

BEFORE THE BOARD OF REAL ESTATE APPRAISERS  
DEPARTMENT OF LABOR AND INDUSTRY  
STATE OF MONTANA

In the matter of the amendment of )  
ARM 24.207.401 fees, 24.207.403 )  
regulatory reviews, 24.207.404 )  
appraisal review, 24.207.406 )  
definitions, 24.207.408 military )  
training or experience, 24.207.501 )  
examination, 24.207.502 application )  
requirements, 24.207.503 experience )  
- number of hours required, )  
24.207.504, 24.207.505, 24.207.506, )  
and 24.207.507 qualifying education )  
course requirements, 24.207.508 ad )  
valorem tax appraisal experience, )  
24.207.509 qualifying experience, )  
24.207.510 scope of practice, )  
24.207.517 trainee requirements, )  
24.207.518 mentor requirements, )  
24.207.1507 appraisal management )  
record keeping, 24.207.1509 AMC )  
audit requirements, 24.207.2101 )  
continuing education, 24.207.2102 )  
continuing education noncompliance, )  
and the adoption of NEW RULES I )  
and II unprofessional conduct )

NOTICE OF PUBLIC HEARING ON  
PROPOSED AMENDMENT AND  
ADOPTION

TO: All Concerned Persons

1. On December 1, 2014, at 1:30 p.m., a public hearing will be held in the Large Conference Room, 4th Floor, 301 South Park Avenue, Helena, Montana, to consider the proposed amendment and adoption of the above-stated rules.

2. The Department of Labor and Industry (department) will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Board of Real Estate Appraisers (board) no later than 5:00 p.m., on November 21, 2014, to advise us of the nature of the accommodation that you need. Please contact Sharon Peterson, Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; telephone (406) 841-2375; Montana Relay 1 (800) 253-4091; TDD (406) 444-2978; facsimile (406) 841-2305; or [dlibsdua@mt.gov](mailto:dlibsdua@mt.gov) (board's e-mail).

3. GENERAL STATEMENT OF REASONABLE NECESSITY: As part of the periodic review of its administrative rules, the board is proposing revisions

throughout the rules. Some of the proposed amendments are technical in nature, such as renumbering or amending punctuation within rules following amendment, and to comply with ARM formatting requirements. Other changes replace out-of-date terminology for current language and processes, delete unnecessary or redundant sections, and amend rules and catchphrases for accuracy, consistency, simplicity, better organization, and ease of use.

Where necessary, authority and implementation citations are amended to accurately reflect all statutes implemented through the rules and provide the complete sources of the board's rulemaking authority. In addition, the board determined it is reasonably necessary to amend the rules now to ensure compliance with new regulations promulgated by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation that will become effective January 1, 2015. Accordingly, the board has determined that reasonable necessity exists to generally amend certain rules at this time. Where additional specific bases for a proposed action exist, the board will identify those reasons immediately following that rule.

4. The rules proposed to be amended provide as follows, stricken matter interlined, new matter underlined:

24.207.401 FEES (1) The following fees ~~will~~ shall apply to all licensed and certified real estate appraisers, trainees, and applicants. Fees are not refundable or transferable. Fees are not prorated for portions of the year.

(a) and (b) remain the same.

(c) temporary ~~registration of certification and licensure~~  
of practice permits for out-of-state licensed or certified appraisers 150

(d) through (2)(i) remain the same.

(j) application to change business structure with addition or substitution of ten percent owner 250

(k) application to change business structure without addition or substitution of ten percent owner 45

(j) remains the same, but is renumbered (l).

~~(k) (m)~~ (m) All audited registered appraisal management companies shall pay an audit fee in the amount of \$450 within 30 days of receiving notification of selection for audit. If the board incurs costs in excess of \$450, the board may assess the appraisal management company for such additional costs incurred, and the appraisal management company shall pay such assessments within 30 days of invoicing or ~~in the timeframe agreed upon~~ as allowed by the board, ~~and designated appraisal management company.~~

(3) remains the same.

AUTH: 37-1-131, 37-1-134, 37-54-105, MCA

IMP: 37-1-131, 37-1-134, 37-1-141, 37-54-105, 37-54-112, 37-54-212, 37-54-302, 37-54-310, MCA

**REASON:** The board is adding new (2)(j) and (k) to set appropriate fees for changing business structure of appraisal management companies after registration. The fees are necessary to cover administrative costs of processing the changes,

which are higher when there is a new ten percent owner, since board staff must perform a background check prior to approval. After AMCs complained about having to pay a full application fee for these changes, the board examined its processes and found them similar to those for changing addresses and the redesignation of controlling persons. The board is setting these fees to be commensurate with the actual administrative costs, and estimates that six AMC applicants will be affected by the new fees, and that the changes will result in a \$17,500 decrease in annual revenue.

The board is amending (2)(m) to add a deadline for payment of the appraisal management company audit fee to ensure prompt payment and speed up the audit process. Additionally, the board is specifying that the board will decide deadlines for payment of audit costs in excess of \$450. Noting that an open-ended payment period is inefficient and may be open to manipulation, the board is proposing these amendments to bring certainty to the time periods while allowing the board some flexibility in setting payment terms in individual cases.

24.207.403 REGULATORY REVIEWS (1) The board or its designee may request, by a random selection, ~~that of~~ licensed or certified real estate appraisers, submit a copy complete copies of an appraisal report reports or appraisal review reports, including complete copies of the work files and any applicable data referenced in the work files for review for compliance with the ~~Uniform Standards of Professional Appraisal Practice (USPAP)~~ as promulgated by The the Appraisal Foundation.

(2) All licensed or certified real estate appraisers shall comply with a any request of by the board or its designee within 20 days. Failure to timely and completely comply with a any request constitutes grounds for unprofessional conduct under 37-1-316, MCA.

