

Original: 2073
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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
P.O. BOX 2675
HARRISBURG, PENNSYLVANIA 17105-2675

OCT 25 1999

JO ANN R. LAWER
Deputy Secretary for
Children, Youth and Families

RECEIVED
1999 OCT 25 PM 4:15
INDEPENDENT REGULATORY
REVIEW COMMISSION
PHONE: (717) 787-4756
FAX: (717) 787-0414

Mr. Robert Nyce, Executive Director
Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, Pennsylvania 17101

Re: IRRC Regulation #14-464(#2073)
Department of Public Welfare
Subsidized Child Day Care Eligibility

Dear Mr. Nyce:

Thank you for your thorough review of the above-captioned regulations. I am responding to the questions which were faxed to us by Ms. Mary Lou Harris, Senior Regulatory Analyst. The responses are listed below.

1. How many children are currently on the waiting list?

Response: There are currently 3,770 children on the waiting list as of September 30, 1999. In the recent past, the waiting list varied from 3,770 to 5,000 children depending upon the day of the month because children are enrolled into subsidized child care daily. The size of the waiting list does not indicate that there are not adequate subsidies for all of the children. The majority of children on the waiting list now are waiting for their application to be processed, or waiting to select a provider. The waiting list number no longer represents children waiting for subsidy but rather reflects a processing time for subsidy applications. Prior to the regulation changes in February 1999, children had to wait an average of six to eight months to enroll in service. Today, except for a few counties, the wait is a few weeks to one month.

2. Has the Department developed a chart or table that provides a comparison of the existing co-payments levels to the new co-payments levels in this regulation for different income levels?

Response: Yes, the chart is attached. The major change between this revised co-payment chart and the current co-payment chart is that the revised does not reflect the poverty levels, but reflects equal increments of an annual income range which may not

Mr. Robert Nyce

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match the corresponding poverty level as shown in the current co-payment schedule. We made this change to provide evenly spaced and consistent increments in income levels and co-payments. For example, in the attached chart look at a family of three with an annual income in the range between \$15,531 and \$17,180 who pays a \$30 per week co-pay. At \$15,531 the family under the current co-payment schedule pays \$30 per week (listed under 1998 the Federal Poverty Income Guidelines (FPIG) fee). At \$17,180 the family pays \$35 per week (listed under 1998 FPIG fee). In this case the family at \$15,531 will not see a decrease in their co-payment with the revised co-payment but the family at \$17,180 will see a \$5 per week decrease. The remainder of the chart shows the percentage of poverty guidelines for the maximum income in that range, and the total cost for families in each income range.

3. Does the Department intend for Subsection 3040.63(e) to apply to families with only one child, or to families with only one child enrolled in school? Is the 5 hours intended to be 5 hours per day or per week? In addition, Subsection 3040.63(d) continues to include a subparagraph labeled at "(1)" even though "(2)" is deleted.

Response: The Department intends for Subsection 3040.63(e) to apply to families who have one child who is eligible for subsidy and that child is enrolled in school as stated in the regulation. Because this language appears in a section governing co-payments, we think the context clarifies that we are addressing a situation where only one school-age child is eligible for subsidy. If a family has a 14-year-old who is ineligible because of his age, and a seven-year-old who needs before- and after-school care, the 14-year-old in the household is not considered, except as part of the household size in determining the amount of the co-pay.

The five hours is five hours per day.

We recognize that number one was inadvertently not omitted and there should be no subparagraph listed as (1). Since we understand that omissions are corrected by the Legislative Reference Bureau (LRB), our preferred method of correcting this omission is to ask the LRB to conform the regulations to the LRB style manual.

4. Secretary Houstoun's letter of July 18, 1999 made reference to a planned study by an independent third party. What is the status of that study?

Response: We are in the process of negotiating with a contractor to complete the study. We expect the terms of the contract to be finalized the first week in November and the study to be completed by February 2000.

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5. How did the Department determine the income interval of \$1,650 for Subsection 3040.63(d)? What is its basis?

Response: The Department determined \$1,650 as the standard interval needed at each income range to achieve our goals in revising the co-payment schedule. The first goal is that families with income at 100 percent of the FPIG would not pay more than 10 percent of their annual income for a co-payment. The second goal is that families of two, three, and four, which represent the most common family situations for subsidized child care, would not pay more than 13 percent of their annual income for a co-payment. The third goal is that the co-payment schedule result in co-payments that increase in \$5 increments correlated with \$1,650 annual income increases. We established the \$1,650 increments so co-payments will only change when there are larger income changes, rather than being recalculated every time there is a minor increase in income. Under the existing system there are more frequent adjustments to the co-payments when families' income increases.

If you have any further questions, please contact Ms. Kathryn Holod, Director, Bureau of Child Day Care Services at (717) 787-8691.

Sincerely,



Jo Ann R. Lawer, Esq.

Attachment

C: Ms. Mary Lou Harris
Ms. Jean Graybill
Ms. Cindy Fillman
Ms. Ruth O'Brien

COST ANALYSIS: CURRENT CO-PAY SCALE (FPIG 1998) AND PROPOSED (FPIG1999)

FAMILY=1 Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG
	Minimum	Maximum	Minimum	Maximum			
\$5.00	\$1	\$8,590	\$5	\$10	\$0.00	-\$5.00	80%
\$10.00	\$6,591	\$8,240	\$10	\$15	\$0.00	-\$5.00	100%
\$15.00	\$9,241	\$8,890	\$15	\$20	\$0.00	-\$5.00	120%
\$20.00	\$9,891	\$11,540	\$20	\$25	\$0.00	-\$5.00	140%
\$25.00	\$11,541	\$13,190	\$25	\$30	\$0.00	-\$5.00	160%
\$30.00	\$13,191	\$14,840	\$30	\$40	\$0.00	-\$10.00	180%
\$35.00	\$14,841	\$16,490	\$40	\$40	-\$5.00	-\$5.00	200%
\$40.00	\$16,491	\$18,140	\$40	\$40	\$0.00	\$0.00	220%
\$45.00	\$18,141	\$19,790	\$40	\$40	\$5.00	\$5.00	235%

FAMILY=2 Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST \$1,778,858	FAMILIES PROJECTED	NO. WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5.00	\$1	\$7,760	\$5	\$10	\$0.00	-\$5.00	70%			
\$10.00	\$7,761	\$8,410	\$10	\$15	\$0.00	-\$5.00	85%			
\$15.00	\$8,411	\$11,060	\$15	\$20	\$0.00	-\$5.00	100%	\$96,682	2,622	373
\$20.00	\$11,061	\$12,710	\$20	\$25	\$0.00	-\$5.00	115%	\$138,168	1,116	824
\$25.00	\$12,711	\$14,360	\$25	\$30	\$0.00	-\$5.00	130%	\$200,993	1,236	1,004
\$30.00	\$14,361	\$16,010	\$30	\$35	\$0.00	-\$5.00	145%	\$178,671	1,362	887
\$35.00	\$16,011	\$17,660	\$35	\$45	\$0.00	-\$10.00	160%	\$556,910	1,506	1,263
\$40.00	\$17,661	\$19,310	\$45	\$45	-\$5.00	-\$5.00	175%	\$180,279	1,596	732
\$45.00	\$19,311	\$20,960	\$45	\$50	\$0.00	-\$5.00	190%	\$259,383	1,151	998
\$50.00	\$20,961	\$22,610	\$50	\$50	\$0.00	\$0.00	204%		673	
\$55.00	\$22,611	\$24,260	\$50	\$50	\$5.00	\$5.00	218%		479	
\$60.00	\$24,261	\$25,910	\$50	\$50	\$10.00	\$10.00	234%		238	
\$65.00	\$25,911	\$27,560	\$50	\$50	\$15.00	\$15.00	236%			
								TOTAL FAMILIES	12,098	5,680

FAMILY=3 Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST \$1,354,855	FAMILIES PROJECTED	NO. WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5.00	\$1	\$8,890	\$5	\$10	\$0.00	-\$5.00	84%			
\$10.00	\$8,891	\$10,540	\$10	\$15	\$0.00	-\$5.00	78%			
\$15.00	\$10,541	\$12,190	\$15	\$15	\$0.00	\$0.00	98%			
\$20.00	\$12,191	\$13,840	\$15	\$25	\$5.00	-\$5.00	100%	\$84,375	2,504	383
\$25.00	\$13,841	\$15,490	\$25	\$30	\$0.00	-\$5.00	112%	\$84,678	797	249
\$30.00	\$15,491	\$17,140	\$30	\$35	\$0.00	-\$5.00	124%	\$188,567	1,488	725
\$35.00	\$17,141	\$18,790	\$35	\$40	\$0.00	-\$5.00	138%	\$177,266	1,037	682
\$40.00	\$18,791	\$20,440	\$40	\$50	\$0.00	-\$10.00	148%	\$808,166	1,397	1,168
\$45.00	\$20,441	\$22,090	\$50	\$55	-\$5.00	-\$10.00	156%	\$80,386	679	184
\$50.00	\$22,091	\$23,740	\$55	\$60	-\$5.00	-\$10.00	171%	\$146,419	808	282
\$55.00	\$23,741	\$25,390	\$60	\$65	-\$5.00	-\$10.00	183%	\$242,843	898	487
\$60.00	\$25,391	\$27,040	\$65	\$65	-\$5.00	-\$5.00	196%	\$172,940	434	434
\$65.00	\$27,041	\$28,690	\$65	\$65	\$0.00	\$0.00	207%	\$0	287	
\$70.00	\$28,691	\$30,340	\$65	\$65	\$5.00	\$5.00	218%		277	
\$75.00	\$30,341	\$32,090	\$65	\$65	\$10.00	\$10.00	231%		117	
\$80.00	\$32,091	\$33,740	\$65	\$65	\$15.00	\$15.00	235%		22	
								TOTAL FAMILIES	11,031	4,818

FAMILY=4 Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST 483,125.4%	FAMILIES PROJECTED	NO. WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5.00	\$1	\$10,100	\$5	\$15	\$0.00	-\$10.00	80%			
\$10.00	\$10,101	\$11,750	\$15	\$15	-\$5.00	-\$5.00	70%			
\$15.00	\$11,751	\$13,400	\$15	\$20	\$0.00	-\$5.00	80%			
\$20.00	\$13,401	\$15,050	\$20	\$25	\$0.00	-\$5.00	90%			
\$25.00	\$15,051	\$16,700	\$25	\$30	\$0.00	-\$5.00	100%	\$67,838	1,722	281
\$30.00	\$16,701	\$18,350	\$30	\$35	\$0.00	-\$5.00	110%	\$19,488	485	76
\$35.00	\$18,351	\$20,000	\$35	\$40	\$0.00	-\$5.00	120%	\$21,017	613	81
\$40.00	\$20,001	\$21,650	\$40	\$45	\$0.00	-\$5.00	130%	\$20,772	493	80
\$45.00	\$21,651	\$23,300	\$45	\$55	\$0.00	-\$10.00	140%	\$43,662	613	84
\$50.00	\$23,301	\$24,950	\$55	\$60	-\$5.00	-\$10.00	149%	\$42,093	486	81
\$55.00	\$24,951	\$26,600	\$60	\$65	-\$5.00	-\$10.00	158%	\$39,180	444	75
\$60.00	\$26,601	\$28,250	\$65	\$75	-\$5.00	-\$15.00	168%	\$60,118	372	84
\$65.00	\$28,251	\$29,900	\$75	\$80	-\$10.00	-\$15.00	179%	\$48,611	340	90
\$70.00	\$29,901	\$31,550	\$80	\$80	-\$10.00	-\$10.00	189%	\$83,078	238	160
\$75.00	\$31,551	\$33,200	\$80	\$80	-\$5.00	-\$5.00	199%	\$48,400	180	180
\$80.00	\$33,201	\$34,850	\$80	\$80	\$0.00	\$0.00	208%	\$0	134	
\$85.00	\$34,851	\$36,500	\$80	\$80	\$5.00	\$5.00	218%		85	
\$90.00	\$36,501	\$38,150	\$80	\$80	\$10.00	\$10.00	228%		111	
\$95.00	\$38,151	\$39,800	\$80	\$80	\$15.00	\$15.00	225%		17	
								TOTAL FAMILIES	6,145	1,211

COST ANALYSIS: CURRENT CO-PAY SCALE (FPIG 1998) AND PROPOSED (FPIG1999)

