

1 AN ACT relating to the Kentucky Real Estate Appraisers Board.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 324A.010 is amended to read as follows:

4 As used in KRS 324A.010 to 324A.090, unless the context requires otherwise:

- 5 (1) "Appraisal" means an oral, written, or electronic communication of any type or  
6 nature which is independently and impartially prepared by a licensed or certified  
7 appraiser setting forth an analysis, opinion, or conclusion relating to the nature,  
8 quality, value, or utility of specified interests in, or aspects of, identified real estate,  
9 as of a specified date, for or in expectation of compensation;
- 10 (2) "Appraisal assignment" means an engagement for which an appraiser is employed  
11 or retained to act, or would be perceived by other parties or the public as acting, as a  
12 third party in rendering an unbiased real estate appraisal;
- 13 (3) "Appraisal report" means any communication, written, oral, or electronic conveying  
14 a real estate appraisal, and all other reports communicating an appraisal analysis,  
15 opinion, or conclusion;
- 16 (4) "Board" means the Real Estate Appraisers Board created under KRS 324A.015;
- 17 (5) "Certificate holder or licensee" means a person certified or licensed by the board  
18 under this chapter;
- 19 (6) "Real estate" or "real property" means real estate in its ordinary meaning and  
20 includes any leasehold or other estate or interest in, over, or under land, including  
21 leaseholds, all appurtenances and improvements thereto, and may include personal  
22 property which is integral to the use of the real property as appraised;
- 23 (7) "Uniform Standards of Professional Appraisal Practice" means the standards of  
24 practice promulgated by the Appraisal Standards Board of the Appraisal  
25 Foundation; and
- 26 (8) "Federally related transaction" means ***a real estate-related financial transaction***  
27 ***conducted by institutions that are overseen by a member of the Federal Financial***

1 **Institutions Examination Council, which requires the services of a:**

2 **(a) Certified general real property appraiser;**

3 **(b) Certified residential real property appraiser; or**

4 **(c) Licensed residential real property appraiser**~~[any real estate related financial~~  
5 ~~transaction that:~~

6 ~~(a) A federal financial institution's regulatory agency engages in, contracts for, or~~  
7 ~~regulates; and~~

8 ~~(b) Requires the services of an appraiser].~~

9 ➔Section 2. KRS 324A.015 is amended to read as follows:

10 (1) There is created a Real Estate Appraisers Board consisting of five (5) members, two  
11 (2) of whom shall be certified real estate appraisers, one (1) of whom shall represent  
12 the public and shall not be associated with or financially interested in the practice of  
13 real estate appraisals, and two (2) of whom shall be employed in the lending  
14 industry. The board shall administer the provisions of this chapter and may  
15 promulgate administrative regulations necessary to effectuate the provisions of KRS  
16 324A.010 to 324A.090.

17 (2) (a) The board members shall be appointed by the Governor. Not more than one  
18 (1) board member shall be from any one (1) county within Kentucky.  
19 Members shall be appointed by the Governor for staggered terms of three (3)  
20 years. No person shall serve more than two (2) full consecutive terms.

21 (b) Any member appointed to fill a vacancy occurring other than by expiration of  
22 a term shall be appointed for the remainder of the unexpired term.

23 (c) No more than three (3) members of the same political party shall serve on the  
24 board at the same time.

25 (3) The appraiser appointees to the board shall be certified and shall have engaged in  
26 the appraisal of real estate in Kentucky on a continuing basis for at least ten (10)  
27 years.

- 1 (4) A board member shall be automatically removed from the board and a vacancy shall  
2 occur when:
- 3 (a) An appraiser member of the board ceases to be certified;
- 4 (b) A consumer member of the board acquires a certification as an appraiser;
- 5 (c) A lending industry member ceases to be employed in the lending industry;
- 6 (d) A board member enters a plea of guilty to, or has been found guilty of, a  
7 felony and the time for appeal has passed or the judgment of conviction has  
8 been finally affirmed on appeal;
- 9 (e) A board member ceases to be a bona fide resident of the Commonwealth of  
10 Kentucky;
- 11 (f) A board member displays incompetence, neglect of duty, or unprofessional  
12 conduct;
- 13 (g) A board member fails to adhere to a duly adopted code of ethics of the board.  
14 Failure to adhere to this code shall be determined by official action of the  
15 board; or
- 16 (h) A board member misses three (3) consecutive meetings or misses more than  
17 twenty-five percent (25%) of the meetings held over the previous twelve (12)  
18 month period.
- 19 (5) The board shall adopt a seal with the design it prescribes, by which it shall  
20 authenticate its proceedings. Copies of all records and papers in the office of the  
21 board, duly certified and authenticated by the seal of the board, shall be received in  
22 evidence in all courts equally and with like effect as the original. All records kept in  
23 the office of the board under the authority of this chapter shall be open to public  
24 inspection in accordance with KRS 61.820 to 61.884 and consistent with  
25 regulations prescribed by the board.
- 26 (6) The Governor shall set the compensation of the members of the board, but voting  
27 members of the board shall be compensated no more than three hundred dollars

