

**Department of Consumer Affairs**  
**TITLE 10. INVESTMENT**  
**CHAPTER 6.5**  
**BUREAU OF REAL ESTATE APPRAISERS**

INITIAL STATEMENT OF REASONS

**Hearing Date:** No hearing has been scheduled.

**Subject Matter of Proposed Regulations:** Minimum (Basic) and Continuing Education Requirements

**Sections Affected:** Add Section 3542 to, and amend Sections 3500, 3543, and 3568 of, Chapter 6.5 of Title 10 of the California Code of Regulations (CCR).<sup>1</sup>

**Specific Purpose of Each Adoption or Amendment**

**1. Background and Statement of the Problem:**

The Bureau of Real Estate Appraisers (Bureau or BRE) licenses, regulates, and disciplines real estate appraisers and trainees, and registers, regulates, and disciplines appraisal management companies (AMCs). As part of these functions, the Bureau requires that applicants meet minimum basic education requirements as a prerequisite to licensure, and licensees must meet continuing education requirements as a condition of license renewal.

Existing federal law, Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) (Public Law 101-73), established the Appraiser Foundation. The Appraisal Qualifications Board (AQB) is an independent board of the Appraisal Foundation and sets national minimum educational standards, including minimum hours and courses, that the Bureau's laws have as minimum standards as well. (Bus. & Prof. Code §§ 11314, 11340.)<sup>2</sup> The AQB also sets minimum standards for continuing education coursework that the Bureau has adopted in section 3543 of its regulations.

Assembly Bill 948 (Holden) Chapter 352, Statutes 2021 (AB 948), amended sections 11340 and 11360 of the Code, adding certain content subject areas for applicants and licensees. First, applicants who apply for licensure on or after January 1, 2023, are required to complete at least one hour of instruction on cultural competency in order to be licensed. (Bus. & Prof. Code § 11340(e).) Second, licensees whose licenses expire on or after January 1, 2023, are required to complete at least one hour of continuing education in cultural competency and two hours in training on the elimination of bias

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<sup>1</sup> All CCR references are to Title 10 unless otherwise noted.

<sup>2</sup> All statutory references or references to the Code are to the Business and Professions Code unless otherwise noted.

every four-year renewal cycle as a condition of renewal of their license. (Bus. & Prof. Code § 11360(a), (c).) AB 948 also added section 11424, which prohibits licensees from basing their analysis or opinion of market value on characteristics such as race, religion, gender, and national origin, among other things.

The Bureau proposes changes to section 3500 to include a definition of bias, reorder the existing definitions to be in alphabetical order, and update with gender-neutral language consistent with Assembly Concurrent Resolution No. 260 of 2018 (Low, Chapter 190, Statutes of 2018) (ACR 260). Additionally, the Bureau proposes to split section 3543 on minimum basic and continuing education requirements into two sections, such that section 3543 will solely address continuing education requirements for current licensees, and the minimum education requirements for licensure will be set forth in a newly created section 3542. Lastly, section 3568 is amended to update cross-references, make language gender neutral, and make minor grammatical changes. Amendments to the authority and reference citations are made in each of the regulatory provisions to mirror the statutory changes in AB 948.

The Bureau was created within Part 3 of Division 4 of the Business and Professions Code and is under the supervision and control of the Department of Consumer Affairs. Business and Professions Code section 11313 authorizes the adoption of regulations reasonably necessary to carry out the purposes of this part. More specifically, sections 11340 and 11360 authorize the adoption of regulations to establish the required educational background for licensure, and govern the process for renewal of a license, including continuing education, respectively. The duty of enforcing and administering the laws, including adopting regulations necessary for carrying out the purposes of the part, are vested in the Bureau Chief.

## **2. Anticipated Benefits from this Regulatory Action:**

This proposal will be beneficial in that it makes general changes to improve clarity of the Bureau's regulations by having all the definitions used by the Bureau in its regulations in one place, and in alphabetical order for ease of reading. By separating out the minimum requirements for licensure and the continuing education requirements for renewal into two sections, prospective and current licensees will be able to identify more easily the provisions that apply to them, thereby increasing clarity. The proposal's implementation of the new statutory requirements for minimum education coursework for licensure in cultural competency and continuing education required for renewal of a license in cultural competency and the elimination of bias, which is expected to facilitate greater cultural sensitivity and awareness among applicants and licensees and increase fairness in appraisals. Minor grammatical changes improve clarity and gender-neutral language implements the policy goal stated in ACR 260.

