

**ADOPTED REGULATION OF THE
COMMISSION OF APPRAISERS OF REAL ESTATE**

LCB File No. R026-08

Effective August 26, 2008

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 645C.210 and 645C.330.

A REGULATION relating to appraisers of real estate; revising provisions relating to the standards for education required to obtain a certificate as a general appraiser; and providing other matters properly relating thereto.

Section 1. NAC 645C.240 is hereby amended to read as follows:

645C.240 1. A course of instruction for an applicant for a certificate as a general appraiser must:

(a) Consist of at least the following:

- (1) Thirty hours of instruction on basic appraisal principles;
- (2) Thirty hours of instruction on basic appraisal procedures;
- (3) Fifteen hours of instruction in a course on the *USPAP*;
- (4) Thirty hours of instruction on ~~[residential]~~ *general* market analysis and analysis of the highest and best use of real estate;
- (5) Thirty hours of instruction on valuation of a site and cost approach for a general appraiser;
- (6) Thirty hours of instruction on a sales comparison approach for a general appraiser;
- (7) Sixty hours of instruction on an income approach for a general appraiser;
- (8) Thirty hours of instruction on report writing and case studies for a general appraiser;

- (9) Fifteen hours of instruction on statistics, modeling and finance;
 - (10) Three hours of instruction on the laws of this State governing appraisals; and
 - (11) Thirty hours of instruction in elective courses relating to appraisals.
- (b) Except as otherwise provided in subsection 2, be completed within the 5 years immediately preceding the submission of an application for a certificate.
2. The Division may allow credit for a course of instruction set forth in subsection 1 that is completed more than 5 years before the submission of an application for a certificate as a general appraiser if the course is successfully completed at an accredited college or university.
3. An applicant for a certificate as a general appraiser must:
- (a) Hold a bachelor's degree or higher from an accredited college or university; or
 - (b) Have earned at least a total of 30 semester credit hours or its equivalent in the following subjects, with a minimum of 3 semester credit hours or its equivalent in each of the following subjects, from an accredited college or university:
 - (1) English composition;
 - (2) Principles of microeconomics;
 - (3) Principles of macroeconomics;
 - (4) Finance;
 - (5) Algebra, geometry or a higher level of mathematics;
 - (6) Statistics;
 - (7) Introduction to computers, including word processing and spreadsheets;
 - (8) Business or real estate law; and
 - (9) Two elective courses in accounting, geography, agricultural economics, business management or real estate.

Sec. 2. NAC 645C.244 is hereby amended to read as follows:

645C.244 The content of the following courses required pursuant to NAC 645C.235 to 645C.243, inclusive, must be as follows:

1. For a course on basic appraisal principles:

(a) Real property concepts and characteristics, including basic real property concepts, real property characteristics and legal descriptions;

(b) Legal consideration, including forms of ownership, public and private controls, and real estate contracts and leases;

(c) Influences on real estate values, including governmental, economic, social, environmental, geographic and physical influences;

(d) Types of value, including market and other value;

(e) Economic principles, including classical economic principles and application and illustrations of economic principles;

(f) An overview of real estate markets and analysis, including market fundamentals, characteristics, definitions, supply analysis, demand analysis and use of market analysis; and

(g) Ethics and how they apply in appraisal theory and practice.

2. For a course on basic appraisal procedures:

(a) An overview of approaches to value.

(b) Valuation procedures that include:

(1) Defining the problem;

(2) Collecting and selecting data;

(3) Analyzing;

(4) Reconciling and final value opinion; and

- (5) Communicating the appraisal.
- (c) Property descriptions that include:
 - (1) Geographic characteristics of the land or site;
 - (2) Geological characteristics of the land or site;
 - (3) Location and neighborhood characteristics;
 - (4) Land or site considerations for the highest and best use of real estate;
 - (5) Improvements by architectural styles and types of construction; and
 - (6) Residential applications.
- 3. For a course on the *USPAP*:
 - (a) Preamble and ethics rules;
 - (b) The first standard of the *USPAP*;
 - (c) The second standard of the *USPAP*;
 - (d) The 3rd through 10th standards, inclusive, of the *USPAP*; and
 - (e) Statements and advisory opinions.
- 4. For a course on residential market analysis and analysis of the highest and best use of real estate:
 - (a) Residential markets and analysis that includes:
 - (1) Market fundamentals, characteristics and definitions;
 - (2) Supply analysis;
 - (3) Demand analysis; and
 - (4) Use of market analysis.
 - (b) An analysis of the highest and best use of real estate that includes:
 - (1) Test constraints;

- (2) Application of the highest and best use of real estate;
 - (3) Special considerations;
 - (4) Market analysis; and
 - (5) Case studies.
5. For a course on valuation of a site and cost approach for a residential appraiser:
- (a) Valuation of a site that includes:
 - (1) Methods; and
 - (2) Case studies.
 - (b) Cost approach that includes:
 - (1) Concepts and definitions;
 - (2) Replacement or reproduction cost new;
 - (3) Accrued depreciation;
 - (4) Methods of estimating accrued depreciation; and
 - (5) Case studies.
6. For a course on residential sales comparison and income approaches:
- (a) Valuation principles and procedures by sales comparison approach;
 - (b) Valuation principles and procedures by income approach;
 - (c) Finance and cash equivalency;
 - (d) Financial calculator introduction;
 - (e) Identification, derivation and measurement of adjustments;
 - (f) Gross rent multipliers;
 - (g) Partial interests;
 - (h) Reconciliation; and

(i) Case studies and applications.

