

# **Bureau of Real Estate Appraisers Practice Act**

## **California Business and Professions Code**

### **Division 4. Real Estate**

#### **Part 3. Licensing and Certification of Real Estate Appraisers**

##### **Sections 11300-11425**

**NOTICE:** THIS DOCUMENT WAS CURRENT WHEN ASSEMBLED; HOWEVER, STATUTES AND REGULATIONS ARE SUBJECT TO CHANGE. BREA MAKES NO REPRESENTATION AS TO THE ACCURACY OF THE CONTENTS OF THIS DOCUMENT. IT IS THE RESPONSIBILITY OF THE READER TO CONSULT CURRENT CODE BOOKS.

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## **Preamble**

### **§ 11300. Title**

This part may be cited as the Real Estate Appraisers' Licensing and Certification Law.

### **§ 11301. Bureau of Real Estate Appraisers Created**

(a) There is hereby created within the Department of Consumer Affairs a Bureau of Real Estate Appraisers to administer and enforce this part.

(b) Notwithstanding any other law, the powers and duties of the bureau, as set forth in this part, shall be subject to review by the appropriate policy committees of the Legislature. The review shall be performed as if this part were scheduled to be repealed as of January 1, 2030.

## **Chapter 1: Definitions**

### **§ 11302. Definitions of Terms**

For the purpose of applying this part, the following terms, unless otherwise expressly indicated, shall mean and have the following definitions:

(a) "Affiliate" means any entity that controls, is controlled by, or is under common control with another entity.

(b) "Appraisal" means the act or process of developing an opinion of value for real property.

The term "appraisal" does not include an opinion given by a real estate licensee or engineer or land surveyor in the ordinary course of the person's business in connection with a function for which a license is required under Chapter 7 (commencing with Section 6700) or Chapter 15 (commencing with Section 8700) of Division 3, or Chapter 3 (commencing with Section 10130) or Chapter 7 (commencing with Section 10500) of Part 1 and the opinion shall not be referred to as an appraisal. This part does not apply to a probate referee acting pursuant to Sections 400 to 408, inclusive, of the Probate Code unless the appraised transaction is federally related.

(c) "Appraisal Foundation" means the Appraisal Foundation that was incorporated as an Illinois not-for-profit corporation on November 30, 1987.

(d) (1) "Appraisal management company" means any person or entity that satisfies all of the following conditions:

(A) Provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates.

(B) Provides those services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating those transactions into securitizations.

(C) Within a given 12 calendar month period oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states, as described in Section 11345.5.

(2) An appraisal management company does not include a department or division of an entity that provides appraisal management services only to that entity.

(3) An appraisal management company that is a subsidiary of an insured depository institution and regulated by a federal financial institution is not required to register with the bureau.

(e) “Appraisal management services” means one or more of the following:

(1) Recruiting, selecting, and retaining appraisers.

(2) Contracting with state-certified or state-licensed appraisers to perform appraisal assignments.

(3) Managing the process of having an appraisal performed, including providing administrative services such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and secondary market participants, collecting fees from creditors and secondary market participants for services provided, and paying appraisers for services performed.

(4) Reviewing and verifying the work of appraisers.

(f) “Appraiser panel” means a network, list, or roster of licensed or certified appraisers approved by an appraisal management company to perform appraisals as independent contractors for the appraisal management company. Appraisers on an appraisal management company’s “appraiser panel” under this part include both appraisers accepted by the appraisal management company for consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions, and appraisers engaged by the appraisal management company to perform one or more appraisals in covered transactions or for secondary mortgage market participants in connection with covered transactions. An appraiser is an independent contractor for purposes of this part if the appraiser is treated as an independent contractor by the appraisal management company for purposes of federal income taxation.

(g) “Appraisal Subcommittee” means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(h) “Bureau” means the Bureau of Real Estate Appraisers.

(i) “Consumer credit” means credit offered or extended to a consumer primarily for personal, family, or household purposes.

(j) “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.

(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.

(3) An individual who possesses the power to direct or cause the direction of the management or policies of an appraisal management company.

(k) “Course provider” means a person or entity that provides educational courses related to professional appraisal practice.

(l) “Covered transaction” means any consumer credit transaction secured by the consumer’s principal dwelling.

(m) “Creditor” means:

(1) A person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments, not including a down payment, and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.

(2) A person regularly extends consumer credit if, in any 12-month period, the person originates more than one credit extension for transactions secured by a dwelling.

(n) “Department” means the Department of Consumer Affairs.

(o) “Director” or “chief” means the Chief of the Bureau of Real Estate Appraisers.

(p) “Dwelling” means:

(1) A residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobilehome, and trailer, if it is used as a residence.

(2) A consumer can have only one “principal” dwelling at a time. Thus, a vacation or other second home is not a principal dwelling. However, if a consumer buys or builds a new dwelling that will become the consumer’s principal dwelling within a year or upon the completion of construction, the new dwelling is considered the principal dwelling for purposes of this section.

(q) “Federal financial institutions regulatory agency” means the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Home Loan

Bank System, National Credit Union Administration, and any other agency determined by the director to have jurisdiction over transactions subject to this part.

(r) “Federally regulated appraisal management company” means an appraisal management company that is owned and controlled by an insured depository institution, as defined in Section 1813 of Title 12 of the United States Code and regulated by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance Corporation.

(s) “Federally related real estate appraisal activity” means the act or process of making or performing an appraisal on real estate or real property in a federally related transaction and preparing an appraisal as a result of that activity.

(t) “Federally related transaction” means any real estate-related financial transaction that a federal financial institutions regulatory agency engages in, contracts for or regulates and that requires the services of a state licensed real estate appraiser regulated by this part. This term also includes any transaction identified as such by a federal financial institutions regulatory agency.

(u) “License” means any license, certificate, permit, registration, or other means issued by the bureau authorizing the person to whom it is issued to act pursuant to this part within this state.

(v) “Licensure” means the procedures and requirements a person shall comply with in order to qualify for issuance of a license and includes the issuance of the license.

(w) “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.

(x) “Secondary mortgage participant” means a guarantor or insurer of mortgage-backed securities, or an underwriter or issuer of mortgage-backed securities. Secondary mortgage market participant only includes an individual investor in a mortgage-backed security if that investor also serves in the capacity of a guarantor, insurer, underwriter, or issuer for the mortgage-backed security.

(y) “State licensed real estate appraiser” is a person who is issued and holds a current valid license under this part.

(z) “Uniform Standards of Professional Appraisal Practice” are the standards of professional appraisal practice established by the Appraisal Foundation.

## **Chapter 2: Bureau Administration**

### **§ 11310. Chief of the Bureau Appointed**

The Governor shall appoint, subject to confirmation by the Senate, the Chief of the Bureau of Real Estate Appraisers who shall, in consultation with the Governor and the Director of Consumer Affairs, administer the licensing and certification program for real estate appraisers. In making the appointment, consideration shall be given to the qualifications of an individual that demonstrate knowledge of the real estate appraisal profession.

(a) The chief shall serve at the pleasure of the Governor. The salary for the chief shall be fixed and determined by the Director of Consumer Affairs with approval of the Department of Human Resources.

(b) The chief shall not be actively engaged in the appraisal business or any other affected industry for the term of appointment, and thereafter the chief shall be subject to Section 87406 of the Government Code.

(c) The chief, in consultation with the Director of Consumer Affairs and in accordance with the State Civil Service Act, may appoint and fix the compensation of legal, clerical, technical, investigation, and auditing personnel as may be necessary to carry out this part. All personnel shall perform their respective duties under the supervision and direction of the chief.

(d) The chief may appoint not more than four deputies as he or she deems appropriate. The deputies shall perform their respective duties under the supervision and direction of the chief.

(e) Every power granted to or duty imposed upon the chief under this part may be exercised or performed in the name of the chief by the deputies, subject to conditions and limitations as the chief may prescribe.

### **§ 11310.1. Protection of the Public is Priority of Functions**

Protection of the public shall be the highest priority for the Bureau of Real Estate Appraisers in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

### **§ 11310.3. Anti-discrimination Intent; Complaint Form to Specifically Collect Opinion of Market Value and Demographic Information; Bureau to Compile Data for Report**

(a) It is the intent of the Legislature, in enacting this section, to ensure that no one is discriminated against during the appraisal process of a real estate transaction.

(b) The bureau, on its existing complaint form, shall create a check box asking if the complainant believes the opinion of the value of the real estate is below the market value. The bureau shall

collect demographic information regarding sellers, those seeking to refinance, buyers, or a representative authorized in real estate transactions making a complaint, including, but not limited to, their identity within a protected class as listed in the notice described in Section 1102.6g of the Civil Code. This information shall be provided on a voluntary basis by the sellers, those seeking to refinance, the buyers, or by a representative authorized in real estate transactions. The information may include a contact telephone number, email address if available, and home address of the complainant.

(c) (1) The bureau shall compile data on the identity within a protected class of the sellers, those seeking to refinance, the buyers, or an authorized representative who believes the opinion of the value of the real estate is below the market value. The bureau complaint form shall allow the complainant to select their identity within the protected classes as follows:

(A) By using a drop-down menu, if on an internet website.

(B) By checking boxes, if on a paper form.

(2) It is the intent of the Legislature that the complaint form shall be short, simple, and easy to complete. Consistent with that intent, the bureau may, at its discretion, include an option for the complainant to select “other” for any protected class for which listing every possible identity within the protected class would render the form excessively lengthy, complex, or difficult to complete.

(d) The bureau shall confirm that the complainant is the seller, someone seeking to refinance, the buyer, or a representative authorized in real estate transactions by the contact information provided in subdivision (b). An authorized representative shall provide a contact telephone number, email address if available, and home address of the person that provided the authorization.

(e) (1) On or before July 1, 2024, the bureau shall report to the Legislature in the aggregate the information collected and compiled pursuant to subdivisions (b) and (c).

(2) A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

### **§ 11313. Administration and Enforcement Vested in Bureau Chief; Authority to Adopt Regulations; Under Supervision and Control of Department**

The bureau is under the supervision and control of the Director of Consumer Affairs. The duty of enforcing and administering this part is vested in the chief, and the chief is responsible to the Director of Consumer Affairs therefor. The chief shall adopt and enforce rules and regulations as are determined reasonably necessary to carry out the purposes of this part. Those rules and regulations shall be adopted pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1

of Division 3 of Title 2 of the Government Code. Regulations adopted by the former Director of the Bureau of Real Estate Appraisers shall continue to apply to the bureau and its licensees.

**§ 11314. Regulations Shall Set Requirements for Licensure and Discipline to Ensure Protection of the Public; Minimum Criteria Set by the Appraiser Qualifications Board**

The bureau is required to include in its regulations requirements for licensure and discipline of real estate appraisers that ensure protection of the public interest and comply in all respects with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73 and any subsequent amendments thereto. Requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation. The bureau may additionally include in its regulations requirements for the registration of appraisal management companies consistent with this part.

**§ 11315. Authority to Issue Citations for Violations; Orders and Fines; Ability to Appeal, Hearing; Automatic Suspensions**

(a) The director may issue to a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation, a citation that may contain an order to pay an administrative fine assessed by the bureau if the person or entity is in violation of this part or any regulations adopted to carry out its purposes.

(b) A citation shall be written and describe with particularity the nature of the violation, including a specific reference to the provision of law determined to have been violated.

(c) If appropriate, the citation may contain an order of abatement fixing a reasonable time for abatement of the violation.

(d) (1) If appropriate, the citation may contain an order to enroll in and successfully complete additional basic or continuing education courses.

(2) When a citation imposes an education course or courses, the completion of the course or courses by the licensee shall be subject to the following conditions:

(A) The citation imposing the education requirement may specify the specific course content, the number of hours to be completed, the date by which the course is to be completed, and the method by which satisfaction of the order is to be reported to the bureau.

