TITLE 876 INDIANA REAL ESTATE COMMISSION

Proposed Rule
LSA Document #11-428

DIGEST

Amends 876 IAC 3-3-22, 876 IAC 3-6-8, and 876 IAC 3-6-9 and adds 876 IAC 3-6-10 to require that a supervising appraiser successfully complete a supervising appraiser course in order to become approved to supervise an appraiser trainee. Makes other conforming and technical amendments. Effective 30 days after filing with the Publisher.

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

876 IAC 3-3-22; 876 IAC 3-6-8; 876 IAC 3-6-9; 876 IAC 3-6-10

SECTION 1. 876 IAC 3-3-22 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-3-22 Indiana licensed trainee appraiser; examination; licensure procedures

Authority: IC 25-34.1-3-8
Affected: IC 25-34.1

Sec. 22. (a) An applicant for an Indiana **licensed trainee** appraiser license ~~or certificate~~ shall be required to pass the ~~Indiana appraiser~~ examination ~~under~~ **as provided for in** sections ~~14(b) and~~ **14 through** 18 of this rule.

(b) On a form provided by the board, the applicant shall provide the name and license number of the appraiser with whom the applicant is associating and the prospective supervising appraiser must sign that form. The appraiser must meet the requirements to be a supervising appraiser stated in 876 IAC 3-6-9(b).

~~(b)~~ **(c) If the applicant is otherwise qualified,** after an applicant passes the examination and pays the fee required by 876 IAC 3-2-7(b)(2) or 876 IAC 3-2-7(b)(3), the board shall ~~do~~ **issue** the following:
(1) ~~Issue a wall certificate in the name of the~~ **An** Indiana licensed trainee appraiser ~~to a certified appraiser who certifies the Indiana licensed trainee appraiser's association with the certified~~ **license to the applicant to be held by the supervising** appraiser.
(2) ~~Issue~~ To the Indiana licensed trainee appraiser an identification card that:
(A) certifies that the Indiana licensed trainee appraiser is licensed; and
(B) indicates the:
(i) expiration date of the license; and
(ii) name of the ~~licensed or certified~~ **supervising** appraiser with whom the **Indiana** licensed trainee appraiser is associated.

~~(c)~~ **(d)** If the Indiana licensed trainee appraiser has not associated with a ~~certified~~ **supervising** appraiser, the trainee ~~may~~ **shall** be issued an inactive license, either upon:
(1) initial issuance of the license; or
(2) the ~~ending~~ **termination** of ~~a previous~~ **an** association with a ~~certified~~ **supervising** appraiser.
~~However, the license shall become void if the Indiana trainee appraiser is not associated with a certified appraiser described in subsection (b)(1) within three (3) years after issuance of the inactive license.~~

(e) If a trainee appraiser license remains inactive under subsection (d) for more than three (3) years, prior to reactivation of the Indiana licensed trainee license, the trainee appraiser may be required to complete such remediation and additional training as deemed appropriate by the board given the lapse of time involved.

~~(d)~~ **(f) An Indiana licensed trainee and a supervising appraiser shall notify the board in writing** upon termination of ~~an~~ **the** Indiana licensed trainee appraiser's association with ~~a certified~~ **the supervising** appraiser described in subsection ~~(b)(1), the trainee's license shall be returned to the Indiana professional licensing agency~~

(b) within five (5) working days **of the termination.** The ~~Indiana professional licensing agency~~ **board** shall reissue ~~the license to any certified~~ **an identification card upon the association with another** appraiser, **who qualifies to be a supervising appraiser,** upon application as described in subsection ~~(b)(1).~~ **(b) with the license to be held by the new supervising appraiser.**

(Indiana Real Estate Commission; 876 IAC 3-3-22; filed Dec 8, 1993, 4:00 p.m.: 17 IR 778; filed Jun 14, 1995, 11:00 a.m.: 18 IR 2792; errata filed Nov 13, 1995, 10:00 a.m.: 19 IR 675; filed Dec 24, 1997, 11:00 a.m.: 21 IR 1764; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Dec 3, 2002, 3:00 p.m.: 26 IR 1107; readopted filed Jul 19, 2007, 1:16 p.m.: 20070808-IR-876070068RFA; filed Aug 15, 2007, 10:01 a.m.: 20070912-IR-876060095FRA, eff Jan 1, 2008)

SECTION 2. 876 IAC 3-6-8 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-6-8 Indiana licensed trainee appraisers; required use and prohibitions

Authority: IC 25-34.1-3-8
Affected: IC 25-34.1

Sec. 8. (a) Indiana licensed residential appraisers, Indiana certified residential appraisers, and Indiana certified general appraisers may only employ:
(1) Indiana licensed residential appraisers;
(2) Indiana certified residential appraisers;
(3) Indiana certified general appraisers; and
(4) Indiana licensed trainee appraisers;
to assist in the performance of real estate appraisals. **However, as provided for in section 9 of this rule, Indiana licensed residential appraisers may not supervise Indiana licensed trainee appraisers.**

(b) Subsection (a) does not prohibit the use of unlicensed individuals to perform clerical functions.

