

(2) Notwithstanding any other law, the Office of Administrative Law shall consider the board's action to remove or extend the inoperative dates of these regulations as a change without regulatory effect as described in Section 100 of Title 1 of the California Code of Regulations that exempts the board from complying with the rulemaking procedure specified in the Administrative Procedure Act (Article 5 (commencing with Section 11346) of Chapter 3.5 Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 3. *Section 5810 of the Business and Professions Code is amended to read:*

5810. (a) This chapter shall be subject to review by the appropriate policy committees of the Legislature.

(b) This chapter shall remain in effect only until January 1, ~~2018, 2022~~, and as of that date is ~~repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.~~ *repealed.*

~~SECTION 4.~~ **SEC. 4.** Section 7332 of the Business and Professions Code is amended to read:

7332. (a) An apprentice is any person who is licensed by the board to engage in learning or acquiring a knowledge of barbering, cosmetology, skin care, nail care, or electrology, in a licensed establishment under the supervision of a licensee approved by the board.

(b) For purposes of this section, "under the supervision of a licensee" means that the apprentice shall be supervised at all times by a licensee approved by the board while performing services in a licensed establishment. At no time shall an apprentice be the only individual working in the establishment. An apprentice that is not being supervised by a licensee, that has been approved by the board to supervise an apprentice, shall be deemed to be practicing unlicensed under this chapter.

SEC. 5. *Section 11302 of the Business and Professions Code is amended to read:*

11302. For the purpose of applying this part, the following terms, unless otherwise expressly indicated, shall mean and have the following definitions:

(a) ~~"Department" means the Department of Consumer Affairs.~~ *"Affiliate" means any entity that controls, is controlled by, or is under common control with another entity.*

(b) "Appraisal" means ~~a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion in a federally related transaction as to the market value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.~~ *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 his or her 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) 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) ~~Maintains an approved list or lists, containing 11 or more independent contractor appraisers licensed or certified pursuant to this part, or employs 11 or more appraisers licensed or certified pursuant to this part.~~ *Provides appraisal management services to creditors or to secondary mortgage market participants, including affiliates.*

(B) ~~Receives requests for appraisals from one or more clients.~~ *Provides those services in connection with valuing a consumer's principal dwelling as security for a consumer credit transaction or incorporating such 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.

~~(C) (e) For a fee paid by~~ *"Appraisal management services" means one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers: the following:*

(1) Recruiting, selecting, and retaining appraisers.

~~(2) "Appraisal management company" does not include any of the following, when that person or entity directly contracts with an independent appraiser:~~ *Contracting with state-certified or state-licensed appraisers to perform appraisal assignments.*

~~(A) (3) Any bank, credit union, trust company, savings and loan association, or industrial loan company doing business under the authority of, or in accordance with, a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States that is authorized to transact business in this state. 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.~~

~~(B) (4) Any finance lender or finance broker licensed pursuant to Division 9 (commencing with Section 22000) of the Financial Code, when acting under the authority of that license. Reviewing and verifying the work of appraisers.~~

~~(C) Any residential mortgage lender or residential mortgage servicer licensed pursuant to Division 20 (commencing with Section 50000) of the Financial Code, when acting under the authority of that license.~~

~~(D) Any real estate broker licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business and Professions Code, when acting under the authority of that license.~~

~~(3) (f) "Appraisal management company" does not include any person licensed to practice law in this state who is working with or on behalf of a client of that person~~ *"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 for that client. 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.*

~~(e) (g) "Appraisal Subcommittee" means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.~~

~~(h) "Consumer credit" means credit offered or extended to a consumer primarily for personal, family, or household purposes.~~

~~(f) (i) "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.

(j) "Course provider" means a person or entity that provides educational courses related to professional appraisal practice.

(k) "Covered transaction" means any consumer credit transaction secured by the consumer's principal dwelling.

(l) "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.

(m) "Department" means the Department of Consumer Affairs.