(B) An education course imposed by citation may not be credited towards the licensee's continuing education requirements pursuant to Section 11360.

(C) Only courses accredited by the bureau shall be accepted for purposes of fulfilling education imposed by citation.

(D) Any failure to satisfactorily complete or timely report an education course to the bureau by the date specified in the citation shall result in the automatic suspension of the licensee's real estate appraiser license as of that date. A license shall not be renewed prior to the satisfactory completion of an education course specified in the citation, unless the citation provides for a completion date that is subsequent to the license renewal date.

(E) Reinstatement of a license suspended pursuant to subparagraph (D) shall be made only if all of the following events occur:

(i) Satisfactory verification of the completion of the education course or courses imposed by the citation.

(ii) Completion and filing of a reinstatement application.

(iii) Payment of all applicable fees, fines, or penalties.

(e) In no event shall an administrative fine assessed by the bureau by citation or order exceed ten thousand dollars (\$10,000) per violation. In assessing a fine, the bureau shall give due consideration to the appropriateness of the amount of the fine with respect to factors such as the gravity of the violation, the good faith of the person who committed the violation, and the history of previous violations.

(f) A citation or fine assessment issued pursuant to a citation shall inform the person cited that, if the person desires a hearing to contest the finding of a violation, the person is required to request a hearing by written notice to the bureau within 30 days of the date of issuance of the citation or assessment. Hearings shall be held pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The citation or fine assessment shall also inform the person cited that failure to respond to the citation or fine assessment shall result in any order or administrative fine imposed becoming final, and that any order or administrative fine shall constitute an enforceable civil judgment in addition to any other penalty or remedy available pursuant to law.

(g) (1) If a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation fails to pay a fine, penalty, or required installment payment on the fine or penalty by the date when it is due, the director shall charge the person interest and a penalty of 10 percent of the fine or installment payment amount. Interest shall be charged at the pooled money investment rate.

(2) Failure of a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation to pay a fine or

required installment payment on the fine within 30 days of the date ordered in the citation, unless the citation is being appealed, shall be cause for additional disciplinary action by the bureau.

(3) If a citation is not contested and a fine or fine payment is not paid within 30 days of the date ordered in the citation or other order of the director, the full amount of the unpaid balance of the assessed fine shall be added to any fee for renewal of a license. A license shall not be renewed prior to payment of the renewal fee and fine.

(4) The director may order the full amount of any fine to be immediately due and payable if any payment due on a fine is not received by the bureau within 30 days of its due date.

(5) Any fine, or interest thereon, not paid within 30 days of a final citation or order shall constitute a valid and enforceable civil judgment.

(6) A certified copy of the final order, or the citation with certification by the bureau that no request for hearing was received within 30 days of the date of issuance of the citation, shall be conclusive proof of the civil judgment, its terms, and its validity.

(h) A citation may be issued without the assessment of an administrative fine.

(i) Any administrative fine or penalty imposed pursuant to this section shall be in addition to any other criminal or civil penalty provided for by law.

(j) Administrative fines collected pursuant to this section shall be deposited in the Real Estate Appraisers Regulation Fund.

### **§ 11315.1. Authority to Issue Citations to Appraisal Management Companies for Violations; Orders and Fines; Ability to Appeal and Hearing; Failure to Pay**

(a) The director may issue to a registrant or person who acts in a capacity that requires a certificate of registration under this part, a citation that may contain an order to pay an administrative fine assessed by the office, if the person is in violation of this part or any regulations adopted to carry out its purposes.

(b) A citation shall be written and shall describe with particularity the nature of the violation, including a specific reference to the provision of law determined to have been violated.

(c) If appropriate, the citation may contain an order of abatement fixing a reasonable time for abatement of the violation.

(d) In no event shall an administrative fine assessed by the office by citation or order exceed ten thousand dollars (\$10,000) per violation. In assessing a fine, the office shall give due consideration to the appropriateness of the amount of the fine with respect to factors such as the gravity of the violation, the good faith of the person that committed the violation, and the history of previous violations.

(e) A citation or fine assessment issued pursuant to a citation shall inform the person cited that, if the person desires a hearing to contest the finding of a violation, he or she or one of its controlling persons must request a hearing by written notice to the office within 30 days of the date of issuance of the citation or assessment. Hearings shall be held pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. The citation or fine assessment shall also inform the person cited that failure to respond to the citation or fine assessment shall result in any order or administrative fine imposed becoming final, and that any order or administrative fine shall constitute an enforceable civil judgment in addition to any other penalty or remedy available pursuant to law.

(f) (1) If a registrant or person who acts in a capacity that requires a certificate of registration fails to pay a fine, penalty, or required installment payment on the fine or penalty by the date when it is due, the director shall charge that person interest and a penalty of the fine or installment payment amount. Interest shall be charged at the pooled money investment rate.

(2) Failure of a registrant or person who requires a certificate of registration to pay a fine or required installment payment on the fine within 30 days of the date ordered in the citation, unless the citation is being appealed, shall be cause for additional disciplinary action by the office.

(3) If a citation is not contested and a fine or fine payment is not paid within 30 days of the date ordered in the citation or other order of the director, the full amount of the unpaid balance of the assessed fine shall be added to any fee for renewal of a certificate of registration. A certificate of registration shall not be renewed prior to payment of the renewal fee and fine.

(4) The director may order the full amount of any fine to be immediately due and payable if any payment due on a fine is not received by the office within 30 days of its due date.

(5) Any fine, or interest thereon, not paid within 30 days of a final citation or order shall constitute a valid and enforceable civil judgment.

(6) A certified copy of the final order, or the citation with certification by the office that no request for hearing was received within 30 days of the date of issuance of the citation, shall be conclusive proof of the civil judgment, its terms, and its validity.

(g) A citation may be issued without the assessment of an administrative fine.

(h) Any administrative fine or penalty imposed pursuant to this section shall be in addition to any other criminal or civil penalty provided for by law.

(i) Administrative fines collected pursuant to this section shall be deposited in the Real Estate Appraisers Regulation Fund.

### **§ 11315.3. Surrender Without Consent; Continuing Authority to Discipline**

The suspension, expiration, or forfeiture by operation of law of a license or certificate of registration issued by the office, or its suspension, forfeiture, or cancellation by order of the office or by order of a court of law, or its surrender without the written consent of the office, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the office of its authority to institute or continue a disciplinary proceeding against the licensee or registrant upon any ground provided by law or to enter an order suspending or revoking the license or certificate of registration, or otherwise taking disciplinary action against the licensee or registrant on any such ground.

### **§ 11315.5. Settlement Authority**

Notwithstanding any other provision of law, the office may, at any time the director deems it to be in the public interest, enter into a settlement of any administrative allegation of violation of this part, or of regulations promulgated pursuant thereto, upon any terms and conditions as the director deems appropriate. Those settlements may include, but are not limited to, a plan for abatement of the violation or rehabilitation or requalification of the applicant, licensed appraiser, course provider, registrant, or person acting in a capacity requiring a license, certificate of registration, or course provider accreditation within a specified time.

### **§ 11316. Fines Assessed for Violations; Failure to Pay**

(a) The director may assess a fine against a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation for violation of this part or any regulations adopted to carry out its purposes.

(b) (1) Failure of a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation to pay a fine or make a fine payment within 30 days of the date of assessment shall result in disciplinary action by the office. If a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation fails to pay a fine within 30 days, the director shall charge him or her interest and a penalty of 10 percent of the fine or payment amount. Interest shall be charged at the pooled money investment rate.

(2) If a fine is not paid, the full amount of the assessed fine shall be added to any fee for renewal of a license. A license shall not be renewed prior to payment of the renewal fee and fine.

(3) The director may order the full amount of any fine to be immediately due and payable if any payment on the fine, or portion thereof, is not received within 30 days of its due date.

(4) Any fine, or interest thereon, not paid within 30 days of a final order shall constitute a valid and enforceable civil judgment.

(5) A certified copy of the final order shall be conclusive proof of the validity of the order of payment and the terms of payment.

(c) Any administrative fine or penalty imposed pursuant to this section shall be in addition to any other criminal or civil penalty provided for by law.

(d) Administrative fines collected pursuant to this section shall be deposited in the Real Estate Appraisers Regulation Fund.

### **§ 11317. Publication of Public Disciplinary Actions**

The office shall publish a summary of public disciplinary actions taken by the office, including resignations while under investigation and the violations upon which these actions are based, which shall meet, at a minimum, the requirements of the appraisal subcommittee. The office shall not publish identifying information with respect to private reprovings or letters of warning, which shall remain confidential.

### **§ 11317.2. License and Registration; Information to be Provided on Internet; Petition for Removal of Discipline**

(a)(1) In addition to publishing the summary required by Section 11317, the bureau shall provide on the internet information regarding the status of every license and registration issued by the bureau in accordance with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

(2) The public information to be provided on the internet shall include information on suspensions and revocations of licenses and registrations issued by the bureau and accusations filed pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) relative to persons or businesses subject to licensure, registration, or regulation by the bureau.

(3) The information shall not include personal information, including home telephone number, date of birth, or social security number. The bureau shall disclose a licensee's or registrant's address of record. However, the bureau shall allow a licensee or registrant to provide a post office box number or other alternate address, instead of the licensee's home address, as the address of record. This section shall not preclude the bureau from also requiring a licensee or registrant who has provided a post office box number or other alternative mailing address as the licensee's address of record to provide a physical

business address or residence address only for the bureau's internal administrative use and not for disclosure as the licensee's or registrant's address of record or disclosure on the internet.

(4) In addition to the information required by subdivision (a), the bureau shall provide, on the internet, the continuing education course information provided by a licensee when an individual applies for licensure renewal.

(b) The bureau shall not provide on the internet identifying information with respect to private reprovals or letters of warning, which shall remain confidential.

(c)(1)(A) Except as provided in subparagraph (B), upon petition by a licensee that is accompanied by a fee sufficient to defray administrative costs associated with consideration of a petition pursuant to this subdivision, the bureau may remove from the posting of discipline described in subdivision (a) an item that has been posted on the bureau's internet website for no less than 10 years and for which the licensee provides evidence of rehabilitation indicating that the notice is no longer required in order to prevent a credible risk to members of the public utilizing licensed activity of the licensee.

(B) Notwithstanding subparagraph (A), a licensee shall not petition to remove from the posting of discipline described in subdivision (a) either of the following:

(i) A license revocation.

(ii) A voluntary surrender that was the result of a pending investigation.

(C) In evaluating a petition filed pursuant to this subdivision, the bureau shall take into consideration other violations that present a credible risk to the members of the public since the posting of discipline requested for removal.

(2) The bureau may develop, through regulations, the amount of the fee and the minimum information to be included in a licensee's petition pursuant to paragraph (1), including, but not limited to, a written justification and evidence of rehabilitation pursuant to Section 482.

(d)(1) Upon petition by an immediate family member or heir of a deceased licensee that is accompanied by a fee sufficient to defray administrative costs associated with consideration of a petition pursuant to this subdivision, the bureau may remove from the posting of discipline described in subdivision (a) an item that has been posted on the bureau's internet website with regard to the deceased licensee for any duration.

(2) The bureau may develop, through regulations, the amount of the fee and the minimum information to be included in a petition pursuant to paragraph (1).

(e) The bureau shall maintain a list of all licensees whose disciplinary records are altered as a result of a petition approved under subsection (c) or (d). The bureau shall make the list accessible

to other licensing bodies. The bureau shall update and provide the list to other licensing bodies as often as it modifies the records displayed on its internet website in response to petitions approved under subdivision (c) or (d).

(f) For purposes of this section:

(1) "Internet" has the meaning set forth in paragraph (6) of subdivision (f) of Section 17538.