### **3. Specific Purpose of and Rationale for the Proposed Changes:**

#### **Amend Section 3500, Definitions**

##### ***Section 3500, subsection (b)(7)***

- Deletes the “s” from “includes”
- Deletes the apostrophe from “clarification’s”

##### **Purpose and Rationale:**

These amendments make minor grammatical corrections by making the verb “include” agree with the subject “requirements” and removing an errant apostrophe to make “clarifications” plural and not possessive. Grammatical correctness improves readability.

##### ***Section 3500, subsection (b)(8)***

- “Bias” is added to the definitions section and defined as “basing, either partially or completely, an analysis or opinion of market value upon any of the personal characteristics or criteria listed in Section 11424 of the Business and Professions Code.”

##### **Purpose and Rationale:**

Code section 11424 was added by AB 948 to prohibit licensees from basing their analysis or opinion of market value on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, source of income, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act. This proposal implements AB 948 by defining “bias” in appraisal activities to reflect that prohibition. Putting the definition in section 3500 ensures that all terms needing a definition are located in the same place for ease of reference.

##### ***Section 3500, subsection (b)(12)***

- Moves the definition of “Chief” to be in between “Certificate of Registration” and “Controlling Person”
- Strikes the phrase “his or her” and replaces it with “their”

##### **Purpose and Rationale:**

Moving the definition of “Chief” to put the list in alphabetical order reduces confusion and enhances overall readability. Changing “his or her” to “their” to make the provision

gender-neutral is a purely grammatical, gender-neutralizing change implementing ACR 260.

***Section 3500, subsections (b)(9)-(21)***

- Reorders definitions
- Renumbers definitions
- Deletes “and/or Chief” from the definition of “Bureau”

Purpose and Rationale:

Moving definitions to put the list in alphabetical order reduces confusion and enhances overall readability by making it easier to locate whether or not a term is defined. Now that the definitions are in alphabetical order, they are renumbered accordingly for correct formatting. In addition, deleting “and/or Chief” from the definition of “Bureau” harmonizes the language with Code section 11302(h).

**Add Section 3542, Minimum Education Requirements for Licensure**

Section 11340(c) of the Code provides that the minimum requirements for licensure shall be those requirements and standards established by the Appraisal Foundation and the federal financial institutions regulatory agencies acting pursuant to Section 1112 of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) (Public Law 101-73)<sup>3</sup>. Those standards are spelled out by the Appraisal Qualifications Board (AQB). While it is widely understood that AQB sets the minimum educational requirements for licensure and the Bureau has stated that on its website for applicants’ reference, the Bureau seeks to clarify those requirements in regulation.

The Bureau is adding section 3542 because it has determined that it would be clearer to have in its regulations two separate sections, one that sets forth the minimum education requirements for licensure, and another that sets forth the continuing education requirements for renewal. Accordingly, the Bureau is defining the education requirements for licensure in new section 3452 and moving any requirements for licensure currently in section 3543 to section 3542.

***Section 3542, subsection (a)***

Regarding the minimum education requirements for an applicant for licensure:

- Sets forth all minimum hours and courses required by the AQB for the license level applied for, including the 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course.

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<sup>3</sup> 12 U.S.C § 3341, et seq.

- Requires a Bureau-approved four-hour course on federal and California appraisal-related statutory and regulatory law for either an initial or reciprocal license.
- Provides a new requirement in subsection (a)(3) for an applicant for either an initial or reciprocal license submitting an application on or after January 1, 2023, of at least one hour of instruction in cultural competency, which is to include, at the least, an overview of historical and current discriminatory practices in the real estate appraiser industry, an examination of one’s own attitudes and values, and the acquisition of the values, knowledge, skills, and abilities that will allow an individual to work appropriately in cross-cultural situations.

Purpose and Rationale:

To provide greater clarity to its regulations, the Bureau proposes to move requirements related to initial applicants for licensure from section 3543 to section 3542. Currently, section 3543 contains the minimum education requirements for what is referred to as “basic” education, i.e., the minimum education requirements to qualify for licensure, as well as the continuing education requirements for license renewal. This proposal moves the language addressing basic education from section 3543(a) to the newly created section 3542, which will allow for greater clarity and make it easier for new applicants to identify the requirements that apply to them.