~~(n)~~ (n) "Director" or "chief" means the Chief of the Bureau of Real Estate Appraisers.

(o) "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, mobile home, 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.

~~(p)~~ (p) "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.

(q) "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.

~~(r)~~ (r) "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.

~~(s)~~ (s) "Federally related transaction" means any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for or regulates and which 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.

~~(t)~~ (t) "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.

~~(u)~~ (u) "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.

~~(v)~~ (v) "Office" or "bureau" means the Bureau of Real Estate Appraisers.

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

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

~~(q) "Course provider" means a person or entity that provides educational courses related to professional appraisal practice.~~

SEC. 6. Section 11321 of the Business and Professions Code is amended to read:

11321. (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~~ *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.

SEC. 7. Section 11323 of the Business and Professions Code is amended to read:

11323. No licensee shall engage in any appraisal activity ~~in connection with the purchase, sale, transfer, financing, or development of real property~~ if his or her compensation is dependent on or affected by the value conclusion generated by the appraisal.

SEC. 8. Section 11324 of the Business and Professions Code is amended to read:

11324. 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~~ *appraisal in a federally related transaction*.

SEC. 9. Section 11345 of the Business and Professions Code is amended to read:

11345. 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 office.

(d) The name, address, and contact information for each controlling person ~~employed by~~ *associated with* the applicant who has operational authority to direct the management of, and establish policies for, the applicant. If the applicant employs more than 10 individuals meeting the criteria of this subdivision, the applicant may list the names, addresses, and contact information for the 10 individuals meeting the criteria who hold the greatest level of management responsibility within its organization.

SEC. 10. Section 11345.3 of the Business and Professions Code is repealed.

~~**11345.3.** The director may not issue a certificate of registration to an appraisal management company unless the appraisal management company confirms in its application for registration that all of its contracts with clients~~

~~include provision of each of the following as standard business practices, as and where applicable:~~

~~(a) Ensuring that employee appraisers and independent contractor appraisers contracted by the applicant possess all required licenses and certificates from the office.~~

~~(b) Reviewing the work of all employee appraisers and independent contractor appraisers contracted by the applicant to ensure that appraisal services are performed in accordance with the Uniform Standards of Professional Appraisal Practice.~~

~~(c) Maintaining records of each of the following 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.~~

SEC. 11. *Section 11345.3 is added to the Business and Professions Code, to read:*

11345.3. *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 office.

(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 Activity.

(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.

SEC. 12. *Section 11345.5 is added to the Business and Professions Code, to read:*

11345.5. *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.

SEC. 13. Section 11345.6 of the Business and Professions Code is amended to read:

11345.6. (a) No ~~registered~~ appraisal management company may alter, modify, or otherwise change a completed appraisal report submitted by an ~~employee appraiser or an independent contractor appraiser, including, without limitation, by doing either of the following:~~ appraiser.

~~(1) Permanently removing the appraiser's signature or seal;~~

~~(2) Adding information to, or removing information from, the appraisal report with an intent to change the value conclusion;~~

(b) No ~~registered~~ appraisal management company may require an ~~employee or independent contractor~~ 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 **Appraiser Appraisal** Practice.

SEC. 14. Section 11345.8 is added to the Business and Professions Code, to read:

11345.8. 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 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.

SEC. 15. Section 11422 of the Business and Professions Code is amended to read:

11422. The office shall, on or before February 1, 1994, and at least annually thereafter, transmit to the appraisal subcommittee specified in subdivision ~~(e)~~ (g) of Section 11302 a roster of persons licensed pursuant to this part.