FAMILY-S Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST \$1543584%	FAMILIES PROJECTED	NO. WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5.00	\$1	\$11,270	\$8	\$10	\$0.00	-\$5.00	53%			
\$10.00	\$11,271	\$12,820	\$10	\$15	\$0.00	-\$5.00	68%			
\$15.00	\$12,821	\$14,570	\$15	\$20	\$0.00	-\$5.00	75%			
\$20.00	\$14,571	\$18,220	\$20	\$25	\$0.00	-\$5.00	83%			
\$25.00	\$16,221	\$17,870	\$25	\$30	\$0.00	-\$5.00	92%			
\$30.00	\$17,871	\$19,520	\$30	\$35	\$0.00	-\$5.00	100%	\$29,059	683	112
\$35.00	\$19,521	\$21,170	\$35	\$35	\$0.00	\$0.00	108%	\$0	199	0
\$40.00	\$21,171	\$22,820	\$35	\$40	\$5.00	\$0.00	117%	\$0	78	0
\$45.00	\$22,821	\$24,470	\$40	\$50	\$5.00	-\$5.00	125%	\$41,441	182	158
\$50.00	\$24,471	\$25,120	\$50	\$55	\$0.00	-\$5.00	134%	\$28,389	159	102
\$55.00	\$25,121	\$27,770	\$55	\$60	\$0.00	-\$5.00	142%	\$13,180	102	61
\$60.00	\$27,771	\$29,420	\$60	\$70	\$0.00	-\$10.00	151%	\$27,828	182	54
\$65.00	\$29,421	\$31,070	\$70	\$75	-\$5.00	-\$10.00	159%	\$12,338	145	24
\$70.00	\$31,071	\$32,720	\$75	\$75	-\$5.00	-\$5.00	168%	\$97,180	143	143
\$75.00	\$32,721	\$34,370	\$75	\$85	\$0.00	-\$10.00	176%	\$32,661	63	63
\$80.00	\$34,371	\$36,020	\$85	\$95	-\$5.00	-\$15.00	185%	\$55,764	63	69
\$85.00	\$36,021	\$37,670	\$95	\$95	-\$10.00	-\$10.00	193%	\$23,360	69	68
\$90.00	\$37,671	\$39,320	\$95	\$95	-\$5.00	-\$5.00	201%	\$8,240	24	24
\$95.00	\$39,321	\$40,970	\$95	\$85	\$0.00	\$0.00	210%	\$0	63	
\$100.00	\$40,971	\$42,620	\$85	\$95	\$5.00	\$5.00	218%		37	
\$105.00	\$42,621	\$44,270	\$95	\$95	\$10.00	\$10.00	227%		19	
\$110.00	\$44,271	\$45,872	\$95	\$95	\$15.00	\$15.00	235%		19	
								TOTAL FAMILIES	2,210	689

FAMILY-S Co-payment	Income		1998 FPIG FEE @:		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST 10786304%	FAMILIES PROJECTED	NO. WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5.00	\$1	\$12,440	\$5	\$15	\$0.00	-\$10.00	56%			
\$10.00	\$12,441	\$14,090	\$10	\$20	-\$5.00	-\$10.00	63%			
\$15.00	\$14,091	\$15,740	\$20	\$25	-\$5.00	-\$10.00	70%			
\$20.00	\$15,741	\$17,390	\$25	\$25	-\$5.00	-\$5.00	78%			
\$25.00	\$17,391	\$19,040	\$25	\$30	\$0.00	-\$5.00	86%			
\$30.00	\$19,041	\$20,690	\$30	\$35	\$0.00	-\$5.00	93%			
\$35.00	\$20,691	\$22,340	\$35	\$40	\$0.00	-\$5.00	100%	\$8,459	207	28
\$40.00	\$22,341	\$23,990	\$40	\$40	\$0.00	\$0.00	107%	\$0	34	0
\$45.00	\$23,991	\$25,640	\$40	\$50	\$5.00	-\$5.00	116%	\$9,384	43	36
\$50.00	\$25,641	\$27,290	\$50	\$55	\$0.00	-\$5.00	122%	\$3,400	28	13
\$55.00	\$27,291	\$28,940	\$55	\$55	\$0.00	-\$10.00	130%	\$3,727	43	7
\$60.00	\$28,941	\$30,590	\$55	\$65	-\$5.00	-\$5.00	137%	\$6,240	24	24
\$65.00	\$30,591	\$32,240	\$65	\$70	\$0.00	-\$5.00	144%	\$9,930	48	98
\$70.00	\$32,241	\$33,890	\$70	\$80	\$0.00	-\$10.00	152%	\$1,284	9	2
\$75.00	\$33,891	\$35,540	\$80	\$80	-\$5.00	-\$15.00	159%	\$442	17	1
\$80.00	\$35,541	\$37,190	\$80	\$80	-\$10.00	-\$10.00	166%	\$21,320	41	41
\$85.00	\$37,191	\$38,840	\$80	\$100	-\$5.00	-\$15.00	174%	\$18,676	28	24
\$90.00	\$38,841	\$40,490	\$100	\$110	-\$10.00	-\$20.00	181%	\$6,051	12	9
\$95.00	\$40,491	\$42,140	\$110	\$110	-\$15.00	-\$15.00	189%	\$74,008	22	18
\$100.00	\$42,141	\$43,790	\$110	\$110	-\$10.00	-\$10.00	196%	\$1,560	3	3
\$105.00	\$43,791	\$45,440	\$110	\$110	-\$5.00	-\$5.00	203%	\$2,600	10	10
\$110.00	\$45,441	\$47,090	\$110	\$110	\$5.00	\$0.00	211%	\$0	7	
\$115.00	\$47,091	\$48,740	\$110	\$110	\$5.00	\$5.00	218%		8	
\$120.00	\$48,741	\$50,390	\$110	\$110	\$10.00	\$10.00	225%		3	
\$125.00	\$50,391	\$52,040	\$110	\$110	\$15.00	\$15.00	233%		3	
\$130.00	\$52,041	\$53,690	\$110	\$110	\$20.00	\$20.00	240%		0	
								TOTAL FAMILIES	684	258

GRAND TOTAL FAMILIES: 32,064 12,498

Grand Total \$4,040,258

Family 3

FPIG 1999 100.01%-112.00%			
\$13,880.01	\$15,530.00	Fee =	\$25.00
FPIG 1998			
FROM: \$13,880.01 to \$15,015	Fee =	\$25.00	Same
FROM: \$15,015.01 to 15,530	Fee =	\$30.00	Decrease

FPIG 1999 112.01%-124.00%			
\$15,531.00	\$17,180.00	Fee =	\$30.00
FPIG 1998			
FROM: \$15531.01 to \$16,378	Fee =	\$30.00	Same
FROM: \$16,380.01 to \$17,180	Fee =	\$35.00	Decrease

FPIG 1999 136.01%-148.00%			
\$18,831.00	\$20,480.00	Fee =	\$40.00
FPIG 1998			
FROM: \$18,831.00.01 to \$19,110	Fee =	\$40.00	Same
FROM: \$19,110.01 to \$20,475	Fee =	\$45.00	Decrease
FROM: \$20,475.01 to \$20,480	Fee =	\$50.00	Decrease

FPIG 1999 148.01%-159.00%			
\$20,481.00	\$22,130.00	Fee =	\$45.00
FPIG 1998			
FROM: \$20,480.01 to \$21,840	Fee =	\$50.00	Decrease
FROM: 21,480.01 to \$22,130	Fee =	\$55.00	Decrease



COMMONWEALTH OF PENNSYLVANIA
Department of Public Welfare

OFFICE OF THE DEPUTY SECRETARY
FOR CHILDREN, YOUTH AND FAMILIES
P.O. Box 2675
Harrisburg, PA 17105-2675

Fax Number:
(717) 787-0414

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INDEPENDENT REGULATORY
REVIEW COMMISSION

**FAX
TRANSMISSION**

DATE: October 25, 1999

FROM: Jo Ann R. Lawer, Deputy Secretary

TO: Robert Nyce, Executive Director, IRRC

FAX #: 3-2664

NUMBER OF PAGES, INCLUDING THIS ONE: (7)

A hard copy of the attached is being mailed today.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
P.O. BOX 2675
HARRISBURG, PENNSYLVANIA 17105-2675
**INDEPENDENT REGULATORY
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JO ANN R. LAWER
Deputy Secretary for
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Mr. Robert Nyce, Executive Director
Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, Pennsylvania 17101

Re: IRRC Regulation #14-464(#2073)
Department of Public Welfare
Subsidized Child Day Care Eligibility

Dear Mr. Nyce:

Thank you for your thorough review of the above-captioned regulations. I am responding to the questions which were faxed to us by Ms. Mary Lou Harris, Senior Regulatory Analyst. The responses are listed below.

1. How many children are currently on the waiting list?

Response: There are currently 3,770 children on the waiting list as of September 30, 1999. In the recent past, the waiting list varied from 3,770 to 5,000 children depending upon the day of the month because children are enrolled into subsidized child care daily. The size of the waiting list does not indicate that there are not adequate subsidies for all of the children. The majority of children on the waiting list now are waiting for their application to be processed, or waiting to select a provider. The waiting list number no longer represents children waiting for subsidy but rather reflects a processing time for subsidy applications. Prior to the regulation changes in February 1999, children had to wait an average of six to eight months to enroll in service. Today, except for a few counties, the wait is a few weeks to one month.

2. Has the Department developed a chart or table that provides a comparison of the existing co-payments levels to the new co-payments levels in this regulation for different income levels?

Response: Yes, the chart is attached. The major change between this revised co-payment chart and the current co-payment chart is that the revised does not reflect the poverty levels, but reflects equal increments of an annual income range which may not

match the corresponding poverty level as shown in the current co-payment schedule. We made this change to provide evenly spaced and consistent increments in income levels and co-payments. For example, in the attached chart look at a family of three with an annual income in the range between \$15,531 and \$17,180 who pays a \$30 per week co-pay. At \$15,531 the family under the current co-payment schedule pays \$30 per week (listed under 1998 the Federal Poverty Income Guidelines (FPIG) fee). At \$17,180 the family pays \$35 per week (listed under 1998 FPIG fee). In this case the family at \$15,531 will not see a decrease in their co-payment with the revised co-payment but the family at \$17,180 will see a \$5 per week decrease. The remainder of the chart shows the percentage of poverty guidelines for the maximum income in that range, and the total cost for families in each income range.

3. Does the Department intend for Subsection 3040.63(e) to apply to families with only one child, or to families with only one child enrolled in school? Is the 5 hours intended to be 5 hours per day or per week? In addition, Subsection 3040.63(d) continues to include a subparagraph labeled at "(1)" even though "(2)" is deleted.

Response: The Department intends for Subsection 3040.63(e) to apply to families who have one child who is eligible for subsidy and that child is enrolled in school as stated in the regulation. Because this language appears in a section governing co-payments, we think the context clarifies that we are addressing a situation where only one school-age child is eligible for subsidy. If a family has a 14-year-old who is ineligible because of his age, and a seven-year-old who needs before- and after-school care, the 14-year-old in the household is not considered, except as part of the household size in determining the amount of the co-pay.

The five hours is five hours per day.

We recognize that number one was inadvertently not omitted and there should be no subparagraph listed as (1). Since we understand that omissions are corrected by the Legislative Reference Bureau (LRB), our preferred method of correcting this omission is to ask the LRB to conform the regulations to the LRB style manual.

4. Secretary Houstoun's letter of July 18, 1999 made reference to a planned study by an independent third party. What is the status of that study?

Response: We are in the process of negotiating with a contractor to complete the study. We expect the terms of the contract to be finalized the first week in November and the study to be completed by February 2000.

5. How did the Department determine the income interval of \$1,650 for Subsection 3040.63(d)? What is its basis?

Response: The Department determined \$1,650 as the standard interval needed at each income range to achieve our goals in revising the co-payment schedule. The first goal is that families with income at 100 percent of the FPIG would not pay more than 10 percent of their annual income for a co-payment. The second goal is that families of two, three, and four, which represent the most common family situations for subsidized child care, would not pay more than 13 percent of their annual income for a co-payment. The third goal is that the co-payment schedule result in co-payments that increase in \$5 increments correlated with \$1,650 annual income increases. We established the \$1,650 increments so co-payments will only change when there are larger income changes, rather than being recalculated every time there is a minor increase in income. Under the existing system there are more frequent adjustments to the co-payments when families' income increases.

If you have any further questions, please contact Ms. Kathryn Holod, Director, Bureau of Child Day Care Services at (717) 787-8691.

Sincerely,



Jo Ann R. Lawer, Esq.