New subsections (a)(1) and (a)(2) set forth the requirements for completion of both the 15-hour USPAP course, which is part of AQB minimums and is included in BREA’s existing licensing handbook, and the four-hour class on federal and California law. These are not new regulatory requirements, but they needed to be included in the new section 3542 for minimum educational requirements to make it clear to prospective licensees that the requirements apply to them.

Subsection (a)(3) implements AB 948’s requirement that applicants submitting an application on or after January 1, 2023, complete at least one hour of instruction in cultural competency. (Bus. & Prof. Code § 11340(e).) The Bureau’s amendment requires that this instruction include, at a minimum, an overview of historical and current discriminatory practices in the real estate appraiser industry, an examination of one’s own attitudes and values, and the acquisition of the values, knowledge, skills, and abilities that will allow an individual to work appropriately in cross cultural situations. California is a very diverse state racially, ethnically, culturally, and economically. Consumer protection demands that property appraisals be fair and as unbiased as possible. The opinion of an appraiser of the property that they are valuing should be informed only by appropriate considerations. To understand how an appraiser may be including inappropriate considerations based upon cultural complexities, whether consciously or not, they must first be aware of how discriminatory practices have been manifested in the real estate appraisal industry. They must be able to look at their own attitudes and values. Then an appraiser must learn how to work in situations that not only cross several different cultural aspects, but in those that also differ from their own.

Accordingly, requiring that all applicants gain knowledge and skills, and are instilled with the values for working in cross cultural situations, will ultimately lead to a fairer marketplace in California.

**Section 3542, subsection (b)**

Regarding the minimum standards for all courses satisfying subsection (a)(1):

- Subsection (b)(1) specifies a course hour minimum of 15-hours each, including a closed-book proctored exam that covers the course material;
- Subsection (b)(2) requires course content approval from AQB through its Course Approval Program (CAP), a state real estate appraiser licensing agency or comparable regulatory jurisdiction, or a college, community college, or university that is accredited by a regional, institutional, national, or programmatic accreditation association that is recognized by the U.S. Department of Education (DOE);
- Subsection (b)(3) requires that distance education courses -- synchronous or asynchronous -- have their course delivery mechanism approval obtained from one of the following sources:
  - AQB through its CAP; or
  - A college, community college, or university that is accredited as described in subparagraph (b)(2) that awards academic credit for the distance education course;
- Subsection (b)(4) requires that courses must be taken through a school, provider, or program that is accredited by either the Bureau or any regional, institutional, national, or programmatic accrediting agency recognized by the U.S. DOE.

Purpose and Rationale:

Currently, the minimum standards for courses if they are to satisfy the requirements of section 3542(a)(1) are located in section 3543 or are AQB standards. However, because under this proposal section 3543 would no longer apply to new applicants, it is necessary to include these standards in section 3542, the new section that applies only to new applicants. As explained above, having all the requirements for applicants together in one section, distinct from the requirements pertaining to renewal licensees, increases clarity and ease of reference.

AQB requires that qualifying courses are a minimum of 15 class hours with a closed book, proctored exam. This proposal codifies that requirement into regulation at new section 3542(b)(1) to ensure that applicants understand their obligations and so that all the education requirements for licensure are contained within one section. Currently, section 3543(a)(3) specifies course content approval only with respect to distance education approval. New section 3542(b)(2) clarifies that basic course content must be approved by particular approving/accrediting agencies. Those agencies are now AQB through its Course Approval Program (CAP) whose standards became effective June 1, 2022; another state real estate appraiser regulatory agency; or a college, community

college, or university accredited by a U.S. DOE-recognized accrediting agency. Then, separately, the distance education course delivery method must be approved through CAP or an accredited college, community college, or university. This narrows the list of agencies currently in section 3543(a)(3)(B) and clearly applies those accreditation standards to all basic education, distant or not. In addition, new section 3542(b)(3) specifies that distance education includes both synchronous and asynchronous coursework, since there has been confusion as to whether geographically separate but synchronous material delivery is considered distance education.