1 (\$300) per day for official business, subject to an annual maximum of six thousand  
 2 dollars (\$6,000). Members shall be reimbursed for all expenses paid and incurred in  
 3 the discharge of official business consistent with the reimbursement policy for state  
 4 employees. With the approval of the executive director of the Kentucky Real Estate  
 5 Authority within the Department of Professional Licensing, board members and  
 6 board staff may attend and travel to and from meetings and events relevant to the  
 7 board or the industry the board represents.

8 **(7) The board shall ensure that those employed to investigate grievances filed with**  
 9 **the board are state certified general appraisers with a minimum of five (5) years**  
 10 **of experience.**

11 ➔Section 3. KRS 324A.035 is amended to read as follows:

12 (1) The board shall promulgate administrative regulations pursuant to the provisions of  
 13 this chapter and KRS Chapter 13A for certification or licensure of appraisers who  
 14 perform appraisals of real property in federally related transactions. Requirements  
 15 established by the board relating to appraisers of federally related transactions shall  
 16 not exceed the minimum requirements established by federal law or regulation;

17 (2) The board shall promulgate administrative regulations pursuant to KRS Chapter  
 18 13A for certification or licensure of appraisers of real property in nonfederally  
 19 related transactions.}

20 ~~(a)—}Appraisers who wish to be limited to appraisals of nonfederally related~~  
 21 ~~transactions, and who have engaged in the appraisal of real estate for at least~~  
 22 ~~ten (10) years prior to April 7, 1992, shall be certified or licensed as appraisers~~  
 23 ~~of nonfederally related transactions[—~~

24 ~~(b)—Appraisers who wish to be limited to appraisals of nonfederally related~~  
 25 ~~transactions, and who have not engaged in the appraisal of real estate for at~~  
 26 ~~least ten (10) years prior to April 7, 1992, shall be certified or licensed as~~  
 27 ~~appraisers of nonfederally related transactions if they meet the certification or~~

1           ~~licensure requirements established by the board].~~

- 2       (3) The board shall establish by administrative regulations requirements for:
- 3           (a) Classifications of appraisers;
- 4           (b) Certification and licensure;
- 5           (c) Renewal, suspension, or revocation of certification or licensure;
- 6           (d) Standards of professional appraisal practice, including experience, education,
- 7                 and ethics;
- 8           (e) Examination of applicants for certification or licensure; and
- 9           (f) Continuing education of appraisers.

10       ➔Section 4. KRS 324A.047 is amended to read as follows:

- 11       (1) Upon written request, any certificate holder or licensee may request to place his or
- 12       her certificate or license in inactive status for a period not to exceed three (3) years.
- 13           (a) The written request shall be made by completing a signed and sworn affidavit
- 14                 on a form approved by the board.
- 15           (b) The board may require a fee of fifty dollars (\$50) for each change in status of
- 16                 the certificate holder or licensee.
- 17           (c) A license issued to an individual as an associate~~[a trainee]~~ real property
- 18                 appraiser shall not be eligible for inactive status.
- 19       (2) No inactive status certificate holder or licensee shall:
- 20           (a) Assume or use any title, designation, or abbreviation likely to create the
- 21                 impression that he or she holds a certificate or license issued by the board;
- 22           (b) Describe or refer to any appraisal or evaluation of real estate by the term,
- 23                 "state certified," "state licensed," or words of substantially similar meaning; or
- 24           (c) Prepare real estate appraisals for federally related transactions which, under
- 25                 Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act
- 26                 of 1989, require the services of a state-certified or state-licensed appraiser.
- 27       (3) To return to active status, a certificate holder or licensee shall:

- 1 (a) Petition the board for reactivation of the certificate or license;
- 2 (b) Pay the applicable renewal fee and roster fee required by this chapter; and
- 3 (c) Provide evidence of completion of the annually required continuing education
- 4 hours, as established by the board and promulgated in administrative
- 5 regulations, for each year of inactive status.

