§ 160-d. Powers of the board. 1. The board shall adopt rules and regulations in aid or furtherance of this article and shall have the following powers and duties:

a. To define, with respect to each category of state certified real estate appraisers, state licensed real estate appraisers, and state licensed real estate appraiser assistants, the type of educational experience, appraisal experience and equivalent experience that will meet the statutory requirements of this article, provided, however, that in no event shall the experience, education and examination requirements adopted by the board be less than the minimum criteria established by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council or by the Appraiser Qualification Board of the Appraisal Foundation as referred to in title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989;

b. To establish examination specifications consistent with the standards of the Appraisal Qualifications Board of the Appraisal Foundation for state licensed real estate appraiser assistants, state licensed real estate appraisers and each category of state certified real estate appraisers, to provide or procure appropriate examination questions and answers and to establish procedures for grading examinations;

c. To define, with respect to state licensed real estate appraiser assistants, state licensed real estate appraisers and each category of state certified real estate appraisers, the continuing education requirements for the renewal of a license or a certification that will meet the statutory requirements provided in this article;

d. To review the standards for the development and communication of real estate appraisals provided in this article and to adopt regulations explaining and interpreting such standards, provided, however, that such standards must, at a minimum, conform to the uniform standards of professional appraisal as promulgated by the Appraisal Standards Board of the Appraisal Foundation; and

e. To prescribe the scope of practice for state licensed real estate appraiser assistants, state licensed real estate appraisers and each category of state certified real estate appraisers, provided, however, that in no event shall the scope of practice prescribed by the board be less than the scope of practice established by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council or by the Appraiser Qualification Board of the Appraisal Foundation as referred to in title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989;

f. To perform such other functions and duties as may be necessary in carrying out the provisions of this article.

2. The board shall promulgate rules and regulations prescribing the form and content of each appraisal report. Such rules and regulations shall include but are not limited to the following requirements:

a. Each appraisal report shall clearly and accurately disclose any extraordinary assumption or limited condition that directly affects an appraisal.

b. Each written appraisal report shall comply with the following specific reporting guidelines:

(1) Identify and describe the real estate being appraised;

(2) Identify the real property being appraised;

(3) Define the opinion that is the purpose of the appraisal and describe the scope of the appraisal;

(4) Set forth the effective date of the opinion and the date of the appraisal report;

(5) Set forth the appraiser's opinion of the highest and best use of the real estate being appraised when such an opinion is necessary and appropriate;

(6) Set forth the appraisal procedure followed, the data considered and the reasoning that supports the analyses, opinions and conclusions;

(7) Set forth all assumptions and limiting conditions that affect the analyses, opinions and conclusions in the appraisal report; and

(8) Set forth any additional information that may be appropriate to

show compliance with, and identify permitted departures from, the requirements for the development of appraisals as provided in this article or as established by the board.

3. The board shall establish standards of developing an appraisal. Such standards shall, among other things, state the following guidelines:

a. All state certified or licensed real estate appraisers conducting certified or licensed appraisals, performing appraisal service or issuing an appraisal shall:

(1) Be aware of, understand and correctly employ those recognized appraisal methods and techniques that are necessary to produce a credible analysis, opinion or conclusion;

(2) Not commit a substantial error or omission of commission which results from a significant departure from the recognized appraisal methods and techniques;

(3) Not commit a substantial error or omission of commission that significantly affects an analysis, opinion or conclusion;

(4) Identify the real estate and real property under consideration, define the opinion that is the purpose of the appraisal, consider the scope of the appraisal service and identify the effective date of the opinion;

(5) Identify and consider the appropriate procedures and market data required to perform the appraisal service, where appropriate;

(6) Consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of land use regulations, economic demand, the physical adaptability of the property, neighborhood trends and the highest and best use of the property;

(7) Consider the effect on the property being appraised of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect the anticipated improvements as of the effective appraisal date;

(8) Recognize that land may be appraised as though vacant and available for development and that the appraisal of improvements is based on their actual contributions to the site;

(9) Appraise proposed improvements only after examining and having available for future examination plans, specifications or other documentation sufficient to identify the scope and character of the proposed improvements, evidence indicating the probable time of completion of the proposed improvements, and reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections and the anticipated competition at the time of completion; and

