

WSR 23-23-177

PROPOSED RULES

DEPARTMENT OF LICENSING

[Filed November 22, 2023, 10:18 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 22-23-163.

Title of Rule and Other Identifying Information: Chapter 308-125 WAC, Real estate appraisers.

Hearing Location(s): On December 29, 2023, at 10:00 a.m., via Zoom meeting <https://dol-wa.zoom.us/j/84675290380?pwd=mXaE4GlE6MMZNnwDd3EGwzwc17zTU3.1>, Meeting ID 846 7529 0380, Passcode 963980; or One-tap mobile +12532050468,,84675290380#,,,,*963980# US, +12532158782,,84675290380#,,,,*963980# US (Tacoma), Meeting ID 846 7529 0380, Passcode 963980. Find your local number <https://dol-wa.zoom.us/j/84675290380?pwd=mXaE4GlE6MMZNnwDd3EGwzwc17zTU3.1>. If you are having difficulty joining the Zoom meeting at the time of the public hearing, please call 360-902-0131. An in-person option is available at the Highways and Licensing Building, 1125 Washington Street S.E., Olympia, WA 98504.

Date of Intended Adoption: December 30, 2023.

Submit Written Comments to: Kelsey Stone, 1125 Washington Street S.E., Olympia, WA 98504, email rulescoordinator@dol.wa.gov, by December 29, 2023.

Assistance for Persons with Disabilities: Contact Kelsey Stone, phone 360-902-0131, email rulescoordinator@dol.wa.gov, by December 19, 2023.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Aligning state rule with recognized national industry guidance for real estate appraiser qualifications, allowing an alternative pathway to appraiser licensure, and other rule changes identified during rule chapter review.

Reasons Supporting Proposal: This rule making benefits real estate appraisers by allowing them to pursue licensure through an alternative pathway recommended in recognized national industry guidance.

Statutory Authority for Adoption: RCW 18.140.030 Powers and duties of director and 46.01.110 Rule-making authority.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of licensing, governmental.

Name of Agency Personnel Responsible for Drafting: Kelsey Stone, 1125 Washington Street S.E., Olympia, WA 98504, 360-902-0131; Implementation and Enforcement: Tanya Hessler, 405 Black Lake Boulevard S.W., Olympia, WA 98502, 360-664-6504.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. These rule changes ease requirements and offer applicants an alternative pathway to licensure by aligning state requirements with national standards. This does not pose additional costs to licensees because it is providing them a new option.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Explanation of exemption(s): These rule changes ease requirements and offer applicants an alternative pathway to licensure by aligning state requirements with national standards. This does not pose addi-

tional costs to small businesses because it is providing applicants a new option.

Scope of exemption for rule proposal:
Is fully exempt.

November 22, 2023
Ellis Starrett
Rules and Policy Manager

OTS-5047.1

AMENDATORY SECTION (Amending WSR 16-02-008, filed 12/28/15, effective 1/28/16)

WAC 308-125-030 Examination prerequisite general classification.

The general real estate appraiser classification applies to the appraisal of all types of real property.

(1) As a prerequisite to taking the examination for certification as a state-certified general real estate appraiser, an applicant shall present evidence satisfactory to the director that he/she has successfully completed not less than (~~three hundred~~) 300 hours in the following core modules:

(a) Basic appraisal principles, (~~thirty~~) 30 hours.

(b) Basic appraisal procedures, (~~thirty~~) 30 hours.

(c) The National USPAP course or equivalent, (~~fifteen~~) 15 hours.

(d) General appraiser market analysis and highest and best use, (~~thirty~~) 30 hours.

(e) Statistics, modeling and finance, (~~fifteen~~) 15 hours.

(f) General appraiser sales comparison approach, (~~thirty~~) 30 hours.

(g) General appraiser site valuation and cost approach, (~~thirty~~) 30 hours.

(h) General appraiser income approach, (~~sixty~~) 60 hours.

(i) General appraiser report writing and case studies, (~~thirty~~) 30 hours.

(j) Appraisal subject matter electives, (~~thirty~~) 30 hours.

(2) Credit towards qualifying education requirements may be obtained via the completion of a degree program in real estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the appraiser qualifications board.

(3) An original certification as a state-certified general real estate appraiser shall not be issued to any person who does not possess (~~three thousand~~) 3,000 hours of appraisal experience obtained continuously over a period of not less than (~~thirty~~) 18 months in Washington or in another state having comparable certification requirements.

(4) To fulfill the experience requirement, an applicant must have at least (~~one thousand five hundred~~) 1,500 hours of nonresidential appraisal experience.

(5) Applicants for the certified general license must possess a bachelor's degree or higher in any field of study.