Attachment

C: Ms. Mary Lou Harris
Ms. Jean Graybill
Ms. Cindy Fillman
Ms. Ruth O'Brien

COST ANALYSIS: CURRENT CO-PAY SCALE (FPIG 1998) AND PROPOSED (FPIG1999)

FAMILY=1 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG
	Minimum	Maximum	Minimum	Maximum			
\$5 00	\$1	\$6,590	\$5	\$10	\$0 00	-\$5 00	80%
\$10 00	\$6,591	\$8,240	\$10	\$15	\$0 00	-\$5 00	100%
\$15 00	\$8,241	\$9,890	\$15	\$20	\$0 00	-\$5 00	120%
\$20 00	\$9,891	\$11,540	\$20	\$25	\$0 00	-\$5 00	140%
\$25 00	\$11,541	\$13,190	\$25	\$30	\$0 00	-\$5 00	160%
\$30 00	\$13,191	\$14,840	\$30	\$40	\$0 00	-\$10 00	180%
\$35 00	\$14,841	\$16,490	\$40	\$40	-\$5 00	-\$5 00	200%
\$40 00	\$16,491	\$18,140	\$40	\$40	\$0 00	\$0 00	220%
\$45 00	\$18,141	\$19,790	\$40	\$40	\$5 00	\$5 00	235%

FAMILY=2 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST \$1,778,959	FAMILIES PROJECTED	NO WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5 00	\$1	\$7,760	\$5	\$10	\$0 00	-\$5 00	70%			
\$10 00	\$7,761	\$9,410	\$10	\$15	\$0 00	-\$5 00	85%			
\$15 00	\$9,411	\$11,060	\$15	\$20	\$0 00	-\$5 00	100%	\$96,692	2,922	372
\$20 00	\$11,061	\$12,710	\$20	\$25	\$0 00	-\$5 00	115%	\$136,165	1,115	524
\$25 00	\$12,711	\$14,360	\$25	\$30	\$0 00	-\$5 00	130%	\$260,983	1,236	1,004
\$30 00	\$14,361	\$16,010	\$30	\$35	\$0 00	-\$5 00	145%	\$178,571	1,382	687
\$35 00	\$16,011	\$17,660	\$35	\$45	\$0 00	-\$10 00	160%	\$656,910	1,505	1,263
\$40 00	\$17,661	\$19,310	\$45	\$45	-\$5 00	-\$5 00	175%	\$190,279	1,396	732
\$45 00	\$19,311	\$20,960	\$45	\$50	\$0 00	-\$5 00	190%	\$259,359	1,151	998
\$50 00	\$20,961	\$22,610	\$50	\$50	\$0 00	\$0 00	204%		672	
\$55 00	\$22,611	\$24,260	\$50	\$50	\$5 00	\$5 00	219%		479	
\$60 00	\$24,261	\$25,910	\$50	\$50	\$10 00	\$10 00	234%		238	
\$65 00	\$25,911	\$27,560	\$50	\$50	\$15 00	\$15 00	235%			
								TOTAL FAMILIE	12,096	5,580



FAMILY=3 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST \$1,354,855	FAMILIES PROJECTED	NO WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5 00	\$1	\$8,930	\$5	\$10	\$0 00	-\$5 00	64%			
\$10 00	\$8,931	\$10,580	\$10	\$15	\$0 00	-\$5 00	76%			
\$15 00	\$10,581	\$12,230	\$15	\$15	\$0 00	\$0 00	88%			
\$20 00	\$12,231	\$13,880	\$15	\$25	\$5 00	-\$5 00	100%	\$94,375	2,604	363
\$25 00	\$13,881	\$15,530	\$25	\$30	\$0 00	-\$5 00	112%	\$64,678	797	249
\$30 00	\$15,531	\$17,180	\$30	\$35	\$0 00	-\$5 00	124%	\$188,587	1,496	725
\$35 00	\$17,181	\$18,830	\$35	\$40	\$0 00	-\$5 00	136%	\$177,296	1,037	682
\$40 00	\$18,831	\$20,480	\$40	\$50	\$0 00	-\$10 00	148%	\$603,165	1,397	1,160
\$45 00	\$20,481	\$22,130	\$50	\$55	-\$5 00	-\$10 00	159%	\$80,335	879	154
\$50 00	\$22,131	\$23,780	\$55	\$60	-\$5 00	-\$10 00	171%	\$146,419	808	282
\$55 00	\$23,781	\$25,430	\$60	\$65	-\$5 00	-\$10 00	183%	\$242,843	896	467
\$60 00	\$25,431	\$27,080	\$65	\$65	-\$5 00	-\$5 00	195%	\$112,840	434	434
\$65 00	\$27,081	\$28,730	\$65	\$65	\$0 00	\$0 00	207%	\$0	267	
\$70 00	\$28,731	\$30,380	\$65	\$65	\$5 00	\$5 00	219%		277	
\$75 00	\$30,381	\$32,030	\$65	\$65	\$10 00	\$10 00	231%		117	
\$80 00	\$32,031	\$33,680	\$65	\$65	\$15 00	\$15 00	235%		22	
								TOTAL FAMILIES	11,031	4,516

FAMILY=4 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST 48312554%	FAMILIES PROJECTED	NO WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5 00	\$1	\$10,100	\$5	\$15	\$0 00	-\$10 00	60%			
\$10 00	\$10,101	\$11,750	\$15	\$15	-\$5 00	-\$5 00	70%			
\$15 00	\$11,751	\$13,400	\$15	\$20	\$0 00	-\$5 00	80%			
\$20 00	\$13,401	\$15,050	\$20	\$25	\$0 00	-\$5 00	90%			
\$25 00	\$15,051	\$16,700	\$25	\$30	\$0 00	-\$5 00	100%	\$67,836	1,722	261
\$30 00	\$16,701	\$18,350	\$30	\$35	\$0 00	-\$5 00	110%	\$19,488	485	75
\$35 00	\$18,351	\$20,000	\$35	\$40	\$0 00	-\$5 00	120%	\$21,017	513	81
\$40 00	\$20,001	\$21,650	\$40	\$45	\$0 00	-\$5 00	130%	\$20,712	496	80
\$45 00	\$21,651	\$23,300	\$45	\$55	\$0 00	-\$10 00	140%	\$43,652	513	84
\$50 00	\$23,301	\$24,950	\$55	\$60	-\$5 00	-\$10 00	149%	\$42,033	485	81
\$55 00	\$24,951	\$26,600	\$60	\$65	-\$5 00	-\$10 00	159%	\$39,180	444	75
\$60 00	\$26,601	\$28,250	\$65	\$75	-\$5 00	-\$15 00	169%	\$50,119	372	64
\$65 00	\$28,251	\$29,900	\$75	\$80	-\$10 00	-\$15 00	179%	\$46,611	340	60
\$70 00	\$29,901	\$31,550	\$80	\$80	-\$10 00	-\$10 00	189%	\$83,078	236	160
\$75 00	\$31,551	\$33,200	\$80	\$80	-\$5 00	-\$5 00	199%	\$49,400	190	190
\$80 00	\$33,201	\$34,850	\$80	\$80	\$0 00	\$0 00	209%	\$0	134	
\$85 00	\$34,851	\$36,500	\$80	\$80	\$5 00	\$5 00	219%		85	
\$90 00	\$36,501	\$38,150	\$80	\$80	\$10 00	\$10 00	228%		111	
\$95 00	\$38,151	\$39,800	\$80	\$80	\$15 00	\$15 00	235%		17	
								TOTAL FAMILIES	6,143	1,211

COST ANALYSIS: CURRENT CO-PAY SCALE (FPIG 1998) AND PROPOSED (FPIG1999)

FAMILY=5 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST 31543594%	FAMILIES PROJECTED	NO WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5 00	\$1	\$11,270	\$5	\$10	\$0 00	-\$5 00	58%			
\$10 00	\$11,271	\$12,920	\$10	\$15	\$0 00	-\$5 00	66%			
\$15 00	\$12,921	\$14,570	\$15	\$20	\$0 00	-\$5 00	75%			
\$20 00	\$14,571	\$16,220	\$20	\$25	\$0 00	-\$5 00	83%			
\$25 00	\$16,221	\$17,870	\$25	\$30	\$0 00	-\$5 00	92%			
\$30 00	\$17,871	\$19,520	\$30	\$35	\$0 00	-\$5 00	100%	\$29,059	683	112
\$35 00	\$19,521	\$21,170	\$35	\$35	\$0 00	\$0 00	108%	\$0	196	0
\$40 00	\$21,171	\$22,820	\$35	\$40	\$5 00	\$0 00	117%	\$0	78	0
\$45 00	\$22,821	\$24,470	\$40	\$50	\$5 00	-\$5 00	125%	\$41,441	182	159
\$50 00	\$24,471	\$26,120	\$50	\$55	\$0 00	-\$5 00	134%	\$26,399	153	102
\$55 00	\$26,121	\$27,770	\$55	\$60	\$0 00	-\$5 00	142%	\$13,180	102	51
\$60 00	\$27,771	\$29,420	\$60	\$70	\$0 00	-\$10 00	151%	\$27,825	162	54
\$65 00	\$29,421	\$31,070	\$70	\$75	-\$5 00	-\$10 00	159%	\$12,338	145	24
\$70 00	\$31,071	\$32,720	\$75	\$75	-\$5 00	-\$5 00	168%	\$37,180	143	143
\$75 00	\$32,721	\$34,370	\$75	\$85	\$0 00	-\$10 00	176%	\$32,661	63	63
\$80 00	\$34,371	\$36,020	\$85	\$95	-\$5 00	-\$15 00	185%	\$53,754	83	69
\$85 00	\$36,021	\$37,670	\$95	\$95	-\$10 00	-\$10 00	193%	\$35,360	68	68
\$90 00	\$37,671	\$39,320	\$95	\$95	-\$5 00	-\$5 00	201%	\$6,240	24	24
\$95 00	\$39,321	\$40,970	\$95	\$95	\$0 00	\$0 00	210%	\$0	53	
\$100 00	\$40,971	\$42,620	\$95	\$95	\$5 00	\$5 00	218%		37	
\$105 00	\$42,621	\$44,270	\$95	\$95	\$10 00	\$10 00	227%		19	
\$110 00	\$44,271	\$45,872	\$95	\$95	\$15 00	\$15 00	235%		19	
TOTAL FAMILIES									2,210	869

FAMILY=6 Co-payment	Income		1998 FPIG FEE @		INCREASE/ DECREASE	INCREASE/ DECREASE	Family Size % FPIG	TOTAL COST 10798304%	FAMILIES PROJECTED	NO WITH DECREASE
	Minimum	Maximum	Minimum	Maximum						
\$5 00	\$1	\$12,440	\$5	\$15	\$0 00	-\$10 00	56%			
\$10 00	\$12,441	\$14,090	\$15	\$20	-\$5 00	-\$10 00	63%			
\$15 00	\$14,091	\$15,740	\$20	\$25	-\$5 00	-\$10 00	70%			
\$20 00	\$15,741	\$17,390	\$25	\$25	-\$5 00	-\$5 00	78%			
\$25 00	\$17,391	\$19,040	\$25	\$30	\$0 00	-\$5 00	85%			
\$30 00	\$19,041	\$20,690	\$30	\$35	\$0 00	-\$5 00	93%			
\$35 00	\$20,691	\$22,340	\$35	\$40	\$0 00	-\$5 00	100%	\$9,459	207	36
\$40 00	\$22,341	\$23,990	\$40	\$40	\$0 00	\$0 00	107%	\$0	34	0
\$45 00	\$23,991	\$25,640	\$40	\$50	\$5 00	-\$5 00	115%	\$9,384	43	36
\$50 00	\$25,641	\$27,290	\$50	\$55	\$0 00	-\$5 00	122%	\$3,400	26	13
\$55 00	\$27,291	\$28,940	\$55	\$65	\$0 00	-\$10 00	130%	\$3,727	43	7
\$60 00	\$28,941	\$30,590	\$65	\$65	-\$5 00	-\$5 00	137%	\$6,240	24	24
\$65 00	\$30,591	\$32,240	\$65	\$70	\$0 00	-\$5 00	144%	\$9,930	46	38
\$70 00	\$32,241	\$33,890	\$70	\$80	\$0 00	-\$10 00	152%	\$1,284	5	2
\$75 00	\$33,891	\$35,540	\$80	\$90	-\$5 00	-\$15 00	159%	\$442	17	1
\$80 00	\$35,541	\$37,190	\$90	\$90	-\$10 00	-\$10 00	166%	\$21,320	41	41
\$85 00	\$37,191	\$38,840	\$90	\$100	-\$5 00	-\$15 00	174%	\$18,576	29	24
\$90 00	\$38,841	\$40,490	\$100	\$110	-\$10 00	-\$20 00	181%	\$6,051	12	6
\$95 00	\$40,491	\$42,140	\$110	\$110	-\$15 00	-\$15 00	189%	\$14,009	22	18
\$100 00	\$42,141	\$43,790	\$110	\$110	-\$10 00	-\$10 00	196%	\$1,560	3	3
\$105 00	\$43,791	\$45,440	\$110	\$110	-\$5 00	-\$5 00	203%	\$2,600	10	10
\$110 00	\$45,441	\$47,090	\$110	\$110	\$0 00	\$0 00	211%	\$0	7	
\$115 00	\$47,091	\$48,740	\$110	\$110	\$5 00	\$5 00	218%		9	
\$120 00	\$48,741	\$50,390	\$110	\$110	\$10 00	\$10 00	226%		3	
\$125 00	\$50,391	\$52,040	\$110	\$110	\$15 00	\$15 00	233%		3	
\$130 00	\$52,041	\$52,499	\$110	\$110	\$20 00	\$20 00	235%		0	
TOTAL FAMILIES									584	259

