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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

CHAIRMAN
PROFESSIONAL LICENSURE

May 8, 2003

Original: 2341

John R. McGinley, Jr., Chairman
Independent Regulatory Review Commission
14th Floor, Harrisburg 2
333 Market Street
Harrisburg, PA 17101

Dear Chairman McGinley:

I am writing to inform you that the House Professional Licensure Committee held a meeting on May 6, 2003.

The Committee voted to approve Regulation 16A-7012, State Board of Certified Real Estate Appraisers.

The Committee voted to take no formal action on Regulation 16A-4811, State Board of Funeral Directors, until final form regulations are promulgated.

The Committee voted to take no formal action on Regulation 16A-5714, State Board of Veterinary Medicine, until final form regulations are promulgated. However, the Committee submits the following comments:

1. The Committee recommends that the proposed amendments incorporate the increase in required continuing education clock hours established with the enactment of Act 167 of 2002.
2. The Committee recommends that the proposed amendments incorporate the change of "certified animal health technician" to "certified veterinary technician" established with the enactment of Act 167 of 2002.

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HARRISBURG

CHAIRMAN
PROFESSIONAL LICENSURE

John R. McGinley, Jr., Chairman
Page 2
May 8, 2003

Please feel free to contact my office if any questions should arise.

Sincerely,

A handwritten signature in cursive script that reads "Thomas P. Gannon".

Thomas P. Gannon, Chairman
House Professional Licensure

Committee

TPG/sms
Enclosures

cc: George D. Sinclair, Chairman
State Board of Certified Real Estate Appraisers
James O. Pinkerton, FD, Chairperson
State Board of Funeral Directors
Brian V. Harpster, V.M.D., Chairperson
State Board of Veterinary Medicine
Honorable Pedro A. Cortes, Acting Secretary of the Commonwealth
Department of State

2003 MAY 12 10:10:12
REVIEW COMMISSION

Regulation 16A-7012

State Board of Certified Real Estate Appraisers

PROPOSAL: Regulation 16A-7012 amends 49 PA Code, Chapter 36, regulations of the State Board of Certified Real Estate Appraisers. The amendment provides for continuing education for broker/appraisers, and implements a new continuing education rule of the Appraisal Qualifications Board (AQB) of the Appraisal Foundation.

The proposed Rulemaking was omitted and Regulation 16A-7012 was delivered to the Professional Licensure Committee on April 21, 2003 as an Order of Final Rulemaking.

ANALYSIS: Pursuant to the Real Estate Appraisers Certification Act (REACA) the Board is required to impose a continuing education requirement on certified general appraisers and certified residential appraisers to the same extent as required by the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). Since January 1, 1998, the continuing education requirement for certified general appraisers and certified residential appraisers has been 28 hours per biennium. The same continuing requirement was established for broker/appraisers when the REACA was amended with the passage of Act 103 of 2000, to become effective for the 2003-2005 renewal cycle. The Board's proposed amendment would reflect that change.

In October 2001, the AQB, which is charged with establishing education and experience requirements under the FIRREA, issued a new rule to require continuing education to include a seven-hour National USPAP Update Course, or an equivalent course approved by the AQB, every two years, beginning January 1, 2003. The Board's proposed amendment would reflect that change, effective for the 2005-2007 renewal cycle.

RECOMMENDATIONS: It is recommended that the Professional Licensure Committee approve the regulation.

House of Representatives
Professional Licensure Committee
April 29, 2003

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS



STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

P.O. BOX 2649
HARRISBURG, PENNSYLVANIA 17105-2649

Telephone: (717)783-4866
Fax: (717)705-5540
www.dos.state.pa.us

April 21, 2003

The Honorable Mario J. Civera, Jr.
Majority Chairman
Professional Licensure Committee
Pennsylvania House of Representatives
105 Ryan Office Building
Harrisburg, PA 17120

RE: Final Rulemaking (Proposed Omitted) of the State Board of Certified Real Estate Appraisers Relating to Continuing Education for Appraisers and Broker/Appraisers (16A-7012)

Dear Representative Civera:

Enclosed is a copy of a final rulemaking (proposed omitted) package of the State Board of Certified Real Estate Appraisers that adopts new continuing education requirements for certified general and residential appraisers and certified broker/appraisers.