(3) The board or its designee may request a copy of an appraisal report or appraisal review report, including the complete work file and any applicable data referenced in the work file, from a licensee or applicant in connection with an application, complaint, or investigation. Failure to timely provide a complete record of the documents requested within 20 days constitutes grounds for unprofessional conduct under 37-1-316, MCA.

AUTH: 37-54-105, MCA

IMP: 37-1-136, 37-54-416, MCA

REASON: To address licensee confusion regarding the collection and review of appraisal work, the board is amending this rule to clarify that the board is authorized to request appraisal work randomly, or in connection with complaints, applications, or investigations.

The board is also amending this rule to specify that requests may be made by board designees who aid in performing administrative services for the board. The board is also establishing a 20-day deadline for submission of requested appraisal work, to encourage licensee cooperation and ensure an efficient review process.

24.207.404 APPRAISAL REVIEW (1) A licensed or certified appraiser who serves on the Board of Real Estate Appraisers is exempt from ~~writing~~ completing an appraisal review in accordance with ~~Uniform Standards of Professional Appraisal Practice (USPAP)~~ as promulgated by ~~The~~ the Appraisal Foundation ~~Standards Rule 3~~ in the performance of their board duties.

~~(2) Implementation of disciplinary proceedings necessitates a Standard 3 review before action can be taken.~~ An appraisal review report shall be completed prior to any disciplinary proceedings for noncompliance with USPAP.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-54-105, MCA

REASON: The board is amending (2) to clarify that a review in accordance with USPAP is only necessary when the discipline involves alleged USPAP violations. The board concluded this clarification is needed after board legal counsel pointed out that some disciplinary actions involve non-USPAP violations like renewal without meeting required continuing education, or criminal convictions under 37-1-316, MCA.

24.207.406 DEFINITIONS (1) "AQB" means the Appraiser Qualifications Board of the Appraisal Foundation as provided for under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

~~(1) (2)~~ "Engagement" means each separate instance in which ~~the appraisal management company engages~~ a licensed or certified appraiser in Montana is engaged to perform an appraisal of property assignment in Montana, regardless of the ~~level or extent~~ scope of the activity work.

(3) "Nonroutine Reciprocal Applicant" means an applicant holding a license in another state in which the licensing requirements in the domicile state are not equal to or greater than the licensing requirements in Montana; the license is not in good standing; or there is a reason to deny the license under the laws of Montana governing the real estate appraisers profession or occupation.

(4) "USPAP" means the Uniform Standards of Professional Appraisal Practice.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-304, 37-54-202, 37-54-302, 37-54-403, 37-54-501, MCA

REASON: The board is amending (2) to align the definition with USPAP terminology for ease of use among appraisers.

It is reasonably necessary to add (3) to define "nonroutine reciprocal applicant" to assist applicants, licensing staff, and federal auditors in knowing when applications from individuals licensed in other states might require additional board review.

The board determined it is also necessary to define "USPAP" and "AQB" as these terms are frequently used throughout the board rules.

24.207.408 MILITARY TRAINING OR EXPERIENCE (1) and (2) remain the same.

(3) An applicant must submit satisfactory evidence of receiving military training, service, or education that is equivalent to relevant licensure requirements as a licensed real estate appraiser, certified residential real estate appraiser, and certified general real estate appraiser. ~~At a minimum, satisfactory~~ Satisfactory evidence ~~shall include~~ includes:

(a) a copy of the applicant's military discharge document (DD 214 or other discharge documentation);

(b) through (4) remain the same.

AUTH: 37-1-145, MCA

IMP: 37-1-145, MCA

REASON: It has come to the board's attention that certain military personnel (reservists and national guardsmen who have never been activated) in fact do not receive a DD 214 form upon their discharge from the military. Because the rule may be interpreted to absolutely require a DD 214 from all applicants who wish to submit evidence of relevant military training, service, or education as part of the licensure process, the board is amending this rule to allow consideration of other evidence of military discharge in addition to or in lieu of a DD 214 form.

24.207.501 EXAMINATION (1) A passing score on an examination shall be valid for two years from the examination date until December 31, 2014.

~~(2) Effective January 1, 2013, an An~~ applicant must complete all qualifying education and experience prior to taking the examination.

~~(3) The applicant, within two years prior to submitting an application for a license or certification, shall have successfully completed the Appraiser Qualifications Board-endorsed Uniform State Licensed Real Property Appraiser Examination with the following passing scores:~~

~~(a) licensed residential - 75 percent;~~

~~(b) certified residential - 77 percent; and~~

~~(c) certified general - 79 percent.~~

(3) Effective January 1, 2015, an applicant shall be required to successfully complete and pass the 2015 or later examination requirements of the AQB.

(4) The applicant must successfully complete and pass the examination required in (3) within 24 months of receiving the board's approval to take the examination.

(4) remains the same, but is renumbered (5).

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-202, 37-54-302, MCA

REASON: The board is amending (1) and adding (3) to comply with the 2015 requirements of the AQB. The board determined it is necessary to remove references to specific examination passing scores, because the AQB has set the standard passing scores. The board concluded that the AQB standards are

adequate to ensure that applicants meet the minimum requirements for licensure in Montana. The board is adding new (4) to implement the AQB requirement that all exam applicants take and pass the examination within 24 months of receiving the jurisdiction's approval to take the examination.

24.207.502 APPLICATION REQUIREMENTS (1) An application for a license or temporary practice permit must be made on a form provided by the board and completed and signed by the applicant ~~with the signature acknowledged before a notary public~~ and include the applicant's state license number, if applicable.

(2) and (3) remain the same.

(4) The board shall review applications for compliance with ~~board~~ applicable law laws and rules and shall notify the applicant in writing of the results ~~of the evaluation of the application~~. The board may request such additional information or clarification of information provided in the application as it deems reasonably necessary. Incomplete applications shall be acknowledged with a statement regarding incomplete portions.