AMENDATORY SECTION (Amending WSR 18-24-113, filed 12/4/18, effective 1/4/19)

WAC 308-125-040 Examination prerequisite state-certified residential classification. The state-certified residential real estate appraiser classification applies to appraisals of all types of residential property of one to four units without regard to transaction value or complexity and nonresidential property having a transaction value less than (~~two hundred fifty thousand dollars~~) \$250,000.

(1) As a prerequisite to taking the examination for certification as a state-certified residential real estate appraiser, an applicant shall present evidence satisfactory to the director that he/she has successfully completed not less than (~~two hundred~~) 200 hours in the following core modules:

(a) Basic appraisal principles, (~~thirty~~) 30 hours.

(b) Basic appraisal procedures, (~~thirty~~) 30 hours.

(c) The National USPAP course or equivalent, (~~fifteen~~) 15 hours.

(d) Residential market analysis and highest and best use, (~~fifteen~~) 15 hours.

(e) Residential appraiser site valuation and cost approach, (~~fifteen~~) 15 hours.

(f) Residential sales comparison and income approaches, (~~thirty~~) 30 hours.

(g) Residential appraiser report writing and case studies, (~~fifteen~~) 15 hours.

(h) Statistics, modeling and finance, (~~fifteen~~) 15 hours.

(i) Advanced residential applications and case studies, (~~fifteen~~) 15 hours.

(j) Appraisal subject matter electives, (~~twenty~~) 20 hours.

(2) Credit towards qualifying education requirements may be obtained via the completion of a degree program in real estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the appraiser qualifications board.

(3) An original certification as a state-certified residential real estate appraiser shall not be issued to any person who does not possess (~~two thousand five hundred~~) 1,500 hours of appraisal experience obtained continuously over a period of not less than (~~twenty-four~~) 12 months in Washington or in another state having comparable certification requirements.

(4) Applicants for the certified residential appraiser license must satisfy one of the following college education requirement options:

(a) Possess a bachelor's degree or higher in any field of study; or

(b) Possess an associate's degree in a field of study related to business administration, accounting, finance, economics, or real estate; or

(c) Successful completion of (~~thirty~~) 30 semester hours of college level courses in all of the following subject matter areas:

(i) English composition, three hours; and

(ii) Microeconomics, three hours; and

(iii) Macroeconomics, three hours; and

(iv) Finance, three hours; and

(v) Algebra, geometry, or higher mathematics, three hours; and

(vi) Statistics, three hours; and

- (vii) Business or real estate law, three hours; and
- (viii) Computer science, three hours; and
- (ix) Two elective courses in: Accounting, geography, agricultural economics, business management, or real estate, three hours each.
- (d) Successful completion of at least (~~thirty~~) 30 semester hours of college level examination program (CLEP) examinations in all of the following subject matter areas:
 - (i) College algebra, three hours; and
 - (ii) College composition, six hours; and
 - (iii) College composition modular, three hours; and
 - (iv) College mathematics, six hours; and
 - (v) Principles of macroeconomics, three hours; and
 - (vi) Principles of microeconomics, three hours; and
 - (vii) Introductory business law, three hours; and
 - (viii) Information systems, three hours.
- (e) Any (~~thirty~~) 30 semester credit hour combination of (c) and (d) of this subsection that includes at least one course or CLEP exam in each of the following subject matter areas:
 - (i) Composition; and
 - (ii) Microeconomics; and
 - (iii) Macroeconomics; and
 - (iv) Business law; and
 - (v) Algebra, geometry or higher mathematics.
- (f) No college level education is required to apply for state-certified residential real estate appraiser license for an appraiser that has held a state-licensed real estate appraiser license for a minimum of five years, and satisfies all of the following requirements:
 - (i) No record of any adverse, final and nonappealable disciplinary action affecting the state-licensed real estate appraiser's legal eligibility to engage in appraisal practice within five years immediately preceding the date of application for a state-certified residential real estate appraiser license; and
 - (ii) Successful completion of the following core qualifying education modules:
 - (A) Statistics, modeling, and finance, (~~fifteen~~) 15 hours; and
 - (B) Advanced residential applications and case studies, (~~fifteen~~) 15 hours; and
 - (C) Appraisal subject matter electives, (~~twenty~~) 20 hours; and
 - (iii) Successful completion of the required experience as specified in subsection (3) of this section; and
 - (iv) Successful completion of the certified residential real property appraiser examination as specified in these rules.

AMENDATORY SECTION (Amending WSR 18-24-113, filed 12/4/18, effective 1/4/19)

WAC 308-125-045 Examination prerequisite state-licensed classification. The state-licensed real estate appraiser classification applies to appraisal of noncomplex one to four residential units having a transaction value less than (~~one million dollars~~) \$1,000,000 and complex one to four residential units having a transaction value less than (~~two hundred fifty thousand dollars~~) \$400,000 and nonresidential property having a transaction value less than (~~two hundred fifty thousand dollars~~) \$250,000.

