DEPARTMENT OF CONSUMER AFFAIRS
TITLE 10. INVESTMENT
Chapter 6.5.
BUREAU OF REAL ESTATE APPRAISERS

FINAL STATEMENT OF REASONS

Subject Matter of Proposed Regulations: Appraiser Qualifications Board Education Updates

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

Updated Information:

The Initial Statement of Reasons is included in the file. The information contained therein is updated as follows.

The 45-day public comment period began on January 9, 2026 and was originally noticed as ending on February 25, 2026. On January 20, 2026, the Bureau of Real Estate Appraisers ("Bureau") confirmed with the Office of Administrative Law ("OAL") that a document that was proposed to be incorporated by reference into the regulation had not been filed with the initial regulatory package submitted to OAL. Thus, to correct this error and to comply with Government Code section 11347.1, on February 27, 2026, the Bureau posted and mailed a Notice of Addition of Document to Rulemaking File ("15-day Notice"), with a public comment period ending date of March 16, 2026. Along with this 15-day Notice, the Bureau also posted and mailed a copy of the originally Proposed Regulatory Language with the form incorporated by reference entitled "Valuation Bias and Fair Housing Laws and Regulations Course Outline (Outline)," published by the Appraisal Foundation in the document entitled "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria," effective January 1, 2026.

The Bureau received written comments during the originally noticed 45-day public comment period as described below. The comments received, as well as the responses to those comments, are summarized in the "Objections or Recommendations/Responses" section below. No changes were made to the proposed regulatory language in response to these comments.

The Bureau received no comments in response to the 15-day Notice.

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

LOCAL MANDATE

The proposed regulations do not impose a mandate on local agencies or school districts.

SMALL BUSINESS IMPACT

The Bureau has determined that the proposed regulations will not affect small businesses. The Bureau has determined that the proposed regulations will not affect small businesses as stated in the "Business Impact Estimates" section of the Bureau's Notice of Proposed Regulatory Action. Any costs of compliance are a result of current law. This proposal simply conforms the regulation regarding basic and continuing education requirements and renewals to the law effective January 1, 2026, and Bureau enforcement practices and would not affect small businesses.

ANTICIPATED BENEFITS

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

CONSIDERATION OF ALTERNATIVES

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the Bureau as part of public comments received would be more effective in carrying out the purpose of for which the regulation is proposed, or would be as effective and less burdensome to affected private persons than the adopted regulations, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. All recommendations provided during this rulemaking were considered by the Bureau and rejected, as discussed below.

OBJECTIONS OR RECOMMENDATIONS/RESPONSES

Summary and Response to Comments Received During 45-Day Public Comment Period

A. <u>Summary of Comments from Eric Rahn, Rahn Appraisals</u>

In an email to the Bureau dated Friday, January 9, 2026, the commenter stated:

> "1. All of this "sensitivity training" is just another way of blaming appraisers for everything that goes wrong in the real estate/finance industry. Most of what we encounter are things we have no control over. They are the result of bigoted zoning laws, lending policies, and realty practices that occurred before any of us were born. If the ethnic background of a homeowner/homebuyer makes appraisers afraid to give honest opinions about value because they run the risk of being labelled "racist", THAT is bias.
>
> 2. Appraisers have been saying for years that a **seven-hour** course every **two** years is overkill. Does a document change **that much** every other year? For one thing, it makes it confusing to keep track of our CE hours. We're always having to ask ourselves, "Is this the two-year renewal or the four-year renewal I'm applying for?" Everything should only be done every four years. Seven hours once every four years is more than sufficient time to catch up with any and all changes to USPAP. And now this new course is going to be biennial too. Great. Again, this is something that can be covered exhaustively once every four years.
>
> If anything, I'd rather see **all** CE requirements be biennial. It would make it easier to keep track of our education hours, and make things less confusing. Instead of fifty-six hours of education every four years, why not twenty-eight hours every two? Making us pace out our continuing education a little more would be good for us. Otherwise, most of us tend to get it all done as soon as work slows down. Then we have three years of no classes. Making all CE requirements biennial with half the hours per period would make us feel like we're constantly improving our skills and knowledge without feeling overwhelmed, and it still adds up to fifty-six hours in four years.
>
> I hope you will take my considerations seriously. Quite frankly, none of us with boots on the ground feel like the bureau ever does."

