

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 - Temporary and Proposed Rule (Docket  
No. 24-1801-1801).

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 06/29/2018. 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 07/30/2018.

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

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### MEMORANDUM

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

**FROM:** Legislative Research Analyst - Matt Drake

**DATE:** June 12, 2018

**SUBJECT:** Bureau of Occupational Licenses - Real Estate Appraiser Board

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

The Bureau of Occupational Licenses submits notice of temporary and proposed rulemaking relating to the Rules of the Real Estate Appraiser Board. The proposed rule changes the minimum qualifications for licensed residential real estate appraisers by removing the requirement for an associate's degree or higher level of education and by lowering the experience requirement. It further adds alternative ways to complete the education requirement and lowers the experience requirement for a certified residential real estate appraiser. It also shortens the time period to complete required experience hours for a certified general real estate appraiser.

Negotiated rulemaking was not conducted as the temporary rule responds to changes made at the federal level and the proposed changes were discussed during open, noticed meetings of the Board. There is no anticipated fiscal impact on the state general fund. The Governor finds that the temporary rule is justified in order to implement recent changes to the Appraiser Qualifications Board (AQB) qualification criteria. Under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the AQB establishes the qualification criteria for real property appraisers to obtain a state license to appraise real property related to federally-backed loans. The proposed rule changes appear to be within the statutory authority of the Board pursuant to sections 54-4106 and 54-4110, 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. 24-1801-1801**

#### **NOTICE OF RULEMAKING – TEMPORARY AND PROPOSED RULE**

**EFFECTIVE DATE:** The effective date of the temporary rule is May 1, 2018.

**AUTHORITY:** In compliance with Sections 67-5221(1) and 67-5226, Idaho Code, notice is hereby given that this agency has adopted a temporary rule, and proposed rulemaking procedures have been initiated. The action is authorized pursuant to Sections 54-4106 and 54-4110, 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 June 20, 2018.

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 the required finding and concise statement of its supporting reasons for adopting a temporary rule and a non-technical explanation of the substance and purpose of the proposed rulemaking:

Recent changes made by the Appraisal Qualifications Board (AQB) to the minimum qualifications for certain classifications of real estate appraiser licenses allows the Idaho Real Estate Appraiser Board to reduce barriers to obtaining an Idaho license. Specifically, the change to Section 300, of these rules, removes the requirement for an Associate’s degree and lowers the experience requirement for licensed residential real estate appraisers. The change to Section 350, of these rules, adds alternative pathways to complete the education requirement and lowers the experience requirement for a certified residential real estate appraiser. The change to Section 400, of these rules, shortens the time period to complete the requisite experience hours for a certified general real estate appraiser.

**TEMPORARY RULE JUSTIFICATION:** Pursuant to Sections 67-5226(1)(b), Idaho Code, the Governor has found that temporary adoption of the rule is appropriate for the following reasons:

Under the provisions of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Appraiser Qualifications Board (AQB) establishes the qualification criteria for real property appraisers to obtain a state license to appraise real property related to federally-backed loans. These rule changes implement recent changes to the AQB qualification criteria.

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

**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: N/A

**NEGOTIATED RULEMAKING:** Pursuant to Section 67-5220(2), Idaho Code, negotiated rulemaking was not conducted because the temporary rule is responding to changes made at the federal level, and 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: N/A

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS:** For assistance on technical questions concerning the temporary and proposed rule, contact Dicsie Gullick at (208) 334-3233.

Anyone may submit written comments regarding the proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before June 27, 2018.

DATED this 30th day of April, 2018.

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

**THE FOLLOWING IS THE TEMPORARY RULE AND THE PROPOSED TEXT  
OF DOCKET NO. 24-1801-1801  
(Only Those Sections With Amendments Are Shown.)**

**300. LICENSED RESIDENTIAL REAL ESTATE APPRAISER CLASSIFICATION APPRAISER QUALIFICATION CRITERIA (RULE 300).**

The state licensed residential real estate appraiser classification applies to the appraisal of residential real property consisting of one (1) to four (4) non-complex residential units having a transaction value less than one million dollars (\$1,000,000) and complex one (1) to four (4) residential units having a transaction value less than two hundred fifty thousand dollars (\$250,000). Applicants must meet the following education, experience and examination requirements in addition to complying with Section 250. Subsequent to being licensed, every licensee must annually meet the continuing education requirement. (4-11-06)

