

Department of Consumer Affairs
TITLE 10. PROFESSIONAL AND VOCATIONAL REGULATIONS
CHAPTER 6.5
BUREAU OF REAL ESTATE APPRAISERS

INITIAL STATEMENT OF REASONS

Hearing Date: No hearing has been scheduled.

Subject Matter of Proposed Regulations: Appraiser Qualifications Board Education Updates

Sections Affected: Amend Sections 3542, 3543, and 3681 of Chapter 6.5 of Title 10 of the California Code of Regulations (CCR)¹

1. Background and Statement of the Problem:

The Bureau of Real Estate Appraisers (Bureau) licenses, regulates, and disciplines real estate appraisers, trainees, and registers appraisal management companies (AMC). In 1989, Title XI of the federal Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA" 12 U.S.C. § 3331 et seq.) was adopted by Congress mandating states to license and certify real estate appraisers who appraise property for federally related transactions. The federal law was enacted as a result of the savings and loan disaster. In response to the federal mandate, the Real Estate Appraisers Licensing and Certification Law was enacted by the California Legislature in 1990 (AB 527, Chapter 491 of 1990) and the Bureau of Real Estate Appraisers ("Bureau") was later established within the Department of Consumer Affairs, a department within the Business, Consumer Services, and Housing Agency. The Bureau is charged with developing and implementing a real estate appraiser licensing and certification program compliant with the federal mandate. Section 4 of Stats.1990, c. 491 (A.B.527), provides:

"It is the intent of the Legislature in enacting this act to implement the policy of the Congress as expressed in the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law No. 101-73 (FIRREA), and to establish a state program to license and certify real estate appraisers." (See also, Bus. & Prof. Code, § 11300.)

The Appraisal Foundation's Appraiser Qualifications Board (AQB) is congressionally authorized under FIRREA to set the minimum education, experience and examination requirements for real estate appraisers to become state-licensed or certified and eligible to conduct federally related real estate appraisal activity (as defined in BPC section

¹ All CCR references are to Title 10 unless otherwise noted.

11302). State law requires the Bureau to enforce the AQB's standards in compliance with FIRREA. Business and Professions Code section 11340(c) states, in part:

"The director shall adopt regulations for licensure that shall meet, at a minimum, the 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) . . . "

Business and Professions Code section 11314, in part states: "*Requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation*" (emphasis added); see also 12 U.S.C. § 3345.

Per title 10, California Code of Regulations (CCR) section 3500(b)(7)):

"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 include the interpretations and clarifications of the appraiser qualifications criteria issued by AQB."

All of FIRREA (Title XI) and the AQB criteria are incorporated by reference into the Business and Professions Code and California Code of Regulations, as follows:

"The bureau is required to include in its regulations requirements for licensure and discipline of real estate appraisers that ensure protection of the public interest and comply in all respects with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Public Law 101-73 and any subsequent amendments thereto. **Requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation.** The bureau may additionally include in its regulations requirements for the registration of appraisal management companies consistent with this part." (Emphasis added. Bus. & Prof. Code, § 11314.)

"(a) All applicants for, and holders of, any license or permit authorized by this chapter shall meet the minimum requirements set forth in this chapter or those established by the Appraiser Qualifications Board, whichever is greater."

(Cal. Code Regs., tit. 10, § 3528.)

The AQB sets the minimum Real Property Appraiser Qualification Criteria (Criteria) and publishes these Criteria in a document entitled "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria." The Criteria were last updated in 2022. Effective January 1, 2026, the AQB is updating its Criteria to include new

qualifying and continuing education requirements for licensure, including a requirement for applicants, licensed real estate appraisers and trainees to complete a course that meets the content requirements of the AQB's Valuation Bias and Fair Housing Laws and Regulations Outline (see Underlying Data, which includes the AQB's public policy decisions and rationales for the changes).

