

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Judiciary

BILL: CS/SB 1398

INTRODUCER: Judiciary Committee and Senator Hukill

SUBJECT: Appraisers

DATE: April 10, 2013

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	<b>Favorable</b>
2.	Eichin	Cibula	JU	<b>Fav/CS</b>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

CS/SB 1398 alters the education requirement for an appraiser’s license issued by the Florida Real Estate Appraisal Board (board) within the Division of Real Estate of the Department of Business and Professional Regulation. The bill requires that appraiser license applicants complete academic education courses through in-person classroom instruction or distance learning. Current law does not permit an applicant to meet required classroom hours through distance education.

The board may authorize a distance learning course option as long as the delivery method is certified or approved by a board-authorized independent certifying organization.

The distance learning course must include a closed-book, proctored final exam. This exam can be written on paper or delivered electronically via a computer or other electronic device.

This bill substantially amends section 475.617, Florida Statutes.

**II. Present Situation:**

Real estate appraisers in Florida are regulated by the Florida Real Estate Appraisal Board (board) within the Division of Real Estate of the Department of Business and Professional Regulation (department), which administers and enforces the provisions of part II of chapter 475, F.S. The board is authorized to:

- Regulate the issuance of licenses, certifications, registrations, and permits;
- Discipline appraisers;
- Establish qualifications for licenses, certifications, registrations, and permits;
- Regulate approved courses;

- Establish standards for real estate appraisals; and
- Establish standards for and regulate supervisory appraisers.<sup>1</sup>

The board's headquarters is located in Orlando, Florida.

Section 475.611(1)(a), F.S., defines the term "appraisal" or "appraisal services" to mean:

the services provided by certified or licensed appraisers or registered trainee appraisers, and includes:

1. "Appraisal assignment" denotes an engagement for which a person is employed or retained to act, or could be perceived by third parties or the public as acting, as an agent or a disinterested third party in rendering an unbiased analysis, opinion, review, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real property.
2. "Analysis assignment" denotes appraisal services that relate to the employer's or client's individual needs or investment objectives and includes specialized marketing, financing, and feasibility studies as well as analyses, opinions, and conclusions given in connection with activities such as real estate brokerage, mortgage banking, real estate counseling, or real estate consulting.
3. "Appraisal review assignment" denotes an engagement for which an appraiser is employed or retained to develop and communicate an opinion about the quality of another appraiser's appraisal, appraisal report, or work. An appraisal review may or may not contain the reviewing appraiser's opinion of value.

### **Appraiser License Classifications**

Section 475.611(1)(k), F.S., defines a "certified general appraiser" to mean a person who is certified by the department as qualified to issue appraisal reports for any type of real property.

Section 475.611(1)(l), F.S., defines a "certified residential appraiser" to mean:

a person who is certified by the department as qualified to issue appraisal reports for residential real property of one to four residential units, without regard to transaction value or complexity, or real property as may be authorized by federal regulation.

Section 475.611(1)(u), F.S., defines the term "supervisory appraiser" to mean:

a licensed appraiser, a certified residential appraiser, or a certified general appraiser responsible for the direct supervision of one or more registered trainee appraisers and fully responsible for appraisals and appraisal reports prepared by those registered trainee appraisers.

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<sup>1</sup> Section 475.613(2), Florida Statutes.

Section 475.611(1)(q), F.S., defines the term “licensed appraiser” to mean “a person who is licensed by the department as qualified to issue appraisal reports for residential real property of one to four residential units or on such real estate or real property as may be authorized by federal regulation.

Section 475.611(1)(q), F.S., also prohibits, as of July 1, 2003, the department from issuing licenses for the category of licensed appraiser.

According to the department, there are remaining licensed appraisers, but the number continues to decline.

Section 475.611(1)(r), F.S., defines the term “registered trainee appraiser” to mean:

a person who is registered with the department as qualified to perform appraisal services only under the direct supervision of a licensed or certified appraiser. A registered trainee appraiser may accept appraisal assignments only from her or his primary or secondary supervisory appraiser.