Lastly, section 3542(b)(4) requires that the courses be taken through a school, provider, or program that is accredited by either the Bureau or any regional, institutional, national, or programmatic accrediting agency recognized by the U.S. DOE. The substance of this section is moved from section 3543(a)(4). It is, however, more reflective of the different kinds of accrediting agencies recognized by the DOE, as well as more specific that the accrediting agency must be recognized by the DOE.

Thus, section 3542(b) requires that all course content be approved, course delivery requires approval, and the providers must also be approved. Putting all the course standards together increases clarity and ease of finding the requirements. Requiring that all aspects of basic education meet the same standards ensures all appraisers obtain the education to function competently, increases consumer protection, and helps ensure a fairer marketplace.

### ***Section 3542, subsection (c)***

- Allows an applicant with a current and active state real estate appraiser license issued by another state or territory of the United States and who meets the requirements for issuance of a reciprocal license in section in 3569 to be deemed to have met the minimum education requirements.

### **Purpose and Rationale:**

This section reflects that the Bureau deems a current and active state real estate appraiser license from another state or territory as evidence of completing the minimum education requirements in section 3542(a)(1) if the applicant meets the requirements in section 3569 for issuance of a reciprocal license, by moving the language from section 3543(d) and organizing the minimum educational requirements in one section. This amendment increases clarity and ease of reference of the minimum education requirements for licensure by placing them all in one section.

The Bureau further proposes to modify the language previously contained in section 3543(d) by requiring that licenses from another state be “current and active,” rather than “in good standing.” The reason for this is that while a license being “in good standing” may indicate that no action has been taken against it, it does not necessarily ensure that the license has been kept current and is in an active status. The Bureau has

determined that whether a license is current and active allowing the holder to practice is a better indicator that the licensee has met all the education requirements. If the out-of-state license is restricted for any reason, the Bureau can still address whether there is a basis for denial, but that is a distinct issue from whether the licensee has fulfilled the minimum education requirements.

### **Amend Section 3543, Continuing Education Requirements for Renewal**

As stated above, the Bureau determined that it would be clearer to have in its regulations separate sections defining the minimum education requirements for licensure and those for continuing education requirements for renewal. Section 3542 was added to specify the basic education requirements for licensure. Section 3543 will clarify and make specific continuing education requirements for licensees.

#### ***Section 3543, Title***

- The title of the section is amended by striking “Minimum Basic and” at the start and adding “for Renewal” after “Requirements” at the end of the title.

#### **Purpose and Rationale:**

The proposal amends the title of the section to read “Continuing Education Requirements for Renewal” to clarify that this section is now only addressing continuing education and not the minimum basic education requirements. New section 3542 now sets out the basic education requirements for applicants and 3543 will be limited to the requirements for continuing education. Accordingly, the title of the section is amended to reflect that.

#### ***Section 3543, subsection (a)***

- New subsection (a) now contains what is currently in subsection (b)(3) and specifies that to renew a license every two-year period, a licensee must complete the 7-hour National USPAP Update Course (or its equivalent as determined by the AQB) and provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application as required in section 3681.

#### **Purpose and Rationale:**

Licensees are required to renew their license every two years. While pursuant to section 11360 of the Code, continuing education is reported on a four-year renewal cycle, the Bureau has long required that an update course be completed for every two-year renewal. The practice of performing appraisals is a dynamic field; it ensures consumer protection to require licensees to stay updated and not wait until the end of the four-year reporting period to obtain updated information regarding their practice.



This is not a new requirement; the language is simply being moved up from subsection (b)(3) to indicate that it is a baseline requirement each time the license is renewed.