6 (4) A certificate holder or licensee who petitions to return to active status after an

7 inactive period exceeding three (3) years shall be required to meet all the

8 requirements for original issuance of a license or certificate under this chapter.

9 (5) Violation of this subsection (2) of this section shall be grounds for disciplinary

10 action under this chapter.

11 ➔Section 5. KRS 324A.050 is amended to read as follows:

12 (1) The board may refuse to issue, refuse to renew, suspend, or revoke a certificate or

13 license, reprimand, admonish, place on probation, or impose a fine up to two

14 thousand dollars (\$2000) per each violation determined by the board, not to exceed

15 five thousand dollars (\$5000), on a certificate holder or licensee, or any

16 combination thereof, for any of the following reasons:

17 (a) Procuring or attempting to procure a certificate or license by knowingly

18 making a false statement or submitting false information, or through any form

19 of fraud or misrepresentation;

20 (b) Refusing to provide complete information in response to a question in an

21 application to the board or failing to meet the minimum qualifications

22 established by the board;

23 (c) Being convicted of a felony or misdemeanor, if in accordance with KRS

24 Chapter 335B;

25 (d) Committing an act involving dishonesty, fraud, or misrepresentation;

26 (e) Violating any of the provisions of KRS 324A.010 to 324A.090, the

27 administrative regulations of the board, or any lawful order of the board;

- 1 (f) Violating the confidential nature of records to which the appraiser gained  
2 access through employment or engagement as an appraiser;
- 3 (g) Committing any other conduct which constitutes or demonstrates bad faith,  
4 untrustworthiness, impropriety, fraud, or dishonesty;
- 5 (h) Failing or refusing, without good cause, to exercise reasonable diligence in  
6 developing an appraisal, preparing an appraisal report, or communicating an  
7 appraisal;
- 8 (i) Being negligent or incompetent in developing an appraisal, in preparing an  
9 appraisal report, or in communicating an appraisal;
- 10 (j) Failing to observe one (1) or more of the Uniform Standards of Professional  
11 Appraisal Practice **in effect on the date of transmittal of the appraisal report**  
12 **letter**; or
- 13 (k) Having a license or registration certificate to practice as a licensed or certified  
14 real property appraiser denied, limited, suspended, probated, or revoked in  
15 another jurisdiction on grounds sufficient to cause licensure to be denied,  
16 limited, suspended, probated, or revoked in this state.
- 17 (2) Notwithstanding any other provision of this chapter to the contrary, the  
18 requirements of KRS Chapter 324A, the board's administrative regulations, and the  
19 **current edition of the** Uniform Standards of Professional Appraisal Practice shall  
20 constitute the minimum standard of conduct and performance for a licensee or  
21 credential holder in any work or service performed that is addressed by those  
22 standards.
- 23 (3) In any proceeding in which a suspension of thirty (30) days or more, or revocation is  
24 imposed, the board may require the respondent to pay the actual costs of the  
25 investigation and all proceedings not to exceed ten thousand dollars (\$10,000).
- 26 (4) Three (3) years from the date of a revocation, any certificate holder or licensee  
27 whose certificate or license has been revoked may petition the board for

1 reinstatement. The board shall investigate the petition and may reinstate, upon a  
2 finding that the petitioner has complied with any and all terms prescribed by the  
3 board and is able to engage in the practice of real estate appraisal within the  
4 requirements of this chapter and the administrative regulations. The board may, in  
5 its discretion, require the petitioner to successfully pass the examination required  
6 for the applicable certificate or license.

