

REQUEST FOR TECHNICAL CHANGE

AGENCY: Appraisal Board

RULE CITATION: 21 NCAC 57A .0407

DEADLINE FOR RECEIPT: Wednesday, December 10, 2014

NOTE WELL: This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Lines 13, the form referenced in this Rule is requiring certification of specific statements. That information must also be included in this Rule. Consider including language like the following:

The supervisor shall certify the status of disciplinary actions over the past three years and whether he or she is subject to any pending litigation. Copies of this information shall be submitted to the Board with the Supervisor Declaration Form.

Pursuant to line 17, add 93E-1-12 to the history note.

Page 2, line 2, how is it known that the trainee is "competent"? Please clarify.

Page 2, line 2, delete "provided"

Page 2, line 8, add "property" after "subject"

Page 2, line 9, replace "The" with "A" Is the use of the Board's log mandatory?

Page 2, line 15, how does the trainee "assure" receipt of a document by the Board? Please clarify.

Page 2, lines 28 through 31, please fix the line spacing

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Abigail M. Hammond
Commission Counsel

Date submitted to agency: Wednesday, November 26, 2014

1 21 NCAC 57A .0407 is amended as published in 29:03 NCR 257 as follows:

2
3 **21 NCAC 57A .0407 SUPERVISION OF TRAINEES**

4 (a) A certified real estate appraiser may engage a registered trainee to assist in the performance of real estate
5 appraisals, provided that the appraiser:

- 6 (1) has been certified for at least three years;
- 7 (2) has no more than three trainees working under him or her at any one time. A certified residential
8 appraiser may have two trainees working under his or her supervision at any one time. Once at
9 least one of those trainees has completed 50 percent of the required appraisal experience to
10 upgrade, a certified residential appraiser may add another trainee. A certified general appraiser
11 may have three trainees working under his or her supervision. Prior to the date any trainee begins
12 performing appraisals under his or her supervision, the supervisor ~~must~~ shall inform the Board of
13 the name of the trainee by filing a Supervisor Declaration Form with the Board. The form may
14 be found on the Board's website at www.ncappraisalboard.org. The supervisor ~~must~~ shall also
15 inform the Board when a trainee is no longer working under his or her supervision by using the
16 Supervisor Declaration Form;
- 17 (3) actively and personally supervises the trainee on all appraisal reports and appraisal related
18 activities until the trainee is no longer under his or her supervision;
- 19 (4) reviews all appraisal reports and supporting data used in connection with appraisals in which the
20 services of a trainee is utilized, and assures that research of general and specific data has been
21 adequately conducted and properly reported, application of appraisal principles and methodologies
22 has been properly applied, that the analysis is sound and adequately reported, and that any
23 analysis, opinions, or conclusions are adequately developed and reported so that the appraisal
24 report is not misleading;
- 25 (5) complies with all provisions of Rule .0405 of this Section regarding appraisal reports;
- 26 (6) reviews and signs the trainee's log of appraisals, which must be updated at least every 30 days. In
27 addition, the supervisor ~~must~~ shall make available to the trainee a copy of every appraisal report
28 where the trainee performs more than 75 percent of the work on the appraisal; and
- 29 (7) has not received any disciplinary action regarding his or her appraisal license or certificate from
30 the State of North Carolina or any other state within the previous three years. For the purposes of
31 this Section, disciplinary action means an active suspension, a downgrade of a credential, a
32 revocation, or any other action that affects a supervisor's ability to engage in appraisal
33 practice.

34 (b) Active and personal supervision includes direction, guidance, and support from the supervisor. The supervising
35 appraiser shall have input into and full knowledge of the appraisal report prior to its completion, and shall make any
36 necessary and appropriate changes to the report before it is transmitted to the client. In addition, the supervisor shall
37 accompany the trainee on the inspections of the subject property on the first 50 appraisal assignments or the first
38 1500 hours of experience, whichever comes first, for which the trainee will perform more than 75 percent of the

1 work. After that point, the trainee may perform the inspections without the presence of the supervisor provided that
2 the trainee is competent to perform those inspections, and provided that the subject property is less than 50 miles
3 from the supervisor's primary business location. The supervisor ~~must~~ shall accompany the trainee on all inspections
4 of subject properties that are located more than 50 miles from the supervisor's primary business location.

