

CR 91-147

CERTIFICATE

STATE OF WISCONSIN

DEPARTMENT OF REGULATION AND LICENSING

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Pat McCormack, Deputy Secretary of the Wisconsin Department of Regulation and Licensing and custodian of the official records of the Real Estate Appraisers Board, do hereby certify that the annexed rules were duly approved and adopted by the Department of Regulation and Licensing on the 13th day of April, 1992.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the board at 1400 East Washington Avenue, Madison, Wisconsin, this 13th day of April, 1992.

*Pat McCormack*  
Pat McCormack, Deputy Secretary  
Department of Regulation  
and Licensing

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STATE OF WISCONSIN  
DEPARTMENT OF REGULATION AND LICENSING

Revisor of Statutes  
Bureau

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IN THE MATTER OF RULE-MAKING : ORDER OF THE  
 PROCEEDINGS BEFORE THE : DEPARTMENT OF REGULATION AND LICENSING  
 DEPARTMENT OF REGULATION : ADOPTING RULES  
 AND LICENSING : (CLEARINGHOUSE RULE 91-147)

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ORDER

An order of the Department of Regulation and Licensing to renumber RL 80.03 (10) and (11) and RL 83.01 (4); to renumber and amend RL 83.01 (2), (3) and (5); to amend RL 80.02, RL 80.03 (4), (7) and (9), RL 81.01 (title), (intro.), (3), (6), (7) and Note, RL 82.01 (1) and (2), RL 82.04 (3), RL 83.01 (title) and (1), RL 84.01 (1) and (6), RL 84.02 (title), (1), (2) and (3) (intro.), RL 84.03 (title), (1), (2) (intro.) and (3) (intro.), RL 85.01 (1), (3), (4) and (5), RL 85.02 (2) and (3), RL 86.01 (1), (2), (4), (5), (6) and (7) and RL 86.02; and to create RL 80.03 (10), RL 83.01 (2) and RL 84.04 of the administrative code relating to definitions, professional conduct, application and examination, experience, education and continuing education of licensed appraisers.

Analysis prepared by the Department of Regulation and Licensing.

ANALYSIS

Statutes authorizing promulgation: ss. 227.11 (2), 440.03 (1) and ch. 458, Stats., as affected by 1991 Wisconsin Act 39.

Statutes interpreted: Chapter 458, Stats., as affected by 1991 Wisconsin Act 39.

In this order the Department of Regulation and Licensing amends chapters RL 80 to 86 which were adopted by the department on July 29, 1991 (Clearinghouse Rule 90-237). Clearinghouse Rule 90-237 will be published in September 1991 and will be effective on October 1, 1991.

This proposed rule-making is the result of changes made in the law by 1991 Wisconsin Act 39 which creates the requirements for the licensure of real estate appraisers and requires the department to promulgate rules for the guidance of the appraisal profession, including rules governing professional conduct, examination requirements, experience requirements, education requirements and continuing education requirements.

Chapters RL 80 to 86 are amended to include the terms "license," "licensing" and "licensure" where appropriate in the rules.

Chapter RL 80 is amended to include the definition of the phrase "transitional license;" chapter RL 83 is amended to include the experience requirements for licensed appraisers, and chapter RL 84 is amended to include the educational requirements for licensed appraisers.

TEXT OF RULE

SECTION 1. RL 80.02 is amended to read:

RL 80.02 INTENT. The intent of the department in adopting chs. RL 80 to 86 is to establish minimum standards for professional appraisal practice for certified and licensed appraisers which are consistent with the uniform standards of professional appraisal practice promulgated by the appraisal standards board of the appraisal foundation. It is further intended that these rules shall establish standards of competency such that persons certified as certified general appraisers and certified residential appraisers or licensed as licensed appraisers are qualified to perform appraisals for federally related transactions under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 12 USC 3331 et seq, Title XI and United States Code. ~~It is further intended that certified residential appraisers are comparable to the federally designated "state licensed appraiser."~~

SECTION 2. RL 80.03 (4), (7) and (9) are amended to read:

RL 80.03 (4) "Cosign" means the act of a noncertified or unlicensed appraiser signing a written appraisal in conjunction with a certified or licensed appraiser.