SEC. 16. Section 12241 of the Business and Professions Code is amended to read:

12241. ~~On or before January 1, 2012, the~~ The secretary shall establish by regulation an annual administrative fee to recover reasonable administrative and enforcement costs incurred by the department for exercising supervision over and performing investigations in connection with the activities performed pursuant to Sections 12210 and ~~12211.~~ 12211 and to recover reasonable costs incurred by the department for the safekeeping and certification of the state standards pursuant to Section 12304 and for certification services provided pursuant to Sections 12305 and 12310. This administrative fee shall be collected for every device registered with each county office of weights and measures, and paid to the Department of Food and Agriculture ~~Fund beginning January 1, 2012, and annually thereafter.~~ Fund.

SEC. 17. Section 12304 of the Business and Professions Code is amended to read:

12304. The ~~department shall keep the~~ standards of the state ~~shall be kept~~ in a suitable laboratory location or, if transportable, shall ~~be maintained~~ maintain the standards under environmental conditions appropriate for maintaining the integrity of the unit of measure represented by the standard. The ~~standards shall be~~ department shall have the standards directly certified by the National ~~Bureau Institute~~ of Standards and Technology or by any measurement assurance procedures approved by the National ~~Bureau of Standards.~~ Institute of Standards and Technology.

SEC. 18. Section 12305 of the Business and Professions Code is amended to read:

12305. The *department shall use the* standards of the state ~~shall be used~~ to certify similar standards and any dissimilar standards ~~which that~~ are dependent on the values represented by the state standards. Copies of the standards ~~which that~~ have been compared and certified against the state standards shall become working standards ~~which that~~ shall be used in the certification, calibration, and sealing of county field standards, and in the certification, calibration, and sealing of measurement devices submitted by state and local government agencies or by industry.

SEC. 19. *Section 12310 of the Business and Professions Code is amended to read:*

12310. The department, or a laboratory designated by the department ~~which that~~ has been certified pursuant to Section ~~12500.7, 12314,~~ shall certify the standards of the county sealers as often as may be deemed by the ~~director~~ *secretary* to be necessary, based upon a review of statistical data resulting from previous certifications, but in no event shall the period of time between certifications exceed 10 years. In the absence of statistical data, standards shall be certified at least every two years. Sealers shall, upon the request of the department, deliver for testing those standards in their possession ~~which that~~ are used in the discharge of their duties. Direct expenses incurred in the certification process shall be borne by the ~~state,~~ *state or recovered pursuant to Section 12241,* while any incidental expense, such as the cost of transportation, shall be borne by the county whose standards have been certified.

SEC. 20. *Section 12500 of the Business and Professions Code is amended to read:*

12500. As used in this chapter the following terms mean:

(a) "Weighing instrument" means any device, contrivance, apparatus, or instrument used, or designed to be used, for ascertaining weight and includes any tool, appliance, or accessory used or connected therewith.

(b) "Measuring instrument" means any device, contrivance, apparatus, or instrument used, or designed to be used, for ascertaining measure and includes any tool, appliance, or accessory used or connected therewith.

(c) "Correct" means any weight or measure or weighing, measuring, or counting instrument which meet all of the tolerance and specification requirements established by the director pursuant to Section 12107.

(d) "Incorrect" means any instrument which fails to meet all of the requirements of Section 12107.

(e) "Commercial purposes" include the determination of the weight, measure, or count of any commodity or thing which is sold on the basis of weight, measure, or count; or the determination of the weight, measure, or count of any commodity or thing upon which determination a charge for service is based. Devices used in a determination upon which a charge for service is based include, but are not limited to, taximeters, odometers, timing devices, parcel scales, shipping scales, and scales used in the payment of agricultural workers.

"Commercial purposes" do not include the determination of the weight, measure, or count of any commodity or thing which is performed within a plant or business as a part of the manufacturing, processing, or preparing for market of that commodity or thing, or the determination of charges for the transmission of letters or parcels of less than 150 pounds, except when that determination is made in the presence of the customer charged for the ~~service.~~ *service, or the determination of the weight of any animal or human by a healing arts licensee for the purposes of determining the appropriate dosage of any medication or treatment of the volume, duration, or application of any medical procedure.*

SEC. 21. *No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*