(5) The board ~~will~~ or its designee shall select ~~work-product~~ appraisal reports from the experience log to validate experience and for review in accordance with USPAP. The ~~work-product~~ appraisal reports requested will be commensurate with the level of licensure sought:

(a) remains the same.

(b) certified residential - two- to four-unit income-producing residential appraisals appraisal reports with all three approaches to value are required; and

(c) general certification - nonresidential report appraisal reports with all three approaches to value with income approach, cost approach, and sales comparison approach are required.

(6) remains the same.

(7) A nonroutine reciprocal applicant shall make application on forms provided by the board and pay any applicable fee.

(a) The board or its designee shall select appraisal reports from the experience log of all applicants. The appraisal reports requested shall be commensurate with the level of licensure sought:

(i) licensure level - single unit residential appraisal reports are required;

(ii) certified residential - two- to four-unit income-producing residential appraisal reports with all three approaches to value are required; and

(iii) general certification - nonresidential report with all three approaches to value are required.

(b) The applicant shall correct any deficiencies and submit required material within 60 days of notice with no additional application fee. Failure to submit materials will be treated as a voluntary withdrawal. After voluntary withdrawal, an applicant will be required to submit an entirely new application to begin the process again.

(8) A routine reciprocal applicant shall make application on forms provided by the board and pay any applicable fee.

(7) remains the same, but is renumbered (9).

(10) The board will not issue a license if an applicant has had a license or certification revoked in any jurisdiction within the five-year period preceding the date of application in this state.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-202, MCA

REASON: The board is amending (1) to remove the notary requirement and further facilitate online licensing. The board is also amending (1) to require that applicants who already hold licenses provide their license numbers to aid in license verification and ensure applicants are in good standing in other jurisdictions.

The board is amending (5) to clarify the purposes for board review of appraisal reports and the manner in which these reports are selected.

The board is proposing new (7) and (8) to address applicant questions by clearly delineating the application process for individuals who are licensed or certified in other states. The board is proposing to add (10) to conform to the 2015 AQB requirements.

24.207.503 EXPERIENCE - NUMBER OF HOURS REQUIRED (1) and (2) remain the same.

(3) Applicants for certification as a certified general real estate appraiser must present evidence of 3000 hours of appraisal experience, obtained over a period of not less than 30 months. Hours may be treated as cumulative in order to achieve the necessary 3000 hours of appraisal experience. The applicant must have accumulated a total of 3000 hours of appraisal experience of which at least 1500 hours must be in nonresidential appraisal ~~work~~ experience.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-202, 37-54-303, MCA

24.207.504 QUALIFYING AND CONTINUING EDUCATION REQUIREMENTS (1) through (2)(b) remain the same.

(c) the instructor is qualified with respect to course content and teaching methods; ~~or~~

(d) the number of participants and physical facilities are consistent with the teaching methods; ~~and~~

(e) the qualifying education course includes an examination for measuring the information learned;

(f) qualifying education courses must have a minimum length of 15 hours;  
and

(g) continuing education courses must have a minimum length of two hours.

(3) The following may be approved as providers of educational and training courses provided the standards set forth in (2)(~~a~~) through (~~e~~) are met:

(a) universities, colleges, junior colleges, or community colleges accredited by a regional accrediting body accepted by the appropriate agency of the state of Montana;

(b) professional appraisal and real estate related organizations, ~~provided that the organization is a member of The Appraisal Foundation as defined in 37-54-102, MCA; or~~

~~(c) proprietary schools holding valid certificates of approval from Montana; or~~

(d) remains the same, but is renumbered (c).

(4) To apply for approval, a course provider must make application in the manner prescribed by the board and pay the proper fee 30 days prior to offering the course. The application shall include, but not be limited to:

(a) through (e) remain the same.

~~(5) A passing score for each course is required.~~

(6) remains the same, but is renumbered (5).

~~(7)~~ (6) An applicant must attend 100 percent of the scheduled class hours, complete all required exercises, and achieve a passing score on ~~the~~ a proctored course examination in order to receive credit for ~~the~~ a qualifying education course.

(8) through (12) remain the same, but are renumbered (7) through (11).

(a) the distance education (~~online~~) course serves to protect the public by contributing to the maintenance and improvement of the quality of real estate appraisal services provided by real estate appraiser licensees to the public;

(b) remains the same.

(c) the distance education (~~online~~) course provider must be certified by the International Distance Education Certification Center (IDECC) and provide appropriate documentation that the IDECC certification is in effect. Approval will cease immediately should IDECC certification be discontinued for any reason; and

(d) the distance education (~~online~~) course meets all other requirements as prescribed in the statutes and rules that govern the operation of approved courses.

(13) and (14) remain the same, but are renumbered (12) and (13).

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

(15) Aside from complying with the requirements to complete the seven-hour national USPAP update course or its AQB-approved equivalent, trainees and appraisers may not receive credit for completion of the same continuing education course offering within a trainee's or an appraiser's continuing education cycle.

AUTH: 37-1-131, 37-1-319, 37-54-105, MCA

IMP: 37-1-131, 37-1-306, 37-54-105, 37-54-202, MCA

REASON: The board determined it is reasonably necessary to add (2)(f) and (g) to maintain conformity with AQB criteria.

The board is amending (3)(b) because appraisal and real estate organizations are not eligible to become members of the Appraisal Foundation. The board is striking current (3)(c) because it is not necessary to distinguish proprietary schools from other education providers, and proprietary schools may be approved on a case-by-case basis like other education providers under renumbered (3)(c).

The board decided to eliminate (5) as unnecessary, as only qualifying education courses must include an exam and an examination is already required for qualifying education courses under (2)(e).

The board is adding (14) and (15) to comply with new AQB requirements for 2015.

24.207.505 QUALIFYING EDUCATION REQUIREMENTS FOR LICENSED REAL ESTATE APPRAISERS (1) through (4) remain the same.

(5) Applicants for original licensure as a licensed real estate appraiser shall complete at least 150 hours of board-approved instruction in the required core curriculum and the college education requirement in (6).

