

Dear Senators PATRICK, Guthrie, Ward-Engelking, and
Representatives BARBIERI, Clow, Smith:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the
Bureau of Occupational Licenses - Real Estate Appraiser Board:

IDAPA 24.18.01 - Rules of the Real Estate Appraiser Board (Fee Rule) - Proposed Rule (Docket
No. 24-1801-1701).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 11/03/2017. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 12/05/2017.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4834, or send a written request to the address on the
memorandum attached below.



Eric Milstead
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate Commerce & Human Resources Committee and the House Business Committee

FROM: Senior Legislative Research Analyst - Kristin Ford

DATE: October 17, 2017

SUBJECT: Bureau of Occupational Licenses - Real Estate Appraiser Board

IDAPA 24.18.01 - Rules of the Real Estate Appraiser Board (Fee Rule) - Proposed Rule (Docket No. 24-1801-1701)

The Bureau of Occupational Licenses submits notice of proposed rulemaking relating to the Rules of the Real Estate Appraiser Board at IDAPA 24.18.01. The proposed rule updates the edition of the Uniform Standards of Professional Appraisal Practice that is currently incorporated by reference into the Board's rules. USPAP are the generally recognized ethical and performance standards for real estate appraisers, nationally. The Bureau has provided a synopsis of the changes to the standards. The proposed rule also clarifies that certain fees set forth in Board rule do not include additional fees assessed on appraisal management companies, collected by the state and submitted to the federal regulatory authority. The Bureau states that negotiated rulemaking was not conducted because the proposed changes to the rules were discussed during open, noticed meetings of the Board. The Bureau further states that this fee rule will have no impact on the general fund nor on the Bureau of Occupational Licenses' dedicated fund because the Real Estate Appraiser Board collects and passes through fees to the federal government for appraisal management companies, currently projected to be between \$25-\$50 multiplied by the number of appraisers working for or contracting with an AMC per year. The proposed rule change appears to be within the agency's statutory authority pursuant to sections 67-2602, 54-4106(2) and 54-4113, Idaho Code.

cc: Bureau of Occupational Licenses - Real Estate Appraiser Board
Tana Cory

IDAPA 24 – BUREAU OF OCCUPATIONAL LICENSES

24.18.01 – RULES OF THE REAL ESTATE APPRAISER BOARD

DOCKET NO. 24-1801-1701 (FEE RULE)

NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Sections 54-4106 and 54-4113, Idaho Code and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, United States Code (“FIRREA”).

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than October 18, 2017.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

In the 2017, the Legislature passed H119, which allows the Real Estate Appraiser Board to collect and pass-through fees to the federal government for appraisal management companies (“AMCs”). This rule implements that legislation. This rule also updates the incorporated “Uniform Standards of Professional Appraisal Practice (USPAP)” from the 2016-2017 to the 2018-2019 edition.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased:

This fee rule will have no impact on the general fund or the Bureau of Occupational Licenses’ dedicated fund because the Real Estate Appraiser Board passes through an amount equal to any federal fee that will apply to AMCs, which is currently projected to be between \$25-\$50 multiplied by the number of appraisers working for or contracting with an AMC per year.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: N/A

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(2), Idaho Code, negotiated rulemaking was not conducted because the proposed changes to these rules were discussed during noticed, open meetings of the Board.

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: This rule updates the version of the Uniform Standards of Professional Appraisal Practice (USPAP) that is currently incorporated by reference into the Rules of the Real Estate Appraiser Board. USPAP are the generally recognized ethical and performance standards for real estate appraisers, nationally.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Dicsie Gullick at (208) 334-3233. Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 25, 2017.

DATED this 31st day of August, 2017.

Tana Cory, Bureau Chief
Bureau of Occupational Licenses
700 W. State St.
P.O. Box 83720, Boise, ID 83720-0063
Phone: (208) 334-3233
Fax: (208) 334-3945

THE FOLLOWING IS THE PROPOSED TEXT OF FEE DOCKET NO. 24-1801-1701
(Only Those Sections With Amendments Are Shown.)

