

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 829*
Commerce Committee Substitute Adopted 7/28/09
Third Edition Engrossed 8/5/09
House Committee Substitute Favorable 6/10/10

Short Title: Regulation of Appraisal Management Companies.

(Public)

Sponsors:

Referred to:

March 25, 2009

A BILL TO BE ENTITLED

AN ACT TO REGULATE REAL ESTATE APPRAISAL MANAGEMENT COMPANIES.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 93E of the General Statutes is amended by adding a new Article to read:

"Article 2.

"Real Estate Appraisal Management Companies.

"§ 93E-2-1. Registration required of real estate appraisal management companies; exceptions.

Beginning January 1, 2011, it shall be unlawful for any person, corporation, partnership, sole proprietorship, subsidiary, unit, or any other business entity in this State to do any of the following without first registering with the Board under the provisions of this Article:

- (1) Directly or indirectly engage or attempt to engage in business as an appraisal management company.
- (2) Advertise or make a representation that the person or entity is engaging in or conducting business as an appraisal management company.
- (3) In any way act as or provide the services of an appraisal management company.

"§ 93E-2-2. Definitions.

(a) The following definitions apply in this Article:

- (1) Appraisal management company. – A corporation, partnership, sole proprietorship, subsidiary, unit, or other business entity that utilizes an appraisal panel or fee panel and performs, directly or indirectly, appraisal management services.

An appraisal management company does not include any of the following:

- a. Any agency of the federal government or any State or municipal government.
- b. An appraiser who enters into an agreement, whether written or otherwise, with another appraiser for the performance of an appraisal, and upon completion of the appraisal, the appraisal report is signed both by the appraiser who completed the appraisal and the appraiser who requested the completion of the appraisal, except that an appraisal management company may not avoid the requirements of this Article by requiring that an employee of the appraisal management company who is an appraiser sign an appraisal report



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- 1 that is completed by an appraiser who is a member of the appraisal
2 panel of the appraisal management company.
- 3 c. Any state or federally chartered bank, farm credit system, savings
4 institution, or credit union.
- 5 d. Any licensed real estate broker performing only activities in
6 accordance with Article 1 of this Chapter.
- 7 e. Any officer or employee of an exempt entity described in this
8 subdivision when acting in the scope of employment for the exempt
9 entity.
- 10 f. Any person licensed to practice law in this State, a court-appointed
11 personal representative or trustee who orders an appraisal in
12 connection with a bona fide client relationship in which the person
13 directly contracts with an independent appraiser.
- 14 (2) Appraisal management services. – Direct or indirect performance of any of
15 the following functions on behalf of a lender, financial institution, client, or
16 any other person:
- 17 a. Administer an appraiser panel.
- 18 b. Recruit, qualify, and/or verify licensing or certification of appraisers
19 who are or may become part of an appraiser panel.
- 20 c. Negotiate fees and service level expectations with appraisers who are
21 part of an appraiser panel.
- 22 d. Receive an order for an appraisal from one person and deliver the
23 order for the appraisal to an appraiser that is part of an appraiser
24 panel for completion.
- 25 e. Take and determine the status of orders for appraisals.
- 26 f. Conduct quality control of a completed appraisal performed by an
27 appraiser who is part of an appraiser panel prior to the delivery of the
28 appraisal to the person that ordered the appraisal.
- 29 g. Provide a completed appraisal performed by an appraiser who is part
30 of an appraiser panel to one or more persons who have ordered an
31 appraisal.
- 32 (3) Appraiser panel or fee panel. – A network of licensed or certified appraisers
33 who are independent contractors to the appraisal management company that
34 have:
- 35 a. Responded to an invitation, request, or solicitation from an appraisal
36 management company, in any form, to perform appraisals for
37 persons that have ordered appraisals through the appraisal
38 management company or to perform appraisals for the appraisal
39 management company directly, on a periodic basis, as requested and
40 assigned by the appraisal management company; and
- 41 b. Been selected and approved by an appraisal management company to
42 perform appraisals for any client or the appraisal management
43 company that has ordered an appraisal through the appraisal
44 management company or to perform appraisals for the appraisal
45 management company directly, on a periodic basis, as assigned by
46 the appraisal management company.
- 47 (4) Appraisal review. – The act or process of developing and communicating an
48 opinion about the quality of another appraiser's work that was performed as
49 part of an appraisal assignment, except that an examination of an appraisal
50 for grammatical, typographical, or other similar errors shall not be an
51 appraisal review.

