

STATE OF CALIFORNIA
OFFICE OF REAL ESTATE APPRAISERS
TEXT OF PROPOSED CHANGES
UNDER THE REAL ESTATE APPRAISERS' LICENSING AND CERTIFICATION LAW
CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 6.5
PURSUANT TO NOTICE
(DATE)

1. Section 3525 is amended to read:

3525. Temporary Practice Permit.

(a) In lieu of obtaining a license, appraisers with currently valid unrestricted licenses issued by another state may be issued a Temporary Practice Permit to perform a single appraisal assignment.

(b) A Temporary Practice Permit is not required if an appraiser from another state associates with an appraiser licensed in California and the work is limited to assisting in the preparation of an appraisal under the conditions specified in Business and Professions Code Section 11324.

(c) The applicant shall have satisfied the requirements for a license in a state or territory where the licensing provisions comply with Title XI of FIRREA and where the Appraisal Subcommittee has not issued a finding that the policies, practices, or procedures of the state or territory are inconsistent with Title XI.

(d) The license held shall be current and in good standing with the issuing state or territory.

(e) A Temporary Practice Permit is required when any appraiser enters California to appraise or provide technical review services in a federally related transaction and the appraiser is not licensed in California.

(f) Application for a Temporary Practice Permit shall be made on Request for Temporary Practice Permit Form REA 3009 (Rev. ~~5/8/00~~ 3/16/10) which is herein incorporated by reference, or any federally-approved equivalent form to the Office at its principal office in Sacramento, together with the fees specified in Section 3582 and such information as may be requested by the Director.

(g) An appraisal assignment under such temporary practice shall be completed within one year after issuance of the Temporary Practice Permit, or within the period of time that the applicant holds a valid, current license in his or her issuing state, whichever is sooner. Should the applicant's license from the issuing state expire less than one year from the issuance date of the Temporary Practice Permit, the Office shall extend the term of the Temporary Practice Permit for up to one year from the initial date of issuance upon proof of renewal of the license from the

applicant's issuing state. The term of the Temporary Practice Permit shall not be extended beyond one year from the initial date of issuance.

Note: Authority cited: Sections 11313, 11314, 11324, 11340, 11350 and 11352, Business and Professions Code. Reference: Sections 11350 and 11351, Business and Professions Code.

2. Section 3527 is amended to read:

3527. Personal Information or Contact Change.

(a) All applicants for and holders of a license, temporary practice permit, course provider approval permit, Certificate of Registration, or approval as a Controlling Person for an Appraisal Management Company shall submit written notice to OREA of any change to the following within 10 days on the Change Notification and Miscellaneous Requests Form REA 3011 (Rev. 5/8/00), which is herein incorporated by reference:

- (1) Name;
- (2) Residence telephone number;
- (3) Business telephone number;
- (4) Residence address;
- (5) Business name or address; or
- (6) Mailing address.

(b) The business name, address and telephone number shall be considered the applicant's, licensee's or Registrant's address and telephone number of record for all purposes unless otherwise requested in writing by the applicant or licensee and shall be considered a matter of public record. If no business address is provided, the mailing address shall be the address of record. A physical address is required as the address of record (a P.O. Box, Rural Route, Star Route, or mail box rental service location is not allowed).

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code. Reference: Section 11340 and 11345.05, Business and Professions Code.

3 Section 3541 is amended to read:

3541. Minimum Experience Requirements.

(a) To meet the minimum experience requirements, applicants for certified general shall have a minimum of 3,000 hours of real property appraisal experience obtained continuously over a

period of not less than 30 months in one or more of the categories listed in Section 3542. Of the 3,000 hours, certified general applicants must have a minimum 1,500 hours of non-residential appraisal experience in one or more of the categories listed in Section 3542.

(b) To meet the minimum experience requirements, applicants for certified residential shall have a minimum of 2,500 hours of real property appraisal experience obtained continuously over a period of not less than 30 months in one or more of the categories listed in Section 3542.

(c) To meet the minimum experience requirements, applicants applying to be a state licensed real estate appraiser shall have 2,000 hours of real estate appraisal experience obtained over a period of not less than 12 months in one or more of the categories listed in Section 3542.