**01. Education.** As a prerequisite to taking the examination for licensure as an Idaho Licensed Residential Real Estate Appraiser, each applicant shall: (3-20-14)

~~a. Holds an Associate's Degree or higher from an accredited college or university or document the successful completion of thirty (30) semester hours of college-level education. An applicant may receive semester hour credit for credits earned through the College Level Examination Program (CLEP) provided that the accredited college or university accepts the CLEP and issues a transcript for the exam; and~~ (3-24-17)

~~b.~~ Document registration as an Appraiser Trainee; and (3-24-17)(5-1-18)T

~~eb.~~ Document the successful completion of not less than seventy-five (75) classroom hours of courses in subjects related to real estate appraisal as follows: (3-24-17)

i. Residential Market Analysis and Highest and Best Use – not less than fifteen (15) hours; and (3-24-17)

ii. Residential Appraiser Site Valuation and Cost Approach – not less than fifteen (15) hours; and (3-24-17)

iii. Residential Sales Comparison and Income Approaches – not less than thirty (30) hours specifically including: Valuation Principles and Procedures – Sales Comparison Approach; Valuation Principles and Procedures – Income Approach; Finance and Cash Equivalency; Financial Calculator Introduction; Identification, Derivation and Measurement of Adjustments; Gross Rent Multipliers; Partial Interests; Reconciliation; and Case Studies; and (3-24-17)

iv. Residential Report Writing and Case Studies – not less than fifteen (15) hours specifically

including: Writing and Reasoning Skills; Common Writing Problems; Form Reports; Report Options and USPAP Compliance; Case Studies. (3-24-17)

**02. Experience.** Prerequisite to sit for the examination: (7-1-97)

**a.** Document ~~two~~ one thousand (21,000) hours of supervised appraisal experience as a registered Appraiser Trainee in no less than ~~twelve~~ six (12~~6~~) months. Experience documentation in the form of reports or file memoranda should be available to support the claim for experience. (~~4-11-06~~)(5-1-18)T

**b.** Of the required ~~two~~ one thousand (21,000) hours, the applicant must accumulate a minimum of ~~one thousand five~~ seven hundred-~~fifty~~ (1,50~~75~~0) hours from field real estate appraisal experience. The balance of ~~five~~ two hundred-~~fifty~~ (50~~25~~0) hours may include non-field experience, refer to Subsection 250.02.d. (~~4-11-06~~)(5-1-18)T

**03. Examination.** Successful completion of the Licensed Residential Appraiser examination approved by the Board pursuant to the guidelines of the Appraisal Qualifications Board. (4-11-06)

**301. -- 349. (RESERVED)**

**350. CERTIFIED RESIDENTIAL REAL ESTATE APPRAISER CLASSIFICATION APPRAISER QUALIFICATION CRITERIA (RULE 350).**

The State Certified Residential Real Estate Appraiser classification applies to the appraisal of residential properties of four (4) or less units without regard to transaction value or complexity. Applicants must meet the following education, experience and examination requirements in addition to complying with Section 250. Subsequent to being certified every licensee must annually meet the continuing education requirement. (4-11-06)

**01. Education.** As a prerequisite to taking the examination for licensure as an Idaho Certified Residential Real Estate Appraiser, each applicant shall: (3-20-14)

**a.** Hold a Bachelor's degree ~~or higher in any field of study~~ from an accredited degree-granting college or university; ~~and, or meet one of the following options:~~ (~~3-24-17~~)(5-1-18)T

**i.** Possession of an Associate's degree in a field of study related to business administration, accounting, finance, economics or real estate; or (5-1-18)T

**ii.** Successful completion of thirty (30) semester hours of college-level courses that cover each of the following specific topic areas and hours: English composition (three (3) semester hours), microeconomics (three (3) semester hours), macroeconomics (three (3) semester hours), finance (three (3) semester hours), algebra, geometry or higher mathematics (three (3) semester hours), statistics (three (3) semester hours), computer science (three (3) semester hours), business or real estate law (three (3) semester hours), and two (2) elective courses in any of the topics listed above or in accounting, geography, agricultural economics, business management, or real estate (three (3) semester hours each); or (5-1-18)T

**iii.** Successful completion of at least thirty (30) semester hours of College Level Examination Program® (CLEP®) examinations from each of the following subject matter areas: college algebra (three (3) semester hours), college composition (six (6) semester hours), college composition modular (three (3) semester hours), college mathematics (six (6) semester hours), principles of macroeconomics (three (3) semester hours), principles of microeconomics (three (3) semester hours), introductory business law (three (3) semester hours), and information systems (three (3) semester hours), or (5-1-18)T