(6) In addition to the required core curriculum, applicants for licensure as a licensed real estate appraiser shall complete 30 semester credit-hours or 45 quarter-hours of college-level education from an accredited college, junior college, community college, or university, or an associate's degree or higher in any field. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. If an accredited college or university accepts the College-Level Examination Program and examination(s), and issues a transcript for the examination showing its approval, it will be considered as credit for the college course.

(7) Applicants with a college degree from a foreign country may have their education evaluated for equivalency by one of the following:

- (a) an accredited, degree-granting domestic college or university;
- (b) the American Association of College Registrars and Admissions Officers;
- (c) a foreign-degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services; or
- (d) a foreign-degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a licensing board or program administratively attached to the department that issues credentials in another profession.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-202, MCA

REASON: The board determined it is reasonably necessary to amend ARM 24.207.505, 24.207.506, and 24.207.507 to ensure compliance with new regulations promulgated by the AQB that will become effective January 1, 2015. The AQB regulations require all real estate appraisal licensing agencies to adopt new criteria for licensing and certifying real estate appraisers who perform appraisals in federally related transactions. The proposed amendments satisfy the new AQB minimum criteria for licensing appraisers in 2015.

24.207.506 QUALIFYING EDUCATION REQUIREMENTS FOR RESIDENTIAL CERTIFICATION (1) and (2) remain the same.

(3) To upgrade from a trainee or a licensed real estate appraiser to a certified residential real estate appraiser, an applicant may use education obtained for

licensure as a licensed real estate appraiser, as long as the education meets the required core curriculum in this section (2) and the degree requirement in (5).

(4) and (4)(a) remain the same.

(b) ~~21 semester credit hours covering the subject matter of English composition, principles of economics (micro or macro), finance, algebra, geometry or higher mathematics, statistics, introduction to computers (word processing/spreadsheets), and business or real estate law. In lieu of the required courses, an associate degree will qualify; the degree requirement in (5).~~

(c) ~~a passing score of 70 percent or a pass/fail grade must be achieved for semester credit hours;~~

(d) ~~semester credit hours must be received from an accredited college; and~~

(e) ~~online college credits must be received from an accredited college.~~

(5) In addition to the required core curriculum, applicants for certification as certified residential real estate appraisers must hold a bachelor's degree or higher in any field from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

(6) Applicants with a college degree from a foreign country may have their education evaluated for equivalency by one of the following:

(a) an accredited, degree-granting domestic college or university;

(b) the American Association of College Registrars and Admissions Officers;

(c) a foreign-degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services; or

(d) a foreign-degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a licensing board or program administratively attached to the department that issues credentials in another profession.

AUTH: 37-1-131, 37-54-105, 37-54-303, MCA

IMP: 37-1-131, 37-54-105, 37-54-303, MCA

24.207.507 QUALIFYING EDUCATION REQUIREMENTS FOR GENERAL CERTIFICATION (1) through (3) remain the same.

(4) To upgrade from a trainee or licensed real estate appraiser to a certified general appraiser, an applicant may use prior education that also meets the specific criteria identified in (3) and a minimum of 30 semester credit hours covering comply with the requirements degree requirement of (6)(b) (7).

(5) To upgrade from certified residential real estate appraiser to a certified general real estate appraiser, an applicant may use prior education for licensure that meets the specific criteria identified in (3) and a minimum of 30 semester credit hours covering comply with the requirements degree requirement of (6)(b) (7).

(6) and (6)(a) remain the same.

(b) ~~30 semester credit hours covering the subject matter courses of English composition, economics (micro or macro), finance, algebra, geometry or higher mathematics, statistics, introduction to computers (word processing/spreadsheets), business or real estate law, and two elective courses in either accounting,~~

geography, agricultural economics, business management, or real estate. In lieu of the required courses, a bachelors degree will qualify completion of the degree requirement of (7).

(7) In addition to the required core curriculum, applicants for certification as certified residential real estate appraisers must hold a bachelor's degree or higher in any field from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

(8) Applicants with a college degree from a foreign country may have their education evaluated for equivalency by one of the following:

(a) an accredited, degree-granting domestic college or university;

(b) the American Association of College Registrars and Admissions Officers;

(c) a foreign-degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services; or

(d) a foreign-degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a licensing board or program administratively attached to the department that issues credentials in another profession.

AUTH: 37-1-131, 37-54-105, 37-54-303, MCA

IMP: 37-1-131, 37-54-105, 37-54-303, MCA

24.207.508 AD VALOREM TAX APPRAISAL EXPERIENCE (1) Experience credit may be awarded to ad-valorem tax appraisers a credentialed Montana Department of Revenue appraiser who can effectively demonstrate that they use techniques to value properties in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), and effectively use the appraisal process. Applicants will be questioned on appraisal techniques by the board during an oral interview.

(2) Components of the mass appraisal process that may be given credit are: the highest and best use analysis; model specification (developing the model); and model calibration (developing adjustments to the model). Other components of the mass appraisal process, by themselves, shall not be eligible for experience credit. Applicants will be questioned on these analyses by the board during an oral interview.

(3) remains the same, but is renumbered (2).

(a) The documentation shall include an experience log which is prescribed by the board, completed by the applicant, and each page attested to by with the signature of the applicant's credentialed Montana Department of Revenue supervisor. This form will indicate the type of experience and hours applicable to ad valorem necessary to confirm the necessary experience hours for the designation sought by the applicant, including individual property appraisals, tax appeals, model specifications, and model calibrations.

(b) The documentation shall include 500 hours of single property be limited to appraisals which have been completed, according to standards, in compliance with the USPAP within the last five years. For licensure as a licensed real estate

appraiser and ~~certification~~ licensure as a certified residential real estate appraiser, the appraisals ~~would~~ must be for residential properties. For ~~certification~~ licensure as a certified general real estate appraiser, the appraisals ~~would~~ must be for nonresidential properties.

