ADOPTED REGULATION OF THE

COMMISSION OF APPRAISERS OF REAL ESTATE

LCB File No. R196-08

Effective February 11, 2009

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

AUTHORITY: §§1-5, 7 and 9, NRS 645C.210; §§6 and 8, NRS 645C.210 and 645C.440.

A REGULATION relating to appraisers of real estate; revising provisions governing the qualifications of certain instructors; revising provisions governing the education required to obtain registration, licensure or certification by the Commission of Appraisers of Real Estate; revising provisions governing the continuing education requirements for the renewal of registration, licensure or certification; and providing other matters properly relating thereto.

Section 1. NAC 645C.231 is hereby amended to read as follows:

645C.231 **[**~~A course on the~~**]**

1. The National USPAP ***Course and the National USPAP Update Course*** required pursuant to NAC 645C.235 to 645C.244, inclusive, 645C.300, 645C.302 or 645C.305 must be taught by an instructor ***who is a certified appraiser and who is*** certified by the Appraiser Qualifications Board of The Appraisal Foundation.

2. As used in this section, "certified appraiser" has the meaning ascribed to it in NRS 645C.047.

Sec. 2. NAC 645C.235 is hereby amended to read as follows:

645C.235 1. A course of instruction for an applicant for a license as a residential 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 ***National*** *USPAP* ~~[;]~~ ***Course;***

(4) Fifteen hours of instruction on residential market analysis and analysis of the highest and best use of real estate;

(5) Fifteen hours of instruction on valuation of a site and cost approach for a residential appraiser;

(6) Thirty hours of instruction on residential sales comparison and income approaches;

(7) Fifteen hours of instruction on residential report writing and case studies; and

(8) Three hours of instruction on the laws of this State governing appraisals.

(b) Except as otherwise provided in subsection 2, be completed within the 5 years immediately preceding the submission of an application for a license.

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 license as a residential appraiser if the course is successfully completed at an accredited college or university.

Sec. 3. NAC 645C.237 is hereby amended to read as follows:

645C.237 1. A course of instruction for an applicant for a certificate as a residential 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 ***National*** *USPAP* ~~[;]~~ ***Course;***

(4) Fifteen hours of instruction on residential market analysis and analysis of the highest and best use of real estate;

(5) Fifteen hours of instruction on residential appraiser valuation of a site and cost approach;

(6) Thirty hours of instruction on residential sales comparison and income approaches;

(7) Fifteen hours of instruction on residential report writing and case studies;

(8) Fifteen hours of instruction on statistics, modeling and finance;

(9) Fifteen hours of instruction on advanced residential applications and case studies;

(10) Three hours of instruction on the laws of this State governing appraisals; and

(11) Twenty 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 residential appraiser if the course is successfully completed at an accredited college or university.

3. An applicant for a certificate as a residential appraiser must:

(a) Hold an associate degree or higher from an accredited college or university; or

(b) Have earned at least a total of 21 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 micro- or macroeconomics;

(3) Finance;

(4) Algebra, geometry or a higher level of mathematics;

(5) Statistics;

(6) ~~[Introduction to computers, including word processing and spreadsheets;]~~ ***Computer science;*** and

(7) Business or real estate law.

Sec. 4. 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 ***National*** *USPAP* ~~[;]~~ ***Course;***

(4) Thirty hours of instruction on residential 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;]~~ ***Computer science;***

(8) Business or real estate law; and

(9) Two elective courses in accounting, geography, agricultural economics, business management or real estate.

Sec. 5. NAC 645C.243 is hereby amended to read as follows:

645C.243 1. Except as otherwise provided in subsection 3, an applicant for registration as an intern pursuant to NRS 645C.270 must include on his application evidence satisfactory to the Division that he has successfully completed, within the 5 years immediately preceding the submission of his application for registration as an intern, at least:

(a) Thirty hours of instruction on basic appraisal principles;

(b) Thirty hours of instruction on basic appraisal procedures;

(c) Fifteen hours of instruction in **[~~a course on~~]** the ***National*** *USPAP* **[~~;~~]** ***Course;*** and

(d) Three hours of instruction on the laws of this State governing appraisals.