Existing Bureau regulations contain the 2022 AQB qualifying and continuing education requirements for licensure and renewal. As a result, the Bureau proposes to update its current basic education requirements for licensure, continuing education requirements for renewal and renewal application requirements to more specifically align with the AQB's 2026 Criteria as required by State and federal law. These would include amendments to CCR sections 3542, 3543 and 3681. Amendments to CCR section 3542 as proposed would also impact trainees, who are required to comply with CCR Section 3542's minimum education requirements in accordance with CCR section 3568(a).

The proposed updates would include the following:

- Adoption of a requirement for applicants to successfully complete an 8-hour course (7 hours of instruction plus a 1-hour exam) in Valuation Bias and Fair Housing Laws and Regulations (a course meeting the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Course Outline, which would be incorporated by reference in this proposal and is published by The Appraisal Foundation), as specified;
- Adoption of a requirement that an applicant's existing coursework include a "written" examination as specified;
- Amendments to the title of the existing National USPAP 7-hour course required for licensee renewal from "National USPAP Update Course" to "National USPAP Continuing Education Course";
- Removal of references to "documentation" required for renewal and replacement of that term with "proof of completion";
- Adoption of a new requirement that to renew a license every two-year renewal period, a licensee shall complete a Valuation Bias and Fair Housing Laws and Regulations Course (a course meeting the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Course Outline published by the AQB) and provide proof of completion of the course with each renewal application, as specified;
- Adoption of new standards for course length requirements for continuing education for renewal of licensure that includes a new "first time" 7-hour course

length requirement and a “biennial” 4-hour course length requirement for complying with the AQB’s Criteria for completing the new Valuation Bias and Fair Housing Laws and Regulations Course, as specified;

- Adoption of a standard that specifies that completion of the AQB’s Valuation Bias and Fair Housing Laws and Regulations Course (as specified) shall satisfy the Bureau’s existing two (2) hours of elimination of bias requirement for renewal; and,
- Adoption of a requirement that to renew a license every renewal period, proof of completion of the Valuation of Bias and Fair Housing Laws and Regulations Course must be submitted, as specified.

These changes are necessary to comply with the mandates to implement the Appraisal Foundation’s standards and AQB Criteria set forth in BPC sections 11314 and 11340(c), as explained further below.

2. Anticipated Benefits from this Regulatory Action:

The objective of this proposal is to ensure that the Bureau’s regulations accurately reflect the AQB’s requirements for licensees and applicants in compliance with federal law and that minimum standards for education are met for the overall protection of the public. Continuing education requirements that include training in valuation bias and fair housing laws and regulations help ensure Californians are treated fairly and without bias in federally related real estate appraisal activity. This action also helps avoid licensee, applicant and staff confusion about whether the Bureau’s education requirements are compliant with federal law. These objectives help ensure governmental transparency, legal compliance, accuracy in the Bureau’s operations and a well-informed regulated community.

Specific purpose of, and rationale for, each adoption, amendment or repeal:

The Bureau proposes the following changes to its regulations for the following reasons:

3542. Minimum (Basic) Education Requirements for Licensure.

Amendments to subsection (a)

Purpose: This subsection would be amended to add a requirement to successfully complete an “8-hour course (7 hours of instruction plus a 1-hour exam) in Valuation Bias and Fair Housing Laws and Regulations that is a course meeting the content requirements of the Appraisal Foundation’s Valuation Bias and Fair Housing Laws and Regulations Course Outline (Outline), which is hereby incorporated by reference and published by the Appraisal Foundation in the document entitled “The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria,” effective January 1,

2026. The document, including the Outline, can be obtained at no cost from The Appraisal Foundation at www.appraisalfoundation.org."

Rationale: As noted above, Business and Professions Code (BPC) sections 11340 and 11314 mandate that the Bureau include in its regulations requirements for licensure that comply with FIRREA, including 12 U.S.C. § 3345 (requiring any person performing appraisals for federally related transactions to meet specific state certification or licensing criteria, which are based on the minimum standards set by the AQB). BPC section 11314 also specifically mandates that “[r]equirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation.”

