issuing institution for any reason. The license <u>or Certificate of Registration</u> shall remain suspended and shall not be renewed until receipt of all accumulated fees and penalties. Such a suspension shall be in addition to and not in place of any penalties imposed pursuant to this chapter and shall not relieve the licensee of his or her continuing education requirements.
(d) The fee to take an examination or reexamination for a license shall be set at an amount not to exceed the cost to the office as determined by competitive bid. The director may provide that the applicant pay the fee directly to the examination provider.

NOTE: Authority cited: Sections 11313 and 11400, Business and Professions Code. Reference: Sections 11406.5, Business and Professions Code

ARTICLE 10. RENEWAL PROCEDURES, Section 3681 is amended to read:

3681. Renewal Application

(a) A license may be renewed by submitting the following to the Office:

(1) Appropriate fees including state and federal registry fees pursuant to Section 3582;
(2) Every other renewal period, proof of completion of approved continuing education by one of the following:

(A) Official transcript;

(B) Report card; or
(C) Completion certificates.

(3) Every renewal period, proof of completion of the 7-hour National USPAP Update Course;
(4) REA Form 3012 (Rev. 5/8/00) Renewal Application which is herein incorporated by reference.

(b) The renewed license shall be valid for a maximum of two years from the date of expiration of the prior license, provided the Renewal Application is received by the Office before midnight of the last day of the period for which the previous license was issued, accompanied by the applicable renewal fees and evidence of good faith compliance with the provisions of this Article.

(c) Complete applications for renewal of licenses should be submitted to the Office at least 90 days prior to the license expiration date. However, applications for renewal shall not be accepted by the Office more than 180 days prior to the expiration of the existing license.

(d) A Certificate of Registration may be renewed by submitting the following to the Office:
(1) Appropriate fees including state and federal registry fees pursuant to section 3582;
(2) Every renewal period, a Controlling Person must submit proof of completion of the 7-hour continuing education course, (USPAP) for non-appraisers. A licensed or certified appraiser with the Office functioning as a Controlling Person can substitute the 7-hour National USPAP update course to meet this requirement;

(e) The renewed Certificate of Registration shall be valid for a maximum of two years from the date of expiration of the prior registration, provided the Renewal Application is received by the Office before midnight of the last day of period for which the previous Certificate of Registration was issued, accompanied by the applicable renewal fees and evidence of good faith compliance with the provisions of this Article;

(f) Complete applications for renewal of Certificate of Registration should be submitted to the Office at least 90 days prior to the Certificate of Registration expiration date. However, application for renewal shall not be accepted by the Office more than 180 days prior to the expiration of the existing Certificate of Registration;

NOTE: Authority cited: Sections 11313 and11314, Business and Professions Code. Reference: Sections 11345.1 and 11345.3, Business and Professions Code

ARTICLE 11. RULES OF PROFESSIONAL CONDUCT, Sections 3702 and 3703 are amended to read:

3702. Special Qualifications of Appraisers and Controlling Persons of Appraisal Management Companies

(a) The Director finds and declares as follows:

(1) That the profession of real estate appraisers and Registrants of Appraisal Management

Companies is vested with a fiduciary relationship of trust and confidence as to clients, lending institutions, and both public and private guarantors or insurers of funds in federally-related real estate transactions and that the qualifications of honesty, candor, integrity and trustworthiness are directly and substantially related to and indispensable to the practice of the appraisal profession; and

(2) Every holder of a license to practice real estate appraisal, Registrant, Controlling Person of an Appraisal Management Company, or person or entity acting in a capacity requiring a license or Certificate of Registration shall be required to demonstrate by his or her conduct that he or she possesses the qualifications of honesty, candor, integrity and trustworthiness.

(b) The Director may require such proof as he may deem advisable concerning the special qualifications of an applicant for or holder of an appraiser's license or a Certificate of Registration.

NOTE: Authority cited: Sections 11313 and 11314, Business and Professions Code. Reference: Chapter 491 Statues of 1991, Section 4; Business and Professions Code 11340(c), 11345.1, 11345.2, 11345.3, 11345.4. 11345.45, and 11345.6; Section 1103 of Public Law 101-73 (12 USC 3301, etc.) Title XI (Real Estate Reform Amendment).

3703. Complaints of Unlawful or Unprofessional Conduct

Any person may file a complaint alleging that any applicant for, ~~or~~ holder of a license, Registrant or person or entity acting in a capacity requiring a Certificate of Registration, has committed acts or omissions constituting unethical or unprofessional conduct by following the procedure set forth in Section 3726 (Initiation of Disciplinary Proceedings). Such complaint may, but need not, specify the provisions of law, regulations or USPAP alleged to have been violated.

NOTE: Authority: Sections 11313 and 11314, Business and Professions Code. Reference: Sections 11313, 11314 and11328. Business and Professions Code.

ARTICLE 12. DISCIPLINE, Sections 3721, 3724, 3726, 3728, and 3731 are amended to read:

3721. Revocation, Suspension, Denial of Licenses or Certificate of Registration

(a) The Director may issue a citation, order of abatement, assess a fine or private or public reproval, suspend or revoke any license or Certificate of Registration, and/or may deny the issuance or renewal of a license or Registrant of any person or entity acting in a capacity requiring a license or Certificate of Registration who has:

(1) Been convicted of a felony or any crime which is substantially related to the qualifications, functions, or duties of the profession of real estate appraisal;

(2) Done any act involving dishonesty, fraud or deceit with the intent to benefit himself or

another, or to injure another;
(3) Been convicted for a commission or solicitation of a criminal act which involved or threatened bodily harm to others;
(4) Done any act which if done by the holder of a license to practice real estate appraisal would be grounds for revocation or suspension of such license;
(5) Knowingly made a false statement of material fact required to be disclosed in an application for a license authorizing the practice of real estate appraisal;
(6) Violated any provision of USPAP;
(7) Violated any provision of the Real Estate Appraisers' Licensing and Certification Law, Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code, or regulations promulgated pursuant thereto; or any provision of the Business and Professions Code applicable to applicants for or holders of licenses authorizing appraisals;
(8) Been prohibited from participating in the affairs of an insured depository institution pursuant to Section 19(a) of the Federal Deposit Insurance Act (12 USC, Section 1829.); or
(9) Submitted a financial instrument to OREA for the payment of any fee, fine or penalty which instrument is subsequently dishonored by the issuing institution due to an act or omission of that person.