Bureau Response to Paragraph #1 Comments: The Bureau rejects these comments, and no changes were made to the text based upon these comments. The commenter appears to object to proposed amendments mandating the imposition of basic and continuing education in Valuation Bias and Fair Housing Laws and Regulations ("Valuation Bias training"). This proposal would update the Bureau's regulations to be consistent with California Business and Professions Code section 11340(c), and section 11314, which states that requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board (AQB) of the Appraisal Foundation. The AQB's 2026 criteria requires Valuation Bias training (see Underlying Data and Sources: "The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria", effective January 1, 2026 and "Summary of Actions 2026 Criteria" published by the Appraisal Foundation). As a result, the Bureau proposes to update its current basic education requirements for licensure, continuing education requirements for renewal and renewal application requirements to align with the AQB's 2026 Criteria as required by State and federal law and more fully explained in the Bureau's Notice of Proposed Regulatory Action and its Initial Statement of Reasons, which are available on the Bureau's website at https://www.brea.ca.gov./html/rulemaking.html.

Bureau Response to Paragraph #2 Comments: The Bureau rejects these comments related to a "seven-hour course every two years," as inaccurate and no changes were made to the text based upon these comments. This proposal would require, consistent with the 2026 AQB Criteria, real estate appraisers to complete a 7-hour course of instruction once to renew (if taking the course for the first time) and then complete a four (4) hour refresher course every two years to renew their license thereafter. (See proposed amendments to CCR section 3543(b)(1), (2).) There is no requirement for a 7-hour Valuation Bias course to be taken every two years to renew. Also, since the Bureau is mandated by law to adopt these AQB standards, the Bureau has no discretion to alter the course content or length requirements set in AQB's Criteria and therefore must adopt the standards as written by the AQB.

Bureau Response to Paragraph #3 Comments: With respect to the commenter's issues raised about all CE requirements being biennial, the Bureau rejects these comments as not sufficiently related to the currently proposed regulatory changes as described in the Informative Digest contained in the Bureau's Notice of Proposed Regulatory Action. This proposed rulemaking is limited to those changes required to align the Bureau's regulations with new educational requirements set by the AQB's 2026 Criteria as explained in the Bureau's Notice of Proposed Regulatory Action and Initial Statement of Reasons.

B. <u>Summary of Comments from AAAApraisal Services (Appraiser Steve La Voie/License #AR026012)</u>

In an email to the Bureau dated Friday, January 9, 2026, the commenter stated:

"Received a proposed action E Mail.
Not sure what its for.
Navigating the Web site is not helping.
In need of assistance on this matter.
Thank you,
Steve"

On January 9, 2026, counsel for the Bureau sent an email to the commenter in response and stated as follows:

"Good afternoon, Mr. La Voie,

Thank you for reaching out to the Bureau. If you click the link in the email (BREA Rulemaking), it will take you to the page where you can view the regulatory documents related to “Appraisal Qualifications Board Education Updates.” The documents relate to proposed amendments to the Bureau’s regulations related to this topic. There is also information within the “Notice of Proposed Regulatory Action (“NOPA”)” for this regulatory package, which provides information on how to provide public comment related to these proposed amendments, if you would like to provide public comment.

Thank you,

Christine Jacob”

Bureau Response: The Bureau rejects these comments, and no changes were made to the text based upon these comments, as the comments are not directed to the current scope of the Bureau’s proposed rulemaking action or to the procedures followed by the Bureau in proposing or adopting this action. As noted previously in response to comments above, this proposal would update the Bureau’s regulations to be consistent with the AQB’s Criteria consistent with state law at California Business and Professions Code sections 11340(c) and 11314, and as further described in the Bureau’s Notice of Proposed Regulatory Action and Initial Statement of Reasons. However, it is unclear from the statements provided by the commenter how their comments would relate to this proposed rulemaking in any way. By email on January 9, 2026, as noted above, a Bureau representative contacted the individual to explain how to submit a public comment if that was their intent. No additional comments were received by the Bureau from this individual after this email was sent.

