



Common Sense Initiative

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Business Impact Analysis

Agency, Board, or Commission Name: Division of Real Estate & Professional Licensing

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Regulation/Package Title (a general description of the rules' substantive content):

Ohio Real Estate Appraiser Rules

Rule Number(s): 1301:11-3-03, 1301:11-3-05, 1301:11-4-02, 1301:11-7-01, 1301:11-7-02,
1301:11-7-03 & 1301:11-7-04

Date of Submission for CSI Review: 12/30/2024

Public Comment Period End Date: 1/21/2025

Rule Type/Number of Rules:

New/ rules

No Change/ rules (FYR?)

Amended/ 7 rules (FYR? No)

Rescinded/ rules (FYR?)

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

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Reason for Submission

1. R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rule for CSI review.

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule(s):

- a. ☐ Requires a license, permit, or any other prior authorization to engage in or operate a line of business.
- b. ☐ Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.
- c. ☒ Requires specific expenditures or the report of information as a condition of compliance.
- d. ☐ Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.

Regulatory Intent

2. Please briefly describe the draft regulation in plain language.
Please include the key provisions of the regulation as well as any proposed amendments.

1301:11-3-03 – Proposed amendment

This rule establishes the education requirements for certified and licensed appraisers and ensures appraiser applicants are sufficiently educated and competent to complete real estate appraisals. The proposed requirements set forth in this rule are consistent with Appraiser Qualifications Board's (AQB) requirements.

Paragraphs (A), (B)(2) & (C)(2) – The proposed amendments are in response to the amended AQB qualifying education requirements, effective January 1, 2026. Licensed and certified appraiser applications received by the Division on or after January 1, 2026 will need to include the eight hour Valuation Bias & Fair Housing Laws and Regulation course.

- Licensed residential appraiser applicants will need to complete an additional eight hours of education, increasing the total from 150 hours to 158 qualifying education hours.
- Certified appraiser applicants will complete the same total number of qualifying education hours with the new course, but the subject matter electives will be reduced accordingly.

Paragraph (E) – Minor clerical changes to this paragraph were necessary with the earlier proposed amendments to this rule.

1301:11-3-05 - Proposed amendment

The purpose of this rule is to comply with the rule-making requirement in Ohio Revised Code Section 4763.03(A)(1)(b). The proposed requirements set forth in this rule are also consistent with AQB requirements.

Paragraph (C) – The amendment is proposed to make the existing rule consistent with AQB requirements. The AQB allows for a twenty-four-month eligibility period to pass the corresponding appraiser examination.

1301:11-4-02 – Proposed amendment

The purpose of this rule is to establish the education requirements for applicants who want to obtain an Ohio real estate appraiser assistant registration. The rule is required by Ohio Revised Code Section 4763.05(C) and the amendments are consistent with AQB requirements.

Paragraph (C) - The proposed amendments are in response to the amended AQB qualifying education requirements, effective January 1, 2026. Appraiser assistant registration applications received by the Division on or after January 1, 2026 will need to include a course completion certificate for the eight hour Valuation Bias & Fair Housing Laws and Regulation course.

Paragraph (D) - Minor clerical changes to this paragraph were necessary with the earlier proposed amendments to this rule.

1301:11-7-01 – Proposed amendment

The purpose of this rule is to establish the continuing education requirements for registered, licensed, or certified Ohio real estate appraisers. The proposed requirements set forth in this rule are also consistent with AQB requirements.

Paragraph (B) – The proposed amendment is in response to the AQB’s new continuing education requirement for existing appraisers. Renewals of existing Ohio appraiser credentials in 2027 must include proof of completion of a 7-hour course in Valuation Bias & Fair Housing Laws and Regulation and every two years thereafter, must include proof of completion of at least a 4-hour course in Valuation Bias & Fair Housing Laws and Regulations.

Those appraisers that completed the 8-hour Valuation Bias & Fair Housing Laws and Regulations to obtain their current appraisal credential do not need to complete the 7-hour offering but will need to complete every two years thereafter the 4-hour corresponding course.

Paragraph (F) – The proposed amendment is made to state the AQB requirement more clearly regarding the minimum acceptable continuing education offering.

Paragraph (G) – The proposed amendment to this paragraph reflects the AQB’s change to the Uniform Standards of Professional Appraisal Practice (USPAP) course name.

1301:11-7-02 – Proposed amendment

The purpose of this rule is to establish the requirements education providers must satisfy to receive approval to offer a continuing education class for Ohio real estate appraisers. The proposed requirements set forth in this rule are also consistent with AQB requirements.

Paragraph (B)(7) – The proposed amendment reflects the acceptable AQB continuing education course topics.