7 ➔Section 6. KRS 324A.052 is amended to read as follows:

- 8 (1) Any person or organization, including the board upon its own volition, may file  
9 with the board a written complaint alleging a violation of any provision of this  
10 chapter. Complaints shall be filed with the board within five (5) years after the  
11 date of transmittal of the appraisal report or appraisal review assignment or at  
12 least two (2) years after the final disposition of any judicial proceeding in which  
13 the appraiser provided testimony related to the assignment, whichever expires  
14 last. The board shall investigate each complaint.
- 15 (2) If the investigation reveals evidence supporting the complaint, the board shall set  
16 the matter for hearing in accordance with the provisions of KRS Chapter 13B before  
17 fining, reprimanding, suspending, revoking, refusing to renew, or any combination  
18 thereof.
- 19 (3) If the investigation reveals that the alleged violation did occur but was not of a  
20 serious nature, the board may issue a written admonishment to the certificate holder  
21 or licensee. A copy of the admonishment shall be placed in the recipient's[  
22 ~~permanent~~] file with the board. The recipient shall have the right to file a response  
23 to the admonishment within thirty (30) days of its receipt and have the response  
24 placed in the[~~permanent~~] file. The recipient may, alternatively, within thirty (30)  
25 days of the receipt, file a request for hearing with the board. Upon receipt of this  
26 request, the board shall set aside the written admonishment and set the matter for  
27 hearing in accordance with the provisions of KRS Chapter 13B.

1 (4) After denying an application for a certificate or license or issuing an admonishment,  
 2 the board shall grant an administrative hearing in accordance with KRS Chapter  
 3 13B only upon written request of the applicant made within thirty (30) days of the  
 4 mailing of the letter of denial or admonishment.

5 (5) Pursuant to KRS 13B.120(7), the executive director of the Kentucky Real Estate  
 6 Authority within the Department of Professional Licensing shall hear and issue a  
 7 final order regarding a decision of the board. An aggrieved party may appeal a final  
 8 order of the executive director pursuant to KRS Chapter 13B within thirty (30) days  
 9 after the issuance of the order to the Circuit Court of the county where the licensee  
 10 has his or her principal place of business or where the license applicant resides.

11 ➔Section 7. KRS 324A.065 is amended to read as follows:

12 (1) The board shall establish by regulation and collect the following fees for  
 13 certification or licensure as an appraiser for:

14 (a) Federally related transactions:

15 1. Initial application fee in an amount not to exceed two hundred~~[twelve]~~  
 16 dollars (\$200)~~(\$212), which shall include a fee for the current edition of~~  
 17 ~~the Uniform Standards of Professional Practice];~~

18 2. Examination fee in an amount not to exceed two hundred dollars (\$200);

19 3. a. An annual certificate or licensure fee in an amount not to exceed  
 20 two hundred~~[twelve]~~ dollars (\$200)~~(\$212), which shall include a~~  
 21 ~~fee for the current edition of the Uniform Standards of~~  
 22 ~~Professional Appraisal Practice];~~

23 b. Duplicate certificate fee in an amount not to exceed ten dollars  
 24 (\$10); and

25 c. Certificate correction fee in an amount not to exceed ten dollars  
 26 (\$10);~~and]~~

27 4. Roster fee not to exceed fifty dollars (\$50); **and**

1           **5. Returned check fee not to exceed fifty dollars (\$50);** and

2           (b) Nonfederally related transactions:

3           1. ~~Initial application fee in an amount not to exceed one hundred dollars~~  
4           ~~(\$100);~~

5           2. ~~Examination fee in an amount not to exceed one hundred dollars (\$100);~~

6           3. ~~a.] An annual certificate or licensure renewal fee in an amount not to~~  
7           ~~exceed one hundred dollars (\$100);~~ **and**

8           **2.]b. Duplicate certificate fee in an amount not to exceed five dollars (\$5);**  
9           ~~and~~

10          ~~e.] Certificate correction fee in an amount not to exceed five dollars~~  
11          ~~(\$5);~~ ~~and~~

12          4. ~~Roster fee not to exceed twenty five dollars (\$25)].~~

13       **(2) The board shall, through the promulgation of an administrative regulation,**  
14       **establish and collect the following fees from education providers for review and**  
15       **approval of prelicensure and continuing education courses offered by education**  
16       **providers for licensure as an appraiser:**

17       **(a) For prelicensure education course review, a fee not to exceed one hundred**  
18       **dollars (\$100); and**

19       **(b) For continuing education course review, a fee not to exceed fifty dollars**  
20       **(\$50).**

21       **(3)** (a) All fees and charges collected by the board under the provisions of this  
22       chapter shall be paid into the Real Estate Appraisers Board's trust and agency  
23       account in the State Treasury.