C. Summary of Comments from John Oesterle, MSBA

In an email to the Bureau dated Friday, January 9, 2026, the commenter stated:

“1.) Removing the test taking time from the education hours is unfair and adds to an already ridiculous amount of continuing education.
2.) Changing names is not needed and only adds to complexity.
Example: Changing 'USPAP Update 'to 'USPAP Continuing Education' is a pointless and needless and unwanted change.

3.) Using the terms like 'bias' <u>stirs up 'bias' emotions and is a divisive term</u>, instead words like 'fair' should be used."

Bureau Response to Paragraph 1) Comments: The Bureau rejects these comments related to "removing the test taking time from the education hours". No changes were made to the text based upon these comments. Existing regulations at CCR section 3543(b)(and proposed to be renumbered as (c)) already prohibits exam administration from being counted towards qualifying CE, consistent with AQB criteria, as follows: "Course time allotted for exam administration does not count as qualifying toward the required hours of accredited continuing education." This proposal does not change that existing standard. Rather, as stated above in response to other comments, this proposed rulemaking would be limited to those changes required to align the Bureau's regulations with new educational requirements set by the AQB's 2026 Criteria as explained in the Bureau's Notice of Proposed Regulatory Action and Initial Statement of Reasons.

Bureau Response to Paragraph 2) Comments: The Bureau rejects these comments related to "Changing names is not needed and only adds to complexity. Example: Changing 'USPAP Update 'to 'USPAP Continuing Education' is a pointless and needless and unwanted change". No changes were made to the text based upon these comments. The Bureau makes these changes to comply with the BPC section 11314 mandates to include all AQB requirements in its continuing education requirements for licensure and to avoid confusion for applicants. Effective January 1, 2026, the title of the USPAP Update course was renamed to "National USPAP Continuing Education Course"; and it is the Bureau's understanding that all CE course providers are offering this course under this new name. Without the addition of the reference to the new course title, for example, the Bureau's regulation does not comply with the BPC section 11314 mandate to include this AQB requirement in its regulations and could possibly result in a licensee's inability to identify which course qualifies them for renewal.

Bureau Response to Paragraph 3) Comments: The Bureau rejects these comments related to substituting the word "fair" for "bias" when describing new educational requirements. No changes were made to the text based upon these comments. This proposal would update the Bureau's regulations to be consistent with California Business and Professions Code section 11340(c), and section 11314, which states that requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board (AQB) of the Appraisal Foundation. The AQB's 2026 criteria requires Valuation Bias training, not "fair" training (see Underlying Data and Sources: “The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria”, effective January 1, 2026 and “Summary of Actions 2026 Criteria” published by the Appraisal Foundation). As a result, the Bureau proposes to update its current basic education requirements for licensure, and continuing education requirements for renewal and renewal application requirements to align with the AQB’s 2026 Criteria for requiring “Valuation Bias training” as required by State and federal law and more fully explained in the Bureau’s Notice of Proposed Regulatory Action and its Initial Statement of Reasons, which are available on the Bureau’s website at https://www.brea.ca.gov./html/rulemaking.html.

D. Summary of Comments from Richard Kim

In an email to the Bureau dated Saturday, January 10, 2026, the commenter stated:

“Hello, I received the notice below regarding the qualifications needed for continued education to maintain my license. However, I have decided not to renew my Trainee Appraiser license. Could you please advise me on the proper procedure to remove my license? Thank you.”

Bureau Response: The Bureau rejects these comments, and no changes were made to the text based upon these comments, as the comments are not directed to the current scope of the Bureau’s proposed rulemaking action or to the procedures followed by the Bureau in proposing or adopting this action. This proposal would update the Bureau’s regulations to be consistent with California Business and Professions Code section 11314, which states that requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation, as further described in the Bureau’s Notice of Proposed Regulatory Action and its Initial Statement of Reasons.

