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**TITLE 876 INDIANA REAL ESTATE
COMMISSION**

LSA Document #03-23(F)

DIGEST

Amends 876 IAC 3-3-3 to require that the 15 hours of required preclicensing education in Uniform Standards of Professional Appraisal Practice meet the Appraiser Qualification Board requirements for content and instructor qualifications. Amends 876 IAC 3-3-4 to require that the 15 hours of required preclicensing education in Uniform Standards of Professional Appraisal Practice meet the Appraiser Qualification Board requirements for content and instructor qualifications. Amends 876 IAC 3-3-5 to require that the 15 hours of required preclicensing education in Uniform Standards of Professional Appraisal Practice meet the Appraiser Qualification Board requirements for content and instructor qualifications. Amends 876 IAC 3-4-8 to require that the 15 hours of required preclicensing education in Uniform Standards of Professional Appraisal Practice meet the Appraiser Qualification Board requirements for content and instructor qualifications. Adds 876 IAC 3-5-6.1 to require real estate appraiser continuing education course providers teaching the seven hours of required continuing education in Uniform Standards of Professional Appraisal Practice to provide to each of its students a current copy of Uniform Standards of Professional Appraisal Practice and to require real estate appraiser continuing education course providers teaching the four hours of required continuing education in the statutes and administrative rules governing appraisers to provide to each of its students a current copy of the Indiana appraiser license law booklet. Effective January 1, 2004.

876 IAC 3-3-3
876 IAC 3-3-4
876 IAC 3-3-5

876 IAC 3-4-8
876 IAC 3-5-6.1

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

876 IAC 3-3-3 Educational requirements for Indiana licensed residential appraiser

Authority: IC 25-34.1-3-8

Affected: IC 25-34.1

Sec. 3. (a) This section establishes the educational requirements for an Indiana licensed residential appraiser.

(b) The minimum prerequisite to sit for an Indiana licensed residential appraiser examination is ninety (90) classroom hours of courses with specific course content stated in subsection (k).

(c) A classroom hour is defined as fifty (50) minutes of classroom lecture out of each sixty (60) minute segment.

(d) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen (15) hours and the individual successfully completes an examination pertinent to that educational offering.

(e) Credit for the classroom hour requirement may be obtained from the following:

- (1) Colleges or universities.
- (2) Community or junior colleges.
- (3) Real estate appraisal or real estate related organizations.
- (4) State or federal agencies or commissions.
- (5) Proprietary schools.

- (6) Other providers approved by the board.
- (7) Providers approved by the Appraiser Qualification Board of the Appraisal Foundation.

(f) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses meeting the requirements of this rule. A teacher requesting credit for the classroom hour requirement may request credit for either the classroom hour or experience requirement, but not both.

(g) Qualifying education credit will be accepted regardless of when the courses were taken as long as they were taken and successfully completed before the application was filed.

(h) No correspondence courses will be considered for credit.

(i) The board may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and that the course meets the requirements of this rule.

(j) Various appraisal courses may be credited toward the ninety (90) classroom hour educational requirements. Applicants shall demonstrate that their education involved coverage of the following topics, with particular emphasis on the appraisal of one (1) to four (4) unit residential properties:

- (1) Influences on real estate value.
- (2) Legal considerations in appraisal.
- (3) Types of value.
- (4) Economic principles.
- (5) Real estate markets and analysis.
- (6) Valuation process.
- (7) Property description.
- (8) Highest and best use analysis.
- (9) Appraisal statistical concepts.
- (10) Sales comparison approach.
- (11) Site value.
- (12) Cost approach.
- (13) Income approach, including gross rent multiplier analysis.
- (14) Valuation of partial interests.
- (15) Appraisal standards and ethics.
- (16) Narrative report writing.

