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REAL ESTATE APPRAISAL BOARD

NOTICE OF HEARING ON PROPOSED ADMINISTRATIVE REGULATIONS

A public hearing will be conducted at 10:00 a.m. on Tuesday, October 9, 2018, at Jayhawk Tower, 700 SW Jackson, Ste. 804, Topeka, KS 66603, to consider the adoption of K.A.R. 117-2-1, 117-2-2, 117-3-2, 117-4-1, 117-4-2, and 117-5-1.

This 60-day notice of public hearing shall constitute a public comment period for receiving written public comments on the proposed regulations. All interested parties may submit written comments prior to the hearing to the Kansas Real Estate Appraisal Board, Jayhawk Tower, 700 SW Jackson, Ste. 804, Topeka, KS 66603 or cheryl.magathan@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulation during the hearing. To give all parties an opportunity to present their views, it may be necessary to request each participant to limit any oral presentation to five minutes.

Any individual with a disability may request accommodation to participate in the public hearing and may request the proposed regulation and economic impact statement in an accessible format. Requests for accommodation should be made at least five working days in advance of the hearing by contacting Sally Pritchett at (785) 296-6736 or cheryl.magathan@ks.gov.

The proposed regulation amendments are for adoption on a permanent basis. A summary of the proposed amendments to the regulation and the economic impact follows:

117-2-1. Licensed classification; education requirements. This regulation is being amended to remove the college level education from this classification.

There will be no economic impact to this agency, other governmental agencies or units, or existing appraisers. There could, however, be a savings to applicants for this classification in the removal of the college level education, resulting in a one-time possible savings of $17,224.80.

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117-2-2. Licensed classification; appraisal experience requirement. This regulation is being amended to modify both the hours of appraisal experience required for this classification, as well as the minimum time frame in which those hours may be accrued. We have also reduced the maximum number of alternate appraisal experience hours allowed. There is an update to the "experience hours table" adopted by reference in (d)(2).

There will be no economic impact to this agency, other governmental agencies or units, or existing appraisers. There could, however, be a savings to applicants for this classification in the reduction of the number of experience hours required, as well as the minimum time in which they must work under the supervision of a certified appraiser. This possible savings is estimated at $1,425.

117-3-2. General classification; appraisal experience requirement. This regulation is being amended to reduce the minimum time in which an applicant must accrue their experience hours.

There will be no economic impact to this agency, or other governmental agencies or units. There could, however, be a savings to applicants or appraiser upgrades to this classification in reducing the minimum time in which they must work under the supervision of a certified appraiser. Due to variables involved with commercial, agricultural, and industrial appraisals, no figure can be estimated.

117-4-1. Residential classification; education requirements. This regulation is being amended to provide applicants with options for meeting the college level education, as well as allowing an alternative to the college level education for state licensees to upgrade.

There will be no economic impact to this agency, or other governmental agencies or units. There could, however, be a substantial savings to state licensees upgrading to this classification allowing their experience in lieu of the college level education. The possible savings is estimated at

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$34,496.60. The possible savings for new applicants or state licensed appraisers who do not meet the criteria set out in 117-4-1(e) is estimated at $17,224.80.

117-4-2. Residential classification; appraisal experience requirement. This regulation is being amended to reduce both the number of experience hours as well as the minimum time frame in which those hours must be accrued. There is also a reduction in the number of alternate experience hours which may be used.

There will be no economic impact to this agency, or other governmental agencies or units. There could, however, be a substantial savings to state licensees to upgrade to this classification, as well as new applicants in the reduction of the number of experience hours which must be met, and the minimum time frame in which those hours must be accrued. This possible savings is estimated at $1,425.

117-5-1. Provisional classification; education requirements. This regulation is being amended to reflect the changes to 117-2-1, 3-1, and 4-1 in the qualifying education and/or college level education that must be met.

There will be no economic impact to this agency, other governmental agencies or units, or appraisers. There could, however, be a substantial savings to new applicants in the changes to the college level education required in 117-2-1 and 3-1, as well as the reduction of experience hours in 117-2-2 and 3-2 and the reduction of the minimum time frame in which those hours must be accrued in 117-2-2, 3-2, and 4-2. The possible savings would be the same as those shown in 117-2-2, 3-2, and 4-2.

