

Secretary of the State File Number

6346

Regulation of the
Department of Consumer Protection
Concerning

Real Estate Appraisal Updates

Regulations adopted after July 1, 2013, become effective upon posting to the Connecticut eRegulations System, or at a later date if specified within the regulation.

Posted to the Connecticut eRegulations System on **September 30, 2021**

EFFECTIVE DATE
September 30, 2021

Approved by the Attorney General on
July 19, 2021

Approved by the Legislation Regulation Review Committee on
September 28, 2021

Electronic copy with agency head certification statement electronically submitted to and received by the Office of the Secretary of the State on
September 29, 2021

Form ICM-ECOPY (NEW 6/2015)
State of Connecticut
Secretary of the State



IMPORTANT NOTICE FOR CONNECTICUT STATE AGENCIES
This form should be used only for regulations first noticed *on and after March 23, 2015*.

Electronic Copy Certification Statement

(Submitted in accordance with the provisions of section 4-172 of the Connecticut General Statutes)

Regulation of the
Department of Consumer Protection
Concerning
Real Estate Appraisal Updates

Approved by the Legislative Regulation Review Committee: **September 28, 2021**

eRegulations System Tracking Number: **PR2021-010**

I hereby certify that the electronic copy of the above-referenced regulation submitted herewith to the Secretary of the State is a true and accurate copy of the regulation approved in accordance with sections 4-169 and 4-170 of the *Connecticut General Statutes*.

And I further certify that in accordance with the approval of Legislative Regulation Review Committee, all required technical corrections, page substitutions and deletions, if any, have been incorporated into said regulation.

In testimony whereof, I have hereunto
set my hand on **September 29, 2021**.

A handwritten signature in blue ink that reads "Julianne Avallone". The signature is written in a cursive style and is positioned above a horizontal line.

Julianne Avallone
Legal Division Director
Department of Consumer Protection

State of Connecticut
Regulation of
Department of Consumer Protection
Concerning
Real Estate Appraisal Updates

Section. 1. Sections 20-504-1 and 20-504-2 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 20-504-1. Definitions

For the purposes of sections 20-504-1 to 20-504-12, inclusive, of the Regulations of Connecticut State Agencies, the [terms defined] definitions in section 20-500 of the Connecticut General Statutes [will] apply, and the following terms [shall] have the meanings indicated:

(1) "Appraisal experience" means appraisal related experience obtained by performing fee and staff appraisals, ad valorem tax appraisals, condemnation appraisals, appraisal reviews, appraisal analyses, real estate consulting, highest and best use analyses, and feasibility analyses or studies;

(2) "Appraisal practice" means the work or services performed by appraisers, defined [by three terms:] as appraisal[,], or appraisal review [and real estate consulting];

(3) "Appraisal review" means the act or process of developing and communicating an opinion about the quality of another appraiser's work;

(4) "Appraisal Standards Board" means the Appraisal Standards Board of [The] the Appraisal Foundation, located in Washington, D.C.;

(5) "Appraiser Qualifications Board" or "AQB" means the Appraiser Qualifications Board of [The] the Appraisal Foundation, located in Washington, D.C.;

(6) "Classroom hour" means [50] fifty (50) minutes out of each sixty minute segment;

(7) "Course" means a course, seminar or other educational program of study;

(8) "Complex residential property" means residential property where the property itself, the form of ownership, or the market conditions are atypical;

(9) "Federal financial institutions regulatory agency" [or "FIRREA"] means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, or the National Credit Union Administration, any successor agency, or any combination of such agencies;

(10) "Federally related transaction" means any real estate related financial transaction which

(A) a federal financial institutions regulatory agency engages in, contracts for, or regulates; and

(B) requires the services of an appraiser pursuant to FIRREA;

(11) ["Real estate consulting" means providing information, analysis of data, and recommendations or conclusions on diversified problems in real estate, other than an opinion of value. Consulting includes but is not limited to: land utilization studies; highest and best use analyses; real estate marketability, feasibility or investment studies; and other such research related real estate studies or services;] "FIRREA" means the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989;

(12) "Real estate related financial transaction" means a transaction involving

(A) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;

(B) the refinancing of real property or interests in real property; and

(C) the use of real property or interests in real property as security for a loan or investment, including mortgage-backed securities;

(13) "Residential real estate" or "one to four unit residential property" means property improved with one to four unit residential structures, and vacant or unimproved land where the highest and best use is for one to four unit residential purposes. This does not include land where a development analysis or appraisal, or both, such as a subdivision development analysis or condominium development analysis, is necessary or utilized; and

(14) "Transaction value" with regard to federally related transactions means

(A) for loans or other extensions of credit, the amount of the loan or extension of credit;

(B) for sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and

(C) for the pooling of loans or interests in real property for resale or purchase, the amount of the loan or the market value of the real property calculated with respect to each such loan or interest in real property.