(b) Before issuing any private or public reproval or denying, suspending or revoking any license <u>or Certificate of Registration</u> issued or issuable under the provisions of the Real Estate Appraisers Licensing and Certification Law or these regulations, the Office shall proceed as prescribed by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code (the Administrative Procedure Act) and the Office shall have all the powers granted therein.
(c) Any person issued a citation containing a fine or order of abatement may contest the citation by filing a written notice with the Office within 30 calendar days that states with specificity the basis of the appeal. Upon receipt of such notice, the Office shall proceed as prescribed by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code (the Administrative Procedure Act) and the Office shall have all the powers granted therein.

NOTE: Authority cited: Sections 11313,11314, 11315, and 11315.1, Business and Professions Code. Reference: Sections 480, 490, 11315.5, 11320 and 11321, Business and Professions Code; Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of part 1 of Division 3 Title 2 of the Government Code.

3724. Citations for Unprofessional Conduct

(a) Where the Director has verified a notice of acts or omissions by a licensed appraiser<u>, Registrant or person or entity acting in a capacity requiring a license or Certificate of Registration</u> which constitute a violation of statute, regulation or USPAP, he/she may issue a citation in writing which describes with particularity the nature of the violation and including specific reference to the law, regulation or professional practice standard, determined to have been violated. The citation may include a notice of abatement fixing a reasonable period of time for abatement of the violation, assessment of private or public reproval, suspension, revocation,

restriction of license, fine or any combination of these actions.
(b) Fines shall not exceed $10,000 per incident. In assessing a fine, the Director shall give due consideration to:

(1) The gravity of the violation;
(2) The good or bad faith of the person cited;
(3) The history of previous violations;
(4) Evidence that the violation was willful;
(5) The extent to which the cited person has cooperated with the Office;
(6) The extent to which the cited person has mitigated or attempted to mitigate any loss or potential loss caused by the violation; and
(7) Such other matters as the Director determines are in the interest of justice.

(c) Citations issued hereunder shall be subject to review as provided in subsection (b) of Section 3721.

NOTE: Authority cited: Sections 11313, 11314, 11315, 11315.1 and 11320 Business and Professions Code. Reference: Sections 11314 Business and Professions Code.

3726. Initiation of Disciplinary Proceedings

(a) Any person may request the Director to initiate disciplinary action against an applicant, ~~or a~~ licensed appraiser, Registrant or person or entity acting in a capacity requiring a license or Certificate of Registration as follows:

(1) The request shall be in writing, shall identify the applicant, ~~or~~ licensed appraiser, or Registrant to be charged and shall set forth in ordinary and concise language the particular acts or omissions with which the applicant, ~~or~~ licensed appraiser, or Registrant is charged in such detail as is reasonably necessary to enable the Director to understand the nature of the charges and their significance. Such request may, but need not, specify the statutes or regulations alleged to have been violated;
(2) Where the acts or omissions alleged are not within the personal knowledge of the person filing the request, such request shall be accompanied by verified statements of facts from one or more persons who do have personal knowledge of the acts or omissions alleged;
(3) Each such request shall be dated and signed and shall include the following verification: "I certify under penalty of perjury of the laws of the State of California that the facts stated herein are true and correct", and shall show the county or place where subscribed.

(b) The complainant shall be notified that a confidential investigation has been commenced within ten working days of receipt of the verified complaint; and shall be notified of final action taken on the complaint.
(c) If the complaint is not within the jurisdiction of the Director, or if the Director is unable to make a satisfactory disposition of the complaint, the Director, if appropriate, shall transmit the

complaint, together with any appropriate evidence or information he or she has concerning the complaint to the agency, public or private, whose authority in the opinion of the Director will provide the most effective means to secure the relief sought. The Director shall notify the complainant of such action and of any other appropriate means which may be available to the complainant to secure relief.
(d) An investigation may be initiated by the Director upon information and belief.

NOTE: Authority cited: Sections 11314, Business and Professions Code; Section 11180, Government Code. Reference: Sections 480, 490 and 11320 and 11328.1 Business and Professions Code.

3728. Confidential Report of Investigation

(a) Each complaint shall result in a confidential investigative report showing a summary of the acts and/or omissions alleged, and a summary of the supporting evidence together with a recommendation for appropriate enforcement action, if any.
(b) Where the confidential investigation report shows that the allegations are supported by credible evidence that a violation of law or regulation has occurred and that the applicant, ~~or~~ licensed appraiser, Registrant or person or entity acting in a capacity requiring a license or Certificate of Registration has committed the violation, and that the violation is substantially related to the qualifications, duties, or functions of an appraiser, the Office shall issue a citation and/or order of abatement, or shall file an accusation or statement of issues against the applicant, ~~or~~ licensed appraiser, Registrant or person or entity acting in a capacity requiring a license or Certificate of Registration.
(c) Where the confidential investigative report shows that the allegations, even if true, do not constitute a violation of the law or regulations, that the allegations are not supported by sufficient credible evidence, or that the facts show a complete defense or legal justification, the investigation shall be closed.
(d) Notwithstanding any other provision of this chapter, the Director may release information concerning confidential investigations and complaints to a law enforcement agency or to another regulatory agency to which the appraiser or Registrant has applied for licensure or Certificate of Registration, or person or entity acting in a capacity requiring a license or Certificate of Registration.

NOTE: Authority cited: Sections 11314 and 11315, Business and Professions Code. Reference: Sections 480, 490 and 11320 Business and Professions Code.