Copies of these regulations and the economic impact statement may be obtained by going to the Board's website at http://www.kansas.gov/kreab and clicking on Regulations and Statutes. You may also contact the Kansas Real Estate Appraisal Board for copies at:

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http://www.kansas.gov/kreab (website)

Sally Pritchett

Executive Director

July 30, 2018

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117-2-1. Licensed classification; education requirements. (a) Each applicant shall meet the following requirements:

(1) ~~Have successfully completed 30 semester hours of college-level coursework from an accredited college, junior college, community college, or university. The college or university shall be a degree-granting institution accredited by the commission on colleges or an accrediting agency that is recognized by the U.S. secretary of education or the Kansas board of regents. If an accredited college or university accepts the college-level examination program (CLEP) and any related examination and issues a transcript for the examination, indicating the approval of the college or university, the examination shall be considered as credit for the college course. Each applicant holding an associate's degree, or higher, from an accredited college, junior college, community college, or university shall have met the requirement specified in this paragraph;~~

~~(2)~~ Have received credit for 150 classroom hours in the following subjects, as specified:

(A) 30 classroom hours in basic appraisal principles;

(B) 30 classroom hours in basic appraisal procedures;

(C) 15 classroom hours in the national uniform standards of professional appraisal practice (USPAP) course or its equivalent. The applicant shall be required to pass this examination. There shall be no alternative to successful completion of the USPAP course and examination;

(D) 15 classroom hours in market analysis and highest and best use;

(E) 15 classroom hours in residential appraisal site valuation and cost approach;

(F) 30 classroom hours in residential sales comparison and income approaches; and

(G) 15 classroom hours in residential report writing and case studies; and

~~(3)~~ (2) provide evidence, satisfactory to the board, of one of the following:

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(A) Successful completion of courses approved by the board as specified in paragraph ~~(a)(2)~~ (a)(1); or

(B) successful completion of courses not approved by the board, with evidence that the education covered all of the requirements specified in paragraph ~~(a)(2)~~ (a)(1).

(b) Credit toward the education requirements specified in ~~paragraphs~~ paragraph (a)(1) ~~and (2)~~ may also be obtained by completing a degree in real estate from an accredited degree-granting college or university approved by the association to advance collegiate schools of business or a national accreditation agency recognized by the U.S. secretary of education or Kansas board of regents if the college or university has had its curriculum reviewed and approved by the appraiser qualifications board (AQB).

(c) Classroom hours may be obtained only if both of the following conditions are met:

(1) The minimum length of the educational offering is at least 15 classroom hours.

(2) The applicant successfully completes an approved closed-book examination pertinent to that educational offering.

(d) A distance education course may be deemed to meet the classroom hour requirement specified in paragraph ~~(a)(2)~~ (a)(1) if all of the following conditions are met:

(1) The course provides an environment in which the student has verbal or written communication with the instructor.

(2) The sponsor obtains course content approval from any of the following:

(A) The appraiser qualifications board;

(B) an appraiser licensing or certifying agency in this or any other state; or

(C) an accredited college, community college, or university that offers distance education programs and is approved or accredited by the commission on colleges, a regional or national

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accreditation association, or an accrediting agency that is recognized by the U.S. secretary of education or the Kansas board of regents. Each non-academic credit college course provided by a college shall be approved by the appraiser qualifications board or the appraiser licensing or certifying agency in this or any other state.

(3) The course design and delivery are approved by one of the following sources:

(A) An appraiser qualifications board-approved organization;

(B) a college that qualifies for course content approval as specified in paragraph (d)(2)(C) and awards academic credit for the distance education course; or

(C) a college that qualifies for course content approval as specified in paragraph (d)(2)(C) with a distance education delivery program that approves the course design and includes a delivery system incorporating interactivity.

(e) Each distance education course intended for use as qualifying education shall include a written examination proctored by an official approved by the college or university or by the sponsor.

(f) Any applicant who has completed two or more courses generally comparable in content, meaning topics covered, may receive credit only for the longest of the comparable courses completed. The national uniform standards of professional appraisal practice (USPAP) course ~~(USPAP)~~ taken in different years shall not be considered repetitive.

~~This regulation shall be effective on and after January 1, 2015.~~ (Authorized by and implementing K.S.A. 58-4109; effective Jan. 21, 1991; amended, T-117-6-10-91, June 10, 1991; amended Aug. 5, 1991; amended May 24, 1993; amended Jan. 9, 1998; amended March 26, 1999; amended May 23, 2003; amended Jan. 1, 2008; amended April 16, 2010; amended Jan. 1, 2015; amended P-_____.)

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117-2-2. Licensed classification; appraisal experience requirement. (a)(1) Each applicant for the licensed classification shall have ~~2,000~~ 1,000 hours of appraisal experience obtained in at least ~~12~~ six months.

(2) At least six hours of real property appraisal experience shall be on an improved property.

(3) Acceptable appraisal experience shall include at least ~~1,000~~ 750 hours of real property appraisal experience.

(4) Acceptable appraisal experience may include ~~either of the following:~~

~~(A) 1,000 experience hours in mass appraisal; or~~

~~(B)~~ an aggregate maximum of ~~500~~ 250 experience hours in the following appraisal categories:

(A) Mass appraisal;

~~(i)~~ (B) real estate consulting;

~~(ii)~~ (C) review appraisal;

~~(iii)~~ (D) highest and best use analysis; and

~~(iv)~~ (E) feasibility analysis study.

