

DEPARTMENT OF CONSUMER AFFAIRS
TITLE 10. BUREAU OF REAL ESTATE APPRAISERS

PROPOSED REGULATORY LANGUAGE
Minimum and Continuing Education Requirements

Legend:	Added text is indicated with an <u>underline</u> . Deleted text is indicated by strikeout .
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Amend sections 3500, 3543, and 3568 of, and add section 3542 to, Chapter 6.5 of Title 10 of the California Code of Regulations to read as follows:

§ 3500. Meaning of Words and General Definitions.

- (a) Words shall have their usual meaning unless the context or a definition clearly indicates a different meaning. Words used in their present tense include the future tense and words in the singular form include the plural form. Use of the word “shall” or “must” denotes mandatory conduct; “may” denotes permissive conduct; and “should” denotes recommended conduct.
- (b) As used in these regulations, the following words and phrases shall have the following definitions:
- (1) “Applicant” means a natural person who has made application to be a State Licensed Real Estate Appraiser, a State Certified Real Estate Appraiser, a Course Provider or a person who has applied for a Trainee License, a Reciprocal License or a Temporary Practice Permit. Applicant also means an entity or Controlling Person that has applied for a Certificate of Registration as an Appraisal Management Company;
 - (2) “Appraisal Management Company” means any person or entity as defined in Business and Professions Code section 11302.
 - (3) “Appraisal management services” as defined in Business and Professions Code section 11302.
 - (4) “Appraisal Standards Board (ASB)” means the board of The Appraisal Foundation;
 - (5) “Appraisal Subcommittee (ASC)” means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council;
 - (6) “Appraiser” means an individual who holds a license issued by the Bureau of Real Estate Appraisers;
 - (7) “Appraiser Qualifications Board (AQB)” means the subcommittee of The Appraisal Foundation. The “Appraiser Qualifications Board” (AQB) is the board of The Appraisal Foundation which promulgates the minimum national requirements for licensure for licensed appraisers. The minimum national requirements includes the interpretations and clarification’s of the appraiser qualifications

criteria issued by AQB; April 1, 2021;

(8) "Bias" means 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.

(9) "BREA" means the California Bureau of Real Estate Appraisers;

(10) "Bureau" means the California Bureau of Real Estate Appraisers;

~~(8)~~ (11) "Certificate of Registration" means a certificate issued by the California Bureau of Real Estate Appraisers verifying the registration of a person or entity as approved to conduct business in California as an Appraisal Management Company.

(12) "Chief" means the Chief of BREA or their designee;

~~(9)~~ (13) "Controlling Person" means one of more of the following:

(A) An officer or director of an Appraisal Management Company, or an individual that holds 10% or greater ownership interest in an Appraisal Management Company.

(B) 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.

(C) An individual who possesses the power to direct or cause the direction of the management or policies of an Appraisal Management Company.

~~(10)~~ (14) "Course Provider" means a person or organization that has been approved by the Bureau of Real Estate Appraisers to provide educational courses within the parameters set forth herein.

~~(11)~~ (15) "Designated Officer" means a Controlling Person authorized by the governing structure of the Appraisal Management Company to act on behalf of the company for purposes of application for, and compliance with, a Certificate of Registration to operate as an Appraisal Management Company pursuant to California law. The Designated Officer shall be responsible for the supervision and control of activities conducted on behalf of the Appraisal Management Company by its officers and employees as necessary to secure full compliance with the Real Estate Appraisers' Licensing and Certification Law and these regulations as related to Appraisal Management Companies.

~~(12)~~ "Chief" means the Chief of BREA or his or her designee;

~~(13)~~ (16) "FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73 and any amendments thereto;

~~(14)~~ (17) "Non-residential property" means all other property except one to four unit residential structures and land suitable for one to four unit residential use;

- ~~(15)~~ “Bureau” means the Bureau of Real Estate Appraisers, and/or the Chief;
- ~~(16)~~ “BRE” means the Bureau of Real Estate Appraisers;
- ~~(17)~~ (18) “Registrant” means a person or entity authorized to conduct business as an Appraisal Management Company in California through issuance of a Certificate of Registration by the California Bureau of Real Estate Appraisers.
- ~~(18)~~ (29) “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;
- ~~(19)~~ (20) “Residential property” means real property containing, and land suitable for, four or fewer residential units.
- ~~(20)~~ (21) “Uniform Standards of Professional Appraisal Practice; (USPAP)” means those standards as adopted by the Appraisal Standards Board of the Appraisal Foundation.

Note: Authority cited: Sections 11313, 11314, 11350 and 11361, Business and Professions Code. Reference: Sections 10, 11302, 11310, 11360, ~~and 11361, and 11424,~~ Business and Professions Code.