Paragraphs (I)(1) & (I)(2) –The Division’s proposed amendments clarify the Superintendent’s standard of review for a continuing education instructor, administrator, or sponsoring entity.

1301:11-7-03 – Proposed amendment

The purpose of this rule is to establish the requirements for a course provider seeking approval for a continuing education class offered in a distance education setting. The proposed requirements set forth in this rule are consistent with AQB requirements.

Paragraph (G)(7) - The proposed amendment reflects the acceptable AQB distance education course topics.

1301:11-7-04 – Proposed amendment

The purpose of this rule is to establish when a medical exception to the appraiser renewal requirements may be applicable. The rule also establishes the procedure for an applicant to follow after receiving a medical exception.

Paragraph (B)(3) - The proposed amendment to this paragraph reflects the AQB name change to the USPAP course and includes the newly required continuing education course in Valuation Bias & Fair Housing Laws and Regulation.

3. Please list the Ohio statute(s) that authorize the agency, board, or commission to adopt the rule(s) and the statute(s) that amplify that authority.

1301:11-3-03 is authorized by ORC Section 4763.03 & 4763.05 and amplified by ORC Section 4763.05.

1301:11-3-05 is authorized by ORC Section 4763.03 and amplified by ORC Section 4763.05.

1301:11-4-02 is authorized by ORC Section 4763.03 & 4763.05 and amplified by ORC Section 4763.05.

1301:11-7-01 is authorized by ORC Section 4763.03 & 4763.07 and amplified by ORC Section 4763.03 & 4763.07.

1301:11-7-02 is authorized by ORC Section 4763.03, 4763.07, 4763.09 and amplified by ORC Section 4763.07.

1301:11-7-03 is authorized by ORC Section 4763.03, 4763.07 & 4763.09 and amplified by ORC Section 4763.07.

1301:11-7-04 is authorized by ORC Section 4763.03, 4763.06 & 4763.07 and amplified by ORC 4763.06 & 4763.07.

- 4. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?**
If yes, please briefly explain the source and substance of the federal requirement.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“FIRREA”) established the AQB. The AQB establishes the minimum requirements for certified real property appraisers. Also, under the provisions of the Dodd-Frank Reform Act, the AQB establishes the minimum requirements for “Licensed Appraisers” and appraiser trainees. These laws require states to implement appraiser requirements that are no less stringent than those issued by AQB. States that do not comply with Title XI are subject to the non-recognition of their real estate appraiser licenses and certifications. If this were to occur in Ohio, it would severely limit the mortgage-lending industry in Ohio and harm consumers.

- 5. If the regulation implements a federal requirement, but includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.** Not Applicable.
- 6. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

All the rules are necessary to ensure that Ohio appraisers are well-qualified, competent, and properly trained. It is necessary for the stability of our economy for appraisers to have the required skills and knowledge in real property appraising.

- 7. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Division staff will interact with every appraiser applicant and education provider applicant and Division staff will review every application for compliance. Division staff also receives comments from the public at outreach functions and through public inquiries filed with the Division.

- 8. Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931?** No.
If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation. Not Applicable.

Development of the Regulation

9. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.

If applicable, please include the date and medium by which the stakeholders were initially contacted.

The Division receives comments from the public, appraisers, and education providers concerning rules and whether they require modification. On July 31, 2024 and August 1, 2024, the Division emailed appraiser stakeholders requesting comments regarding the Division's proposed amendments. Comments received by the Division approved the suggested changes or expressed an understanding of the rationale for the proposed changes. On December 17, 2024, the Division presented the Ohio Real Estate Appraiser Board (Board) with the proposed amendments to these rules at a public meeting where public comments were solicited. The Board reviewed the proposed changes, public comments, and instructed the Division to proceed with the remaining rule process.

10. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?

The states must follow AQB requirements. The proposed changes follow AQB requirements. Board members and stakeholders have acknowledged these requirements.

11. What scientific data was used to develop the rule or the measurable outcomes of the rule? Not Applicable. How does this data support the regulation being proposed? N/A.

The rules are based on Ohio law and AQB requirements. AQB requirements are binding on the state.

12. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? None. If none, why didn't the Agency consider regulatory alternatives? *Alternative regulations may include performance-based regulations, which define the required outcome, but do not dictate the process the regulated stakeholders must use to comply.* The rules are being offered to satisfy the AQB requirements and Ohio law. The intention of the rules is to ensure appraisers and appraiser applicants are qualified and competent to complete real estate appraisals, and education providers are providing offerings that increase an appraiser's or applicant's knowledge regarding the appraisal practice. Qualified and competent appraisers are necessary for the stability of our economy.

13. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation? It was not necessary for the Division to consider performance-based regulations for these rules. The rules are offered to satisfy Ohio law and AQB requirements.

14. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the

regulated community. The Division is the only agency in this state that regulates Ohio registered, licensed, and certified real estate appraisers.

Adverse Impact to Business

15. Provide a summary of the estimated cost of compliance with the rule(s). Specifically, please do the following:

a. Identify the scope of the impacted business community, and

- **1301:11-3-03** - Any person applying for or considering a new Ohio appraiser license or certificate
- **1301:11-3-05** – Any person applying for or considering a new Ohio appraiser license or certificate
- **1301:11-4-02** - Any person applying for or considering a new Ohio registered real estate appraiser assistant registration
- **1301:11-7-01** - Any Ohio licensed, registered, or certified appraiser
- **1301:11-7-02** - Any education provider or any Ohio licensed, registered, or certified appraiser
- **1301:11-7-03** - Any education provider or any Ohio licensed, registered, or certified appraiser
- **1301:11-7-04** – Any former Ohio licensed, registered, or certified appraiser

b. Quantify and identify the nature of all adverse impact (e.g., fees, fines, employer time for compliance, etc.).

The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a representative business. Please include the source for your information/estimated impact.

- **1301:11-3-03** - The rule requires appraiser applicants to spend time and money to meet the education requirements as required by the AQB. There is college level education required for certified appraisers. In addition, applicants must also complete additional appraisal specific classes, which cost between \$200 and \$400 per class. Applicants for a real estate appraiser license must complete at least 158 hours. Applicants for a residential real estate

appraiser certificate must complete at least 200 hours and applicants for a general real estate appraiser certificate must complete at least 300 hours.

- **1301:11-3-05** – The rule requires licensed or certified appraiser applicants to successfully complete a national examination as required by the AQB. Applicants will spend time and money to satisfy this requirement. The examination fee is \$88.00 as charged by the testing vendor. There is no new or additional adverse impact to the stakeholder with the proposed changes.
- **1301:11-4-02** - The rule requires an applicant (registrant) to spend time and money to meet the education requirements as required by the AQB. Applicants must complete at least 83 hours of education in appraisal specific classes, which cost between \$200 and \$400 per class.
- **1301:11-7-01** - The rule requires an appraiser applicant to spend time and money to meet the continuing education requirements as required by the AQB. Licensed, certified, and registered appraisers must complete continuing education classes to renew the credential. The Division estimates classes cost between \$100 and \$300 per class.
- **1301:11-7-02** - There is no new or additional adverse impact to the stakeholder with the proposed changes. The rule requires an education provider, who is seeking to provide continuing education classes to appraisers in a tradition classroom setting, to spend time and money to complete the application process.
- **1301:11-7-03** - There is no new or additional adverse impact to the stakeholder with the proposed changes. The existing rule requires an education provider, who is seeking to provide continuing education classes to appraisers in a distance education setting, to spend time and money to complete the application process.
- **1301:11-7-04** – The rule describes the procedure for a former appraiser to qualify for a medical exception. An appraiser will need to spend time gathering the required information for consideration. If former appraiser qualifies for a medical exception, the appraiser will need to satisfy all outstanding renewal requirements, which will require the appraiser to spend time and money fulfilling those requirements.

16. Are there any proposed changes to the rules that will reduce a regulatory burden imposed on the business community? No. Please identify. (*Reductions in regulatory burden may include streamlining reporting processes, simplifying rules to improve readability, eliminating requirements, reducing compliance time or fees, or other related factors*).

17. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community? The overall intent of these rules is to ensure appraisers

are competent to complete real estate appraisals. This serves to benefit all of those who come to rely on appraisals. The rules are also based on federal requirements, which are currently binding on the state. States that do not comply with federal requirements would be subject to the non-recognition of real estate appraiser licenses and certifications in this state. Therefore, an appraisal done by Ohio licensed or certified appraisers would not be considered valid. If this were to occur in Ohio, it would severely limit the mortgage-lending industry in Ohio and harm consumers.

Regulatory Flexibility

18. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain. The Division recognizes that most appraisers and education providers that serve appraisers are small businesses. The rules are federally required and are designed with the small business owner in mind.

19. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation? Division staff regularly works with applicants to ensure they have all the necessary paperwork for their application. If an applicant omits any required documentation, Division staff notifies the applicant of the deficiency; discusses with the applicant his or her options for compliance; and the Division allows the application to remain in a pending status for a reasonable time to avoid forfeiture of any application fee.

20. What resources are available to assist small businesses with compliance of the regulation? The Division recognizes that many appraisers are small businesses, and the Division is easily accessible by email and telephone for inquiries. Further, the Division's website has valuable information including forms, helpful facts and answers, and links to additional outside resources.