Sec. 20-504-2. Standards for the performance of appraisals, content of appraisals and conduct of appraisers

Every appraiser shall, in performing the acts and services of a real estate appraiser, real estate review appraiser or real estate consultant, conform to the following minimum standards:

(1) The [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP [adopted by the Appraisal Standards Board of The Appraisal Foundation] in effect at the time the services are performed. A copy of the [The Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP book is available for inspection at the main office of the Department of Consumer Protection during regular business hours. Alternatively, copies may be obtained from [The] the Appraisal Foundation located in Washington, D.C. or from [The] the Appraisal Foundation's website at <http://www.appraisalfoundation.org>.

(2) An appraiser who wishes to enter in or upon any premises or real estate not the subject of appraisal for the purpose of estimating comparable real estate shall obtain permission to enter from the owner or occupier of the premises or real estate, and shall identify himself as an appraiser; [and]

(3) Each appraisal[,] or appraisal review [or consulting report] shall include for each appraiser signing such report: the appraiser's name either printed or typed, the category of licensure held, and license number, the state of issuance and the expiration date of the license[.]; and,

(4) Pursuant to the rules under Title XI of FIRREA, when an Evaluation of Real Property Collateral is required in lieu of an appraisal, a Connecticut certified appraiser may perform such Evaluation outside the scope of the USPAP by following Section XII (Evaluation Development) and Section XIII (Evaluation Content) of the Interagency Appraisal and Evaluation Guidelines as published in the *Federal Register* (Vol. 75, No. 237) on December 10, 2010.

Sec. 2. Sections 20-504-4 and 20-504-5 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 20-504-4. Provisional appraisers and supervisory appraisers

(a) No person shall be a state provisional appraiser for less than one (1) year or more than a total of six (6) years except that under circumstances of bona fide personal or physical hardship

or other good cause, the commission or commissioner may allow additional time on a case by case basis. Such six (6) year total shall not include any period for which the proposed appraiser has given the commission earliest reasonable written notice of complete suspension of appraisal activity in Connecticut.

(b) While performing appraisal work, each provisional appraiser shall be subject to direct supervision by one or more supervisory appraisers, each of whom:

(1) Shall have held a certified residential or certified general appraiser license for at least three (3) years prior to becoming a supervisor;

(2) Shall not have been subject to any disciplinary action within the immediately preceding three (3) years that affects their legal eligibility to engage in appraisal practice; and

(3) Shall currently hold their license in good standing.

(c) Both provisional appraisers and supervisory appraisers shall complete a course that, at a minimum, complies with the specifications for course content established by the Appraisal Qualifications Board [(AQB)]. The course curriculum shall contain a review of the requirements and responsibilities of supervisory appraisers and the expectations of provisional (also known as “trainee”) appraisers. The course shall be completed by the provisional appraiser prior to obtaining a provisional appraiser credential and completed by the supervisory appraiser prior to supervising a provisional appraiser.

(d) The supervisory appraiser shall be responsible for the direct supervision of the provisional appraiser by:

(1) Accepting responsibility for the appraisal work performed. The supervisory appraiser shall indicate the acceptance of responsibility in any resulting written appraisal reports, appraisal review reports or appraisal consulting reports by signing and certifying the report is in compliance with the current [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP;

(2) Reviewing the provisional appraiser's appraisal reports, appraisal review reports, appraisal consulting reports or work product; and

(3) Personally inspecting each appraised property with the provisional appraiser until a reasonable appraiser would judge the provisional appraiser to be competent in accordance with the Competency Rule of the [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP for the property type.

(e) Each provisional appraiser and supervisory appraiser shall file with the commission a notification prior to beginning and at the termination of their employment by each supervisory appraiser.

(f) For verification of experience credit, an appraisal log shall be maintained by the provisional appraiser and supervisory appraiser and shall, at a minimum, include the following for each appraisal:

(1) Type of property;

(2) Date of report;

(3) Type of report;

(4) Address of appraised property;

(5) Description of work performed by the provisional appraiser and scope of the review and supervision of the supervisory appraiser;

(6) Number of actual work hours performed by the provisional appraiser on the assignment; and

(7) The signature and state certification number of the supervisory appraiser.

(g) The supervisory appraiser and the provisional appraiser shall review and each sign the appraisal log on a quarterly basis, in accordance with a log format provided by the commission.

(h) Separate appraisal logs shall be maintained for each supervisory appraiser.

(i) The provisional appraiser shall be entitled to obtain copies of appraisals such provisional appraiser prepared or to which such provisional appraiser made a significant professional contribution, from supervisory appraisers when such copies are necessary to document appraisal experience for licensure, certification or regulatory compliance purposes. The supervisory appraiser shall not, however, be required to maintain copies beyond the record keeping requirements of the current [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP.

(j) The supervisory appraiser, by signing the notification to the commission of the sponsorship of the provisional appraiser, agrees to assume the responsibilities and duties of a supervisory appraiser as provided in this section, [and] in chapter 400g of the Connecticut General Statutes and [the Uniform Standards of Professional Appraisal Practice (USPAP)] in the USPAP, and shall cooperate with the commission regarding matters related to the provisional appraiser.

(k) A supervisory appraiser shall not supervise more than three (3) provisional appraisers at one time.