(d) To meet the minimum experience requirements, real estate brokers applying to be a residential licensed real estate appraiser shall have a valid California real estate brokers license and 1,000 hours of real estate appraisal experience in one or more of the categories listed in Section 3542.

(1) Appraisers licensed pursuant to subsection (d) who have not provided the Office with substantiation of the minimum 2,000 hours of experience are not in compliance with minimum AQB licensing criteria and will be identified on the National Registry as “Not AQB Compliant” until such time as they have provided the Office with substantiation of having met the minimum requirement of 2,000 hours of experience as specified in Section 3563.

(e) A maximum of 400 hours of experience in review of appraisals may be credited towards the minimum experience hours, no more than 50% of which may consist of desk reviews. Only those reviews performed after obtaining 1,600 hours of acceptable experience in other categories may be credited towards meeting minimum experience requirements.

(f) All experience claimed must be in conformance with USPAP and completed after January 30, 1989.

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code.
Reference: Section 11340, Business and Professions Code.

4. Section 3542 is amended to read:

3542. Acceptable Categories of Experience and Criteria for Each Category.

(a) Acceptable categories of experience to meet the minimum requirements of Section 3541 and the criteria for each category are as follows:

(1) Fee and staff appraisal (a real property appraisal prepared by a person who is employed by another, usually a lending institution or government agency, or who is paid a fee for the appraisal assignments he or she performs):

- (A) Shall be a written document;
- (B) Shall have used the entire appraisal process;
- (C) Shall have used all appraisal methods (market, cost, income) customarily used for a particular property type (i.e., residential, commercial, industrial, etc.);
- (D) Shall conform to USPAP, particularly Standards Rules 1 and 2; and
- (E) Analysis must be completed by the applicant.

(2) Ad valorem tax appraisal (a real estate appraisal prepared by an appraiser which estimates a value that is used for property tax purposes):

(A) Appraisal:

- 1. Shall be a written document;
- 2. Shall use ~~techniques to value properties similar to those used by appraisers~~ appraisal methods (sales comparison, cost, income) required for the property type being appraised (i.e. residential or non-residential);
- 3. Shall effectively use the appraisal process; and
- 4. Shall conform to USPAP, particularly Standards Rules 1 and 2.

(B) Mass Appraisal:

- ~~1. Shall use highest and best use analysis;~~
- ~~2. Shall use model specification (developing the model);~~
- ~~3. Shall use model calibration (developing adjustments to the model);~~
- ~~4. Components of the mass appraisal process other than (1), (2) and (3), by themselves, shall not be granted experience credit; and~~
- 5 1. Shall conform to USPAP, particularly Standards Rules 1 and 2 or 6.

(3) Review of an appraisal (field or desk):

- (A) Shall be a written document separate from the appraisal itself;
- (B) The review shall be of an appraisal prepared either by employees, associates or others;

(C) The appraisal being reviewed shall not be signed by the reviewer;

(D) Shall be a "technical review" where the review appraiser forms an opinion as to whether the analyses, opinions, and conclusions in the appraisal report under review are appropriate and reasonable, as opposed to an "administrative review", which is work performed by clients and users of appraisal services as a due diligence function in the context of making a business decision (e.g., underwriting, buying, selling, etc.); and

(E) The work shall conform to USPAP, particularly Standard Rule 3.

(4) Appraisal analysis:

(A) Shall be a written document; and

(B) The work shall conform to USPAP, particularly Standards Rules 4 and 5.

(5) Real Estate consulting:

(A) Shall be a written document;

(B) The work shall conform to USPAP, particularly Standards Rules 4 and 5; and

(C) "Real estate consulting" incorporates those activities described in USPAP Standards Rules 4 and 5.

(6) Highest and best use analysis:

(A) Shall be a written document; and

(B) The work shall conform to USPAP, particularly Standards Rules 4 and 5.

(7) Feasibility analysis/study:

(A) Shall be a written document; and

(B) The work shall conform to USPAP, particularly Standards Rules 4 and 5.