GRAND TOTAL FAMILIES	32,064	12,435
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Grand Total	\$4,040,358
--------------------	--------------------

Family 3

FPIG 1999 100.01%-112.00%			
\$13,880.01	\$15,530.00	Fee =	\$25.00
FPIG 1998			
FROM: \$13,880.01 to \$15,015		Fee =	\$25.00
			Same
FROM: \$15,015.01 to 15,530		Fee =	\$30.00
			Decrease
FPIG 1999 112.01%-124.00%			
\$15,531.00	\$17,180.00	Fee =	\$30.00
FPIG 1998			
FROM: \$15531.01 to \$16,378		Fee =	\$30.00
			Same
FROM: \$16,380.01 to \$17,180		Fee =	\$35.00
			Decrease
FPIG 1999 136.01%-148.00%			
\$18,831.00	\$20,480.00	Fee =	\$40.00
FPIG 1998			
FROM: \$18,831.00.01 to \$19,110		Fee =	\$40.00
			Same
FROM: \$19,110.01 to \$20,475		Fee =	\$45.00
			Decrease
FROM: \$20,475.01 to \$20,480		Fee =	\$50.00
			Decrease
FPIG 1999 148.01%-159.00%			
\$20,481.00	\$22,130.00	Fee =	\$45.00
FPIG 1998			
FROM: \$20,480.01 to \$21,840		Fee =	\$50.00
			Decrease
FROM: 21,480.01 to \$22,130		Fee =	\$55.00
			Decrease

Original: 2073
Mizner
Cc: Harris
Jewett, Sandusky, Legal

Forthcoming
Nyce
Sandusky
Gelnett

HOUSE AGING AND YOUTH COMMITTEE
September 29, 1999

RECEIVED
1999 SEP 29 PM 2:31
INDEPENDENT REGULATORY
REVIEW COMMISSION

1. UPDATE

- Waiting List Status – attachment
- Demand for Service - attachment
- Regulation Changes - attachment

2. CEILING RATE INCREASES

- DPW convened reimbursement rate workgroup who offered recommendations. These are currently under review in the Department.
 - Use \$10 million available on January 1, 2000 to increase current reimbursement ceilings by 7.8% (this will raise ceilings from 50th percentile to 70th percentile) - \$20 million annualized for 2000-01.
 - Continue differential reimbursement rate for nontraditional hours and special needs children.
 - DPW will conduct a market rate survey of child care providers every two years.

3. EXPANSION OF CHILD CARE

- Capacity Grants – Seed money provided to expand child care in local communities based on needs assessments.
 - January to June 1999 (7,400 regulated slots for \$2.3 million) - attachment
- Quality – Funding provided to local communities to improve quality in child care settings.
 - January to June 1999 (27 different grants for \$1.8 million) - attachment

4. PROFESSIONAL DEVELOPMENT FOR CAREGIVERS 1998-99

- 133 caregivers receive a scholarship through TEACH to work toward earning an early childhood associate degree. DPW funding provides for 75% of the cost of tuition, travel, books, and release time. The day care provider pays the increased salary and shares remaining expenses with caregiver.

- 2,671 caregivers earn college credits through DPW's early childhood training system to help them work toward either a bachelor's degree or an early childhood associate degree.

5. GETTING OUT THE WORD ABOUT CHILD CARE

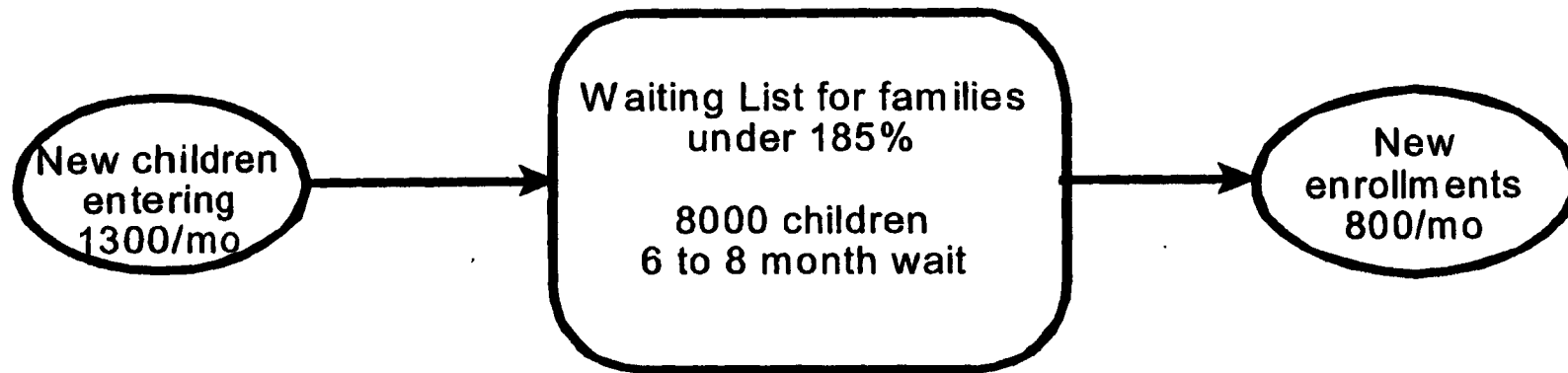
- Helpline - 1-877 4PA KIDS - attachment
 - Established by Ridge administration in April 1999.
 - Helps parents with their questions on child care.
 - Took 757 calls during April through June 1999 and 1,070 calls during July through August.
- Child Care Information Services (CCIS) agencies are providing:
 - Resource and Referral - Provides parents with information about what to look for in good child care and selecting more stable care.
 - Outreach – CCIS agencies are performing a variety of outreach activities to let parents know about subsidy.
 - radio ads
 - billboards
 - newspaper ads
 - notices of providers
 - brochures
 - information sharing at job fairs
 - health fairs

6. CONTINUING QUALITY FOR 1999-2000

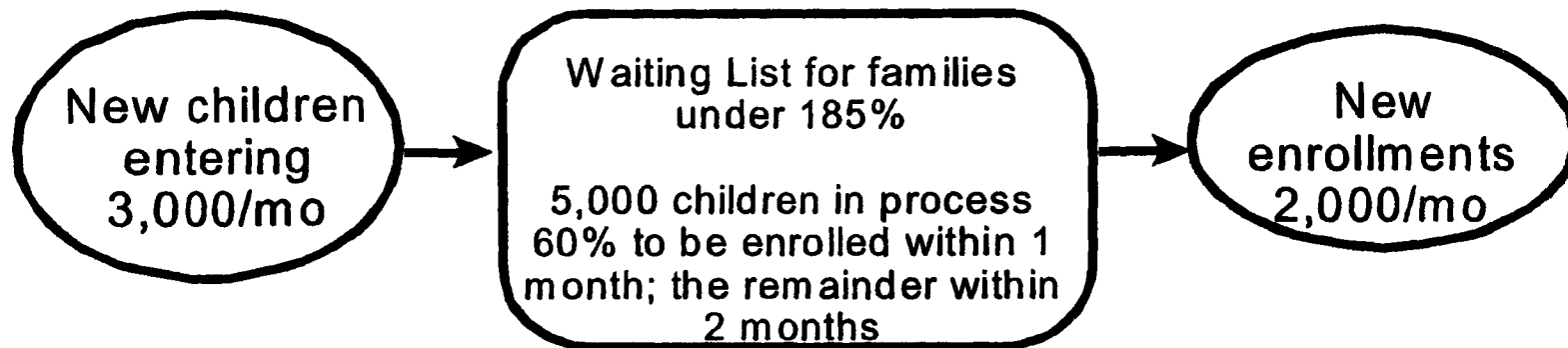
- Total of \$21.7 million funded to support parents, providers, and local communities in expanding and improving child care.

House Aging and Youth Committee - September 29, 1999

**Pent - up Demand
Before Child Care Works**



Since Child Care Works



House Aging and Youth Committee - September 29, 1999

	Before CCW	After CCW
Status of Waiting List	About 8000 monthly average.	5,000 now in process; 60% will be enrolled within one month, the rest within 2 months.
	Enrolled about 850/month.	Enrolling over 2,000/month.
	Average waiting time 6 to 8 months.	Most enrolled within the month of application.
	About 1300 new eligible families coming onto the waiting list each month.	Over 3000 children per month came onto the waiting list in July and August.

House Aging and Youth Committee - September 29, 1999

Before CCW

After CCW

TANF Families

- Maximum \$175/month/child.
- \$169/month/child typical cost to families.

- Child care allowance.
- \$80/month total cost regardless of number of children.

Former TANF

- Maximum 12 months of care.
- Bumped in front of other families on the waiting list after 12 months.
- Depleted funds that would have otherwise been used for waiting list families.

- Automatic transfer to CCIS.
- No time limit on service.
- Bring their funding with them.
- Free up funds for waiting list families.
- About 16,000 enrolled since CCW began.

**House Aging and Youth Committee - September 29, 1999
Proposed Regulations**

Before Changes

Families between 185% and 235% of FPIG eligible until February 1, 2000 (Between \$25,678 and \$32,618 annually for family of three).

Co-payments were set at 10% of income for families at 100% of the FPIG and rose to 14.5% for those at 185%.

Families between 185% and 235% of the FPIG paid the same dollar fee as those at 185%. Those at 235% paid about 11% of their income.

Expected to generate about \$32M to help clear waiting list.

After Changes

If regulations are approved, families over 185% the FPIG will stay in service until their income exceeds 235% of the FPIG; about 4,000 children will be affected.

Co-payments remain at 10% of income a 100% FPIG and increase to 13% for those at 235%; 38.5% of families under 200% will see a decrease of \$5 or \$10 per week effective October 1, 1999.

Families over 185% of FPIG will not be terminated February 1, 2000, but will now pay fees that reflect their income; about 1,500 will have increases.

Will reduce revenue from co-pay increases to \$25M.