(2) "Posted" for purposes of this section is defined as the date of disciplinary action taken by the bureau.

**§ 11318. Required Reporting to Bureau of Felony Charges; Criminal Convictions; Adverse Licensure or Right to Practice Actions; Failure to Report Cause for Discipline**

(a) A licensee, applicant for licensure, course provider, or applicant for course provider accreditation shall report to the office, in writing, the occurrence of any of the following events within 30 days of the date he or she has knowledge of any of these events:

(1) The bringing of an indictment or information charging a felony against the licensee, applicant for licensure, course provider, or applicant for course provider accreditation.

(2) The conviction of the licensee, applicant for licensure, course provider, or applicant for course provider accreditation of any felony or misdemeanor.

As used in this section, a conviction includes an initial plea, verdict, or finding of guilty, plea of no contest, or pronouncement of sentence by a trial court even though that conviction may not be final, the sentence may not be imposed, or all appeals may not be exhausted.

(3) The cancellation, revocation, or suspension of a license, other authority to practice, or refusal to renew a license or other authority to practice as an occupational or professional licensee or course provider, by any other regulatory entity.

(4) The cancellation, revocation, or suspension of the right to practice before any governmental body or agency.

(b) The report required by subdivision (a) shall be signed by the licensee, applicant for licensure, course provider, or applicant for course provider accreditation and clearly set forth the facts that constitute the reportable event. The report shall include the title of the matter, court or agency name, docket number, and dates of occurrence of the reportable event.

(c) The licensee, applicant for licensure, course provider, or applicant for course provider accreditation shall also promptly obtain and submit a certified copy of the police or administrative agency's investigative report and certified copies of the court or administrative agency's docket, complaint or accusation, and judgment or other order.

(d) A licensee, applicant for licensure, course provider, or applicant for course provider accreditation shall promptly respond to oral or written inquiries from the office concerning the reportable events.

(e) Failure to make a report required by subdivision (a) shall constitute a cause for discipline or denial of an application.

### **§ 11319. Minimum Standards for Conduct and Practice**

(a) Notwithstanding any other provision of this code, except as provided in subdivision (b), the Uniform Standards of Professional Appraisal Practice constitute the minimum standard of conduct and performance for a licensee in any work or service performed that is addressed by those standards. If a licensee also is certified by the Board of Equalization, he or she shall follow the standards established by the Board of Equalization when fulfilling his or her responsibilities for assessment purposes.

(b) Until January 1, 2020, and notwithstanding subdivision (a), a licensee shall not be required to comply with provisions of the Uniform Standards of Professional Appraisal Practice that provide a limitation on restricted appraisal reports to intended users other than or in addition to the client if all of the following are met:

(1) The licensee obtains the consent of the client in advance.

(2) The report the licensee prepares is not related to any of the following:

(A) A federally related real estate transaction.

(B) The purchase or refinance of a residential dwelling of one to four units.

(C) A transaction subject to Section 10232.5.

(3) The report does all of the following:

(A) Clearly identifies all intended users.

(B) States that the opinions and conclusions set forth in the report may not be understood properly without additional information that is in the appraiser's workfile.

(C) States that there may be assumptions that the appraiser has not verified that may significantly impact the appraised value of the subject of the report.

### **§ 11319.2. Automatic Suspension of License or Registration upon Incarceration due to Felony Conviction; Discipline may be Ordered; Presumptions of Substantial Relationship**

(a) A license of a licensee or a certificate of a registrant shall be suspended automatically during any time that the licensee or registrant is incarcerated after conviction of a felony, regardless of

whether the conviction has been appealed. The office shall, immediately upon receipt of the certified copy of the record of conviction, determine whether the license of the licensee or certificate of the registrant has been automatically suspended by virtue of the licensee's or registrant's incarceration, and if so, the duration of that suspension. The office shall notify the licensee or registrant in writing of the license or certificate suspension and of the right to elect to have the issue of penalty heard as provided in subdivision (d).

(b) If after a hearing before an administrative law judge from the Office of Administrative Hearings it is determined that the felony for which the licensee or registrant was convicted was substantially related to the qualifications, functions, or duties of a licensee or registrant, the director upon receipt of the certified copy of the record of conviction, shall suspend the license or certificate until the time for appeal has elapsed, if an appeal has not been taken, or until the judgment of conviction has been affirmed on appeal or has otherwise become final, and until further order of the director.

(c) Notwithstanding subdivision (b), a conviction of a charge of violating any federal statute or regulation or any statute or regulation of this state regulating dangerous drugs or controlled substances, or a conviction of Section 187, 261, 288, or former Section 262, of the Penal Code, shall be conclusively presumed to be substantially related to the qualifications, functions, or duties of a licensee or registrant and a hearing shall not be held on this issue. However, upon its own motion or for good cause shown, the director may decline to impose or may set aside the suspension when it appears to be in the interest of justice to do so, with due regard to maintaining the integrity of, and confidence in, the practice regulated by the office.

(d) (1) Discipline may be ordered against a licensee or registrant in accordance with the laws and regulations of the office when the time for appeal has elapsed, the judgment of conviction has been affirmed on appeal, or an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under Section 1203.4 of the Penal Code allowing the person to withdraw a plea of guilty and to enter a plea of not guilty, setting aside the verdict of guilty, or dismissing the accusation, complaint, information, or indictment.

(2) The issue of penalty shall be heard by an administrative law judge from the Office of Administrative Hearings. The hearing shall not be had until the judgment of conviction has become final or, irrespective of a subsequent order under Section 1203.4 of the Penal Code, an order granting probation has been made suspending the imposition of sentence, except that a licensee or registrant may, at the licensee's or registrant's option, elect to have the issue of penalty decided before those time periods have elapsed. Where the licensee or registrant so elects, the issue of penalty shall be heard in the manner described in subdivision (b) at the hearing to determine whether the conviction was substantially related to the qualifications, functions, or duties of a licensee or registrant. If the conviction of a licensee or registrant who has made this election is overturned on appeal, any discipline ordered pursuant to this section

shall automatically cease. This subdivision does not prohibit the office from pursuing disciplinary action based on any cause other than the overturned conviction.

(e) The record of the proceedings resulting in a conviction, including a transcript of the testimony in those proceedings, may be received in evidence.

(f) Any other law setting forth a procedure for the suspension or revocation of a license or certificate issued by the office shall not apply to proceedings conducted pursuant to this section.

### **Chapter 3: Appraiser Scope of Practice**

#### **§ 11320. License Required for Practice and Use of Title; Misdemeanor**

No person shall engage in federally related real estate appraisal activity governed by this part or assume or use the title of or any title designation or abbreviation as a licensed appraiser in this state without an active license as defined in Section 11302. Any person who willfully violates this provision is guilty of a public offense punishable by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code, or in a county jail for not more than one year, or by a fine not exceeding ten thousand dollars (\$10,000), or by both the imprisonment and fine. The possession of a license issued pursuant to this part does not preempt the application of other statutes including the requirement for specialized training or licensure pursuant to Article 3 (commencing with Section 750) of Chapter 2.5 of Division 1 of the Public Resources Code.

#### **§ 11320.5. Registration Required for an Appraisal Management Company**

No person or entity shall act in the capacity of an appraisal management company or represent itself to the public as an appraisal management company, either in its advertising or through its business name, without a certificate of registration from the bureau.

#### **§ 11321. Use of Title, Signature Restricted**

(a) No person other than a state licensed real estate appraiser may assume or use that title or any title, designation, or abbreviation likely to create the impression of state licensure as a real estate appraiser in this state.

(b) No person other than a licensee may sign an appraisal in a federally related transaction. A trainee licensed pursuant to Section 11327 may sign an appraisal in a federally related transaction if it is also signed by a licensee.

(c) No person other than a licensee holding a current valid license at the residential level issued under this part to perform, make, or approve and sign an appraisal may use the abbreviation SLREA in his or her real property appraisal business.

(d) No person other than a licensee holding a current valid license at a certified level issued under this part to perform, make, or approve and sign an appraisal may use the term “state

certified real estate appraiser” or the abbreviation SCREA in his or her real property appraisal business.

### **§ 11323. Prohibition Against Compensation Dependent on or Affected by Value Conclusion**

No licensee shall engage in any appraisal activity if his or her compensation is dependent on or affected by the value conclusion generated by the appraisal.

### **§ 11324. Conditions Under Which Unlicensed Person may Assist in Preparation of Appraisal**

An individual who is not a licensee may assist in the preparation of an appraisal in a federally related transaction under the following conditions:

- (a) The assistance is under the direct supervision of an individual who is a licensed appraiser and the final conclusion as to value is made by a licensed appraiser.
- (b) The final appraisal document in a federally related transaction is approved and signed, with acceptance of full responsibility, by the supervising individual who is licensed by the state pursuant to this part, identifies the assisting individual, and identifies the scope of work performed by the individual who assisted in preparation of the appraisal in a federally related transaction.

### **§ 11325. Regulations to Determine the Parameters of Appraisal Work; Minimum Standards**

- (a) The director shall adopt regulations which determine the parameters of appraisal work which may be performed by licensed appraisers.
- (b) Regulations adopted by the director pursuant to this section shall, at a minimum, meet the standards established by federal financial institution regulatory agencies as required by Section 1112 of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73.

### **§ 11326. County Assessors to Disclose Information and Materials upon Bureau Request for Investigations Related to Professional Conduct of Appraisers**

- (a) The county assessor shall, upon request, disclose information, furnish abstracts, copies of maps, construction permits, notices of completion, sales confirmation, and permit access to all records in the county assessor’s office or branch offices, to the Bureau of Real Estate Appraisers when it is conducting an investigation related to professional conduct of appraisers.
- (b) Whenever the assessor discloses information, furnishes abstracts, and all of the above and permits access to records to the Bureau of Real Estate Appraisers, the bureau shall reimburse the assessor for any reasonable cost incurred as a result thereof.

### **§ 11327. Trainee Licenses, Applications**

The director shall adopt regulations governing the process and procedure of applying for a trainee license, which shall meet, at a minimum, the requirements of the Appraisal Foundation.

### **§ 11328. Documentation of Appraisal Experience; Confidentiality of Material**

To substantiate documentation of appraisal experience, or to facilitate the investigation of illegal or unethical activities by a licensee, applicant, or other person acting in a capacity that requires a license, that licensee, applicant, or person shall, upon the request of the director, submit copies of the engagement letters, appraisals, or any work product that is addressed by the Uniform Standards of Professional Appraisal Practice, and all supporting documentation and data to the bureau. This material shall be confidential in accordance with the confidentiality provisions of the Uniform Standards of Professional Appraisal Practice.

#### **§ 11328.1. Submission of Information Related to an Investigation Required upon Request**

If the director has a reasonable belief that a registrant, or person or entity acting in a capacity that requires a certificate of registration, has engaged in activities prohibited under this part, the director may submit a written request to the registrant, person, or entity, requesting copies of written material related to the director's investigation. Any registrant, person, or entity receiving a written request from the director for information related to an investigation of prohibited activities shall submit that information to the director or the bureau within a reasonable period of time, which shall be specified by the director in the written request. Any material submitted shall be kept confidential by the director and the bureau.

## **Chapter 4: Application for Licenses and Certification**

### **§ 11340. Regulations and Other Minimum Educational and Experience Requirements for Licensure**

The director shall adopt regulations governing the process and the procedure of applying for a license that shall include, but not be limited to, necessary experience or education, equivalency, and minimum requirements of the Appraisal Foundation, if any.

(a) For purposes of the educational background requirements established under this section, the director shall do both of the following:

(1) Grant credits for any courses taken on real estate appraisal ethics or practices pursuant to Section 10153.2, or that are deemed by the director to meet standards established pursuant to this part and federal law.

