

REAL ESTATE APPRAISER EXAMINING BOARD[193F]

Adopted and Filed

Rule making related to real estate appraiser qualification criteria

The Real Estate Appraiser Examining Board hereby amends Chapter 1, “Organization and Administration,” Chapter 3, “General Provisions for Examinations,” Chapter 4, “Associate Real Property Appraiser,” Chapter 5, “Certified Residential Real Property Appraiser,” Chapter 6, “Certified General Real Property Appraiser,” and Chapter 15, “Supervisor Responsibilities,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code section 543D.5.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code chapter 543D.

Purpose and Summary

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 Real Property Appraiser Qualification Criteria (Criteria), or the minimum education, experience, and examination requirements for real property appraisers to obtain a state certification. As of May 1, 2018, the AQB has lowered the minimum education, experience, and examination requirements. States may choose to have higher standards, but standards may not fall below the minimum requirements. The Board considered the May 1, 2018, Criteria changes and decided to mirror those of the May 1, 2018, Criteria.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on September 26, 2018, as **ARC 4006C**. A public hearing was held on October 16, 2018, at 8:30 a.m. in the Small Conference Room, Third Floor, 200 East Grand Avenue, Des Moines, Iowa. No one attended the public hearing. Four written comments were received. One licensee expressed concern with the wording of the residential hour requirement, which states that out of 2,500 hours of experience required, 1,500 hours must consist of residential appraisal experience. Another licensee stated that the purpose of the changes to the AQB Criteria is not to permit less qualified appraisers to enter the profession, but instead to permit a more expedited time frame for appraisers to obtain the same qualifications and experience. The Iowa Bankers Association and the Iowa Association of Realtors both separately stated that their constituents would prefer to see the rules adopted fully consistent with the May 1, 2018, Criteria.

After fully considering these comments, the Board made three changes from the published Notice in order to adopt in full the May 1, 2018, Criteria. In subrule 5.5(2), the time frame in which experience must be completed was reduced from 24 months to 12 months, and the total hours of residential appraisal experience required were reduced from 2,500 hours to 1,500 hours. Also, in subrule 6.5(2), the time frame in which experience must be completed was reduced from 30 months to 18 months.

Adoption of Rule Making

This rule making was adopted by the Board on November 2, 2018.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Board for a waiver of the discretionary provisions, if any.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on January 9, 2019.

The following rule-making actions are adopted:

ITEM 1. Amend rule 193F—1.19(543D) as follows:

193F—1.19(543D) ~~January 1, 2015~~ May 1, 2018, criteria.

1.19(1) Effective on and after ~~January 1, 2015~~ May 1, 2018, the AQB has changed the criteria for eligibility for ~~registration as an associate appraiser and certification as a certified appraiser~~. No person may be ~~registered as an associate appraiser or certified as a certified appraiser on or after January 1, 2015~~ May 1, 2018, unless the person is eligible under the revised most recent criteria.

1.19(2) The ~~January 1, 2015~~ May 1, 2018, criteria were adopted by the AQB in ~~2011~~ 2018 and have been widely disseminated, including on the board's ~~Web site~~ website at: ~~<http://www.state.ia.us/government/com/prof/appraiser/home.html>~~ www.idob.state.ia.us/reap/.

a. ~~For associate appraisers, the revised criteria place a five-year restriction on the time period in which qualifying education must be completed prior to the submission of an application for associate appraiser registration and require completion of supervisory appraiser/associate coursework by both the supervisory appraiser and the associate appraiser applicant.~~

b. ~~For certified appraisers, the revised~~ The May 1, 2018, criteria modify the conditions under which applicants for certification are eligible to take the required examinations ~~and require a bachelor's degree for all certified appraisers, including residential appraisers.~~

ITEM 2. Amend rule 193F—1.20(543D) as follows:

193F—1.20(543D) Application and work product deadlines.

1.20(1) ~~December 31, 2014, application deadline.~~ In order to be considered for registration as an associate appraiser or certification as a certified appraiser under the criteria in effect prior to January 1, 2015, an applicant must submit an original, fully completed application to the board office for the board's actual receipt no later than December 31, 2014, at 4:30 p.m.