Effective January 1, 2026, AQB Criteria requires new applicants for licensure (trainee or real estate appraiser) to complete an eight-hour course that meets the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Outline (“AQB Outline”) published by the AQB as part of the required core curriculum for licensure (“Valuation Bias Course”) (see Underlying Data and Sources: “The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria”, effective January 1, 2026 (“Real Property Appraiser Qualification Criteria document – RPAQC document” and see “Summary of Actions 2026 Criteria” published by the Appraisal Foundation – “Summary of Actions document”).

Specifically, the AQB requires qualifying education to meet the AQB’s *Required Core Curriculum* requirements (see p. 4 of the Summary of Actions document, and p. 9, ¶ E. 1 of the RPAQC document, which states: “Class hours will be credited only for educational offerings with content that follows the *Required Core Curriculum* for each respective credential classification.”). Those *Required Core Curriculum* requirements now include the Valuation Bias course for every level of licensure (see p. 10, ¶ E. 3 and pgs. 27-28 and Summary of Actions document, p. 4). The Valuation Bias course requirements include an 8-hour course (seven (7) hours of instruction, plus 1-hour exam) and the content requirements of the AQB’s Outline (see p. 33 of the RPAQC document and Appendix 3 of the Summary of Actions document) as part of an applicant’s qualifying education.

Existing CCR section 3542 sets the Bureau’s minimum (basic) education requirements for licensure as a real estate appraiser (and by extension the standards for a trainee per CCR section 3568) but does specifically mention compliance with the new Valuation Bias 8-hour course requirement as part of eligibility standards for licensure. As a result, the Bureau proposes to adopt this standard specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirements in its minimum education requirements for licensure.

For greater notice and availability of the course requirements set by this independent federal agency to affected users, the Bureau proposes to incorporate the Outline by reference with a citation to the RPAQC document and its effective date of January 1, 2026 (the Outline is republished with permission from the Appraisal Foundation) and specify that the Outline is available online at no cost from The Appraisal Foundation at www.appraisalfoundation.org. Since the Bureau is mandated by law to adopt this standard, the Bureau has no discretion to alter the course content or length requirements set in AQB's Criteria and therefore must adopt the Outline as written. Amendments to this section as proposed would also impact trainees, who are required to comply with this section's minimum education requirements in accordance with CCR section 3568(a).

Amendments to subsection (b)

Purpose: The Bureau proposes to amend section 3542(b) by adding the new course hour requirements for the Valuation Bias course discussed above and correcting an inadvertent omission from the regulation regarding the requirement for a "written" examination, as follows:

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

(1) Be a minimum of 8 hours in length for the Valuation Bias and Fair Housing Laws and Regulations Course specified in subsection (a)(1) or 15 hours in length for all other courses, and include a written closed-book, proctored, final examination that covers the course material;

Rationale: As noted above, Existing CCR section 3542 sets the Bureau's minimum education requirements for licensure as a real estate appraiser (and by extension the standards for a trainee per CCR section 3568) but does specifically mention compliance with the new Valuation Bias 8-hour course requirement. The AQB's Criteria regarding qualifying education will change, effective January 1, 2026, to include the following requirements:

Class hours may be obtained only where:

a. the minimum length of the educational offering is at least 15 hours (*except for the eight (8) hour course on valuation bias and fair housing laws and regulations*); (Emphasis added; RPAQC document, p. 10, ¶ E.3. a.; and see also p. 4 of the Summary of Actions document.)

As a result, the Bureau proposes to adopt this 8-hour course length standard specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirement in its minimum education requirements for licensure, for consistency with amendments to subsection (a) adding the new 8-hour Valuation Bias course

requirement, and to avoid confusion for applicants. Without the addition of the reference to this new 8-hour course length requirement, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

With respect to the addition of the word "written" to this subsection, current AQB Criteria and the 2026 Criteria both require any qualifying coursework to include a minimum 15-hour coursework requirement (with the exception of the Valuation Bias course as noted above) and oral exams are not acceptable (see Underlying Data and RPAQC document, p. 10, ¶ E. 7 and ¶ F.12a., and Summary of Actions document, p. 7.). The Bureau corrects this omission by adding the word "written" before "closed-book, proctored, final examination" consistent with AQB Criteria and to avoid possible ambiguity regarding acceptable coursework.