(10) Base estimates of anticipated future rent and expenses for the real estate and real property being appraised on reasonably clear and appropriate evidence.

b. In addition to the foregoing, an appraiser shall define the value being considered. If the value estimate is a statement or estimate of market value, he or she shall clearly indicate whether the statement or estimate is the most probable price in terms of cash or financial arrangements equivalent to cash or other terms as may be precisely defined. If an estimate of value is based on submarket financing or financing with unusual conditions or incentives, the terms of such a typical financing shall be clearly set forth, their contributions to, or negative influence on value shall be described and estimated, and the market data supporting the valuation estimate shall be described and explained.

c. For each real property appraisal analysis, opinion or conclusion that contains an estimate of value, a state certified or licensed real estate appraiser shall observe all of the following specific real property appraisal guidelines:

(1) Consider whether an appraised fractional interest, physical segment or partial holding contributes pro rata to the value of the whole;

(2) Identify any personal property or other items that are not real estate but are included with or considered in connection with real estate being appraised and contribute to the total value estimate or conclusion;

(3) Consider and analyze any current agreement of sale, option or listing of the real estate and real property being appraised, if the

information is available to the person in the normal course of business;

(4) Consider and analyze any prior sales of the property being appraised that occurred within one year;

(5) When estimating the value of a leased fee estate or a leasehold estate, analyze and consider the effect on value, if any, of the terms and conditions of the lease; and

(6) Give careful consideration to the effect on value, if any, of the assemblage of the various estates or component parts of an estate and refrain from estimating the value of the whole solely by adding together the individual values of its various estates or component parts.

d. In developing a review appraisal, a state certified or licensed real estate appraiser shall observe all of the following specific appraisal guidelines:

(1) Identify the appraisal report being reviewed, the real estate being appraised, the real property being appraised, the effective date of the opinion in the original report, the date of the original report and the date of the review;

(2) Identify the scope of the review process to be conducted, including a determination of whether or not it is appropriate or essential to inspect the appraised property and the data presented;

(3) Form an opinion as to the adequacy and relevance of the data used and the propriety of any adjustment made;

(4) Form an opinion as to whether or not the appraisal methods and techniques used were appropriate and, if not, the reasons for the person's disagreement with the original appraisal; and

(5) Form an opinion as to whether or not the analyses, opinions or conclusions in the report being reviewed are correct or appropriate and, if not, state his or her analyses, opinions or conclusions and his or her reasons for disagreement with the original appraisal.

e. In developing an appraisal for an employer or a client, a state certified or licensed real estate appraiser shall carefully consider and determine whether the appraisal service to be performed is intended to result in an analysis, opinion or conclusion of a disinterested third party and therefore would be classified as an appraisal assignment as defined in subdivision two of section one hundred sixty-x of this

article. If the appraisal service to be performed is not intended to result in an analysis, opinion or conclusion of a disinterested third party, the person shall then carefully consider whether or not he or she would be perceived by third parties or the public as acting as a disinterested third party.

f. Prior to entering into an agreement to perform a real property appraisal service, a state certified or licensed real estate appraiser shall carefully consider the knowledge and experience that will be required to complete the appraisal service competently and either:

(1) Have the knowledge and experience necessary to complete the appraisal service competently; or

(2) Immediately disclose the lack of knowledge or experience to the client and take all steps necessary to complete the appraisal service competently.

g. A state certified or licensed real estate appraiser may enter into an agreement to perform a real property appraisal service that calls for something less than, or different from, the work that would otherwise be required by the specific appraisal guidelines, provided that prior to entering into the agreement, he or she has done all of the following:

(1) The state certified or licensed real estate appraiser has determined that the appraisal service to be performed is not so limited in scope that the resulting analysis, opinion or conclusion concerning real estate or real property would tend to mislead or confuse the client, the users of the appraisal report or the public; and

(2) The state certified or licensed real estate appraiser has advised the client that the appraisal service calls for something less than, or different from, the work required by the specific appraisal guidelines, and therefore the appraisal report will include a qualification that reflects the limited or differing scope of the appraisal service.