3731. Renewal of Suspended or Revoked License or Certificate of Registration

(a) A license or Certificate of Registration which is suspended is subject to expiration.
(b) A licensee or Registrant whose license or Certificate of Registration is suspended may apply for renewal as provided in this chapter. Such renewal does not entitle the licensee or Registrant, while the license or Certificate of Registration remains suspended, and until it is reinstated, to engage in the licensed activity, or in any other activity or conduct in violation of the order or

judgment by which the license or Certificate of Registration was suspended. The holder of a suspended license or the Controlling Person of an Appraisal Management Company with a suspended Certificate of Registration shall comply with all continuing education requirements.
(c) A license or Certificate of Registration which is revoked shall not be renewed. Petition for reinstatement may be made by the former licensee or Registrant not less than one year after revocation or denial of a prior petition for reinstatement by submitting a new application for licensure or Certificate of Registration in accordance with Article 4, including the payment of all fees, fines or penalties. The former licensee or Registrant shall include with the application a written statement signed and dated under penalty of perjury detailing how the Criteria of Rehabilitation contained in section 3723 apply to his or her circumstances.

NOTE: Authority cited: Sections 11313, 11314, 11320, 11321, and 11340, Business and Professions Code. Reference: Sections 11313, 11314, and 11340, Business and Professions Code.

ARTICLE 12. INVESTIGATIONS AND HEARINGS, Section 3741, is amended to read:

3741. Consent Determinations

(a) At any time after the Director has served a Notice of Conference, or after the Director has served a Statement of Issues or an Accusation against an applicant, ~~or~~ licensed appraiser, or Registrant and a Notice of Defense has been filed, the applicant, ~~or~~ licensee, or Registrant and the Office may enter into a settlement upon terms which include a plan for abatement of the violation or rehabilitation or re-qualification of the applicant, ~~or~~ licensed appraiser, or Registrant within a specified time, consistent with other provisions of law and regulations.
(b) If the Director determines that the public interest would not be prejudiced by a settlement of the disputed facts by the issuance of a restricted license or Certificate of Registration he/she may order such issuance upon such lawful terms and conditions as he/she may deem appropriate to impose and which the applicant, ~~or~~ licensed appraiser, or Registrant may deem appropriate to accept.

NOTE: Authority cited: Sections 11314 and 11340, Business and Professions Code. Reference: Section 11314, Business and Professions Code.

State of California
Arnold Schwarzenegger, Governor
OFFICE OF REAL ESTATE APPRAISERS

OREA USE ONLY		Type Remit
Rec'd		☐ CC
App Rev	Overpay	☐ MO
FP	Misc	☐ PO

APPRAISAL MANAGEMENT COMPANY CERTIFICATE OF REGISTRATION APPLICATION

Read All Directions in Parts IV and V Prior to Completing this Application. Refer to Part IV Section C for Definitions of Appraisal Management Company, Controlling Person, and Designated Officer.

PART I: Applicant Information

A. Appraisal Management Company (AMC)

1. Name		
2. Business Street Address		
Address		
City	State	Zip Code
3. Business Telephone Number	4. Business Fax Number	

B. Designated Officer

(Note: ***The Designated Officer MUST be included on the AMC list of qualified Controlling Persons (see Parts II, IV and V below.)***

1. Name		
Last	First	M.I.
2. Title		
3. Business Telephone Number	4. Business Fax Number	
5. Mailing Address		
Address		
City	State	Zip Code
6. Physical Home Address		
Address		
City	State	Zip Code
7. Home/Cell Telephone Number	8. Business Email Address	

C. Type of Entity

1. Legal Structure. ***Check the box that applies to the business entity type of the applicant.***

☐ Domestic Corporation	☐ Foreign Corporation	☐ Partnership	☐ Sole Proprietor
☐ Domestic LLC	☐ Foreign LLC	☐ Limited Partnership	☐ Other *

If "Other" describe:

2. Formation Documents. ***Submit Articles of Incorporation or equivalent formation documents verifying the legal formation and operation of the AMC. Attach to this application.***

D. Agent for Service of Process:
This section is to be completed if the Applicant is not domiciled in California. Please provide the name and contact information for the person or entity authorized as the Applicant's agent for service of process within California. This agent for service of process must complete the declaration below and have this document notarized prior to submittal.

1. Name		
Last	First	M.I.
2. Title		
3. Address *(P.O. Boxes not allowed)*		
Address		
City	State	Zip Code
4. Business Telephone Number	5. Business Fax Number	

I, _____ (name), am authorized to act as Agent for service of process in the State of California on behalf of _____ (name of AMC), an entity organized and existing under the laws of the State of _____ (current resident state), for purposes of this application before the Director of the Office of Real Estate Appraisers of the State of California to obtain an AMC Certificate of Registration and, thereafter, to operate as a valid AMC in accordance with California law and all of the rights and obligations associated therewith, and I do hereby certify:

1. The complete address within California whereby I, on behalf of _____(name of AMC) may be served with process by the Director of the Office of the Real Estate Appraisers or his/her designee is as follows:

Address		
City	State	Zip Code

2. That service of process on _____(name of AMC) shall be deemed service of process on each and every Controlling Person individually (as identified by Applicant herein and/or as updated by *Change Notification and Miscellaneous Requests* Form REA 3011(Revised 5/00), as consistent with the duties and obligations of a Controlling Person within _____(name of AMC).
3. That the Applicant hereby irrevocably consents that if, in any action commenced against it by the Director of the Office of Real Estate Appraisers or his designee, service of process upon it cannot be made in California after the exercise of due diligence, a valid service may thereupon be made upon it by delivering the process to the Director of the Office of Real Estate Appraisers of the State of California.
4. That, following such service of process pursuant to the irrevocable consent authorized herein, the Director of the Office of Real Estate Appraisers of the State of California may mail a copy of any such process to the _____(name of AMC). at the following address:

Address		
City	State	Zip Code

IN WITNESS WHEREOF, I, _____ (Agent Name for service of process) have subscribed my name hereto this _____(day) day of _____ (month), _____ (year) at _____(city), _____(state).

_____
Signature

STATE OF _____ COUNTY OF _____
On this _____ day of _____in the year _____ before me _____ personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that he/she executed it.

_____
Signature of Notary Public

MUST BE SIGNED AND CERTIFIED BY A NOTARY PUBLIC IF EXECUTED OUTSIDE THE STATE OF CALIFORNIA

PART II: Controlling Person(s) Information

1. List each name of all "Controlling Persons" of the AMC Including the Designated Officer. Refer to Part IV Section C for a definition of "Controlling Person".

1.	2.
3.	4.
5.	6.
7.	8.
9.	10.