§ 3543. Continuing Education Requirements for Renewal.

Amendments to subsection (a)

Purpose: The Bureau proposes to amend the title of the existing National USPAP 7-hour course required for licensee renewal from "National USPAP Update Course" to "National USPAP Continuing Education Course" and remove a reference to "the documentation" required for renewal and replace that term with "proof of completion."

Rationale: Existing CCR section 3543 sets the Bureau's minimum education requirements for renewal but uses the title "National USPAP Update Course" when referring to this AQB seven-hour course requirement. The AQB's Criteria regarding continuing education will change, effective January 1, 2026, to include revisions to the title of this course, which shall be renamed "National USPAP Continuing Education Course" (see Underlying Data -- pgs. 4 and 7 of the Summary of Actions document, and RPAQC document, p. 10, ¶ F.1, p. 11 ¶ F.8.)

As a result, the Bureau proposes to adopt this course title change specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirement in its continuing education requirements for licensure and to avoid confusion for applicants. Without the addition of the reference to change the course title for this 7-hour requirement, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

Changing the reference in this subsection to "the documentation" to "proof of completion" is necessary to align this regulation with the terminology used in CCR section 3681, which is "proof of completion." This helps avoid licensee confusion regarding the requirements for renewal as specified in CCR section 3681.

Adoption of new subsection (b)

Purpose: The Bureau proposes to adopt a new requirement that to renew a license every two-year renewal period, a licensee shall complete a Valuation Bias and Fair Housing Laws and Regulations Course (a course meeting the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Course Outline published by the AQB as set forth in CCR section 3542(a)(1)), and meeting the course length requirements of paragraphs (1) or (2) of this subsection.

This proposal would also specify that completion of this course shall satisfy the elimination of bias training requirement set forth in subsection (c)(2), and that a licensee shall provide proof of completion of the course with each renewal application as required by subsection (c)(2) and introductory phrase mandating compliance with the paragraphs that follow.

Rationale: As noted above, the Bureau is required to adopt in its regulations the criteria set by the AQB in accordance with state law. Existing regulations set the Bureau's minimum education requirements for renewal but do not specify that to renew a license every two-year renewal period, a licensee shall complete a Valuation Bias and Fair Housing Laws and Regulations Course ("course") of a specified duration that contains specified content prescribed by the AQB in accordance with AQB Criteria effective January 1, 2026 (see pgs. 3, 4 and 8 of Summary of Actions document and p. 11, ¶ F.11. of the RPAQC document that requires this course to be completed "every two calendar years"). This proposal would address that omission by adding a new requirement consistent with AQB Criteria and guidance that would require completion of the specified AQB course every two-year renewal period and add two distinct continuing education requirements referenced in paragraphs (1) and (2) for course length based upon whether a licensee has already completed a "first time" 7-hour course. Without these changes, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

BPC section 11360 requires the Director to adopt regulations for the Bureau that include at least two hours of elimination of bias training, either individually or as part of a broader course. Existing regulations at CCR section 3543(b)(2)(B) prescribe the contents of this 2-hour state-mandated course for licensees renewing after January 1, 2023, but do not indicate whether this state requirement would be deemed satisfied by the completion of the AQB's course. Upon review of the AQB's Outline and in consultation with representatives of the Appraisal Foundation, the Bureau has determined that the AQB course would substantially satisfy the Bureau's existing regulatory requirement for elimination of bias training. Therefore, to avoid duplicative training requirements for licensees, the Bureau proposes to deem the state requirement for elimination of bias training satisfied by completing the new AQB course.