Proposed rulemaking is being omitted because (1) public comment is unnecessary in that the regulation implements mandatory federal and state requirements and (2) all affected certificateholders received actual notice in 2001 and 2002 of the Board's intention to adopt the regulation. The rulemaking also makes editorial changes, which have no substantive impact.

The Board stands ready to provide whatever information or assistance your Committee may require during its review of this final rulemaking.

Sincerely,

A handwritten signature in dark ink, appearing to read "George D. Sinclair".

George D. Sinclair, Chairman
State Board of Certified Real Estate Appraisers

GDS:SW
Enclosure

cc: Andrew Sislo, Chief Counsel
Department of State

Joyce McKeever, Deputy Chief Counsel
Department of State

Cynthia Montgomery, Regulatory Counsel
Department of State

Scott J. Messing, Deputy Commissioner
Bureau of Professional and Occupational Affairs

Gerald S. Smith, Senior Counsel in Charge
Department of State

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to
form and legality. Attorney General

Copy below is hereby certified to be a true and correct
copy of a document issued, prescribed or promulgated by:

Copy below is approved as
to form and legality.
Executive or Independent
Agency

State Board of Certified Real Estate Appraisers

BY: _____
(DEPUTY ATTORNEY GENERAL)

STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
(AGENCY)

BY: *John V. Turner*

DOCUMENT/FISCAL NOTE NO. **16A-7012**

DATE OF APPROVAL

DATE OF ADOPTION: _____

4/11/03
DATE OF APPROVAL

BY: *George D. Sinclair*
George D. Sinclair, Chairman

(Deputy General Counsel
~~Chief Counsel~~
~~Independent Agency~~
(Strike inapplicable
title)

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

[] Check if applicable
Copy not approved.
Objections attached.

[] Check if
applicable. No Attorney
General approval or
objection within 30 day
after submission.

FINAL/PROPOSED OMITTED RULEMAKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
(49 Pa. Code, Chapter 36)

CONTINUING EDUCATION FOR APPRAISERS AND BROKER/APPRaisERS

PREAMBLE

The State Board of Certified Real Estate Appraisers (Board), by this order, amends 49 Pa. Code §36.41 (relating to continuing education) to read as set forth in Annex A.

Omission of Proposed Rulemaking

Under authority of Section 204(2) and (3) of the Commonwealth Documents Law (CDL) (45 P.S. §1204(2) and (3)), the Board has omitted the procedures for proposed rulemaking set forth in Sections 201 and 202 of the CDL (45 P.S. §§1201 and 1202). As more fully explained below, proposed rulemaking has been omitted because (1) all affected certificateholders have been given actual notice of the Board's intention to adopt the amendments in advance of final rulemaking and (2) public comment is unnecessary in that the amendments implement mandatory federal and state continuing education requirements and make editorial changes.

Description of Amendments

Section 36.41 currently requires certified general appraisers and certified residential appraisers to complete 28 classroom hours of continuing education during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. (A new biennial renewal period begins July 1 of every odd-numbered year.) The 28 hours must include at least four hours on the Uniform Standards of Professional Appraisal Practice (USPAP) and at least two hours on the Real Estate Appraisers Certification Act (REACA) (63 P.S. §457.1 *et seq.*) and the regulations and policies of the Board. General appraisers and residential appraisers who receive initial certification after January 1 of a biennial renewal year are exempt from having to complete continuing education as a condition of renewal of certification in that biennial renewal year.

The amendments make the continuing education requirement applicable to certified broker/appraisers effective with renewal of certification for the 2003-2005 biennial renewal period (July 1, 2003 – June 30, 2005); allow broker/appraisers credit for continuing education hours earned between January 1, 2001, and June 30, 2001, toward their initial continuing education requirement; and replace the four-hour USPAP requirement with the seven-hour National USPAP Update Course, or its equivalent, for all certificateholders effective with renewal of certification for the 2005-2007 biennial renewal period (July 1, 2005 – June 30, 2007). The amendments also make editorial changes.