**iv.** Any combination of the above criteria (within Subsections 350.01.a.ii. and 350.01.a.iii. of these rules) that ensures coverage of all topics and hours identified in Subsection 350.01.a.ii. (5-1-18)T

**b.** As an alternative to the requirements in Subsection 350.01.a., above, individuals who have held a Licensed Residential credential for a minimum of five (5) years may qualify as meeting the requirements of Subsection 350.01.a., if it is established that there is no record of any adverse, final, and non-appealable disciplinary action affecting the Licensed Residential appraiser's legal eligibility to engage in appraisal practice within the five (5) years immediately preceding the date of application for a Certified Residential license. (5-1-18)T

**b.c.** Document registration as an Appraiser Trainee and completion of the education required for licensure as a Licensed Residential Real Estate Appraiser, or hold a current license as a Licensed Residential Real Estate Appraiser; and (3-20-14)

**ed.** Document the successful completion of not less than fifty (50) classroom hours of courses in subjects related to real estate appraisal as follows: (3-20-14)

i. Statistics, Modeling and Finance: not less than fifteen (15) hours, specifically including Statistics; Valuation Models (AVM's and Mass Appraisal); and Real Estate Finance; and (3-20-14)

ii. Advanced Residential Applications and Case Studies: not less than fifteen (15) hours, specifically including Complex Property, Ownership and Market Conditions; Deriving and Supporting Adjustments; Residential Market Analysis; and Advanced Case Studies; and (3-20-14)

iii. Appraisal Subject Matter Electives: not less than twenty (20) hours, and may include hours over the minimum shown in Subsection 350.01.c. of these rules. (3-20-14)

**02. Experience.** Experience is a prerequisite to sit for the licensure examination: (4-11-06)

**a.** Document ~~two one~~ thousand five hundred (21,500) hours of appraisal experience in no less than ~~twenty-four~~ twelve (24) months (see Subsection 250.02). Experience documentation in the form of reports or file memoranda should be available to support the claim for experience. (4-11-06)(5-1-18)T

**b.** ~~Two~~ One thousand ~~two hundred~~ (21,020) hours of the experience shall be from residential field appraisal experience. The balance of ~~five~~ three hundred (5300) hours may include non-field experience, refer to Subsection 250.02.d. (4-11-06)(5-1-18)T

**c.** Examination. Successful completion of the Certified Residential Appraiser examination approved by the Board pursuant to the guidelines of the Appraisal Qualifications Board. (3-21-12)

**351. -- 399. (RESERVED)**

**400. CERTIFIED GENERAL REAL ESTATE APPRAISER CLASSIFICATION APPRAISER QUALIFICATION CRITERIA (RULE 400).**

The State Certified General Real Estate Appraiser classification applies to the appraisal of all types of real property. Applicants must meet the following examination, education, and experience requirements in addition to complying with Section 250. Subsequent to being certified, an individual must meet the continuing education requirement. (4-2-08)

**01. Education.** As a prerequisite to taking the examination for licensure as an Idaho Certified General Real Estate Appraiser, each applicant shall: (3-20-14)

**a.** Hold a Bachelor's degree or higher from an accredited degree-granting college or university; and (3-24-17)

**b.** Document registration as an Appraiser Trainee and document the successful completion of not less than two hundred twenty-five (225) classroom hours of courses in subjects related to real estate appraisal as follows: (3-20-14)

i. Statistics, Modeling and Finance: not less than fifteen (15) hours, specifically including Statistics; Valuation Models (AVM's and Mass Appraisal), and Real Estate Finance; (3-20-14)

ii. General Appraiser Market Analysis and Highest and Best Use: not less than thirty (30) hours; (3-20-14)

iii. General Appraiser Sales Comparison Approach: not less than thirty (30) hours, specifically

including Value Principles, Procedures, Identification and Measurement of Adjustments, Reconciliation, and Case Studies; (3-20-14)

iv. General Appraiser Site Valuation and Cost Approach: not less than thirty (30) hours; (3-20-14)