CHILD CARE RESOURCE DEVELOPERS						
QUALITY GRANTS REPORT 1998-99						
STATEWIDE						
COUNTY	NAME OF ORGANIZATION	GRANT AMOUNT \$	# CHILDREN SERVED	# PARENTS SERVED	# PROVIDERS SERVED	ACTIVITIES
Allegheny	Early Childhood Initiative	\$502,099	unavailable	unavailable	unavailable	Quality Improvements Monitoring to 7 ECI Neighborhoods
Allegheny	Louise Child Care	\$25,000			23	Extensive Business Training to Child Care Directors
Berks	Berks Early Intervention Services	\$61,688	16	16	10	Wrap-around Behavior Management with Training and Provider Mentoring
Bradford	Bradford County Human Services	\$2,500			50	Infant/Toddler Lending Library
Bucks	Bucks Association for Retarded Citizens	\$60,423	12	135	27	Behavior Management
Chester	Devereux Foundation	\$42,000	61	34	6	Behavior Management
Cumberland	Carlisle Early Education Center	\$7,228			2	Anti-violence Training for Providers, Parents and Children
Dauphin	YWCA of Greater Harrisburg	\$32,558	350		183	Mobile Training for Providers and Parents
Delaware	PA Family Child Care Providers Association	\$6,480		16	20	Special Needs Training
Fayette	Fayette Co PIC/Local Planning Committee	\$11,200	unavailable	unavailable	unavailable	Infant/Toddler Training for Providers and Parents, Media Campaign re quality child care needs
Franklin	Franklin Co Child Care Coalition	\$1,500			50-75	Provider training on Business Practices, Stress and Behavioral Management
Juniata	Juniata Co Local Planning Committee	\$885			23	Behavioral Management Training and Resource Library
Lawrence	United Community Services	\$47,600			34	Behavior Management Training and Team Intervention
Lehigh	FOCUS International	\$3,000	126		3	Arts-Based Program for School-Age Self-Esteem
Lehigh/Northampton	Child Care Information Services, Inc	\$20,000	12	11	11	Behavioral Management Wrap-around
Montgomery	Devereux Foundation	\$28,000	32	17	5	Behavior Management
Perry	Perry County Day Care Task Force	\$4,350			18	Special Needs Quality Improvement Plans
Philadelphia	Phila School District	\$7,500	2,600	24		Special Needs Training
Philadelphia	Delaware Valley Association for the Education of Young Children	\$131,601			55	Program Improvement Plans and Training
Philadelphia	Norris Square Civic Association	\$197,284			217	Training/Mentoring - FCC
Philadelphia	Northwest Interfaith Movement	\$64,759	3,056		54	Enhancement Supports - School Age
Philadelphia	Philadelphia Early Childhood Collaborative	\$75,752			48	FCC Start-up and Training
Philadelphia	Philadelphia Early Childhood Collaborative	\$103,962			72	I/T Training and Support
Philadelphia	Philadelphia Early Childhood Collaborative	\$22,131		9	71	Special Needs Training
Philadelphia	YMCA of Philadelphia	\$165,316	200	15	85	I/T Training in FCC and FCC Start-up
Suburban Counties	Delaware Valley Child Care Council	\$95,698	8,707		85	Administrative Training
Suburban Counties	Delaware Valley Association for the Education of Young Children	\$51,178			21	Program Improvement Plans and Training
Westmoreland	Seton Hill Child Services	\$15,000			17	Behavior Management Training
York	Focus on Our Future	\$9,250			75	Behavioral Consultation and Training
TOTALS		\$1,795,942	15,172	277	1,215	

COUNTY	GRANT AMOUNTS AWARDED	# GRANTS COMPLETED	# SLOTS EXPANDED	COUNTY PROFILE
INDIANA	\$2,477	5	24	A,B,F,G,I
JEFFERSON	\$8,100	2	28	A,B,D
JUNIATA	\$1,416	1	7	A,B,D,F,M
LACKAWANNA	\$30,177	6	33	A,D,E
LANCASTER	\$70,311	20	283	E
LAWRENCE	\$14,975	3	45	A,B,D,K
LEBANON	\$16,184	5	145	A,C,D
LEHIGH	\$30,599	7	76	A,D,E
LUZERNE	\$88,985	12	202	E,F,M
LYCOMING	\$29,467	9	79	A,B,D,F,H
MCKEAN	\$2,225	3	16	A,B,D,I
MERCER	\$16,170	4	59	A,B,D,F,K
MIFFLIN	\$8,938	6	60	D,F
MONROE	\$4,091	2	8	E,F,N
MONTGOMERY	\$118,738	20	491	A,B,D,F,I,J
MONTOUR *	\$0	0	0	D,H,O
NORTHAMPTON	\$19,599	4	101	A,D,F
NORTHUMBERLAND	\$6,351	4	25	A,B,F
PERRY	\$21,510	7	54	H
PHILADELPHIA	\$639,888	195	1169	A,B,D,F,I,M,O
PIKE	\$5,190	2	16	A,D
POTTER	\$600	1	6	I
SCHUYLKILL	\$23,100	4	85	A,B,D,F
SNYDER	\$14,505	6	67	A,B,F,M,N,K
SOMERSET	\$30,037	9	105	A,B,C,D,H
SULLIVAN	\$1,100	1	6	D,F
SUSQUEHANNA	\$9,500	3	37	D,C,A,B,F
TIOGA	\$29,774	6	39	A,F,N
UNION	\$8,711	4	34	A,B,D,F,N
VENANGO	\$28,600	4	122	A,B,D
WARREN	\$7,500	1	17	B
WASHINGTON	\$27,923	5	100	A,B,D,K
WAYNE	\$2,200	2	24	E,F,N
WESTMORELAND	\$67,931	14	556	A,B,D,F
WYOMING	\$12,876	2	104	C,D,F
YORK	\$22,080	12	107	A,B,D,F,O
TOTALS	\$2,343,657	639	7347	
\$ 2.2 million is available as 1998-99 roll-over funds				

CHILD CARE RESOURCE DEVELOPERS CAPACITY GRANTS 1998-99			
STATEWIDE BY REGION			
REGION	GRANT AMOUNT\$ AWARDED	# GRANTS COMPLETED	# SLOTS EXPANDED
CENTRAL	\$496,417	179	2170
NORTHEAST	\$283,190	57	783
SOUTHEAST	\$1,156,491	302	2594
WESTERN	\$407,558	101	1800
TOTALS	\$2,343,656	639	7347
TYPE OF EXPANSION KEY			
A	INFANT		
B	TODDLER		
C	PRE-SCHOOL		
D	SCHOOL-AGE		
E	ALL AGES		
F	EXTENDED HRS.		
G	BECOME FDCH		
H	TO BE LICENSED		
I	NEW PROGRAM		
J	WRAP-AROUND		
K	SUMMER		
L	ZONING		
M	SPECIAL NEEDS		
N	MILDLY ILL		
O	OTHER		

CHILD CARE RESOURCE DEVELOPERS CAPACITY GRANTS 1998-99				
STATEWIDE BY COUNTY				
COUNTY	GRANT AMOUNT\$ AWARDED	# GRANTS COMPLETED	# SLOTS EXPANDED	COUNTY PROFILE
ADAMS	\$28,158	10	100	E,H,O
ALLEGHENY	\$87,790	26	370	A,B,D,F,I,J,K,M
ARMSTRONG *	\$0	0	0	
BEAVER	\$21,427	4	36	A,B,D
BEDFORD	\$10,816	5	48	A,B,C,F,H
BERKS	\$26,000	6	52	D,B
BLAIR	\$28,613	6	124	A,B,D,F
BRADFORD *	\$0	0	0	
BUCKS	\$107,390	20	352	A,B,D,F,M,O
BUTLER	\$8,100	2	8	A,B
CAMBRIA	\$64,216	24	255	A,B,C,D,M
CAMERON *	\$0	0	0	
CARBON *	\$0	0	0	
CENTRE	\$7,565	5	20	A,B,D,F,M,N
CHESTER	\$97,296	16	228	A,B,D,J,O
CLARION	\$8,194	2	16	A,B,D
CLEARFIELD	\$7,878	6	31	A,B,D,K
CLINTON	\$8,638	3	31	A,B,D,H,M
COLUMBIA	\$24,398	5	128	A,B,D,F,J,O
CRAWFORD	\$22,800	4	104	A,B,D,F,J
CUMBERLAND	\$23,447	10	107	C,D,
DAUPHIN	\$50,069	16	309	E
DELAWARE	\$193,179	51	354	A,B,D,F,J,M
ELK	\$5,430	1	15	A,B,D
ERIE	\$34,438	5	113	A,B,D
FAYETTE	\$33,300	7	122	A,B,D,F
FOREST *	\$0	0	0	
FRANKLIN	\$16,351	9	64	E,H
FULTON	\$319	1	1	E
GREENE	\$1,700	2	12	A,B,D,K
HUNTINGDON	\$4,318	2	17	A,B,F,H
* Funding available; no applications were received.				

Child Care **WORKS**

Making day care work for Pennsylvania's families.

The Pennsylvania Department of Public Welfare is committed to helping every family – regardless of income – find safe, quality child care opportunities. That's why we created the ChildCare Information Helpline, a toll-free helpline manned by trained counselors.

Call 1-877-4 PA-KIDS to:

- locate day care in your community
- get tips on working with day care providers
- learn about a day care provider's license status
- ask questions about your provider
- identify financial aid sources for day care

Parents want to ensure their children are
safe and sound while they work.

Now, information about child care
is just a phone call away.

- Tom Ridge, Governor

JERE W. SCHULER, MEMBER
HOUSE POST OFFICE BOX 202020
MAIN CAPITOL BUILDING
HARRISBURG, PA 17120-2020
PHONE (717) 783-6422
FAX (717) 787-5713

MUNICIPAL BUILDING
852 VILLAGE ROAD
POST OFFICE BOX 268
LAMPETER, PA 17537-0268
PHONE (717) 464-5285



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

AGING AND YOUTH
MAJORITY CHAIRMAN
EDUCATION
POLICY

BOARD OF GOVERNORS
STATE SYSTEM OF HIGHER EDUCATION

October 29, 1999

Original: 2073
Mizner
cc:

Harris
Jewett
Sandusky
Legal
Notebook
All Commissioners

John R. McGinley, Jr., Chairman
Independent Regulatory Review Commission
14th Floor, Harrisstown 2
333 Market Street
Harrisburg, Pennsylvania 17101

Dear Mr. McGinley:

As Majority and Minority Chairmen of the House Aging and Youth Committee, we are hereby providing you with our committee's recommendation regarding IRRC regulation #14-464 pertaining to subsidized child day care eligibility.

Since the Department of Public Welfare began implementation of the Child Care Works Program this past February, we have been made aware of significant concerns regarding the impact that this could have on working families who depend on the program for the care of their children. While the intent of Child Care Works is to empower families to self-sufficiency, a concern exists that one of the consequences will be to exacerbate the hardship situations that many families face on a daily basis. Because of this ongoing concern, we have taken a keen interest in the Child Care Works implementation and have monitored it very closely.

Over the past several months, Secretary Feather Houstoun has appeared before the committee on several occasions in order to keep the members abreast of the departments experiences throughout this initial implementation phase. We appreciate the cooperation that the secretary and her staff have shown throughout this process. With regard to this particular regulatory proposal now before the committee, we support the departments modification of the Child Care Works Plan in order to restore income eligibility by setting an entry point of 185% of poverty and an exit point of 235% of poverty. We also support the revisions of the co-payment schedule to achieve more equitable co-payments for families; to cap the co-payment for families whose income does not exceed 235% of the FPIG at 13.5% of their annual income; and, to allow families who have only one child needing part-time before- and after-school care to pay one-half of the weekly co-payment.

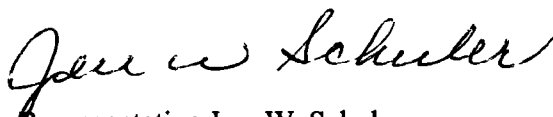
Again, we appreciate the openness and willingness on the part of Secretary Feather Houstoun to work with the committee on this very important issue. While we recognize that

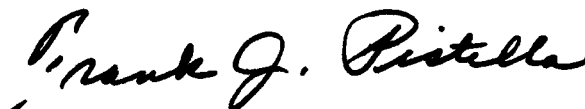
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REVIEW COMMISSION

Page 2
Independent Regulatory Review Commission
October 29, 1999

concerns surrounding the co-payment issues still exist and that more work may need to be done, we look forward to continuing our dialogue with you in an effort to ensure the success of this Program in meeting the child care needs of Pennsylvania's working families.