Reason for Amendments and Notice to Certificateholders

Enacted in 1990, the REACA initially established the certification classes of general appraiser and residential appraiser. Under Section 10(b) of the REACA (63 P.S. §457.10(b)), the Board is required to impose a continuing education requirement upon general appraisers and residential appraisers for biennial renewal of certification to the extent required under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) (Pub.L. No. 101-73, 103 Stat. 103). The Appraisal Qualifications Board (AQB) of The Appraisal Foundation is charged with establishing education and experience requirements for appraisers under the FIRREA. Section 36.41, which was initially adopted in July 1992 and revised in March 1999, is intended to implement the continuing education requirement under the FIRREA.

In 1996, the REACA was amended to establish the special certification class of broker/appraiser, which was closed to new applicants after September 3, 1998. The Act of December 20, 2000 (P.L. 733, No. 103) (Act 103) amended the REACA to provide that broker/appraisers must meet the same continuing education requirement for biennial renewal of certification as general appraisers and residential appraisers. The Board was empowered to promulgate implementing regulations.

Immediately following the enactment of Act 103, many broker/appraisers enrolled in continuing education courses in the mistaken belief that Act 103 would be interpreted as requiring them to complete 28 hours of continuing education as a condition of renewal of certification for the 2001-2003 biennial renewal period (July 1, 2001 – June 30, 2003).

In April 2001, as part of its mailing of biennial renewal applications to current certificateholders, the Board included a copy of Act 103 and the current continuing education requirement with each broker/appraiser's renewal application. The Board's notice advised broker/appraisers that a regulation would be promulgated requiring them to complete 28 hours of continuing education (including four hours on the USPAP and two hours on the REACA and the Board's regulations and policies) between January 1, 2001, and June 30, 2003, as a condition of renewal of certification for the 2003-2005 biennial renewal period. The Board's notice also advised broker/appraisers that they were not required to complete continuing education as a condition of renewal of certification for the 2001-2003 biennial renewal period.

In October 2001, the AQB issued a new interpretation of a continuing education rule, adopted in October 2000, that requires general appraisers and residential appraisers to complete a seven-hour National USPAP Update Course, or an equivalent course approved by the AQB, every two years, beginning January 1, 2003. Under the new interpretation, implementation of the seven-hour USPAP

requirement may occur during a biennial continuing education cycle that begins after January 1, 2003, as long as the required hours have been taken by December 31, 2005.

In its Fall 2002 Newsletter, which was sent to all current certificateholders, the Board gave notice that, consistent with AQB standards, a regulation would be promulgated substituting a seven-hour USPAP requirement for the current four-hour USPAP requirement as a condition of renewal of certification for the 2005-2007 biennial renewal period. The Board also reminded broker/appraisers of their obligation to complete 28 hours of continuing education (including four hours on the USPAP and two hours on the REACA and the Board's regulations and policies) before the start of the 2003-2005 biennial renewal period on July 1, 2003. The Board further reminded broker/appraisers that the Board would accept continuing education hours completed between January 1, 2001, and June 30, 2001, toward the continuing education requirement for the 2003-2005 biennial renewal period.

Following the processing of renewal applications for the 2003-2005 biennial renewal period, the Board intends to send an additional notice to all current certificateholders reminding them of their obligation to complete the seven-hour National USPAP Update Course, or an equivalent course approved by the AQB, before the start of the 2005-2007 biennial renewal period on July 1, 2005. The Board will furnish its education providers with information about offering the seven-hour National USPAP Course as well as the AQB's equivalency criteria for approval of an equivalent seven-hour USPAP course.

Effective Date

The amendments will become effective upon publication in the *Pennsylvania Bulletin*. The 28-hour continuing education requirement for broker/appraisers will initially apply to renewal of certification for the 2003-2005 biennial renewal period. The seven-hour National USPAP Update Course for all certificateholders will initially apply to renewal of certification for the 2005-2007 biennial renewal period.

Statutory Authority

Section 10(b) and (b.1) of the REACA (63 P.S. §457.10(b) and (b.1)) authorizes the Board to promulgate regulations relating to continuing education for general appraisers, residential appraisers, and broker/appraisers.