(5) Experience hours may be granted for appraisals performed without a traditional client. However, appraisal experience gained from work without a traditional client shall not exceed ~~50%~~ 50 percent of the total appraisal experience requirement. Practicum courses that are approved by the appraiser qualifications board's course-approval program or by a state appraiser regulatory agency may also be used to meet the requirement for non-traditional client experience. Each practicum course shall include the generally applicable methods of appraisal practice for the licensed classification. The course content shall include the following:

(A) Requiring the student to produce credible appraisals that utilize an actual subject property;

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(B) performing market research containing sales analysis; and

(C) applying and reporting the applicable appraisal approaches in conformity with the uniform standards of professional appraisal practice.

Each assignment shall require problem-solving skills for a variety of property types for the licensed classification. Experience credit shall be granted for the actual number of classroom hours of instruction and hours of documented research and analysis as awarded from the practicum course approval process.

(6) For the purposes of this regulation, "traditional client" shall mean a client who hires an appraiser for a business purpose.

(b) All appraisal experience shall be in compliance with the uniform standards of professional appraisal practice (USPAP), as required by K.S.A. 58-4121 and amendments thereto. Each applicant's experience shall be appraisal work conforming to standards 1, 2, 3, 5, and 6, in which the applicant demonstrates proficiency in the appraisal principles, methodology, procedures, and reporting conclusions.

(c) The real property appraisal experience requirement specified in paragraph (a)(3) shall be met by time involved in the appraisal process. The appraisal process shall consist of the following:

(1) Analyzing factors that affect value;

(2) defining the problem;

(3) gathering and analyzing data;

(4) applying the appropriate analysis and methodology; and

(5) arriving at an opinion and correctly reporting the opinion in compliance with USPAP.

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(d)(1) In order for the board to determine whether or not the experience requirements have been satisfied, each applicant shall submit appraisal experience log sheets, in a format prescribed by the board, listing the appraisal reports completed by the applicant within the five-year period preceding the date of application. Each appraisal report shall be signed by the applicant or the preparer of the report who supervised the applicant. If the applicant does not sign the appraisal report, the preparer shall indicate whether or not the applicant provided significant professional assistance in the appraisal process.

(2) Each applicant shall maintain a record of the actual number of hours involved in completing an appraisal. Unless the board approves a greater number of experience hours for a particular appraisal based upon the unusually difficult or complex nature of the appraisal, the maximum number of experience hours for each appraisal shall be in accordance with the board's document titled "experience hours table," dated ~~April 25, 2014~~ December 1, 2017, which is hereby adopted by reference.

(3) Each applicant shall maintain a separate log of appraisals completed with each supervising appraiser.

Each page of each supervised experience log shall include the certification number and the signature of the applicant's supervising appraiser, which shall serve as verification of the accuracy of the information.

(e) Upon request of the board, each applicant shall submit at least three appraisal reports selected by the board from the applicant's log sheet and one appraisal report selected by the applicant from the log sheet. The selected appraisal reports shall be reviewed in accordance with standard rule 3 by the board or the board's designee for competency, within the scope of practice

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of the appraisal work authorized for the licensed classification, by using the criteria specified in K.S.A. 58-4109(d) and amendments thereto and, in particular, standards 1 and 2 of the edition of USPAP in effect when the appraisal was performed. Approval of an applicant's experience hours shall be subject to board approval of the requisite number of experience hours and board approval of the selected appraisal reports. (Authorized by and implementing K.S.A. 58-4109; effective Jan. 21, 1991; amended, T-117-6-10-91, June 10, 1991; amended Aug. 5, 1991; amended July 25, 1994; amended June 5, 1995; amended March 7, 1997; amended March 26, 1999; amended Oct. 8, 2004; amended Sept. 1, 2006; amended Jan. 1, 2008; amended April 16, 2010; amended Aug. 24, 2012; amended Aug. 22, 2014; amended Jan. 1, 2015; amended June 17, 2016; amended May 26, 2017; amended P-_____.)

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117-2-2

Experience Hours Table

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The following matrix reflects the maximum allowable hours approved by the Board for the various types of property. **The applicant should claim the actual hours spent completing the assignment; however, these reflect the maximum that is allowed for experience credit.** Document your work file to substantiate the number of hours spent on an assignment.