(k) Minimum classroom hours shall be as follows:

Introduction to real estate appraising valuation principles and procedures	30
Applied residential property valuation	15
Small income producing property (two (2) to four (4) residential)	15
Uniform Standards of Professional Appraisal Practice	15
Electives that are not duplicate courses and must be directly related to real estate appraising	15
TOTAL	90

(l) For a course to meet the fifteen (15) hours Uniform Standards of Professional Appraisal Practice (USPAP) requirement under subsection (k) after December 31, 2003, the instructor must be:

- (1) an Appraiser Qualification Board certified USPAP instructor; and**
- (2) a state certified residential or certified general real estate appraiser.**

However, if the course is taught by two (2) or more instructors, only one (1) is required to have been a state certified residential or certified general real estate appraiser.

(m) Notwithstanding subsection (l), the fifteen (15) hours of USPAP course will meet the requirements under subsection (k) if the course was taken prior to January 1, 2004. *(Indiana Real Estate Commission; 876 IAC 3-3-3; filed Sep 24, 1992, 9:00 a.m.: 16 IR 738; filed Dec 8, 1993, 4:00 p.m.: 17 IR 772; filed Apr 10, 1995, 10:00 a.m.: 18 IR 2114; filed Dec 24, 1997, 11:00 a.m.: 21 IR 1758, eff Jan 1, 1998 [IC 4-22-2-36 suspends the effectiveness of a rule document for thirty (30) days after filing with the secretary of state. LSA Document #97-65 was filed Dec 24, 1997.]; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Sep 30, 2003, 11:30 a.m.: 27 IR 530, eff Jan 1, 2004)*

SECTION 2. 876 IAC 3-3-4 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-3-4 Educational requirements for Indiana certified residential appraiser

Authority: IC 25-34.1-3-8

Affected: IC 25-34.1

Sec. 4. (a) This section establishes the educational requirements for an Indiana certified residential appraiser.

(b) The minimum prerequisite to sit for the Indiana certified residential appraiser examination is one hundred thirty-five (135) classroom hours of specific course content stated in subsection (k).

(c) A classroom hour is defined as fifty (50) minutes of classroom lecture out of each sixty (60) minute segment.

(d) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen (15) hours and the individual successfully completes an examination pertinent to that educational offering.

(e) Credit for the classroom hour requirement may be obtained from the following:

- (1) Colleges or universities.
- (2) Community or junior colleges.
- (3) Real estate appraisal or real estate related organizations.
- (4) State or federal agencies or commissions.
- (5) Proprietary schools.
- (6) Other providers approved by the board.
- (7) Providers approved by the Appraiser Qualification Board of the Appraisal Foundation.

(f) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses meeting the requirements of this rule. A teacher requesting credit for the classroom hour requirement may request credit for either the classroom hour or experience requirement, but not both.

(g) Qualifying education credit will be accepted regardless of when the courses were taken as long as they were taken before the application was filed.

(h) No correspondence courses will be considered for credit.

(i) The board may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and that the course meets the requirements of this rule.

(j) Various appraisal courses may be credited toward the one hundred thirty-five (135) classroom hour education requirement. Applicants shall demonstrate that their education involved coverage of the following topics with particular emphasis on the appraisal of one (1) to four (4) unit residential properties:

- (1) Influences on real estate value.
- (2) Legal considerations in appraisal.
- (3) Types of value.
- (4) Economic principles.
- (5) Real estate markets and analysis.

- (6) Valuation process.
- (7) Property description.
- (8) Highest and best use analysis.
- (9) Appraisal statistical concepts.
- (10) Sales comparison approach.
- (11) Site value.
- (12) Cost approach.
- (13) Income approach, including the following:
 - (A) Gross rent multiplier analysis.
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.
- (14) Valuation of partial interests.
- (15) Appraisal standards and ethics.
- (16) Narrative report writing.

(k) The minimum classroom hours shall be as follows:

Introduction to real estate appraising valuation	
principles and procedures	30
Applied residential property valuation	30
Basic income capitalization	40
Uniform Standards of Professional Appraisal Practice	15
Electives that are not duplicate courses and must	
be directly related to real estate appraising	20
TOTAL	135

(l) For a course to meet the fifteen (15) hours of Uniform Standards of Professional Appraisal Practice (USPAP) requirement under subsection (k) after December 31, 2003, the instructor must be:

- (1) an Appraiser Qualification Board certified USPAP instructor; and**
- (2) a state certified residential or certified general real estate appraiser.**

However, if the course is taught by two (2) or more instructors, only one (1) is required to have been a state certified residential or certified general real estate appraiser.

