

Notice of Proposed Action

Title 10: Bureau of Real Estate Appraisers

NOTICE IS HEREBY GIVEN that the Bureau of Real Estate Appraisers (“Bureau” or “BRE”) is proposing to take the action described in the informative digest below. Any interested person may present statements or arguments relevant to the action proposed, orally or in writing, at a hearing to be held at:

Department of Consumer Affairs
1747 North Market Blvd.
1st Floor Hearing Room
Sacramento, CA 95834

Date: June 7, 2016
Time: 1:00 p.m.

Written comments including those sent by mail, facsimile, or email to the address listed under “Contact Person” in this Notice, must be received by the Bureau at its office not later than 5:00 p.m. on June 6, 2016 or must be received by the Bureau at the hearing.

The Bureau, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 11313, 11314, 11340, 11360, and 11361 Business and Professions Code and to implement, interpret and make specific Sections 11340 and 11360 Business and Professions Code and Public Law 101-73 (FIRREA), the Bureau is considering revising Section 3543 to Title 10 of the California Code of Regulations as described in this Notice.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Bureau proposes to amend section 3543 to require all applicants complete, prior to issuance of an initial or reciprocal license, a four hour course on federal and California appraisal related statutory and regulatory law. The proposed amendment is needed to educate new licensees about the laws that govern real estate appraising before they begin to appraise real property. Currently, licensees must take this course every four years to renew their license. The absence of an initial requirement is being remedied with this amendment.

This regulation also eliminates language allowing licensees to certify that they have read and understand all applicable federal and California laws and regulations pertaining to the licensing and certification of real estate appraisers in lieu of being required to complete the course every four years. This language was superseded when Business and Professions Code section 11360 subdivision (b) became operative on January 1, 2013.

ANTICIPATED BENEFITS

The benefit will be enhanced licensee knowledge of appraisal laws for new appraisers and removal of superseded language.

CONSISTENCY OR COMPATIBILITY WITH EXISTING STATE REGULATIONS

During the process of developing these regulations, the Bureau has conducted a search of any similar regulations on this topic and has determined that there is no reasonable interpretation of any state regulation that is inconsistent or incompatible with the proposed action.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: No significant impact.

Nondiscretionary Costs/Savings to Local Agencies: None

Cost to, or mandate imposed on, any Local Agency or School District for Which Government Code Section 17500-17630 Require Reimbursement: None

Business Impact: The Bureau has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

As part of its Economic Impact Analysis, the Bureau has determined that its proposal will not affect the ability of California businesses to compete with other states by making it more costly to produce goods or services.

Impact on Jobs/New Businesses: None

Cost Impact on Representative Private Person or Business: The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

Effect on Small Businesses: The Bureau has determined that the proposed regulations will not affect small businesses.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

Impact on Jobs/New Businesses: The Bureau has determined that this regulatory proposal will not have a significant impact on the creation or elimination of jobs, new or existing businesses, or the expansion of businesses in the State of California.

Benefits: The benefits will be a more knowledgeable licensee population about appraisal laws.

Occupations/Businesses Impacted: The proposed regulation will not have an occupational/business impact.

Reporting Requirements: The proposed regulation does not set forth any new reporting requirements.

Comparable Federal Regulations: None

CONSIDERATION OF ALTERNATIVES

The Bureau must determine that no reasonable alternative considered by the Bureau or that has otherwise been identified and brought to the attention of the Bureau would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The Bureau has prepared an initial statement of the reasons for the proposed action containing information upon which the proposal is based.

The proposed text, this notice, the statement of reasons, and any other relevant documents are on the Bureau's website at www.brea.ca.gov. Click the "Laws" tab at the top of the page. Under the heading "Rulemaking Notifications" find the documents associated with this rulemaking subject: "Minimum Basic and Continuing Education."