Licensed and Certified Residential				
Type of Property Appraised	Full Appraisals	Review Appraisals (with field review & separate report)	Review Appraisals (without field review & separate report)	Conservation Easement, Condemnation, or Litigation Appraisals
Single Family	8	8	2	12
Multi-Family (2-4 Units)	16	16	3	24
Vacant Lot (1-4 Units)	4	4	1	6
Farm (Homestead-less than 100 acres)	16	16	3	24

Certified General				
Type of Property Appraised	Full Appraisals	Review Appraisals (with field review & separate report)	Review Appraisals (without field review & separate report)	Conservation Easement, Condemnation, or Litigation Appraisals
Land/Ag* (Point value may be doubled if all 3 approaches to value are used)	24	18	5	36
Residential Multi-Family (5-12 units)	48	36	10	72
Residential Multi-Family (13+ units) (Add 16 hours for proposed project)	64	48	13	96
Commercial-Single-Tenant	48	36	10	72
Commercial-Multi-Tenant (Add 24 hours for proposed project)	80	60	32	120
Industrial or Institutional	64	48	13	96

* If multiple tracts are involved and those tracts have different uses and/or markets, an additional 5 hours per "use/market" may be taken. Each such entry will need to be detailed.

T ..... Tract
DC ..... Dry Cropland
CRP ..... Conservation Reserve Program
IC ..... Irrigated Cropland
PL ..... Pasture Land
MKT ..... Market

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117-3-2. General classification; appraisal experience requirement. (a)(1) Each applicant for the general classification shall have 3,000 hours of appraisal experience obtained over a period of at least ~~30~~ 18 months.

(2) At least six hours of real property appraisal experience shall be on an improved property.

(3) At least 1,500 hours of real property appraisal experience shall have been nonresidential appraisal work. For purposes of this regulation, "residential" shall be defined as residential units for one to four families.

(4) Acceptable appraisal experience shall include at least 1,500 experience hours of real property appraisal experience.

(5) Acceptable appraisal experience may include either of the following:

(A) 1,500 experience hours in mass appraisal; or

(B) an aggregate maximum of 750 experience hours in the following appraisal categories:

(i) Real estate consulting;

(ii) review appraisal;

(iii) highest and best use analysis; and

(iv) feasibility analysis study.

(6) Experience hours may be granted for appraisals performed without a traditional client. However, appraisal experience gained from work without a traditional client shall not exceed ~~50%~~ 50 percent of the total appraisal experience requirement. Practicum courses that are approved by the appraiser qualifications board's course-approval program or by a state appraiser regulatory agency may also be used to meet the requirement for non-traditional client experience. Each

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practicum course shall include the generally applicable methods of appraisal practice for the general classification. The course content shall include the following:

(A) Requiring the student to produce credible appraisals that utilize an actual subject property;

(B) performing market research containing sales analysis; and

(C) applying and reporting the applicable appraisal approaches in conformity with the uniform standards of professional appraisal practice.

Each practicum course assignment shall require problem-solving skills for a variety of property types for the general classification. Experience credit shall be granted for the actual number of classroom hours of instruction and hours of documented research and analysis as awarded from the practicum course approval process.

(7) For the purposes of this regulation, "traditional client" shall mean a client who hires an appraiser for a business purpose.

(b) All appraisal experience shall be in compliance with the uniform standards of professional appraisal practice (USPAP), as required by K.S.A. 58-4121 and amendments thereto. Each applicant's experience shall be appraisal work conforming to standards 1, 2, 3, 5, and 6, in which the applicant demonstrates proficiency in the appraisal principles, methodology, procedures, and report conclusions.

(c) The real property appraisal experience requirement specified in paragraph (a)(4) shall be met by time involved in the appraisal process. The appraisal process shall consist of the following:

(1) Analyzing factors that affect value;

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(2) defining the problem;

(3) gathering and analyzing data;

(4) applying the appropriate analysis and methodology; and

(5) arriving at an opinion and correctly reporting the opinion in compliance with USPAP.

(d)(1) In order for the board to determine whether or not the experience requirements have been met, each applicant shall submit appraisal experience log sheets, in a format prescribed by the board, listing the appraisal reports completed by the applicant within the five-year period preceding the date of application. Each appraisal report shall be signed by the applicant or the preparer of the report who supervised the applicant. If the applicant does not sign the appraisal report, the preparer shall indicate whether or not the applicant provided significant professional assistance in the appraisal process.

(2) Each applicant shall maintain a record of the actual number of hours involved in completing an appraisal. Unless the board approves a greater number of experience hours for a particular appraisal based upon the unusually difficult or complex nature of the appraisal, the maximum number of experience hours for each appraisal shall be in accordance with the board's document titled "experience hours table," which is adopted by reference in K.A.R. 117-2-2.

(3) If an applicant has both supervised experience and unsupervised experience, the applicant shall maintain a separate log of appraisals for each type of experience.

When logging supervised experience, the applicant shall maintain a separate log of appraisals completed with each supervising appraiser. Each page of each supervised experience log shall include the certification number and the signature of that applicant's supervising appraiser, which shall serve as verification of the accuracy of the information.