### ***Section 3543, subsection (b)***

- New subsection (b) specifies the required continuing education hours for the renewal of a license on every four-year cycle; provides that a licensee must complete an average of 14 hours of accredited continuing education per year, for a total minimum of 56 hours during the four-year cycle, and excludes course time allotted for exam administration toward the required hours; and specifies what coursework is required for every four-year renewal cycle, in addition to the seven-hour USPAP Update Course required for every two-year renewal in subsection (a).
  - New subsection (b)(1) requires a minimum of four hours of Bureau-approved coursework on federal and California appraisal related statutory and regulatory law and deems a course to be Bureau-approved if it is accredited pursuant to Article 9 of the Bureau's regulations.
  - New subsection (b)(2) specifies the additional requirements for a license that expires on or after January 1, 2023, in its four-year renewal cycle in the following ways:
    - New subsection (b)(2)(A) requires at least one hour in cultural competency and specifies that the minimum instruction must include the subject matter required in section 3542(a)(3). It also provides that if cultural competency instruction is offered as an individual continuing education course, it need not meet the minimum two-hour class length required by AQB.
    - New subsection (b)(2)(B) requires at least two hours of training in the elimination of bias and specifies that the minimum instruction must include an overview of historical and current discriminatory practices in the real estate appraiser industry, examples of how implicit biases affects perceptions, analyses, and decisions, leading to disparities in performing appraisals along lines of race, ethnicity, gender identity, sexual orientation, age, socioeconomic status, or other characteristics listed in section 11424 of the Code, and strategies on how to understand and counteract how unintended biases in analyses may contribute to disparities by shaping behavior and producing differences in performing appraisals.
- Strikes current subsections (b)(2) and (b)(3) and moves the requirements regarding the seven-hour USPAP Update Course and 14-hours per year of continuing education to new subsections (a) and (b), respectively.

#### Purpose and Rationale:

Licensees renew their license every two years. Pursuant to section 11360 of the Code, continuing education is reported on a four-year renewal cycle. Current subsection (b)(2) (subsection (b) as amended), specifies that licensees must average at least 14 hours of

approved continuing education annually as a condition of renewal. This amounts to a minimum of 56 hours during the four-year period. The Bureau believes that having the 56-hour requirement appear in regulation together with the 14-hour average yearly continuing education requirement will increase clarity and ease of reference.

The requirement that licensees seeking renewal must complete a four-hour course on federal and California appraisal-related statutory and regulatory law is set forth in current subsection (a)(4). The proposed text moves this requirement to subsection (b)(1) so that all continuing education course requirements appear consecutively. This will enhance clarity and allow licensees to identify more easily what courses they must complete in order to renew their licenses. The proposal further specifies that the course must be Bureau-approved for consistency with the language for course requirements for applicants and Article 9 of the Bureau's regulations, which sets forth the requirements for accreditation of continuing education courses.

As stated above, California is a very diverse state racially, ethnically, culturally, and economically. Consumer protection demands that property appraisals be fair and as unbiased as possible. The opinion of an appraiser of the property that they are valuing should be free of bias and informed only by appropriate considerations. Cultural competency requires an ongoing understanding of changing cultural landscapes as well as an examination of our own attitudes and values. As described above, the Bureau is implementing AB 948 by outlining the requirement for instruction in cultural competency as a requirement for an applicant applying for licensure on or after 1, 2023. Under newly drafted subsection (b)(2)(A), the same instruction must be received as a condition of license renewal for a license expiring on or after January 1, 2023, in its four-year renewal cycle. Requiring the instruction at the time of the licensee's four-year renewal allows the licensee and the Bureau to more easily track when the requirement must be met.

Subsection (b)(2)(B) further implements AB 948 by specifying the minimum instruction on the elimination of bias. This minimum instruction includes three basic elements. First, under new subsection (b)(2)(B)(i), the instruction must provide an overview of historical and current discriminatory practices in the real estate appraiser industry. That overview will provide appraisers with the backdrop for the issue being addressed and inform them of the need for those in the industry to continue to work toward elimination of bias. Second, under new subsection (b)(2)(B)(ii) the instruction must include examples of how our implicit biases affect our perceptions, analysis, and decision-making. The Bureau believes that the impact of biases on licensees performing appraisals is, in large part, an issue of awareness. Raising personal awareness by examples of how biases lead to disparities along lines of race, ethnicity, gender identity, sexual orientation, age, socioeconomic status, or other characteristics enumerated in section 11424 of the Code, is the first step toward helping eliminate the impact of those biases.

Third, under new subsection (b)(2)(B)(iii), the instruction must include strategies for counteracting implicit biases. Once an appraiser has increased their awareness of how their biases impact the performance of their appraisals, the Bureau has determined that

they should learn ways in which to overcome or counteract those biases as they note their perceptions, perform their analyses, and reach their conclusions.