5 (c) The trainee ~~must~~ shall maintain a log on a form that includes each appraisal performed by the trainee, the type of
6 property appraised, type of appraisal performed, complete street address of the subject property, the date the report
7 was signed, the experience hours claimed, the name of the supervisor for that appraisal, the supervisor's license or
8 certificate number, and whether the supervisor accompanied the trainee on the inspection of the subject. The
9 log ~~must~~ shall show all appraisals performed by the trainee and ~~must~~ shall be updated at least every 30 days. The log
10 form is available on the Board's website at www.ncappraisalboard.org.

11 (d) ~~All trainees and any~~ An appraiser who wishes to supervise a trainee ~~must~~ shall attend an education program
12 regarding the role of a supervisor before such supervision begins. This course shall be taught only by instructors
13 approved by the Board in accordance with 21 NCAC 57B .0614. ~~A trainee shall not receive experience credit for~~
14 ~~any appraisals performed before the trainee has taken the course.~~

15 (e) Trainees ~~must~~ shall assure that the Appraisal Board has received the Supervisor Declaration Form on or before
16 the day the trainee begins assisting the supervising appraiser. The form may be found on the Board's website
17 at www.ncappraisalboard.org. Trainees shall not receive appraisal experience credit for appraisals performed in
18 violation of this Paragraph.

19 (f) Supervising appraisers shall not be employed by a trainee or by a company, firm, or partnership in which the
20 trainee has a controlling interest.

21 (g) If a trainee signs an appraisal report or provides significant professional assistance in the appraisal process and
22 thus is noted in the report as having provided such assistance, the appraiser signing the report shall have notified the
23 Appraisal Board before the appraisal is signed that he or she is the supervisor for the trainee. If more than one
24 appraiser signs the report, the appraiser with the highest level of credential ~~must~~ shall be the declared supervisor for
25 the trainee. If all appraisers signing the report have the same level of credential, at least one of them ~~must~~ shall be
26 declared as the trainee's supervisor before the report is signed.

27
28 *History Note:* Authority G.S. 93E-1.6.1; 93E-1-10;
29 Eff. July 1, 1994;
30 Amended Eff. January 1, 2015; July 1, 2014; January 1, 2013; July 1, 2010; September 1, 2008;
31 January 1, 2008; March 1, 2007; March 1, 2006; July 1, 2005; August 1, 2002; April 1, 1999.

REQUEST FOR TECHNICAL CHANGE

AGENCY: Appraisal Board

RULE CITATION: 21 NCAC 57B .0101

DEADLINE FOR RECEIPT: Wednesday, December 10, 2014

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In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Lines 4, 6, 7, 8, and 10, delete "a minimum of"

Line 8, based upon the requirement of 90 hours, is the "30" on this line accurate? Please clarify.

Line 9, please correct the alignment.

Line 13, define or delete "immediately"

Line 14, add "by the applicant" after the "Board"

Line 18, replace "have been" with "be"

Line 18, replace "will" with "shall"

Line 20, add "by the Board" after "granted"

Line 20, replace "supervisor/trainee" with "supervisor" as 21 NCAC 57A .0407(d) is being amended to delete "trainees."

*Line 21, add a cross reference to 21 NCAC 57A .0407(d) after "Board", such as "as set forth in 21 NCAC 57A .0407(d)." ****For future rulemaking, please note that the citation within 21 NCAC 57B .0614(a) is incorrect.***

Lines 23 through 26, please fix the line spacing

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Abigail M. Hammond
Commission Counsel

Date submitted to agency: Wednesday, November 26, 2014

1 21 NCAC 57B .0101 is amended as published in 29:03 NCR 258 as follows:

2

3 **21 NCAC 57B .0101 REGISTERED TRAINEE COURSE REQUIREMENTS**

4 (a) Each applicant for registration as a trainee shall complete a minimum of 90 hours of precertification education,
5 consisting of the following;

6 (1) A minimum of 30 hours in Basic Appraisal Principles;

7 (2) A minimum of 30 hours in Basic Appraisal Procedures;

8 (3) A minimum of 15 hours in Residential Market Analysis and Highest and Best Use or 30 hours in General
9 Appraiser Market Analysis and Highest and Best Use; and

10 (4) A minimum of 15 hours in The Uniform Standards of Professional Appraisal Practice (USPAP).