AVAILABILITY AND LOCATON OF THE STATEMENT OF REASONS, TEXT OF PROPOSED REGULATION AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below. As of the date this notice is published in the Notice of Register, the rulemaking file consists of

this notice, the proposed text of the regulation and the initial statement of reasons. Copies may be obtained by contacting person named below or by accessing the website as provided above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, BREa may adopt the proposed regulation substantially, as described in this notice. If BREa makes modification which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before BREa adopts the regulations as revised. Please send requests for copies of any modified regulation to the attention of the contact person named below. BREa will accept written comments on the modified regulation for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting the person named below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Kyle Muteff, Legal Counsel
1102 Q Street, Suite 4100
Phone: 916-341-6126
FAX: 916-440-7406
kyle.muteff@orea.ca.gov

The backup person is:
Thu Tran
1102 Q Street, Suite 4100
Phone: 916-440-7876
FAX: 916-440-7406
Thu.Tran@orea.ca.gov

NOTICE PUBLICATION/REGULATIONS SUBMISSION

reverse)

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	
AGENCY WITH RULEMAKING AUTHORITY			AGENCY FILE NUMBER (If any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Minimum Basic & Continuing Education Require	TITLE(S) 10	FIRST SECTION AFFECTED 3543	2. REQUESTED PUBLICATION DATE April 22, 2016
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON Kyle Muteff	TELEPHONE NUMBER 916-341-6126	FAX NUMBER (Optional)
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S)	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)		
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)			
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT		
	AMEND		
TITLE(S)	REPEAL		
3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only			
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)			
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____			
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify) _____			
7. CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional)

8. **I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.**

For use by Office of Administrative Law (OAL) only

SIGNATURE OF AGENCY HEAD OR DESIGNEE	DATE
TYPED NAME AND TITLE OF SIGNATORY	

**Bureau of Real Estate Appraisers
Initial Statement of Reasons**

Hearing Date: June 7, 2016

Subject Matter of Proposed Regulations: Minimum Basic and Continuing Education

Sections Affected: Amend Section 3543 to Title 10 of the California Code of Regulations

Background/Problem Addressed

Currently, Business and Professions Code section 11360 subdivision (b) requires all licensees, as part of their four year renewal, complete a four hour course on federal and California appraisal related statutory and regulatory law. Business and Professions Code section 11340 subdivision (a) directs the Bureau to adopt regulations establishing minimum education requirements. The Bureau intends to require prospective licensees complete the same course prior to becoming licensed as licensees currently must complete to renew their license. The federal and California appraisal related statutory and regulatory law course is particularly important to new licensees as they may be unfamiliar with their legal requirements. By requiring all prospective licensees complete the course will ensure they are knowledgeable about appraisal laws before practicing.

Additionally, the Bureau intends to remove superseded language that previously allowed licensees to certify their knowledge of appraisal laws in lieu of taking the appraisal law course for continuing education purposes. The regulation language was superseded when Business and Professions Code section 11360(b) became operative on January 1, 2013.

Factual Basis/Rationale

California Code of Regulation section 3543 subdivision (a) is proposed to be amended as follows:

Minimum basic and continuing requirements shall be as follows:

...

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

The proposed change will enhance the knowledge of applicants by requiring they take a four hour course on the appraisal laws that govern their practice. This course is already statutorily mandated as continuing education and it is also important to require the course before a new licensee begins to practice.

California Code of Regulation 3543 subdivision (b) is proposed to be amended as follows:

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

...

(3) Of the required hours, a minimum of 7 hours of USPAP consisting of the 7-hour National USPAP Update Course must be completed every 2 years. ~~For licenses expiring after January 1, 2004, a~~ Applicants for renewal must provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application. ~~Applicants may certify that they have read and understand all applicable California and federal laws and regulations pertaining to the licensing and certification of real estate appraisers in lieu of being required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.~~

The language regarding licenses expiring after January 1, 2004, is being removed because it is outdated as all licenses will expire after January 1, 2004. It was relevant when the regulation was written, but it is no longer applicable. The Bureau has a two year renewal cycle so this language has been irrelevant for about a decade.

The second sentence is being removed because it was superseded by Business and Professions Code 11360 subdivision (b), which states:

An applicant for renewal of a license shall be required to demonstrate his or her continuing fitness to hold a license prior to its renewal. Applicants shall also fulfill continuing education requirements established pursuant to this section and shall be required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.

This section became operative January 1, 2013. As such, all licensees must take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years. Since January 1, 2013, applicants for renewal cannot sign a certification in lieu of completing the course. This regulatory change merely complies with current statutory law.