Fiscal Impact and Paperwork Requirements

The amendments will cause broker/appraisers to incur costs in meeting the 28-hour

#16A-7012
Continuing Education for Appraisers and Broker/Appraisers
Final Rulemaking (Proposed Omitted)
Submitted April 21, 2003

continuing education requirement. The costs cannot be quantified because of the large number and types of continuing education courses available; however, the costs are not believed to be substantial or burdensome. It may be possible for broker/appraisers to count towards the new continuing education requirement certain courses used to satisfy the 14-hour continuing education requirement for biennial renewal of their real estate broker's licenses under the Real Estate Licensing and Registration Act (63 P.S. §455.101 et seq.).

The amendments will cause the Board to incur unspecified costs relating to auditing compliance with the continuing education requirement. The Board anticipates that new biennial renewal fees that will be charged to all certificateholders beginning with the 2003-2005 biennial renewal period will defray these costs. Proposed rulemaking relating to the new biennial renewal fees was published at 32 Pa. B. 4871 (October 5, 2002), and final rulemaking was submitted in April 2003.

The amendments will require broker/appraisers to maintain records of their compliance with the continuing education requirement. The amendments also will require the Board to revise its biennial renewal applications. The amendments will not impose new paperwork requirements on the Commonwealth's other agencies or its political subdivisions.

Regulatory Review

Under Section 5.1(c) of the Regulatory Review Act (RRA) (71 P.S. §745.5a(c)), the Board, on April 21, 2003, submitted copies of the amendments for review and comment to the Independent Regulatory Review Commission (IRRC), the Senate Consumer Protection and Professional Licensure Committee (Senate Committee), and the House Professional Licensure Committee (House Committee). On the same date, the Board submitted a copy of the amendments for review and comment to the Office of Attorney General under the Commonwealth Attorneys Act (71 P.S. §732-101 et seq.)

Under Section 5.1(e) and (j.2) of the RRA (71 P.S. §745.5a(e) and (j.2)), the amendments were approved by the House Committee on _____, 2003, and approved by the Senate Committee on _____, 2003. Under Section 5.1(e) of the RRA (71 P.S. §745.5a(e)), the amendments were approved by IRRC on _____, 2003.

Additional Information

Persons desiring additional information about the amendments may submit inquiries to Michelle T. DeMerice, Administrator, State Board of Certified Real Estate Appraisers, P.O. Box 2649, Harrisburg, PA 17105-2649. The Board's telephone number is (717) 783-4866 and its e-mail

address is appraise@pados.dos.state.pa.us.

Findings

The Board finds that:

(1) Public notice of the Board's intention to amend the regulation adopted by this order under the procedures in Sections 201 and 202 of the CDL have been omitted under Section 204(2) and (3) of the CDL because (i) all persons affected by the regulation adopted by this order have been given actual notice in advance of final rulemaking of the Board's intention to amend the regulation and (ii) public comment is unnecessary because the regulation adopted by this order implements mandatory federal and state continuing education requirements and makes editorial changes.

(2) The amendment of the Board's regulation in the manner provided in this order is necessary and appropriate for the administration of the REACA.

Order

The Board, acting under the REACA, orders that:

(a) The Board's regulations at 49 Pa. Code, Chapter 36, are amended by amending §36.41 as set forth in Annex A.

(b) The Board shall submit this order and Annex A to the Office of General Counsel and the Office of Attorney General for approval as to legality as required by law.

(c) The Board shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(d) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

ANNEX A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS
PART I. DEPARTMENT OF STATE
SUBPART A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS
CHAPTER 36. STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
Subchapter A. GENERAL PROVISIONS

* * * *

§36.41. Continuing education requirement.

(a) Continuing education for certified general appraisers, [and] residential appraisers, and broker/appraisers is necessary to ensure that they maintain and increase their skill, knowledge and competency in real estate appraising. [Continuing education of 28 classroom hours per biennium, including at least 4 hours on the Uniform Standards of Professional Appraisal Practice and at least 2 hours on the act, this chapter and the policies of the Board, shall be required of a certified general or residential appraiser as a condition of biennial renewal of certification.] Except as provided in subsection (b), every certified general appraiser, residential appraiser, and broker/appraiser shall complete 28 classroom hours of continuing education -- including at least four hours on the Uniform Standards of Professional Appraisal Practice (USPAP) and at least two hours on the act, this chapter and the policies of the Board -- during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. Effective with renewal of certification for the 2005-2007 biennial renewal period, the seven-hour National USPAP Update Course, or an equivalent seven-hour course approved by the Appraiser Qualifications Board, will replace the minimum four-hour requirement on the USPAP.