11 (b) Credit for these courses ~~must~~ shall be earned from a Board-approved course sponsor or school and all course
12 content shall be approved by the Appraisal Board in accordance with the rules in this Subchapter. These
13 courses ~~must~~ shall be completed within the five-year period immediately preceding the date when application for
14 registration is made to the Board.

15 (c) Basic Appraisal Principles shall be a prerequisite to taking Basic Appraisal Procedures, and Basic Appraisal
16 Procedures shall be a prerequisite to taking either Residential or General Market Analysis and Highest and Best Use.
17 The 15 hour USPAP course may be taken any time after the successful completion of Basic Appraisal Procedures.

18 (d) These four courses ~~must~~ shall have been obtained in a classroom setting. No credit will be given for these
19 courses taken by any other method, such as correspondence school courses or on-line courses.

20 (e) Before the application may be granted, the applicant shall complete the supervisor/trainee course developed by
21 the North Carolina Appraisal Board.

22

23 *History Note: Authority G.S. 93E-1-6(a); 93E-1-8(a); 93E-1-10;*
24 *Eff. July 1, 1994;*

25 *Amended Eff. January 1, 2015; January 1, 2013; July 1, 2010; September 1, 2008; January 1,*
26 *2008; July 1, 2005; July 1, 2003; August 1, 2002.*

REQUEST FOR TECHNICAL CHANGE

AGENCY: Appraisal Board

RULE CITATION: 21 NCAC 57B .0603

DEADLINE FOR RECEIPT: Wednesday, December 10, 2014

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Line 9, replace "involve a minimum of" with "include"

Line 10, what is meant by "acceptable" subject matter? Please clarify.

Line 12, replace "may" with "shall"

Lines 17 and 19, define or delete "directly"

Line 23, please correct the citation. Consider "Rule .0606(11) of this Section." to be consistent.

Lines 35 and 38, replace "must" with "shall"

Page 2, lines 8 through 9, what is an example of when conditions are not required to be met in advance? Please clarify.

Page 2, line 9, replace "must" with "shall"

Page 2, line 15, replace "have received approval from" with "be approved by"

Page 2, lines 18 and 19, please fix the citation spacing

Page 3, lines 1 through 4, please fix the line spacing

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Abigail M. Hammond
Commission Counsel

Date submitted to agency: Wednesday, November 26, 2014

1 21 NCAC 57B .0603 is amended as published in 29:03 NCR 257 as follows:

2
3 **21 NCAC 57B .0603 CRITERIA FOR COURSE APPROVAL**

4 The following requirements ~~must~~ shall be satisfied in order for course sponsors to obtain approval of a course for
5 appraiser continuing education credit:

- 6 (1) The subject matter of the course ~~must~~ shall comply with the requirements of Rule .0204 of
7 Subchapter 57A and the information to be provided in the course ~~must~~ shall be both accurate and
8 current.
- 9 (2) The course ~~must~~ shall involve a minimum of three and one-half classroom hours of instruction on
10 acceptable subject matter. A classroom hour consists of 50 minutes of classroom instruction and
11 10 minutes of break time. Instruction ~~must~~ shall be given for the full number of hours for which
12 credit is given. Instructors may not accumulate unused break time to end the class early.
- 13 (3) The course instructor(s) ~~must~~ shall:
- 14 (a) possess the fitness for licensure required of applicants for trainee registration, real estate
15 appraiser ~~licensure~~ licensure, or certification; and
- 16 (b) either:
- 17 (i) two years' full-time experience that is directly related to the subject matter to be
18 taught;
- 19 (ii) a baccalaureate or higher degree in a field that is directly related to the subject
20 matter to be taught;
- 21 (iii) two years' full-time experience teaching the subject matter to be taught;
- 22 (iv) an equivalent combination of such education and experience; or
- 23 (v) be approved by the Board pursuant to 57B. 0606(11).
- 24 (4) If two or more instructors shall be utilized to teach a course during the approval period and the
25 course shall be taught in states other than North Carolina, it is sufficient for the course sponsor to
26 show that it has minimum instructor requirements comparable to these requirements. The inquiry
27 into fitness shall include consideration of whether the instructor has had any disciplinary action
28 taken on his or her appraisal license or any other professional license in North Carolina or any
29 other state, or whether the instructor has been convicted of or pleaded guilty to any criminal act.
- 30 (5) The course ~~must~~ shall be one involving a qualified instructor who, except as noted in Item (6) of
31 this Rule, shall be physically present in the classroom at all ~~times~~ times, and who shall personally
32 provide the instruction for the course. The course instructor may utilize videotape instruction,
33 remote television ~~instruction~~ instruction, or similar types of instruction by other persons to
34 enhance or supplement his or her personal instruction; however, such other persons shall not be
35 considered to be the course instructor and the course instructor must be physically present when
36 such indirect instruction by other persons is being utilized. No portion of the course may consist
37 of correspondence instruction. The instructor must comply with Rule .0306(c) of this Subchapter.
38 Instructors for the National USPAP courses must be certified by the Appraiser Qualifications