Sec. 20-504-5. Application for licensure or certification

(a) **State certified general appraiser.** Each applicant for a general certification shall prove to the satisfaction of the commission or commissioner that the applicant has met the following examination, education, and experience requirements:

(1) Successful completion of the AQB-approved Certified General Real Property Appraiser examination;

(2) As a prerequisite to sit for the examination, successful completion of courses approved by the commission totaling at least three hundred (300) classroom hours of study in accordance with the Required Core Curriculum. The Required Core Curriculum topic areas and required number of hours are:

- (A) Basic Appraisal Principles (30 hours);
- (B) Basic Appraisal Procedures (30 hours);
- (C) The 15 hour National USPAP Course or its equivalent (15 hours);
- (D) General Appraisal Market Analysis and Highest and Best Use (30 hours);
- (E) Statistics, Modeling and Finance (15 hours);
- (F) General Appraiser Sales Comparison Approach (30 hours);
- (G) General Appraiser Site Valuation and Cost Approach (30 hours);
- (H) General Appraiser Income Approach (60 hours);
- (I) General Appraiser Report Writing and Case Studies (30 hours); and
- (J) Appraisal Subject Matter Electives (30 hours).

(3) Applicants completing the required three hundred (300) classroom hours of study shall be able to demonstrate that their education involved coverage of all topics listed below, with particular emphasis on the appraisal of non-residential properties:

- (A) Influences on real estate value;
- (B) Legal consideration in appraisal;
- (C) Types of value;
- (D) Economic principles;

- (E) Real estate markets and analysis;
- (F) Valuation process;
- (G) Property description;
- (H) Highest and best use analysis;
- (I) Appraisal math and statistics;
- (J) Sales comparison approach;
- (K) Site value;
- (L) Cost approach;
- (M) Income approach:
 - (i) estimation of income and expenses;
 - (ii) operating statement ratios;
 - (iii) direct capitalization;
 - (iv) cash flow estimates;
 - (v) measures of cash flow; and
 - (vi) discounted cash flow analysis;
- (N) Valuation of partial interests;
- (O) Narrative report writing; and

(P) Successful completion of the 15-hour [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP course within the six (6) year period preceding the date of the application. Said course shall consist of at least fifteen (15) classroom hours, including a cumulative examination, and shall be taught by an AQB certified USPAP instructor who is a state certified residential or state certified general appraiser. The hours of instruction completed as part of the USPAP course shall be applied as a credit toward the total number of hours listed as a prerequisite to sit for the examination in [subsection (a)(2) of this section] subdivision (2) of this subsection.

(4) As a prerequisite to sit for the examination, completion of either three thousand (3,000) hours of appraisal experience, as defined in subparagraphs (A) and (B) of this subdivision, or equivalent experience as determined by the commission.

(A) Three thousand (3,000) hours of appraisal experience obtained during no fewer than eighteen (18) months is required. Experience documentation in the form of an appraisal log shall be submitted to support the experience claimed.

If requested, reports or file memoranda shall be made available to support the experience claimed. Hours may be treated as cumulative in order to achieve the necessary 3,000 hours of appraisal experience.

(B) For credit, the applicant shall have accumulated a total of three thousand (3,000) hours of appraisal experience of which at least one thousand five hundred (1,500) hours shall be in non-residential appraisal work.

(5) As a prerequisite to obtain certification, the applicant shall have obtained the minimum educational requirement of a bachelor's degree from an accredited college, university, or institute of higher education.

(b) **State certified residential appraiser.** Each applicant for a residential certification shall prove to the satisfaction of the commission that the applicant has met the following examination, education, and experience requirements:

(1) Successful completion of the AQB-approved Certified Residential Real Property Appraiser examination;

(2) As a prerequisite to sit for the examination, successful completion of courses approved by the commission totaling at least two hundred (200) classroom hours of study in accordance with the Required Core Curriculum. The Required Core Curriculum topic areas and required number of hours are:

- (A) Basic Appraisal Principles (30 hours)
- (B) Basic Appraisal Procedures (30 hours)
- (C) The 15 hour USPAP Course or its equivalent (15 hours);
- (D) Residential Market Analysis and Highest and Best Use (15 hours)
- (E) Residential Appraiser Site Valuation and Cost Approach (15 hours)
- (F) Residential Sales Comparison and Income Approaches (30 hours)
- (G) Residential Report Writing and Case Studies (15 hours)
- (H) Statistics, Modeling and Finance (15 hours)
- (I) Advanced Residential Applications and Case Studies (15 hours)
- (J) Appraisal Subject Matter Electives (20 hours).

(3) Applicants completing the required two hundred (200) classroom hours of study shall be able to demonstrate that their education involved coverage of all topics listed below, with particular emphasis on the appraisal of residential properties:

- (A) Influences on real estate value;
- (B) Legal consideration in appraisal;
- (C) Types of value;
- (D) Economic principles;
- (E) Real estate markets and analysis;
- (F) Valuation process;
- (G) Property description;
- (H) Highest and best use analysis;
- (I) Appraisal math and statistics;
- (J) Sales comparison approach;
- (K) Site value;
- (L) Cost approach;
- (M) Income approach:
 - (i) gross rent multiplier analysis;
 - (ii) estimation of income and expenses;
 - (iii) operating expense ratios; and
 - (iv) direct capitalization;
- (N) Valuation of partial interests;
- (O) Narrative report writing; and