To ensure adequate notice to licensees, obtain independent verification of the completion of the requirement for renewal and to avoid renewal application deficiencies, the Bureau proposes to add a requirement that a licensee "must provide proof of completion of the course with each renewal application" as required by CCR section

3681. This amendment also ensures consistency in interpretation between CCR sections 3543 and 3681 and the renewal documentation requirements for other coursework required for continuing education (e.g., see the 7-hour National USPAP Continuing Education Course proof of completion submission requirements in subsection (a)).

This subsection would also introduce the course length requirements in paragraphs (1) and (2) that follow by indicating that "A licensee shall satisfy this requirement as follows". This introductory phrase provides better comprehension for the user and would more effectively link the various new course requirements of this subsection together.

Adoption of new subsection (b)(1) and (b)(2)

Purpose: The Bureau proposes to add new compliance and course length requirements to this subsection as prescribed by AQB Criteria for completion of the continuing education requirements for renewal every two calendar years, as follows:

- (1) First Time 7-hour course requirement.** For licensees completing this course requirement for the first time, the course length must be seven (7) hours of instruction and completed as specified in subsection (e). If a licensee successfully completed this course as part of their qualifying education in compliance with section 3542, this first-time requirement has been satisfied and the licensee shall comply with the requirement in paragraph (2) to renew their license thereafter.
- (2) Biennial 4-hour course requirement.** The course length for licensees who have satisfied the first-time course requirement in paragraph (1) shall be four hours of instruction and completed as specified in subsection (e).

Rationale: The AQB Criteria effective January 1, 2026 will require real estate appraisers to complete a 7 hour course of instruction (if taking the course for the first time) and then after the appraiser has completed their initial 7-hour course, the appraiser will need to complete a four (4) hour refresher course every two years to renew their license. (Summary of Actions document pgs. 3 and 4.) The AQB Criteria also specifies the following:

"Appraisers must successfully complete a course which meets the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Outline, every two calendar years.

- a. The first time an appraiser completes the continuing education requirement for this course, the course length must be seven (7) hours. If an appraiser successfully completed a seven (7) hour (plus 1 hour exam) course as part of their qualifying education, they have met this requirement.

b. Every two calendar years thereafter, the course length must be at least four (4) hours." (RPAQC document, p. 11, ¶ F.11.)

To ensure compliance with BPC section 11314's mandate to adopt these AQB standards, the Bureau proposes adding its proposed language as specified in paragraphs (1) and (2) to effectively implement the above-referenced AQB criteria to require a course consisting of 7 hours of instruction or 4 hours of instruction as specified above. This proposal is also necessary to give specific, advance notice and direction to licensees of the requirements for renewal in accordance with the AQB Criteria including the "first time" 7-hour instructional course requirement, crediting a licensee for prior Valuation Bias training obtained as an applicant per CCR section 3542 as satisfying the "first time" 7-hour course requirement, and setting the biennial requirement for completing the 4-hour instructional course after taking the 7-hour course the first time so that both initial licensees renewing the first time and those who have renewed previously understand these requirements. Cross-references to the Bureau's timing requirements for completion of their required continuing education in subsection (e) in both paragraphs are necessary to give advance notice of when this course needs to be taken in satisfaction of the Bureau's continuing education requirements, and what the renewal period would cover.

Amendments to existing subsection (b) and renumbering to subsection (c) as well as all renumber all other paragraphs that follow in this section (d) through (f)

Purpose: This subsection's lettering (and all others that follow) would be changed from (b) to (c) and then followed with sequentially numbered paragraphs (d), (e) and (f) to accommodate the adoption of a new subsection (b) as noted above. In addition, the Bureau would strike the "For," "al" from the word "renewal" and "of" from the beginning of the sentence and add the word "To" for consistency with the other subsections in this section. Also, this subsection would change the title of the National USPAP Update Course" to "National USPAP Continuing Education Course" and add a reference to the new Valuation Bias course discussed in this Initial Statement of Reasons document above in subsection (b).