Underlying Data

The Bureau did not rely on any underlying data.

Fiscal Impact Analysis in General

This proposal has no significant fiscal impact.

Economic Impact Analysis/Assessment

The Bureau has made the initial determination that the proposed regulatory action would have no statewide adverse economic impact directly affecting California.

- **Analysis of creation/elimination of jobs:** There will be no creation or elimination of jobs.
- **Analysis of creation/elimination of businesses:** There will be no creation or elimination of businesses. There may be a minor impact to educational course providers as a result of the course requirement.
- **Analysis of expansion of business:** The proposed regulations are not expected to, directly or indirectly, lead to the expansion of new businesses within California.
- **Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:** The proposed regulations do not affect worker safety or the state's environment because the proposal has nothing to do with worker safety or the environment.

Specific Technologies or Equipment

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

Consideration of Alternatives

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of BREa would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to the affected parties than the proposed regulation.

PROPOSED TEXT
California Code of Regulations
Title 10, Chapter 6.5, Article 4

The text below represents existing language modified to show proposed changes. Proposed deletions are in ~~strike~~through. Proposed additions are in underline.

Section 3543. Minimum Basic and Continuing Education Requirements.

(a) Minimum basic and continuing requirements shall be as follows:

- (1) All courses shall meet the minimum AQB requirements;
- (2) All classroom attended courses shall be taken through schools that are accredited by either:

(A) the Bureau; or

(B) any regional accrediting agency approved by the U.S. Department of Education;

(3) Distance education courses are acceptable if they were:

(A) Taken at a school which has been accredited by any regional accrediting agency approved by the U.S. Department of Education, or,

(B) Reviewed and approved by the Bureau and the International Distance Education Certification Center (IDECC) or approved through the AQB Course Approval Program.

(4) To receive consideration for education credit for courses not accredited by (2) and (3) above, the applicant may submit a Petition for Equivalency Credit, Form REA 3005 (Rev. 5/8/00), incorporated herein by reference, pursuant to Section 3567.

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

(b) In addition to (a) above, continuing education requirements shall be as follows:

(1) Continuing education requirements shall be completed after the date on which the previous license was issued;

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

(3) Of the required hours, a minimum of 7 hours of USPAP consisting of the 7-hour National USPAP Update Course must be completed every 2 years. ~~For licenses expiring~~

~~after January 1, 2004, a~~ Applicants for renewal must provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application. ~~Applicants may certify that they have read and understand all applicable California and federal laws and regulations pertaining to the licensing and certification of real estate appraisers in lieu of being required to take a minimum of four hours of federal and California appraisal-related statutory and regulatory law every four years.~~

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

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

(d) The Bureau may accept a state real estate appraiser license in good standing issued by another state or territory of the United States as satisfactory evidence of fulfillment of the minimum educational requirements of this part, provided that the state of issuance complies with the minimum standards established by the AQB.

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

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Bureau of Real Estate Appraisers	CONTACT PERSON Kyle Muteff	EMAIL ADDRESS kyle.muteff@orea.ca.gov	TELEPHONE NUMBER 916.341.6126
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Minimum Basic and Continuing Education			NOTICE FILE NUMBER Z

①

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- a. Impacts business and/or employees
- b. Impacts small businesses
- c. Impacts jobs or occupations
- d. Impacts California competitiveness
- e. Imposes reporting requirements
- f. Imposes prescriptive instead of performance
- g. Impacts individuals
- h. None of the above (Explain below):

*If any box in Items 1 a through g is checked, complete this Economic Impact Statement.
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.*

2. The Bureau of Real Estate Appraisers estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- Below \$10 million
- Between \$10 and \$25 million
- Between \$25 and \$50 million
- Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a Standardized Regulatory Impact Assessment as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 0

Describe the types of businesses (Include nonprofits): N/A

Enter the number or percentage of total businesses impacted that are small businesses: 0