All appraisers must learn how to work in situations that not only often cross several different cultural aspects, but those that differ from their own. Accordingly, requiring that all licensees work toward understanding their biases, how they show up in the work of performing an appraisal, and learning strategies for counteracting how those biases may contribute to their work, will ultimately lead to a fairer marketplace in California. As with cultural competency, the training must be obtained to meet the condition of license renewal for a license expiring on or after January 1, 2023, in its four-year renewal cycle. Requiring the instruction during the licensee's four-year renewal allows the licensee and the Bureau to more easily track when the requirement must be met.

### ***Section 3543, subsection (c)***

- Renumbers section (a) to become section (c) and amends the provision to read: "To qualify for renewal, in addition to the requirements of this section, continuing education coursework shall meet the following," rather than "Minimum basic and continuing requirements."
- In new subsection (c)(1), strikes the word "All" and replaces it with "Each," and adds the phrase "except as otherwise indicated in this section."
- In new subsection (c)(2), adds that, in addition to a school, continuing education can be taken through an accredited provider or program and expands the types of accrediting agencies that can accredit the school, provider, or program.
- In new subsection (c)(2)(B), expands the types of accrediting agencies to include institutional and programmatic agencies, and replaces the word "approved" with "recognized."
- In new subsection (c)(3):
  - Makes clarifying changes to course content approval, including more specifically referring to AQB's newly effective CAP as an approver, and expanding the types of accrediting agencies recognized by the DOE.
  - Adds that, in addition to a school, continuing education can be taken through an accredited provider or program and expands the types of accrediting agencies that can accredit the school, provider, or program.
  - Deletes the reference to the U.S. "Secretary" of Education and replaces it with "Department."
- Adds subsection (c)(4), which states "Distance education courses, synchronous or asynchronous, are acceptable if:"
- Adds subsection (c)(4)(A), which states "Course content is approved as above in subparagraph (3); and."
- Makes clarifying changes to course content approval, including more specifically referring to AQB's newly effective CAP as an approver, and expanding the types of accrediting agencies recognized by the DOE.

- Renumbers what is currently subsection (a)(3)(B)(1) to become (c)(4)(B)(i) and amends the language to read “AQB’s CAP,” rather than “AQB approved organizations providing approval of course design and delivery.”
- Renumbers what is currently subsection (a)(3)(B)(2) to now be (c)(4)(B)(ii), adds community colleges to the categories of sources that may approved a course delivery mechanism, and changes the reference to paragraph (A) to paragraph (3).
- Strikes current subsections (a)(3)(B)(3) and (a)(3)(B)(4).
- Deletes outdated language regarding modes of distance learning in basic education of correspondence, video, CD ROM, online, or remote television courses. Language related to distance learning delivery mechanisms is now in section 3542(b)(3).
- Makes minor grammatical and formatting changes.

### Rationale and Purpose:

As discussed above, the Bureau determined that it would be clearer to have in its regulations separate sections defining the minimum education requirements for licensure and those for continuing education requirements for renewal. As amended, section 3543(a) provides the hours and course specific continued education requirement for every two-year renewal period. As amended, section 3543(b) provides the hours and course specific continued education requirements for every four-year renewal period. As amended, section 3543(c) provides what standards that coursework must meet in order to qualify for renewal.

None of the requirements in section 3543(c) are new. Under new subsection (c)(1), coursework must still meet AQB minimums, except as specified. This language, “except as otherwise indicated in this section” is added in order to account for the one-hour requirement in cultural competency set forth in amended subsection (b)(2)(A), and the possibility of it being a stand-alone class, which would then not meet the AQB two-hour minimum for continuing education coursework. The amendments in subsection (c)(2) expand the standard for a classroom-based course to include “a provider or program,” in addition to a “school.” This expansion is consistent with the fact that the Bureau accredits providers pursuant to Article 9 of its regulations. In addition, some national accrediting agencies accredit programs that would be relevant to the practice of performing real estate appraisals. The Bureau has determined that adding in “a provider or program” helps cover the gamut of accredited sources of continuing education.

In addition, the types of accrediting agencies are expanded in new subsection (c)(2)(B) to include “institutional” and “programmatic” agencies (agencies that accredit programs) to cover the difference types of agencies recognized by the DOE. “Recognized” regional or national accrediting agency replaces “approved” ones for consistency with amended section 3543(c)(3) and as that is the term more commonly used by the U.S. Department of Education. Using a consistent term reduces confusion as to whether the regulations refer to agencies meeting different standards.