Sincerely,


Representative Jere W. Schuler
Majority Chairman


Representative Frank Pistella
Minority Chairman

cc: Alvin Bush
Arthur Coccodrilli
Robert J. Harbison, III
John F. Mizner

<p>IRRC</p>		<p>This space for use by IRRC</p> <p>RECEIVED</p> <p>2000 MAY -3 PM 1:57</p> <p>REVIEW COMMISSION</p> <p>IRRC Number: 2074</p>
<p>(1) Agency Department of State, Bureau of Professional and Occupational Affairs, State Board of Certified Real Estate Appraisers</p>		
<p>(2) I.D. Number (Governor's Office Use) 16A-7010</p>		
<p>(3) Short Title Qualifications for Certification</p>		
<p>(4) PA Code Cite 49 Pa. Code §§36.11 and 36.12</p>	<p>(5) Agency Contacts & Telephone Numbers</p> <p>Primary Contact: Steven Wennberg, Board Counsel 783-7200</p> <p>Secondary Contact: Joyce McKeever, Deputy Chief Counsel, 783-7200</p>	
<p>(6) Type of Rulemaking (check one)</p> <p><input type="checkbox"/> Proposed Rulemaking</p> <p><input checked="" type="checkbox"/> Final Order Adopting Regulation</p> <p><input type="checkbox"/> Final Order, Proposed Rulemaking</p> <p><input type="checkbox"/> Omitted</p>	<p>(7) Is a 120-Day Emergency Certification Attached?</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Yes: By the Attorney General</p> <p><input type="checkbox"/> Yes: By the Governor</p>	
<p>(8) Briefly explain the regulation in clear and nontechnical language.</p> <p>The regulations increase the experience requirements for certification as a residential appraiser and general appraiser from 2,000 hours to 2,500 hours and 3,000 hours, respectively; increase the education requirement for certification as a general appraiser from 165 hours to 180 (Continued on Page 9)</p>		
<p>(9) State the statutory authority for the regulation and any relevant state or federal court decisions.</p> <p>Section 6(d) and (e) of the Real Estate Appraisers Certification Act (REACA), 63 P.S. §457.6(d) and (e), requires applicants for certification as residential and general appraisers to meet minimum education and experience requirements established pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). Section 6(f) of the REACA, 63 P.S. §457.6(f), empowers the Board to prescribe and define the education topics and types of experience necessary to comply with the FIRREA. (Continued on Page 9)</p>		

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Section 6(d) and (e) of the REACA requires that applicants for certification as residential and general appraisers meet the minimum education and experience requirements mandated under the FIRREA. The Appraiser Qualifications Board (AQB) is the federal body that establishes education and experience requirements for residential and general appraisers under the FIRREA. Effective January 1, 1998, the AQB increased the experience requirements for residential and general appraisers from 2,000 hours to 2,500 hours and 3,000 hours, respectively; increased the education requirement for general appraisers from 165 hours to 180 hours; and clarified the types of acceptable education topics for residential and general appraisers.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The regulations are necessary (1) to ensure that prospective applicants for certification as residential and general appraisers are apprised of the current education and experience requirements and (2) to demonstrate to federal authorities that Pennsylvania is in compliance with the FIRREA .

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The principal risks associated with nonregulation are (1) that prospective applicants for certification as residential and general appraisers may be confused about the current certification requirements and (2) that federal authorities may incorrectly believe that Pennsylvania appraisers do not meet minimum education and experience requirements.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The regulations directly benefit prospective applicants for certification as residential and general appraisers. Approximately five persons per month file applications in the two certification classes combined.

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The Board cannot identify any group that would be adversely affected by the regulations.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

See Item 13.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

In developing the regulations, the Board solicited input from four Pennsylvania trade organizations: the Council of Pennsylvania Real Estate Appraisers, Inc., the Pennsylvania Association of Realtors, the Assessors Association of Pennsylvania, and the Pennsylvania Bankers Association. The PAR and CPREA submitted pre-proposal comments.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations will not have a fiscal impact on the regulated community; the increased education and experience requirements already took effect by operation of law on January 1, 1998.

The regulations will not impose new legal, accounting or consulting procedures.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations will not result in costs or savings to local government.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The regulations will not result in costs or savings to state government.

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Savings						
COSTS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Appraiser Board	\$209,758.47	\$246,142.36	\$334,376.29 (est.)	\$307,000.00 (est.)

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The regulations will benefit the public by providing current information about the education and experience requirements for appraiser certification that are mandated by the REACA. The information is being provided at no cost to the public, the regulated community, or state and local government.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

The Board did not consider a nonregulatory alternative. Regulations are an appropriate means for announcing the current federal requirements for appraiser certification.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Because the regulations only amend an existing regulatory scheme, the Board did not consider an alternative regulatory scheme.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

The regulations mirror federal standards, except for the Board's adoption of the 15-hour National USPAP Course as a mandatory course for appraiser certification. The AQB, which establishes federal qualifications for appraiser certification, requires 15 hours of USPAP training, but does not mandate a specific USPAP course. However, the AQB has endorsed the National USPAP Course, which was developed by a consortium of appraiser organizations as a means for achieving consistency of appraisal standards training throughout the U.S. The Board expects that all state appraiser regulatory bodies will adopt the National USPAP Course as a mandatory course for appraiser certification.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulations' education and experience requirements for residential and general appraisers are equivalent to those of other states. States must comply with federal appraiser requirements in order to make their appraisers eligible to perform appraisals in federally-related transactions.

The regulations do not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulations will not affect existing or proposed regulations of the Board or of any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Board has not scheduled public hearings or informational meetings in connection with final rulemaking. The Board has notified the regulated community of the increased education and experience requirements through its newsletter and has furnished prospective applicants for certification with an AQB bulletin that sets forth the current requirements for certification. Copies of the newsletter and AQB bulletin are attached as Attachment 1.

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The regulations will not change existing reporting, recordkeeping or other paperwork requirements. The Board amended its application forms for certification prior to the effective date of the increased education and experience requirements on January 1, 1998.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The regulations will apply uniformly to all persons applying for certification as residential and general appraisers. The Board has no legal authority to excuse any subset of applicants from compliance with the increased education and experience requirements.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulations will take effect upon publication in the Pennsylvania Bulletin.

(31) Provide the schedule for continual review of the regulation.

The Board intends to review the regulations annually to evaluate the compliance with statutory requirements.

(Continued from Page 1, No. 8)

hours; adopt the National Uniform Standards of Professional Appraisal Practice as a mandatory course for appraiser certification; clarify the breadth of other education topics for certification as a residential appraiser and general appraiser; and clarify the scope of practice of a residential appraiser and general appraiser. The regulations also make editorial changes.

(Continued from Page 1, No. 9)

Section 5(2) of the REACA, 63 P.S. §457.5(2), empowers the Board to promulgate regulations necessary to carry out the provisions of the REACA.

Comparison of Current and Prospective Appraiser Qualifications

Licensing Category	Qualifying Education		State Exam		Experience		Continuing Education	
	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98
<i>Certified Residential</i>	120 hrs includes 15 hrs USPAP	120 hrs includes 15 hrs USPAP	Yes	Yes	2,000 hrs	2,500 hrs during at least 24 months	10 hrs per year	14 hrs per year
<i>Certified General</i>	165 hrs includes 15 hrs USPAP	180 hrs includes 15 hrs USPAP	Yes	Yes	2,000 hrs	3,000 hrs during at least 30 months	10 hrs per year	14 hrs per year

Disciplinary Actions

The following is a chronological listing of formal disciplinary and corrective actions taken by the board from May 8, 1997 through Sept. 11, 1997. Each entry includes the respondent's name, certificate number and location; the disciplinary or corrective action imposed by the board and the basis for its imposition; and the effective date of the board's action.

Every effort has been made to ensure that the following information is correct. However, this information should not be relied upon without verification from the board. It should be noted that the names of respondents listed below may be similar to the names of persons who have not had disciplinary or corrective measures taken against them.

Please contact the board to verify these actions and their effective dates. Official confirmation of the current status of a certificate-holder can be obtained by writing the board at P.O. Box 2649, Harrisburg, PA 17105-2649.

DONALD C. KAUFFMAN, residential appraiser certificate no. RL-001507-L, of Middletown, Dauphin County, was suspended for one year, based on findings that he performed two appraisals in 1994 in a careless or negligent manner. The suspension was stayed in favor of probation, provided he completes 8 hours of additional continuing education in the Uniform Standards of Professional Appraisal Practice (USPAP). (5-4-97)

CHARLES G. NEWKIRK, residential appraiser certificate no. RL-001225-L, of Lenhartsville, Berks County, voluntarily surrendered his certificate, based on findings that he had obtained his certificate from the board in 1992 by submitting false information about his qualifications. (6-12-97)

MARTIN SIGEL, general appraiser certificate no. GA-000459-L, of Cherry Hill, NJ, had his certificate revoked and was assessed a \$10,000 civil penalty, based on findings that he held himself out as a general appraiser in 10 appraisal reports during 1993-1995 without a current certificate and that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in June 1995 for performing an appraisal that contained material violations of USPAP. (7-15-97)

SAM SHEBER, residential appraiser certificate no. RL-001858-R, of West Paterson, NJ, was formally reprimanded and assessed a \$750 civil penalty, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in November 1995 for performing three appraisals that contained material violations of USPAP. The board also required Sheber to complete an additional 15 hours of continuing education in USPAP. (9-11-97)

HARRY MADDOCK FELLER JR., residential appraiser certificate no. RL-001295-L, of Pennington, NJ, was suspended for one year, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in May 1997 for performing an appraisal that contained material violations of USPAP. The suspension was stayed in favor of probation conditioned on Feller's compliance with the terms of the NJ disciplinary action; those terms require Feller to complete a basic residential appraising course; to refrain from independently performing appraisals until he has completed the course; to submit periodically logs of his appraisal activity for state review; and to make restitution of his appraisal fee to the complainant. (9-11-97)

LOUIS L. DELLOSO, residential appraiser certificate no. RL-000397-L, of Clifton Heights, Delaware County, was suspended for one year and assessed a \$500 civil penalty, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in April 1997 for performing an appraisal that contained material violations of USPAP. The suspension was stayed in favor of probation, provided he completes an additional 15 hours of continuing education in USPAP. (9-11-97)

The Appraisal Foundation

The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria

Real Property Appraiser Qualification Criteria
adopted February 16, 1994
effective January 1, 1998

Interpretations of the Appraiser Qualification Criteria
adopted June 30, 1997

APPRAISER QUALIFICATIONS BOARD



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

WHAT IS THE AQB?

The Appraiser Qualifications Board (AQB) is an independent board of The Appraisal Foundation. The AQB is composed of five practicing appraisers who are appointed by the Foundation's Board of Trustees.

Under provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes minimum education, experience and examination requirements for real estate appraisers to obtain a state certification. In addition, the AQB performs a number of ancillary duties related to real property appraiser qualifications (see Other AQB Work, page 2) and is currently developing qualification criteria for personal property appraisers.

THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

States are required to implement appraiser certification requirements that are no less stringent than those issued by the AQB in the Real Property Appraiser Qualification Criteria.

The AQB is aware that it has no statutory authority to develop criteria for the Licensed and Trainee classifications and the states are not required to adopt the criteria. The authority to develop requirements for the Licensed and Trainee classifications is vested in the individual states, territories and possessions.

The original Criteria, adopted by the AQB in March 1991, included the following classifications: Certified General, Certified Residential, and Licensed. The Trainee classification was adopted by the AQB in 1993. Each classification (Trainee, Certified General, Certified Residential, and Licensed) has education, experience, examination and continuing education requirements. The Trainee classification does not include experience or examination requirements.

After public exposure, the AQB adopted revisions to all classifications of the Criteria in early 1994. Major revisions include an increase in the education requirements for the Licensed and Certified General Classifications to include a 15 hour *Uniform Standards of Professional Appraisal Practice* (USPAP) course. The Certified Residential education requirements were not increased, but a 15 hour USPAP course is required. The experience requirements for the Certified Residential and Certified General Classifications were increased from 2,000 to 2,500

hours and 2,000 to 3,000 hours, respectively. The continuing education requirement was increased from 10 to 14 classroom hours for all classifications. The revised Criteria is effective on January 1, 1998.

To further clarify AQB intent and provide guidance to users of the Criteria, the AQB periodically issues Interpretations of the Criteria. The current Interpretations are included within the text of this document.

SUPPORTING THE WORK OF THE AQB

The AQB encourages input from appraisers, users of appraisal services and the public through the exposure draft process, public meetings, speaking engagements and both conventional and electronically transmitted correspondence.

Exposure Draft Process

In recognition of the public authority of the Appraiser Qualifications Board, all proposed revisions to the Appraiser Qualification Criteria must be exposed for public comment prior to adoption. The AQB considers all comments and discusses them in a public meeting prior to taking any final action.

Public Meetings

The AQB conducts periodic public meetings. Observers are encouraged to attend and are allowed to address the AQB regarding an agenda item, time permitting, if a request is made in writing at least fifteen days prior to the meeting.

Speaking Engagements

Members of the AQB are available for speaking engagements and presentations on their work. Interested parties are encouraged to contact The Appraisal Foundation for additional information. Invitations to speak should be directed to the Foundation staff and extended as early as possible in order to facilitate scheduling.

Correspondence

Specific questions regarding the Real Property Appraiser Qualification Criteria or other AQB matters may be submitted in conventional or electronically transmitted correspondence to the Foundation. Please address your inquiry to the Appraiser Qualifications Board in care of The Appraisal Foundation.

Other AQB Work

In addition to its work on the Real Property Appraiser Qualification Criteria, the AQB is involved in numerous other ongoing projects.