~~(4)~~ (3) Applicants shall hold, at a minimum, the following certification(s) issued by the Montana Department of Revenue, or equivalent from another state, as verified on supervisor's affidavit, or by separate documentation issued to applicant:

(a) Applicants for licensure as a licensed real estate appraiser and ~~certification~~ or licensure as a certified residential real estate appraiser shall hold a Montana Department of Revenue residential certification.

(b) Applicants for ~~certification~~ licensure as a certified general real estate appraiser shall hold a Montana Department of Revenue commercial, industrial, or agricultural certification.

~~(5)~~ (4) Experience credit accepted under other provisions of applicable statutes or rules such as ARM 24.207.503 ~~may be combined with any portion of is~~ limited to include a maximum of 1,000 hours from the ad valorem experience set forth above. All other experience credit must be obtained as a licensed trainee with an approved mentor.

~~(6)~~ (5) ~~Mass appraisals shall be performed in accordance with Standards Rule 6 of~~ All ad valorem appraisal experience claimed for credit toward licensure or certification must have been completed as a Montana Department of Revenue certified real estate appraiser as described in (3) and must have been performed in accordance with the USPAP.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, MCA

REASON: The board determined it is reasonably necessary to amend this rule to update language and reflect changes in Montana Department of Revenue processes and terminology that occurred since this rule was last amended.

24.207.509 QUALIFYING EXPERIENCE ~~(1) Acceptable appraisal experience includes but is not limited to the following:~~

- ~~(a) fee and staff appraisals;~~
- ~~(b) ad valorem tax appraisals, in accordance with ARM 24.207.508;~~
- ~~(c) review appraisals;~~
- ~~(d) appraisal analysis;~~
- ~~(e) real estate appraisal consulting;~~
- ~~(f) highest and best use analysis;~~
- ~~(g) appraisal feasibility analyses or studies; and~~
- ~~(h) eminent domain appraisals.~~

(2) remains the same, but is renumbered (1).

~~(3)~~ (2) All applicants claiming appraisal experience shall have made a substantial contribution in arriving at a value conclusion as evidenced by the applicant's signature on the report or experience log and the applicant's name listed in the report. identified within the signed certification as required by the USPAP. To claim qualifying experience, the applicant's contribution must be identified within the

certification and scope of work. The experience log must demonstrate Each appraisal shall show progressive participation in the appraisal process as documented in the experience log approved by the board.

~~(4)~~ (3) All evidence of appraisal activity experience must be supported by written file memoranda a work file or written report and made available to the board for review.

(5) remains the same, but is renumbered (4).

(a) through (c) remain the same.

(d) description of work performed by the trainee/applicant and signature and license number of the trainee;

(e) number of actual work hours claimed by the trainee/applicant on the assignment in accordance with (8), (9), and (10); and

(f) scope of work completed by trainee; and the review and the signature and certification number of the mentor.

~~(g) scope of work completed by approved mentor.~~

~~(6)~~ (5) All experience submitted to the board must be done in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The the Appraisal Foundation that is current at the time the appraisal experience is completed.

~~(7)~~ (6) Qualifying experience must be obtained within five years prior to application date, unless otherwise determined previously approved by the board.

~~(8)~~ (7) Timber and mineral appraisal does valuations shall not qualify as real estate appraisal experience, unless performed in conjunction with a real estate appraisal assignment involving real property.

(9) remains the same, but is renumbered (8).

(a) single family unit residential (one unit dwelling)

(i) ~~self-contained report~~ 40

~~(ii) summary appraisal report~~ 12

~~(iii)~~ (ii) restricted use appraisal report 12

(b) multifamily multiunit residential (two to four units) 20

(i) ~~self-contained report~~ 40

~~(ii) summary appraisal report~~ 20

~~(iii)~~ (ii) restricted use appraisal report 20

(c) remains the same.

(i) ~~self-contained report~~ 16

~~(ii) summary appraisal report~~ 8

~~(iii)~~ (ii) restricted use appraisal report 8

(d) remains the same.

(i) ~~self-contained report~~ 10

~~(ii) summary appraisal report~~ 5

~~(iii)~~ (ii) restricted use appraisal report 5

(e) remains the same.

(i) ~~self-contained report~~ 60

~~(ii) summary appraisal report~~ 20

~~(iii)~~ (ii) restricted use appraisal report 20

(f) remains the same.

(i) ~~self-contained report~~ 60

<del>(ii) summary appraisal report</del>	20
<del>(iii) (ii) restricted use appraisal report</del>	20
(g) remains the same.	
<del>(i) self-contained report</del>	100
<del>(ii) summary appraisal report</del>	50
<del>(iii) (ii) restricted use appraisal report</del>	50
(h) remains the same.	
<del>(i) self-contained report</del>	120
<del>(ii) summary appraisal report</del>	60
<del>(iii) (ii) restricted use appraisal report</del>	60
(i) remains the same.	
<del>(i) self-contained report</del>	70
<del>(ii) summary appraisal report</del>	35
<del>(iii) (ii) restricted use appraisal report</del>	35
(j) remains the same.	
<del>(i) self-contained report</del>	120
<del>(ii) summary appraisal report</del>	60
<del>(iii) (ii) restricted use appraisal report</del>	60
(k) remains the same.	
<del>(i) self-contained report</del>	70
<del>(ii) summary appraisal report</del>	35
<del>(iii) (ii) restricted use appraisal report</del>	35
(l) remains the same.	
<del>(i) self-contained report</del>	120
<del>(ii) summary appraisal report</del>	60
<del>(iii) (ii) restricted use appraisal report</del>	60
(m) remains the same.	
<del>(i) self-contained report</del>	180
<del>(ii) summary appraisal report</del>	60
<del>(iii) (ii) restricted use appraisal report</del>	60
(n) remains the same.	
<del>(i) self-contained report</del>	180
<del>(ii) summary appraisal report</del>	60
<del>(iii) (ii) restricted use appraisal report</del>	60
<del>(10) (9) Review appraisals Appraisal review reports that do not contain the reviewer's opinion of value will be allowed a maximum 1/3 one-third of the allotted time found in (9) (8).</del>	