- 1 (5) Board. – The North Carolina Appraisal Board under Article 1 of this
2 Chapter.
- 3 (6) Employee. – An individual who has an employment relationship
4 acknowledged by both the individual and the company and is treated as an
5 employee for purposes of compliance with federal income tax laws.
- 6 (7) Registrant. – A real estate appraisal management company registered
7 pursuant to this Article.

8 (b) The definitions contained in G.S. 93E-1-4 also apply in this Article.

9 **"§ 93E-2-3. Rule-making authority.**

10 The Board shall have the authority to adopt rules that are reasonably necessary to
11 implement, administer, and enforce the provisions of this Article.

12 **"§ 93E-2-4. Qualifications for registration; duties of registrants.**

13 (a) Any person or entity desiring to be registered as an appraisal management company
14 in this State shall make written application to the Board on forms prescribed by the Board
15 setting forth the applicant's qualifications for registration. The application shall be accompanied
16 by the applicable fee under G.S. 93E-2-6 and any other information the Board deems necessary
17 pursuant to rules adopted by the Board. Upon receipt of a properly completed application and
18 fee and upon a determination by the Board that the applicant is of good moral character, the
19 Board shall issue to the applicant a certificate of registration authorizing the applicant to act as
20 a real estate appraisal management company in this State.

21 (b) The registration required by subsection (a) of this section shall include the following
22 information:

- 23 (1) Legal name of the entity seeking registration.
- 24 (2) Business address of the entity seeking registration.
- 25 (3) Phone contact information of the entity seeking registration.
- 26 (4) If the entity is not a corporation that is domiciled in this State, the name and
27 contact information for the company's agent for service of process in this
28 State.
- 29 (5) The name, address, and contact information for any individual or any
30 corporation, partnership, or other business entity that owns ten percent
31 (10%) or more of the appraisal management company.
- 32 (6) The name, address, and contact information for the compliance manager.
- 33 (7) A certification that the entity has a system and process in place to verify that
34 a person being added to the appraiser panel of the appraisal management
35 company holds a license in good standing in this State pursuant to the North
36 Carolina Appraisers Act if a license or certification is required to perform
37 appraisals.
- 38 (8) A certification that the entity has a system in place to require that appraisers
39 inform the appraisal management company of their areas of geographic
40 competency, the types of properties the appraiser is competent to appraise,
41 and the methodologies the appraiser is competent to perform.
- 42 (9) A certification that the entity has a system in place to review the work of all
43 independent appraisers that are performing real estate appraisal services for
44 the appraisal management company on a periodic basis to validate that the
45 real estate appraisal services are being conducted in accordance with the
46 Uniform Standards of Professional Appraisal Practice.
- 47 (10) A certification that the entity maintains a detailed record of each service
48 request that it receives and the independent appraiser that performs the
49 residential real estate appraisal services for the appraisal management
50 company.
- 51 (11) An irrevocable Uniform Consent to Service of Process.

1 (12) Any other information required by the Board pursuant to G.S. 93E-2-3.

2 (c) Any registrant having a good faith belief that a real estate appraiser licensed in this
3 State has violated applicable law or the Uniform Standards of Professional Appraisal Practice
4 or engaged in unethical conduct shall promptly file a complaint with the Board.

5 (d) Registered appraisal management companies shall pay fees to an appraiser within
6 30 days of the date the appraisal is transmitted by the real estate appraiser to the registrant,
7 except in cases of noncompliance with the conditions of the engagement. In such cases, the
8 registrant shall notify the real estate appraiser in writing that the fees will not be paid.