4. Enter the number of businesses that will be created: 0 eliminated: 0

Explain: N/A

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____

6. Enter the number of jobs created: 0 and eliminated: 0

Describe the types of jobs or occupations impacted: N/A

7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

NO

B. ESTIMATED COSTS *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ See attached

- a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ 0 Years: _____
- b. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ 0 Years: _____
- c. Initial costs for an individual: \$ _____ Annual ongoing costs: \$ 27,000 Years: on going
- d. Describe other economic costs that may occur: N/A

2. If multiple industries are impacted, enter the share of total costs for each industry: N/A

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ 0

4. Will this regulation directly impact housing costs? YES NO
 If YES, enter the annual dollar cost per housing unit: \$ _____
 Number of units: _____

5. Are there comparable Federal regulations? YES NO

Explain the need for State regulation given the existence or absence of Federal regulations: The legislature changed Business and Professions Code section 11360 to remove self certification and the laws and regulations course should be qualifying education.

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

NO

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment:
The benefit will be enhanced licensee knowledge of appraisal laws for new appraisers and removal of superseded language.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?
Explain: Changes to subdivision (b)(3) are a result of changes to B&P 11360 and the laws and regulations course is a goal.

3. What are the total statewide benefits from this regulation over its lifetime? \$ N/A

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: N/A

NO

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not:
The Bureau has not identified any reasonable alternatives.

ECONOMIC AND FISCAL IMPACT STATEMENT

(REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ _____ Cost: \$ \$27,000

Alternative 1: Benefit: \$ _____ Cost: \$ _____

Alternative 2: Benefit: \$ _____ Cost: \$ _____

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: N/A

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? YES NO

Explain: _____

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.*

California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? YES NO

*If YES, complete E2. and E3
If NO, skip to E4*

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____
Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

YES NO

If YES, agencies are required to submit a Standardized Regulatory Impact Assessment (SRIA) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.

5. Briefly describe the following:

The increase or decrease of investment in the State: _____

The incentive for innovation in products, materials or processes: _____

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: _____

The benefit will be enhanced licensee knowledge of appraisal laws for new appraisers.

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 999 (REV. 12/2013)

FISCAL IMPACT STATEMENT

NO

A. FISCAL EFFECT ON LOCAL GOVERNMENT Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain _____

ECONOMIC AND FISCAL IMPACT STATEMENT

(REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2013)

FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

It is anticipated that State agencies will:

a. Absorb these additional costs within their existing budgets and resources.

b. Increase the currently authorized budget level for the _____ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any State agency or program.

4. Other. Explain See attachment

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE

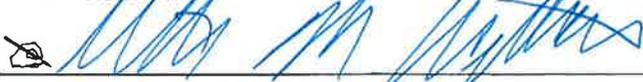


DATE

1-13-16

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY



DATE

3/22/16

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE

Attachment to Form 399

**Bureau of Real Estate Appraisers
Proposed Regulation
Minimum Basic and Continuing Education**

ECONOMIC IMPACT

B. 1. The proposed regulatory actions could have a minimal impact to licensees as new licensees will be required to take an additional course. Based on the average number of new initial and reciprocal licensees this could create an economic impact of approximately \$27,000 as the additional course ranges from \$50-\$85.

FISCAL IMPACT

B. 4. The Bureau has determined that amending Section 3543 will have an insignificant impact on the Bureau. The fee for the additional course will be collected by the course provider and not the Bureau. The Bureau foresees a minimal workload impact as the course certification letter would be the only addition to the applicant's packet and can be absorbable by the Bureau staff.

**NOTICE OF MODIFICATIONS TO TEXT OF
PROPOSED REGULATIONS**

Pursuant to the requirement of Government Code section 11346.8 (c), and section 44 Title 1 of the California Code of Regulations, the Bureau of Real Estate Appraisers is providing notice of changes made to proposed regulation section 3543 which was the subject of a regulatory hearing on June 7, 2016. These changes are in response to comments received regarding the proposed regulation.

If you have any comments regarding the proposed changes, the Bureau will accept written comments between June 15 and 30, 2016. All written comments must be submitted to the Bureau no later than 5:00 p.m. on June 30, 2016, and addressed to:

Bureau of Real Estate Appraiser
Attn: Kyle Muteff
1102 Q Street, Suite 4100
Sacramento, CA 95811

All written comments received by June 30, 2016, which pertain to the indicated changes will be reviewed and responded to by the Bureau staff as part of the compilation of the rulemaking file. Please limit your comments to the proposed modifications to the text.