E. Summary of Comments from Aram Bidkhanian

In an email to the Bureau dated Monday, January 12, 2026, the commenter stated:

“Hi Christine I did get the updates on the education updates. I didn’t see any new updates regarding the requirements. I need to talk to someone to see if you guys have any new updates.” The commenter then provided their direct telephone number and requested a phone call.

Bureau Response: The Bureau rejects these comments, and no changes were made to the text based upon these comments. It is not clear what the commenter means by their request for “any new updates regarding the requirements,” and the commenter never provided any further comments during the public comment period to clarify these statements. As a result, the comments do not appear to be directed to the current scope of the Bureau’s proposed rulemaking action or to the procedures followed by the Bureau in proposing or adopting this action. This proposal would update the Bureau’s regulations to be consistent with California Business and Professions Code section 11314, which states that requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation, as further described in the Bureau’s Notice of Proposed Regulatory Action and its Initial Statement of Reasons.

F. Summary of Comments from Redlick Appraisals (Mike)

In an email to the Bureau dated Thursday, January 15, 2026, the commenter stated:

“Hello,

I want to comment on the proposal re the e-mail I received on 1-9-26
I am a licensed Certified Residential Appraiser in the State of CA. I have done review work, but mainly Residential Appraisal reports. This proposal is right on the mark. Review appraisers need to follow USPAP, and review as a licensed appraiser and have Geo Graphical competency. I have spoke to a major bank lender on this subject. Their reply to me was… their reviewers review appraisal reports as underwriters. The is contrary to their staff of reviewers are all Certified Residential Appraisers.

Thanks, Mike”

Bureau Response: This comment is in support of the proposed regulatory revisions. The Bureau acknowledges receipt of these comments. However, the Bureau has determined that no change to the text or other documents is necessary because these comments are generally in support of the rulemaking package.

G. Summary of Comments from Aram Bidkhanian

In an email to the Bureau dated Tuesday, January 27, 2026, the commenter stated:

“Hi Christine, hope all is well. I was just following up to see if there was any new from the Appraisal board regarding the (sic)

I respectfully ask that you consider one or more of the following:

- Raising the transaction limit for Licensed Residential Appraisers
- Allowing unlimited exam attempts for Certified upgrades
- Reevaluating or eliminating the Licensed vs. Certified distinction in California”

Bureau Response: The Bureau rejects these comments, and no changes were made to the text based upon these comments, as the comments are not directed to the current scope of the Bureau’s proposed rulemaking action or to the procedures followed by the Bureau in proposing or adopting this action. This proposal would update the Bureau’s regulations to be consistent with California Business and Professions Code section 11314, which states that requirements for each level of licensure shall, at a minimum, meet the criteria established by the Appraiser Qualification Board of the Appraisal Foundation, as further described in the Bureau’s Notice of Proposed Regulatory Action and its Initial Statement of Reasons. This proposed rulemaking would be limited to those changes required to align the Bureau’s regulations with new educational requirements set by the AQB’s 2026 Criteria as explained in the Bureau’s Notice of Proposed Regulatory Action and Initial Statement of Reasons.

Summary and Response to Comments Received During 15-Day Public Comment Period (Notice of Addition of Document to Rulemaking File)

There were no comments received during the 15-day public comment period.

INCORPORATION OF DOCUMENTS BY REFERENCE – 1 CCR 20

This proposal would incorporate by reference the “Valuation Bias and Fair Housing Laws and Regulations Course Outline” – “Outline”, which is published by the Appraisal Foundation in “The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria,” effective January 1, 2026. The Outline specifies the required content for courses that meet the Appraisal Qualifications Board’s valuation bias and fair housing education standards for both basic and continuing education. Due to copyright restrictions and the Outline’s detailed content, the Outline would be cumbersome, unduly expensive and otherwise impractical to publish in the CCR. The Outline was made available to the public upon request and was posted on the Bureau’s website.