2. An applicant for registration as an intern is not required to pass the examination for the *USPAP* before he submits his application for registration as an intern.

3. 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 registration as an intern if the course is successfully completed at an accredited college or university.

Sec. 6. 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:]~~ ***the National USPAP Course:***

(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 market analysis and 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.

Sec. 7. NAC 645C.300 is hereby amended to read as follows:

645C.300 1. To renew an active registration, license or certificate, the intern, licensee or holder of the certificate must complete at least 30 hours of continuing education in courses approved by the Commission, including, without limitation, at least 7 hours of instruction in **[**~~a course on~~**]** the ***National*** *USPAP* **[**~~relating to updates to the USPAP,~~**]** ***Update Course*** within the 2 years immediately preceding the application for renewal.

2. To reinstate a license or certificate which has been placed on inactive status, a person must provide the Division with proof that he has met the following requirements for continuing education, including, without limitation:

(a) At least 7 hours of instruction in the **[**~~course on the~~**]** ***National*** *USPAP* **[**~~relating to updates to the USPAP~~**]** ***Update Course*** most recently approved by the Commission;

(b) For a license or certificate that has been placed on inactive status for not more than 2 years, at least 30 hours of instruction in continuing education courses approved by the Commission; and

(c) For a license or certificate that has been placed on inactive status for more than 2 years, at least 15 hours of instruction in continuing education courses approved by the Commission for each year of inactive status.

3. The 7 hours of instruction in ~~[a course on]~~ the ***National*** *USPAP* ~~[relating to updates to the USPAP]~~ ***Update Course*** required pursuant to this section may not be taken through distance education courses.

Sec. 8. NAC 645C.302 is hereby amended to read as follows:

645C.302 1. A registered intern must complete, every 2 years, at least 30 hours of courses in continuing education that have been approved by the Commission as a condition of the renewal of his registration as an intern. Those courses must include, without limitation, at least 7 hours of instruction in a course on the ***National*** *USPAP* ~~[relating to updates to the USPAP.]~~ ***Update Course.***

2. If a registration as an intern is not renewed, the person who held the registration must apply for a new registration as an intern before acting or assuming to act as an intern.

Sec. 9. NAC 645C.0067 is hereby repealed.

TEXT OF REPEALED SECTION

645C.0067 "Course on the USPAP" defined. (NRS 645C.210)

"Course on the USPAP" means a course of instruction on the USPAP approved by the Commission.

NOTICE OF ADOPTION OF REGULATION

The DEPARTMENT OF BUSINESS & INDUSTRY, REAL ESTATE DIVISION, Adopted regulations assigned LCB File No. R196-08 which pertain to Chapter 645C of the Nevada Administrative Code on December 9, 2008.

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 numerous other public locations where both the public and other interested persons would have access to that information. The Division conducted a public workshop on September 16, 2008 in Las Vegas, NV with video-conferencing to Carson City, NV. Public comment was also solicited at the Adoption Hearing, held December 9, 2008, in Las Vegas, NV., with video-conferencing to Carson City, NV.

2. **The number of persons who:**

	CC	LV
Attended workshop: 09/16/08:	2	23
Submitted written comments:	0	0
Attended hearing: 12/09/08:	21	
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 December 9, 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. As a result, no changes to the proposed regulation were necessary.

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:

<u>Business which it is to regulate:</u>

(1) Both adverse and beneficial effects:

Beneficial effects: This regulation merely changes the type of education required to receive a certificate and revises provisions governing the continuing education requirements for the renewal of registration, licensure or certification.

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.

<u>Public:</u>

(1) Both adverse and beneficial effects:

Beneficial effects: This regulation merely changes the type of education required to receive a certificate and revises provisions governing the continuing education requirements for the renewal of registration, licensure or certification.

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 laws.

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.