

RULE IMPACT STATEMENT

1. RULE

Proposed PERMANENT rules:

Title 600

Chapter 10.

10-1-2. Definitions [AMENDED]

10-1-5. Qualifying education prerequisites [AMENDED]

10-1-16. Supervision of trainee appraisers [AMENDED]

2. PURPOSE

The proposed amendments to Title 600, Chapter 10 at OAC 600:10-1-5 and OAC 600:10-1-16 will incorporate required language from the Appraiser Qualification Criteria effective January 1, 2015 (the "AQB Criteria") which modifies the criteria by which the Oklahoma Real Estate Appraiser Board determines, upon application, whether an appraiser's qualifying education is deemed acceptable under said AQB Criteria. Further, the changes will reflect a mandatory change from a two year period to a three year period in which an appraiser must be in good standing with the Board, not subject to any disciplinary action which affects their legal eligibility to engage in appraisal practice, should they wish to supervise a trainee appraiser. The modification at OAC 600:10-1-2 is a housekeeping item concerning the definition of "Uniform Standards." Under the current definition, there is an incorrect reference to the Appraisal Subcommittee. This amendment will refer to the correct promulgating authority of the Appraisal Standards Board of the Appraisal Foundation.

3. CLASSES AFFECTED:

A. Real Estate Appraisers

B. Real Estate Appraiser Board

4. COST IMPACTS ON PRIVATE OR PUBLIC ENTITIES:

No information

5. CLASSES BENEFITTED:

A. Real Estate Appraisers

B. Mortgage Lenders

C. Real Estate Appraiser Board

D. Consumers

6. ECONOMIC IMPACT:

Unknown

7. PROBABLE COST TO AGENCY AND EFFECT ON STATE REVENUES:

None.

8. SOURCE OF REVENUE:

There is no cost or revenue associated with the proposed permanent rule changes.

9. MEASURES TAKEN TO MINIMIZE COMPLIANCE COSTS:

None

10. EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT:

Unknown.

11. LESS COSTLY/LESS INTRUSIVE METHODS:

None.

12. EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF RULE NOT IMPLEMENTED:

Failure to implement the proposed permanent rules at OAC 600:10-1-5 and OAC 600:10-1-16 will place the Real Estate Appraiser Board's entire appraiser license and certification program at risk in that the Real Estate Appraiser Board will not be in a position to enforce the AQB Criteria effective January 1, 2015. Implementation and enforcement of the AQB Criteria is a required function of the Real Estate Appraiser Board as a state regulatory body. Non-compliance can result in non-recognition of Oklahoma's appraisers in federally related transactions. This would greatly impact the ability of Oklahoma consumers to obtain residential mortgages.

13. EFFECT ON SMALL BUSINESS:

Implementation of the proposed rules will not have an adverse effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act.

14. DATE PREPARED: January 30, 2014.

600:10-1-2. Definitions

The following words or terms, when used in this Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Board" means the Oklahoma Real Estate Appraiser Board.

"Certificate of course completion" means a document acceptable to the Board which signifies satisfactory completion of the course and reflects the hours of credit earned.

"Classroom hour" is equal to fifty (50) minutes out of each sixty (60) minute segment.

"Continuing education" means education that is creditable toward the education requirements that must be satisfied to renew licensure or certification as a Trainee, State Licensed Appraiser, State Certified Residential Appraiser, and State Certified General Appraiser.

"Instructor" means a person who meets the qualifications as set out at Section 10-1-8(a)(6).

"Provider" means a person, corporation, professional association or its local affiliates, or any other entity which is approved by the Board and provides approved qualifying and continuing education to real estate appraisers.

"Qualifying education" means education that is creditable toward the education requirements for initial licensure or certification or upgrade of existing licensure or certification under one or more of the four real estate appraiser classifications (Trainee Appraiser, State Licensed Appraiser, State Certified Residential Appraiser, and State Certified General Appraiser).

~ **"Standards of professional appraisal practice"** as referred to in the Oklahoma Certified Real Estate Appraisers Act, 59 O.S. §§858-700 et seq. means the Uniform Standards of Professional Appraisal Practice.

"State Certified General Appraiser" means a person who meets the requirements for certification pursuant to 59 O.S. § 858-710.

"State Certified Residential Appraiser" means a person who meets the requirements for certification pursuant to 59 O.S. § 858-710.

"State Licensed Appraiser" means a person who meets the requirements for certification pursuant to 59 O.S. § 858-710.

"Trainee Appraiser" means a person who meets the requirements for certification pursuant to 59 O.S. § 858-710.

"Uniform standards" means the Uniform Standards of Professional Appraisal Practice, as authorized by the ~~Appraisal Subcommittee~~ Appraisal Standards Board of the Appraisal Foundation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which are the standards rules that meet the minimum requirements adopted by the Appraisal Foundation, and which are incorporated by reference.

600:10-1-5. Qualifying education prerequisites

(a) Classroom hours shall be approved by the Board pursuant to the guidelines set forth in the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation. Copies of official transcripts of college records or certificates of course completion will be considered as satisfactory evidence for qualifying education requirements.

(b) All qualifying education must be completed within the five-year period prior to the date of submission of an application.

600:10-1-16. Supervision of trainee appraisers.