(b) A certified general appraiser or residential appraiser whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of [biennial] renewal of certification in that biennial renewal year.

(c) The Board will accept continuing education hours completed by a certified broker/appraiser between January 1, 2001, and June 30, 2001, toward the continuing education requirement for renewal of certification for the 2003-2005 biennial renewal period.

* * * *

Regulatory Analysis Form		This space for use by IRRC IRRC Number:
(1) Agency Department of State, Bureau of Professional and Occupational Affairs, State Board of Certified Real Estate Appraisers		
(2) I.D. Number (Governor's Office Use) 16A-7012		
(3) Short Title Continuing Education for Appraisers and Broker/Appraisers		
(4) PA Code Cite 49 Pa. Code §36.41	(5) Agency Contacts & Telephone Numbers Primary Contact: Steven Wennberg, Board Counsel 783-7200 Secondary Contact: Joyce McKeever, Deputy Chief Counsel, 783-7200	
(6) Type of Rulemaking (check one) <input type="checkbox"/> Proposed Rulemaking <input type="checkbox"/> Final Order Adopting Regulation <input checked="" type="checkbox"/> Final Order, Proposed Rulemaking Omitted	(7) Is a 120-Day Emergency Certification Attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
(8) Briefly explain the regulation in clear and nontechnical language. The regulation (i) requires certified broker/appraisers to complete 28 hours of continuing education biennially – including mandatory hours on the Uniform Standards of Professional Appraisal Practice (USPAP) and the Board's enabling statute, regulations and policies -- effective with renewal of certification for the 2003-2005 biennial renewal period (July 1, 2003 – June 30, 2005); (ii) allows broker/appraisers to count continuing education hours earned between January 1, 2001, and June 30, 2001, toward their initial continuing education requirement; (continued on p. 9)		
(9) State the statutory authority for the regulation and any relevant state or federal court decisions. The Board has authority to promulgate continuing education regulations for general appraisers, residential appraisers, and broker/appraisers under Section 10(b) and (b.1) of the Real Estate Appraisers Certification Act (REACA), 63 P.S. §457.10(b) and (b.1).		

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Section 10(b.1) of the REACA, which was added in December 2000, requires broker/appraisers to meet the same continuing education requirement for biennial renewal as general and residential appraisers. General and residential appraisers, in turn, are required under Section 10(b) of the REACA to complete continuing education to the extent mandated under the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The Appraiser Qualifications Board (AQB) is the federal body that establishes continuing education requirements for general and residential appraisers under the FIRREA. The AQB requires general and residential appraisers to complete 28 hours of continuing education on a biennial basis. The Board's regulations require general and residential appraisers to complete their 28 hours of continuing education as a condition of renewal of certification for the biennial renewal period that begins July 1 of every odd-numbered year. The earliest that the federally-required 28-hour continuing education requirement can be implemented for broker/appraisers is for renewal of certification for the 2003-2005 biennial renewal period.

The AQB recently adopted a new rule requiring general and residential appraisers to complete the 7-hour National USPAP Update Course, or its equivalent, as part of their 28 hours of continuing education. General and residential appraisers must initially complete the National USPAP Update Course between January 1, 2003, and December 31, 2005. Accordingly, the National USPAP Update Course, or its equivalent, must be implemented for all certificateholders as a condition for renewal of certification for the 2005-2007 biennial renewal period.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The regulations are necessary to ensure (1) that Pennsylvania general and residential appraisers retain their eligibility to perform appraisals in federally-related transactions under the FIRREA and (2) that broker/appraisers maintain their proficiency and skill at a level equivalent to that of general and residential appraisers.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The principal risks associated with nonregulation are (1) that federal authorities might deem Pennsylvania's general and residential appraisers unqualified to perform appraisals in federally-related transactions and (2) that broker/appraisers may be less able than general and residential appraisers to carry out appraisal assignments with due competence.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The public will benefit from the regulation because a meaningful continuing education requirement for the Board's certificateholders contributes significantly to the reliability of real estate appraisals in Pennsylvania. The public also will benefit from the continuing availability of appraisal services in federally-related transactions.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The Board cannot identify any group that will be adversely affected by the regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

General appraisers, residential appraisers, and broker/appraisers who maintain current certifications will be required to comply with the regulation. At present, there are approximately 1,175 general appraisers, 1,800 residential appraisers, and 2,350 broker/appraisers with current certifications.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Because the regulation is required by mandatory federal and state continuing education requirements (exclusive of minor editorial changes), public input in drafting the regulation was not required.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures that may be required.