(2) Require the completion of a course on state and federal laws regulating the appraisal profession, as approved by the bureau every two years. The course shall include an examination that requires an applicant to demonstrate the applicant's knowledge of those laws.

(b) For the purpose of implementing and applying this section, the director shall prescribe by regulation "equivalent courses" and "equivalent experience." The experience of employees of an assessor's office or of the State Board of Equalization in setting forth opinions of value of real property for tax purposes shall be deemed equivalent to experience in federally related real estate appraisal activity. Notwithstanding any other law, a holder of a valid real estate broker license shall be deemed to have completed appraisal license application experience requirements upon proof that the applicant has accumulated 1,000 hours of experience in the valuation of real property.

(c) The director shall adopt regulations for licensure that shall meet, at a minimum, the requirements and standards established by the Appraisal Foundation and the federal financial institutions regulatory agencies acting pursuant to Section 1112 of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) (Public Law 101-73). The director shall, by regulation, require the application for a real estate appraiser license to include the applicant's social security number or individual taxpayer identification number.

(d) In evaluating the experience of any applicant for a license, regardless of the number of hours required of that applicant, the director shall apply the same standards to the experience of all applicants.

(e) (1) Beginning January 1, 2023, in addition to the requirements set forth in this section, an applicant for licensure shall complete at least one hour of instruction in cultural competency.

(2) For purposes of this section, "cultural competency" means understanding and applying cultural and ethnic data to the process of providing services that includes, but is not limited to, information on the appropriate services for lesbian, gay, bisexual, transgender, and intersex communities, ethnic communities, and religious communities.

(f) No license shall be issued to an applicant who is less than 18 years of age.

(g) The cost of any educational course required by this section shall not be borne by any client served by a licensee.

#### **§ 11341. Valid Term of License**

A license issued with an effective date of January 1, 2000, or later shall be valid for two years unless otherwise extended or limited by the director.

**§ 11343. Fingerprint Information Submitted to Department of Justice; Purpose**

(a) Each real estate appraiser license applicant and each controlling person of each applicant for registration as an appraisal management company shall submit to the Department of Justice fingerprint images and related information required by the Department of Justice via LiveScan for the purposes of allowing the bureau to obtain information as to the existence and content of a record of state or federal convictions and state or federal arrests and also information as to the existence and content of a record of state or federal arrests for which the Department of Justice establishes that the person is free on bail or on the person's own recognizance pending trial or appeal. If the applicant is located out of state, then the applicant shall include the applicant's fingerprint card with the application package and the bureau shall submit the fingerprint cards to the Department of Justice for the purposes of this subdivision.

(b) When received, the Department of Justice shall forward to the Federal Bureau of Investigation requests for federal summary criminal history information received pursuant to this section. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the bureau.

(c) The Department of Justice shall provide a response to the bureau pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(d) The bureau shall request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code, for persons described in subdivision (a).

(e) The Department of Justice shall charge a fee sufficient to cover the cost of processing the request described in this section.

**§ 11344. Temporary Licenses or Certifications; Issuance Pending Outcome of Fingerprint Check; Probationary Licenses or Certificates**

(a) Notwithstanding Section 11341, a temporary license may be issued pending the outcome of the fingerprint and background check or as otherwise prescribed by the director. A temporary license is valid for up to 150 days. Unless otherwise prohibited pursuant to Section 17520 of the Family Code, a temporary license may be renewed once at the discretion of the director.

(b) The director may issue a probationary license as follows:

(1) By term.

(2) By conditions to be observed in the exercise of the privileges granted.

### **§ 11345. Registration as Appraisal Management Company; Minimum Contents of Application**

The director shall adopt regulations governing the process and procedure of applying for registration as an appraisal management company. Applications for a certificate of registration shall require, at a minimum, all of the following:

- (a) The name of the person or entity seeking registration.
- (b) The business address and telephone number of the person or entity seeking registration.
- (c) If the applicant is not a person or entity domiciled in this state, the name and contact number of a person or entity acting as agent for service of process in this state, along with an irrevocable consent to service of process in favor of the bureau.
- (d) The name, address, and contact information for each controlling person of the applicant who has operational authority to direct the management of, and establish policies for, the applicant.

### **§ 11345.05. Notice of Changes or Correction to Information for Appraisal Management Company Registration**

- (a) A registrant shall notify the bureau within 10 business days, on a form developed by the bureau, of any additions, deletions, or changes in the names, addresses, and contact information for the individuals listed on its application.
- (b) A registrant shall correct information on file with the bureau within 10 business days of discovering an error in that information, and shall not be subject to disciplinary action by the director or the bureau for incorrect information the registrant corrects within 10 business days of its discovery as being inaccurate.

### **§ 11345.1. Valid Term for Certificate of Registration as Appraisal Management Company**

A certificate of registration as an appraisal management company shall be valid for a period of two years, unless otherwise extended or limited by the director.

### **§ 11345.2. Controlling Person for Appraisal Management Company; Prohibited Persons**

- (a) An individual shall not act as a controlling person for a registrant if any of the following apply:
  - (1) The individual has entered a plea of guilty or no contest to, or been convicted of, a felony. If the individual's felony conviction has been dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, 1203.42, or 1203.425 of the Penal Code, the bureau may allow the individual to act as a controlling person.

(2) The individual has had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property refused, denied, canceled, or revoked in this state or any other state.

(b) Any individual who acts as a controlling person of an appraisal management company and who enters a plea of guilty or no contest to, or is convicted of, a felony, or who has a license or certificate as an appraiser refused, denied, canceled, or revoked in any other state shall report that fact or cause that fact to be reported to the bureau, in writing, within 10 days of the date the individual has knowledge of that fact.

(c) This section shall become operative on July 1, 2020.

### **§ 11345.3. Appraisal Management Company; Minimum Standard Business Practices**

All appraisal management companies shall do all of the following:

(a) Ensure that all contracted appraisal panel members possess all required licenses and certificates from the bureau.

(b) Establish and comply with processes and controls reasonably designed to ensure that the appraisal management company, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite license, education, expertise, and experience necessary to competently complete the appraisal assignment for the particular market and property type.

(c) Direct the appraiser to perform the assignment in accordance with the Uniform Standards of Professional Appraisal Practice.

(d) Establish and comply with processes and controls reasonably designed to ensure that the appraisal management company conducts its appraisal management services in accordance with the requirements of Section 129E(a) through (i) of the Truth in Lending Act, 15 U.S.C. 1639e(a) through (i), and regulations thereunder.

(e) Engage appraisal panel members with an engagement letter that shall include terms of payment.

(f) Appraisal management companies shall maintain all of the following records for each service request:

(1) Date of receipt of the request.

(2) Name of the person from whom the request was received.

(3) 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 appraisers assigned to perform the requested service.
- (5) Date of delivery of the appraisal product to the client.
- (6) Client contract.
- (7) Engagement letter.
- (8) The appraisal report.

#### **§ 11345.4. Prohibited Acts to Influence Appraisals**

No person or entity acting in the capacity of an appraisal management company shall improperly influence or attempt to improperly influence the development, reporting, result, or review of any appraisal through coercion, extortion, inducement, collusion, bribery, intimidation, compensation, or instruction. Prohibited acts include, but are not limited to, the following:

(a) Seeking to influence an appraiser to report a minimum or maximum value for the property being valued. Such influence may include, but is not limited to, the following:

(1) Requesting that an appraiser provide a preliminary estimate or opinion of value for one or more properties prior to entering into a contract with that appraiser for appraisal services related to that property or properties.

(2) Conditioning whether to hire an appraiser based on an expectation of the value conclusion likely to be returned by that appraiser.

(3) Conditioning the amount of an appraiser's compensation on the value conclusion returned by that appraiser.

(4) Providing an appraiser with an anticipated, estimated, encouraged, or desired valuation prior to their completion of an appraisal.

(b) Withholding or threatening to withhold timely payment to an appraiser because the person does not return a value at or above a certain amount.

(c) Implying to an appraiser that current or future retention of that appraiser depends on the amount at which the appraiser estimates the value of real property.

(d) Excluding an appraiser who prepares an appraisal from consideration for future engagement because the appraiser reports a value that does not meet or exceed a predetermined threshold.

(e) Conditioning the compensation paid to an appraiser on consummation of the real estate transaction for which the appraisal is prepared.

(f) Requesting the payment of compensation from an appraiser for purposes of enabling that appraiser to achieve higher priority in the assignment of appraisal business.

(g) Nothing in this section prohibits a person or entity acting in the capacity of an appraisal management company from doing any of the following:

(1) Asking an appraiser to do any of the following:

(A) Consider additional, appropriate property information, including information about comparable properties.

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

(C) Correct errors in an appraisal report.

(2) Obtaining multiple valuations, for purposes of selecting the most reliable valuation.

(3) Withholding compensation due to breach of contract or substandard performance of services.

(4) Providing a copy of the sales contract in connection with a purchase transaction.

#### **§ 11345.45. Appraisal Assignments or Contracts may not be Structured to Evade Statutory Provisions**

A person or entity may not structure an appraisal assignment for, or a contract with, an employee appraiser or an independent contractor appraiser for the purpose of evading the provisions of this part relating to appraisal management companies.

#### **§ 11345.5. When an Appraiser is Deemed to be Part of an Appraisal Management Company's Appraiser Panel**

For purposes of subdivision (d) of Section 11302 and determining whether, within a 12-month period, an appraisal management company oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-certified or state-licensed appraisers in two or more states:

(a) An appraiser is deemed part of the appraisal management company's appraiser panel as of the earliest date on which the appraisal management company does either of the following:

(1) Accepts the appraiser for the appraisal management company's consideration for future appraisal assignments in covered transactions or for secondary mortgage market participants in connection with covered transactions.

(2) Engages the appraiser to perform one or more appraisals on behalf of a creditor for a covered transaction or secondary mortgage market participant in connection with covered transactions.

(b) An appraiser who is deemed part of the appraisal management company's appraiser panel pursuant to subdivision (a) is deemed to remain on the panel until the date on which the appraisal management company does either of the following:

(1) Sends written notice to the appraiser removing the appraiser from the appraiser panel, with an explanation of its action.

(2) Receives written notice from the appraiser asking to be removed from the appraiser panel or notice of the death or incapacity of the appraiser.

(c) If an appraiser is removed from an appraisal management company's appraiser panel pursuant to subdivision (b), but the appraisal management company subsequently accepts the appraiser for consideration for future assignments or engages the appraiser at any time during the 12 months after the appraisal management company's removal, the removal will be deemed not to have occurred, and the appraiser will be deemed to have been part of the appraisal management company's appraiser panel without interruption.

#### **§ 11345.6. Appraisal Management Company Prohibited from Altering Completed Appraisal Reports or Requiring Digital Signature or Seal to be Provided**

(a) No appraisal management company may alter, modify, or otherwise change a completed appraisal report submitted by an appraiser.

(b) No appraisal management company may require an appraiser to provide it with the appraiser's digital signature or seal. However, nothing in this subdivision shall be deemed to prohibit an appraiser from voluntarily providing his or her digital signature or seal to another person, to the extent permissible under the Uniform Standards of Professional Appraisal Practice.

#### **§ 11345.7. Prohibition Against Person Preparing Appraisal or Performing Management Function Having Interest in Property Appraised**

No person or entity preparing an appraisal or performing appraisal management functions in connection with the origination, modification, or refinancing of a mortgage loan shall have a prohibited direct or indirect interest, financial or otherwise, in the property or the transaction for which the appraisal or appraisal management functions are performed, within the meaning of Section 226.42(d) of Title 12 of the Code of Federal Regulations and the accompanying commentary contained in Volume 75 of the Federal Register, page 66554, dated October 28, 2010.