2. A separate "Appraisal Management Company (AMC) Controlling Person Application" **(REA 5002)** *form must be included for each of the above listed Controlling Persons and submitted with this AMC application* **(REA 5001).**

PART III: Application Declaration

I, _____ (name), certify under penalty of perjury in accordance with California law, that I am the Designated Officer and duly authorized as such and understand and agree, individually and on behalf of _____(name of AMC), to abide by all federal and California laws applicable to appraisal management companies receiving and maintaining a Certificate of Registration under California law. In addition, I certify that _____(name of AMC) is legally formed pursuant to the applicable state law and, further, that _____(name of AMC) shall comply with all California laws as necessary in order to validly operate in California. I declare under penalty of perjury in accordance with California law that I am 18 years of age or older and that the foregoing information and information provided on all attachments is true and correct and that I have answered each question fully and truthfully and without any purpose of evasion or mental reservation. I understand that providing false information is grounds for denial or revocation of any certificate of registration and may subject me to disciplinary action and/or criminal prosecution and punishment by imprisonment in state prison for 2, 3 or 4 years pursuant to Penal Code section 126.

I also certify, under penalty of perjury in accordance with California law, that if a certificate of registration is issued pursuant to this application, _____ (name of AMC) will, in accordance with Business and Professions Code section 11345.3, include in all of its contracts with clients provision of each of the following as standard business practices, as and where applicable:

a. Ensuring that all independent contract appraisers contracted by this company will possess a California real estate appraiser license in good standing;
b. Reviewing the work of all independent contractor appraisers contracted by this company to ensure that appraisal services are performed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP); and
c. Maintaining, at a minimum, each of the following records for each service request:
    1. The date of receipt of the request;
    2. The name of the person from whom the request was received;
    3. The name of the client for whom the request was made, if different from the name of the person from whom the request was received;
    4. The appraiser or appraiser(s) assigned to perform the contracted service; and
    5. The date of delivery of the appraisal product to the client.

Executed this _____ day of _____ at _____(city or county) _____ (state).

Signature_____

Name (please print)_____

STATE OF _____ COUNTY OF _____

On this _____ day of _____in the year _____ before me _____ personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that he/she executed it.

_____

Signature of Notary Public

MUST BE SIGNED AND CERTIFIED BY A NOTARY PUBLIC IF EXECUTED OUTSIDE THE STATE OF CALIFORNIA

PART IV. READ THE FOLLOWING INFORMATION PRIOR TO COMPLETING THIS FORM

A. GENERAL INFORMATION

- Complete all sections of Parts I, II and III above.
- Do not write in the shaded areas.
- Type or print clearly in blue or black ink.
- The Designated Officer must sign Part III after AMC completion of Parts I and II. Applications must be submitted with original signatures. Applications with electronic or faxed signatures will not be accepted.
- Mail completed application, necessary fees and qualifying documentation to:

OFFICE OF REAL ESTATE APPRAISERS
1102 Q Street, Suite 4100
Sacramento, CA 95811

If you have any questions, please write to the address listed above or call (916) 552-9000.

B. APPLICATION FEES

AMC Application Review Fee	$150

- All application fees must be paid by pre-printed personal check, company check, cashier's check, certified check, money order, or government purchase order.
- All application fees are non-refundable.
- This $150 AMC Application fee is separate from the $80 fee charged for each "Controlling Person" application (REA 5002), which is intended to offset the cost of conducting a background investigation on the individual applicant.
- Once OREA approves an AMC applicant and each associated Controlling Person Application, an Issuance Fee will be due to OREA prior to issuance of the final Certificate of Registration.
- ***Please note:** This application is subject to change upon the adoption of final regulations pursuant to SB 237 (Stats, 2009, ch. 173) governing AMC registration and operation.
- Appraisal management companies MUST notify the OREA within 10 business days of any change to contact information for the Designated Officer or any Controlling Person by submitting a *Change Notification and Miscellaneous Requests* Form REA 3011 (Revised 5/00).

C. DEFINITIONS

"***Appraisal Management Company***" means:

1. Any person or entity that satisfies all of the following condtions:
   (A) Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to this part, or employs 11 or more appraisers licensed or certified pursuant to this part.
   (B) Receives requests for appraisals from one or more clients.
   (C) For a fee paid by one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers.
2. "Appraisal management company" does not include any of the following, when that person or entity directly contracts with an independent appraiser:
   (A) Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to transact business in this state.
   (B) Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license.
   (C) Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.
   (D) Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.
3. "Appraisal Management Company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person in connection with one or more appraisals for that client.

"***Controlling Person***" means one or more of the following:

(1) An officer or director of an appraisal management company, or an individual who holds a 10 percent or greater ownership interest in an appraisal management company; or
(2) An individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with clients for the performance of appraisal services and that has the authority to enter into agreements with independent appraisers for the completion of appraisals; or
(3) An individual who possesses the power to direct or cause the direction of the management or policies of an appraisal management company.

"***Designated Officer***" means:

A Controlling Person authorized by the governing structure of the appraisal management company to act on behalf of the company for purposes of application for, and compliance with, a Certificate of Registration to operate as an appraisal management company pursuant to California law. The Designated Officer shall be responsible for the supervision and control of the activities conducted on behalf of the appraisal management company by its officers and employees as necessary to secure full compliance with the provisions of SB 237 (Stats. 2009, ch. 173), including contract services provided to the appraisal management company for the performance of appraisal activities for which a California Real Estate Appraisal license is required.

PART V: Instructions

A. INSTRUCTIONS PART I: *Applicant Information*

INSTRUCTIONS PART I. A.: *AMC*

1. NAME OF AMC – List the name of the AMC for which you are submitting this application for certificate of registration.
2. BUSINESS STREET ADDRESS – List the business address of the AMC for which you are submitting this application for certificate of registration. Do **not** list a P.O. Box, Rural Route or Star Route. List the physical business address. If a physical address is not available, indicate the physical location (i.e., the nearest intersection and distance from it).
3. BUSINESS TELEPHONE NUMBER – List the business telephone number of the AMC for which you are submitting this application for certificate of registration.
4. BUSINESS FAX NUMBER – List the business fax number of the AMC for which you are submitting this application for certificate of registration.