(1) As a prerequisite to taking the examination for certification as a state-licensed real estate appraiser, an applicant shall present evidence satisfactory to the director that he/she has successfully completed not less than (~~one hundred fifty~~) 150 hours in the following core modules:

- (a) Basic appraisal principles, (~~thirty~~) 30 hours.
- (b) Basic appraisal procedures, (~~thirty~~) 30 hours.
- (c) The National USPAP course or equivalent, (~~fifteen~~) 15 hours.
- (d) Residential market analysis and highest and best use, (~~fifteen~~) 15 hours.
- (e) Residential appraiser site valuation and cost approach, (~~fifteen~~) 15 hours.
- (f) Residential sales comparison and income approaches, (~~thirty~~) 30 hours.
- (g) Residential appraiser report writing and case studies, (~~fifteen~~) 15 hours.

(2) Credit toward qualifying education requirements may be obtained via the completion of a degree program in real estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the appraiser qualifications board.

(3) An original certification as a state-licensed real estate appraiser shall not be issued to any person who does not possess (~~two thousand~~) 1,000 hours of appraisal experience obtained continuously over a period of not less than (~~twelve~~) six months in Washington or in another state having comparable certification requirements.

AMENDATORY SECTION (Amending WSR 18-24-113, filed 12/4/18, effective 1/4/19)

WAC 308-125-070 Experience requirements. (1) State licensed applicants must accumulate (~~two thousand~~) 1,000 hours within a minimum of (~~one year (twelve)~~) six months (+) and a maximum of seven years. Certified residential applicants must accumulate (~~two thousand five hundred~~) 1,500 hours within a minimum of (~~two~~) one year (~~s (twenty-four)~~) (12 months) and a maximum of seven years. Certified general applicants must accumulate (~~three thousand~~) 3,000 hours within a minimum of (~~thirty~~) 18 months and a maximum of seven years.

(2) Any work product claimed for experience credit dated January 1, 1990, and later shall conform to the Uniform Standards of Professional Appraisal Practice in effect at the time the appraisal is completed.

(a) Reports shall be in writing.

(b) An appraisal work file must be available to the director to substantiate work performed.

(c) Appraisal experience must have been performed as a licensed or certified appraiser or a registered trainee to qualify. Appraisal experience accrued through a Practical Applications of Real Estate Appraisal program is exempt from the requirements of this subsection (2)(c) of this section.

(3) A registered trainee may gain experience under the supervision of no more than six supervisory appraisers during his/her trainee period.

(4) The department may request appraiser work files to verify, confirm, or compare entries made on the experience log. Failure to provide work files to the department upon its request may disqualify the reports as qualifying experience.

(5) An applicant for certification or license shall certify, under penalty of perjury, the completion of the required experience.

(6) Appraisal work qualifying for appraisal experience includes, but is not limited to, the following: Fee and staff appraisal, ad valorem tax appraisal, appraisal review, appraisal analysis, appraisal consulting, highest and best use analysis, feasibility analysis/study.

(7) The department may require a supervisory appraiser to certify, under penalty of perjury, the applicant's work experience.

(8) The department may request written reports or work files to verify an applicant's experience.

(9) As an alternative means to satisfy the experience requirements of this section, applicants may complete a Practical Applications of Real Estate Appraisal (PAREA) program. PAREA programs must be approved by the Appraiser Qualification Board prior to the program's administration.

(a) Participants may not receive partial credit for a Practical Applications of Real Estate Appraisal program.

(b) Participants may not receive a certificate of completion until all required components of the Practical Applications of Real Estate Appraisal program have been successfully completed and approved by a program mentor.

(c) Experience hours gained from Practical Applications of Real Estate Appraisal programs are exempt from state locality requirements outlined in WAC 308-125-020(2), 308-125-040(3), and 308-125-045(3).

(d) Participants who complete a Licensed Residential Practical Applications of Real Estate Appraisal program may apply their certificate of completion in the following ways:

(i) A Licensed Residential PAREA certificate of completion may satisfy up to 100 percent of the required experience hours for the Licensed Residential classification.

(ii) A Licensed Residential PAREA certificate of completion may satisfy up to 67 percent of the required experience hours for the Certified Residential classification.

(iii) A Licensed Residential PAREA certificate of completion may satisfy up to 33 percent of the required experience hours for the Certified General classification, none of which is eligible towards the required nonresidential hours.

(e) Participants who complete a Certified Residential Practical Applications of Real Estate Appraisal program may apply their certificate of completion in the following ways:

(i) A Certified Residential PAREA certificate of completion may satisfy up to 100 percent of the required experience hours for the Licensed Residential classification.

(ii) A Certified Residential PAREA certificate of completion may satisfy up to 100 percent of the required experience hours for the Certified Residential classification.

(iii) A Certified Residential PAREA certificate of completion may satisfy up to 50 percent of the required experience hours for the Certified General classification, none of which is eligible towards the required nonresidential hours.