004. INCORPORATION BY REFERENCE (RULE 4).

The document titled “Uniform Standards of Professional Appraisal Practice (USPAP),” 2014~~8~~-2015~~9~~ Edition, excluding standards 7, 8, 9, and 10, published by the Appraisal Foundation and effective January 1, 2014~~8~~, as referenced in Subsection 700, is herein incorporated by reference and is available for review at the Board’s office and may be purchased from the Appraisal Foundation, Distribution Center, P. O. Box 381, Annapolis Junction, MD 20701-0381. ~~(3-25-16)~~()

(BREAK IN CONTINUITY OF SECTIONS)

150. FEES (RULE 150).

Fees are established in accord with Sections 54-4113, 54-4124 and 54-4134, Idaho Code, as follows: (3-24-17)

- 01. Application.** Application fee for License and Registration - two hundred fifty dollars (\$250). (3-24-17)
- 02. Original License.** Original License - one hundred forty dollars (\$140*). (3-21-12)
- 03. Original AMC Registration.** Original Registration – One thousand two hundred dollars (\$1,200)**. (3-24-17)
- 04. License Renewal.** License renewal - three hundred sixty-five dollars (\$365*). (3-21-12)
- 05. AMC Registration Renewal.** Registration renewal – One thousand two hundred dollars (\$1,200)**. (3-24-17)
- 06. Reinstatement.** Reinstatement fee is as provided in Section 67-2614, Idaho Code. (3-24-16)
- 07. Application for Reciprocity.** Application for reciprocity - two hundred fifty dollars (\$250*). (3-30-01)
- 08. Original License Via Reciprocity.** Original License via reciprocity - one hundred dollars (\$100*). (3-21-12)
- 09. Temporary Permit.** Temporary permit - one hundred dollars (\$100). (7-1-93)
- 10. Trainee Registration Fee.** Trainee registration fee - fifty dollars (\$50). (3-13-02)
- 11. Examination and Reexamination Fees.** Examination and Reexamination fees will be calculated based on the actual cost of the examination. Successful applicants will be notified of the fees at the time they are scheduled for examination. (7-1-97)
- 12. Continuing Education Provider Application Fee.** Continuing Education Provider Application fee - one hundred dollars (\$100). (3-21-12)
- 13. Fees are Non-Refundable.** Fees are non-refundable. (7-1-93)
- 14. Fees Followed By One Asterisk (*) Means.** Proposed fees for these categories marked with an asterisk (*) include forty dollars (\$40) to be submitted by the state to the federal government. Title XI, Section 1109

of the FIRREA as amended requires each state to submit a roster listing of state licensed appraisers to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council “no less than annually.” The state is also required to collect from such individuals who perform appraisals in federally related transactions an annual registry fee of “not more than eighty-five dollars (\$85),” such fees to be transmitted by the state to the federal government on an annual basis. This fee is subject to change by the Appraisal Subcommittee. (3-21-12)

15. Fees Followed By Two Asterisks ()** Means. The fees for the categories marked with two (2) asterisks (**) do not include ~~up to fifty dollars (\$50) as determined by the Appraisal Subcommittee multiplied by the number of appraisers working for or contracting with an AMC to be submitted by the state to the federal government. Title XI, Section 1109 of the FIRREA as amended requires each state to submit a roster listing registered AMC’s to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council “no less than annually.”~~ additional fees assessed pursuant to Title XI, Section 1109 of the FIRREA as amended including, but not limited to, an AMC registry fee, such fees to be collected from AMCs by the state and transmitted to the federal government on an annual basis. (3-24-17)()

PROPOSED RULE COST/BENEFIT ANALYSIS

Section 67-5223(3), Idaho Code, requires the preparation of an economic impact statement for all proposed rules imposing or increasing fees or charges. This cost/benefit analysis, which must be filed with the proposed rule, must include the reasonably estimated costs to the agency to implement the rule and the reasonably estimated costs to be borne by citizens, or the private sector, or both.