(P) Successful completion of the 15-hour [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP course within the six (6) year period preceding the date of the application. Said course shall consist of at least fifteen (15) classroom hours, including a cumulative examination, and shall be taught by at least one AQB certified USPAP instructor who is a state certified residential or state certified general appraiser. The hours of instruction completed as part of the USPAP course shall be applied as a credit toward the total number of

hours listed as a prerequisite to sit for the examination in [subsection (b)] subdivision (2) of this [section] subsection; and

(4) As a prerequisite to sit for the examination, completion of one thousand five hundred (1,500) hours of appraisal experience, obtained during no fewer than twelve (12) months. Experience documentation in the form of an appraisal log shall be submitted to support the experience claimed. If requested, reports or file memoranda shall be available to support the experience claimed. Hours may be treated as cumulative in order to achieve the necessary one thousand five hundred (1,500) hours of appraisal experience.

(5) As a prerequisite to obtain certification, the applicant shall have obtained the minimum educational requirement of a bachelor's degree from an accredited college, university, or institute of higher education. In lieu of a bachelor's degree, the higher education requirement may be fulfilled by completing one of the following options:

(A) Earning an Associates Degree in a field of study related to: Business Administration; Accounting; Finance; Economics; or Real Estate.

(B) Successful completion of thirty (30) semester hours of college-level courses that cover each of the following specific topic areas and hours: English Composition (3 hours); Microeconomics (3 hours); Macroeconomics (3 hours); Finance (3 hours); Algebra, Geometry, or higher mathematics (3 hours); Statistics (3 hours); Computer Science (3 hours); Business Law or Real Estate (3 hours); and Two elective courses in any of the above topics or in Accounting, Geography, Agricultural Economics, Business Management, or Real Estate (3 hours each elective).

(C) Successful completion of at least thirty (30) semester hours of College Level Examination Program (CLEP) examinations, as set forth in the following Equivalency Table:

Equivalency Table		
CLEP Exam	CLEP Semester Hours Granted	Applicable College Courses
College Algebra	3	Algebra, Geometry, Statistics, or higher mathematics
College Composition	6	English Composition
College Composition Modular	3	English Composition
College Mathematics	6	Algebra, Geometry, Statistics, or higher mathematics
Principles of Macroeconomics	3	Macroeconomics or Finance
Principles of Microeconomics	3	Microeconomics or Finance
Introductory Business Law	3	Business Law or Real Estate Law
Information Systems	3	Computer Science

(D) Any combination of the requirements of subparagraphs (B) and (C) of this subdivision that includes all of the topics identified within subparagraph (B) of this subdivision.

(c) **State provisional appraiser.** Each applicant for a provisional license shall, before being granted such provisional license, prove to the satisfaction of the commission that the applicant has met the following education requirements:

(1) Successful completion of pre-licensing courses approved by the commission, including examinations, totaling at least seventy-five (75) classroom hours of study, including:

(A) Completion of a minimum of thirty (30) classroom hours in real estate appraisal principles, within the five (5) year period preceding the date of the provisional license application;

(B) Completion of a minimum of thirty (30) classroom hours in real estate appraisal procedures, within the five (5) year period preceding the date of the provisional license application; and

(C) Successful completion of the 15-hour [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP course within the five (5) year period preceding the date of the application. Said course shall consist of at least fifteen (15) classroom hours, including a cumulative examination, and shall be taught by an AQB certified USPAP instructor who is a state certified residential or state certified general appraiser.

(2) Successful completion of an AQB approved course detailing the supervisory and provisional appraiser (also known as "trainee") roles.

(d) **Documentation of experience and education.** Applicants for licensure or certification shall comply with the following when documenting experience and training:

(1) Allowable appraisal experience shall be the applicant's own work, which may include experience obtained while completing entire appraisals, technical review appraisals or consulting assignments. Appraisal experience may also be allowed for experience the applicant obtained while providing significant professional assistance, as determined by the commission, to a certified appraiser in the preparation of real estate appraisals, technical review appraisals or consulting assignments, where the applicant is not the primary appraiser. Allowable appraisal experience shall not include appraisals performed as a classroom exercise;

(2) Experience documentation for applicants in the form of logs, reports, and file memoranda shall be available to support the experience claimed. If requested by the commission, applicants will provide the commission with such additional documentation as is needed to prove to the satisfaction of the commission that the experience requirement has been met; and

(3) Education documentation shall be provided with the application in the form of original affidavits or original certificates provided for commission approved courses or other documentation acceptable to the commission. Documentation [will] shall also be provided for other courses. If requested by the commission, applicants [will] shall provide the commission with such additional documentation as is needed to prove to the satisfaction of the commission that the education requirement has been met.

Sec. 3. Sections 20-512-3 and 20-512-4 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 20-512-3. Prerequisite course approval

(a) All prerequisite courses, prior to submission to the commission, shall have received a Course Approval Program [(CAP)] certification by the [Appraisal Qualifications Board] AQB. No courses shall commence, or be advertised as approved, without prior written approval of the commission.

(b) A separate application for commission approval shall be required for each course in real estate appraisal prerequisite education.