The amendments in new subsection (c)(3) make course content approval consistent with that for basic education by clarifying that AQB approval is through CAP, adding the phrase “real estate appraiser licensing or comparable” to describe a state regulatory jurisdiction, expanding accrediting agencies to include “institutional” and “programmatic” agencies, and deleting “Commission on Colleges.” This list will then cover the gamut of accrediting agencies. In addition, the amendments delete the reference to the U.S. Secretary of Education and replace that with the U.S. Department of Education. Referring to the Department solely rather than using Department and Secretary interchangeable reduces potential confusion as to whether they are different agencies with different standards.

Lastly, the amendments in new subsection (c)(4) add requirements for distance education. Section 3453(c)(4) specifies that distance education includes both synchronous and asynchronous coursework, since there has been confusion as to whether geographically separate but synchronous material delivery is considered distance education. Section 3543(c)(4)(A) adds course content approval to the existing course delivery mechanism approval by referencing the course content requirements for other continuing education courses that are in 3543(c)(3). Section 3543(c)(4)(B) specifies that the distance education course delivery method must be approved through CAP or an accredited college, community college, or university that awards credit for the distance education course, narrowing the list of agencies currently specified, and making it consistent with distance education for basic education. Because the amendments have narrowed and clarified the acceptable level of accreditation, the Bureau has determined that those same agencies can approve the delivery mechanism for distance education course which content they are approving. The amendments propose to delete the language in section 3543(a)(3): “A qualifying college or university for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.” First, this language refers to both basic and continuing education, so would no longer belong in the section solely addressing continuing education. Second, it is confusing in that it adds an element of “interactivity” to distance education.

### ***Section 3543, subsection (d)***

- In current subsection (d) is stricken because the requirements for basic education for out-of-state licensed applicants is covered in new section 3542(c), as discussed above.
- Proposed subsection (d) provides that the seven-hour National USPAP Update Course required for every two-year renewal cycle must be completed after the date on which the previous license was issued, or its expiration date, or during the two-year period in which the license can be renewed pursuant to section 3682; the remaining required hours that must be completed within a four-year cycle must be completed after the expiration date of the previous four-year cycle license issued.
- Makes nonsubstantive grammatical changes.

### Purpose and Rationale:

Current section 3543(b), renumbered under this proposal as 3543(d), requires that continuing education requirements be completed after the date on which the previous license was issued. This ensures that the continuing education qualifying a licensee for renewal is current. While licensees may, obviously, complete as many continuing education hours as they want, the Bureau determined that the qualifying hours must be taken in the renewal period prior to the relevant renewal period to make the continuing education more meaningful.

The proposed text clarifies that it is the seven-hour USPAP Update Course that must be completed after the date the previous license was issued. This clarification was necessary to reduce confusion by differentiating between the USPAP Update Course, which is required for every two-year renewal, and the remaining hours that are required for the four-year cycle. It also addresses those situations where a license is renewed early, or where it is not timely renewed. For example, if the expiration date for a license is July 1, 2023, and the license is renewed on May 1, 2023, an Update Course completed between May 1, 2023, and July 1, 2023, will not qualify toward the license's renewal for July 1, 2025. It must be completed between July 1, 2023, and July 1, 2025. In other circumstances, if the license expires on July 1, 2023, and is not renewed until June 1, 2025, the Update course must be completed between July 1, 2023, and June 1, 2025.

In addition, the proposed text clarifies the date after which continuing education must be completed for the four-year cycle. Reading the current text literally, the continuing education hours required for the four-year cycle renewal would have to be completed within the preceding two-year renewal period, rather than the preceding four-year cycle renewal period. The Bureau has never interpreted the language that way and believes it will reduce confusion and state the policy more clearly to have separate sentences regarding when the required hours must be completed.

The proposed text ensures that licensees continuing education is as up to date as reasonably possible by requiring all continuing education that qualifies for renewal to be completed in a defined period prior to renewal.

### ***Section 3543, subsection (e)***

- Provides that other than the seven-hour National USPAP Update Course, duplicate continuing education coursework will not be accepted as qualifying toward renewal if it is completed within the same four-year continuing education cycle.