~~(11) (10) The board may provide a variance from the hourly standards provided in (9) (8) and (10) (9). To be considered for such a variance, an applicant must submit a written request for a variance supported by documentation, which demonstrates the need for additional credit hours.~~

AUTH: 37-1-131, 37-54-105, 37-54-303, MCA  
IMP: 37-1-131, 37-54-105, 37-54-202, 37-54-303, MCA

REASON: The board concluded it is reasonably necessary to delete (1) due to changes in terminology used in the appraisal business, the USPAP, and AQB

criteria. The board is amending renumbered (2) to require that trainee's contributions to the appraisal process are adequately described in the appraisal report itself. This change will ensure that the trainee actually completed the work claimed on the trainee's experience log and will allow the board to better evaluate the trainee's contributions to the report.

The board is amending renumbered (4)(d) to require that the trainee properly authenticate the log with a signature and the trainee's license number. This will discourage application fraud. The proposed amendments for (4)(e) are intended to clarify the meaning of the "number of work hours" on applicants' logs. The amended language in (4)(f) will ensure that the qualifying experience meets AQB criteria, because the mentor must describe the level of supervision provided to the trainee.

The board is eliminating (5)(g) as it is redundant with the proposed amendments to renumbered (2). The board is amending renumbered (8) to update language to reflect changes in USPAP. The proposed amendments to renumbered (9) are intended to clarify that applicants cannot claim appraisal review experience for more than half of their qualifying experience.

24.207.510 SCOPE OF PRACTICE (1) Real property appraisers must adhere to a specific scope of practice and must comply with the ~~competency provision of Uniform Standards of Professional Appraisal Practice (USPAP),~~ including, but not limited to, the ethics and competency rules.

(a) The licensed real ~~property estate appraiser~~ classification ~~applies~~ authorizes the licensee to the engage in appraisal assignments of noncomplex one- to four-~~unit~~ residential ~~units~~ properties having a market value less than \$1,000,000 and complex one to four residential units having a market value less than \$250,000. A "complex one- to four-unit single family residential appraisal" means an appraisal for which the property to be appraised, the form of ownership, the property characteristics, or the market conditions are atypical.

(i) The licensed real ~~property estate appraiser~~ classification authorizes the licensee to engage in appraisal assignments of vacant or unimproved land that is utilized for one- to four-~~unit, single~~ family residential purposes or for which the highest and best use is for one- to four-~~unit, single~~ family residential purposes.

(ii) The licensed real ~~property estate appraiser~~ classification ~~appraisal~~ does not include ~~the~~ authorization for a licensee to engage in appraisal assignments of subdivisions for which a development analysis ~~or appraisal~~ is necessary.

(b) The certified residential real ~~property estate appraiser~~ classification ~~applies~~ authorizes the licensee to the engage in appraisal assignments of one- to four-~~unit~~ residential ~~units~~ properties, without regard to market value or complexity.

(i) The certified residential real ~~property estate appraiser~~ classification ~~includes the~~ authorizes a licensee to engage in appraisal assignments of vacant or unimproved land that is utilized for one- to four-~~unit, single~~ family residential purposes or for which the highest and best use is for one- to four-~~unit, single~~ family residential purposes.

(ii) The certified residential real ~~property estate appraiser~~ classification does not include ~~the~~ authorization for a licensee to engage in appraisal assignments of subdivisions for which a development analysis ~~or appraisal~~ is necessary.

(c) ~~The certified general real property estate appraiser classification applies to the appraisal~~ authorizes a licensee to engage in appraisal of all types of real property, without regard to value or complexity.

~~(i) The certified general real property classification includes all types of real property without regard to value.~~

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-201, MCA

REASON: The board determined it is reasonably necessary to amend this rule to clarify the meaning and intent of the rule in accordance with scope of work classifications used by federal regulators, including the appraisal subcommittee.

24.207.517 TRAINEE REQUIREMENTS (1) remains the same.

(2) A trainee shall be under the direct supervision of at least one appraiser board-approved mentor. A trainee may have more than one mentor.

(3) and (4) remain the same.

(5) All qualifying ~~appraisals~~ appraisal assignments performed by a trainee must meet USPAP standards.

(6) ~~After Beginning with the trainee's original trainee~~ licensing year, a trainee shall meet continuing education requirements established by rule. Qualifying education may be used to meet the continuing education requirements, with the additional requirement to take the seven-hour USPAP update course within each education cycle.

(7) A trainee may not perform qualifying experience without a board-approved mentor.

(8) through (10) remain the same.

(11) All qualifying education must be completed within the five-year period prior to the date of submission of an application for a trainee license.

(12) A trainee shall complete a course that, at a minimum, complies with the specifications for course content established by the AQB. The course will be oriented toward the requirements and responsibilities of mentors and trainees and must be completed by the trainee prior to obtaining a trainee license and completed by the trainee's mentor prior to the mentor's supervision of the trainee.

(11) remains the same, but is renumbered (13).

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-201, 37-54-202, 37-54-303, 37-54-403, MCA

REASON: The board is amending (6) to clarify that trainees are required to complete continuing education within their initial year of licensure in accordance with the AQB criteria. The board is adding (11) and (12) to comply with the 2015 AQB criteria.