v. General Appraiser Income Approach: not less than sixty (60) hours, specifically including Overview, Compound Interest, Lease Analysis, Income Analysis, Vacancy and Collection Law, Estimating Operating Expenses and Reserves, Reconstructed Income and Expense Statement, Stabilized Net Operating Income Estimate, Direct Capitalization, Discounted Cash Flow, Yield Capitalization, Partial Interest, and Case Studies; (3-20-14)

vi. General Appraiser Report Writing and Case Studies: not less than thirty (30) hours, specifically including Writing and Reasoning Skills, Common Writing Problems, Report Options and USPAP Compliance, and Case Studies; and (3-20-14)

vii. Appraisal Subject Matter Electives: not less than thirty (30) hours, and may include hours over the minimum shown in Subsection 400.01.b. of these rules; or (3-20-14)

c. Document licensure as a Licensed Residential Real Estate Appraiser and the successful completion of not less than one hundred fifty (150) classroom hours of courses in subjects related to real estate appraisal as follows: (3-20-14)

i. Statistics, Modeling and Finance: not less than fifteen (15) hours, specifically including Statistics; Valuation Models (AVM's and Mass Appraisal); and Real Estate Finance; and (3-20-14)

ii. General Appraiser Market Analysis and Highest and Best Use: not less than fifteen (15) hours; and (3-20-14)

iii. General Appraiser Sales Comparison Approach: not less than fifteen (15) hours, specifically including Value Principles, Procedures, Identification and Measurement of Adjustments, Reconciliation, and Case Studies; and (3-20-14)

iv. General Appraiser Site Valuation and Cost Approach: not less than fifteen (15) hours; and (3-20-14)

v. General Appraiser Income Approach: not less than forty-five (45) hours, specifically including Overview, Compound Interest, Lease Analysis, Income Analysis, Vacancy and Collection Law, Estimating Operating Expenses and Reserves, Reconstructed Income and Expense Statement, Stabilized Net Operating Income Estimate, Direct Capitalization, Discounted Cash Flow, Yield Capitalization, Partial Interest, and Case Studies; and (3-20-14)

vi. General Appraiser Report Writing and Case Studies: not less than fifteen (15) hours, specifically including Writing and Reasoning Skills, Common Writing Problems, Report Options and USPAP Compliance, and Case Studies; and (3-20-14)

vii. Appraisal Subject Matter Electives: not less than thirty (30) hours. and may include hours over the minimum shown in Subsection 400.01.c.; or (3-20-14)

d. Document licensure as a Certified Residential Real Estate Appraiser and the successful completion of not less than one hundred five (105) classroom hours of courses in subjects related to real estate appraisal as follows: (3-20-14)

i. General Appraiser Market Analysis and Highest and Best Use: not less than fifteen (15) hours; and (3-20-14)

ii. General Appraiser Sales Comparison Approach: not less than fifteen (15) hours, specifically including Value Principles, Procedures, Identification and Measurement of Adjustments, Reconciliation, and Case Studies; and (3-20-14)

- iii. General Appraiser Site Valuation and Cost Approach: not less than fifteen (15) hours; and (3-20-14)
- iv. General Appraiser Income Approach: not less than forty-five (45) hours, specifically including Overview, Compound Interest, Lease Analysis, Income Analysis, Vacancy and Collection Law, Estimating Operating Expenses and Reserves, Reconstructed Income and Expense Statement, Stabilized Net Operating Income Estimate, Direct Capitalization, Discounted Cash Flow, Yield Capitalization, Partial Interest, and Case Studies; and (3-20-14)
- v. General Appraiser Report Writing and Case Studies: not less than fifteen (15) hours, specifically including Writing and Reasoning Skills, Common Writing Problems, Report Options and USPAP Compliance, and Case Studies. (3-20-14)
- 02. Experience.** Experience is a prerequisite to sit for the licensure examination: (4-11-06)
- a. Document three thousand (3,000) hours of appraisal experience in no less than ~~thirty~~ eighteen (~~30~~18) months (See Subsection 250.02). Experience documentation in the form of reports or file memoranda should be available to support the claim for experience. (~~4-11-06~~)(5-1-18)T
- b. One thousand five hundred (1,500) hours of the experience must be non-residential appraisal experience. The balance of one thousand five hundred (1,500) hours may be solely residential experience or can include up to five hundred (500) hours of non-field experience as outlined in Subsection 250.02.d. (4-11-06)
- c. Examination. Successful completion of the Certified General Appraiser examination approved by the Board pursuant to the guidelines of the Appraisal Qualifications Board. (3-21-12)