(8) Teaching of appraisal courses:

Teaching of appraisal courses shall not be an acceptable category of experience to meet minimum requirements after December 31, 1997.

(9) Setting forth opinions of value of real property for tax purposes:

(A) Shall be experience as an employee of a California County Assessor's Office or the California Board of Equalization in setting forth opinions of value of real property for tax purposes, and:

1. Shall be a written document;

2. Shall use appraisal methods (sales comparison, cost, income) required for the property type being appraised (i.e. residential or non-residential);

3. Shall effectively use the appraisal process; and

4. Shall conform to USPAP, particularly Standards Rules 1 and 2 or 6.

(10) Assisting in the preparation of appraisals:

(A) Shall be a written document;

(B) Shall effectively use the appraisal process performing market research, data analysis and applying the appropriate appraisal techniques. The work experience must go beyond such tasks as taking photographs, typing the appraisal report, measuring improvements, or finding sales that may or may not be used in the appraisal. At least 75% of the professional work shall have been performed by the applicant;

(C) The work shall conform to all of the applicable USPAP standards, state laws and Office of Real Estate Appraisers (OREA) regulations; and

(D) A maximum of 400 hours of assisting in the preparation of appraisals may be accepted for credit towards meeting the minimum experience requirements.

(11) Real estate valuation experience such as that of a real estate lending officer or a real estate broker:

(A) Appraisal: Same requirements as Category 1;

(B) Review of Appraisals: Same requirements as Category 3; and

(C) Consulting:

1. Shall be a written document; and

2. The work shall conform to USPAP, particularly Standards Rules 4 and 5.

(b) Only appraisals performed for a business purpose (e.g. loans, litigation, etc.) may be credited for purposes of meeting the minimum experience requirements except that experience gained through case studies and practicum courses that are approved by the AQB Course Approval Program may be credited for no more than 50 percent of the total experience requirement.

(c) Each applicant shall meet additional requirements as may be established from time to time by the Appraiser Qualifications Board of The Appraisal Foundation.

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code.
Reference: Section 11340, Business and Professions Code.

5. Section 3543 is amended to read:

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) Basic Real Estate Appraisal and Advanced Real Estate Appraisal courses given by real estate schools which have been approved by the California Department of Real Estate as part of the requirement for a brokers license are exempt from the accreditation requirements in (3) through (5) below;~~

~~(3)~~(2) All classroom attended courses shall be taken through schools that are accredited by either:

(A) the Office; or

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

~~(4) Correspondence, video or remote television courses are acceptable at the trainee and residential license levels if they have been accredited pursuant to (a)(3)(2) above;~~

~~(5)~~(3) Distance education courses are acceptable at the certified level 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 Office and the International Distance Education Certification Center (IDECC) or approved through the AQB Course Approval Program.

~~(6)~~(4) To receive consideration for education credit for courses not accredited by (2) and (3) through ~~(5)~~ 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.

(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 ~~10 hours of accredited continuing education per year over the term of the license for the period up to and including December 31, 1997, and an average of at least 14 hours of accredited continuing education per year over the term of the license for the period occurring on or after January 1, 1998;~~ 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, 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 Office 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.

6. Section 3544 is amended to read:

3544. Credit for Teaching Appraisal Courses.

(a) Instructors of appraisal courses may receive credit for up to one-half of ~~either the basic education requirement or the continuing education requirement, but not both.~~ Teaching of appraisal courses shall not be acceptable to meet minimum experience requirements ~~after December 31, 1997.~~

(b) Instructors must submit written verification of their instructor experience, which shall include:

(1) Name of School;

- (2) Name of Appraisal Course;
- (3) Dates each course was taught;
- (4) Number of hours each course was taught;
- (5) Description of course content for each course taught;
- (6) Certification by school official verifying the information; and
- (7) Applicant's signed certification under penalty of Perjury.

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code.
Reference: Section 11340, Business and Professions Code.

