

**Economic Impact Statement**

LSA Document #08-357

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

This proposed rule amends [876 IAC 3-5-1.5](#) to eliminate a requirement for four hours of a real estate appraiser's continuing education to be in certain Indiana statutes and rules regarding the practice of real estate appraising. Repeals [876 IAC 3-5-6.1](#) concerning required instructional material in such a course. Makes corresponding amendments to [876 IAC 3-2-4](#) and other sections of [876 IAC 3-5](#).

**Estimated Number of Small Businesses Affected:**

NAICS CODE 531320 Offices of Real Estate Appraising

The Real Estate Appraiser Board does not license offices of real estate appraising. There are no NAICS codes for individual licensees. However, the affected numbers of individual licensees is included as a point of information:

Licensed Real Estate Appraisers:	566
Certified Residential Appraisers:	1,094
Certified General Appraisers:	674
Trainee Appraisers (needing continuing education):	48

The Real Estate Appraiser Licensure and Certification Board (Board) has the authority to recommend to the Indiana Real Estate Commission (Commission) rules governing the real estate appraisers licensed and certified under [IC 25-34.1-3-8](#). Under [IC 25-34.1-2-5.1](#), the Commission also has the authority to promulgate rules establishing standards for the competent practice of the various occupations regulated in [IC 25-34.1](#).

**Estimated Total Annual Economic Impact on Small Businesses:**

LSA Document #08-357 is a proposed rule to remove unnecessary barriers to practice for real estate appraisers. During every renewal cycle four hours out of 28 hours of continuing education must focus on Indiana license law. Although the Board allows Internet based continuing education, none exists for the Indiana license law update. Therefore, all of the license law course updates are performed in the classroom and require a student's attendance. This creates logistical issues for appraisers, especially appraisers from outside Indiana who hold a reciprocal license in Indiana.

The Board believes that taking an Indiana license law update course does not necessarily help an appraiser become a better practitioner. Also, changes to license law from year to year are minimal, and a four hour course on changes to Indiana license law becomes redundant.

Requiring a license law update also makes it difficult for companies and appraisers outside of Indiana to come to our state to do business because they too would be required to complete a license law update course. Therefore, the Board is promulgating rules to repeal this requirement so appraisers can focus those four hours on an area to improve their knowledge, skills, abilities, and ethics.

This rule removes a requirement for an appraiser to take a certain continuing education course and does not add new costs to small businesses. Appraisers will simply take an alternative continuing education course to makeup the necessary four hours of continuing education.

The licensing and continuing education of appraisers is regulated at the federal level by two main entities. The Appraisal Qualifications Board (AQB) is a division of the Appraisal Foundation, which is authorized by Congress as the source of appraisal standards and appraiser qualifications. The Appraisal Foundation is the architect of the education requirement changes. In addition, the Appraisal Subcommittee (ASC) enforces Title XI to ensure state's licensing programs meet the Financial Institutions Recovery, Reform, and Enforcement Act of 1989 (12 U.S.C. 3331-3351).

Licensees are already required to complete continuing education to renew their license and are required to pay continuing education providers for continuing education course. Four hours of continuing education costs approximately \$64.

There are 2,382 appraisers (674 certified general appraisers, 1,094 certified residential appraisers, 566 licensed residential appraisers, and 48 trainee appraisers) who are required to complete continuing education.

The cost of continuing education averages approximately \$16 per hour. If every appraiser completes four hours of continuing education in a subject other than license law, it would cost licensees in the industry approximately \$152,448 ( $\$16 \times 4 \text{ hours} \times 2,382 \text{ appraisers}$ ) to complete continuing education. Since the cost of continuing education is typically based on the number of hours, there should be no change in the overall cost of implementing this rule as it does not change the number of required continuing education hours.

**• Justification of Requirements or Costs on Small Businesses Where Rule Is Not Expressly Required**

**by Law:** This rule repeals a requirement, thus providing licensees with more flexibility in complying with the continuing education requirements.

• **Supporting Data, Studies, or Analyses:** The Board and Commission have used information provided by the Indiana Professional Licensing Agency in making these fiscal estimates.

**Regulatory Flexibility Analysis of Alternative Methods:**

The proposed rule is authorized by [IC 25-34.1-3-8](#) and provides the necessary authority for the Board to enforce and administer its article and by [IC 25-34.1-2-5.1](#) to establish the standards of the competent practice of appraisers. This rule provides a licensee with a less stringent option because it removes a strict requirement for license renewal.

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