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(e) Upon request of the board, each applicant shall submit at least three appraisal reports selected by the board from the applicant's log sheet and one appraisal report selected by the applicant from the log sheet. The selected appraisal reports shall be reviewed by the board or the board's designee, in accordance with standard rule 3, for competency within the scope of practice of the appraisal work authorized for the general classification, by using the criteria specified in K.S.A. 58-4109(d) and amendments thereto and, in particular, standard rules 1 and 2 of the edition of USPAP in effect when the appraisal was performed. Approval of an applicant's experience hours shall be subject to board approval of the requisite number of experience hours and board approval of the selected appraisal reports. (Authorized by and implementing K.S.A. 58-4109; effective Jan. 21, 1991; amended, T-117-6-10-91, June 10, 1991; amended Aug. 5, 1991; amended July 25, 1994; amended June 5, 1995; amended March 7, 1997; amended Jan. 9, 1998; amended March 26, 1999; amended Oct. 8, 2004; amended Sept. 1, 2006; amended Jan. 1, 2008; amended April 16, 2010; amended Aug. 24, 2012; amended Aug. 22, 2014; amended Jan. 1, 2015; amended June 17, 2016; amended May 26, 2017; amended P-_____.)

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117-4-1. Residential classification; education requirements. (a) Each applicant shall meet one of the following requirements:

(1) Have a bachelor's degree or higher from an accredited four-year college or university;

(2) have an associate's degree in a field of study related to one of the following:

(A) Business administration;

(B) accounting;

(C) finance;

(D) economics; or

(E) real estate;

(3) successfully complete 30 semester hours of college-level courses in the following subjects, with at least three semester hours in each subject:

(A) English composition;

(B) microeconomics;

(C) macroeconomics;

(D) finance;

(E) algebra, geometry, or higher mathematics;

(F) statistics;

(G) principles of management;

(H) business or real estate law; and

(I) two elective courses in any of the following subjects:

(i) Accounting;

(ii) geography;

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(iii) agricultural economics;

(iv) business management; or

(v) real estate;

(4) successfully complete at least 30 hours of college-level examination program (CLEP) examinations in the following subjects:

(A) English composition;

(B) microeconomics;

(C) macroeconomics;

(D) finance;

(E) algebra, geometry, or higher mathematics;

(F) statistics;

(G) computer science;

(H) principles of management; and

(I) any two of the following:

(i) Accounting;

(ii) geography;

(iii) agricultural economics;

(iv) business management; or

(v) real estate; or

(5) successfully complete any combination of paragraphs (a)(3) and (4) that includes all of the subjects listed in those paragraphs.

(b) Each applicant shall meet the following requirements:

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(1) Have received credit for 200 classroom hours in the following subjects, as specified:

(A) 30 classroom hours in basic appraisal principles;

(B) 30 classroom hours in basic appraisal procedures;

(C) 15 classroom hours in the national uniform standards of professional appraisal practice course or its equivalent;

(D) 15 classroom hours in residential market analysis and highest and best use;

(E) 15 classroom hours in the residential appraiser site valuation and cost approach;

(F) 30 classroom hours in residential sales comparison and income approaches;

(G) 15 classroom hours in residential report writing and case studies;

(H) 15 classroom hours in statistics, modeling, and finance;

(I) 15 classroom hours in advanced residential applications and case studies; and

(J) 20 classroom hours in appraisal subject matter electives, which may include hours over the minimum specified in ~~paragraphs (a)(2)(A) through (I)~~ paragraph (b)(1); and

~~(3)~~ (2) provide evidence, satisfactory to the board, of one of the following:

(A) Successful completion of courses approved by the board as specified in paragraph ~~(a)(2)~~ (b)(1); or

(B) successful completion of courses not approved by the board, with evidence that the education covered all of the requirements specified in paragraph ~~(a)(2)~~ (b)(1).

~~(b)~~ (c) Credit toward the education requirements specified in paragraph ~~(a)(2)~~ (b)(1) may also be obtained by completing a degree in real estate from an accredited degree-granting college or university approved by the association to advance collegiate schools of business or a regional or national accreditation agency recognized by the U.S. secretary of education if the college or

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university has had its curriculum reviewed and approved by the appraiser qualifications board (AQB).

~~(c)~~ (d) Classroom hours may be obtained only if both of the following conditions are met:

(1) The length of the educational offering is at least 15 classroom hours.

(2) The applicant successfully completes an approved closed-book examination pertinent to that educational offering.

~~(d)~~ (e) Any appraiser holding a valid state license as a real property appraiser may meet the educational requirements for the certified residential classification by performing the following:

(1)(A) Satisfying the college-level educational requirements as specified in ~~paragraph (a)(1)~~ subsection (a); ~~and~~ or

(B) having a state license for at least five years immediately preceding the date of application if there has been no final adjudicated disciplinary action affecting the state licensed appraiser's legal eligibility to engage in appraisal practice; and

(2) completing an additional 50 ~~educational~~ hours of classroom or distance education, or both in the following subjects:

(A) 15 hours of statistics, modeling, and finance;

(B) 15 hours of advanced residential applications and case studies; and

(C) 20 hours of appraisal subject matter electives.