1.20(2) ~~1.20(1)~~ Deadline for associate appraiser applicants *Summary of registration requirements for registration as an associate.* The associate appraiser and supervisory appraiser provisions are more fully set out in 193F—Chapters 4 and 15, respectively. Before submitting an application for registration with the board, a person seeking registration as an associate appraiser must complete 75 hours of appraisal education and secure a qualified supervisory appraiser. An associate appraiser applicant who submits an application to the board office ~~after December 31, 2014, at 4:30 p.m. shall be subject to the January 1, 2015, criteria and will accordingly be subject to the five-year restriction on~~ must have completed all

required qualifying education and the supervisory appraiser/associate coursework prior to submitting an application for registration.

~~1.20(3)~~ **1.20(2)** *Summary of certification requirements before January 1, 2015.* As more fully set out in 193F—Chapters 3, 5, and 6, a person who is in the process of completing the education, experience, and examination required for certification as a certified appraiser may not submit an application for certification to the board until all prerequisites have been satisfactorily completed. The prerequisites include the following: qualifying college and core criteria appraiser education, qualifying examination, 2,500 hours of qualifying experience in a minimum of 24 months for residential appraisers or 3,000 hours of qualifying experience in a minimum of 30 months for general appraisers, and work product review. Work product review requires numerous steps, as provided in 193F—5.6(543D) and 193F—6.6(543D). The work product review process includes the applicant’s submission of a work product experience log to the board; the board’s selection of three appraisals to review; communication of the selected appraisals to the applicant; the applicant’s submission of the three appraisals and associated work files to the board in electronic and paper formats; review of the appraisals and work files by a reviewer retained by the board; the reviewer’s submission of review reports to the board; a meeting between the applicant and the board’s work product review committee; a formal board vote at a board meeting; and communication of approval, denial, or deferral to the applicant. All of these steps must be completed before an applicant with approved work product can submit an application for certification to the board office.

~~1.20(4)~~ *October 1, 2014, deadline for submission of appraisals and work files.*

~~a.~~ As a result of the minimum periods of time needed to accomplish all work product review steps summarized in 1.20(3), an applicant for certification as a certified appraiser must fully submit to the board office the three appraisals and associated work files for work product review, as provided in 193F—5.6(543D) and 193F—6.6(543D), no later than October 1, 2014.

~~b.~~ To allow sufficient time for board selection of three appraisals from the work product review experience log, board communication of the selected appraisals to the applicant, and applicant submission of the appraisals and work files to the board office by October 1, 2014, applicants for residential certification should submit their work product experience log to the board by September 1, 2014, and applicants for general certification should submit their work product experience log to the board by August 1, 2014.

~~c.~~ Applicants for certification as residential or general certified appraisers who submit appraisals and work files for work product review on or after October 2, 2014, shall be considered for certification under the January 1, 2015, criteria. If an applicant submitting appraisals and work files for work product review on or after October 2, 2014, has previously passed the required examination, the examination results will remain valid for the 24-month period of validity, as described in 193F—Chapter 3.

ITEM 3. Amend subrule 3.4(3) as follows:

3.4(3) An initial certificate shall not be issued until the applicant has demonstrated compliance with all required appraiser qualifications for certification, which include examination, education core criteria, ~~a bachelor’s degree~~ collegiate education, and real property appraiser experience pursuant to Iowa Code section 543D.9 and 193F—Chapter 5 or 6.

ITEM 4. Amend paragraph **4.1(1)“b”** as follows:

~~b.~~ ~~Beginning January 1, 2015, the~~ The initial qualifying education must be completed no more than five years prior to the date of application.

ITEM 5. Amend subrule 4.1(2) as follows:

4.1(2) Training. ~~Effective January 1, 2015, prior~~ Prior to registration as an associate, a person must complete a course that complies with the specifications for course content established by the AQB specifically oriented to the requirements and responsibilities of supervisory appraisers and associate appraisers. The course must be completed before the person can obtain an associate credential. This course cannot be applied toward the required hours of qualifying or continuing education.

ITEM 6. Amend rule 193F—5.2(543D) as follows:

193F—5.2(543D) Education. Education requirements for an applicant to obtain a certificate as a certified residential real property appraiser shall be in compliance with the criteria as set forth by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation. If an accredited college or university (accredited by the Commission on Colleges, by a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program© (CLEP) examination(s) and issues a transcript for the examination(s) showing the college’s or university’s approval, the CLEP credit will be considered as credit for the college course.