### **Qualifications – Appraisers**

Section 475.615, F.S., provides the qualifications for registration or certification of appraisers, as outlined by the Real Property Appraiser Qualification Criteria of the Appraiser Qualifications Board (AQB).<sup>2</sup>

In December 2011, the AQB adopted the latest version of the Real Property Appraiser Qualification Criteria with an effective date of January 1, 2015.<sup>3</sup> An appraiser applicant must be competent to handle appraisals with safety to those with whom they may undertake a relationship of trust and confidence. If an applicant has been denied a prior registration or certification application, or has had a license, registration, or certification revoked or suspended in any jurisdiction, the applicant is deemed not to be qualified unless, because of lapse of time and subsequent good conduct and reputation, or other reason deemed sufficient, it appears to the board that the interest of the public is not likely to be endangered by the granting of registration or certification.

Section 475.617(1), F.S., requires an applicant for registration as a trainee appraiser to present evidence to the board that she or he has successfully completed at least 100 hours of approved academic courses in subjects related to real estate appraisal, including Uniform Standards of Professional Appraisal Practice (USPAP) or its equivalent. The academic courses must be taken at a college, university, or other educational institution authorized under s 475.451, F.S. Classroom hours are defined as 50 minutes out of each 60 minute segment.

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<sup>2</sup> The Appraiser Qualifications Board establishes the minimum education, experience, and examination qualifications for appraisers. It is a board of The Appraisal Foundation (TAF) of the Federal Financial Institutions Examination Council, which is a private, non-profit educational organization that was formed in 1987 to promote professionalism in the valuation industry.

<sup>3</sup> A copy of the AQB’s *Real Property Appraiser Qualification Criteria* is available at: <https://netforum.avectra.com/eweb/DynamicPage.aspx?Site=taf&WebCode=RPCriteria> (Last visited March 12, 2013).

Section 475.617(2), F.S., requires an applicant for certification as a residential appraiser to present satisfactory evidence to the board that she or he has met the minimum education and experience requirements prescribed by rule of the board.<sup>4</sup> The applicant must have at least 2,500 hours of experience obtained over a 24-month period. The applicant must also complete 200 classroom hours, inclusive of examination, of approved academic courses in subjects related to real estate appraisal, including USPAP or its equivalent from an educational institution authorized under s. 475.451, F.S. Classroom hours are defined as 50 minutes out of each 60 minute segment.

Section 475.617(3), F.S., requires an applicant for certification as a general appraiser to present satisfactory evidence to the board that she or he has met the minimum education and experience requirements prescribed by rule of the board.<sup>5</sup> The applicant must have at least 3,000 hours of experience obtained over a 30-month period in real property appraisal and have successfully completed at least 300 classroom hours of academic courses from an educational institution authorized under s. 475.451, F.S.

Current law does not permit an applicant to meet the required classroom hours through distance education.

### **III. Effect of Proposed Changes:**

The bill amends section 475.617, F.S., to require that all academic education courses be completed through in-person classroom instruction or distance education.

The board may authorize a distance learning course option as long as the delivery method is certified or approved by a board-authorized independent certifying organization. The board also requires each distance learning course to provide a closed-book, proctored final exam. This exam can be written on paper or delivered via computer or other electronic device. Oral exams are not acceptable. However, the closed-book requirement does not specifically apply to an in-person classroom course. The ban on oral exams also does not specifically apply to in-person classroom methods.

The bill also amends s. 475.617, F.S., to change the term “classroom hour” to “qualifying classroom hour.” The term “qualifying classroom hour” is consistent with terms used throughout part II, ch. 475, F.S., and, according to the Department of Business and Professional Regulation, the terms used within the AQB criteria.

The bill takes effect July 1, 2013.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

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<sup>4</sup> See rule 61JI-10.003, F.A.C.

<sup>5</sup> See rule 61JI-10.004, F.A.C.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Judiciary on April 10, 2013:**

The committee substitute clarifies qualifying education as in-person classroom instruction or distance learning. The committee substitute updates the adoption date of the Appraisal Qualifications Board qualification criteria to the most recent version. The committee substitute revises the distance learning course certification requirement to allow any board-authorized independent certifying organization to certify the distance learning delivery method. The committee substitute specifies that each distance learning course must include a closed-book, proctored final exam. This exam can be written on paper or delivered electronically via a computer or other electronic device.

B. Amendments:

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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