

# STATEMENT OF SCOPE

## Department of Safety and Professional Services

Rule No.: SPS 85 to 87

Relating to: Appraiser Experience Requirements

Rule Type: Permanent

**1. Finding/nature of emergency (Emergency Rule only): N/A**

**2. Detailed description of the objective of the proposed rule:**

The objective of the proposed rule is to implement the Practical Applications of Real Estate Appraisal (PAREA) program to count for some of the experience requirements for applicants seeking a credential to perform residential appraisals in Wisconsin. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations. This experience can be provided through a wide range of online and virtual reality technologies. PAREA provides an alternative to the traditional supervisor and trainee model for experience for licensed and certified residential appraisers. Partial experience credit for certified general appraiser applicants can be awarded.

The current rule requires appraisers to gain experience under the supervision of a credential appraiser; however, this requirement has become a barrier to enter the profession because of the unavailability of individuals willing to supervise trainees. This is a national problem but especially relevant for rural communities that need qualified appraisers to service their communities.

**3. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

SPS 85 currently includes the education, examination, and experience requirements for a credential as a certified general appraiser, certified residential appraiser, or licensed appraiser. Under the proposed rule, the experience requirements would be expanded to allow applicants to use PAREA courses to count as experience time. PAREA is an alternative to this traditional model that has been developed nationally and promoted by leading appraisal organizations such as the Appraisal Institute and Appraisal Foundation.

The alternative to this proposed rule is that appraiser applicants in Wisconsin will continue to need to meet existing experience requirements which could prevent individuals from entering the profession due to lack of available supervisors to oversee an appraiser trainee. This may lead to delays in property transactions especially in rural communities.

**4. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

458.03 (1) (b), Stats.: “[In addition to the other duties and powers of the department under this chapter, the department shall] subject to the procedure under s. 458.05, promulgate rules establishing criteria for the approval of educational and continuing educational programs and courses of study for appraisers and establishing criteria for approval of the courses required under ss. 458.06 (2) (d) and 458.08 (2) (d).”

**5. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

120 hours

**6. List with description of all entities that may be affected by the proposed rule:**

Applicants seeking a credential as a certified general appraiser, certified residential appraiser, or licensed appraiser.

**7. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule :**

The Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), 12 U.S.C. 3331 et seq., (Title XI) was enacted in 1989. As outlined in Section 1116 or 12 U.S.C. 3345, every state certified appraiser must meet the minimum criteria for certification issued by the Appraisal Qualifications Board which is empowered by the Appraisal Subcommittee. The criteria and guide for PAREA was adopted by the Appraisal Qualification Board in October 2020. All PAREA programs must follow the PAREA Implementation Policies which were adopted by the Appraisal Qualification Board in December 2020.

**8. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

The proposed rule is likely to have minimal or no economic impact on small businesses and the state's economy as a whole.

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