(m) Notwithstanding subsection (l), the fifteen (15) hours of USPAP course will meet the requirements under subsection (k) if the course was taken prior to January 1, 2004. *(Indiana Real Estate Commission; 876 IAC 3-3-4; filed Sep 24, 1992, 9:00 a.m.: 16 IR 739; filed Dec 8, 1993, 4:00 p.m.: 17 IR 773; filed Apr 10, 1995, 10:00 a.m.: 18 IR 2115; filed Dec 24, 1997, 11:00 a.m.: 21 IR 1759, eff Jan 1, 1998 [IC 4-22-2-36 suspends the effectiveness of a rule document for thirty (30) days after filing with the secretary of state. LSA Document #97-65 was filed Dec 24, 1997.]; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Sep 30, 2003, 11:30 a.m.: 27 IR 531, eff Jan 1, 2004)*

SECTION 3. 876 IAC 3-3-5 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-3-5 Educational requirements for Indiana certified general appraiser

Authority: IC 25-34.1-3-8

Affected: IC 25-34.1

Sec. 5. (a) This section establishes the educational requirements for an Indiana certified general appraiser.

(b) The prerequisite to sit for the Indiana certified general appraiser examination is one hundred eighty (180) classroom hours with specific course content stated in subsection (k).

(c) A classroom hour is defined as fifty (50) minutes of classroom lecture out of each sixty (60) minute segment.

(d) Credit toward the classroom hour requirement may only be granted where the length of the educational offering

is at least fifteen (15) hours and the individual successfully completes an examination pertinent to that educational offering.

(e) Credit for the classroom hour requirement may be obtained from the following:

- (1) Colleges or universities.
- (2) Community or junior colleges.
- (3) Real estate appraisal or real estate related organizations.
- (4) State or federal agencies or commissions.
- (5) Proprietary schools.
- (6) Other providers approved by the Indiana board.
- (7) Providers approved by the Appraiser Qualification Board of the Appraisal Foundation.

(f) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses meeting the requirements of this rule. A teacher requesting credit for the classroom hour requirement may request credit for either the classroom hour or experience requirement, but not both.

(g) Qualifying education credit will be accepted regardless of when the courses were taken as long as they were taken before the application was filed.

(h) No correspondence courses will be considered for credit.

(i) The board may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and that the course meets the requirements of this rule.

(j) Various appraisal courses may be credited toward the following one hundred eighty (180) classroom hour education requirement:

- (1) Influences on real estate value.
- (2) Legal considerations in appraisal.
- (3) Types of value.
- (4) Economic principles.
- (5) Real estate markets and analysis.
- (6) Valuation process.
- (7) Property description.
- (8) Highest and best use analysis.
- (9) Appraisal statistical concepts.
- (10) Sales comparison approach.
- (11) Site value.
- (12) Cost approach.
- (13) Income approach, including the following:
 - (A) Gross rent multiplier analysis.
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.
 - (E) Yield capitalization.
 - (F) Risk analysis.
- (14) Valuation of partial interests.
- (15) Appraisal standards and ethics.
- (16) Narrative report writing.

(k) The minimum classroom hours shall be as follows:

Introduction to real estate appraising valuation
principles and procedures
Basic income capitalization (which consists of

the topics contained in subsection (j)(13)(A) through (j)(13)(D))	40
Advanced income property valuation (which consists of the topics contained in subsection subsections [sic., subsection] (j)(13)(E) and (j)(13)(F))	55
Uniform Standards of Professional Appraisal Practice	15
Electives that are not duplicate courses and must be directly related to real estate appraising	40
TOTAL	180

(l) For a course to meet the fifteen (15) hours Uniform Standards of Professional Appraisal Practice (USPAP) requirement under subsection (k) after December 31, 2003, the instructor must be:

- (1) an Appraiser Qualification Board certified USPAP instructor; and**
- (2) a state certified residential or certified general real estate appraiser.**

However, if the course is taught by two (2) or more instructors, only one (1) is required to have been a state certified residential or certified general real estate appraiser.