7. Section 3561 is amended to read:

3561. Application for Licensing

- (a) Applications for licensing shall be valid for one year from date of receipt by the Office, during which time the applicant must qualify for admission to the examination. The one year period shall not be extended. If the applicant wishes to be considered for licensure after expiration of the one year period, he or she must reapply, including submission of all necessary documents and payment of all applicable fees in accordance with then existing requirements.
- (b) Applicants for licensing shall have an appropriate knowledge of the English language, including reading, writing and spelling, and of arithmetical computations common to real estate and appraisal practices.
- (c) Applicants for licensing must submit an Initial Application and applicable related forms REA 3001 (Rev. ~~5/8/00~~ 6/1/09), 3002 (Rev. ~~5/8/00~~ 3/16/10), 3003 (Rev. ~~5/8/00~~ 3/16/10) and 3004, (Rev. ~~5/8/00~~ 4/7/08) which are incorporated herein by reference.

NOTE: Authority cited: Sections 11313, and 11340, Business and Professions Code. Reference: Sections 10153, 11340 and 11408, Business and Professions Code.

8. Section 3563 is amended to read:

3563. Evidence of Experience Qualifications

- (a) Documentation of work experience shall be made available to the Office by the applicant upon request.

(b) Documentation of work experience shall include ~~but not be limited to one or all of the~~ following:

(1) Log of Appraisal Experience Form REA 3004 (Rev. ~~5/8/00~~ 4/7/08) and Experience Log Summary Form REA 3003 (Rev. 3/16/10), which ~~is~~ are incorporated herein by reference.;

~~(2) Verification of ad valorem appraisal experience (Category 2) shall include certification from the appraiser's employer under penalty of perjury that the appraiser's experience was in real property appraisals.~~

~~(3) Substantiation of experience setting forth opinions of value of real property for tax purposes as an employee of a California county assessor's office or the California Board of Equalization (Category 9) shall include:~~

~~(A) Certification from the appraiser's supervisor, under penalty of perjury, that the appraiser's experience was in real property appraisals.~~

~~(B) A complete description of applicant's role in the preparation of appraisals, including, but not limited to, time period worked and types of properties.~~

~~(4)~~ (2) Samples of completed appraisals selected by the Office from applicant's Log of Appraisal Experience Form REA 3004 (Rev. 4/7/08). Samples of completed appraisals submitted to verify work experience are subject to the confidentiality provisions of USPAP. Applicants desiring return of any samples submitted to the Office shall include a written request at the time of submission, a true and correct copy of each sample submitted and a self-addressed envelope of sufficient size and with adequate postage for return of the original samples.

NOTE: Authority cited: Sections 11313, 11314 and 11340 Business and Professions Code.
Reference: Section 11340, Business and Professions Code.

9. Section 3566 is amended to read:

3566. Challenge Courses.

Challenge courses are not acceptable to meet basic education requirements ~~only if they were completed prior to July 1, 1990.~~

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

10. Section 3568 is amended to read:

3568. ~~Provisional Licenses;~~ Trainee Licenses and Supervising Appraiser Responsibilities.

(a) To obtain a Trainee License, applicants must satisfy the following minimum requirements:

(1) Education:

(A) Completion of basic education which covers the minimum number of hours and specific topics required by AQB for a residential level license and meets the minimum requirements of Section 3543; and

(B) 15 hours of USPAP which consists of the 15-hour National USPAP Course or its equivalent.

(C) All education must be completed within the five-year period immediately preceding the date the application was received by the office.

(2) Successful passage of the National Uniform Appraiser License examination or its equivalent.

(b) To accrue acceptable experience, trainee licensees must:

(1) Acquire experience pursuant to Section 3542.

(2) Work under the direct supervision of ~~a licensed~~ an appraiser licensed at the certified level and in good standing.

(3) Maintain an appraisal log in conformance with the requirements of Section 3563.

(c) Trainees must maintain copies of appraisal reports which appear on the log.

(d) Trainees shall comply with the continuing education requirements of Section 3543.