(c) The application for each prerequisite course shall include, but not be limited to, the following:

- (1) A detailed course outline or course syllabus;
- (2) A copy of the text or related teaching materials;
- (3) A copy of the affidavits or certificates to be issued by the school to each student upon successful completion of the course;
- (4) A copy of all proposed advertising;
- (5) The names, addresses, and qualifications of all instructors to be used;
- (6) The tuition, other related costs, cancellation and refund policy;
- (7) A copy of all tests, quizzes and exams with answer key; and
- (8) A description of the grading system to be used, and the policy regarding attendance.

(d) Applications for prerequisite courses which have been reviewed and approved by the AQB may be accepted with proof of such approval in lieu of any or all of the items included in subdivisions (2) through (8) of subsection (c) of this section as deemed appropriate by the commission.

(e) Each school shall issue an affidavit or certificate to each student successfully completing an approved prerequisite course, in such form as may be adopted by the school, attesting to the student having met the required minimum attendance and achieved a minimum passing grade of at least seventy five (75) percent, the course start and finish dates, and the number of classroom hours for which the course has been approved. Said affidavit is to be signed by an authorized official of the school.

(f) Each prerequisite course approval shall be effective for a three (3) year period from the date of approval. All courses shall require a renewal application after the three (3) year period has lapsed. The USPAP course approvals shall be effective for a period of one (1) year from the date of approval, and the commission may grant approval for an additional one (1) year period upon the submission of an acceptable updated course filing containing all changes from the previous offering.

Sec. 20-512-4. Prerequisite course content

(a) Various courses may be credited toward the classroom hour requirement for licensure or certification. The contents of such prerequisite course programs shall provide meaningful education in real estate appraisal, standards of professional practice, real estate appraisal law, general real estate and related topics that are broad-based and essential to the role of a real estate appraiser as the appraiser acts in the best interests of the consumer.

(b) Prerequisite course content shall include, but not be limited to, the fundamentals expected to be obtained from such a course.

(c) For prerequisite courses, no course of less than fifteen (15) classroom hours, including examination, shall be approved. All prerequisite courses shall [be CAP approved] have received a Course Approval Program certification by the AQB and require successful completion of an examination that is pertinent to that educational offering as a condition to granting prerequisite course credit.

(d) There shall be no change or alteration in any approved prerequisite course without prior written notice and approval of the commission.

(e) A distance education course as referred to in the Interpretations of the Appraiser Qualification Criteria of the AQB shall meet the classroom hour requirement specified in

subsection (c) of this section or its equivalent, provided that the course is approved by the commission and meets at least one of the qualification criteria established by the AQB. Copies of the Interpretations of the Appraiser Qualification Criteria of the AQB are available for inspection at the [office of the Real Estate Appraisal Commission, Room 110, State Office Building, 165 Capitol Avenue, Hartford, Connecticut] main office of the Department of Consumer Protection during regular business hours. Alternatively, copies may be obtained from [The] the Appraisal Foundation located in Washington, D.C. or from [The] the Appraisal Foundation's website at www.appraisalfoundation.org. All approved distance education courses shall be approved by the International Distance Education Certification Center (IDECC) prior to submission to the commission.

(f) Open book exams are not acceptable in prerequisite courses.

(g) At least one of the course instructors of the 15 hour USPAP Course or its equivalent [must] shall be an AQB Certified USPAP Instructor who is also a state certified appraiser.

Sec. 4. Section 20-512-6 of the Regulations of Connecticut State Agencies is amended to read as follows:

Sec. 20-512-6. Continuing education course content

(a) The contents of continuing education programs shall consist of current real estate appraisal practices, real estate practices, laws and standards of professional practice that are broad-based and essential to the role of a real estate appraiser as the appraiser acts in the best interests of the consumer. These contents shall directly relate to real estate appraisal principles and practices such as described in Connecticut's real estate appraisal statutes and regulations and any overview text on real estate appraisal principles and practices, or to new developments in the field for which licensed or certified appraisers have a demonstrated need.

(b) Generally acceptable continuing education courses may include, but shall not be limited to:

- (1) Ad valorem taxation;
- (2) Arbitration;
- (3) Business courses related to real estate appraisal;
- (4) Construction estimating;
- (5) Ethics and standards of professional practice;
- (6) Land use planning, zoning and taxation;
- (7) Property development;
- (8) Real estate appraisal (valuation or evaluation, or both);
- (9) Real estate appraisal laws and regulations;
- (10) Real estate appraisal related computer applications;
- (11) Real estate financing and investment;
- (12) Real estate law;
- (13) Real estate litigation;
- (14) Real estate management, leasing, brokerage or time-sharing;
- (15) Real estate securities and syndication;
- (16) Real estate taxes and liens;

(17) Real estate principles and practices; and

(18) Real property exchange.

(c) The commission shall not approve offerings in mechanical office and business skills such as typing, speed-reading, memory development, personal motivation, salesmanship, sales psychology, sales promotions, and shall not approve general business meetings.

(d) For continuing education courses, no course of less than two (2) classroom hours shall be approved. There is no examination requirement for continuing education courses.

(e) There shall be no change or alteration in any approved continuing education course without prior written notice and approval of the commission.