(7) "Hour of appraisal experience" means verifiable time spent in performing tasks as identified in ~~sr. RL 83.01 (2) (b)~~ s. RL 83.01 (3) (b) in accordance with acceptable appraisal experience as defined in this section.

(9) "Supervision" means direct, personal and active oversight by a certified or licensed appraiser of employees or associates who assist in the preparation of appraisals.

SECTION 3. RL 80.03 (10) and (11) are renumbered (11) and (12).

SECTION 4. RL 80.03 (10) is created to read:

RL 80.03 (10) "Transitional license" means an initial certificate of licensure valid until July 1, 1993, granted to a person who does not submit satisfactory evidence to the department of successful completion of either the experience or the educational requirements, as provided for in ss. RL 83.01 (2) and 84.04 (1).

SECTION 5. RL 81.01 (title), (intro.), (3), (6), (7) and the Note following (7) are amended to read:

RL 81.01 (title) APPLICATIONS FOR CERTIFIED AND LICENSED APPRAISERS.  
(intro.) An applicant for certification or licensure shall apply on a form provided by the department. The department shall notify the applicant within 15 business days of receipt of a complete application whether the application is approved or denied. Any applicant who files an application for certification or licensure, but does not comply with a request for information related to the application or meet all requirements within one year from the date of filing, shall file a new application and fee if certification or licensure is sought at a later date. The complete application shall include:

(3) A transcript or proof of 75, 120 105 or 200 165 hours of instruction as ~~specified provided for in sr. 458.06, Stats., and~~ ss. RL 84.02, and 84.03 and 84.04;

(6) An affidavit verifying the required appraisal experience as required in ~~§-RL-83.01-(3)-(a)~~ s. RL 83.01 (4) (a); and

(7) Documentation of appraisal experience as required in ~~§-RL-83.01-(3)-(b)-and-(c)~~ s. RL 83.01 (4) (b) and (c).

NOTE: Applications for certification ~~or licensure as a residential or general appraiser~~ are available from the Department of Regulation and Licensing, Bureau of Business and Design Professions, 1400 East Washington Avenue, P.O. Box 8935, Madison, Wisconsin 53708.

SECTION 6. RL 82.01 (1) and (2) are amended to read:

RL 82.01 EXAMINATION. (1) Prior to issuance of a residential or general appraiser's certificate or appraiser's license an applicant shall pass a written examination approved or conducted by the department.

(2) The examination for applicants seeking certification or licensure as a certified or licensed appraiser shall be consistent with and equivalent to the uniform state certification examination issued or endorsed by the appraiser qualifications board of the appraisal foundation.

SECTION 7. RL 82.04 (3) is amended to read:

RL 82.04 (3) If the decision does not result in the applicant passing the examination, a notice of denial of certification or licensure shall be issued. The applicant may request a hearing under ch. RL 1 if a denial is issued.

SECTION 8. RL 83.01 (title) and (1) are amended to read:

RL 83.01 (title) PROOF OF EXPERIENCE FOR CERTIFIED AND LICENSED APPRAISERS. (1) Applicants for certification as a residential or general appraiser shall submit evidence satisfactory to the department that the applicant has at least 2 years of experience as defined in ~~§-RL-80.03-(10)~~ s. RL 80.03 (11) as a residential or general appraiser as required in s. 458.06 (3) (c) and (4) (c), Stats.

SECTION 9. RL 83.01 (2) and (3) are renumbered 83.01 (3) and (4), and 83.01 (3) (intro.) and (4) (intro.), as renumbered, are amended to read:

RL 83.01 (3) (intro.) The work claimed under ~~sub-(1)~~ subs. (1) and (2) for appraisal experience credit shall:

(4) (intro.) An applicant applying for certification or licensure under ~~sub-(1)~~ subs. (1) and (2) shall submit on forms provided by the department:

SECTION 10. RL 83.01 (4) is renumbered (5).

SECTION 11. RL 83.01 (5) is renumbered (6) and amended to read:

RL 83.01 (6) The department may require applicants for certification as residential or general appraisers or licensure as an appraiser to provide copies of any appraisal listed in the documentation of experience required under ~~sub-(3)-(b)~~ sub. (4) (b). The department may contact any person listed

on the application to obtain additional information about the experience of the applicant.