5.2(1) *Formal Collegiate education.* There are five options toward certification as a certified residential real property appraiser. An applicant must meet at least one of the five options identified in paragraphs 5.2(1) “a” through 5.2(1) “e,” below, in order to be eligible for certification as a residential real property appraiser.

a. Applicants must hold an associate’s degree or higher from an accredited college, junior college, community college, or university. In lieu of the associate’s degree, an applicant shall successfully pass all of the following collegiate subject matter courses from an accredited college, junior college, community college, or university: An applicant holds a bachelor’s degree in any field of study from an accredited college or university.

- (1) English composition;
- (2) Principles of economics (micro or macro);
- (3) Finance;
- (4) Algebra, geometry, or higher mathematics;
- (5) Statistics;
- (6) Computer science; and
- (7) Business or real estate law.

b. Total hours of equivalent college courses in lieu of an associate’s degree are 21 semester credit hours or equivalent. If an accredited college or university (accredited by the Commission on Colleges, by a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program© (CLEP) examination(s) and issues a transcript for the examination(s) showing the college’s or university’s approval, the CLEP credit will be considered as credit for the college course. An applicant holds an associate’s degree in a field of study from an accredited college, junior college, community college, or university that relates to:

- (1) Business administration;
- (2) Accounting;
- (3) Finance;
- (4) Economics; or
- (5) Real estate.

c. Effective January 1, 2015, applicants must hold a bachelor’s degree or higher from an accredited college or university. Successful completion of 30 semester hours of college-level courses from an accredited college, junior college, community college, or university that cover each of the following specific areas and hours:

- (1) English composition (3 hours);
- (2) Microeconomics (3 hours);
- (3) Macroeconomics (3 hours);
- (4) Finance (3 hours);
- (5) Algebra, geometry, or higher math (3 hours);
- (6) Statistics (3 hours);
- (7) Computer science (3 hours);
- (8) Business law or real estate law (3 hours);
- (9) Two electives in any of the above topics or in accounting, geography, agriculture, economics, business management, or real estate (3 hours each).

d. Successful completion of at least 30 semester hours of College-Level Examination Program© (CLEP) examinations that cover each of the following specific areas and hours:

- (1) College algebra (3 semester hours);
- (2) College composition (6 semester hours);
- (3) College composition modular (3 semester hours);
- (4) College mathematics (6 semester hours);
- (5) Principles of macroeconomics (3 semester hours);
- (6) Principles of microeconomics (3 semester hours);
- (7) Introductory business law (3 semester hours); and
- (8) Information systems (3 semester hours).

e. Any combination of paragraphs 5.2(1) "c" and 5.2(1) "d," above, that ensures coverage of all of the topics and hours identified in paragraph 5.2(1) "c." For purposes of determining whether coverage of the topics and hours identified in paragraph 5.2(1) "c" has occurred:

(1) The college algebra CLEP examination may be considered for satisfying the algebra, geometry, or higher math requirement of paragraph 5.2(1) "c."

(2) The college composition CLEP examination may be considered for satisfying the English composition requirement of paragraph 5.2(1) "c."

(3) The college composition modular CLEP examination may be considered for satisfying the English composition requirement of paragraph 5.2(1) "c."

(4) The college mathematics CLEP examination may be considered for satisfying the algebra, geometry, or higher math requirement of paragraph 5.2(1) "c."

(5) The principles of macroeconomics CLEP examination may be considered for satisfying the macroeconomics or finance requirement of paragraph 5.2(1) "c."

(6) The principles of microeconomics CLEP examination may be considered for satisfying the microeconomics or finance requirement of paragraph 5.2(1) "c."

(7) The introductory business law CLEP examination may be considered for satisfying the business law or real estate law requirement of paragraph 5.2(1) "c."

(8) The information systems CLEP examination may be considered for satisfying the computer science requirement of paragraph 5.2(1) "c."

5.2(2) and 5.2(3) No change.

ITEM 7. Amend rule 193F—5.3(543D) as follows:

193F—5.3(543D) Examination. The prerequisite for taking the AQB-approved examination is completion of 200 creditable course hours as specified in subrule 5.2(2). ~~Effective January 1, 2015, the~~ The 200 creditable course hours, college or university degree ~~collegiate education,~~ and all experience must be completed as specified in subrules 5.2(1) and 5.2(2) and rule 193F—5.4(543D) prior to the examination. For 5.2(2) "c," equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. USPAP qualifying education shall be awarded only when the class is instructed by at least one AQB-certified USPAP instructor who holds a state-issued certified residential or certified general appraiser credential in active status and good standing.