#### **§ 11345.8. Federally Regulated Appraisal Management Company; Required Reporting of Information to Bureau for Appraisal Subcommittee**

A federally regulated appraisal management company operating in California shall report to the bureau the information the bureau is required to submit to the Appraisal Subcommittee, pursuant

to the Appraisal Subcommittee's policies regarding the determination of the Appraisal Management Company Registry fee. The bureau may charge the federally regulated appraisal management company a state fee in an amount not to exceed the reasonable regulatory cost to the board for processing and submitting the information. This fee shall be deposited in the Real Estate Appraisers Regulation Fund.

#### **§ 11346. When Provisions Relating to Appraisal Management Companies Cease to be Operative**

The provisions of this part relating to appraisal management companies shall cease to be operative 60 days after the effective date of a federal law that mandates the registration or licensing of appraisal management companies with an entity other than the state regulatory authority with jurisdiction over licensed and certified appraisers.

#### **§ 11347. Demographic Information Collection**

(a) The bureau may request that a licensee identify their race, ethnicity, sexual orientation, gender, or gender identity. The data may be requested when an initial license is issued or at the time of license renewal.

(b) The bureau shall maintain the confidentiality of the information it receives from a licensee under this section and shall only release the information in an aggregate form that cannot be used to identify an individual.

(c) A licensee shall not be required to provide the information specified in subdivision (a) as a condition of licensure or license renewal, and a licensee shall not be subject to discipline for not providing the information specified in subdivision (a).

(d) The bureau may publish the aggregate demographic data that it collects pursuant to this section on its internet website.

(e) Beginning January 1, 2025, the bureau shall submit the aggregate demographic data that it collects pursuant to this section to the department. The department shall post the information provided by the bureau on the department's website.

### **Chapter 5: Reciprocity with other States of Licenses and Certifications**

#### **§ 11350. Regulations for Applying for Reciprocity; Minimum Requirements**

The director shall adopt regulations governing the process and procedure of applying for reciprocity, which shall meet, at a minimum, the requirements of the Appraisal Subcommittee.

#### **§ 11351. Temporary Practice not Required Under Certain Conditions**

Temporary practice is not required under this chapter if the appraiser from another state assists in the performance of the appraisal as provided by Section 11324.

## **§ 11352. Regulations for Temporary Practice; Minimum Requirements**

The director shall adopt regulations governing the process and procedure of applying for temporary practice, which shall meet, at a minimum, the requirements of the Appraisal Subcommittee.

### **Chapter 6: Continuing Education**

## **§ 11360. Continuing Education and Continuing Fitness Requirements for Renewal or Restoration of a License; Elimination of Bias and Cultural Competency Requirements**

(a) The director shall adopt regulations governing the process and procedures for renewal of a license or restoration of a license to active status that shall include, but not be limited to, continuing education requirements, which shall be reported on the basis of a four-year continuing education cycle, and, for each licensee renewing on or after January 1, 2023, include at least two hours of elimination of bias training, either individually or as part of a broader course.

(b) An applicant for renewal of a license shall be required to demonstrate the applicant's continuing fitness to hold a license prior to its renewal. Applicants shall also fulfill continuing education requirements established pursuant to this section and shall be required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.

(c) Beginning January 1, 2023, as part of the continuing education required by this section, a licensee shall complete at least one hour of instruction in cultural competency every four years.

(d) The cost of any educational course required by this section shall not be borne by any client served by a licensee.

(e) For purposes of this section, "cultural competency" means understanding and applying cultural and ethnic data to the process of providing services that includes, but is not limited to, information on the appropriate services for lesbian, gay, bisexual, transgender, and intersex communities, ethnic communities, and religious communities.

## **§ 11361. Authority for regulations; protection of the public**

The director shall adopt regulations for implementation of this chapter to ensure that persons engaged in appraisal activity have current knowledge of real estate appraisal theories, practices, and techniques which will provide a high degree of service and protection to the public.

### **Chapter 7: Fees**

## **§ 11400. Fees When and How Paid, Refunded**

(a) Initial application fees shall be paid to the bureau at the time of application.

(b) All fees shall be paid by cashier's check, certified check, or money order. In addition, the bureau may accept personal checks or credit cards for the payment of fees. All fees shall be deemed earned by the bureau upon receipt and are refundable at the discretion of the director.

#### **§ 11401. Licensure; Examination Fee**

(a) The fee to take an examination or reexamination for a license shall be set at an amount not to exceed the cost to the bureau as determined by competitive bid.

(b) The director may provide that the applicant pay the fee directly to the examination provider.

#### **§ 11404. Licensure Fee, Original and Renewal, Maximum Amount**

The fee for an original or renewal real estate appraiser license or appraiser trainee license shall not exceed four hundred fifty dollars (\$450).

#### **§ 11405. Certification Fee, Original and Renewal, Maximum Amount**

The fee for an original or renewal certification as a state certified real estate appraiser shall not exceed five hundred twenty-five dollars (\$525).

#### **§ 11406. Fee Regulations, Approval of Basic and Continuing Education Courses, Equivalency Petitions, Courses of Study for Licensing**

(a) The director shall by regulation establish fees for approval of basic education and continuing education courses or their equivalent, or for the evaluation of petitions of applicants based upon claims of equivalency pursuant to Section 11340. The fees established by regulation shall be sufficient to cover the costs incurred by the bureau in processing applications for course approvals and petitions for equivalency.

(b) The director shall by regulation establish fees for approval of courses of study required to be taken by applicants for licenses. The fees established by regulation shall be sufficient to cover the costs incurred by the bureau in processing applications for course approvals and petitions for equivalency.

#### **§ 11406.5. Fee Regulations, Appraisal Management Companies**

The director shall, by regulation, establish the fees to be imposed on appraisal management companies. The fees shall be sufficient to cover the costs incurred by the bureau in administering the changes to this part made by the act adding this section.

#### **§ 11407. Fee Regulations, May be Below Maximum**

The director may by regulation prescribe fees lower than the maximum fees established by this chapter if the director determines that lower fees will be adequate to offset the costs incurred by the bureau and the committee in the administration of this part.

#### **§ 11408. License Eligibility, Timely Notification of Examination and Fees**

(a) An applicant for licensure shall not be eligible to have a license issued unless the applicant notifies the bureau within one year of successful completion of the examination.

(b) Every applicant or licensee shall pay federal registry fees and state registry processing fees to the state as required as part of licensing fees.

#### **§ 11409. Cost Recovery in Disciplinary Proceedings; Reasonable Costs of Investigation, Enforcement, and Prosecution can be Ordered and Enforced**

(a) Except as otherwise provided by law, any order issued in resolution of a disciplinary proceeding may direct a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, registrant, applicant for a certificate of registration, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation found to have committed a violation or violations of statutes or regulations relating to real estate appraiser practice to pay a sum not to exceed the reasonable costs of investigation, enforcement, and prosecution of the case.

(b) When an order for recovery of costs is made and payment is not made within 30 days of the date directed in the bureau's decision, the order for recovery shall constitute a valid and enforceable civil judgment. This judgment shall be in addition to, and not in place of, any other criminal or civil penalties provided for by law.

(c) (1) Failure of a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, registrant, applicant for a certificate of registration, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation to pay recovery costs or make a recovery cost payment within 30 days of the date ordered, shall result in disciplinary action by the bureau. If the person fails to pay recovery costs within 30 days, that person shall pay interest and a penalty of 10 percent of the recovery costs or payment amount. Interest shall be charged at the pooled money investment rate.

(2) If recovery costs are not paid as ordered, the full amount of the assessed fine shall be added to any fee for renewal of a license or a certificate of registration. A license or a certificate of registration shall not be renewed prior to payment of the renewal fee and recovery costs.

(3) The director may order the full amount of any recovery costs to be immediately due and payable if any payment on the recovery costs, or portion thereof, is not received within 30 days of its due date.

(4) Any recovery costs, or interest thereon, not paid within 30 days of a final order shall constitute a valid and enforceable civil judgment.

(d) A certified copy of the bureau’s decision shall be conclusive proof of the validity of the order and its terms.

(e) The bureau shall not renew or reinstate the license of any licensee or the certificate of registration of any registrant who has failed to pay all of the costs ordered under this section.

(f) Nothing in this section shall preclude the bureau from including the recovery of the costs of investigation and enforcement of a case in any default decision or stipulated settlement.

## **Chapter 8. Real Estate Appraisers Regulation Fund**

### **§ 11410. Real Estate Appraisers Regulation Fund Created**

The Real Estate Appraisers Regulation Fund is hereby created in the State Treasury to consist of moneys raised by fees and assessments imposed pursuant to this part. Interest shall be paid at the pooled money investment rate on all money transferred to the General Fund from the Real Estate Appraisers Regulation Fund, notwithstanding the provisions of Section 16310 of the Government Code.

### **§ 11411. Separate Administration and Recovery Accounts**

There shall be separate accounts in the Real Estate Appraisers Regulation Fund for purposes of administration and for purposes of recovery. These accounts shall be known respectively as the Administration Account and the Recovery Account. On and after January 1, 2026, 5 percent of the amount of any license or certificate fee collected in the 2024-2025 fiscal year shall be transferred to the Recovery Account. On and after January 1, 2026, 5 percent of any license or certificate fee collected under this part shall be credited to the Recovery Account. The Recovery Account is a continuing appropriation for carrying out this chapter.

#### **§ 11411.5. Definitions**

As used in this chapter, the following definitions apply:

(a) “Application” means an application for payment from the Recovery Account filed with the bureau pursuant to subdivision (a) of Section 11413.

(b) “Claimant” means an aggrieved person who files an application pursuant to subdivision (a) of Section 11413.

(c) “Court of competent jurisdiction” means a small claims, municipal, or superior court of the State of California, or a United States district court or a United States bankruptcy court sitting to conduct its affairs within the boundaries of the State of California.

(d) “Digital signature” has the same meaning as in subdivision (d) of Section 16.5 of the Government Code. The use of an electronic signature or a digital signature shall have the same force or effect as a wet signature.

(e) “Electronic filer” means a claimant or claimant's attorney who electronically uploads or transmits to the bureau an application or document in electronic form at or through the bureau's internet website.

(f) “Electronic signature” has the same meaning as defined in subdivision (h) of Section 1633.2 of the Civil Code.

(g) “Electronic submission” means the upload or transmission of an application or document by electronic means at or through the bureau's internet website.

(h) “Final judgment” means a judgment, arbitration award, or criminal restitution order for which the period for appeal has expired, enforcement of which is not barred by the order of any court or by any statutory provision, and which has not been nullified or rendered void by any court order or statutory provision.

(i) “Party” means either the claimant, the judgment debtor, or the bureau.

(j) “Person” includes corporation, partnership, company, or firm.

(k) “Recovery account” means the separate account in the Real Estate Appraisers Regulation Fund established pursuant to Section 11411.

#### **§ 11412. Regulations for Recovery Account; Statute of Limitations for Claims**

(a) On or before January 1, 2002, the director shall determine the number of complaint cases containing judicial findings of fraud that may be eligible for recovery. This information shall be used by the director to determine whether a real estate appraiser Recovery Account is necessary or whether to recommend that it should be eliminated.

(b) The statute of limitations for claims against the fund arising between the effective date of this part and the creation of the fund shall be tolled until the date the fund is created.

(c) On and after July 1, 2026, the bureau shall do both of the following:

(1) Post information on its internet website about the Recovery Account, including eligibility requirements and the application process.

(2) Upon receipt of a complaint by a licensee or member of the public, provide a notification to the complainant that includes information regarding eligibility requirements and the application process.

(d) On or before January 1, 2028, and annually thereafter, the bureau shall submit to the Legislature a report in compliance with Section 9795 of the Government Code that includes, for the prior fiscal year, the balance of the Recovery Account, the number of applicants who applied for payment from the Recovery Account, the number of applicants whose claims were approved, and the total payments made from the Recovery Account.