9 (e) To qualify to be registered as an appraisal management company, each individual
10 who owns, directly or indirectly, more than ten percent (10%) of the appraisal management
11 company shall be of good moral character, as determined by the Board, and shall submit all
12 information the Board deems necessary pursuant to the rules adopted by the Board.
13 Additionally, each owner shall certify that he or she has never had a license to act as an
14 appraiser refused, denied, cancelled, or revoked by the State of North Carolina or any other
15 state.

16 (f) A registered appraisal management company shall not enter into any contracts or
17 agreements with an independent appraiser for the performance of residential real estate
18 appraisal services for properties located in this State unless the independent appraiser is
19 licensed or certified in good standing pursuant to the North Carolina Appraisers Act.

20 **"§ 93E-2-5. Compliance manager.**

21 Each appraisal management company registered under this Article shall designate a
22 compliance manager who is responsible for ensuring the company operates in compliance with
23 this Article. The compliance manager shall be a certified real estate appraiser on active status
24 and in good standing, certified under Article 1 of this Chapter or under the comparable laws of
25 another state. The appraisal management company shall file a form with the Board indicating
26 the appraisal management company's designation of compliance manager and the individual's
27 acceptance of the responsibility. An appraisal management company shall notify the Board of
28 any change in the appraisal management company's compliance manager. Any appraisal
29 management company that does not comply with this section shall have the appraisal
30 management company's registration suspended pursuant to G.S. 93E-2-8 until the appraisal
31 management company complies with this section. An individual operating an appraisal
32 management company as a sole proprietorship shall be considered the compliance manager for
33 purposes of this Article.

34 **"§ 93E-2-6. Fees and renewals.**

35 (a) Each application for registration as an appraisal management company under this
36 Article shall be accompanied by a registration fee in an amount set by the Board not to exceed
37 three thousand five hundred dollars (\$3,500). Registration issued under this Article shall expire
38 on June 30, 2012, and on June 30 of each year thereafter. The registration shall become invalid
39 after that date unless renewed before the expiration date by filing an application with and
40 paying to the Board a fee in an amount set by the Board not to exceed two thousand dollars
41 (\$2,000).

42 (b) All registrations reinstated after the expiration date are subject to a late filing fee of
43 twenty dollars (\$20.00) for each month or part thereof that the registration is lapsed, not to
44 exceed one hundred twenty dollars (\$120.00). The late filing fee shall be in addition to the
45 required renewal fee. In the event a registrant fails to reinstate the registration within six
46 months after the expiration date, the registration shall expire and the registrant shall be required
47 to file a new application for registration. Reinstatement of a registration shall not be retroactive.

48 (c) The Board may issue a replacement registration to the registrant upon payment of
49 fifty dollars (\$50.00) to the Board. The Board may certify the registration history of an
50 appraisal management company registered under this Article upon payment of a fee of one
51 hundred dollars (\$100.00) to the Board.

"§ 93E-2-7. Prohibited acts.

(a) No employee, director, officer, or agent of a registered appraisal management company or any other third party acting as joint venture partner or independent contractor shall influence or attempt to influence the development, reporting, result, or review of a real estate appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner, including:

- (1) Withholding or threatening to withhold timely payment for a real estate appraisal report.
- (2) Withholding or threatening to withhold future business from a real estate appraiser or demoting or terminating or threatening to demote or terminate a real estate appraiser.
- (3) Expressly or impliedly promising future business, promotions, or increased compensation for a real estate appraiser.
- (4) Conditioning the ordering of a real estate appraisal report or the payment of a real estate appraisal fee, salary, or bonus on the opinion, conclusion, or valuation to be reached or on a preliminary estimate requested from a real estate appraiser.
- (5) Requesting that a real estate appraiser provide an estimated, predetermined, or desired valuation in a real estate appraisal report or provide estimated values or comparable sales at any time before the appraiser's completion of the appraisal report.
- (6) Providing to a real estate appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or targeted amount to be loaned to the borrower. However, a real estate appraiser may be provided with a copy of the sales contract for purchase transactions.
- (7) Providing to a real estate appraiser, or any entity or person related to the appraiser, stock or other financial or nonfinancial benefits.
- (8) Allowing the removal of a real estate appraiser from a list of qualified appraisers used by any entity without prior written notice to the appraiser. The notice shall include written evidence of the appraiser's illegal conduct, substandard performance, or otherwise improper or unprofessional behavior or any violation of the Uniform Standards of Professional Appraisal Practice or State licensing standards.
- (9) Any other act or practice that impairs or attempts to impair a real estate appraiser's independence, objectivity, or impartiality.
- (10) Requesting or requiring a real estate appraiser to collect a fee from the borrower, homeowner, or any other person in the provision of real estate appraisal services.
- (11) Altering, modifying, or otherwise changing a completed appraisal report submitted by an independent appraiser without the appraiser's written knowledge and consent.
- (12) Using an appraisal report submitted by an independent appraiser for any other transaction.
- (13) Requiring an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for any liability, damage, losses, or claims arising out of the services performed by the appraisal management company, and not the services performed by the appraiser.
- (14) Requiring an appraiser to provide the company with the appraiser's digital signature or seal.
- (15) Requiring or attempting to require an appraiser to prepare an appraisal if the appraiser, in the appraiser's own independent professional judgment,

1 believes the appraiser does not have the necessary expertise for the
2 assignment or for the specific geographic area and has notified the appraisal
3 management company and declined the assignment.

4 (16) Requiring or attempting to require an appraiser to prepare an appraisal under
5 a time frame that the appraiser, in the appraiser's own professional judgment,
6 believes does not afford the appraiser the ability to meet all the relevant legal
7 and professional obligations if the appraiser has notified the appraisal
8 management company and declined the assignment.

9 (b) Nothing in this section shall be construed as prohibiting an appraisal management
10 company from requesting that a real estate appraiser:

11 (1) Consider additional appropriate property information.

12 (2) Provide further detail, substantiation, or explanation for the real estate
13 appraiser's value conclusion, through the registrant's established dispute
14 process.

15 (3) Correct errors in the real estate appraisal report.

16 **"§ 93E-2-8. Disciplinary authority.**

17 (a) The Board may, by order, deny, suspend, revoke, or refuse to issue or renew a
18 registration of an appraisal management company under this Article or may restrict or limit
19 activities of a person who owns an interest in or participates in the business of an appraisal
20 management company if the Board determines that an applicant, registrant, or any partner,
21 member, manager, officer, director, compliance manager, or person occupying a similar status,
22 performing similar functions, or directly or indirectly controlling the applicant or registrant has
23 done any of the following:

24 (1) Filed an application for registration that, as of its effective date or as of any
25 date after filing, contained any statement that, in light of the circumstances
26 under which it was made, is false or misleading with respect to any material
27 fact.

28 (2) Violated or failed to comply with any provision of this Article or any rules
29 adopted by the Board.

30 (3) Been convicted of any felony or, within the past 10 years, been convicted of
31 any misdemeanor involving mortgage lending or real estate appraisal or any
32 offense involving breach of trust, moral turpitude, or fraudulent or dishonest
33 dealing.

34 (4) Been permanently or temporarily enjoined by any court of competent
35 jurisdiction from engaging in or continuing any conduct or practice
36 involving any aspect of the real estate appraisal management business.

37 (5) Been the subject of an order of the Board or any other state appraiser
38 regulatory agency denying, suspending, or revoking the person's license as a
39 real estate appraiser.

40 (6) Acted as an appraisal management company while not properly licensed by
41 the Board.

42 (7) Failed to pay the proper filing or renewal fee under this Article.

43 (b) The Board may, by order, summarily postpone or suspend the registration of an
44 appraisal management company pending final determination of any proceeding under this
45 section. Upon entering the order, the Board shall promptly notify the registrant that the order
46 has been entered and the reasons for the order. The Board shall calendar a hearing within 15
47 days after the Board receives a written request for a hearing. If a registrant does not request a
48 hearing, the order shall remain in effect until the order is modified or vacated by the Board. If a
49 hearing is requested, after notice of and opportunity for hearing, the Board may modify or
50 vacate the order or extend the order until the Board makes its final determination.