(e) The supervising appraiser must:

(1) Personally inspect the property with the trainee until the trainee is competent to make unsupervised inspections in accordance with the Competency Provision of USPAP for the type of property being appraised;

(2) Review the trainee's appraisal report;

(3) Accept responsibility for the appraisal report by signing and certifying that the report is in compliance with USPAP;

(4) Review and initial each page of the trainee's Log of Appraisal Experience Form REA 3004 (Rev. ~~5/8/00~~ 4/7/08) and verify under penalty of perjury that the work was completed under his/her supervision; and

(5) Maintain records of the trainee's appraisals in accordance with USPAP.

(f) Supervising appraisers must be licensed at the certified level and be in good standing with the Office and may not supervise more than three appraisers at one time.

Note: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code.
Reference: Section 11341, Business and Professions Code.

11. Section 3569 is amended to read:

3569. Reciprocity

(a) The Director may enter into reciprocal agreements with other states that have not been found to be out of compliance with ASC if the other states' requirements conform, at a minimum, with AQB criteria for certifying or licensing real estate appraisers.

(b) Reciprocal agreements shall provide that the two states may issue licenses or certificates without additional examination to licensees or certificate holders of the other state. Upon completion of the application process and payment of the established appraiser license fee, applicants shall submit documentation of current license or certificate and a certified letter of license history or its equivalent from the other state.

(c) The Director may terminate a reciprocal agreement if he or she determines that the other state:

(1) Is not assisting the Director in enforcement activity for the protection of California consumers.

(2) Is not maintaining or enforcing standards, qualifications, and examinations as prescribed by the AQB.

(d) The Director shall not issue any reciprocal license to an applicant from another state after the termination of the reciprocal agreement with that state. All licenses issued under the reciprocal agreement shall be void upon termination of the agreement. Thereafter, applicants and licensees from that state may then apply for a license in the same manner as California resident applicants.

(e) Appraisers who are licensed in another state that has not been found to be out of compliance by ASC and whose licenses are in good standing who wish to apply for equivalent California licenses shall complete and submit the following:

(1) Application for Reciprocal License Form REA 3025 (Rev. 5/8/00) and applicable related forms REA 3002 (Rev. ~~5/8/00~~ 3/16/10), 3003 (Rev. ~~5/8/00~~ 3/16/10) and 3004 (Rev. ~~5/8/00~~ 4/7/08) as required in Section 3561, and form REA 3006 (Rev. 5/8/00);

(2) A Certificate of License History or its equivalent, not more than 30 days old, which shall

be forwarded directly to the Office from the state in which the applicant is currently licensed;

(3) Details of any complaint filed against him or her with another licensing agency that was not found to be unfounded or unsubstantiated and any action taken by that agency; and

(4) Such other information as may be requested by the Director pursuant to these regulations, ASC policies and/or a written reciprocity agreement with any other jurisdiction.

(f) A license issued under this section shall be valid for the period of time that the applicant holds a valid, current license in his or her issuing state or the term of license provided in Section 3524 of these Regulations or until termination of the reciprocal agreement upon which the license was issued, whichever is earlier. Issuance fees for licenses to be issued with less than a full term pursuant to this section shall be prorated to the next highest semi-annual equivalent.

(g) The holder of a license issued pursuant to this section shall immediately notify the Office of any change in status of the license issued by another state. Any license issued pursuant to this section shall be void and immediately surrendered to the Office if the license issued by another state is not active at any time, if the other state is found not to be in compliance by ASC or if the reciprocity agreement between the other state and California is terminated.

(h) A reciprocal licensee shall comply with all statutes and rules governing licensed appraisers in California. Each reciprocal licensee shall immediately notify the Director of any disciplinary action taken in any other state in which the person holds a license or certificate.

(i) Any discipline imposed by the resident state against the licensee shall also constitute a disciplinary action against the licensee's reciprocal California license unless the director determines that a lesser or greater penalty is appropriate pursuant to this chapter.

NOTE: Authority cited: Sections 11313, 11314, 11340 and 11350, Business and Professions Code. Reference: Sections 11341 and 11350, Business and Professions Code.