Broker/appraisers will incur costs in meeting the new 28-hour continuing education requirement. Owing to the wide range of continuing education courses and providers, the Board cannot quantify these costs; however, they are not expected to be substantial or burdensome. None of the broker/appraisers, each of whom received actual notice of the new continuing education requirement, has advised the Board of any concerns about the costs of compliance. It may be possible for broker/appraisers to count towards the new continuing education requirement certain courses used to satisfy the 14-hour continuing education requirement for biennial renewal of their real estate broker's licenses.

The regulation does not impose new legal, accounting or consulting procedures.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures that may be required.

The regulation will not result in costs or savings to local government.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures that may be required.

The regulation will cause the Board to incur unspecified costs in auditing compliance by broker/appraisers with the continuing education requirement. The Board anticipates that these costs will be minimal, and that new biennial renewal fees that will be assessed upon all certificateholders beginning with the 2003-2005 biennial renewal period will defray them.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated	See 17	See 17	See 17	See 17	See 17	See 17
Local Government						
State Government	See 19	See 19	See 19	See 19	See 19	See 19
Total Costs						
REVENUE LOSSES:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

As set forth in Items 17 and 19, the estimated costs of the regulation to certificateholders and state government cannot be quantified.

Regulatory Analysis Form

(20b) Provide the past three-year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Appraiser Board	\$469,167.14	\$464,690.16	\$503,265 (est.)	\$505,000 (est.)

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The regulation will substantially benefit the public by ensuring that broker/appraisers have the knowledge and skill that reflect current appraisal standards and by maintaining an eligible pool of general and residential appraisers for federally-related transactions. The direct costs of the regulation to the regulated community will be modest. New biennial renewal fees will defray the regulation's increased administrative costs to the Board.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

A nonregulatory alternative was not available to the Board. The REACA mandates that requirements for continuing education be codified by regulation.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Because the regulation only amends an existing regulatory scheme, the Board did not consider an alternative regulatory scheme.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

The regulation is equivalent to, not more stringent than, federal standards.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulation's requirements for general and residential appraisers are comparable to those of other states. States must comply with federal appraiser standards in order to make their general and residential appraisers eligible to perform appraisals in federally-related transactions. The Board does not have any information about whether the regulation's requirements for broker/appraisers are comparable to those states that credential persons to engage solely in nonfederally-related appraisal transactions.

The regulation will not put Pennsylvania at a competitive disadvantage with other states. The appraisal of real estate in Pennsylvania must be performed by persons credentialed under Pennsylvania law. Persons credentialed in other states must meet Pennsylvania certification requirements in order to conduct appraisal activities in Pennsylvania. None of the trade organizations representing the appraising profession in Pennsylvania has advised the Board that the regulation will cause Pennsylvania appraisers to seek employment in other states with less stringent continuing education requirements.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulation will not affect other existing or proposed regulations of the Board or of any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Board has not scheduled public hearings or informational meetings. The Board has given individual notice to all affected certificateholders (See Item 30).

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports that will be required as a result of implementation, if available.