24       (b) All expenses incurred by the board under the provisions of this chapter,  
25       including compensation to the board members and staff, shall be paid out of  
26       this account, subject to approval of the board.

27       (c) The provisions of this subsection shall not apply to the fee charged pursuant to

1 KRS 324A.155, which is required to be included in the appraisal management  
2 company recovery fund and which shall be paid into that fund.

3 ➔Section 8. KRS 324A.150 is amended to read as follows:

4 As used in KRS 324A.150 to 324A.164, unless the context otherwise requires:

- 5 (1) "Appraisal management company" means a person who performs the actions  
6 necessary to administer a network of state-licensed appraisers to fulfill requests for  
7 appraisal management services on behalf of a client, whether directly or through the  
8 use of software products or online, including but not limited to any of the following  
9 actions:
- 10 (a) Recruiting appraisers;
  - 11 (b) Contracting with appraisers to perform appraisal services;
  - 12 (c) Collecting fees from clients;
  - 13 (d) Negotiating fees with appraisers or reimbursing appraisers for appraisal  
14 services;
  - 15 (e) Receiving appraisal orders and appraisal reports;
  - 16 (f) Submitting appraisal reports received from appraisers to the company's  
17 clients;
  - 18 (g) Reviewing or verifying appraisal reports; or
  - 19 (h) Managing the process of having an appraisal performed, including providing  
20 related administrative and clerical duties;
- 21 (2) "Appraisal management services" means conducting business by telephone, by  
22 electronic means, by mail, or in person, directly or indirectly for compensation or  
23 other pecuniary gain or in the expectation of compensation or other pecuniary gain  
24 to:
- 25 (a) Solicit, accept, or offer to accept a request for appraisal services; or
  - 26 (b) Employ or contract with a licensed or certified appraiser to perform appraisal  
27 services;

- 1 (3) "Appraisal services" means the practice of developing an opinion of the value of  
 2 real estate in conformity with the minimum USPAP standards;
- 3 (4) "Appraiser" means an individual licensed by the board who, for a fee or other  
 4 consideration, develops and communicates a real estate appraisal or otherwise gives  
 5 an opinion of the value of real estate or any interest in real estate in conformity with  
 6 the minimum USPAP standards;
- 7 (5) "Appraiser panel" means a ***network, list, or roster of licensed or certified***~~group of~~  
 8 ~~independent~~ appraisers ***approved***~~who have been selected~~ by an appraisal  
 9 management company to perform ***appraisals as independent contractors***~~appraisal~~  
 10 ~~services~~ for the appraisal management company;
- 11 (6) "Board" means the Kentucky Real Estate Appraisers Board established by KRS  
 12 324A.015;
- 13 (7) "Client" means a person that contracts with or otherwise enters into an agreement  
 14 with an appraisal management company for the performance of appraisal services;
- 15 (8) "Controlling person" means an individual employed, appointed, or authorized by an  
 16 appraisal management company to contract with clients or independent appraisers  
 17 for the performance of appraisal services;
- 18 (9) "Managing principal" has the same meaning as "controlling person";
- 19 (10) "Registrant" means an appraisal management company or person that is registered  
 20 or seeking registration under KRS 324A.152; and
- 21 (11) "USPAP" means the Uniform Standards of Professional Appraisal Practice.
- 22 ➔Section 9. KRS 324A.152 is amended to read as follows:
- 23 (1) A person shall not act or offer to act as an appraisal management company or  
 24 perform appraisal management services within the Commonwealth unless registered  
 25 by the board.
- 26 (2) To be registered by the board, a person shall make written application to the board,  
 27 submit to a criminal background check as provided in subsection (3) of this section,

1 pay a filing fee established by the board, and pay the fee required to be included in  
2 the appraisal management company recovery fund created in KRS 324A.155. The  
3 written application shall include the following information:

4 (a) The name, street address, and telephone contact information of the person  
5 seeking registration;

6 (b) 1. If the registrant is a domestic organization, the designation of an agent  
7 for service of process; or

8 2. If the registrant is a foreign organization, documentation that the foreign  
9 organization is authorized to transact business in the Commonwealth  
10 and has appointed an agent for service of process by submitting a copy  
11 of:

12 a. The registrant's filing with the Secretary of State appointing an  
13 agent for service of process; and

14 b. A certificate of authority issued by the Secretary of State.