12. Section 3570 is amended to read:

3570. Time Limits for Processing Applications

(a) Within 90 days of receipt of the Initial Application, ~~REA~~ Forms REA 3001 (Rev. ~~5/8/00~~ 6/1/09), 3002 (Rev. ~~5/8/00~~ 3/16/10), 3003 (Rev. ~~5/8/00~~ 3/16/10) and 3004, (Rev. ~~5/8/00~~ 4/7/08), Upgrade Application, ~~REA~~ Form REA 3023 (Rev. 5/8/00), Renewal Application, ~~REA~~ Form REA 3012 (Rev. 5/8/00) Request for Temporary Practice Permit, ~~REA~~ Form REA 3009 (Rev. ~~5/8/00~~ 3/16/10), Course Provider Accreditation ~~REA~~ Form REA 3013 (Rev. 5/8/00), or Course Accreditation and Description ~~REA~~ Form REA 3014 (Rev. 5/8/00), the Office shall give written notice to the applicant that:

(1) The application is complete; or

(2) The application is deficient, describing what information is deficient and/or inadequate.

(A) An application is deficient if the applicant has not completed and provided the Office with all of the items required by Article 4 of these regulations, or any other information requested by the Office to complete the application.

(b) Within 90 days of receipt of a completed Request for Issuance, Form REA 3008 (Rev. 5/8/00), Application for Renewal, ~~REA~~ Form REA 3012, (Rev. 5/8/00) or Request for Temporary Practice Permit, ~~REA~~ Form REA 3009, (Rev. ~~5/8/00~~ 3/16/10), Course Provider Accreditation ~~REA~~ Form REA 3013 (Rev. 5/8/00), or Course Accreditation and Description ~~REA~~ Form REA 3014 (Rev. 5/8/00), the Office shall issue or deny the requested license or accreditation provided that:

(1) The applicant has provided all required information;

(2) All required fees have been received by the Office; and

(3) Results of applicable criminal records checks have been received from the Department of Justice and/or Federal Bureau of Investigation, and any background check has been completed.

(c) The Office's completed review of an application for the two years immediately preceding this regulation has been approximately:

(1) a minimum of 90 days.

(2) a median of 120 days.

(3) a maximum of 150 days.

(d) A notice of deficiency pursuant to (a)(2) above shall include written notice of the following:

(1) That the applicant shall have the right to request a hearing by the Director on the grounds that:

(A) The Office did not send the applicant a deficiency notice or a completed application notice within the time provided in (a) above; or

(B) The Office did not issue the license or submit to the applicant a deficiency notice within the time provided in (b) above.

(2) A request for hearing under this section shall be made to the Director, in writing, clearly specifying the violations alleged, within 30 days from the date the notice of deficiency is mailed from the Office.

(3) If the Director determines that the Office exceeded the time limits without good cause, as defined in Section 15376 of the Government Code or exempted in Section 15377 of the Government Code, the applicant shall be reimbursed in full of any and all filing fees paid by the applicant and actually received by the Office.

(e) The time necessary to complete an informal conference in accordance with Section 3729 of these regulations, and/or a hearing pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, shall be excluded in determining whether or not the Office has complied with the 90 day requirement of subsections (a) and (b) above.

(f) Every adjudicatory hearing to determine whether an application should be granted shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(g) In no event shall a failure to comply with the requirements of this Section constitute grounds in and of itself for the issuance of a license or approval of accreditation.

NOTE: Authority cited: Sections 11313 and 11314, Business and Professions Code.
Reference: Sections 15376 and 15378, Government Code.

13. Section 3583 is amended to read:

3583. Temporary Reduction in Issuance Fees

The following section shall be in effect with the operable date of these regulations and shall be operable through June 30, ~~2010~~2014, and shall thereupon expire:

Issuance fees specified in section 3582(b)(2) notwithstanding, the issuance fees for new and renewal licenses shall be

- (a) Trainee Level \$150
- (b) Residential Level \$150
- (c) Certified Levels \$200

NOTE: Authority cited: Sections 11350, 11400, 11401, 11402, 11403, 11404, 11405, 11406, 11407 and 11422, Business and Professions Code; Section 11350.6, Welfare and Institutions Code. Reference: Sections 11350, 11401, 11402, 11403, 11404, and 11406, and 11407 Business and Professions Code.