1 Board of the Appraisal Foundation. Current Appraisal Board members shall not teach continuing
2 education courses during their term of office on the Board.

- 3 (6) ~~A trainee or appraiser may receive up to 14 hours of credit every two years in the period ending~~
4 ~~on- June 1 of each odd numbered year for participation in a course offered on line via the Internet. A~~
5 sponsor seeking approval of a computer-based education course ~~must shall~~ provide the Board
6 access to the course via the internet at a date and time satisfactory to the Board and the Board shall
7 not be charged any fee for such access. To be approved for credit, an on-line course ~~must shall~~
8 meet all of the conditions imposed by the Rules in this Subchapter in advance, except where
9 otherwise noted. The course must be interactive, permitting the participant to communicate, via
10 telephone, electronic mail, or a website bulletin board, with the presenter and other participants.
11 The sponsor of an on-line course ~~must shall~~ have a reliable method for recording and verifying
12 attendance. A participant may periodically log on and off of an on-line continuing education
13 course provided the total time spent participating in the course is equal to or exceeds the credit
14 hours assigned to the program. The course design and delivery mechanism for an on-line course
15 offered on the Internet ~~must shall~~ have received approval from the International Distance
16 Education Certification Center (IDECC). Information about the IDECC may be found on their
17 website at www.idecc.org. A course completion certificate ~~must shall~~ be forwarded to
18 the student as stated in Rule .0607 of this Section, and a course roster ~~must shall~~ be sent to the
19 Appraisal Board in accordance with Rule .0608 of this Section.
- 20 (7) The course ~~must shall~~ be an educational program intended to improve the knowledge, skill and
21 competence of trainees, and licensed and certified real estate appraisers. ~~Activities not eligible for~~
22 ~~approval as a continuing education course include in-house training programs of a firm,~~
23 ~~organization or agency, trade conferences or similar activities.~~
- 24 (8) The course sponsor ~~must shall~~ certify that the course shall be conducted in accordance with the
25 operational requirements stated in Rule .0606 of this Section and that the course sponsor will
26 comply with all other applicable rules contained in this Section.
- 27 (9) The course title ~~may shall~~ not include the words "Uniform Standards of Professional Appraisal
28 Practice" or "USPAP" unless the course is either the 15 hour National USPAP course or the 7 hour
29 National USPAP update course. If the course is the 7 hour National USPAP course, the course
30 title ~~must shall~~ state which edition of USPAP will be taught in that specific course.
- 31 (10) Each course ~~must shall~~ utilize a textbook or course materials that have been approved by the
32 Board.
- 33 (11) If the course content is related to technology, such as software, hardware, electronic devices,
34 manuals, or databases, the course shall be developed specifically for utilization in the real estate
35 appraisal business in order to be approved for continuing education credit. Such courses shall not
36 require the student to purchase specific products, and shall not use the course to sell or advertise
37 particular products or software.

1 *History Note:* Authority G.S. 93E-1-8(c); 93E-1-10;
2 Eff. July 1, 1994;
3 Amended Eff. January 1, 2015; July 1, 2010; January 1, 2008; March 1, 2007; March 1, 2006;
4 July 1, 2005; July 1, 2003; August 1, 2002.