(c) Indiana licensed trainee appraisers **shall be subject to the supervision of a supervising appraiser as provided for in section 9 of this rule and** may not:
(1) work independently; ~~or~~
(2) hold themselves out to the general public as licensed or certified appraisers;
(3) have their own clients; or
(4) accept payment directly from clients for appraisal work.

(d) Indiana licensed trainee appraisers may not **do the following:**
(1) Review appraisals submitted by other appraisers. ~~and may not~~
(2) Hold themselves out as a review appraiser.

(Indiana Real Estate Commission; 876 IAC 3-6-8; filed Dec 8, 1993, 4:00 p.m.: 17 IR 781; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; readopted filed Jul 19, 2007, 1:16 p.m.: 20070808-IR-876070068RFA)

SECTION 3. 876 IAC 3-6-9 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-6-9 Indiana licensed trainee appraisers; supervision

Authority: IC 25-34.1-3-8
Affected: IC 25-34.1

Sec. 9. (a) This section establishes requirements for the use and supervision of ~~Indiana~~ licensed trainee appraisers.

(b) Indiana licensed trainee appraisers shall be subject to direct supervision, including inspection of all properties except as allowed by subsection (i), by a supervising appraiser **who:**
(1) ~~who (A)~~ shall be a certified residential appraiser or certified general appraiser in Indiana; ~~and~~
~~(B)~~ **(2) has** had no disciplinary action **taken** within the last two (2) years ~~and~~ **against an appraiser license or**

certification in Indiana or any other jurisdiction;

~~(2) whose~~ **(3) does not have an appraiser** license or certificate, ~~is not~~ **in Indiana or any other jurisdiction,** currently on probation or suspended or has been revoked; **and**

(4) completes a board approved supervisor appraiser's course as required by section 10 of this rule.

(c) The ~~supervisor~~ **supervising appraiser** shall be responsible for the direct supervision of the Indiana licensed trainee appraiser by signing and certifying the report as in compliance with the Uniform Standards of Professional Appraisal Practice. ~~Notwithstanding subsection (b)(1)(A), a licensed trainee appraiser who was supervised by a licensed residential appraiser before January 1, 2008, may continue to be supervised by that licensed residential appraiser until December 31, 2009.~~

(d) The Indiana licensed trainee appraiser is permitted to have more than one (1) supervising appraiser in the office of the ~~licensed or certified~~ **supervising** appraiser ~~holder of record~~ with whom the Indiana licensed **trainee** appraiser has associated under 876 IAC 3-3-22. **Such an additional supervisor shall be acting in substitution for the supervising appraiser identified under 876 IAC 3-3-22 and is only responsible for the Indiana licensed trainee appraiser on appraisals where such responsibility is assumed by the additional supervisor, at the consent of the supervisor of record identified under 876 IAC 3-3-22. Overall responsibility for the trainee appraiser remains with the supervisor of record as long as the association with the trainee appraiser is in effect under 876 IAC 3-3-22.**

(e) An appraiser may not be the supervising appraiser for more than two (2) trainees.

(f) An appraisal log shall be maintained by the Indiana licensed trainee appraiser and supervising appraiser and shall, at a minimum, include the following for each appraisal:

(1) Client name.
(2) Address of appraised property.
(3) Description of work performed and scope of the review and supervision of the supervising appraiser.
(4) Number of work hours.
(5) Type of property.
(6) Date of report.

(g) The supervising appraiser shall:

(1) review and sign the appraisal log annually;
(2) provide the log to the trainee; and
(3) include his or her state certification number.

It is the responsibility of the trainee to retain the log for submission to the board with any future application for license certification. The trainee **appraiser** shall be entitled to copies of appraisals, including appraisal reports and any work files, that the trainee **appraiser** completes. **However, the original records shall be maintained at the office of the supervising appraiser.**

(h) Separate appraisal logs shall be maintained by each supervising appraiser.

(i) The Indiana licensed trainee appraiser shall be subject to direct supervision until the Indiana licensed trainee appraiser is competent in accordance with the Competency Provision of the Uniform Standards of Professional Appraisal Practice, as adopted in section 2 of this rule, to perform appraisals for the specific property type. After the Indiana licensed trainee appraiser demonstrates competency, the supervising appraiser is not required to inspect the properties. However, the supervising appraiser must continue to sign and accept full responsibility for all appraisals performed by the Indiana licensed trainee appraiser.

(j) In addition to the requirements in subsection (i), the supervising appraiser shall accompany the Indiana licensed trainee appraiser and inspect the subject and comparable properties on the following appraisal assignments:

(1) The first fifty (50) assignments performed by the trainee **where the scope of the work includes a physical inspection of the property.**
(2) During the first year the trainee holds an active license, all assignments located more than fifty (50) miles from the supervising appraiser's office.

(k) The supervising appraiser and the licensed trainee appraiser shall meet with each other on a reasonable schedule to interact about the appraisal work of the trainee.

~~(k)~~ **(l)** Subsections (e) and (j) do not apply when an Indiana licensed trainee appraiser is an employee of a governmental entity acting in the course of the governmental entity's activities.