15 A foreign organization's failure to comply with this paragraph may  
16 result in rejection of the application;

17 (c) The name, residential street address, and contact information of any person  
18 who owns ten percent (10%) or more of the appraisal management company  
19 for which registration is being requested;

20 (d) The name, residential street address, and contact information of a controlling  
21 person or managing principal;

22 (e) A certification that the registrant:

23 1. Has a system and process in place to verify that any person being added  
24 to the appraiser panel of the appraisal management company, or who  
25 may be used by the appraisal management company to otherwise  
26 perform appraisals, holds a license in good standing in this state under  
27 this chapter;

- 1           2. Has a system and process in place to review the work of all appraisers  
2           that are performing appraisal services for the appraisal management  
3           company on a periodic basis to ensure that the appraisal services are  
4           being conducted in accordance with the minimum USPAP standards;  
5           and  
6           3. Maintains a detailed record of each request for appraisal services that it  
7           receives and the appraiser that performs the appraisal services for the  
8           appraisal management company;
- 9           (f) A certification from the registrant and any partner, member, manager, officer,  
10          director, managing principal, controlling person, or person occupying a similar  
11          status or performing similar functions, or person directly or indirectly  
12          controlling the registrant that:
- 13          1. The application for registration when filed or after filing contains no  
14          statement that, in light of the circumstances under which it was made, is  
15          false or misleading with respect to a material fact;
- 16          2. The person certifying has not violated or failed to comply with KRS  
17          324A.154, 324A.156, or 324A.158;
- 18          3. The person certifying and each person who owns ten percent (10%) or  
19          more of the registrant has not pled guilty or nolo contendere to or been  
20          found guilty of:
- 21               a. A felony; or  
22               b. Within the past ten (10) years, a misdemeanor involving mortgage  
23               lending or real estate appraising, or an offense involving breach of  
24               trust or fraudulent or dishonest dealing;
- 25          4. The person certifying is not permanently or temporarily enjoined by a  
26          court of competent jurisdiction from engaging in or continuing any  
27          conduct or practice involving appraisal management services or

- 1 operating an appraisal management company;
- 2 5. The person certifying is not the subject of an order of the board or any
- 3 other state's appraisal management company regulatory agency denying,
- 4 suspending, or revoking the person's privilege to operate as an appraisal
- 5 management company;~~and~~
- 6 6. The person certifying has not acted as an appraisal management
- 7 company while not properly registered by the board; **and**
- 8 **7. The appraisal management company is not owned, in whole or in part,**
- 9 **directly or indirectly, by any person who has had an appraiser license**
- 10 **or certificate refused, denied, canceled, surrendered in lieu of**
- 11 **revocation, or revoked in any state for a cause other than expiration,**
- 12 **as determined by the relevant state appraiser regulatory program;** and
- 13 (g) Any other information required by the board.
- 14 (3) The board shall require a national and state criminal background check on the
- 15 person certifying under subsection (2)(f) of this section and each person who owns
- 16 ten percent (10%) or more of the registrant under the following requirements:
- 17 (a) The person certifying and each person who owns ten percent (10%) or more of
- 18 the registrant shall provide his or her fingerprints to the Department of
- 19 Kentucky State Police for submission to the Federal Bureau of Investigation
- 20 after a state criminal background check is conducted;
- 21 (b) The results of the national and state criminal background check shall be sent
- 22 to the board; and
- 23 (c) Any fee charged by the Department of Kentucky State Police and the Federal
- 24 Bureau of Investigation shall be an amount no greater than the actual cost of
- 25 processing the request and conducting the check.
- 26 (4) The board shall issue a certificate of registration to a registrant authorizing the
- 27 registrant to act or offer to act as an appraisal management company in this state

1 upon:

2 (a) Receipt of a properly completed application;

3 (b) Payment of the required filing fee;

4 (c) Payment of the fee required to be included in the appraisal management  
5 company recovery fund; and

6 (d) A determination by the board that:

7 1. The registrant has not had a previous registration suspended or revoked;  
8 and

9 2. The activities of the applicant shall be directed and conducted by  
10 persons who:

11 a. Have not had a previous registration suspended or revoked;

12 b. Have not pled guilty or nolo contendere to or been found guilty of  
13 a felony; or

14 c. Within the past ten (10) years have not pled guilty, pled nolo  
15 contendere to, or been found guilty of a misdemeanor involving  
16 mortgage lending or real estate appraising or an offense involving  
17 a breach of trust or fraudulent or dishonest dealing.