5.3(1) Qualification.

a. No change.

b. ~~Effective January 1, 2015, the bachelor's degree, education~~ The core criteria, collegiate education, and experience must be completed and the documentation submitted to the board at the time of application to sit for the examination.

5.3(2) to 5.3(5) No change.

ITEM 8. Amend rule 193F—5.4(543D) as follows:

193F—5.4(543D) Supervised experience required for initial certification. ~~Commencing with~~ experience attained on or after July 1, 2007, all ~~all~~ experience required for initial certification pursuant

to Iowa Code section 543D.9 shall be performed as a registered associate real property appraiser under the direct supervision of a certified real property appraiser pursuant to the provisions of 193F—Chapter 15.

5.4(1) No change.

5.4(2) Exceptions.

a. No change.

b. Among the circumstances the board may consider favorably in ruling on an application for approval of unsupervised experience or experience attained by the applicant in the absence of registration as an associate real property appraiser are:

(1) The experience was attained in a jurisdiction that, at the time, did not register associate real property appraisers or otherwise offer an associate, trainee or equivalent category of certification.

(2) The applicant attained the experience while employed in a county assessor's office engaged in mass appraisals, and the experience would otherwise qualify under applicable federal standards.

~~(3) The experience was attained between July 1, 2007, and January 1, 2008, and the appraiser could not reasonably have become registered and associated with a supervising certified appraiser by July 1, 2007, which is the effective date of the requirement that qualifying experience be attained by the applicant as an associate real property appraiser working under the direct supervision of a certified real property appraiser.~~

ITEM 9. Amend subrule 5.5(2) as follows:

5.5(2) The applicant shall accumulate a total of 2500 1,500 hours of residential appraisal experience in no fewer than 24 12 months while in active status, ~~of which a minimum of 1500 hours must consist of residential appraisal experience.~~ While the hours may be cumulative, the 24 12 months must have elapsed before the applicant can apply to take the examination. Experience claimed must have been performed in compliance with USPAP in which the appraiser demonstrates proficiency in appraisal principles methodology, procedures and reporting conclusions. Acceptable appraisal experience includes, but is not limited to, the following:

a. to *g.* No change.

ITEM 10. Amend subrule 5.6(11) as follows:

5.6(11) Upon successful completion of the work product review process, an applicant will have 60 days to submit an application. ~~Any application~~ All applications filed ~~on or after January 1, 2015,~~ must meet ~~2015~~ the current AQB criteria.

ITEM 11. Amend subrule 5.7(1) as follows:

5.7(1) Education.

a. ~~Formal~~ Collegiate education. Certified residential real property appraisers must satisfy the college-level education requirements as specified in rule 193F—6.2(543D).

b. No change.

ITEM 12. Amend subrule 6.2(1) as follows:

6.2(1) Formal Collegiate education.

~~⊖~~ Applicants must hold a bachelor's degree or higher from an accredited college, junior college, community college, or university. ~~In lieu of the bachelor's degree, an applicant shall successfully pass all of the following collegiate subject matter courses from an accredited college, junior college, community college, or university:~~ If an accredited college or university (accredited by the Commission on Colleges, by a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the examination(s) showing the college's or university's approval, the CLEP credit will be considered as credit for the college course. An applicant who submits a master's degree or higher as proof of the applicant's bachelor's degree must include an affidavit or a copy of the bachelor's degree attesting that the bachelor's degree is from an accredited college or university.

~~(1) English composition;~~

~~(2) Microeconomics;~~

- (3) Macroeconomics;
- (4) Finance;
- (5) Algebra, geometry, or higher mathematics;
- (6) Statistics;
- (7) Computer science;
- (8) Business or real estate law; and
- (9) Two elective courses in accounting, geography, agricultural economics, business management, or real estate.

b.—Total hours of equivalent college courses in lieu of a bachelor’s degree are 30 semester credit hours or equivalent. If an accredited college or university (accredited by the Commission on Colleges, by a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the examination(s) showing the college’s or university’s approval, the CLEP credit will be considered as credit for the college course.

c.—Effective January 1, 2015, applicants must hold a bachelor’s degree or higher from an accredited college or university.