Rationale: This existing subsection lays out a licensee's completion requirements per year and associated timeframes for completing those requirements to renew their license (either every two-year period or every four-year cycle). This subsection specifies the existing two-year renewal period requirement for completing the Appraisal Foundation's 7-hour National USPAP Update Course (title being changed to "Continuing Education" Course effective January 1, 2026) but does not mention the two-year requirement for completing the new Valuation Bias course effective January 1, 2026 as mandated by the AQB Criteria. This proposal would address this omission by specifically cross-referencing to the "Valuation Bias and Fair Housing Laws and Regulations Course required every two-year period in subsection (b)..." This would ensure consistency of implementation and greater notice and understanding of the

requirements of both subsections (b) and (c), helping licensees understand what requirements need to be completed and when during each applicable renewal period.

Amendments to subsection (c)(2) and (c)(3) (currently (b)(2)(A) & (B)(i.-iii.)

Purpose: To repeal the introductory phrase “For a license that expires on or after January 1, 2023,” and renumber the paragraphs within subsection (b) to (2), (3), (A)-(C) (renumbered from i., ii., and iii.) to connect the various requirements for continuing education specified in this section and for better organization of paragraphs in this subsection. The Bureau also proposes to add a new subparagraph (D) to subsection (b)(3)’s elimination of bias requirements to specify that completion of the AQB’s Valuation Bias course (as further specified in subsection (b)) shall satisfy the two hours of elimination of bias requirements of this paragraph.

Rationale: As previously noted, BPC section 11360 requires the Director to adopt regulations for the Bureau that include at least two hours of elimination of bias training, either individually or as part of a broader course. Existing regulations at CCR section 3543(b)(2)(B) prescribe the contents of this 2-hour state-mandated course for licensees renewing after January 1, 2023. Since the 2023 deadline and initial two-year renewal period for compliance has passed, the Bureau proposes to repeal the January 1, 2023 reference as no longer necessary and replace it with renumbered paragraphs (2) and (3) to more easily connect the course requirements together.

Since state law mandates the Director adopt regulations to implement the 2-hour state-mandated elimination of bias training, the Bureau proposes to retain existing requirements for taking this training at subsection (b)(2) (with numbering changed to (c)(2) and (3)(A)-(C) under this proposal) while acknowledging that satisfaction of the new AQB Valuation Bias training would satisfy this requirement in the newly adopted subparagraph (D). In the Bureau’s experience this reiteration of requirements and the interpretation is necessary to provide adequate notice to users and fully resolve any possible ambiguity regarding what the Bureau would deem compliant with both State training requirements and the AQB Criteria.

Amendments to subsection (e)(currently (d))

Purpose: As a condition of renewal, the Bureau proposes to amend its renewal requirements including: (1) amending the title of the existing National USPAP 7-hour course required for licensee renewal from “National USPAP Update Course” to “National USPAP Continuing Education Course,” (2) adding notice of when licensees need to complete the new AQB Valuation Bias and Fair Housing Laws and Regulations Course required in subsection (b), and (c) correcting the existing cross-reference to completing remaining continuing education hours from (b) to (c).

Rationale: Existing regulations in subsection (d)(to be renumbered to subsection (e)) set forth the required hours of continuing education required for each two-year period for

renewal, including the completion of the 7-hour National USPAP Update course. The AQB's Criteria regarding continuing education will change, effective January 1, 2026, to include revisions to the title of this course, which shall be renamed "National USPAP Continuing Education Course" (see Underlying Data -- pgs. 4 and 7 of the Summary of Actions document, and RPAQC document, p. 10, ¶ F.1, p. 11 ¶ F.8.).