(a) Trainee Appraisers shall report to the Board, on a form prescribed by the Board, the identity of any supervisory appraiser. Trainee Appraisers may have more than one supervisory appraiser. When a Trainee Appraiser has more than one supervisory appraiser, each shall be reported to the Board as indicated above.

(1) The supervisor-trainee relationship shall become effective on the date of receipt of the original required form with original signatures in the administrative office of the Board.

(2) A supervisory appraiser shall notify the Board in writing immediately when supervision of a Trainee

Appraiser has been terminated by the supervisory appraiser or the Trainee Appraiser.

- (b) Trainee Appraisers shall maintain an appraisal log on a form prescribed by the Board. Separate appraisal logs shall be maintained for work performed with each supervisory appraiser. This appraisal log shall record the following information:
 - (1) Client name and date of report,
 - (2) Address or legal description of the real property appraised,
 - (3) Description of the work performed by the trainee appraiser and the scope of review and supervision of the supervisory appraiser,
 - (4) Number of actual hours worked,
 - (5) Type of property appraised,
 - (6) Form number or description of report rendered, and
 - (7) The signature and state certificate number of the supervisory appraiser:
- (c) Experience credit for the purpose of upgrading will not be given unless:
 - (1) a properly completed trainee-supervisory report form is on file in the administrative office of the Board, and
 - (2) the Trainee Appraiser either signs the certification required by Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice, or the supervisory appraiser gives credit to the Trainee Appraiser in the certification and complies with the requirements of Standards Rule 2-2(a)(vii), 2-2(b)(vii), or 2-2(c)(vii) as applicable.
- (d) Both supervisory and trainee appraisers shall maintain complete workfiles as required by the Uniform Standards of Professional Appraisal Practice and the Oklahoma Certified Real Estate Appraisers Act.
- (e) A supervisory appraiser shall meet the following requirements:
 - (1) have been a State Licensed or Certified Appraiser for a period of at least three (3) years;
 - (2) be a State Certified General Appraiser, State Certified Residential Appraiser, or State Licensed under AQB Criteria Appraiser on a credential issued by the Oklahoma Real Estate Appraiser Board, provided however, that trainee-supervisor relationships between State Licensed under AQB Criteria Appraisers shall only be permissible until January 1, 2008;
 - (3) be in good standing with the Board and not subject to any disciplinary action within the last ~~two~~ three years that affects the supervisor's legal eligibility to engage in appraisal practice; and
 - (4) accept responsibility for training, guidance, and direct supervision of the Trainee Appraiser by signing the form referenced in (a), above.
- (f) A supervisory appraiser shall:
 - (1) accept responsibility for a Trainee Appraiser's appraisal reports by signing each report and certifying that the report is in compliance with the Uniform Standards of Professional Appraisal Practice, and
 - (2) personally inspect each appraised property with the Trainee Appraiser until the supervisory appraiser determines that the Trainee Appraiser is competent, in accordance with the Competency Rule of the Uniform Standards of Professional Appraisal Practice, for the property type.
- (g) A supervisory appraiser shall notify the Board immediately when supervision of a Trainee Appraiser has been terminated by the supervisory appraiser or the Trainee Appraiser.
- (h) Prior to assuming duties as a supervisory appraiser, an appraiser who has been disciplined by the Board must receive approval from the Board.
- (i) A supervisory appraiser may assume responsibility for more than three Trainee Appraisers under the following terms and conditions:
 - (1) The supervisor must apply for authority to supervise more than three Trainee Appraisers with the Board on forms approved by the Board for this purpose. This approval shall extend to the supervisor or supervisors, the facility and the training plan. Any approval issued hereunder shall specify a maximum number of trainees authorized.
 - (2) The supervisor must specify the location of the facility to be used for this purpose, which may not be a residence. The facility must have posted hours, approved by the Board, during which the facility will be open and a qualified supervisor present. During the operating hours, the facility and all records

specified herein shall be subject to unannounced compliance inspection by a representative of the Board.

(3) The supervisor must prepare a training plan, based on the Core Curriculum and the Real Property Appraiser Body of Knowledge promulgated by the Appraiser Qualification Board of The Appraisal Foundation, appropriate to the level of licensure to which the trainee aspires and for which the supervisor is qualified. This training plan should, as a minimum, include learning objectives for the experience to be gained, a planned time line for further qualifying and continuing education required to bring the trainee to a fully qualified status, and a checklist for monitoring progress by the trainee toward meeting these objectives.

(4) Records maintained in the training facility must include the training plan, an appraisal log, a workfile for each appraisal assignment, and a progress checklist, each maintained on a contemporaneous basis, for each Trainee Appraiser. In addition, appropriate reference materials should be on hand, which must include the current edition of the USPAP.

(5) Approval of any supervisor or supervisors under this paragraph may be conditioned upon an interview of such supervisors by a representative of the Board.

(j) Trainee appraisers must successfully complete a Board-sponsored course for trainees and supervisors; provided, however, that trainee appraisers credentialed as of the effective date of this rule must successfully complete this course within one (1) year following the effective date of this rule.

Trainee-supervisor relationships existing as of July 13, 2005 that do not otherwise qualify under this paragraph shall remain permissible until January 1, 2008.