~~(e)~~ (f) The 200 classroom hours specified in paragraph ~~(a)(2)~~ (b)(1) may include a portion of the 150 classroom hours required for the licensed classification.

~~(f)~~ (g) A distance education course may be deemed to meet the classroom hour requirement specified in paragraph ~~(a)(2)~~ (b)(1) if all of the following conditions are met:

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(1) The course provides an environment in which the student has verbal or written communication with the instructor.

(2) The sponsor obtains course content approval from any of the following:

(A) The appraiser qualifications board;

(B) an appraiser licensing or certifying agency in this or any other state; or

(C) an accredited college, community college, or university that offers distance education programs and is approved or accredited by the commission on colleges, a regional or national accreditation association, or an accrediting agency that is recognized by the U.S. secretary of education. Each non-academic credit college course provided by a college shall be approved by the appraiser qualifications board or the appraiser licensing or certifying agency in this or any other state.

(3) The course design and delivery are approved by one of the following sources:

(A) An appraiser qualifications board-approved organization;

(B) a college that qualifies for course content approval as specified in paragraph ~~(f)(2)(C)~~ (g)(2)(C) and awards academic credit for the distance education course; or

(C) a college that qualifies for course content approval as specified in paragraph ~~(f)(2)(C)~~ (g)(2)(C) with a distance education delivery program that approves the course design and includes a delivery system incorporating interactivity.

~~(g)~~ (h) Each distance education course intended for use as qualifying education shall include a written examination proctored by an official approved by the college or university or by the sponsor.

~~(h)~~ (i) Any applicant who has completed two or more courses generally comparable in content, meaning topics covered, may receive credit only for the longest of the comparable courses

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completed. The national uniform standards of professional appraisal practice (USPAP) course taken in different years shall not be considered repetitive. (Authorized by and implementing K.S.A. 58-4109; effective Jan. 21, 1991; amended, T-117-6-10-91, June 10, 1991; amended Aug. 5, 1991; amended May 24, 1993; amended Jan. 1, 1994; amended Jan. 9, 1998; amended March 26, 1999; amended May 23, 2003; amended Jan. 1, 2008; amended July 10, 2009; amended April 16, 2010; amended Jan. 1, 2015; amended June 17, 2016; amended P-_____.)

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117-4-2. Residential classification; appraisal experience requirement. (a)(1) Each applicant for the residential classification shall have ~~2,500~~ 1,500 hours of appraisal experience obtained over a period of at least ~~24~~ 12 months.

(2) At least six hours of real property appraisal experience shall be on an improved property.

(3) Acceptable appraisal experience shall include at least ~~1,250~~ 1,125 experience hours of real property appraisal experience.

(4) Acceptable appraisal experience may include ~~either of the following:~~

~~(A) 1,250 experience hours in mass appraisal; or~~

~~(B)~~ an aggregate maximum of ~~625~~ 375 experience hours in the following appraisal categories:

(A) Mass appraisal;

~~(i)~~ (B) real estate consulting;

~~(ii)~~ (C) review appraisal;

~~(iii)~~ (D) highest and best use analysis; and

~~(iv)~~ (E) feasibility analysis study.

(5) Experience hours may be granted for appraisals performed without a traditional client. However, appraisal experience gained from work without a traditional client shall not exceed ~~50%~~ 50 percent of the total appraisal experience requirement. Practicum courses that are approved by the appraiser qualifications board's course-approval program or by a state appraiser regulatory agency may also be used to meet the requirement for non-traditional client experience. Each practicum course shall include the generally applicable methods of appraisal practice for the residential classification. The course content shall include the following:

(A) Requiring the student to produce credible appraisals that utilize an actual subject property;

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(B) performing market research containing sales analysis; and

(C) applying and reporting the applicable appraisal approaches in conformity with the uniform standards of professional appraisal practice.

Each assignment shall require problem-solving skills for a variety of property types for the residential classification. Experience credit shall be granted for the actual classroom hours of instruction and hours of documented research and analysis as awarded from the practicum course approval process.

(6) For the purposes of this regulation, "traditional client" shall mean a client who hires an appraiser for a business purpose.

(b) All appraisal experience shall be in compliance with the uniform standards of professional appraisal practice (USPAP), as required by K.S.A. 58-4121 and amendments thereto. Each applicant's experience shall be appraisal work conforming to standards 1, 2, 3, 5, and 6, in which the applicant demonstrates proficiency in the appraisal principles, methodology, procedures, and report conclusions.