As a result, the Bureau proposes to adopt this course title change specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirement in its continuing education requirements for licensure and to avoid confusion for applicants. Without the addition of the reference to change the course title for this 7-hour requirement, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

Existing regulations also do not include a requirement to take the Valuation Bias course specified in the AQB's Criteria. As noted above in the purpose and rationale for the adoption of subsection (b), the Bureau proposes to adopt the requirement to take the Valuation Bias Course, which would be taken according to existing criteria for the 7-hour National USPAP Continuing Education course every two-year period according to the periods specified in existing regulation. This helps avoid confusion for licensees about when they would be required to show compliance with the new Valuation Bias course, which must be taken every two calendar years according to the new AQB Criteria (see pgs. 3, 4 and 8 of Summary of Actions document and p. 11, ¶ F.11. of the RPAQC document that requires this course to be completed "every two calendar years"). As noted in the rationale for subsection (b), without these changes, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

For better organization of this section, the Bureau would also correct the existing cross-reference to completing remaining continuing education hours from (b) to (c) due to re-lettering of this section resulting from a newly adopted subsection (b).

Amendments to subsection (f)(currently (e))

Purpose and Rationale: As a result of the adoption of a new subsection (b), the Bureau proposes to change subsection (e) to (f) for better organization and comprehension for users. In addition, the Bureau proposes to amend the title of the existing National USPAP 7-hour course required for licensee renewal from "National USPAP Update Course" to "National USPAP Continuing Education Course" and to add a reference to the Valuation Bias course and cross-reference to its content in subsection (b). As noted above in the rationale, for subsection (e), the Bureau proposes to adopt the course title change specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirement in its continuing education requirements for licensure and to avoid confusion for applicants. Since the Valuation Bias course also must be completed every two years and therefore would be required to be duplicated during each 4-year renewal cycle, the Bureau adds this reference to it to specifically authorize

duplication and avoid confusion regarding these CE requirements. Without the addition of the reference to change the course title for this 7-hour requirement and the Valuation Bias course, the Bureau's regulation does not comply with the BPC section 11314 mandate to include these AQB requirements in its regulations that require duplicate course work in these areas.

§ 3681. Renewal Application.

Amendments to subsection (a)(3)

Purpose: The Bureau proposes to amend the title of the existing National USPAP 7-hour course required for licensee renewal from "National USPAP Update Course" to "National USPAP Continuing Education Course." This subsection would also be amended to add a new requirement to show proof of completion of the Valuation Bias course specified in Section 3543 and add a new requirement that defines "proof of completion" to mean any of the methods in paragraphs 2(A)-(C).

Rationale: As noted above in the rationale, for subsection (e), the Bureau proposes to adopt this course title change specifically in this section to comply with the BPC section 11314 mandate to include this AQB requirement in its continuing education requirements for licensure and to avoid confusion for applicants. Without the addition of the reference to change the course title for this 7-hour requirement, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

Existing regulations also do not include a requirement to take the Valuation Bias course specified in the AQB's Criteria. As noted above in the purpose and rationale for the adoption of subsection (b), the Bureau proposes to adopt the requirement to take the Valuation Bias Course and show proof of completion every renewal period, similar to existing criteria for the 7-hour National USPAP Continuing Education course specified in this section. This helps avoid confusion for licensees about when and what type of courses they have to complete every two years according to the new AQB Criteria (see pgs. 3, 4 and 8 of Summary of Actions document and p. 11, ¶ F.11. of the RPAQC document that requires this course to be completed "every two calendar years"). As noted in the rationale for subsection (b), without these changes, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations.

Existing subsection (a)(3) does not specify what proof of completion of the course requirements in this subsection would be considered compliant for renewal. To avoid ambiguity for users and ensure greater compliance with the Bureau's continuing education requirements, the Bureau proposes to specify that proof of completion includes using any of the methods in paragraphs 2(A)-(C), which currently includes all of the following:

- (A) Official transcript;
- (B) Report card; or
- (C) Completion certificates.

In the Bureau's experience, these methods of documenting proof of completion are commonly available from course providers and provide the Bureau with sufficient information to investigate and verify compliance with the Bureau's continuing education requirements.

Underlying Data

1. "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria," The Appraisal Foundation, effective January 1, 2026.
2. "Summary of Actions 2026 *Criteria*," The Appraisal Foundation, dated July 18, 2023.