(f) A distance education course as referred to in the Interpretations of the Appraiser Qualification Criteria of the AQB shall meet the classroom hour requirement specified in subsection (d) of this section or its equivalent, provided that the course is approved by the commission and that it meets at least one of the qualification criteria established by the AQB. Copies of the Appraiser Qualification Criteria and the Interpretations of the Appraiser Qualification Criteria of the AQB are available for inspection at the [office of the Real Estate Appraisal Commission, Room 110, State Office Building, 165 Capitol Avenue,] main office of the Department of Consumer Protection during regular business hours. Alternatively, copies may be obtained from [The] the Appraisal Foundation located in Washington, D.C. or from [The] the Appraisal Foundation's website at www.appraisalfoundation.org. All approved distance education courses shall be approved by the International Distance Education Certification Center (IDECC) prior to submission to the commission.

(g) The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraising.

(h) At least one of the course instructors of the seven (7) or fifteen (15) hour USPAP course shall be an AQB Certified USPAP Instructor who is also a state certified appraiser.

Sec. 5. Sections 20-529e-1 and 20-529e-2 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 20-529e-1. Definitions

(1) “Appraisal Subcommittee or (ASC)” means [The] the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC). The ASC oversees the real estate appraisal process as it relates to federally related transactions as defined in Title XI.3. of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

(2) “Commissioner” means the Commissioner of Consumer Protection or the commissioner’s designee;

[(2)] (3) “Department” means the Department of Consumer Protection;

[(3)] (4) “National Registry” means a database containing selected information about state certified and licensed appraisers maintained by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC) which was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI)[.]; and

(5) “USPAP” means the Uniform Standards of Professional Appraisal Practice issued by the Appraisal Standards Board of the Appraisal Foundation pursuant to Title XI of FIRREA.

Sec. 20-529e-2. Qualifications for registration

(a) Registration of appraisal management companies shall be granted only to persons or recognized legal entities who have, as determined to the commissioner's satisfaction, an appropriate knowledge of real estate appraisal practice, are competent to transact the business of an appraisal management company in such manner as to safeguard the interests of the public, and who bear a good reputation for honesty, truthfulness and fair dealing. Appraisal management companies shall:

- (1) Register with and be subject to supervision by the Department of Consumer Protection;
- (2) Verify that only certified appraisers or properly licensed provisional appraisers are used to complete appraisals on properties located within the state of Connecticut;
- (3) Ensure that all company employees or agents directly involved with the review of appraisals comply with [the Uniform Standards of Professional Appraisal Practice and] chapter 400g of the Connecticut General Statutes and the USPAP;
- (4) Require that appraisals are conducted independently and are free from inappropriate influence or coercion, and that appraisers are not encouraged by any means to misstate or misrepresent the value of a subject property, pursuant to section 20-529b(d) of the Connecticut General Statutes.

(b) The controlling person, compliance manager and each person who owns ten (10) percent or more of an appraisal management company shall be of good moral character, as determined by the department, and shall submit to a criminal background investigation at the request of the department. Each individual shall pay all required fees to perform the requested criminal background investigation, or shall provide a certified copy of the criminal background investigation conducted in the applicant's home state. The criminal background investigation shall have been performed within sixty (60) days of the date the completed application for registration, or amendment thereof, is received by the department.

(c) An appraisal management company shall assure that any appraiser being added to its appraiser panel to appraise properties in Connecticut holds a valid Connecticut license or certification, as applicable, pursuant to chapter 400g of the Connecticut General Statutes. The appraisal management company shall verify the status of the appraiser by contacting the department or utilizing the National Registry.

(d) If an appraisal management company has a good faith belief that a real estate appraiser in Connecticut has violated applicable law or the [Uniform Standards of Professional Appraisal Practice] USPAP, or has engaged in unethical conduct regarding an appraisal, it shall file a complaint with the department. The complaint shall be filed within a reasonable time frame, not to exceed two (2) years from the date the appraisal is submitted to the client. A copy of the complaint shall be forwarded by the appraisal management company to the real estate appraiser.

(e) An appraisal management company seeking registration shall demonstrate to the department that each person who approves an appraiser for the company or reviews an appraiser's work for the company is a certified appraiser in good standing.

Sec. 6. Section 20-529e-4 of the Regulations of Connecticut State Agencies is amended to read as follows:

Sec. 20-529e-4. Adherence to standards

Upon applying for a registration with the department and continuing with each renewal thereafter, an appraisal management company shall provide a statement to the department, signed

by its designated controlling person, certifying that the appraisal management company verifies that each appraisal assignment is offered to an appraiser who is in good standing per the National Registry. For appraisers acting as independent contractors, the appraisal management company shall:

- (1) Ensure the appraisal report is signed by an appraiser included on the appraisal management company's panel who is an independent contractor of the company at the time the assignment is offered;
- (2) Review work of all such appraisers periodically for compliance with the [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP; and
- (3) Maintain a record of each appraisal request. Each such record shall include the:
 - (A) Name of the appraiser;
 - (B) Property address;
 - (C) Borrower's name, where applicable;
 - (D) Lender's name; and
 - (E) Date of assignment.