(Indiana Real Estate Commission; 876 IAC 3-6-9; filed Dec 8, 1993, 4:00 p.m.: 17 IR 782; filed Apr 10, 1995, 10:00 a.m.: 18 IR 2124; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Dec 3, 2002, 3:00 p.m.: 26 IR 1108; filed Dec 1, 2003, 9:45 a.m.: 27 IR 1182; readopted filed Jul 19, 2007, 1:16 p.m.: 20070808-IR-876070068RFA; filed Aug 15, 2007, 10:01 a.m.: 20070912-IR-876060095FRA, eff Jan 1, 2008; errata filed Jan 23, 2008, 10:22 a.m.: 20080206-IR-876060095ACA)

SECTION 4. 876 IAC 3-6-10 IS ADDED TO READ AS FOLLOWS:

876 IAC 3-6-10 Indiana licensed trainee appraisers; supervisor's course

Authority: IC 25-34.1-3-8
Affected: IC 25-34.1-8

Sec. 10. (a) A supervising appraiser under section 9 of this rule shall successfully complete a supervising appraiser course in order to be a supervising appraiser. The course must be completed:
(1) within six (6) months after the commencement of an association with an Indiana licensed trainee appraiser under 876 IAC 3-3-22; and
(2) by the end of the third two (2) year renewal period after the initial, and each subsequent, completion of the course as long as the appraiser continues to function as a supervising appraiser.
Notwithstanding subdivision (1), supervising appraisers who are associated with an Indiana licensed trainee appraiser on the effective date of this section shall initially complete the course no later than June 30, 2013.

(b) If a supervising appraiser does not complete the mandatory supervisor appraiser's course by a required date, the supervising appraiser may no longer function as a supervising appraiser immediately upon not meeting the required date.

(c) The supervising appraiser's course shall qualify for continuing education credit for the supervising appraiser under 876 IAC 3-5.

(d) A supervising appraiser course shall meet the requirements applicable for board approved continuing education courses under 876 IAC 3-5 and the requirements of this section. Notwithstanding 876 IAC 3-5-2(a), this course shall be approved by the board and not the Appraisal Qualifications Board (AQB).

(e) A supervising appraiser course shall include fourteen (14) hours of instruction on real estate appraising and related topics as required in this rule, and a one (1) hour examination, that presents the following topics and materials:
(1) The history of the appraisal profession leading to the creation of the Appraisal Foundation, the state appraiser boards, and the other regulatory changes.
(2) The function of the Appraisal Foundation.
(3) The function of the Appraisal Subcommittee (ASC).
(4) The Financial Institutions Reform and Recovery Act (FIRREA).
(5) The Indiana law concerning real estate appraising with specific discussion of IC 25-34.1-8, the board's rules, this article, and any significant changes within the last thirty-six (36) months.
(6) The 2010 Frank-Dodd Bill – subtitle F – Appraisal Activities.
(7) Statistics for appraisers and supervisors.
(8) Mortgage loan analysis and time value of money calculations.
(9) A supervisor's review of residential appraisal forms.
(10) Case studies focused on recent issues before the board and common problems.

(f) A supervising appraiser course must also meet the following requirements:
(1) The course must reflect the most current version of the board's rules including the Uniform Standards of Professional Appraisal Practice.
(2) The course materials or syllabus must include a course description, which clearly describes the content of the course.
(3) Compliance with 876 IAC 3-5-2.5(b)(2)(B) shall be specific to a supervising appraiser's course.
(4) Instructional materials for students must be provided to each student in compliance with 876 IAC 3-5-2.5(b)(3). The exception in that provision that allows materials not to be provided in some situations shall not apply to this section.

(g) The examination for the course must comply with the following criteria:
(1) Include a one (1) hour examination that must consist of a series of questions that test the student's ability to comprehend the material included in the course material.
(2) Contain a sufficient number of questions to adequately test the subject matter covered in the course. The minimum number of questions shall be twenty-five (25).
(3) Have a maximum examination writing time of one (1) hour.
(4) Examination questions must, individually and collectively, test at a difficulty level appropriate to measure attendee achievement of the stated course learning objectives.
(5) The subject matter tested by examination questions must be adequately addressed in the course instructional materials.
(6) Examination questions must be written in a clear and unambiguous manner.
(7) Examination questions must be accurate, and the intended correct answer must clearly be the best answer choice.
(8) At least fifty percent (50%) of the examination questions must be focused on provisions of this article.
(9) A student may only retake the written examination twice before attendance in another course is required.

(h) The instructor for the supervising appraiser course must:
(1) be a current certified appraiser as listed on the ASC roster;
(2) be a current AQB certified USPAP instructor as approved and maintained by the AQB of the Appraisal Foundation; and
(3) have attended at least two (2) regularly scheduled meetings of the board in the twelve (12) months preceding the offering of the supervising appraiser course. Attendance is defined as personal attendance for at least seventy-five percent (75%) of the hours the board meeting is in session.

(i) Upon completion of the supervising appraiser course, the provider of the approved supervising appraiser course shall provide the board with a list of all attendees with determination of who passed the examination.

(Indiana Real Estate Commission; 876 IAC 3-6-10)

Notice of Public Hearing

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