PROPOSED MODIFIED TEXT
California Code of Regulations
Title 10, Chapter 6.5, Article 4

Originally noticed text:

The text below represents existing language modified to show proposed changes. Proposed deletions are in ~~striketrough~~. Proposed additions are in underline.

Section 3543. Minimum Basic and Continuing Education Requirements.

(a) Minimum basic and continuing requirements shall be as follows:

(1) All courses shall meet the minimum AQB requirements;

(2) All classroom attended courses shall be taken through schools that are accredited by either:

(A) the Bureau; or

(B) any regional accrediting agency approved by the U.S. Department of Education;

(3) Distance education courses are acceptable if they were:

(A) Taken at a school which has been accredited by any regional accrediting agency approved by the U.S. Department of Education, or,

(B) Reviewed and approved by the Bureau and the International Distance Education Certification Center (IDECC) or approved through the AQB Course Approval Program.

(4) To receive consideration for education credit for courses not accredited by (2) and (3) above, the applicant may submit a Petition for Equivalency Credit, Form REA 3005 (Rev. 5/8/00), incorporated herein by reference, pursuant to Section 3567.

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

(b) In addition to (a) above, continuing education requirements shall be as follows:

(1) Continuing education requirements shall be completed after the date on which the previous license was issued;

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

(3) Of the required hours, a minimum of 7 hours of USPAP consisting of the 7-hour National USPAP Update Course must be completed every 2 years. ~~For licenses expiring after January 1, 2004, a~~ Applicants for renewal must provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application. ~~Applicants may certify that they have read and understand all applicable California and federal laws and regulations pertaining to the licensing and certification of real estate appraisers in lieu of being required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.~~

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

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

(d) The Bureau may accept a state real estate appraiser license in good standing issued by another state or territory of the United States as satisfactory evidence of fulfillment of the minimum educational requirements of this part, provided that the state of issuance complies with the minimum standards established by the AQB.

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

Modified Text:

Changes to the originally proposed language are shown by double underline for new text and underline with strikeout for deleted text.

Section 3543. Minimum Basic and Continuing Education Requirements.

(a) Minimum basic and continuing requirements shall be as follows:

(1) All courses shall meet the minimum AQB requirements;

(2) All classroom attended courses shall be taken through schools that are accredited by either:

(A) the Bureau; or

(B) any regional or national accrediting agency approved by the U.S. Department of Education;

(3) Distance education courses are acceptable if they were:

(A) Content approval is obtained from the AQB, a state appraiser regulatory jurisdiction, or an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education; and

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

1. AQB approved organizations providing approval of course design and delivery; or

2. A college or university that qualifies for content approval in paragraph 2 above that awards academic credit for the distance education course; or

3. A qualifying college or university for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.

(A) Taken at a school which has been accredited by any regional accrediting agency approved by the U.S. Department of Education, or,

(B) Reviewed and approved by the Bureau and the International Distance Education Certification Center (IDECC) or approved through the AQB Course Approval Program.

(4) To receive consideration for education credit for courses not accredited by (2) and (3) above, the applicant may submit a Petition for Equivalency Credit, Form REA 3005 (Rev. 5/8/00), incorporated herein by reference, pursuant to Section 3567.

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

(b) In addition to (a) above, continuing education requirements shall be as follows:

(1) Continuing education requirements shall be completed after the date on which the previous license was issued;

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

(3) Of the required hours, a minimum of 7 hours of USPAP consisting of the 7-hour National USPAP Update Course must be completed every 2 years. ~~For licenses expiring after January 1, 2004, a~~ Applicants for renewal must provide documentation of completion of the seven-hour National USPAP Update Course with each renewal application. ~~Applicants may certify that they have read and understand all applicable California and federal laws and regulations pertaining to the licensing and certification of real estate appraisers in lieu of being required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.~~

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

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

(d) The Bureau may accept a state real estate appraiser license in good standing issued by another state or territory of the United States as satisfactory evidence of fulfillment of the minimum educational requirements of this part, provided that the state of issuance complies with the minimum standards established by the AQB.

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