§ 3542. Minimum (Basic) Education Requirements for Licensure.

- (a) To be eligible for licensure, an applicant shall meet the following minimum education requirements:
- (1) Successful completion of all minimum education hours and course requirements for the license level applied for as prescribed by the AQB, including the Appraisal Foundation’s 15-hour National Uniform Standards of Professional Appraisal Practice (USPAP) course;
 - (2) For the issuance of an initial or reciprocal license, a Bureau-approved four-hour course on federal and California appraisal-related statutory and regulatory law. A course will be deemed to be “Bureau-approved” if it is accredited pursuant to Article 9 of the Bureau’s regulations; and,
 - (3) For an applicant for an initial or reciprocal license submitting a completed application that is received by the Bureau on or after January 1, 2023, at least one hour of instruction in cultural competency as defined in Section 11340 of the Business and Professions Code. Instruction on cultural competency shall include, at a minimum, subject matter that covers 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.

(b) All courses satisfying the requirements of subdivision (a)(1) shall:

(1) Be a minimum of 15 hours in length and include a closed-book, proctored, final examination that covers the course material;

(2) Have their course content approved by the 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;

(3) If it is a distance education course, synchronous or asynchronous, have its course delivery mechanism approved by one of the following:

(A) AQB through its Course Approval Program (CAP); or

(B) An accredited college, community college, or university described in subparagraph (b)(2) that awards academic credit for the distance education course.

(4) Be taken through a school, provider, or program that is accredited by either:

(A) The Bureau; or

(B) Any regional, institutional, national, or programmatic accrediting agency that is recognized by the U.S. Department of Education.

(c) An applicant who possesses a current and active license to practice as a real estate appraiser issued by another state or territory of the United States and meets the requirements in section 3569(a) shall be deemed to have completed the minimum education requirements in (a)(1).

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code. Reference: Sections 11314, 11340, and 11361, Business and Professions Code; 12 U.S.C. section 3345.

§ 3543. Minimum Basic and Continuing Education Requirements for Renewal.

(a) To renew a license every two-year renewal period, a licensee shall complete the seven-hour National USPAP Update Course (or its equivalent as determined by the AQB). A licensee must provide the documentation with each renewal application as required by section 3681.

(b) For renewal of a license every other two-year renewal period ("four-year cycle"), a licensee shall complete an average of 14 hours of Bureau-accredited continuing education per year, for a required minimum of 56 hours reported in accordance with section 3681. Course time allotted for exam administration does not count as qualifying toward the required hours of accredited continuing education. In addition to the seven-hour National USPAP Update Course required every two-year period in subsection (a), of the required hours for the four-year cycle a licensee must complete:

(1) A minimum four (4) hour Bureau-approved course on federal and California appraisal-related statutory and regulatory law. A course will be deemed to be "Bureau-approved" if it is accredited pursuant to Article 9 of the Bureau's regulations; and

(2) For a license that expires on or after January 1, 2023:

(A) At least one hour in cultural competency, as defined in Section 11360 of the Business and Professions Code. Instruction shall include the subject matter required in section 3542(a)(3). If offered as an individual course, it need not meet the minimum length of two hours, as required by AQB.

(B) At least two hours in elimination of bias training, as bias is defined in section 3500. Instruction on the elimination of bias shall include, at a minimum, the following:

(i) An overview of historical and current discriminatory practices in the real estate appraiser industry,

(ii) Examples of how implicit bias affects perceptions, analyses, and decisions of appraisers, leading to disparities in performing appraisals along lines of race, ethnicity, religion, gender identity, sexual orientation, age, socioeconomic status, or other personal characteristics or criteria listed in Section 11424 of the Business and Professions Code.

(iii) Strategies to understand and counteract how unintended biases may contribute to disparities by shaping behavior and producing differences in performing appraisals.

~~(a)(c)~~ Minimum basic and To qualify for renewal, in addition to the requirements of this section, continuing education coursework shall meet the following requirements shall be as follows:

(1) All Each course shall meet the minimum AQB requirements, except as otherwise indicated in this section;

(2) All classroom attended courses shall be taken through a schools, provider or program that are is accredited by either:

(A) The Bureau; or

(B) Any regional, institutional, or-national, or programmatic accrediting agency approved-recognized by the U.S. Department of Education.

(3) Distance education courses are acceptable if:

~~(A) Course Content approval is obtained from~~ approved by the AQB through its Course Approval Program (CAP), a state real estate appraiser licensing agency or comparable appraiser regulatory jurisdiction, or a accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional, institutional, or-national, or programmatic accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary Department of Education; and

(4) Distance education courses, synchronous or asynchronous, are acceptable if:

(A) Course content is approved as above in subparagraph (3); and

(B) Course delivery mechanism approval is approved by obtained from one of the following sources:

1.(i) AQB's CAP approved organizations providing approval of course design and delivery; or

2.(ii) A college, community college, or university that qualifies for content approval in paragraph (A) (3) above that awards academic credit for the distance education course; or

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.