Department or Agency: Bureau of Occupational Licenses

Agency Contact: Dicsie Gullick **Phone:** 208 334-3233

Date: September 1, 2017

IDAPA, Chapter and Title Number and Chapter Name:

IDAPA 24.18.01 – Rules of the Real Estate Appraiser Board

Fee Rule Status: X **Proposed** **Temporary**

Rulemaking Docket Number: 24-1801-1701

STATEMENT OF ECONOMIC IMPACT:

This fee rule will have no impact on the general fund or the Bureau of Occupational Licenses' dedicated fund and will allow the Real Estate Appraiser Board to pass through an amount equal to any federal fee that will apply to appraisal management companies regulated by the State of Idaho. The fee is projected to be between \$25-\$50 multiplied by the number of appraisers working for or contracting with a state-regulated AMC per year and is authorized by federal law and set by federal regulation.

INCORPORATION BY REFERENCE SYNOPSIS

In compliance with Section 67-5223(4), Idaho Code, the following is a synopsis of the differences between the materials previously incorporated by reference in this rule that are currently of full force and effect and newly revised or amended versions of these same materials that are being proposed for incorporation by reference under this rulemaking.

The following agency of the state of Idaho has prepared this synopsis as part of the proposed rulemaking for the chapter cited here under the docket number specified:

BUREAU OF OCCUPATIONAL LICENSES
IDAPA 24.28.01 - Rules of the Real Estate Appraiser Board
Proposed Rulemaking - Docket No. 24-1801-1701

APPRAISAL STANDARDS BOARD
2017 SUMMARY OF ACTIONS
RELATED TO USPAP CHANGES
February 23, 2017

On February 3, 2017, the Appraisal Standards Board (ASB) adopted modifications to the *Uniform Standards of Professional Appraisal Practice* (USPAP). This action began in earnest with the issuance of a Discussion Draft in January 2016, followed by three exposure drafts of proposed revisions to USPAP. Written comments were received in response to each document, and oral comments were provided at each of four public meetings. Each member of the ASB read and carefully considered every comment. The Board then developed a work plan to address the issues brought forward, and adopted revisions for the 2018-19 edition of USPAP. The following changes were adopted by the Board in a public meeting on February 3, 2017, and will be incorporated in the 2018-19 edition of USPAP and associated guidance material with an effective date of January 1, 2018:

Revising the definition of Report and edits to the ETHICS RULE and RECORD KEEPING RULE

The Board adopted proposed revisions in the Third Exposure Draft to clarify the definition of Report, as well as edits to the ETHICS RULE and the RECORD KEEPING RULE applicable to the communication of assignment results. As put forth in the Third Exposure Draft, the Board did not adopt revisions related to communications of assignments results prior to the completion of the assignment other than the ethical and record keeping requirements that appear in that section. Although there was support for specifically addressing draft reports, the Board also learned that there were significant unintended consequences that might occur with the adoption of any such requirements.

Creating a definition of Assignment Conditions, revising the definitions of Assignment, Intended Use and Intended User, and related edits to the COMPETENCY RULE

The Board created a definition of Assignment Conditions, a term that had only been previously referenced in the SCOPE OF WORK RULE. The Board also adopted revisions intended to clarify the definitions of Assignment, Intended Use, and Intended User, as well as making related edits to the COMPETENCY RULE to clarify an appraiser's obligations prior to agreeing to perform an assignment. Although the Board did not revise the language "at the time of the assignment," the Board did receive comments expressing concern with its meaning. Therefore, in the near future the Board intends to issue guidance to assist in clarifying the intent of that terminology.

Removing the definition of Assumption and revising the definition of Extraordinary Assumption

The Board deleted the definition of Assumption, as its use is not intended to differ from the generally accepted meaning of the word. The Board also adopted a revised definition of Extraordinary Assumption, with administrative edits, in an effort to clarify that term and its applicability.