Sec. 7. Sections 20-529e-6 and 20-529e-7 of the Regulations of Connecticut State Agencies are amended to read as follows:

Sec. 20-529e-6. Required disclosure

(a) An appraisal management company shall, at the time an assignment is offered, disclose to the appraiser:

- (1) The total amount that the appraiser may expect to earn from the assignment, disclosed as a dollar amount;
- (2) The property address, or equivalent information that would allow the appraiser to determine whether the appraiser has been involved with any service regarding the subject property within the three years preceding the date on which the assignment is offered;
- (3) The assignment conditions and scope of work requirements in sufficient detail to allow the appraiser to determine whether the appraiser is competent to complete the assignment; and
- (4) Any known deadlines within which the assignment shall be completed.

(b) An appraisal management company shall, at or before the time the appraiser accepts an assignment, obtain the appraiser's acknowledgment as to the appraisal management company's competency requirements as defined by the [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP.

(c) An appraisal management company may, before requiring the appraiser to submit a completed report, disclose to the appraiser:

- (1) The total fee that will be collected by the appraisal management company for the assignment; and
- (2) The total amount that the appraisal management company will retain from the fee charged, disclosed as a dollar amount.

(d) The appraisal management company's Connecticut registration number shall be included on all correspondence with appraisers who are certified in Connecticut.

Sec. 20-529e-7. Unprofessional conduct

(a) An appraisal management company commits unprofessional conduct when the appraisal management company:

- (1) Intentionally influences or attempts to intentionally influence the development of an appraisal report, review or consulting assignment;
 - (2) Requires an appraiser to modify any aspect of the appraisal report, unless the modification complies with section 20-529b(e) of the Connecticut General Statutes;
 - (3) Requires the appraiser to do anything that conflicts with the [Uniform Standards of Professional Appraisal Practice (USPAP)] USPAP or any assignment conditions or certifications required by the client; or
 - (4) Makes any portion of the appraiser's fee or the appraisal management company's fee contingent on a favorable outcome, including but not limited to, a loan closing or a specific dollar amount being achieved by the appraiser in the appraisal report.
- (b) A person or entity commits unprofessional conduct when said person or entity:
- (1) Presents or attempts to present, as such person's own, another person's or entity's certificate of registration; or
 - (2) Knowingly gives false evidence of a material nature to the commissioner for the purpose of procuring a certificate of registration.

Sec. 8. Sections 20-529e-12 of the Regulations of Connecticut State Agencies is amended to read as follows:

Sec. 20-529e-12. Appraisal management company prohibitions and requirements.

Payment to appraisers

- (a) Appraisal management companies shall adhere to the following business practices when performing appraisal management services related to properties located within the state of Connecticut:
- (1) Appraisal management companies shall delegate appraisal assignments for completion only to appraisers who possess the certifications required by the department.
 - (2) Appraisal management companies shall adopt reasonable procedures designed to ensure that all appraisal assignments completed by its independent contractors or employee appraisers are performed in accordance with the USPAP.
- (b) Appraisal management companies shall maintain records of each of the following for each appraisal request:
- (1) Date of the receipt of the request for the appraisal;
 - (2) The name of the person from whom the request was received, if not an employee of the client;
 - (3) The name of the client for whom the request was made;
 - (4) The name of the appraiser or appraisers assigned to perform the contracted service; and
 - (5) The date of delivery of the appraisal product to the client.
- (c) Appraisal management companies shall maintain records of all appraisal fees dispersed to contracted appraisers and the final fee charged to the lender or client.
- (d) An appraisal management company shall not prohibit a contracted appraiser or client from disclosing the fee paid to the appraiser or client for an appraisal assignment in the body of the appraisal report.
- (e) Nothing in section 20-529e-7 of the Regulations of Connecticut State Agencies shall be construed to prohibit an appraisal management company or the client in a real estate transaction from requesting that an appraiser:

(1) Consider additional appropriate property information including relevant sales comparables not considered in the initial appraisal report;

(2) Provide further detail, substantiation or explanation of the appraiser's conclusion of value; or

(3) Correct errors in the appraisal report.

(f) The appraisal management company shall not base the payment of an appraisal fee on a mortgage-related event occurring subsequent to completion of the appraisal.

(g) The appraiser shall not be required to provide the appraisal management company with the appraiser's digital signature.

(h) The appraisal management company shall not alter, amend, or change an appraisal report submitted by a certified appraiser by removing the appraiser's signature or seal or by adding information to or removing information from the appraisal report.

(i) The appraisal management company shall not remove an independent appraiser from its panel of approved appraisers without prior written notice that includes evidence the appraiser has violated [the Uniform Standards of Professional Appraisal Practice,] chapter 400g of the Connecticut General Statutes, the USPAP, or other applicable appraisal regulations, or evidence which demonstrates substandard performance, improper or unprofessional behavior, or other substantive deficiencies.

(j) The appraiser shall have thirty days to respond to the notice given pursuant to subsection (i) of this section. Such notice shall be sent to the appraiser by registered mail, return receipt requested, to the appraiser's business address contained in the records of the commission.