SECTION 12. RL 83.01 (2) is created to read:

RL 83.01 (2) An applicant seeking licensure as an appraiser shall submit evidence satisfactory to the department that the applicant has at least 500 hours of appraisal experience. An applicant who meets all other requirements for licensure, but fails to submit evidence satisfactory to the department of successful completion of the experience requirements will be granted a transitional license. Transitional licenses expire on July 1, 1993, and may not be renewed. An individual who intends to practice as a licensed appraiser after the expiration of a transitional license must submit evidence satisfactory to the department prior to July 1, 1993, of successful completion of the experience requirements.

SECTION 13. RL 84.01 (1) and (6) are amended to read:

RL 84.01 COURSE APPROVAL. (1) All educational courses designed to meet the requirements in ~~s. 458.06 (2) (b)~~ s. 458.06 (2) (d), (3) (b) 1 or (4) (b) 1, Stats., s. 458.08 (3) (b) 1, Stats., and this chapter, shall be submitted to the department for approval.

(6) The licensed and certified residential program programs of study ~~is~~ are expected to provide all appraisers with a foundation of knowledge. The courses which satisfy the requirements for appraiser licensure and residential appraiser certification may be acceptable towards satisfying the course work requirement for general appraiser certification.

SECTION 14. RL 84.02 (title), (1), (2) and (3) (intro.) are amended to read:

RL 84.02 (title) CERTIFIED RESIDENTIAL APPRAISER COURSE REQUIREMENTS.  
(1) A program of study for certified residential appraisers shall include at least ~~120~~ 105 hours of instruction.

(2) Any approved program of study for certified residential appraisers shall include within the ~~120~~ 105 hours, not less than 15 hours of instruction in professional standards, and code of ethics ~~and state laws~~ applicable to appraisers.

(3) (intro.) Any approved program of study for certified residential appraisers shall include the following subject areas:

SECTION 15. RL 84.03 (title), (1), (2) (intro.) and (3) (intro.) are amended to read:

RL 84.03 (title) CERTIFIED GENERAL APPRAISER COURSE REQUIREMENTS. (1) A program of study for certified general appraisers shall include at least ~~200~~ 165 hours of instruction.

(2) (intro.) Any approved program of study for certified general appraisers shall include within the ~~200~~ 165 hours:

(3) (intro.) Any approved program of study for certified general appraisers shall include the following subject areas:

SECTION 16. RL 84.04 is created to read:

RL 84.04 LICENSED APPRAISER COURSE REQUIREMENTS. (1) A program of study for licensed appraisers shall include at least 75 hours of instruction. An applicant who meets all other requirements for licensure but fails to submit evidence satisfactory to the department of successful completion of the educational requirements will be granted a transitional license. Transitional licenses expire on July 1, 1993, and may not be renewed. An individual who intends to practice as a licensed appraiser after the expiration of a transitional license must submit evidence satisfactory to the department prior to July 1, 1993 of successful completion of the educational requirements.

(2) Any approved program of study for licensed appraisers shall include within the 75 hours, not less than 15 hours of instruction in professional standards and code of ethics applicable to appraisers.

(3) Any approved program of study for licensed appraisers shall include the following subject areas:

- (a) Appraisal standards and ethics;
- (b) Appraisal statistical concepts;
- (c) Cost approach;
- (d) Economic principles;
- (e) Highest and best use analysis;
- (f) Influences on real estate value;
- (g) Legal considerations in appraisal;
- (h) Property description;
- (i) Real estate financing;
- (j) Real estate markets and analysis;
- (k) Reconciliation of values;
- (l) Residential income approach;
- (m) Sales comparison approach;
- (n) Site value;
- (o) Types of value;
- (p) Valuation of partial interests; and
- (q) Valuation process.

SECTION 17. RL 85.01 (1), (3), (4) and (5) are amended to read:

RL 85.01 CONTINUING EDUCATION. (1) Every certified ~~residential-or general~~ and licensed appraiser shall complete at least ~~30~~ 20 hours of continuing education in each biennial renewal period as required in ~~s. 458.06-(7)-(a)~~ s. 458.13 (1), Stats.