24.207.518 MENTOR REQUIREMENTS (1) remains the same.

- (a) be a certified residential or certified general appraiser for a minimum of ~~two~~ three years;
- (b) remains the same.
- (i) a mentor shall make application on forms ~~approved~~ provided by the board, and submit two appraisal reports prepared by the mentor in accordance with ~~Uniform Standards of Professional Appraisal Practice (USPAP)~~ standards with all three approaches to value;
- (ii) and (iii) remain the same.
- (c) ~~have a minimum of two years appraisal experience as a certified appraiser;~~
- (d) (c) be in good standing with the board, and not currently hold a probationary license with the board, and may not have been subject to any disciplinary action within any jurisdiction within the past three years that affects the mentor's legal ability to engage in appraisal practice;
- (e) remains the same, but is renumbered (d).
- (f) (e) be responsible for and must provide direct supervision of all appraisal work assignments performed by the trainee in accordance with the USPAP standards;
- (g) (f) review and sign each page of the activity experience log ~~prescribed by the board of their trainee~~ with their name and license number, certifying its accuracy;
- (h) remains the same, but is renumbered (g).
- (i) (h) prior to allowing the trainee to perform an appraisal assignment with limited supervision, the mentor shall evaluate the competency of the trainee after the first 50 properties. The mentor must determine that the trainee is competent to perform an appraisal assignment within the minimum criteria of USPAP, with limited supervision. Failure to provide adequate supervision is unprofessional conduct according to 37-1-316, MCA;
- (j) remains the same, but is renumbered (i).
- (k) (j) be limited to mentoring trainees in areas where the mentor is competent to perform ~~appraisals~~ appraisal assignments.
- (2) remains the same.
- (3) Any and all disciplinary actions against ~~your~~ a mentor's appraiser license in any state where licensure is held must be disclosed for board review in writing to the board within five days of receiving notification of the disciplinary action.
- (4) and (4)(a) remain the same.
- (b) the trainee has completed a minimum of 50 appraisal assignments related to properties that were personally inspected by ~~a licensee who was an~~ approved to be a mentor for the trainee at the time of the ~~assignment and~~ inspection;
- (c) the mentor has evaluated all appraisal activity the trainee completed under the mentor's supervision, including the appraisal assignments involving properties which the mentor inspected with the trainee;
- (d) on the basis of the mentor's evaluation of the appraisal assignments completed, while the trainee was under the mentor's supervision, the mentor has determined that the trainee is competent to perform appraisal assignments within the minimum criteria of USPAP, with limited supervision by the mentor; and
- (e) the mentor and trainee request and receive approval from the board to allow the trainee to complete appraisal assignments with limited supervision.

(5) A mentor shall complete a course that, at a minimum, complies with the specifications for course content established by the AQB. The course will be oriented toward the requirements and responsibilities of mentors and trainees and must be completed by the mentor prior to the mentor's supervision of a trainee.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-105, 37-54-201, 37-54-202, 37-54-301, 37-54-403, 37-54-411, MCA

REASON: The board determined it is reasonably necessary to amend (1)(a) and renumbered (c) to comply with the revised 2015 AQB criteria. The board is also striking (1)(c) and adding new (5) to comply with the 2015 AQB criteria.

The appraisal subcommittee informed the board that it is necessary to amend renumbered (1)(f) to comply with AQB requirements. The board is amending (3) to set a standard for mentors to report discipline by other jurisdictions. This is necessary to align with federal standards that supervisory appraisers are not subject to discipline within the last three years that affects their legal eligibility to engage in appraisal practice.

24.207.1507 APPRAISAL MANAGEMENT COMPANY RECORD-KEEPING REQUIREMENTS (1) through (1)(j) remain the same.

(k) documentation of the annual appraisal ~~review of work~~ reviews of all the panel appraisers, who performed ~~appraisals~~ appraisal assignments for the appraisal management company, on a periodic basis to verify ~~appraisals~~ appraisal assignments are being conducted in accordance with ~~Uniform Standards of Professional Appraisal Practice~~ the USPAP.

(2) remains the same.

AUTH: 37-1-131, 37-54-105, MCA

IMP: 37-1-131, 37-54-501, 37-54-503, 37-54-504, 37-54-505, 37-54-506, 37-54-508, 37-54-509, 37-54-510, 37-54-511, 37-54-512, 37-54-513, 37-54-515, 37-54-516, MCA

REASON: The board is amending this rule to enhance clarity and for consistency with terminology used in other board rules.

24.207.1509 AMC AUDIT REQUIREMENTS (1) through (2)(a) remain the same.

(b) name and license number of each Montana licensed or certified appraiser who performed an appraisal review ~~for~~ of an appraisal report in the 12 months preceding renewal, ~~submitted to the company in Montana~~ as part of the company's system or process pursuant to 37-54-511, MCA, ~~and his or her license number;~~ and

(c) through (c)(ii) remain the same.

(iii) name and license number of appraiser who performed the appraisal review.

(3) through (5) remain the same.

AUTH: 37-54-105, MCA

IMP: 37-54-506, 37-54-512, 37-54-513, MCA

REASON: The board determined it is reasonably necessary to amend and clarify this rule because some of the previously audited appraisal management companies were not aware of the obligation in 37-54-506, MCA, that appraisal reviews of appraisals performed in Montana are required to be performed by individuals who are licensed in Montana. Amending the rule to require the appraisal management company to provide the Montana license number of the reviewing appraiser should improve compliance with the statutory requirement.

24.207.2101 CONTINUING EDUCATION (1) remains the same.

(2) An examination ~~shall~~ may not be required.

(3) and (4) remain the same.

(5) Every other renewal year, licensees must complete at least 28 hours of instruction in courses or seminars approved by the board, at least seven hours of which must be the national ~~Uniform Standards of Professional Appraisal Practice (USPAP)~~ update course. No online or alternative USPAP courses will be accepted.

(6) and (7) remain the same.

(8) Education completion certificates must be retained and available for audit for a period of five years, according to the record-keeping requirements of the USPAP.

(9) Appraisers must successfully complete the seven-hour national USPAP update course or its AQB-approved equivalent every two calendar years. Equivalency shall be determined through the AQB course approval program.