Examples include adopting a Real Property Appraisal Body of Knowledge, which broadly identifies areas of knowledge relevant to real property appraisal; and, the promulgation of guidelines for the controlled implementation of distance learning opportunities.

Title XI of FIRREA also charges the AQB with approving and endorsing examination content outlines and examination item (question) banks. In addition, the AQB continues to be concerned about the availability of quality education offerings and, in this context, offers the AQB Course Approval Program for courses submitted for AQB scrutiny by education providers.

More information on the work of the AQB is available on fax-on-demand (202.624.3060) or at the Foundation Web site (www.appraisalfoundation.org). In addition, the Standards & Qualifications Director or Coordinator may be contacted via phone at 202.347.7722 or via E-mail at staff@appraisalfoundation.org.

TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- A. The scope of practice for the Appraiser Trainee Classification is the appraisal of those properties which the supervising appraiser is permitted to appraise.
- B. The appraiser trainee shall be subject to the *Uniform Standards of Professional Appraisal Practice*.
- C. The appraiser trainee shall be entitled to obtain copies of appraisal reports he or she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of at least five years or at least two years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last.
- D. An appraiser trainee must meet the following requirements:
 1. Examination
 - a. There is no examination requirement for the Appraiser Trainee Classification.
 2. Education
 - Prerequisite to application.
 - a. 75 classroom hours of courses in subjects related to real estate appraisal which shall include coverage of the *Uniform Standards of Professional Appraisal Practice*.
 - (1) A classroom hour is defined as 50 minutes out of each 60-minute segment.
 - (2) Classroom hours may only be obtained where the minimum length of the educational offering is 15 hours and the individual successfully completes an examination pertinent to that educational offering.
 - (3) Credit for the classroom hours requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency
 - (4) Qualifying education must have been obtained within the five year period immediately preceding application for licensure.

The Appraisal Foundation is a non-profit educational organization founded to foster professionalism in appraising through the establishment and promotion of professional appraisal standards and appraiser qualifications.

- (5) The content for courses, seminars, workshops, or conferences should include coverage of real estate appraisal related topics, such as:
- (a) Influences on Real Estate Value
 - (b) Legal Considerations 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 Statistical Concepts
 - (j) Sales Comparison Approach
 - (k) Site Value
 - (l) Cost Approach
 - (m) Income Approach
 - (n) Valuation of Partial Interests
 - (o) Appraisal Standards and Ethics

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as *Qualifying Education Criteria*. (adopted, June, 1997)
2. The qualifying education obtained to meet the seventy-five hour trainee education requirement can be creditable toward the state licensed and state certified qualifying education requirements. (adopted, June, 1997)
3. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)
4. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, November, 1990)
5. Open book examinations are not acceptable in qualifying education courses. (adopted, June, 1997)
6. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying education, distance education must provide interaction between the learner and instructor and include testing. (adopted, June, 1997)
7. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing

authority and meets one of the following conditions: (adopted, June, 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines: and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university: and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours: (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program: and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity: and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

8. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

9. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

3. Experience

Interpretation:

None is required as a prerequisite for this category: (adopted, June 1997)

- a. The appraiser trainee shall be subject to direct supervision by a supervising appraiser who shall be state licensed or certified in good standing.
- b. The supervising appraiser shall be responsible for the training and direct supervision of the appraiser trainee by:



TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- (1) accepting responsibility for the appraisal report by signing and certifying the report is in compliance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
- (2) reviewing the appraiser trainee appraisal report(s); and
- (3) personally inspecting each appraised property with the appraiser trainee until the supervising appraiser determines the appraiser trainee is competent in accordance with the Competency Provision of the *Uniform Standards of Professional Appraisal Practice (USPAP)* for the property type.

c. The appraiser trainee is permitted to have more than one supervising appraiser.

d. An appraisal log shall be maintained by the appraiser trainee and shall, at a minimum, include the following for each appraisal:

- (1) Type of Property
- (2) Client name and address
- (3) Address of appraised property
- (4) Description of work performed
- (5) Number of work hours
- (6) Signature and state license/certification number of the supervising appraiser

e. Separate appraisal logs shall be maintained for each supervising appraiser.

4. Continuing Education

An appraiser trainee who remains in this classification in excess of two years shall be required in the third and successive years to obtain:

a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two year appraiser trainee term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term.

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations

(d) State or Federal Agencies or Commissions

(e) Proprietary Schools

(f) Other providers approved by the state certification/licensing agency.

(4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated in subparagraph "c" below and cover real estate related appraisal topics such as those listed below.

(a) Ad Valorem Taxation

(b) Arbitration

(c) Business Courses related to practice of real estate appraisal

(d) Construction estimating

(e) Ethics and standards of professional practice

(f) Land use planning, zoning and taxation

(g) Management, leasing, brokerage, timesharing

(h) Property development

(i) Real estate appraisal (valuations/evaluations)

(j) Real estate law

(k) Real estate litigation

(l) Real estate financing and investment

(m) Real estate appraisal related computer applications

(n) Real estate securities and syndication

(o) Real property exchange

b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

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

Interpretations:

1. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)

2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and

successful completion of an examination). (adopted, June, 1991)

3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board: (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board: and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- I. The Licensed Real Property Appraiser Classification applies to the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000.

The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the licensed classification to appraise properties other than those identified above. Individuals should refer to Agency regulations and State law to determine the type of property that may be appraised by the Licensed appraiser.

All Licensed appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*.

Interpretations:

1. The Licensed Real Property Classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes (adopted, November, 1990)

2. The Licensed Real Property Classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary. (adopted, November, 1990)

A. Applicants must meet the following examination, education, and experience requirements. Subsequent to licensure, individuals must meet the continuing education requirement.

1. Examination

- a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Licensed Real Property Appraiser Examination or its equivalent.

Interpretation:

1. The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, November, 1990)

- b. Refer to the National Uniform Examination Content Outline for the Licensed Real Property Appraiser Classification.



LICENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

2. Education

Prerequisite to sit for the examination

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as *Qualifying Education Criteria*. (adopted, June, 1997)
2. The only prerequisite to sit for the examination is completion of the education/classroom hour requirement. (adopted, November, 1990)
 - a. Ninety classroom hours of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*.
 - (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

Interpretations:

1. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)
2. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, November, 1990)
3. Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification. (adopted, June, 1997)
 - (2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.
 - (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.

Interpretations:

1. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying

education, distance education must provide interaction between the learner and instructor and include testing. (adopted, June, 1997)

2. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, November, 1990)

(5) There is no time limit regarding when Qualifying education credit must have been obtained.

(6) State appraiser certification and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- (7) Various appraisal courses may be credited toward the ninety classroom hour education requirement. Applicants must demonstrate that their education involved coverage of all topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Substitution
 - Supply and demand
 - Surplus Productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each approach to value
 - Reconciliation and final value estimate
 - The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Statistical Concepts
 - Mean
 - Median
 - Mode
 - Range
 - Standard deviation
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
- (m) Income Approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Gross rent multiplier
- (n) Valuation of Partial Interests
 - Life estates

- Undivided interest in commonly held property
- Easements
- Timeshares
- Cooperatives
- Leased fee estate
- Leasehold estate

(o) Appraisal Standards & Ethics

3. Experience

Two thousand hours of appraisal experience is required. If requested, experience documentation in the form of reports or file memoranda should be available to support the experience claimed.

Interpretations:

1. The experience requirement is a minimum of 2,000 hours. (adopted, November, 1990)
2. Education may not be substituted for experience. (adopted, November, 1990)
3. An hour of experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal experience as identified in the AQB Licensed Appraiser Qualification Criteria (I.A.3.b). (adopted, November, 1990)
4. Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed. (adopted, June, 1997)
5. There is no time limit during which experience may be obtained. (adopted, November, 1990)
6. Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)
7. The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, November, 1990)
8. The appraisal process consists of an analysis of factors that bear upon value: definition of the problem; gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value. (adopted, June, 1997)
9. The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process. (adopted, February 1997)
 - a. Hours may be treated as cumulative in order to achieve the necessary 2,000 hours of appraisal experience.

Interpretation:

1. Cumulative is defined as meaning that experience may be acquired over any time period. (adopted, November, 1990)

The following is an example of cumulative experience:

Year 1	200 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	400 Hours
Year 5	500 Hours
Total	2,000 Hours

b. Acceptable appraisal experience includes, but is not limited to, the following:

Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

Interpretations:

1. Mass Appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
2. Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
3. Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
4. A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP, and the individual can demonstrate that he or she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process. (adopted, March, 1991)

5. Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2.

(adopted, June, 1997)

c. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:

- (1) Type of property
- (2) Date of report
- (3) Address of appraised property
- (4) Description of work performed
- (5) Number of work hours

4. Continuing Education

1. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states consider requiring appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. The period preceding the renewal is defined to mean the continuing education term established by the state. (adopted, November, 1997)

2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination). (adopted, June, 1991)

3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board: or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board: and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities

- (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.
- (4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated previously in subparagraph "a" and cover real estate related appraisal topics such as those listed below.
- (a) Ad Valorem Taxation
 - (b) Arbitration
 - (c) Business courses related to practice of real estate appraisal
 - (d) Development cost estimating
 - (e) Ethics and standards of professional practice
 - (f) Land use planning, zoning, taxation
 - (g) Management, leasing, brokerage, timesharing
 - (h) Property development
 - (i) Real estate appraisal
 - (j) Real estate law
 - (k) Real estate litigation
 - (l) Real estate financing and investment
 - (m) Real estate appraisal related computer applications
 - (n) Real estate securities and syndication
 - (o) Real property exchange
- b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

II. The Certified Residential Real Property Appraiser Classification applies to the appraisal of one to four residential units without regard to transaction value or complexity.

The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the Certified Residential classification to appraise properties other than those identified within this criteria. Individuals should refer to Agency regulations and State law to determine the type of property that may be appraised by the Certified Residential appraiser.

All Certified appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*.

Interpretations:

1. *The Certified Residential Real Property Classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes. (adopted, March, 1991)*

2. *The Certified Residential Real Property Classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary. (adopted, March, 1991)*

A. Applicants must meet the following examination, education, and experience requirements. Subsequent to certification, individuals must meet the continuing education requirement.

1. Examination

- a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination or its equivalent.

Interpretations:

1. *The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, March, 1991)*

2. *The Certified General examination is not equivalent to the Certified Residential Real Property Appraiser Examination. (adopted, June, 1997)*

IFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

b. Refer to the National Uniform Examination Content Outline for the Certified Residential Real Property Appraiser Classification.

2. Education

Prerequisite to sit for the examination

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as Qualifying Education Criteria. (adopted, June, 1997)

2. The only prerequisite to sit for the examination is completion of the education/classroom hour requirement. (adopted, March, 1991)

a. One hundred twenty classroom hours, which may include the ninety classroom hour requirement for the Licensed Real Property Appraiser Classification, of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*.

(1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

Interpretations:

i. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)

2. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, March, 1991)

3. Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification. (adopted, June, 1997)

(2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.

(3) Credit for the classroom hour requirement may be obtained from the following:

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency.

Interpretations:

1. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying education, distance education must provide interaction between the learner and instructor and include testing. (adopted, June, 1997)

2. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, March, 1991)

(5) There is no time limit regarding when Qualifying education credit must have been obtained.

(6) State appraiser certification and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such



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credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.

- (7) Various appraisal courses may be credited toward the one hundred twenty classroom hour education requirement. Applicants must demonstrate that their education involved coverage of all topics listed below with particular emphasis on the appraisal of one to four (1-4) unit residential properties.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
- Increasing and decreasing returns
- Opportunity cost
- Substitution
- Supply and demand
- Surplus productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each approach to value
 - Reconciliation and final value estimate
 - The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach

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- (m) Income Approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Direct capitalization
 - Gross rent multiplier analysis
- (n) Valuation of Partial Interests
 - Life estates
 - Undivided interest in commonly held property
 - Easements
 - Timeshares
 - Cooperatives
 - Leased fee estate
 - Leasehold estate
- (o) Appraisal Standards and Ethics
- (p) Narrative Report Writing

3. Experience

2,500 hours of appraisal experience obtained during no fewer than 24 months is required. If requested, experience documentation in the form of reports or file memoranda should be available to support the experience claimed. Hours may be treated as cumulative in order to achieve the necessary 2,500 hours of appraisal experience.