Revising the definition of Appraisal Review, and dividing STANDARD 3, *Appraisal Review*, into STANDARD 3, *Appraisal Review, Development* and STANDARD 4, *Appraisal Review, Reporting*

The Board adopted changes proposed in the Third Exposure Draft to edit the definition of Appraisal Review to include its use as an adjective. The Board also adopted the proposed revisions to divide STANDARD 3, *Appraisal Review*, into STANDARD 3, *Appraisal Review, Development* and STANDARD 4, *Appraisal Review, Reporting*. The edits are intended to improve consistency with the other development and reporting standards.

Dividing STANDARD 6, *Mass Appraisal*, into STANDARD 5, *Mass Appraisal, Development* and STANDARD 6, *Mass Appraisal, Reporting*

The Board adopted the changes proposed in the Third Exposure Draft to divide STANDARD 6, *Mass Appraisal*, into STANDARD 5, *Mass Appraisal, Development* and STANDARD 6, *Mass Appraisal, Reporting*. The edits are intended to create greater consistency among the other development and reporting standards. For example, the term "describe" used in the reporting requirement of a mass appraisal was changed to "summarize" to be more consistent with the requirements of an Appraisal Report.

Removing the term Market Value from STANDARDS 7 and 8

The Board adopted revisions to Standards Rules 7-2(c), 7-5, 8-2(a)(v), 8-2(a)(viii) and 8-2(b)(viii) as proposed in the Third Exposure Draft. The Board adopted removal of the term market value from the personal property development and reporting standards, in order to clarify that certain requirements are not limited to market value assignments but are required whenever necessary for credible assignment results.

Revision to the personal property certification requirements in Standards Rule 8-3

The Board adopted revisions to the personal property certification in Standards Rule 8-3 as proposed in the Third Exposure Draft, to allow personal property appraisers, in assignments involving different types of specialties, to sign the certification without making them accountable for the assignment results of items which they did not appraise.

Revision to illustration in Advisory Opinion 21, USPAP Compliance

The Board adopted the addition of a new graphic in Advisory Opinion 21, *USPAP Compliance*, as proposed in the Third Exposure Draft, and it will replace the chart *beneath* the longstanding “ovals.” The new chart better illustrates the relationship between Valuation Services and Appraisal Practice.

Creation of Advisory Opinion 37, Computer Assisted Valuation Tools

The Board created Advisory Opinion 37, *Computer Assisted Valuation Tools*, as proposed in the Third Exposure Draft. The new Advisory Opinion addresses an appraiser’s obligations when relying upon adjustments, trend analyses, or other information generated by software or various on-line services.

Revisions to Advisory Opinion 31, Assignments Involving More than One Appraiser

The Board adopted revisions to Advisory Opinion 31, *Assignments Involving More than One Appraiser*, as proposed in the Third Exposure Draft, to help clarify guidance related to significant appraisal assistance.

Revisions to Advisory Opinion 1, Sales History

The Board adopted revisions to Advisory Opinion 1, *Sales History*, as proposed in the Third Exposure Draft (with deletion of lines 1749-1752), to help clarify guidance related to an appraiser’s proper analysis and reporting related to a subject property’s prior and pending sales and current listings.

Revisions to Advisory Opinion 32, Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments

The Board adopted revisions to Advisory Opinion 32, *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*, as proposed in the Third Exposure Draft, to reflect the adopted changes to STANDARDS 5 and 6.

Detailed Adopted Revisions

Please click [here](#) to see all of the above adopted changes in greater detail. You can also access the Discussion Draft, First Exposure Draft, Second Exposure Draft, and the Third Exposure Draft by clicking on them. If you are having issues accessing these documents, please contact Aida Dedajic, aida@appraisalfoundation.org. More information on the actions of the ASB can be found on The Appraisal Foundation’s website www.appraisalfoundation.org.