(4) All applicants must complete, prior to issuance of an initial or reciprocal license, a four-hour course on federal and California appraisal related statutory and regulatory law.

(b)(d) In addition to (a) above, To qualify for renewal, the seven-hour National USPAP Update Course required in subsection (a) continuing education requirements shall be as follows:

(1) Continuing education requirements shall be completed after the date on which the previous license was issued, or after the previously issued license's expiration date, or during the two-year period following the expiration of the previously held license in which the license can be renewed pursuant to section 3682. To qualify for renewal, the remaining hours required in subsection (b) shall be completed after the expiration date of the previous four-year continuing education cycle,

(e) Except for the seven-hour National USPAP Update Course, duplicate continuing education coursework will not be counted toward meeting the required hours of this section if completed more than once within the same four-year continuing education cycle.

(2) Appraisers applying for renewal of a license shall average at least 14 hours of accredited continuing education per year; and

(3) Of the required hours, a minimum of 7 hours of USPAP consisting of the 7-hour National USPAP Update Course must be completed every 2 years. Applicants for renewal must provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application.

(c) In addition to (a) above, basic education requirements shall be as follows:

(1) Correspondence, video, CD-ROM, online, or remote television courses taken for basic education must consist of at least five lesson assignments of 3 hours each to be equivalent to a 15-hour class.

(d) The Bureau may accept a state real estate appraiser license in good standing issued by another state or territory of the United States as satisfactory evidence of

~~fulfillment of the minimum educational requirements of this part, provided that the state of issuance complies with the minimum standards established by the AQB.~~

Note: Authority cited: Sections 11313, 11314, ~~11340-11360~~, and 11361, Business and Professions Code. Reference: ~~Public Law 101-73 (FIRREA); and Sections 11340 and 11360~~ 11361, and 11424, Business and Professions Code.

§ 3568. Trainee Licenses and Supervising Appraiser Responsibilities.

- (a) To obtain a Trainee License, applicants shall satisfy the following minimum requirements:
 - (1) Education:
 - (A) Completion of basic education ~~which~~ that covers the minimum number of hours and specific topics required by AQB for a residential level license and meets the minimum requirements of Section ~~3543-3542~~; and
 - (B) 15 hours of USPAP which consists of the 15-hour National USPAP Course or its equivalent.
 - (C) Completion of a BREAA approved course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of supervising appraisers and trainee appraisers. The course is not eligible towards the qualifying education required to obtain the license.
 - (D) All education shall be completed within the five-year period immediately preceding the date the application was received by the Bureau.
- (b) To accrue acceptable experience, trainee licensees shall:
 - (1) Acquire experience pursuant to Section ~~3542-3541~~.
 - (2) Work under the direct technical supervision of an appraiser licensed at the certified level and in good standing.
 - (3) Maintain an appraisal log in conformance with the requirements of Section 3563.
- (c) Trainees shall maintain copies of appraisal reports ~~which~~ that appear on the log.
- (d) Trainees shall comply with the continuing education requirements of Section 3543.
- (e) The supervising appraiser shall:
 - (1) Personally inspect the property with the trainee until the trainee is competent to make unsupervised inspections in accordance with the Competency Rule of USPAP for the type of property being appraised;
 - (2) Review the trainee's appraisal report;
 - (3) Accept responsibility for the appraisal report by signing and certifying that the report is in compliance with USPAP;
 - (4) Review and initial each page of the trainee's Log of Appraisal Experience Form

REA 3004 (Rev. 04/01/2020) and verify under penalty of perjury that the work was completed under ~~his/her~~ their supervision; and

(5) Maintain records of the trainee's appraisals in accordance with USPAP.

(f) Supervising appraisers shall:

- (1) Be licensed at the certified level for a minimum of three years with the Bureau prior to being eligible to become a supervising appraiser;
- (2) Be in good standing with the Bureau for a period of at least three years;
- (3) Not supervise more than three trainees at one time;
- (4) Not be subject to any disciplinary action within any jurisdiction within the last three years, that affects the supervisor's legal eligibility to engage in appraisal practice; and
- (5) Complete a BREAA approved course that, at a minimum, complies with the specifications for course content established by the AQB, ~~which and that~~ is specifically oriented to the requirements and responsibilities of supervising appraisers and trainee appraisers. The course shall be completed by the supervising appraiser prior to supervising trainee appraisers.

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code. Reference: Section 11341, Business and Professions Code.