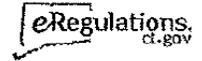
(k) The commissioner shall make the final determination as to any alleged violations. There shall be no adverse action taken against an appraiser who had been accused of a violation of an applicable section of sections 20-529e-1 [through] to 20-529e-17, inclusive, of the Regulations of Connecticut State Agencies or chapter 400g of the Connecticut General Statutes if the commissioner has made a finding of no cause against the appraiser. Such prohibited adverse action includes, but is not limited to, a reduction in assignments, a reduction in order of appraisals, or otherwise penalizing the appraiser.

Statement of Purpose

This proposed regulation incorporates revisions to existing sections so that the Department's certification and regulation of real estate appraisers comply with the latest mandates of the Appraisal Qualifications Board ("AQB") of the Appraisal Foundation. The AQB sets the national standards for real estate appraisers in all certifying jurisdictions, including in Connecticut. This regulation is in response to the latest AQB mandates.

More specifically, this proposed regulation allows an Evaluation of Real Property Collateral to be performed by a Connecticut certified appraiser under certain conditions. It also adds and edits various definitions and references thereto, while also making technical edits.

Form Agency-Cert-PR-TA-ICM (Rev 11/2017)
State of Connecticut
Secretary of the State



IMPORTANT NOTICE FOR CONNECTICUT STATE AGENCIES

This form is to be used for proposed permanent and technical amendment regulations only and must be completed in full.

AGENCY CERTIFICATION

Department of Consumer Protection

Proposed Regulation Concerning

Real Estate Appraisal Updates

eRegulations System Tracking Number PR2021-010

I hereby certify the following:

(1) The above-referenced **regulation** is proposed pursuant to the following statutory authority or authorities: **Conn. Gen. Stat. Secs. 20-504; 20-512; and 20-529e**

For technical amendment regulations proposed without a comment period, complete #2 below, then skip to #8.

(2) As permitted by Section 4-168(h) of the *Connecticut General Statutes*, the agency elected to proceed without prior notice or hearing and posted the text of the proposed technical amendment regulation on eRegulations System website on **N/A**.

For all other non-emergency proposed regulations, complete #3 - #7 below, then complete #8)

(3) The agency posted notice of intent with a specified comment period of not less than 30 days to the eRegulations System website on **May 27, 2021**.

(4) *(Complete one)* No public hearing held or was required to be held. **OR** One or more public hearings were held on: **N/A**.

(5) The agency posted notice of decision to move forward with the proposed regulation to the eRegulations System website on **July 8, 2021**.

(6) *(Complete one)* No comments were received. **OR** Comments were received and the agency posted the statements specified in subdivisions (1) and (2) of CGS Section 4-168(e) to the eRegulations System website on **N/A**.

(7) The final wording of the proposed regulation was posted to the eRegulations System website on **May 27, 2021**.

(8) Subsequent to approval for legal sufficiency by the Attorney General and approval by the Legislative Regulation Review Committee, **the final regulation shall be effective**

(Check one and complete as applicable)

When posted to the eRegulations System website by the Secretary of the State.

OR On _____

(Date must be a specific calendar date not less than 11 days after submission to the Secretary of the State)

SIGNED

*(Head of Board, Agency or Commission,
or duly authorized deputy)*

OFFICIAL TITLE

DATE

OFFICE OF THE ATTORNEY GENERAL REGULATION CERTIFICATION

Agency: Connecticut Department of Consumer Protection

REGULATION NUMBER PR2021-010

This Regulation is hereby APPROVED by the Attorney General as to legal sufficiency in accordance with Connecticut General Statutes § 4-169.

DATE: July 19, 2021

Signed:

Joseph Rubin, Digitally signed by Joseph
Rubin, Asst. Dep. A.G.
Asst. Dep. A.G. Date: 2021.07.19 12:11:50
-04'00'

Joseph Rubin
Assistant Deputy Attorney General
Duly Authorized

The Connecticut General Assembly

Legislative Regulation Review Committee

Senator James Maroney
Senate Chair



Representative Nicole Klarides-Ditria
House Chair

Official Record of Committee Action

September 28, 2021

Agency: Department of Consumer Protection
Description: Real Estate Appraisal Updates
LRRC Regulation Number: 2021-012
eRegulation Tracking Number: PR2021-010

The above-referenced regulation has been

Approved with Technical Corrections

by the Legislative Regulation Review Committee in accordance
with CGS Section 4-170.

Kirstin L. Breiner
Committee Administrator



State of Connecticut
Office of the Secretary of the State

Confirmation of Electronic Submission

Re: Regulation of the Department of Consumer Protection concerning Real Estate Appraisal Updates
eRegulations System Tracking Number PR2021-010
Legislative Regulation Review Committee Docket Number 2021-012

The above-referenced regulation was electronically submitted to the Office of the Secretary of the State in accordance with Connecticut General Statutes Section 4-172 on September 29, 2021.

Said regulation is assigned Secretary of the State File Number 6346.

The effective date of this regulation is September 30, 2021.

A handwritten signature in black ink that reads "Denise W. Merrill".

Denise W. Merrill
Secretary of the State
September 30, 2021

By:

/s/ Kristin M. Karr
Kristin M. Karr
Administrative Law
Information Systems Manager