14. Section 3602 is amended to read:

3602. Change in the Status of License

(a) If a licensed appraiser wishes to change the status of his/her license to a higher classification, the appraiser must submit the following information to the Office:

(1) Completed Upgrade Application ~~Forms~~ form REA 3023 (Rev. 5/8/00) and forms REA 3001 (Rev. ~~5/8/00~~ 6/1/09), REA 3002 (Rev. ~~5/8/00~~ 3/16/10), REA 3003 (Rev. ~~5/8/00~~ 3/16/10) and REA 3004, (Rev. ~~5/8/00~~ 4/7/08), as applicable (excluding the fingerprint card), pursuant to Section 3561;

(2) All applicable fees; and

(3) Education and/or experience documentation as necessary to qualify at the certified residential or certified general level.

NOTE: Authority cited: Sections 11313, 11314 and 11340 Business and Professions Code. Reference: Section 11340, Business and Professions Code.

15. Section 3603 is amended to read:

3603. Converting a Trainee License to a Full License or Higher Classification

Trainee licensed appraisers wishing to convert to a residential license or higher classification must submit the following to the Office:

~~(1)~~ (a) Upgrade Application ~~REA~~ Forms form REA 3023 (Rev. 5/8/00) and forms REA 3001 (Rev. ~~5/8/00~~ 6/1/09), REA 3002 (Rev. ~~5/8/00~~ 3/16/10), REA 3003 (Rev. ~~5/8/00~~ 3/16/10) and REA 3004, (Rev. ~~5/8/00~~ 4/7/08).

~~(2)~~ (b) All applicable fees as required;

~~(3)~~ (c) If the Trainee License was obtained based on education, documentation shall be submitted to verify completion of the required hours of experience in accordance with Section 3563.

~~(4)~~ (d) Notwithstanding subsections (1) and (3), the applicant shall submit such documentation as the Office deems necessary to determine whether or not the holder of the trainee license meets the minimum requirements for the license level to which he or she wishes to convert.

NOTE: Authority cited: Sections 11313, 11314 and 11340, Business and Professions Code. Reference: Section 11340, Business and Professions Code.

16. Section 3661 is amended to read:

3661. General Requirements for Basic and Continuing Education Accreditation.

(a) Basic and continuing education accreditation requirements shall be as follows:

(1) Each course sponsor shall provide a copy of each of the following to each student upon enrollment:

- (A) Course outline;
- (B) Enrollment fee refund policy; and
- (C) Grading policy.

(2) Each completion certificate shall be completed under penalty of perjury and include the following:

- (A) Office course approval number;
- (B) Name and address of student;
- (C) Course title;
- (D) Statement that course was either correspondence or classroom attended;
- (E) Dates of course completion and date of successful completion of basic education final examination;
- (F) For continuing education courses, a statement that the student was in attendance at least 90% of class time;
- (G) Identity and signature of verifier of course completion; and
- (H) The course sponsor may include such additional information in this document as it deems necessary.

(3) Participants shall be physically present during at least 90% of the offering time (54 minutes out of each 60 minutes of instruction time), exclusive of the time allocated to the administering of a basic education final examination; and

(4) Each instructor shall have at least one of the following:

- (A) A bachelor's degree or higher degree in a field related to real estate appraising from a school listed as an institution of higher learning by the U.S. Office of Education, or from a comparable school of a foreign country;

(B) A valid teaching credential or certificate authorizing the holder to teach in the field of knowledge covered in the offering;

(C) Five years full-time experience in the field being taught; or

(D) A combination of full-time experience and full time college-level education totaling at least five years.

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

(1) Each course shall have a final exam per AQB established appraiser qualification criteria; and

(2) Examination questions to be included in the final examination shall not be reviewed with students before, during or after the course.

(3) Each course shall meet the minimum course length requirements established by AQB.

Note: Authority cited: Sections 11313, 11314 and 11361, Business and Professions Code.
Reference: Section 11360, Business and Professions Code.