### **§ 11412.2. Authorization for Transfers Between Accounts**

(a) In addition to the amount paid into the Recovery Account as set forth in Section 11411, the director may authorize a transfer from the Administration Account to the Recovery Account of any amount deemed necessary.

(b) If the balance remaining in the Recovery Account contains more than four hundred thousand dollars (\$400,000), the director may authorize the transfer of all or part of the surplus amount to the Administration Account.

(c) The director may authorize the return to the Recovery Account of all or any amount previously transferred to the Administration Account under this section.

### **§ 11413. Payment from Recovery Account**

(a)(1) When an aggrieved person obtains either (A) a final judgment in a court of competent jurisdiction, including, but not limited to, a criminal restitution order issued pursuant to subdivision (f) of Section 1202.4 of the Penal Code or Section 3663 of Title 18 of the United States Code, or (B) an arbitration award that includes findings of fact and conclusions of law rendered in accordance with the rules established by the American Arbitration Association or another recognized arbitration body, and in accordance with Sections 1281 to 1294.2, inclusive, of the Code of Civil Procedure when applicable, and when the arbitration award has been confirmed and reduced to judgment pursuant to Section 1287.4 of the Code of Civil Procedure, against a defendant based upon the defendant's fraud, misrepresentation, or deceit with intent to defraud, and arising directly out of any transaction in which the defendant, while licensed under this part, performed acts for which a real estate appraiser's license was required, the aggrieved person may, upon the judgment becoming final, file an application with the bureau for payment from the Recovery Account, within the limitations specified in Section 11418, of the amount unpaid on the judgment that represents an actual and direct loss to the claimant in the transaction.

(2) As used in this section, "actual and direct loss" excludes all of the following:

(A) Punitive or exemplary damages.

(B) Legal fees, attorney's fees, court costs, or arbitration fees.

(C) Nonpecuniary damages, such as inconvenience, aggravation, and emotional distress.

(b) The application shall be delivered in person, by certified mail, or electronically in a manner prescribed by the bureau, to an office of the bureau no later than one year after the judgment has become final.

(c) The application shall be made on a form prescribed by the bureau, verified by the claimant, and shall include the following:

(1) The name and address of the claimant.

(2) If the claimant is represented by an attorney, the name, business address, and telephone number of the attorney.

(3) The identification of the judgment, the amount of the claim and an explanation of its computation.

(4) A detailed narrative statement of the facts in explanation of the allegations of the complaint upon which the underlying judgment is based.

(5)(A) Except as provided in subparagraph (B), a statement by the claimant, signed under penalty of perjury, that the complaint upon which the underlying judgment is based was prosecuted conscientiously and in good faith. As used in this section, "conscientiously and in good faith" means that no party potentially liable to the claimant in the underlying transaction was intentionally and without good cause omitted from the complaint, that no party named in the complaint who otherwise reasonably appeared capable of responding in damages was dismissed from the complaint intentionally and without good cause, and that the claimant employed no other procedural means contrary to the diligent prosecution of the complaint in order to seek to qualify for the Recovery Account.

(B) For the purpose of an application based on a criminal restitution order, all of the following statements by the claimant:

(i) The claimant has not intentionally and without good cause failed to pursue any person potentially liable to the claimant in the underlying transaction other than a defendant who is the subject of a criminal restitution order.

(ii) The claimant has not intentionally and without good cause failed to pursue in a civil action for damages all persons potentially liable to the claimant in the underlying transaction who otherwise reasonably appeared capable of responding in damages other than a defendant who is the subject of a criminal restitution order.

(iii) The claimant employed no other procedural means contrary to the diligent prosecution of the complaint in order to seek to qualify for the Recovery Account.

(6) The name and address of the judgment debtor or, if not known, the names and addresses of persons who may know the judgment debtor's present whereabouts.

(7) The following representations and information from the claimant:

(A) That the claimant is not a spouse of the judgment debtor nor a personal representative of the spouse.

(B) That the claimant has complied with all of the requirements of this chapter.

(C) That the judgment underlying the claim meets the requirements of subdivision (a).

(D) A description of searches and inquiries conducted by or on behalf of the claimant with respect to the judgment debtor's assets liable to be sold or applied to satisfaction of the judgment, an itemized valuation of the assets discovered, and the results of actions by the claimant to have the assets applied to satisfaction of the judgment.

(E) That the claimant has diligently pursued collection efforts against all judgment debtors and all other persons liable to the claimant in the transaction that is the basis for the underlying judgment.

(F) That the underlying judgment and debt have not been discharged in bankruptcy, or, in the case of a bankruptcy proceeding that is open at or after the time of the filing of the application, that the judgment and debt have been declared to be nondischargeable.

(G) That the application was submitted to the bureau, as prescribed in subdivision (b), no later than one year after the underlying judgment became final.

(d) The application form shall include detailed instructions with respect to documentary evidence, pleadings, court rulings, the products of discovery in the underlying litigation, and a notice to the applicant of their obligation to protect the underlying judgment from discharge in bankruptcy, to be appended to the application.

(e) An application for payment from the Recovery Account that is based on a criminal restitution order shall comply with all of the requirements of this chapter. For the purpose of an application based on a criminal restitution order, the following terms have the following meanings:

(1) "Complaint" means the facts of the underlying transaction upon which the criminal restitution order is based.

(2) "Judgment" means the criminal restitution order.

(3) "Judgment debtor" means any defendant who is the subject of the criminal restitution order.

**§ 11413.1. Service of Recovery Account application and notice on Judgment Debtor; contesting payment**

(a) The claimant shall serve a copy of the notice prescribed in subdivision (e) together with a copy of the application upon the judgment debtor by personal service, by certified mail, or by publication, as set forth in subdivision (b).

(b) If the judgment debtor holds an unexpired and unrevoked license issued by the bureau, service of the notice and a copy of the application may be made by certified mail addressed to the judgment debtor at the latest business or residence address on file with the bureau. If the judgment debtor does not hold an unexpired and unrevoked license issued by the bureau and personal service cannot be effected through the exercise of reasonable diligence, the claimant shall serve the judgment debtor by one publication of the notice in each of two successive weeks in a newspaper of general circulation published in the county in which the judgment debtor was last known to reside.

(c) If the application is served upon the judgment debtor by certified mail, service is complete five days after mailing if the place of address is within the State of California, 10 days after mailing if the place of address is outside the State of California but within the United States, and 20 days after mailing if the place of address is outside the United States. Personal service is complete on the date of service. Service by publication is complete upon completion of the second week of publication.

(d) If a judgment debtor wishes to contest payment of an application by the bureau, the debtor shall mail or deliver a written response to the application addressed to the bureau at its headquarters office within 30 days after service of the notice and application, and shall mail or deliver a copy of the response to the claimant. If a judgment debtor fails to mail or deliver a timely response, the debtor shall have waived their right to present objections to payment.

(e) The notice served upon the judgment debtor shall include the following statement:

“NOTICE: Based upon a judgment entered against you in favor of \_\_\_\_\_  
(name of claimant)  
application for payment from the Recovery Account of the Real Estate Appraisers Regulatory Fund is being made to the Bureau of Real Estate Appraisers.

“If payment is made from the Recovery Account on an application where the final judgment was established by clear and convincing evidence or the Bureau of Real Estate Appraisers determined that the claimant provided clear and convincing evidence of the judgment debtor's fraud, misrepresentation, or deceit with intent to defraud, all licenses and license rights that you have under the Real Estate Appraisers' Licensing and Certification Law will be automatically suspended on the date of payment. Your license cannot be reinstated until the Recovery Account has been reimbursed for the amount paid plus interest at the prevailing rate.

“If you wish to contest payment by the Bureau of Real Estate Appraisers, you must file a written response to the application addressed to the Bureau of Real Estate Appraisers at \_\_\_\_\_ within 30 days after mailing, delivery, or publication of this notice and mail or deliver a copy of that response to the claimant. If you fail to do so, you will have waived your right to present your objections to payment.”

(f) If a judgment debtor fails to mail or deliver a written response to the application with the bureau within 30 days after personal service, mailing, or final publication of the notice, the judgment debtor shall not thereafter be entitled to notice of any action proposed to be taken by the bureau with respect to the application.

#### **§ 11413.2. File Size of Electronic Submissions; Submission Date Considered Filed Date**

(a) For all applications and documents submitted electronically to the bureau, the claimant or claimant's attorney shall submit the application and supporting documentation as a single, noneditable but printable portable document format (PDF). The total file size shall not exceed 100 megabytes.

(b) Any electronically submitted application received by the bureau shall be considered filed on the date received by the bureau.

#### **§ 11413.3. Response to Payment Application by Judgment Debtor**

(a) The response by a judgment debtor shall contain a verification that a copy of the response was sent to the claimant or, if the claimant is represented by an attorney, to the claimant's attorney, at the address specified in the application for the claimant or their attorney.

(b) If the judgment debtor is not represented by an attorney in objecting to payment of the application, the response shall contain the judgment debtor's name, the address at which they wish to receive correspondence and notices relating to the application, and a telephone number where they can be reached during regular business hours. If the judgment debtor is represented by an attorney in objecting to the application, the response shall contain the name, business address, and telephone number of the attorney.

#### **§ 11413.4. Written Argument by Judgment Debtor and Claimant**

(a) A judgment debtor who has filed a response objecting to payment to a claimant from the Recovery Account may submit a written argument setting forth in detail the factual and legal bases, including all supporting documentation, upon which they believe the application should be denied. The argument may be submitted at any time from the filing of the response until 30 days after the date of mailing of the notice set forth in subdivision (c) of Section 11413.1, and shall be served upon the bureau and the claimant as specified in Section 11417.4.

(b) The claimant shall have 30 days after the mailing of argument by the judgment debtor in which to submit their own argument in favor of payment. The argument by the claimant shall be served upon the bureau and the judgment debtor as specified in Section 11417.4.

#### **§ 11414. Application Deficiencies**

(a) If the bureau determines that the application as submitted by the claimant fails to comply substantially with the requirements of Section 11413 or with the requirements of a regulation adopted by the chief under authority of Section 11313, the bureau shall, within 45 days after receipt of the application, mail an itemized list of deficiencies to the claimant.

(b) The time within which the bureau is required to act under Section 11415 shall be measured from the date of receipt by the bureau of an application that is substantially complete. In the event of an irreconcilable dispute between the claimant and the bureau on the question of whether the application is substantially complete, the claimant may immediately file the claim with the court pursuant to Section 11417.3.

#### **§ 11414.1. Application Form for Payment from Recovery Account; Requirements; Substantially Complete Application**

(a) An application for payment from the Recovery Account shall be made on a form prescribed by the bureau, shall contain the items specified by subdivision (c) of Section 11413, and shall contain all of the information specified in Section 11414.2, except as provided in subdivision (b) of this section. The application shall be verified by the claimant in the manner specified in Section 446 of the Code of Civil Procedure for the verification of a pleading. If executed outside of California, the information in the application and accompanying documents shall be verified before a person qualified to administer oaths within the jurisdiction where executed or certified under penalty of perjury in accordance with the provisions of subdivision (b) of Section 2015.5 of the Code of Civil Procedure.

(b) The application is deemed verified by claimant if electronically submitted to the bureau, provided that one of the following conditions is satisfied:

(1) If the claimant is the electronic filer, the claimant signs the application using an electronic signature and declares under penalty of perjury under the laws of the State of California that the information submitted is true and correct.

(2) If the claimant's attorney is the electronic filer, the claimant signs the application using a digital signature.

(3) If the claimant affixes a wet signature on the printed application before electronically submitting the application to the bureau, the claimant or claimant's attorney certifies that the original signed application is available for inspection and will be mailed to the bureau, upon the bureau's written request.