INSTRUCTIONS PART I. B.: *Designated Officer*

1. NAME OF DESIGNATED OFFICER – List the name of the company's Designated Officer. The Designated Officer must also be a listed Controlling Person and submit an *Appraisal Management Company (AMC) Controlling Person Application* form REA 5002 with this application
2. TITLE OF DESIGNATED OFFICER – List the official title of the company's Designated Officer (i.e. President, Director, etc.) held within the company.
3. BUSINESS TELEPHONE NUMBER OF DESIGNATED OFFICER - List the business phone number for the Designated Officer of the company.
4. BUSINESS FAX NUMBER OF DESIGNATED OFFICER – List the business fax number for the Designated Officer of the company.
5. MAILING ADDRESS OF DESIGNATED OFFICER – List the mailing address for the Designated Officer if it is different from the business address.
6. PHYSICAL HOME ADDRESS OF DESIGNATED OFFICER – List the physical location of the Designated Officer's home address. Do not list a P.O. Box, Rural Route or Star Route. If a physical address is not available, indicate the physical location (i.e., the nearest intersection from it).
7. HOME/CELL PHONE NUMBER OF DESIGNATED OFFICER – List the main contact numbers for the Designated Officer including home and cellular phone number.
8. BUSINESS EMAIL ADDRESS OF DESIGNATED OFFICER – List the business email address for the Designated Officer of the company.

INSTRUCTIONS PART I. C.: *Type of Entity*

1. LEGAL STRUCTURE – Check the box that describes the business entity type of the AMC. If the type is not listed, please provide a description.
2. FORMATION DOCUMENTS – Provide copies of the documents authorizing the valid formation of Applicant under the laws of the state in which it is organized.

INSTRUCTIONS PART I. D.: *Agent for Service of Process*

1. AGENT FOR SERVICE OF PROCESS – This section is to be completed by an individual or entity within California that is designated to accept service of process on behalf of an Applicant that is domiciled outside of California. If an entity is designated as agent for service of process, Applicant must provide documentation verifying that this entity qualifies and is in compliance with California law governing service of process on foreign entities.

B. INSTRUCTIONS PART II: *Controlling Person(s) Information*

1. NAMES OF CONTROLLING PERSON(S) – List the full names of each "Controlling Person" of the AMC for which you are submitting this application for certificate of registration including the Designated Officer. Please refer to Part IV Section C for a definition of "Controlling Person".
2. CONTROLLING PERSON APPLICATION (REA 5002) – Attach a completed *Appraisal Management Company (AMC) Controlling Person Application* form REA 5002 for each individual listed as a Controlling Person, including the Designated Officer.

C. INSTRUCTIONS PART III: *Application Declaration*

1. APPLICATION DECLARATION – The Designated Officer of the AMC shall read, sign and date the Application Declaration. If executed outside of the State of California, this declaration must be signed before and certified by a notary public. This form must be signed by the named "Designated Officer" listed in Part I section B of the application.

Privacy Notice – Any individual submitting personal information within the meaning of the Information Practices Act of 1977, as amended (California Civil Code, Section 1798 *et seq.*) shall be entitled to the rights provided under section 1798.17 of that Act and the California Code of Regulations, Title 10, section 3761 regarding access to inspect OREA records containing such personal information about himself or herself. Personal information provided within this application may not be used for any purpose other than to determine an individual's identity and eligibility as a Controlling Person and the eligibiltity of the relevant appraisal management company for a certificate of registration. Disclosure of personal information on an application to others for any other purpose without the individual's consent, or as otherwise provided in California law, is restricted by law.
NOTE: The following is considered public information and will be disclosed upon request: name and fictitious name, if any, of the appraisal management company; business address (or other physical address) and mailing address of record for the appraisal management company; business telephone and/or facsimile number of record for the appraisal management company, and name and business address of each Controlling Person (as defined herein.)

State of California
Arnold Schwarzenegger, Governor
OFFICE OF REAL ESTATE APPRAISERS

	OREA USE ONLY	Type Remit
Rec'd	DSS	☐ CC
App Rev	Overpay	☐ MO
FP	Misc	☐ PO

APPRAISAL MANAGEMENT COMPANY (AMC) CONTROLLING PERSON APPLICATION

Read all directions prior to completing this form.

PART I: Controlling Person Contact Information

1. Controlling Person's Name
Last | First | M.I.

2. Controlling Person's Title or Position

3. Social Security Number | 4. Birth Date

5. Name of Appraisal Management Company

6. Business Address
Address
City | State | Zip Code

7. Mailing Address
Address
City | State | Zip Code

8. Physical Home Address
Address
City | State | Zip Code

9. Business Telephone Number | 10. Home Telephone Number

11. Email Address (Specify if Business or Home)

Please Answer the Following Questions:

12. *Do you currently or have you ever held a California Real Estate Appraisers License?* ☐ *Yes* ☐ *No*
*If **Yes**, please list your license number.*

California Real Estate Appraisers License Number | License No.

13. *Do you currently or have you ever held a real estate appraisers license in another State?* ☐ *Yes* ☐ *No*
*If **Yes**, please list your license number and the state in which you hold your license.*

Real Estate Appraisers License Number | License No. | State

*If you are currently licensed in another state as a real estate appraiser, you will need to submit a **Certificate of License History** or its equivalent, not more than 30 days old, from the state in which you are licensed, as part of this application.*

PART II: CONTROLLING PERSON BACKGROUND INFORMATION

1. *FINGERPRINT BACKGROUND CHECK: **Please Note: All controlling person applicants that are NOT currently licensed with the Office of Real Estate Appraisers (OREA) MUST complete the background application process by having their fingerprints taken. Please have your fingerprints taken using a Request for Live Scan Service form (BCII 8016) if you reside in the State of California. You MUST print out and use the Request for Live Scan Service form (BCII 8016) located on the OREA website. If you reside outside of the State of California, please submit two FD-258 fingerprint cards with your application.*

2. *BACKGROUND REVIEW QUESTIONS*

INSTRUCTIONS

- YOU MUST ANSWER EACH OF THE FOLLOWING QUESTIONS BY MARKING "YES" OR "NO", WHICHEVER IS TRUE, AFTER EACH QUESTION.
- ALL "YES" ANSWERS MUST BE EXPLAINED ON A SEPARATE SHEET OF PAPER WHICH YOU MUST ATTACH TO THIS APPLICATION FORM. EACH ADDITIONAL SHEET MUST BE SIGNED BY THE CONTROLLING PERSON APPLICANT.
- FAILURE TO DISCLOSE PERTINANT INFORMATION MAY RESULT IN THE DELAY OR DENIAL OF YOUR APPLICATION.
- PROVIDING FALSE INFORMATION MAY ALSO SUBJECT YOU TO DISCIPLINARY ACTION OR CRIMINAL PROSECUTION.