Copies of these documents are available directly from the Appraisal Foundation at www.appraisalfoundation.org at no cost.

Business Impact

The Bureau has made the initial determination that the proposed regulations will not have a significant statewide adverse economic impact directly affecting businesses including the inability of California businesses to compete with businesses in other states.

This initial determination is based on the following facts:

The Bureau is required by state statute at BPC section 11314 to implement these minimum and continuing education updates. However, only the additional 8-hour minimum (basic) education coursework requirement for trainees and residential appraisers is anticipated to result in additional costs because it is beyond the current 15-hour USPAP coursework requirements for these individuals.

The Bureau estimates costs of approximately \$250 for applicants to fulfill this requirement. The Bureau averages approximately 90 applicants (70 trainees and 20 residential) per year, which would result in total additional costs of \$22,500 per year.

The 8-hour minimum (basic) education coursework can be credited toward a certified residential appraiser's and certified general appraiser's total hours requirements and the costs of these courses (on an hourly basis) are similar to other courses. As a result, the

regulations are not anticipated to result in additional costs for these individuals.

The 7-hour and 4-hour Valuation Bias continuing education courses are not anticipated to result in additional costs because they can be credited toward a licensee's total 56 hour continuing education requirement. Furthermore, the costs of these courses (on an hourly basis) are similar to typically available continuing education courses. As a result, the regulations are not anticipated to result in additional costs.

The Bureau notes, educational providers have already begun offering all of these courses in compliance with USPAP requirements. Any costs to these educational providers are a result of conforming curriculums to the updated USPAP requirements and not the proposed regulations.

The Bureau estimates educational provider tuition fee revenues for the minimum (basic) education courses of approximately \$22,500 per year, but because educational providers offer these courses online and may not be based in California, the total revenue impact to the state is unknown at this time.

The Bureau also does not maintain data relating to the number or percentage of licensees who own a business. Therefore, the number or percentage of businesses that may be impacted cannot be predicted.

As a result, the Bureau does not anticipate that any businesses, including any businesses employing real estate appraisers, would be significantly impacted by what the Bureau considers to be minor increases in course content requirements and changes to its current regulations.

Economic Impact Assessment

The Bureau has determined that this regulatory proposal will have the following effects:

It will not create or eliminate jobs within the State of California because the Bureau does not anticipate that any businesses, including any businesses employing real estate appraisers, would be significantly impacted by what the Bureau considers to be minor increases in course content requirements and changes to its current regulations.

It will not create new business or eliminate existing businesses within the State of California because the Bureau does not anticipate that any businesses, including any businesses employing real estate appraisers, would be significantly impacted by what the Bureau considers to be minor increases in course content requirements and changes to its current regulations.

It will not affect the expansion of businesses currently doing business within the State of California because the Bureau does not anticipate that any businesses, including any businesses employing real estate appraisers, would be significantly impacted by what the Bureau considers to be minor increases in course content requirements and changes to its current regulations.

The objective of this proposal is to ensure that the Bureau's regulations accurately reflect the AQB's requirements for licensees and applicants in compliance with federal law and that minimum standards for education are met for the overall protection of the public. Continuing education requirements that include training in valuation bias and fair housing laws and regulations help ensure Californians are treated fairly and without bias in federally related real estate appraisal activity.

This action also helps avoid licensee, applicant and staff confusion about whether the Bureau's education requirements are compliant with federal law. These objectives help ensure governmental transparency, legal compliance, accuracy in the Bureau's operations and a well-informed regulated community.

This regulatory proposal does not affect worker safety or the state's environment because it does not involve worker safety or the state's environment.

Specific Technologies or Equipment

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

Consideration of Alternatives

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 as effective or 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.

No such alternatives have been proposed, however, the Bureau welcomes comments from the public.

Description of reasonable alternatives to the regulation that would lessen any adverse impact on small business:

No such alternatives have been proposed, however, the Bureau welcomes comments from the public.