The regulation will impose record-keeping requirements on broker/appraisers, who must be prepared to provide the Board with documentation of their completion of continuing education. The regulation also will require the Board to revise its biennial renewal applications.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The regulation permits broker/appraisers to count continuing education hours completed between January 1, 2001, and June 30, 2001, toward their initial continuing education requirement for the 2003-2005 biennial renewal period. Many broker/appraisers had taken continuing education courses during this six-month period in the mistaken belief that the new 28-hour continuing education requirement, authorized by the passage of Act 103 of 2000 at the end of December 2000, would be a condition of renewal of certification for the 2001-2003 biennial renewal period that began July 1, 2001. Effective with renewal of certification for the 2003-2005 biennial period, broker/appraisers will be required to complete their 28 hours of continuing education during the immediately preceding biennial renewal period.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulation will take effect upon publication in the Pennsylvania Bulletin. The 28-hour continuing education requirement for broker/appraisers will initially apply to renewal of certification for the 2003-2005 biennial renewal period. The 7-hour National USPAP Update Course (or its equivalent) for all certificateholders will initially apply to renewal of certification for the 2005-2007 biennial renewal period.

The Board has given adequate prior notice of the regulation to certificateholders. In April 2001, the Board mailed notices to all broker/appraisers that they would be required to complete 28 hours of continuing education, including 4 hours on the USPAP and 2 hours on the REACA and the Board's regulations and policies, as a condition of renewal of certification for the 2003-2005 biennial renewal period (Attachment 1). In its Fall 2002 Newsletter, which was sent to all certificateholders, the Board gave notice that the 7-hour National USPAP Update Course would replace the 4-hour USPAP requirement as a condition of renewal of certification for the 2005-2007 biennial renewal period; the (continued on p. 9)

(31) Provide the schedule for continual review of the regulation.

The Board reviews its regulations at least once year to evaluate their continued effectiveness.

(Continued from #8 on p. 1)

and (iii) substitutes the 7-hour National USPAP Update Course, or its equivalent, for the current 4-hour USPAP requirement for all classes of certificateholder (general, residential, and broker/appraiser) effective with renewal of certification for the 2005-2007 biennial renewal period (July 1, 2005- June 30, 2007).

(Continued from #30 on p. 8)

Board again notified broker/appraisers that they would be required to complete 28 hours of continuing education by the start of the 2003-2005 biennial renewal period and announced its intention to count continuing education hours earned between January 1, 2001, and June 30, 2001 (Attachment 2).

Following the processing of renewal applications for the 2003-2005 biennial renewal period, the Board intends to send an additional notice to all certificateholders reminding them of their obligation to complete the 7-hour National USPAP Update Course, or its equivalent, prior to the 2005-2007 biennial renewal period.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
P. O. BOX 2649
HARRISBURG, PA 17105-2649

BROKER/APPRaiser
CONTINUING EDUCATION

IMPORTANT INFORMATION

RETAIN FOR YOUR RECORDS

Act 103 of 2000 amended Section 10 of the Real Estate Appraiser Certification Act to provide that certified broker/appraisers must meet the same continuing education requirements as certified residential and general real property appraisers. The continuing education requirements for certified residential and general real property appraisers are established by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation and subject to change. The changes to Section 10 of the Real Estate Appraiser Certification Act are printed on the reverse.

The current continuing education requirements are 28 classroom hours per biennium, including at least 4 hours on the Uniform Standards of Professional Appraisal Practice (USPAP) and at least 2 hours on the act, the rules and regulations and policies of the Board.

2001: Continuing education is **NOT** required.

Renewed certificate will expire June 30, 2003.

2003: Continuing education **WILL BE** required.

Renewed certificate will expire June 30, 2005.

Continuing education, meeting the current provisions of the regulations relevant to course content and length, taken from JANUARY 1, 2001 through JUNE 30, 2003 will be credited toward the first continuing education cycle. Under no circumstances will courses taken prior to January 1, 2001 be credited for the first continuing education cycle.

ACT 103 OF 2000

Amending the act of July 10, 1990 (P.L.404, No.98), entitled "An act providing for the certification of real estate appraisers; specifying requirements for certification; providing for sanctions and penalties; and making an appropriation," providing for continuing education for broker/appraisers; and making an editorial change.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 10 of the act of July 10, 1990 (P.L.404, No.98), known as the Real Estate Appraisers Certification Act, is amended to read:

Section 10. Certification renewal; records.

(a) Renewal term. -- Renewal of certification shall be on a biennial basis.

(b) Continuing education for residential and general appraisers. --The board shall by regulation require evidence of professional activity or continuing education as a condition of certification renewal of residential and general appraisers if, and only to the minimum extent, required pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Public Law 101-73, 103 Stat. 183). No credit shall be given for any course in office management or practice building.