(c) The claimant may submit with the application less than all of the information specified in Section 11414.2 as constituting a substantially complete application if the claimant believes that the information submitted with the application is sufficient for the bureau to determine whether the application qualifies under Sections 11412.1 to 11419.3, inclusive, for payment from the Recovery Account. An application shall not be deemed substantially complete within the meaning of Section 11414.2 unless either of the following applies:

(1) The bureau determines that the information submitted is sufficient for the bureau to make a determination whether the application qualifies for payment from the Recovery Account and notifies the claimant.

(2) The application and supporting information meet all of the requirements specified in Section 11414.2.

(d) If any documents or other attachments are submitted with the application, the application shall contain a verification by the claimant that the documents are true and correct copies of the originals and, if the documents purport to be copies of documents filed in court, that they are true and correct copies of the originals filed with the court.

(e) The application shall contain the name and address of the claimant and, if the claimant is not being represented by an attorney in the filing of the application, a telephone number where the claimant can be reached during regular business hours. If the claimant is represented by an attorney in the filing of the application, the application shall contain the name, business address, and telephone number of the attorney.

#### **§ 11414.2. Definition of “Substantially Complete”**

Except as provided in Section 11414.1, an application for payment from the Recovery Account is “substantially complete” within the meaning of subdivision (b) of Section 11414 if it contains and complies with all of the following:

(a) Proof that the judgment debtor was served with the notice and application.

(b) A copy of the judgment showing it to be a final judgment and any findings of facts, conclusions of law, jury verdicts, jury special verdicts, statements of decisions, memorandum decisions, or any other indication by the court or jury of its decision and the reasons for the decision. If the original judgment was appealed, copies of the appellate decision and remittitur.

(c) Copies of the original complaint, answer, cross-complaints, answers to cross-complaints, and all amendments or other subsequent versions of any of those documents.

(d) Copies of any pretrial or posttrial briefs or settlement conference statements.

- (e) A listing of all depositions and interrogatories taken in the underlying action, describing the party or parties taking the deposition or propounding the interrogatories, the deponent or person responding to interrogatories, and all persons present at any deposition.
- (f) Copies of any demurrers or motions for summary judgment, supporting documents, and rulings thereon.
- (g) Copies of all documents reflecting the terms of the underlying transaction, including, but not limited to, offers, counteroffers, escrow instructions, closing statements, deeds, notes, and deeds of trust.
- (h) A detailed narrative description by the claimant under penalty of perjury of all the facts of the underlying transaction, including how the claimant was damaged by the judgment debtors and the roles of all other persons involved in the transaction.
- (i) A description by the claimant of the basis for each element of damages.
- (j) If any codefendant was dismissed from the underlying lawsuit, a statement of the reason for dismissal as to each codefendant.
- (k) A list of the names of any witnesses who testified at the underlying trial and the present or last known addresses of the witnesses to the extent known by the claimant.
- (l) A description of searches and inquiries conducted by or on behalf of the claimant with respect to the assets of the judgment debtor and the assets of all other persons liable to the claimant in the transaction, which assets may be liable to be sold or applied to the losses suffered by the claimants, an itemized valuation of the assets discovered, and the results of actions by the claimant to have the assets applied to the losses suffered by the claimant.
- (m) If the claimant claimed any loss related to the transaction as a deduction on the claimant's tax return, a description of the amount of the tax benefit derived therefrom.
- (n) A statement whether the judgment debtor is known to have filed bankruptcy. If so, a statement whether the claimant was named as a creditor in the bankruptcy, filed a claim in the bankruptcy, and pursued an adversary complaint to have the debt determined to be nondischargeable. If the judgment debtor filed for bankruptcy and the claimant failed to take any of the foregoing actions, a statement as to why the claimant failed to take those actions.
- (o) Abstracts of judgment bearing evidence of having been recorded in the county or counties in which the judgment debtor may possibly have assets.
- (p) If any of the items specified in subdivisions (a) to (o), inclusive, are not included in the initial application, or are requested in a deficiency letter and not supplied, a statement under penalty of perjury that the claimant has made a diligent effort to locate and produce the items but has been unable to locate them or has found that they do not exist.

(q) All documents or copies of documents submitted to meet the requirements of this section shall be clear and legible.

(r) Certification by the claimant that all documents submitted are true and correct copies of the originals and, if the documents purport to be copies of documents filed in court, that they are true and correct copies of the originals filed with the court.

#### **§ 11415. Written Decision on Application; Compromise of Claim**

(a) The bureau shall render a final written decision on the application within 180 days after a completed application has been received unless the claimant agrees in writing to extend the time within which the bureau may render a decision.

(b) The bureau may deny or grant the application or may enter into a compromise with the claimant to pay less in settlement than the full amount of the claim. If the claimant refuses to accept a settlement of the claim offered by the bureau, the written decision of the bureau shall be to deny the claim or it shall be deemed denied if a written decision is not rendered within the time specified in subdivision (a). Evidence of settlement offers and discussions between the bureau and the claimant shall not be competent evidence in judicial proceedings undertaken by the claimant pursuant to Section 11417.3.

#### **§ 11415.1. Response to Application Deficiencies; Application Denial**

(a) If the bureau mailed one or more itemized lists of deficiencies to a claimant as provided by subdivision (a) of Section 11414, and if, after an unreasonable length of time the bureau has received no response to the latest list of deficiencies, the bureau may notify the claimant that unless the application is substantially complete within a specified period of time of not less than 30 days, the application will be denied.

(b) The determination of what constitutes an unreasonable length of time shall be within the discretion of the chief, taking into account the degree of difficulty in meeting the deficiencies specified. An “unreasonable length of time” shall not be deemed to be less than six months after the last mailing of a list of deficiencies.

(c) If the claimant has not received a response after the passing of the deadline specified by the bureau pursuant to subdivision (a), the bureau may deny the application.

#### **§ 11416. Investigation of Application; Right to Discovery; Payment on Claim**

(a) In its consideration and investigation of an application, the bureau shall have recourse to all appropriate means of investigation and discovery available to it under Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The bureau may grant payment on an application if the final judgment satisfies the requirements of Section 11413 and was established by proof by preponderance of the evidence, or a higher standard of proof.

### **§ 11417. Notice of Decision; Denial of Application**

(a) The bureau shall give notice of a decision rendered with respect to the application to the claimant and to a judgment debtor pursuant to Section 11413.1.

(b) If the application is denied, the notice to the claimant and judgment debtor shall include the following:

“Claimant's application has been denied. If the claimant wishes to pursue the application in court, the claimant must file the application as follows in a superior court of this state not later than six months after receipt of this notice, pursuant to Section 11417.3 of the Business and Professions Code. If the underlying judgment is a California state court judgment, the application shall be filed in the court in which the underlying judgment was entered. If the underlying judgment is a federal court judgment, the application shall be filed in the superior court of any county within California that would have been a proper venue if the underlying lawsuit had been filed in a California state court, or in the Superior Court of the County of Sacramento.”

(c) If the decision of the bureau is to make a payment to the claimant out of the Recovery Account, the following notice shall be given to the judgment debtor along with a copy of the decision of the bureau:

“The decision of the Bureau of Real Estate Appraisers on the application of \_\_\_\_\_ is to pay \$ \_\_\_\_\_ from the Recovery Account. A copy of that decision is enclosed.”

(d) If the decision of the bureau is to make a payment to the claimant out of the Recovery Account and to suspend the license of the judgment debtor, the following notice shall be given to the judgment debtor along with a copy of the decision of the bureau:

“The decision of the Bureau of Real Estate Appraisers on the application of \_\_\_\_\_ is to pay \$ \_\_\_\_\_ from the Recovery Account. A copy of that decision is enclosed.”

“Pursuant to Section 11418.2 of the Business and Professions Code, all of your licenses and license rights under the Real Estate Appraisers' Licensing and Certification Law will be suspended effective on the date of the payment, and you will not be eligible for reinstatement of any license issued under authority of the Real Estate Appraisers' Licensing and Certification Law until you have reimbursed the Recovery Account for this payment plus interest at the prevailing legal rate.”

“If you desire a judicial review of the suspension of your licenses and license rights, you may petition the superior court for a writ of mandamus. If the underlying judgment is a California

state court judgment, the petition shall be filed in the court in which the judgment was entered. If the underlying judgment is a federal court judgment, the petition shall be filed in the superior court of any county within California that would have been a proper venue if the underlying lawsuit had been filed in a California state court, or in the Superior Court of the County of Sacramento. To be timely, the petition must be filed with the court within 30 days of receipt of this notice.”

### **§ 11417.1. Writ of Mandamus**

(a) If the decision of the bureau is to make a payment out of the Recovery Account and the judgment debtor files a writ of mandamus as provided in subdivision (c) of Section 11417, no payment shall be made of the pending application unless and until the writ of mandamus has been denied and the denial has become final.

(b) If the writ of mandamus is granted on the basis that the claimant has not met the requirements for payment from the Recovery Account, the application shall be denied.

### **§ 11417.2. Claims Exceeding Limits; Proration Proceeding**

If, at any time prior to the rendering of a decision on an application, the bureau makes a preliminary determination that the aggregate valid applications of all aggrieved persons against that licensee are likely to exceed the limits of liability in Section 11418, the bureau shall, in lieu of further administrative proceedings, initiate a proration proceeding pursuant to Section 11418.1 in a superior court of any county in this state that would be a proper court for the filing of a denied application or writ of mandamus pursuant to Section 11417.

### **§ 11417.3. Claims Denied by Bureau; Application for Order Directing Payment**

(a) A claimant against whom the bureau has rendered a decision denying an application pursuant to Section 11413 may, within six months after the mailing of the notice of the denial, file a verified application in superior court for an Order Directing Payment Out of the Recovery Account based upon the grounds set forth in the application to the bureau. If the underlying judgment is a California state court judgment, the application shall be filed in the court in which the underlying judgment was entered. If the underlying judgment is a federal court judgment, the application shall be filed in the superior court of any county within California that would have been a proper venue if the underlying lawsuit had been filed in a California state court, or in the Superior Court of the County of Sacramento.

(b) A copy of the verified application shall be served upon the bureau and upon the judgment debtor. A certificate or affidavit of service shall be filed by the claimant with the court. Service on the bureau may be made by certified mail addressed to the headquarters office of the bureau. Service upon a judgment debtor may be made in accordance with Section 11413.1. The notice served upon the judgment debtor shall read as follows:

“NOTICE: An application has been filed with the court for a payment from the Recovery Account that was previously denied by the Bureau of Real Estate Appraisers.

“If the Bureau of Real Estate Appraisers makes a payment from the Recovery Account pursuant to a court order, all of your licenses and license rights under the Real Estate Appraisers' Licensing and Certification Law may be suspended until the Recovery Account has been reimbursed for the amount paid plus interest at the prevailing rate.

“If you wish to defend in court against this application, you must file a written response with the court within 30 days after having been served with a copy of the application. If you do not file a written response, you will have waived your right to defend against the application.”

#### **§ 11417.4. Service Requirements**

After initial service of the application on the bureau and the judgment debtor by the claimant as provided by subdivision (b) of Sections 11413 and subdivisions (a) and (b) of 11413.1, and after service of a response by the judgment debtor as provided by subdivision (c) of Sections 11413.1 and 11413.3, all parties shall be served with subsequent correspondence and notices by first class mail as follows:

(a) The Bureau shall be served at:

Bureau of Real Estate Appraisers  
3075 Prospect Park Drive, Suite 190  
Rancho Cordova, CA 95670

(b) The claimant shall be served at their address as specified in the application, or if the claimant is represented by an attorney, at the address of the attorney as specified in the application.

(c) The judgment debtor shall be served at their address as specified in the response or, if the judgment debtor is represented by an attorney, as specified in the response.