AUTH: 37-1-131, 37-1-319, 37-54-105, 37-54-303, MCA

IMP: 37-1-131, 37-1-306, 37-54-105, 37-54-303, 37-54-310, MCA

REASON: The board is amending (2) to allow course providers to include an examination following the course and allow such courses with examinations to be considered qualifying education for continuing education purposes. The board determined it is necessary to add (9) to comply with AQB continuing education requirements.

24.207.2102 CONTINUING EDUCATION NONCOMPLIANCE (1) Failure to comply with the completion or reporting requirements established by the board within 20 days of the written request is unprofessional conduct and ~~will~~ shall result in disciplinary action by the board.

(2) Failure to comply with continuing education requirements mandated by the ~~Appraiser Qualifications Board (AQB)~~ will shall be reported to the Appraisal Subcommittee (ASC) National Registry Compliance Database.

AUTH: 37-1-136, 37-1-319, 37-54-105, MCA

IMP: 37-1-131, 37-1-136, MCA

REASON: The board concluded it is reasonably necessary to amend (1) and add a deadline for compliance with requests for information about continuing education. The board determined that this will aid the board in determining when a response is untimely and allow the continuing education audit to proceed in an orderly manner and at a reasonable pace.

5. The proposed new rules provide as follows:

NEW RULE I UNPROFESSIONAL CONDUCT (1) In addition to other unprofessional conduct provisions contained in the statutes and rules administered by the board, the following are also considered unprofessional conduct:

- (a) failing to comply with any request from the board or its designee;
- (b) failing to provide information requested by the board or its designee in relation to an audit, investigation, or complaint; or
- (c) failing to comply with the continuing education, reporting, or renewal requirements.

(2) In addition to a complaint and possible disciplinary action, in the event of any failure to respond to a request from the board or failure to comply with the continuing education requirements, notification to the ASC's national registry of suspension to perform federally related transactions may occur until the licensee fully complies with the request.

AUTH: 37-1-131, 37-1-136, 37-1-319, 37-54-105, MCA

IMP: 37-1-131, 37-1-137, 37-1-141, 37-1-306, 37-1-307, 37-1-312, 37-1-316, 37-1-319, 37-54-105, MCA

REASON: The board determined it is necessary to define certain acts, in addition to failing to adhere to standards of conduct, that are unprofessional conduct, because they interfere with the board's ability to regulate the profession and effectively monitor compliance with board requirements. Additionally, the board has seen an increase in the number of licensees who fail to respond to board requests for information.

NEW RULE II UNPROFESSIONAL CONDUCT FOR APPRAISAL MANAGEMENT COMPANIES (1) In addition to other unprofessional conduct provisions contained in the statutes and rules administered by the board, the following are also considered unprofessional conduct for appraisal management companies:

- (a) failing to comply with any request from the board or its designee;
- (b) failing to provide information requested by the board or its designee in relation to an audit, investigation, or complaint; or
- (c) violating any of the appraiser independence prohibitions found in 37-54-514, MCA.

AUTH: 37-1-131, 37-1-136, 37-1-319, 37-54-105, MCA

IMP: 37-1-131, 37-1-137, 37-1-307, 37-1-312, 37-1-316, 37-1-319, 37-54-105, 37-54-512, 37-54-514, MCA

REASON: The board determined it was necessary to define certain acts, in addition to statutory violations, that are unprofessional conduct for appraisal management companies. These acts interfere with the board's ability to regulate appraisal management companies and effectively monitor compliance with board requirements. The board has also seen an increase in the number of appraisal management companies that fail to respond to board requests for information.

6. Concerned persons may present their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to the Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2305, or e-mail to [dlibsirea@mt.gov](mailto:dlibsirea@mt.gov), and must be received no later than 5:00 p.m., December 5, 2014.

7. An electronic copy of this notice of public hearing is available at [www.realestateappraiser.mt.gov](http://www.realestateappraiser.mt.gov) (department and board's web site). The department strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems, and that technical difficulties in accessing or posting to the e-mail address do not excuse late submission of comments.

8. The board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this board. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding all board administrative rulemaking proceedings or other administrative proceedings. The request must indicate whether e-mail or standard mail is preferred. Such written request may be sent or delivered to the Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513; faxed to the office at (406) 841-2305; e-mailed to [dlibsirea@mt.gov](mailto:dlibsirea@mt.gov); or made by completing a request form at any rules hearing held by the agency.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. With regard to the requirements of 2-4-111, MCA, the board has determined that the amendment of ARM 24.207.517 and 24.207.518 will significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the amendment of ARM 24.207.401, 24.207.403, 24.207.404, 24.207.406, 24.207.408, 24.207.501, 24.207.502, 24.207.503, 24.207.504, 24.207.505,

24.207.506, 24.207.507, 24.207.508, 24.207.509, 24.207.510, 24.207.1507, 24.207.1509, 24.207.2101, and 24.207.2102 will not significantly and directly impact small businesses.

With regard to the requirements of 2-4-111, MCA, the board has determined that the adoption of NEW RULES I and II will not significantly and directly impact small businesses.

Documentation of the board's above-stated determinations is available upon request to the Board of Real Estate Appraisers, 301 South Park Avenue, P.O. Box 200513, Helena, Montana 59620-0513, by facsimile to (406) 841-2305, or e-mail to [dlibsrea@mt.gov](mailto:dlibsrea@mt.gov).

11. Don Harris, attorney, has been designated to preside over and conduct this hearing.

BOARD OF REAL ESTATE APPRAISERS  
THOMAS STEVENS, CERTIFIED  
GENERAL APPRAISER, CHAIRPERSON

/s/ DARCEE L. MOE  
Darcee L. Moe  
Rule Reviewer

/s/ PAM BUCY  
Pam Bucy, Commissioner  
DEPARTMENT OF LABOR AND INDUSTRY

Certified to the Secretary of State October 27, 2014