1 (c) The Board may, by order, impose a civil penalty upon a registrant or any partner,
2 officer, director, compliance manager, or other person occupying a similar status or performing
3 similar functions on behalf of a registrant for any violation of this Article. The civil penalty
4 shall not exceed ten thousand dollars (\$10,000) for each violation of this Article.

5 (d) In addition to other powers under this Article, upon finding that any action of a
6 person is in violation of this Article, the Board may order the person to cease from the
7 prohibited action. If the person subject to the order fails to appeal the order of the Board or the
8 person appeals the order and the appeal is denied or dismissed and the person continues to
9 engage in the prohibited action in violation of the Board's order, the person shall be subject to a
10 civil penalty of up to twenty-five thousand dollars (\$25,000) for each violation of the order.
11 The penalty provision of this section shall be in addition to and not in lieu of any other
12 provision of law applicable to a registrant for the registrant's failure to comply with an order of
13 the Board.

14 (e) Unless otherwise provided, all actions and hearings under this Article shall be
15 governed by Article 3A of Chapter 150B of the General Statutes.

16 (f) When a registrant is accused of any act, omission, or misconduct that would subject
17 the registrant to disciplinary action, the registrant, with the consent and approval of the Board,
18 may surrender the registrant's registration and all the rights and privileges pertaining to the
19 registrant for a minimum period of five years. A person who surrenders a registration shall not
20 be eligible for or submit any application for registration during the period the registration is
21 surrendered.

22 (g) If the Board has reasonable grounds to believe that an appraisal management
23 company has violated the provisions of this Article or that facts exist that would be the basis for
24 an order against an appraisal management company, the Board may at any time, either
25 personally or by a person duly designated by the Board, investigate or examine the books,
26 accounts, records, and files of any registrant or other person relating to the complaint or matter
27 under investigation. The Board may require any registrant or other person to submit a criminal
28 history record check and a set of that person's fingerprints in connection with any examination
29 or investigation. Refusal to submit the requested criminal history record check or a set of
30 fingerprints shall be grounds for disciplinary action. The reasonable cost of the investigation or
31 examination shall be charged against the registrant.

32 (h) The Board shall have the power to issue subpoenas requiring the attendance of
33 persons and the production of papers and records before the Board in any hearing,
34 investigation, inquiry, or other proceeding conducted by the Board. Upon the production of any
35 papers, records, or documents, the Board shall have the power to authorize true copies of the
36 papers, records, or documents to be substituted in the permanent record of the matter in which
37 the books, records, or documents shall have been introduced in evidence.

38 (i) Upon a request by the Board and with reasonable notice, an appraisal management
39 company shall produce within this State all books and records related to real estate appraisal
40 management services provided for properties located in North Carolina.

41 **"§ 93E-2-9. Records.**

42 (a) The Board shall maintain a list of all applicants for registration under this Article
43 that includes for each applicant the date of application, the name and primary business location
44 of the applicant, and whether the registration was granted or refused.

45 (b) The Board shall maintain a current roster showing the names and places of business
46 of all registered appraisal management companies that lists the appraisal management
47 companies' respective officers and directors. The rosters shall: (i) be kept on file in the office of
48 the Board; (ii) contain information regarding all orders or other action taken against the
49 company, its officers, and other persons; and (iii) be open to public inspection.

50 (c) Every registered appraisal management company shall maintain the accounts,
51 correspondence, memoranda, papers, books, and other records related to services provided by

1 the appraisal management company as prescribed in rules adopted by the Board, including in
2 electronic form. All records shall be preserved for five years unless the Board, by rule,
3 prescribes otherwise for particular types of records.

4 (d) If the information contained in any document filed with the Board is or becomes
5 inaccurate or incomplete in any material respect, the appraisal management company shall
6 promptly file a correcting amendment to the information contained in the document.

