

SUBSTITUTE FOR
HOUSE BILL NO. 5860

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 2601 and 2605 (MCL 339.2601 and 339.2605), as
amended by 2006 PA 414.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2601. As used in this article:

2 (a) "Appraisal" means an opinion, conclusion, or analysis
3 relating to the value of real property but does not include any of
4 the following:

5 (i) A market analysis performed by a person **THAT IS** licensed
6 under article 25 solely for the purpose of assisting a customer or
7 potential customer in determining the potential sale, purchase, or
8 listing price of real property or the rental rate of real property

as long as a fee or any other valuable consideration is not charged for that analysis.

(ii) A market analysis of real property for a fee performed by a broker or associate broker **WHO IS** licensed under article 25 ~~which~~ **THAT** does not involve a federally related transaction if the market analysis is put in writing and it states in ~~boldface~~ **BOLDFACED** print "This is a market analysis, not an appraisal and was prepared by a licensed real estate broker or associate broker, not a licensed appraiser.". ~~Failure to do so results in the individual being subject to the penalties set forth in article 6.~~

(iii) An assessment of the value of real property performed on behalf of a local unit of government **THAT IS** authorized to impose property taxes when performed by an assessor **WHO IS** certified under section 10d of the general property tax act, 1893 PA 206, MCL 211.10d, or an individual employed in an assessing capacity.

(b) "AOB criteria" means ~~the~~ **ALL OF THE FOLLOWING, IF APPLICABLE:**

(i) **THE** criteria established by the appraiser qualifications board of the appraisal foundation ~~or as adopted by rule of the director. Until January 1, 2008, AOB criteria means the criteria entitled "Real Property Appraiser Qualification Criteria and Interpretation of the Criteria", adopted by the appraiser qualifications board on February 16, 1994, effective January 1, 1998, and as revised and effective January 1, 2003. Beginning January 1, 2008, AOB criteria means the criteria entitled "Real Property Appraiser Qualification Criteria and Interpretation of the Criteria", adopted by the appraiser qualifications board on~~

1 ~~February 20, 2004, effective January 1, 2008.~~ AND IN EFFECT ON THE
2 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBPARAGRAPH (ii) .
3 THE DIRECTOR BY RULE MAY AMEND THE CRITERIA DESCRIBED IN THIS
4 SUBPARAGRAPH IF THE DIRECTOR DETERMINES THAT AN AMENDMENT IS
5 REQUIRED FOR PURPOSES OF THIS ARTICLE.

6 (ii) ANY AMENDMENTS ADOPTED BY THE APPRAISER QUALIFICATIONS
7 BOARD OF THE APPRAISAL FOUNDATION TO THE CRITERIA DESCRIBED IN
8 SUBPARAGRAPH (i) . THE DIRECTOR BY RULE MAY AMEND THE AMENDMENTS
9 DESCRIBED IN THIS SUBPARAGRAPH IF THE DIRECTOR DETERMINES THAT AN
10 AMENDMENT IS REQUIRED FOR PURPOSES OF THIS ARTICLE.

11 (c) "Appraiser" means an individual WHO IS engaged in or
12 offering to engage in the development and communication of an
13 appraisal.

14 (d) "Certified general real estate appraiser" means an
15 individual who is licensed under section 2610 to appraise all types
16 of real property, including nonresidential real property involving
17 federally related transactions and real estate related financial
18 transactions.

19 (e) "Certified residential real estate appraiser" means an
20 individual who is licensed under section 2610 to appraise all types
21 of residential real property involving real estate related
22 financial transactions and federally related transactions as
23 authorized by the regulations of a federal financial institution
24 regulatory agency and resolution trust corporation as well as any
25 nonresidential, nonfederally related transaction for which the
26 individual is qualified.

27 (f) "Federal financial institution regulatory agency" means

1 the board of governors of the federal reserve system, the federal
 2 deposit insurance corporation, the office of the comptroller of the
 3 currency, the office of thrift supervision, or the national credit
 4 union administration.

5 (g) "Federally related transaction" means any real estate
 6 related financial transaction that a federal financial institution
 7 regulatory agency engages in, contracts for, or regulates and that
 8 requires the services of an appraiser under any of the following:

9 (i) 12 CFR part 323, adopted by the federal deposit insurance
 10 corporation.

11 (ii) 12 CFR parts 208 and 225, adopted by the board of
 12 governors of the federal reserve system.