(m) Notwithstanding subsection (l), the fifteen (15) hours of USPAP course will meet the requirements under subsection (k) if the course was taken prior to January 1, 2004. (*Indiana Real Estate Commission; 876 IAC 3-3-5; filed Sep 24, 1992, 9:00 a.m.: 16 IR 740; filed Dec 8, 1993, 4:00 p.m.: 17 IR 774; filed Dec 24, 1997, 11:00 a.m.: 21 IR 1760, eff Jan 1, 1998 [IC 4-22-2-36 suspends the effectiveness of a rule document for thirty (30) days after filing with the secretary of state. LSA Document #97-65 was filed Dec 24, 1997.]; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Sep 30, 2003, 11:30 a.m.: 27 IR 532, eff Jan 1, 2004*)

SECTION 4. 876 IAC 3-4-8 IS AMENDED TO READ AS FOLLOWS:

876 IAC 3-4-8 Instructors; requirements

Authority: IC 25-34.1-3-8

Affected: IC 25-34.1

Sec. 8. (a) Each instructor used by an approved real estate appraiser course provider must possess at least one (1) of the following minimum requirements:

- (1) Has a bachelor's degree with a major or minor in real estate from an accredited college or university.
- (2) Has a bachelor's degree from an accredited college or university and a minimum of two (2) years experience in real estate appraising.
- (3) Has an Indiana real estate appraiser license or certificate and a minimum of five (5) years experience as a real estate appraiser.
- (4) Has two (2) years experience as a qualified instructor or professor in the business, finance, or economics department of an accredited college or university.

(b) Each instructor must be:

- (1) a licensed or certified appraiser in Indiana or another state; or
- (2) a member of the faculty at an accredited college or university;

and, if only licensed or certified, may not teach courses beyond the scope of their license.

(c) In addition to meeting the requirements in subsections (a) and (b), an instructor for the fifteen (15) hours of Uniform Standards of Professional Appraisal Practice (USPAP) course required [sic.] 876 IAC 3-3-3(k), 876 IAC 3-3-4(k), and 876 IAC 3-3-5(k) must be:

- (1) an Appraiser Qualification Board certified USPAP instructor; and**
- (2) a state certified residential or certified general real estate appraiser.**

However, if the course is taught by two (2) or more instructors, only one (1) is required to be a state certified residential or certified general real estate appraiser. (*Indiana Real Estate Commission; 876 IAC 3-4-8; filed Dec*

8, 1993, 4:00 p.m.: 17 IR 778; readopted filed May 29, 2001, 10:00 a.m.: 24 IR 3238; filed Sep 30, 2003, 11:30 a.m.: 27 IR 533, eff Jan 1, 2004; errata filed Oct 8, 2003, 1:45 p.m.: 27 IR 538)

SECTION 5. 876 IAC 3-5-6.1 IS ADDED TO READ AS FOLLOWS:

876 IAC 3-5-6.1 Required instructional materials

Authority: IC 25-34.1-3-8

Affected: IC 25-34.1

Sec. 6.1. (a) For the four (4) hours of the statutes and administrative rules concerning appraisers course required by section 1.5(a)(2) of this rule, a real estate appraiser continuing education provider must provide to each of its students a current copy of the Indiana appraiser license law booklet.

(b) For the seven (7) hours of Uniform Standards of Professional Appraisal Practice (USPAP) course required by section 1.5(a)(1) of this rule, a real estate appraiser continuing education provider must provide to each of its students a current copy of the USPAP. (Indiana Real Estate Commission; 876 IAC 3-5-6.1; filed Sep 30, 2003, 11:30 a.m.: 27 IR 533)

SECTION 6. **SECTIONS 1 through 5 of this document take effect January 1, 2004.**

LSA Document #03-23(F)

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