1. Have you ever used or been known by any name other than, or in addition to, the name listed on this application? If yes, list all such other names.

   ☐ *No* ☐ *Yes, explain:* _____

2. Have you ever been entered a plea of guilty or no contest to, or been convicted in California or anywhere else of a criminal offense other than a minor traffic offense? If yes, please indicate all such offenses including the date and location of each offense. For purposes of this question, a minor traffic offense is one for which the maximum fine which could have been imposed is $100 or less. To expedite review of your application, please attach a copy of the police report and a certified copy of the court docket, complaint and judgment showing the final disposition (sentence) of the case. **NOTE: Termination of probation and dismissal of the matter pursuant to Penal Code section 1203.4 DOES NOT relieve you of the requirement to disclose any conviction for purposes of this application.**

   ☐ *No* ☐ *Yes, explain:* _____

3. Are you or have you even been placed on probation or parole on terms which restricted or limited your contact or dealings with any financial or real estate-related activity or business or otherwise restricted your acting in a fiduciary capacity? If yes, attach a certified copy of the court records, including the complaint, complete docket, judgment and sentence, and probation report and attach a copy of the police report(s) and/or investigating agency records.

   ☐ *No* ☐ *Yes, explain:* _____

4. Do you presently have criminal charges pending before any court of law? If yes, please specify the court in which the matter is pending, the case number and charges and submit a copy of the police report and a certified copy of the complaint and docket.

   ☐ *No* ☐ *Yes, explain:* _____

5. Do you currently hold a professional or vocational license issued by any other governmental agency? If yes, please identify the license held, the license number and the issuing agency.

   ☐ *No* ☐ *Yes, explain:* _____

6. Have you ever had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property denied, suspended, restricted or revoked in this state or any other state? If yes, attach a copy of the final agency action and related investigatory agency records.

   ☐ *No* ☐ *Yes, explain:* _____

7. Have you ever been disciplined or have you received any order or judgment by a court or governmental agency, including OREA, which order or judgment temporarily or permanently restrained or enjoined you from engaging in specific business conduct or licensed activity? If yes, attach a certified copy of any court records, including the complaint, complete docket, judgment and sentence and/or any final order and related investigatory file.

   ☐ *No* ☐ *Yes, explain:* _____

PART III: APPLICANT DECLARATION

I, _____ (name), certify under penalty of perjury in accordance with California law, that I am a Controlling Person (as defined herein) and duly authorized as such and understand and agree, individually and on behalf of _____(name of AMC), to abide by all federal and California laws applicable to appraisal management companies receiving and maintaining a Certificate of Registration under California law. I declare under penalty of perjury in accordance with California law that I am 18 years of age or older and that the foregoing information and information provided on all attachments is true and correct and that I have answered each question fully and truthfully without any purpose of evasion or mental reservation. I understand that providing false information is grounds for denial or revocation of any certificate of registration and may subject me to disciplinary action and/or criminal prosecution and punishment by imprisonment in state prison for 2, 3, or 4 years pursuant to Penal Code section 126. I understand that any certification of registration issued in conjunction with this application entitles the applicant to act only for the appraisal management company so registered and not in an individual capacity.

I understand and certify that valid service of process on the appraisal management company _____(name of AMC) by OREA also constitutes valid service of process on me as a Controlling Person for _____(name of AMC), as certified by the Agent for Service of Process for _____(name of AMC) in the *Appraisal Management Company Certificate of Registration Application* Form REA 5001 submitted by _____(name of AMC), or by a subsequent Agent for Service of Process identified by _____(name of AMC) in a *Change Notification and Miscellaneous Requests* Form REA 3011.

I understand that if I fail to qualify as a Controlling Person for any reason or withdraw this application, the Office of Real Estate Appraisers cannot refund the fees remitted with this application.

Executed this _____ day of _____ at _____(city or county) _____ (state).

Signature_____

Name (please print)_____

STATE OF _____ COUNTY OF _____

On this _____ day of _____in the year _____ before me _____ personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that he/she executed it.

_____

Signature of Notary Public

MUST BE SIGNED AND CERTIFIED BY A NOTARY PUBLIC IF EXECUTED OUTSIDE THE STATE OF CALIFORNIA

PART IV. READ THE FOLLOWING INFORMATION PRIOR TO COMPLETING THIS FORM

A. GENERAL INFORMATION

- Complete all sections of Parts I, II and III above.
- Do not write in the shaded areas.
- Type or print clearly in blue or black ink.
- Applications must be submitted with original signatures. Applications with electronic or faxed signatures will not be accepted.
- **A separate application must be submitted for each Controlling Person listed on the Appraisal Management Company Certificate of Registration Application form REA 5001.**
- Mail completed application, necessary fees and qualifying documentation to:

OFFICE OF REAL ESTATE APPRAISERS
1102 Q Street, Suite 4100
Sacramento, CA 95811

If you have any questions, please write to the address listed above or call (916) 552-9000

B. APPLICATION FEES

Applicants currently not licensed or registered with OREA:

Background Investigation Fee	$70
Child Support Review Fee	$10
Total Fees	$80

- Applicants currently licensed or registered with OREA will not be charged the above-referenced fee.
- All application fees must be paid by pre-printed personal check, company check, cashier's check, certified check, money order, or government purchase order.
- All application fees are non-refundable.
- Once OREA approves an AMC applicant and each associated Controlling Person Application, an Issuance Fee will be due to OREA prior to issuance of the final Certificate of Registration.
- ***Please note:** This application is subject to change upon the adoption of final regulations pursuant to SB 237 (Stats. 2009, ch.173) governing AMC registration and operation.
- Appraisal management companies MUST notify the OREA within 10 business days of any change to contact information for the Designated Officer or any Controlling Person by submitting a *Change Notification and Miscellaneous Requests* Form REA 3011 (Revised 5/00).