7 **"§ 93E-2-10. Penalty; injunctive relief.**

8 (a) Any person violating the provisions of this Article shall be guilty of a Class 1
9 misdemeanor.

10 (b) The Board may appear in its own name in superior court in actions for injunctive
11 relief to prevent any person from violating the provisions of this Article or rules adopted by the
12 Board. The superior court shall have the power to grant these injunctions whether criminal
13 prosecution has been or may be instituted as a result of the violations or whether the person is
14 the holder of a registration issued by the Board under this Article.

15 **"§ 93E-2-11. Criminal history record checks of applicants or registrants for registration**
16 **as appraisal management companies.**

17 (a) Definitions. – The following definitions shall apply in this section:

18 (1) Applicant. – A person applying for registration as an appraisal management
19 company pursuant to G.S. 93E-2-4.

20 (2) Criminal history. – A history of conviction of a state or federal crime,
21 whether a misdemeanor or felony, that bears on an applicant's fitness for
22 registration to act as a real estate appraisal management company. The
23 crimes include the criminal offenses set forth in any of the following Articles
24 of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing
25 Monetary Substitutes; Article 5A, Endangering Executive and Legislative
26 Officers; Article 6, Homicide; Article 7A, Rape and Other Sex Offenses;
27 Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13,
28 Malicious Injury or Damage by Use of Explosive or Incendiary Device or
29 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson
30 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,
31 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,
32 Obtaining Property or Services by False or Fraudulent Use of Credit Device
33 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article
34 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public
35 Morality and Decency; Article 26A, Adult Establishments; Article 27,
36 Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct
37 in Public Office; Article 35, Offenses Against the Public Peace; Article 36A,
38 Riots and Civil Disorders; Article 39, Protection of Minors; Article 40,
39 Protection of the Family; Article 59, Public Intoxication; and Article 60,
40 Computer-Related Crime. The crimes also include possession or sale of
41 drugs in violation of the North Carolina Controlled Substances Act in Article
42 5 of Chapter 90 of the General Statutes and alcohol-related offenses,
43 including sale to underage persons in violation of G.S. 18B-302 or driving
44 while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5. In
45 addition to the North Carolina crimes listed in this subdivision, such crimes
46 also include similar crimes under federal law or under the laws of other
47 states.

48 (b) The Board may require that an applicant for registration as an appraisal management
49 company or a registrant consent to a criminal history record check. Refusal to consent to a
50 criminal history record check may constitute grounds for the Board to deny registration to an
51 applicant or registrant. The Board shall ensure that the State and national criminal history of an

1 applicant or registrant is checked. The Board shall be responsible for providing to the North
2 Carolina Department of Justice the fingerprints of the applicant or registrant to be checked, a
3 form signed by the applicant or registrant consenting to the criminal record check and the use
4 of fingerprints and other identifying information required by the State or National Repositories
5 of Criminal Histories, and any additional information required by the Department of Justice in
6 accordance with G.S. 114-19.27. The Board shall keep all information obtained pursuant to this
7 section confidential. The Board shall collect any fees required by the Department of Justice and
8 shall remit the fees to the Department of Justice for expenses associated with conducting the
9 criminal history record check.

10 (c) If an applicant's or registrant's criminal history record check reveals one or more
11 convictions listed under subdivision (a)(2) of this section, the conviction shall not automatically
12 bar registration. The Board shall consider all of the following factors regarding the conviction:

13 (1) The level of seriousness of the crime.

14 (2) The date of the crime.

15 (3) The age of the person at the time of the conviction.

16 (4) The circumstances surrounding the commission of the crime, if known.

17 (5) The nexus between the criminal conduct of the person and the job duties of
18 the position to be filled.

19 (6) The person's prison, jail, probation, parole, rehabilitation, and employment
20 records since the date the crime was committed.

21 (7) The subsequent commission by the person of a crime listed in subdivision
22 (a)(2) of this section.