If the claimant or judgment debtor later wishes to be served at an address other than as specified above, the party shall notify the other parties by first class mail of the new address.

#### **§ 11417.5. Timing of Response to Application; Failure to File Response**

(a) The bureau and the judgment debtor shall each have 30 days after being served with the application in which to file a written response. The court shall thereafter set the matter for hearing upon the petition of the claimant. The court shall grant a request of the bureau for a continuance of as much as 30 days and may, upon a showing of good cause by any party, continue the hearing as the court deems appropriate.

(b) The claimant shall have the burden of proving compliance with the requirements of Section 11413 by competent evidence at an evidentiary hearing. The claimant shall be entitled to a de novo review of the merits of the application as contained in the administrative record.

(c) If the judgment debtor fails to file a written response to the application, the application may be compromised or settled by the bureau at any time during the court proceedings and the court shall, upon joint petition of the claimant and the bureau, issue an order directing payment out of the Recovery Account.

#### **§ 11417.6. Payment from Recovery Account; Defense by Bureau; Dismissal of Application**

(a) Whenever the court proceeds upon an application under Section 11417.3, it shall order payment out of the Recovery Account only upon a determination that the aggrieved party has a valid cause of action within the purview of Section 11413, and has complied with Section 11417.3.

(b) The bureau may defend any such action on behalf of the Recovery Account and shall have recourse to all appropriate means of defense and review, including examination of witnesses and the right to relitigate any issues material and relevant in the proceeding against the Recovery Account that were determined in the underlying action on which the judgment in favor of the applicant was based. If the judgment in favor of the applicant was by default, stipulation, consent, or pursuant to Section 594 of the Code of Civil Procedure, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant shall have the burden of proving that the cause of action against the licensee was for fraud, misrepresentation, or deceit with intent to defraud. Otherwise, the judgment shall create a rebuttable presumption of the fraud, misrepresentation, or deceit with intent to defraud. The presumption shall affect the burden of producing evidence.

(c) The bureau may move the court at any time to dismiss the application when it appears there are no triable issues and the petition is without merit. The motion may be supported by affidavit of any person or persons having knowledge of the facts, and may be made on the basis that the petition, and the judgment referred to therein, does not form the basis for a meritorious recovery claim within the purview of Section 11413; provided, however, the bureau shall give written notice at least 10 days before the motion.

(d) The bureau may, subject to court approval, compromise a claim based upon the application of an aggrieved party. The bureau shall not be bound by any compromise or stipulation of the judgment debtor.

#### **§ 11417.7. Defense by Judgment Debtor; Conclusive Matters**

The judgment debtor may defend an action against the Recovery Account on their own behalf and shall have recourse to all appropriate means of defense and review, including examination of

witnesses. All matters relating to the issues of fraud, misrepresentation, or deceit with intent to defraud finally adjudicated in the underlying action are conclusive as to the judgment debtor and the applicant in the proceeding against the Recovery Account, if the final judgment was established by proof by clear and convincing evidence or the bureau determined that the applicant provided clear and convincing evidence of the judgment debtor's fraud, misrepresentation, or deceit with intent to defraud.

### **§ 11418. Recovery Account; Liability Limits**

Notwithstanding any other provision of this chapter and regardless of the number of persons aggrieved or real estate appraisals involved in a transaction or the number of judgments against a licensee, the liability of the Recovery Account shall not exceed the following amounts:

(a) For applications for payment from the Recovery Account filed on or after January 1, 2026, fifty thousand dollars (\$50,000) for any one transaction and two hundred fifty thousand dollars (\$250,000) for any one licensee.

(b) When multiple licensed real estate appraisers are involved in a transaction and the individual conduct of two or more licensees results in a judgment meeting the requirements of subdivision (a) of Section 11413, the claimant may seek recovery from the Recovery Account based on the judgment against any licensed real estate appraiser, subject to the limitations of this section and subparagraph (E) of paragraph (7) of subdivision (c) of Section 11413.

### **§ 11418.1. Liability in Excess of Limit; Distribution Among Aggrieved Persons**

If the amount of liability of the Recovery Account as provided for in Section 11418 is insufficient to pay in full the valid claims of all aggrieved persons by whom claims have been filed against any one licensee, the amount shall be distributed among them in the ratio that their respective claims bear to the aggregate of the valid claims, or in any other manner as the court deems equitable. Distribution of any moneys shall be among the persons entitled to share therein, without regard to the order of priority in which their respective judgments may have been obtained or their claims have been filed. Upon petition of the bureau, the court may require all claimants and prospective claimants against one licensee to be joined in one action, to the end that the respective rights of all claimants to the Recovery Account may be equitably adjudicated and settled.

### **§ 11418.2. Payment from Recovery Account; Suspension and Reinstatement of License**

If the bureau pays from the Recovery Account any amount in settlement of a claim or toward satisfaction of a judgment against a licensed appraiser, the license of the appraiser shall be automatically suspended upon the date of payment from the Recovery Account if the final judgment was established by proof by clear and convincing evidence or the bureau determined that the claimant provided clear and convincing evidence of the fraud, misrepresentation, or

deceit with intent to defraud. No appraiser licensee shall be granted reinstatement until they have repaid in full, plus interest at the prevailing legal rate applicable to a judgment rendered in any court of this state, the amount paid from the Recovery Account on their account. A discharge in bankruptcy shall not relieve a person from the penalties and disabilities provided in this chapter.

### **§ 11418.3. Satisfaction of Unpaid Claims**

If, at any time, the money deposited in the Recovery Account is insufficient to satisfy any authorized claim or portion thereof, the bureau shall, when sufficient money has been deposited in the Recovery Account, satisfy the unpaid claims or portions thereof, in the order that the claims were approved, plus accumulated interest at the rate of 4 percent a year.

### **§ 11418.4. Deposits of Funds and Credit to Recovery Account**

Any sums received by the bureau pursuant to any provisions of this chapter shall be deposited in the State Treasury and credited to the Recovery Account.

### **§ 11419. False Statements; Documents Containing Misstatements of Fact**

A person or the agent of any person shall not file with the bureau any notice, statement, or other document required under this chapter that is false or untrue or contains any willful, material misstatement of fact. A violation of this section is punishable by imprisonment in the county jail for a period of not more than one year or a fine of not more than one thousand dollars (\$1,000), or both.

### **§ 11419.1. Subrogation of Judgment Creditor's Rights; Assignment of Rights in Judgment**

When the bureau has paid from the Recovery Account any sum to the judgment creditor, the bureau shall be subrogated to all of the rights of the judgment creditor and the judgment creditor shall assign all of their rights, titles, and interests in the judgment to the bureau, and any amount and interest recovered by the bureau on the judgment shall be deposited to the Recovery Account.

### **§ 11419.2. Noncompliance; Waiver of Rights**

The failure of an aggrieved person to comply with this chapter shall constitute a waiver of any rights hereunder.

### **§ 11419.3. Disciplinary Actions Not Limited by Repayment**

Nothing in this chapter limits the authority of the bureau to take disciplinary action against a licensee for a violation of this part or of the rules and regulations adopted by the chief. The repayment in full of all obligations to the Recovery Account by a licensee does not nullify or modify the effect of any other disciplinary proceeding brought pursuant to this part.

## **§ 11420. Chapter Duration**

This chapter shall remain in effect only until January 1, 2030, and as of that date is repealed.

## **Chapter 9. Miscellaneous**

### **§ 11422. Roster of Licensees**

The bureau shall, on or before February 1, 1994, and at least annually thereafter, transmit to the appraisal subcommittee specified in subdivision (g) of Section 11302 a roster of persons licensed pursuant to this part.

### **§ 11423. Loan Secured by Real Property, Lender to Give Notice of Right to Receive Appraisal**

(a) For purposes of this section:

(1) “Applicant” means a person who has made a written request for an extension of credit which is proposed to be secured by real property. The term does not include a guarantor, surety, or other person who will not be directly liable on the loan.

(2) “Appraisal” shall have the same meaning as set forth in subdivision (b) of Section 11302.

(3) “Residential real property” means real property located in the State of California containing only a one-to-four family residence.

(b) A lender in a loan transaction secured by real property shall provide notice as described in this section to a loan applicant of the applicant’s right to receive a copy of the appraisal, provided he or she has paid for the appraisal.

An applicant’s written request for a copy of an appraisal must be received by the lender no later than 90 days after (1) the lender has provided notice of the action taken on the application, including a notice of incompleteness, or (2) the application has been withdrawn.

(c) The lender shall mail or deliver a copy of an appraisal within 15 days after receiving a written request from the applicant, or within 15 days after receiving the appraisal, whichever occurs later.

(d) Where the loan is proposed to be secured by residential real property, the notice of the applicant’s right to a copy of the appraisal as provided in subdivision (b) shall be given in at least 10-point boldface type, as a separate document in a form that the applicant may retain, and no later than 15 days after the lender receives the written application. The notice shall specify that the applicant’s request for the appraisal must be in writing and must be received by the lender no later than 90 days after the lender provides notice of the action taken on the application or a notice of incompleteness, or in the case of a withdrawn application, 90 days after the withdrawal.

An address to which the request should be sent shall be specified in the notice. Release of the appraisal to the applicant may be conditioned upon payment of the cost of the appraisal.

(e) Where the loan is proposed to be secured by nonresidential real property, the notice of the applicant's right to a copy of the appraisal shall be given within 15 days of receiving the appraisal. The notice shall specify that the applicant's request for a copy of the appraisal must be in writing and that the request must be made within the time specified in subdivision (b) and that the applicant is only entitled to receive the appraisal or appraisals obtained by the lender for the purpose of evaluating the applicant's pending request for an extension of credit. Release of the appraisal to the applicant may be conditioned upon payment of the cost of the appraisal and the cost of duplicating the appraisal.

(f) Nothing in this section is intended to effect a change in current law in any manner with respect to reliance on an appraisal by anyone other than the lender who released the appraisal.

(g) This section does not apply to appraisals obtained by lenders on property owned by the lender, nor to appraisals obtained by the lender in anticipation of modifying any existing loan agreement if the lender has not charged for the appraisal.

(h) In the case of loans secured by residential real property, compliance with Regulation B (12 CFR Part 202 et seq.) of the Federal Reserve Board is deemed to be compliance with the provisions of this section and Section 10241.3.

(i) This section is in addition to any right of access to appraisals that exists under any other provision of state or federal law.

#### **§ 11424. Prohibited Considerations in Analysis of Market Value**

(a) Licensees shall not base, either partially or completely, their analysis or opinion of market value on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, source of income, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act.

(b) The provisions of Section 10185 do not apply to this section.

#### **§ 11425. Feasibility Study on Mandatory Licensing; Report**

(a) The bureau shall conduct a one-time study on the feasibility of mandatory licensing for real estate appraisers in California. The bureau shall report its findings, in compliance with Section 9795 of the Government Code, to all appropriate committees of the Legislature on or before December 31, 2028. The report shall include, at a minimum, all of the following:

(1) The types of real estate appraisal assignments for which a license is currently not required in California, including the estimated population of individuals engaged in each type of appraisal assignment.

(2) Information from other states, including the scope of authorized activities in each state, license application and issuance costs, licensee populations, and any issues or consumer protection resulting from regulation in that state.

(3) The appraisal assignments that are recommended to be regulated in California, recommended exemptions, an implementation plan, recommended amendments to existing law, and an estimated timeline for implementation.

(4) Fiscal estimates, including estimated costs of implementing the recommendations, estimated revenue generated by the recommendations, and the potential impact to existing license fees.

(b) The bureau shall hold at least two public meetings prior to publication of the report to gather information from the public, consult with interested parties, and incorporate relevant stakeholder feedback.

(c) This section is repealed on January 1, 2030, pursuant to Section 10231.5 of the Government Code.