ITEM 13. Amend rule 193F—6.3(543D) as follows:

193F—6.3(543D) Examination. The prerequisite for taking the AQB-approved examination is completion of 300 creditable course hours as specified in subrule 6.2(2). ~~Effective January 1, 2015, the~~ The 300 core criteria hours, college or university degree collegiate education, and all experience must be completed as specified in subrules 6.2(1) and 6.2(2) and rule 193F—6.4(543D) prior to the examination. For 6.2(2) “c,” equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. USPAP qualifying education shall be awarded only when the class is instructed by at least one AQB-certified USPAP instructor who holds a state-issued certified residential or certified general appraiser credential in active status and good standing.

6.3(1) In order to qualify to sit for the certified general real property appraiser examination, the applicant must:

a. and *b.* No change.

c. ~~Effective January 1, 2015, the~~ The degree, education and experience must be completed and documentation submitted to the board at the time of application to sit for the examination.

6.3(2) to 6.3(5) No change.

ITEM 14. Amend rule 193F—6.4(543D) as follows:

193F—6.4(543D) Supervised experience required for initial certification. ~~Commencing with experience attained on or after July 1, 2007, all~~ All experience required for initial certification to obtain certification as a certified general real property appraiser pursuant to Iowa Code section 543D.9 shall be performed as a registered associate real property appraiser under the direct supervision of a certified general real property appraiser pursuant to the provisions of 193F—Chapter 15.

6.4(1) Acceptable experience. The board will accept as qualifying experience the documented experience attained while the applicant for initial certification was in an educational program recognized by the Appraiser Qualifications Board and Appraisal Subcommittee as providing qualifying experience for initial certification, whether or not the applicant was registered as an associate real property appraiser at the time the educational program was completed. Such programs, if approved by federal authorities, will incorporate direct supervision by a certified real property appraiser and such additional program features as to satisfy the purpose of requiring that qualifying experience be attained by the applicant as an ~~associate~~ a real property appraiser.

6.4(2) Exceptions.

a. Applicants for ~~initial~~ certified general real property certification in Iowa who request that the board approve experience performed in the absence of registration as an associate real property appraiser

may file an application for approval on a form provided by the board. The burden shall be on the applicant to establish by clear and convincing evidence all of the following:

(1) to (4) No change.

(5) A basis exists beyond the individual control of the applicant to explain why the experience at issue could not have been attained by the applicant as an ~~associate real property appraiser~~ under the direct supervision of a certified general real property appraiser.

b. Among the circumstances the board may consider favorably in ruling on an application for approval of unsupervised experience or experience attained by the applicant in the absence of registration as an associate real property appraiser are:

(1) The experience was attained in a jurisdiction that, at the time, did not require direct supervision or register associate real property appraisers or otherwise offer an ~~associate, trainee or equivalent~~ a category of certification.

(2) No change.

~~(3) The experience was attained between July 1, 2007, and January 1, 2008, and the appraiser could not reasonably have become registered and associated with a supervising certified appraiser by July 1, 2007, which is the effective date of the requirement that qualifying experience be attained by the applicant as an associate real property appraiser working under the direct supervision of a certified real property appraiser.~~

ITEM 15. Amend subrule 6.5(2) as follows:

6.5(2) The applicant shall accumulate a total of ~~3000~~ 3,000 hours of appraisal experience in no fewer than ~~30~~ 18 months while in active status, of which ~~1500~~ 1,500 hours must consist of nonresidential appraisal experience. While the hours may be cumulative, the ~~30~~ 18 months must have elapsed before an applicant can be certified. Experience claimed must have been performed in compliance with USPAP where the appraiser demonstrates proficiency in appraisal principles methodology, procedures and reporting conclusions. Acceptable appraisal experience includes, but is not limited to, the following:

a. to *g.* No change.

ITEM 16. Amend subrule 6.6(11) as follows:

6.6(11) Upon successful completion of the work product review process, an applicant will have 60 days to submit an application. ~~Any application~~ All applications filed ~~on or after January 1, 2015,~~ must meet ~~2015~~ current AQB criteria.

ITEM 17. Amend subrule 15.3(4) as follows:

15.3(4) ~~Effective January 1, 2015,~~ a A certified appraiser shall perform as a supervisory appraiser in Iowa only if the appraiser has completed a course that, at a minimum, complies with the specifications for course content established by the Appraiser Qualifications Board. The course is to be completed before the certified appraiser provides supervision.

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