13 (iii) 12 CFR parts 701, 722, and 741, adopted by the national
 14 credit union administration.

15 (iv) 12 CFR part 34, adopted by the office of the comptroller
 16 of the currency.

17 (v) 12 CFR parts 506, 545, 563, 564, and 571, adopted by the
 18 office of thrift supervision.

19 (h) "Limited real estate appraiser" means an individual
 20 ~~meeting~~ **WHO MEETS** the AQB criteria for appraiser trainee and **IS**
 21 licensed under section 2610 to perform appraisals of ~~real property~~
 22 ~~not involving real estate related financial transactions or~~
 23 ~~federally related transactions that require the services of a state~~
 24 ~~licensed real estate appraiser, certified residential real estate~~
 25 ~~appraiser, or certified general real estate appraiser.~~ **THOSE**
 26 **PROPERTIES THAT THE STATE CERTIFIED SUPERVISORY APPRAISER IS**
 27 **PERMITTED AND COMPETENT TO APPRAISE.**

(i) "Real estate related financial transaction" means any of the following:

(i) A sale, lease, purchase, investment in, or exchange of real property or the financing of real property.

(ii) A refinancing of real property.

(iii) The use of real property as security for a loan or investment, including mortgage-backed securities.

(j) "Real property" means an identified tract or parcel of land, including improvements on that land, as well as any interests, benefits, or rights inherent in the land.

(k) "Residential real property" means real property used as a residence containing a dwelling that has not more than 4 living units.

(l) "State licensed real estate appraiser" means an individual who is licensed under section 2610 to appraise real property, including, but not limited to, residential and nonresidential real property involving federally related transactions and real estate related financial transactions.

(m) "Uniform standards of professional appraisal practice" means ~~those standards~~ **ALL OF THE FOLLOWING, IF APPLICABLE:**

(i) STANDARDS relating to real property adopted by the appraisal foundation ~~on March 31, 1999, or as adopted by rule of the director.~~ **AND IN EFFECT ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBPARAGRAPH (ii). THE DIRECTOR BY RULE MAY AMEND THE STANDARDS DESCRIBED IN THIS SUBPARAGRAPH IF THE DIRECTOR DETERMINES THAT AN AMENDMENT IS REQUIRED FOR PURPOSES OF THIS ARTICLE.**

(ii) ANY AMENDMENTS ADOPTED BY THE APPRAISER STANDARDS BOARD OF

1 THE APPRAISAL FOUNDATION TO THE STANDARDS DESCRIBED IN SUBPARAGRAPH
2 (i). THE DIRECTOR BY RULE MAY AMEND THE AMENDMENTS DESCRIBED IN THIS
3 SUBPARAGRAPH IF THE DIRECTOR DETERMINES THAT AN AMENDMENT IS
4 REQUIRED FOR PURPOSES OF THIS ARTICLE.

5 Sec. 2605. (1) At a minimum and subject to subsection (2),
6 ~~licensees~~ **A LICENSEE** under this article **WHO PERFORMS AN APPRAISAL**
7 shall utilize the uniform standards of professional appraisal
8 practice **THAT ARE IN EFFECT AT THE TIME THE LICENSEE IS ENGAGED TO**
9 **PERFORM THE APPRAISAL.**

10 (2) The director may supplement or adopt by reference any
11 amendments to the uniform standards of professional appraisal
12 practice through the promulgation of rules if the director
13 determines that the amendments or supplemental standards serve as a
14 basis for the competent development and communication of an
15 appraisal and are not in conflict with federal requirements.

16 (3) The director through promulgation of a rule may supplement
17 or adopt by reference any changes promulgated by a federal
18 financial institution regulatory agency relative to standards for a
19 federally related transaction.

20 (4) The department shall utilize the AQB criteria regarding
21 education, examination, and experience for licensure under this
22 article. ~~The AQB criteria are adopted by reference. The department~~
23 ~~may, by promulgation of a rule by the director, supplement or amend~~
24 ~~the standards by adoption of a stricter standard that is otherwise~~
25 ~~in compliance with the minimum AQB criteria in effect or by~~
26 ~~adoption of subsequent amendments to that standard adopted by the~~
27 ~~appraiser qualification board of the appraisal foundation.~~

1 Enacting section 1. This amendatory act takes effect January
2 1, 2015.