(c) The real property appraisal experience requirement specified in paragraph (a)(3) shall be met by time involved in the appraisal process. The appraisal process shall consist of the following:

(1) Analyzing factors that affect value;

(2) defining the problem;

(3) gathering and analyzing data;

(4) applying the appropriate analysis and methodology; and

(5) arriving at an opinion and correctly reporting the opinion in compliance with USPAP.

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(d)(1) In order for the board to determine whether or not the experience requirements have been met, each applicant shall submit appraisal experience log sheets, in a format prescribed by the board, listing the appraisal reports completed by the applicant within the five-year period preceding the date of application. Each appraisal report shall be signed by the applicant or the preparer of the report who supervised the applicant. If the applicant does not sign the appraisal report, the preparer shall indicate whether or not the applicant provided significant professional assistance in the appraisal process.

(2) Each applicant shall maintain a record of the actual number of hours involved in completing an appraisal. Unless the board approves a greater number of experience hours for a particular appraisal based upon the unusually difficult or complex nature of the appraisal, the maximum number of experience hours for each appraisal shall be in accordance with the board's document titled "experience hours table," which is adopted by reference in K.A.R. 117-2-2.

(3) Each applicant shall maintain a separate log of appraisals for supervised experience and for unsupervised experience.

When logging supervised experience, the applicant shall maintain a separate log of appraisals completed with each supervising appraiser. Each page of each supervised experience log shall include the certification number and the signature of that applicant's supervising appraiser, which shall serve as verification of the accuracy of the information.

(e) Upon request of the board, each applicant shall submit at least three appraisal reports selected by the board from the applicant's log sheet and one appraisal report selected by the applicant from the log sheet. The selected appraisal reports shall be reviewed by the board or the board's designee, in accordance with standard rule 3 for competency within the scope of practice

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of the appraisal work authorized for the residential classification, by using the criteria specified in K.S.A. 58-4109(d) and amendments thereto and, in particular, standard rules 1 and 2 of the edition of USPAP in effect when the appraisal was performed. Approval of an applicant's experience hours shall be subject to board approval of the requisite number of experience hours and board approval of the selected appraisal reports. (Authorized by and implementing K.S.A. 58-4109; effective, T-117-6-10-91, June 10, 1991; effective Aug. 5, 1991; amended July 25, 1994; amended June 5, 1995; amended March 7, 1997; amended Jan. 9, 1998; amended March 26, 1999; amended Oct. 8, 2004; amended Sept. 1, 2006; amended Jan. 1, 2008; amended April 16, 2010; amended Aug. 24, 2012; amended Aug. 22, 2014; amended Jan. 1, 2015; amended June 17, 2016; amended May 26, 2017; amended P-_____.)

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117-5-1. Provisional classification; education requirements. In order to be eligible for the provisional classification, each applicant shall meet the education requirements specified in the following:

(a) ~~K.A.R. 117-2-1(a)(1),~~ K.A.R. 117-3-1(a)(1)~~,~~ or K.A.R. 117-4-1(a)(1) through (5); and

(b) within the five years preceding the date of application, K.A.R. ~~117-2-1(a)(2)~~ 117-2-1(a)(1), K.A.R. 117-3-1(a)(2), or K.A.R. ~~117-4-1(a)(2)~~ 117-4-1(b)(1).

~~This regulation shall be effective on and after January 1, 2015.~~ (Authorized by and implementing K.S.A. 58-4109; effective Aug. 15, 1994; amended April 24, 1998; amended Sept. 1, 2006; amended Jan. 1, 2015; amended P-_____.)

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Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget

K.A.R. Number(s) 117-2-1, 2-2, 3-2, 4-1, 4-2, and 5-1

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt along with the following to the Division of the Budget.

I. Brief description of the proposed rule(s) and regulation(s).

117-2-1. Licensed classification; education requirements. This regulation is being amended to remove the college level education from this classification.
117-2-2. Licensed classification; appraisal experience requirement. This regulation is being amended to modify both the hours of appraisal experience required for this classification, as well as the minimum time frame in which those hours may be accrued. We have also reduced the maximum number of alternate experience hours allowed. There is an update to the "experience hours table" adopted by reference in (d)(2).
117-3-2. General classification; appraisal experience requirement. This regulation is being amended to reduce the minimum time in which an applicant may accrue their experience hours.
117-4-1. Residential classification; education requirements. This regulation is being amended to provide applicants with options for meeting the college level education, as well as allowing an alternative to the college level education for state licensees to upgrade.
117-4-2. Residential classification; appraisal experience requirement. This regulation is being amended to reduce both the number of experience hours as well as the minimum time frame in which those hours may be accrued. There is also a reduction in the number of alternate experience hours which may be used.
117-5-1. Provisional classification; education requirements. This regulation is being amended to reflect the changes to 117-2-1, 3-1, and 4-1 in the college level education that must be met.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. ***(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)***

The federal government has oversight over all state appraiser regulatory boards, setting the minimum criteria for each license/certification level. While a state's board may elect to make that criteria more than the minimum, we cannot go below that minimum. The KREAB has elected to use the minimum criteria as set out by the ASC (Appraisal Subcommittee).