(b.1) Continuing education for broker/appraisers. --

Broker/appraisers shall be subject to the same continuing education requirements for certification renewal as residential and general appraisers. The board shall have the power and authority to promulgate regulations to prescribe evidence of continuing education required for certification renewal pursuant to this section.

(c) Records. -- A record of all persons certified as real estate appraisers in this Commonwealth shall be kept in the office of the board and shall be open to public inspection and copying upon payment of a nominal fee for copying the record. Each certificate-holder shall advise the board of the address of his or her principal place of business.

Chairman's Message by George D. Sinclair

The State Board of Certified Real Estate Appraisers is one of 27 licensure boards and commissions within the Department of State's Bureau of Professional and Occupational Affairs.

The Board is comprised of four professional members; two members who represent the public at large; and the Secretary of the Commonwealth or his designee. The professional members currently include three certified general appraisers and a certified broker/appraiser; two of the certified general appraisers also are credentialed as certified Pennsylvania evaluators.

Among the important developments since our last Newsletter is the implementation of revised appraisal standards and appraiser qualifications. Certificate holders should carefully review the notice below that gives updated information about the implementation of new continuing education requirements authorized by the Real Estate Appraisers Certification Act (REACA) and the federal Appraiser Qualifications Board.

As this newsletter went to press, there were several bills under consideration by the General Assembly that would amend the REACA. The bills address matters such as enlarging and reconfiguring the composition of the Board; making a violation of the REACA an automatic violation of the Unfair Trade Practices and Consumer Protection Law; and proscribing a person's efforts to coerce, extort or bribe an appraiser to provide an unsupported and unreasonable value for a property.

In order for the Board to be successful, it is essential that we build and maintain a close relationship with each other, our staff, legislators, Commonwealth officials, the general public, and all certificate holders. The Board will continue to work on your behalf and the appraisal-buying public that you serve. We welcome any ideas, suggestions or comments that you may have to assist us in carrying out our responsibility as Board members.

Important Notice Regarding Continuing Education

Act 103 of 2000 amended the Real Estate Appraisers Certification Act (REACA) to provide that certified broker/appraisers must meet the same continuing education requirements as certified general and residential appraisers in order to biennially renew their certifications. Certified/broker appraisers received written notice prior to the start of the 2001-2003 biennial renewal period (July 1, 2001 - June 30, 2003) that they will be required to complete 28 hours of continuing education — including at least four hours on the Uniform Standards of Professional Appraisal Practice (USPAP) and two hours on the REACA and the Board's regulations and policies — as a condition of renewing their certifications for the 2003-2005 biennial renewal period (July 1, 2003 - June 30, 2005). Certified broker/appraisers who have not yet completed their continuing education requirement should make arrangements to do so prior to July 1, 2003. The Board will accept continuing education hours completed on or after January 1, 2001. The Board is in the process of revising its regulations to reflect the requirements of Act 103 of 2000.

In October 2000, the federal Appraiser Qualifications Board (AQB), which, among other functions, establishes continuing education requirements for licensed appraisers and cer-

tified general and residential appraisers, adopted a requirement, effective January 1, 2003, that appraisers must complete a seven-hour National USPAP Update Course every two years. In a recently issued interpretation, the AQB said that the seven-hour National USPAP Update Course must be completed no later than December 30, 2005, if the continuing education cycle of a jurisdiction, such as Pennsylvania's, commences after the effective date of January 1, 2003. Accordingly, all certified general and residential appraisers in Pennsylvania and (by operation of Act 103 of 2000) all certified broker/appraisers must complete the seven-hour National USPAP Update Course as a condition of renewing their certifications for the 2005-2007 biennial renewal period (July 1, 2005 - June 30, 2007). As for the 2003-2005 biennial renewal period, certificate holders have the option of completing either the seven-hour National USPAP Update Course or the four-hour USPAP course currently required by the Board's regulations. The Board will amend its regulations to reflect the seven-hour National USPAP Update Course requirement. The Board intends to seek regulatory approval to have the new requirement apply to certified Pennsylvania evaluators, who are not regulated by the AQB but who currently meet the same continuing education requirements as certified general and residential appraisers.