7. For a course on residential report writing and case studies:

(a) Writing and reasoning skills;

(b) Common writing problems;

(c) Form reports;

(d) Report options and compliance with the *USPAP*; and

(e) Case studies.

8. For a course on statistics, modeling and finance:

(a) Statistics;

(b) Valuation models, including automated valuation models and mass appraisal; and

(c) Real estate finance.

9. For a course on advanced residential applications and case studies:

(a) Complex property, ownership and market conditions;

(b) Deriving and supporting adjustments;

(c) Residential market analysis; and

(d) Advanced case studies.

10. For a course on *general* market analysis and *analysis of* the highest and best use of real estate ~~for a residential appraiser.]:~~

(a) Real estate markets and analysis that includes:

(1) Market fundamentals, characteristics and definitions;

(2) Supply analysis;

(3) Demand analysis; and

(4) Use of market analysis.

(b) The highest and best use of real estate that includes:

- (1) Test constraints;
- (2) Application of the highest and best use of real estate;
- (3) Special considerations;
- (4) Market analysis; and
- (5) Case studies.

11. For a course on the valuation of a site and cost approach for a general appraiser:

(a) Site valuation that includes:

- (1) Methods; and
- (2) Case studies.

(b) Cost approach that includes:

- (1) Concepts and definitions;
- (2) Replacement or reproduction cost new;
- (3) Accrued depreciation;
- (4) Methods of estimating accrued depreciation; and
- (5) Case studies.

12. For a course on sales comparison approach for a general appraiser:

- (a) Value principles;
- (b) Procedures;
- (c) Identification and measurement of adjustments;
- (d) Reconciliation; and
- (e) Case studies.

13. For a course on income approach for a general appraiser:

- (a) Overview;
- (b) Compound interest;
- (c) Lease analysis;
- (d) Income analysis;
- (e) Vacancy and collection loss;
- (f) Estimating operating expenses and reserves;
- (g) Reconstructed income and expense statements;
- (h) Stabilized net operating income estimate;
- (i) Direct capitalization;
- (j) Discounted cash flow;
- (k) Yield capitalization;
- (l) Partial interests; and
- (m) Case studies.

14. For a course on report writing and case studies for a general appraiser:

- (a) Writing and reasoning skills;
- (b) Common writing problems;
- (c) Report options and compliance with the *USPAP*; and
- (d) Case studies.

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R026-08

The Commission of Appraisers of Real Estate adopted regulations assigned LCB File No. R026-08 which pertain to chapter 645C of the Nevada Administrative Code.

INFORMATIONAL STATEMENT

- 1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.**

Notice of the proposed regulation was posted on the Real Estate Division website and in various other public locations where both the public and other interested persons would have access to that information. The Division conducted a public workshop on March 25, 2008 in Las Vegas, NV. Public comment was solicited at the public hearing held in Carson City and Las Vegas on June 18, 2008.

- 2. The number of persons who:**

	<u>CC</u>	<u>LV</u>
Attended workshop: 03/25/08:	N/A	36
Submitted written comments:	0	0
Attended hearing: 06/18/08:	47	13
Submitted written comments:	0	0

- 3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.**

The public was invited to comment in the public workshop and hearing or in writing per the notices. Additionally, the Commission has had a standing agenda item for their meetings which included a discussion to review Chapter 645C of NAC and make recommendations for proposed changes, additions, and deletions since September 2005 and through June 18, 2008. At each meeting, the Commission considered possible changes to the Nevada Administrative Code for Chapter 645C, solicited public comment, and formulated their proposals for changes.

Interested persons are informed that they can obtain a copy of comment summaries by contacting Joanne Gierer, Legal Administrative Officer, at 702-486-4036.

Minutes of the Commission's meetings are available on the Division's website (www.red.state.nv.us) or by contacting Joanne Gierer, Legal Administrative Officer, at 702-486-4036.

4. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

There were no public comments made at the workshop or the adoption hearing resulting in no changes in the proposed regulation.

5. **The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include:**

Business which it is to regulate:

- (1) **Both adverse and beneficial effects:**

Beneficial effects: This regulation is changing the type of education required to receive a certificate as a general appraisal from residential market analysis to general market analysis.

Adverse effects: There are no anticipated adverse effects to businesses.

- (2) **Both immediate and long-term effects.**

Immediate effects: The Appraisal Industry in Nevada is in compliance with both federal and state regulations effective with the adoption of this regulation.

Long-term effects: The Appraisal Industry in Nevada is in compliance with both federal and state regulations effective with the adoption of this regulation.

Public:

- (1) **Both adverse and beneficial effects:**

Beneficial effects: This regulation merely changes the type of education required to receive a certificate as a general appraisal from residential market analysis to general market analysis.

Adverse effects: None.

- (2) **Both immediate and long-term effects:**

Immediate effects: The Appraisal Industry in Nevada is in compliance with both federal and state regulations effective with the adoption of this regulation.

Long-term effects: Same as above.

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Division will not experience additional expenses by adopting this regulation.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

Appraisers do fall under federal guidelines and although the adopted regulations do not overlap federal law, the proposed regulations are necessary in order to be in compliance with those law's.

8. If the regulation includes provisions, which are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

None.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

There a no new fees or increases in existing fees.