C. DEFINITIONS

"***Appraisal Management Company***" means:

1. Any person or entity that satisfies all of the following condtions:
   (A) Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to this part, or employs 11 or more appraisers licensed or certified pursuant to this part.
   (B) Receives requests for appraisals from one or more clients.
   (C) For a fee paid by one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers.
2. "Appraisal management company" does not include any of the following, when that person or entity directly contracts with an independent appraiser:
   (A) Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to transact business in this state.
   (B) Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license.
   (C) Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.
   (D) Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.
3. "Appraisal Management Company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person in connection with one or more appraisals for that client.

"***Controlling Person***" means one or more of the following:

(1) An officer or director of an appraisal management company, or an individual who holds a 10 percent or greater ownership interest in an appraisal management company; or
(2) An individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with clients for the performance of appraisal services and that has the authority to enter into agreements with independent appraisers for the completion of appraisals; or
(3) An individual who possesses the power to direct or cause the direction of the management or policies of an appraisal management company.

"***Designated Officer***" means:

A Controlling Person authorized by the governing structure of the appraisal management company to act on behalf of the company for purposes of application for, and compliance with, a Certificate of Registration to operate as an appraisal management company pursuant to California law. The Designated Officer shall be responsible for the supervision and control of the activities conducted on behalf of the appraisal management company by its officers and employees as necessary to secure full compliance with the provisions of SB 237 (Stats. 2009, ch.173), including contract services provided to the appraisal management company for the performance of appraisal activities for which a California Real Estate Appraisal license is required.

PART V: Instructions

A. INSTRUCTIONS PART I: *Controlling Person Contact Information*

1. CONTROLLING PERSON'S NAME– List your name. You **must** be listed as a Controlling Person on the *Appraisal Management Company Certificate of Registration Application* Form REA 5001.
2. TITLE OR POSITION – List your title or position.
3. SOCIAL SECURITY NUMBER-List your social security number.
4. BIRTH DATE-List your date of birth.
5. APPRAISAL MANAGEMENT COMPANY-List the name of the appraisal management company for which you are named as a Controlling Person.
6. BUSINESS ADDRESS-Your physical business address of record is mandatory information. Do not list a P.O. Box, Rural Route or Star Route. If a physical address is not available, indicate the physical location (i.e., the nearest intersection and distance from it).
7. MAILING ADDRESS-List your mailing address if it is different from your business address.
8. PHYSICAL HOME ADDRESS-List the physical location of your home address. Do not list a P.O. Box, Rural Route or Star Route. If a physical address is not available, indicate the physical location (i.e., the nearest intersection from it).
9. BUSINESS TELEPHONE NUMBER-List your business phone number.
10. HOME TELEPHONE NUMBER-List your home phone number.
11. EMAIL ADDRESS-List your email address and specify whether it is your business or home email .

12.& 13. List the state in which you hold a real estate appraisers license and your license number, if applicable. Submit a Certificate of License History or its equivalent, not more than 30 days old, if you hold a real estate appraisers license in another state.

B. INSTRUCTIONS PART II: *Controlling Person Background Information*

1. FINGERPRINT BACKGROUND CHECK- Applicants not currently licensed or registered with the OREA must submit fingerprints in order to complete the background check portion of this Application. Fingerprint background checks are submitted to the Department of Justice via a Request for Live Scan Service form or print cards. If you live in the State of California you must submit your fingerprints using the Request for Live Scan Service Form located on our website at www.orea.ca.gov. You must print out this form located on the OREA website and visit a LiveScan fingerprinting location to have your fingerprints rolled. Keep a copy of this form for your records and submit a copy along with this application to the OREA.

If you reside outside of California, you must submit your fingerpints on two FD-258 fingerprint cards and submit these cards to OREA with your application.

Please note, the Department of Justice no longer accepts fingerprint card submissions on Bid-7 cards from OREA applicants.

2.BACKGROUND REVIEW QUESTIONS-Answer all questions, 1-7 as instructed and completely.

C. INSTRUCTIONS PART III: *Applicant Declaration*

1. APPLICANT DECLARATION - Read, sign and date the declaration. If executed outside of the State of California, this declaration must be signed before and certified by a notary public.

Privacy Notice - Any individual submitting personal information within the meaning of the Information Practices Act of 1977, as amended (California Civil Code, Section 1798 *et seq.*) shall be entitled to the rights provided under section 1798.17 of that Act and the California Code of Regulations, Title 10, section 3761 regarding access to inspect OREA records containing such personal information about himself or herself.
Personal information provided within this application may not be used for any purpose other than to determine an applicant's identity and eligibility as a Controlling Person and the eligibility of the relevant appraisal management company for a certificate of registration. Disclosure of personal information on an applicant to others for any other purpose without the individual's consent, or as otherwise provided in California law, is restricted by law.
NOTE: The following is considered public information and will be disclosed upon request: name and fictitious name, if any, of the appraisal management company; business address (or other physical address) and mailing address of record for the appraisal management company and the applicant (if different than the company address); and business telephone and/or facsimile number of record for the appraisal management company and the applicant (if different from the company address.)

FINDING OF EMERGENCY

PROPOSED REGULATIONS OF THE OFFICE OF REAL ESTATE APPRAISERS
IMPLEMENTATION OF SB 237 (CHAPTER 173, STATUTES OF 2009)
CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 6.5
(REGISTRATION OF APPRAISAL MANAGEMENT COMPANIES)

SECTION 48. NOTICE OF PROPOSED EMERGENCY ACTION

Government Code §11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code §11349.6.

Government Code §11346.1 requires that any finding of emergency shall include a written statement which contains the information required by paragraphs (2) to (6), inclusive, of subsection (a) of §11346.5 and a description of the specific facts demonstrating the need for immediate action.