17. Section 3722 is amended to read:

3722. Criteria of Substantial Relationship

(a) A crime or act shall be deemed to be substantially related to the qualifications, functions or duties of an appraiser if, ~~the act or crime was willful or intentional or involved the use of fraud, deceit or dishonesty for profit or gain in any of the following situations: to a substantial degree, it evidences present or potential unfitness of a person holding a license to perform the functions~~ authorized by his/her license. The crimes or acts include, but are not limited to, the following:

(1) Crimes or Acts involving the use of fraud, deceit or dishonesty for profit or gain;

~~(1)~~ (2) Taking, appropriating or retaining the funds or property of another;

~~(2)~~ (3) Forging, counterfeiting or altering any instrument affecting the rights or obligations of another;

~~(3)~~ (4) Evasion of a lawful debt or obligation, including but not limited to tax obligations;

~~(4)~~ (5) Traffic in any narcotic or controlled substance in violation of law;

~~(5)~~ (6) Driving under the influence of alcohol or drugs, while conducting business related to real estate appraisals; conviction of felony driving under the influence of alcohol or drugs; or

conviction of two or more misdemeanor driving under the influence of alcohol or drugs within any three year period-, whether or not while conducting business;

~~(6)~~ (7) Violation of a relation of trust or confidence;

~~(7)~~ (8) Theft of personal property or funds;

~~(8)~~ (9) Crimes or acts of violence or threatened violence against persons or property; ~~or~~

~~(9)~~ Lying on the appraisal license application and/or cheating on the examination.

(10) The commission of any crime or act punishable as a sexually related crime, if that crime or act is substantially related to the duties and functions of the licensee; or

(11) Misrepresentation of facts or information on the appraisal license application and/or cheating on the examination.

(b) An act or crime shall be deemed to be substantially related to the functions, duties or qualifications of an appraiser if it involves any willful violation of the Real Estate Appraisers' Licensing and Certification Act or provisions of the Business and Professions Code applicable to appraisers.

(c) The weight to be accorded to a substantially related crime or act under (a) or (b) shall be determined by application of the following standards:

(1) The extent to which the particular acts or omissions have adversely affected other persons, including but not limited to lenders, clients, employers or other persons; and the probability that such adverse effects will continue;

(2) The recency or remoteness in time of the acts or omissions;

(3) The type of license applied for or held by the person involved;

(4) The extenuating or aggravating circumstances surrounding the acts or omissions;

(5) The motivation of the acts or omissions, whether praiseworthy or blameworthy;

(6) The probability that the questioned acts or omissions will continue or be repeated; and

(7) The extent to which disciplinary action may inflict an adverse impact or chilling effect upon the constitutional rights of the person involved or other licensed persons.

NOTE: Authority cited: Section 11313, 11314, Business and Professions Code. Reference: Sections 481 and 482, Business and Professions Code.

18. ARTICLE 15. OFFICE OF REAL ESTATE APPRAISERS - CONFLICT OF INTEREST CODE is amended to read:

ARTICLE 15. OFFICE OF REAL ESTATE APPRAISERS - CONFLICT OF INTEREST CODE

It having been found, pursuant to Government Code section 11344, that the printing of regulations constituting the Conflict of Interest Code is impractical and these regulations being of limited and particular application are not published in full in the California Code of Regulations. The Regulations are available to the public for review or purchase at cost at the following locations:

OFFICE OF REAL ESTATE APPRAISERS
~~1755 CREEKSIDE OAKS DRIVE, SUITE 190~~ 1102 Q STREET, SUITE 4100
SACRAMENTO, CA ~~95833~~ 95811

FAIR POLITICAL PRACTICES COMMISSION
1100 "K" STREET
SACRAMENTO, CA 95814

ARCHIVES
SECRETARY OF STATE
1020 "O" STREET
SACRAMENTO, CA 95814

The conflict of interest code is designated as article 15 of chapter 6.5 of title 10 of the California Code of Regulations, and consists of sections numbered and titled as follows:

Article 15. Office of Real Estate Appraisers – Conflict of Interest Code

10 CCR T. 10, Chap. 6.5, Refs & Annos, 10 CA ADC T. 10, Chap. 6.5, Refs & Annos
1CAC