(3) At the time of every 4th renewal, each applicant shall submit proof of attendance at and completion of, within the 2 years immediately preceding the date on which the renewal application is submitted, an educational course and examination described in s. 458.06 (2) (d), Stats. The number of hours of attendance at an educational course required under this paragraph shall be applied to satisfy the renewal requirement under ~~s. 458.06-(7)-(a)~~ s. 458.13 (1), Stats.

(4) The number of hours of attendance at and completion of continuing education programs or courses of study required under ~~s. 458.06-(7)-(a)~~ s. 458.13 (1), Stats., shall be reduced by one hour for each hour of attendance and completion of, within the 2 years immediately preceding the date on which the renewal application is submitted, continuing education programs or courses of study that the applicant has attended and completed in order to continue to qualify for employment as an assessor and that the department determines is substantially equivalent to attendance at the completion of continuing education programs or courses of study for general appraisers, ~~or residential appraisers,~~ or licensed appraisers, as appropriate.

(5) To audit for compliance the department may require any certified ~~residential-or-general~~ or licensed appraiser to submit evidence of completion of ~~30~~ 20 hours of continuing education for the biennium preceding the renewal. Every certified ~~residential-or-general~~ and licensed appraiser shall retain records of continuing education credits for at least 5 years.

SECTION 18. RL 85.02 (2) and (3) are amended to read:

RL 85.02 (2) The program shall relate to one or more of the subject areas described in ss. RL 84.02 (3), ~~or RL 84.03 (3), or 84.04 (3)~~ or other subject areas relevant to competent practice. If the subject area is not described in ss. RL 84.02 (3), ~~or RL 84.03 (3) or 84.04 (3)~~, the applicant shall include with the application a statement explaining how the subject area is relevant to competent practice and must be consistent with the content and criteria established by the appraiser qualifications board of the appraisal foundation.

(3) The program shall be available to all certified ~~residential-or-general~~ and licensed appraisers regardless of membership in any organization.

SECTION 19. RL 86.01 (1), (2), (4), (5), (6) and (7) are amended to read:

RL 86.01 STANDARDS. (1) Certified and licensed appraisers shall comply with the standards of practice established by ch. 458, Stats., and chs. RL 80 to 86 and the standards set forth in Appendix I. A violation of any provision in this chapter may result in disciplinary action under s. 458.26, Stats.

(2) All appraisals shall conform to the uniform standards of professional appraisal practice set forth in Appendix I. No certified or licensed appraiser may sign any written appraisal report which was not

prepared by the appraiser or under his or her supervision.

(4) Certified and licensed appraisers shall not knowingly omit, understate, misrepresent or conceal material facts in their appraisals.

(5) A certified or licensed appraiser shall not offer to perform, nor perform, services which he or she is not competent to perform through education or experience.

(6) A certified or licensed appraiser shall avoid conflicts of interest. If a conflict arises, the certified or licensed appraiser shall immediately cease work on the appraisal and shall not continue work on the appraisal without the written consent of the party who authorized the appraisal.

(7) All certified and licensed appraisers shall maintain records as required in s. 458.18, Stats. Such records shall be made available to the department, board, or agents of the department or board for investigation, review, or audit and shall be readily available to the department, board, or agents of the department or board for inspection.

SECTION 20. RL 86.02 is amended to read:

RL 86.02 ADVERTISING. (1) Advertising by certified and licensed appraisers shall be truthful and accurate and may not mislead the public.

(2) A certified or licensed appraiser shall disclose the appraiser's name as it is on file with the department in all advertising.

The rules adopted in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register pursuant to s. 227.22 (2) (intro.), Stats.

Dated April 13, 1992

Agency Pat McCormack  
Pat McCormack, Deputy Secretary  
Department of Regulation  
and Licensing

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**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN**

**DATE:** April 14, 1992

**TO:** Gary Poulson  
Assistant Revisor of Statutes

**FROM:** Pamela Haack, Administrative Assistant  
Department of Regulation and Licensing

**SUBJECT:** Final Rulemaking Order

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**Agency: DEPARTMENT OF REGULATION AND LICENSING**

**Clearinghouse Rule: 91-147**

Attached is a copy and a certified copy of a final order adopting rules.

Would you please publish these rules in the code.

Thank you.