The adoption of the regulations is necessary for the immediate preservation of the public peace, health and safety, or general welfare, for the following reasons:

NECESSITY FOR IMMEDIATE ACTION

Appraisal Management Companies (AMCs) are not currently regulated by any governmental authority. This lack of accountability can contribute to unlawful pressure on licensed appraisers to conclude predetermined values, the use of under-qualified appraisers, and other unethical business practices that harms the public, appraisal businesses, lending institutions, and our economic markets.

On October 11, 2009, Governor Schwarzenegger signed SB 237, requiring AMCs to register with the Office of Real Estate Appraisers (OREA), and subjecting them to the provisions of the Real Estate Appraisers' Licensing and Certification Law, effective January 1, 2010. It is necessary for OREA to begin the application review process as soon as possible in order to issue certificates of registration to AMCs to assure that

there will not be a negative impact to residential lending activity that is vital to the recovery of the California economy.

Most residential lending institutions rely upon the use of AMCs to secure appraisals that are utilized for loan underwriting. In order to assure the continuation of mortgage lending in California, and to protect the public from unlawful and unethical lending and appraisal practices, the registration of AMCs must be implemented without delay. Such delay would continue to harm the business of professional appraisers, which represent an excellent example of small business interests. It could also result in a moratorium on the business activities of AMCs until they receive a certificate of registration. Since lending institutions are required to utilize only AMCs that possess a certificate of registration from OREA after January 1, 2010, it is imperative that OREA issue certificates of registration as soon as possible in order to assure that there will not be a delay in the funding of residential loans. If lending activity were slowed down or delayed for even a brief time period, this would further exacerbate the economic problems that California is currently experiencing.

AUTHORITY AND REFERENCE

OREA proposes to adopt the enclosed regulations and referenced application forms (REA 5001 and REA 5002 – Rev. December 2009) under the authority granted by Business and Professions Code §§ 11313, 11314, 11325, 11345 and 11406.5.

The purpose of these regulations is to implement, interpret, and make specific the provisions of Business and Professions Code §§ 11302, 11314, 11315.1, 11315.5, 11320.5, 11328.1, 11343, 11345, 11345.05, 11345.1, 11345.2, 11345.3, 11345.4, 11345.45, 11345.6, 11346, 11406.5, 11409, 11422, and Civil Code § 1090.5.

INFORMATIVE DIGEST

Existing Laws and Regulations

The Real Estate Appraisers' Licensing and Certification Law provides for the licensure and regulation of real estate appraisers and vests the duty of enforcing and administering that law in OREA. Applicants for real estate appraisal licenses are subject to fingerprinting and criminal background checks. This new statute requires AMCs, as defined, to register with OREA, and subjects those entities to the provisions of the Real Estate Appraisers' Licensing and Certification Law. OREA is required to adopt regulations governing the implementation of the registration process, with specified minimum requirements, and establish the fees to be imposed for registration in an amount sufficient to cover the costs incurred in administering the registration. The law also requires fingerprinting and background checks by the Department of Justice of each controlling person of an applicant for registration, as defined, and requires OREA to charge all applicants for registration specified fees for those services. The law also

sets forth standards with which an AMC would need to comply, and provides to OREA specified investigative and enforcement authority, including the authority to issue citations or administrative penalties for a violation thereof. The law makes conforming changes within other provisions of the Real Estate Appraisers' Licensing and Certification Law to incorporate the changes made by the registration of AMCs.

Existing law prohibits a person with an interest in a real estate transaction involving an appraisal to improperly influence or attempt to improperly influence, through coercion, extortion, or bribery, the development, reporting, result, or review of a real estate appraisal sought in connection with a mortgage loan, and specifies that a violation of this provision by a person licensed under a state licensing law also constitutes a violation of that law. This regulatory action enumerates specified prohibited acts under that provision, including, but not limited to, withholding or threatening to withhold timely payment for an appraisal, or requesting the payment of compensation to achieve higher priority in the assignment of appraisal business.

Comparable Federal Statutes or Regulations

There are no comparable federal statutes or regulations; however, this new statute makes any provision under the Real Estate Appraisers' Licensing and Certification Law that relates to AMCs inoperative 60 days after the effective date of any federal law that mandates the registration or licensing of AMCs with an entity other than the state regulatory authority with jurisdiction over appraisers.

Policy Statement Overview

The broad objective of these proposed regulations is to comply with SB 237 (Chapter 173, Statutes of 2009). OREA proposes to revise the existing provisions of the California Code of Regulations, Title 10, Chapter 6.5

The specific objectives of these proposed regulations are to:

- Develop the necessary application forms to ensure that adequate information is provided by AMCs in order for OREA to make informed decisions regarding the issuance of certificates of registration;
- Clearly establish the guidelines and requirements that an AMC must comply with in order to receive a certificate of registration from OREA; and
- Inform AMCs of the business practices that must be adhered to, as well as specific actions that could result in disciplinary action and/or revocation of a certificate of registration.

These proposed regulations must be adopted and effective as soon as possible after January 2010 to ensure that OREA can begin issuing certificates of registration to AMCs.

MATTERS PRESCRIBED BY STATUTE APPLICABLE TO OREA OR TO ANY SPECIFIC REGULATION OR CLASS OF REGULATIONS

There are no other matters prescribed by statute applicable to this proposed action. (See above discussion).

MANDATE ON LOCAL AGENCIES OR SCHOOL DISTRICTS

OREA has determined that the proposed regulatory action would not impose a mandate on local agencies or school districts.

FISCAL IMPACT STATEMENT (attached Form 399)

A. Cost or Savings to any state agency: **YES** – Estimated costs to OREA in the amount of $120,000 per year for administration and enforcement. Proposed Issuance Fees (see below) should be sufficient to cover said costs.
B. Cost to any local agency required to be reimbursed under Part 7(commencing with §17500) of Division 4: **NO**
C. Cost to any school district required to be reimbursed under Part 7 (commencing with §17500) of Division 4: **NO**
D. Other nondiscretionary cost or savings imposed on local agencies: **NO**
E. Cost or savings in federal funding to the state: **NO**

Estimate: The proposed regulatory changes will impose costs on AMCs to obtain a certificate of registration from OREA as follows:

- Application fee - $150
- Background investigation fee (including Department of Justice and child support obligation) per Controlling Person - $80
- Certificate of Registration Issuance Fee (2-year term) - $1,600