18 (5) (a) If the board finds that there is substantial reason to deny the application for  
19 registration, the board shall notify the registrant that the application has been  
20 denied and shall afford the registrant an opportunity for a hearing before the  
21 board to show cause why the registration should not be denied.

22 (b) All proceedings concerning the denial of a certificate of registration shall be  
23 conducted in accordance with KRS Chapter 13B.

24 (c) The acceptance by the board of an application for registration does not  
25 constitute the approval of its contents or waive the authority of the board to  
26 take disciplinary action under KRS 324A.162.

27 (6) (a) Registrations issued under this section shall be renewed annually.

- 1 (b) Renewal shall occur on October 31 of each year.
- 2 (c) If the initial registration occurs less than six (6) months before October 31, the  
3 renewal shall not be required until October 31 of the following year, and shall  
4 then be renewed on October 31 of each year thereafter.
- 5 (7) (a) Failure to renew a registration in a timely manner shall result in a loss of  
6 authority to operate.
- 7 (b) A request to reinstate a certificate of registration shall be accompanied by  
8 payment of a penalty of fifty dollars (\$50) for each month of delinquency, up  
9 to six (6) months after expiration.
- 10 (c) After six (6) months' delinquency, a new application for registration shall be  
11 required.
- 12 (8) The board shall promulgate administrative regulations to establish standards for the  
13 operation of appraisal management companies and for the implementation and  
14 enforcement of KRS 324A.150 to 324A.164.

15 ➔Section 10. KRS 324A.154 is amended to read as follows:

16 The board shall promulgate administrative regulations, with the approval of the  
17 executive director of the Kentucky Real Estate Authority, establishing a reasonable  
18 filing fee to be paid by each appraisal management company seeking registration under  
19 KRS 324A.152. The filing fee shall include the annual fee for inclusion in the national  
20 registry maintained by the Appraisal Subcommittee of the Federal Financial Institutions  
21 Examination Council.

22 ➔Section 11. KRS 324A.164 is amended to read as follows:

23 Unless otherwise required to be registered as an appraisal management company by state  
24 or federal law, KRS 324A.150 to 324A.164 shall not apply to:

- 25 (1) The federal government, state government, any county or municipal government, or  
26 any agency or instrumentality thereof;
- 27 (2) A person authorized to engage in business as ~~[, or as a subsidiary of,]~~ a bank, credit

- 1 union, or savings and loan association under the laws of the United States, the  
2 Commonwealth of Kentucky, or any other state;
- 3 (3) A real estate broker or real estate agent properly licensed or otherwise authorized to  
4 do business in the Commonwealth of Kentucky listing or selling real estate;
- 5 (4) An officer or employee of any entity listed in subsection (1), (2), or (3) of this  
6 section when acting within the scope of his or her employment;
- 7 (5) An entity that is responsible for ensuring that the real estate appraisal activity being  
8 performed by an employee is performed in accordance with applicable appraisal  
9 standards;
- 10 (6) An individual who:
- 11 (a) Is an appraiser; and
- 12 (b) In the normal course of business enters into an agreement, whether written or  
13 otherwise, with another appraiser for the performance of a real estate appraisal  
14 activity that the individual cannot complete for any reason, including:
- 15 1. Competency;
- 16 2. Workload;
- 17 3. Schedule; or
- 18 4. Geographic location;
- 19 (7) An individual who:
- 20 (a) In the normal course of business enters into an agreement, whether written or  
21 otherwise, with an appraiser for the performance of real estate appraisal  
22 activity; and
- 23 (b) Under the agreement cosigns the report of the appraiser performing the real  
24 estate appraisal upon completion of the real estate appraisal activity; ~~or~~
- 25 (8) An appraisal management company that contracts with one (1) or more appraisers  
26 for the performance of fewer than ten (10) appraisals in this state in a calendar year;  
27 **or**

- 1 *(9) A federally regulated appraisal management company as defined in 12 C.F.R.*
- 2 *sec. 34.211(k).*