### Purpose and Rationale:

Under new section 3543, licensees are required to complete the seven-hour National USPAP Update Course every two years as a condition of license renewal. As stated

above, new section 3543(d) provides that course must be taken after the expiration date of the renewal period before so that the Update Course is not taken in the same two-year renewal cycle. Thus, 14 hours of the required 56 hours total required for renewal on a four-year renewal cycle will consist of the Update course. Under new section 3543(b), the remaining continuing education hours must consist of at least four hours coursework on federal and California statutes and regulations, one hour in cultural competency, and two hours in elimination of bias. Of the remaining minimum 35 hours required to renew on a four-year cycle, the Bureau believes that it is best to complete a variety of courses so that licensees are educated on a breadth of topics relevant to the appraiser industry. Duplication of courses does not achieve the policy of licensees continuing their education of issues in the field. The Bureau's website informs licensees that other than the USPAP Update Course, duplicate education will not be accepted if completed within the same continuing education renewal cycle. Accordingly, the limitation is now being put in regulation.

### ***Section 3543, Note***

- The Authority and Reference sections delete section 11340 of the Code and FIRREA, which are related to basic education, and add sections 11361 and 11424 of the Code related to continuing education and AB 948.

#### Purpose and Rationale:

Because the proposed text adds section 3542 to set forth the basic education requirements and amends 3543 to solely address continuing education, the authority and reference notes are amended accordingly.

### ***Section 3568, subsection (a)(1)(A)***

- Strikes "which" after education and replaces it with "that"
- Strikes "3543" after Section and replaces it with "3542"

#### Purpose and Rationale:

The proposed text makes a nonsubstantive grammatical correction, which enhances readability. The proposed language also updates the cross-reference to new section 3542 relating to minimum basic education required for licensure for correct cross-references.

### ***Section 3568, subsection (b)(1)***

- Strikes "3542" after Section and replaces it with "3541"

Purpose and Rationale:

Section 3541 is the correct cross-reference relating to experience.

***Section 3568, subsection (c)***

- Strikes “which” after “reports” and replaces it with “that”

Purpose and Rationale:

The nonsubstantive change remedies incorrect grammar, which will enhance readability.

***Section 3568, subsection (e)(4)***

- Strikes “his/her” after “under” and replaces it with “their”

Purpose and Rationale:

Making the language of the regulation gender neutral implements the policy goal stated in ACR 260.

***Section 3568, subsection (f)(5)***

- Strikes “, which” after AQB and replaces it with “and that”

Purpose and Rationale:

The nonsubstantive change remedies incorrect grammar, which will enhance readability.

**Underlying Data**

- Real Property Appraiser Qualification Criteria, effective January 1, 2022
- Appraisal Subcommittee Annual Report, 2020
- AQB’s Course Approval Program Policies and Procedures, effective June 1, 2022
- Assembly Bill 948 (Holden) Chapter 352, Statutes 2021



## **Business Impact**

This regulation will not have a significant adverse economic impact on businesses. No business is required to develop new coursework. No additional educational hours are required.

## **Economic Impact Assessment**

The regulatory proposal will have the following effects:

- The regulatory proposal may create jobs within the State of California because the modifications implement new requirements on applicants or licensees for education to qualify for licensure as well as to complete license renewal, and people will need to provide those courses. However, the Bureau notes the required coursework currently exists and is readily available.
- The regulatory proposal could create new businesses, but would not eliminate existing businesses, within the State of California because the modifications implement the new requirements for licensees, which will be by businesses providing those educational opportunities. However, the Bureau notes the required coursework currently exists and is readily available.
- The regulatory proposal could expand opportunities for businesses currently doing business within the State of California because the modifications implement new requirements for courses, which could be offered by the businesses currently doing business here.
- The regulatory proposal may improve the health and welfare of California residents because the proposal implements the requirements for education on cultural competency and bias that affects us all. However, the Bureau notes the required coursework currently exists and is readily available.
- The regulatory proposal does not affect worker safety because it does not relate to worker safety.
- The regulatory proposal does not affect the state's environment because it does not relate to the environment.

## **Specific Technologies or Equipment**

This regulation does not mandate the use of specific technologies or equipment.

## **Consideration of Alternatives**

The Bureau has initially determined that no reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific. However, the Bureau welcomes comments from the public.