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III. **Agency analysis specifically addressing following:**

A. **The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

We do not believe that any one of the changes to the above regulations will restrict business activities, but we do hope that it will encourage more of the public to enter the profession. During FY18, the Board processed 30 new education applications. The removal of the Associates Degree requirement from K.A.R. 117-2-1 (State Licensed classification) would save applicants with no college level education approximately $17,224.80 (average determined by the 2018 Kansas Board of Regents Tuition and Required Fees Report of 8 universities. [Average cost per semester hour - $287.08 x 60 hours = $17,224.80]). The different options for the college level education now offered in 117-4-1 (Certified Residential classification) will vary based on the option that is utilized. A Bachelor's Degree is estimated to cost $34,496.60, as opposed to an Associates Degree at $17,224.80, a savings of $17,224.80. The 30 semester hours in specific subject matter and/or the CLEP program would save approximately the same as the Associates Degree. The option to bypass the college level education for appraiser's holding a current State License (with no college level education) would save these applicant's $34,396.60 or $17,224.80 (dependent on the option they choose).

The reduction in the number of experience hours required in 117-2-1 (State Licensed classification) from 2,000 to 1,000 and the minimum time frame for accruing those hours from 12 months to 6 months, could benefit trainees in a number of ways. It can take a trainee approximately 6 months of training before they are considered competent to work up and present a full appraisal report. During that period, the pay will vary, but can be minimum wage. Once the trainee is competent to work the full report, they can receive 30% ($142.50) to 40% ($190) of the average residential appraisal fee ($475). The percentage is based on how much intervention is required of the supervisory appraiser. The average trainee can complete 2-3 appraisals per week. In allowing the trainee to license 6 months earlier and reducing the number of hours required, would give the trainee the ability to keep the total appraisal fee ($475). At 3 appraisals per week, the savings could be $1,425. There are variables that we simply cannot calculate, such as whether the trainee remains with the supervisor's firm and if their employment requires a certain percentage to the firm, or if the trainee chooses to open their own company. The reduction in the number of experience hours required in 117-4-1 (Certified Residential classification) from 2,500 hours to 1,500 hours and the minimum time frame for accruing those hours from 24 months to 12 months, would again result in a savings to the applicant as noted above for 117-2-1. The reduction in the time frame for accruing the required 3,000 hours in 117-3-1, would again save the trainee from splitting the appraisal fee; however, we are unable to calculate a dollar figure as there are too many variables involved in commercial, agricultural, industrial, etc. appraisals to be able to determine an average cost, as well as the average time frame for completion of a narrative report. The savings would again be determined by the trainee being able to claim the entire appraisal fee as opposed to the split with their supervisory appraiser.

B. **The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

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There would be no implementation and compliance costs to specific businesses, sectors, public utility ratepayers, individuals, or local governments.

C. **Businesses that would be directly affected by the proposed rule and regulation;**

Appraisal businesses. Indirectly, banks, savings & loans, etc. may, if the impact on new appraisers entering the field is as expected. They may find that securing an appraiser in rural Kansas is easier and that the cost of bringing in an appraiser from a distance would be alleviated.

D. **Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

Certain classifications of appraisers would no longer need to have the previously required college level education, which has hampered new applicants and existing appraisers from upgrading to a higher level. [See A above for specifics as to savings. There would be no additional costs associated with any of the changes made.]

E. **Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

There would be no cost or impact on business and economic development within the State of Kansas, local government, and individuals.

F. **An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

$-0- There are no annual implementation and compliance costs to be passed along to business, local governments, or members of the public associated with these regulation changes.

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

$-0- There are no implementation or compliance costs that are expected to be incurred by or passed along to business, local governments, or members of the public.

Do the above total implementation and compliance costs exceed $3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

N/A

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed $3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when

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the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

G. **If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

N/A

H. **Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

Publication of the Notice of Hearing in the Register; publication of the changes on the Board's website; e-mail blast to all current licensed/certified appraisers.

I. **For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A

While these costs will not be passed on to businesses, individuals, associations, etc., the requirement that we begin the regulation change process over after publishing our public hearing, will cost this agency $119 in additional publication charges and approximately 25 hours of staff time. There will also be the additional time required of the Dept. of Administration and the Attorney General's Office (estimated at approximately 2 hours each as this is a second review) to once again review the regulations. Of more concern, is the time cost. Our regulations and Notice of Public Hearing were presented for publication in the Register on April 30, 2018, and, following the scheduled public hearing on July 10, could have been effective by August 3, 2018. We are looking at a minimum of 100 additional days before these regulations can take effect.

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