23 If, after reviewing these factors, the Board determines that the applicant's or registrant's
24 criminal history disqualifies the applicant or registrant for registration, the Board may deny
25 registration of the applicant or registrant. The Board may disclose to the applicant or registrant
26 information contained in the criminal history record check that is relevant to the denial. The
27 Board shall not provide a copy of the criminal history record check to the applicant or
28 registrant. The applicant or registrant shall have the right to appear before the Board to appeal
29 the Board's decision. However, an appearance before the full Board shall constitute an
30 exhaustion of administrative remedies in accordance with Chapter 150B of the General
31 Statutes.

32 (d) Limited Immunity. – The Board, its officers, and employees, acting in good faith
33 and in compliance with this section, shall be immune from civil liability for denying
34 registration to an applicant or registrant based on information provided in the applicant's or
35 registrant's criminal history record check."

36 **SECTION 2.** Article 4 of Chapter 114 of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 114-19.27. Criminal history record checks of applicants or registrants for registration**
39 **as real estate appraisal management companies.**

40 The Department of Justice may provide to the North Carolina Appraisal Board from the
41 State and National Repositories of Criminal Histories the criminal history of any applicant or
42 registrant for registration under Article 2 of Chapter 93E of the General Statutes. Along with
43 the request, the Board shall provide to the Department of Justice the fingerprints of the
44 applicant or registrant, a form signed by the applicant or registrant consenting to the criminal
45 history record check and use of fingerprints and other identifying information required by the
46 State and National Repositories, and any additional information required by the Department of
47 Justice. The applicant's or registrant's fingerprints shall be forwarded to the State Bureau of
48 Investigation for a search of the State's criminal history record file, and the State Bureau of
49 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a
50 national criminal history record check. The Board shall keep all information obtained pursuant
51 to this section confidential. The Department of Justice may charge a fee to offset the cost

1 incurred by the Department to conduct a criminal history record check under this section. The
2 fee shall not exceed the actual cost of locating, editing, researching, and retrieving the
3 information."

4 **SECTION 3.** G.S. 93E-1-5(a) reads as rewritten:

5 "(a) There is created the North Carolina Appraisal Board for the purposes set forth in
6 this Chapter. The Board shall consist of nine members. The Governor shall appoint five
7 members of the Board, and the General Assembly shall appoint four members in accordance
8 with G.S. 120-121, two upon the recommendation of the President Pro Tempore of the Senate
9 and two upon the recommendation of the Speaker of the House of Representatives. Members
10 appointed by the Governor shall be appointed from geographically diverse areas of the State.
11 The appointees recommended by the Speaker of the House of Representatives and four of the
12 appointees of the Governor shall be persons who have been engaged in the business of real
13 estate appraising in this State for at least five years immediately preceding their appointment
14 and are also State-licensed or State-certified real estate appraisers. One of the appointees of the
15 Governor shall be a person representing either the real estate appraisal management industry or
16 the banking industry. No more than three of the appointees may be members of the same
17 appraiser trade organization at any one time. The appointees recommended by the President Pro
18 Tempore of the Senate shall be a person not involved directly or indirectly in the real estate,
19 real estate appraisal, or the real estate lending industry. Members of the Board shall serve
20 three-year terms, so staggered that the terms of three members expire in one year, the terms of
21 three members expire in the next year, and the terms of three members expire in the third year
22 of each three-year period. The members of the Board shall elect one of their members to serve
23 as chairman of the Board for a term of one year. The Governor may remove any member of the
24 Board appointed by the Governor for misconduct, incompetency, or neglect of duty. The
25 General Assembly may remove any member appointed by it for the same reasons. Successors
26 shall be appointed by the appointing authority making the original appointment. All vacancies
27 occurring on the Board shall be filled, for the unexpired term, by the appointing authority
28 making the original appointment. Vacancies in appointments made by the General Assembly
29 shall be filled in accordance with G.S. 120-122. Initial terms of office commenced July 1,
30 1994."

31 **SECTION 4.** G.S. 93E-2-3, as enacted by Section 1 of this act, is effective when it
32 becomes law. The remainder of this act becomes effective January 1, 2011.