Interpretations:

1. The experience requirement is a minimum of 2,500 hours and two calendar years. There is no limitation on the number of hours which may be awarded in any year. (adopted, March, 1991)
2. Education may not be substituted for experience. (adopted, March, 1991)
3. An hour of experience is defined as verifiable time spent performing tasks in accordance with acceptable appraisal experience as identified in the AQB Certified General Appraiser Qualification Criteria (II.A.3.b.). (adopted, March, 1991)
4. Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed. (adopted, June, 1997)
5. There is no time limit during which experience may be obtained. (adopted, March, 1991)
6. Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)

7. The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, March, 1991)

8. The appraisal process consists of an analysis of factors that bear upon value: definition of the problem; gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value. (adopted, June, 1997)

9. Cumulative is defined as meaning that experience may be acquired over any time period in two years. There is no minimum number of hours which must be acquired in any one year. (adopted, March, 1991)

The following is an example of cumulative experience:

Year 1	700 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	400 Hours
Year 5	500 Hours
Total	2,500 Hours

10. 2,500 hours of experience and 24 months are required. The hours may be cumulative, but the required number of months of real estate appraisal experience must accrue before an individual can be certified. (adopted, February, 1995)

11. The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process. (adopted, February, 1997)

a. Acceptable appraisal experience includes, but is not limited to, the following:

Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

This should not be construed as limiting experience credit to only those individuals who are state licensed.

Interpretations:

1. Mass appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)

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2. Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)

3. Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)

4. A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP and the individual can demonstrate that he or she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process. (adopted, March, 1991)

5. Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2. (adopted, June, 1997)

b. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:

1. Type of property
2. Date of report
3. Address of appraised property
4. Description of work performed
5. Number of work hours

4. Continuing Education

a. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states consider requiring appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. The period preceding the renewal is defined to mean the continuing education term established by the state. (adopted, November, 1997)

2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination). (adopted, June, 1991)

3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the

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course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.
- (4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated previously in subparagraph a and cover real estate related appraisal topics such as those listed below.
 - (a) Ad Valorem Taxation
 - (b) Arbitration
 - (c) Business courses related to practice of real estate appraisal
 - (d) Development cost estimating
 - (e) Ethics and standards of professional practice
 - (f) Land use planning, zoning, taxation
 - (g) Management, leasing, brokerage, timesharing
 - (h) Property development
 - (i) Real estate appraisal
 - (j) Real estate law
 - (k) Real estate litigation
 - (l) Real estate financing and investment
 - (m) Real estate appraisal related computer applications

(n) Real estate securities and syndication

(o) Real property exchange

b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.



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III. The Certified General Real Property Appraiser Classification applies to the appraisal of all types of real property.

All Certified appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*.

A. Applicants must meet the following examination, education, and experience requirements. Subsequent to certification, an individual must meet the continuing education requirement.

1. Examination

- a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certified General Real Property Appraiser Examination or its equivalent.

Interpretation:

1. *The examination must be successfully completed. There is no alternative to successful completion of the examination.* (adopted, November, 1990)

- b. Refer to the National Uniform Examination Content Outline for the Certified General Real Property Appraiser Classification.

2. Education

Prerequisite to sit for the examination

Interpretations:

1. *"Education Criteria", for purposes of this section, should be understood as Qualifying Education Criteria.* (adopted, June, 1997)

2. *The only prerequisite to sit for the examination is completion of the education/classroom hour requirement.* (adopted, November, 1990)

- a. One hundred eighty classroom hours, which may include the ninety classroom hour requirement for the Licensed Real Property Appraiser Classification or the one hundred twenty classroom hour requirement for the Certified Residential Real Property Appraiser Classification, of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*.

(1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

Interpretations:

1. *A classroom hour is defined as sixty minutes, of which fifty minutes are instruction.* (adopted, June, 1997)

2. *The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course.* (adopted, November, 1990)

3. *Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification.* (adopted, June, 1997)

(2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.

(3) Credit for the classroom hour requirement may be obtained from the following:

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency.

Interpretations:

1. *For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying education, distance education must provide interaction between the learner and instructor and include testing.* (adopted, June, 1997)

2. *A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority and meets one of the following conditions:* (adopted, June, 1991)

a) *The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and* (adopted, June, 1991)

i) *The learner successfully completes a written examination proctored by an official approved by the college or university; and* (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, November, 1990)

(5) There is no time limit regarding when Qualifying education credit must have been obtained.

(6) State appraiser certifying and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.

(7) Various appraisal courses may be credited toward the one hundred eighty classroom hour education requirement. Applicants must demonstrate that their education included coverage of all topics listed below with particular emphasis on the appraisal of non-residential properties. Residential is defined as one to four residential units.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours

should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
 - Going Concern Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Opportunity cost
 - Substitution
 - Supply and demand
 - Surplus productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each
 - Approach to value
 - Reconciliation and final value estimate

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- The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Ground rent capitalization
 - Subdivision analysis
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
- (m) Income Approach
 - Estimation of income and expenses
 - Operating statement ratios
 - Direct capitalization
 - Cash flow estimates (before tax only)
 - Measures of cash flow
 - Discounted cash flow analysis (DCF)
- (n) Valuation of Partial Interests
 - Interests created by a lease
 - Lease provisions
 - Valuation considerations
 - Other partial interests
- (o) Appraisal Standards and Ethics
- (p) Narrative Report Writing

3. Experience

3,000 hours of appraisal experience obtained during no fewer than 30 months is required. If requested, experience documentation in

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

Interpretations:

1. *The experience requirement is a minimum of 3,000 hours and 30 months. There is no limitation on the number of hours which may be awarded in any year. (adopted, November, 1990)*
2. *Education may not be substituted for experience. (adopted, November, 1990)*
3. *An hour of experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal experience as identified in the AQB Certified General Appraiser Qualification Criteria (III.A.3.b.). (adopted, November, 1990)*
4. *Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed. (adopted, June, 1997)*
5. *There is no time limit during which experience may be obtained. (adopted, March, 1991)*
6. *Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)*
7. *The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, November, 1990)*
8. *The appraisal process consists of an analysis of factors that bear upon value: definition of the problem; gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value. (adopted, June, 1997)*
9. *Cumulative is defined as meaning that experience may be acquired over any time period. There is no minimum number of hours which must be acquired in any one year. (adopted, November, 1990)*

The following is an example of cumulative experience:

<i>Year 1</i>	<i>1,200 Hours</i>
<i>Year 2</i>	<i>800 Hours</i>
<i>Year 3</i>	<i>100 Hours</i>
<i>Year 4</i>	<i>400 Hours</i>
<i>Year 5</i>	<i>500 Hours</i>
<i>Total</i>	<i>3,000 Hours</i>

10. 3,000 hours of experience and 30 months are required. The hours may be cumulative, but the required number of months of real estate appraisal experience must accrue before an individual can be certified. (adopted, February, 1995)

11. The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process. (adopted, February 1997)

- a. The applicant, for experience credit, must have accumulated a total of three thousand hours of appraisal experience of which at least one thousand five hundred hours must be in non-residential appraisal work. Residential is defined as one to four residential units.
- b. Acceptable appraisal experience includes, but is not limited to, the following:
 - Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

This should not be construed as limiting experience credit to only those individuals who are licensed or certified residential.

Interpretations:

1. Mass appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
2. Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
3. Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
4. A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP, and the individual can demonstrate that he or

she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process. (adopted, March, 1991)

5. Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2. (adopted, June, 1997)

- c. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:
 - (1) Type of property
 - (2) Date of report
 - (3) Address of appraised property
 - (4) Description of work performed
 - (5) Number of work hours

4. Continuing Education

- a. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states require appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. The period preceding the renewal is defined to mean the continuing education term established by the state. (adopted, November, 1997)
2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination). (adopted, June, 1991)
3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g. CD ROM, on-line learning, cor-

respondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.

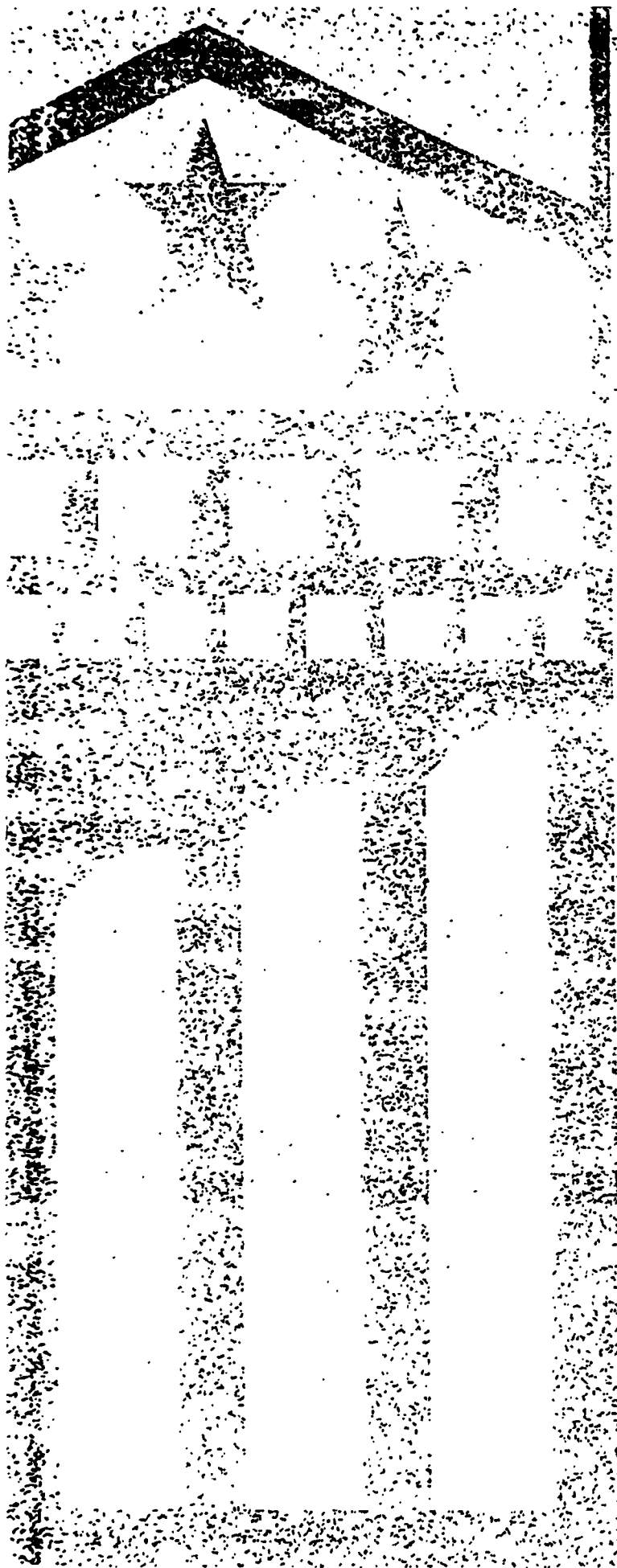
(3) Credit for the classroom hour requirement may be obtained from the following:

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency.

(4) Credit may be granted for educational offerings which are consistent with the purposes of continuing education stated previously in subparagraph "a" and cover real estate related appraisal topics such as those listed below.

- (a) Ad Valorem Taxation
- (b) Arbitration
- (c) Business courses related to practice of real estate appraisal
- (d) Development cost estimating
- (e) Ethics and standards of professional practice
- (f) Land use planning, zoning, taxation
- (g) Management, leasing, brokerage, timesharing
- (h) Property development
- (i) Real estate appraisal
- (j) Real estate financing and investment
- (k) Real estate law
- (l) Real estate litigation
- (m) Real estate appraisal related computer applications
- (n) Real estate securities and syndication
- (o) Real property exchange

b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.



THE APPRAISAL FOUNDATION
*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

The Appraisal Foundation
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Washington, DC 20005

telephone 202.347.7722
facsimile 202.347.7727
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(DEPUTY ATTORNEY GENERAL)

State Board of
Certified Real Estate Appraisers

(AGENCY)

BY: [Signature]

DOCUMENT/FISCAL NOTE NO. 16A-7010

DATE OF APPROVAL

DATE OF ADOPTION: _____

4/10/00
DATE OF APPROVAL

BY: [Signature]
David J. King

(Deputy General Counsel
~~Chief Counsel,~~
~~Independent Agency~~
(Strike inapplicable title)

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

[] Check if applicable
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Objections attached.

[] Check if applicable. No Attorney General approval or objection within 30 day after submission.

ORDER OF FINAL RULEMAKING
COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
(49 PA. CODE, CHAPTER 36)

QUALIFICATIONS FOR CERTIFICATION

PREAMBLE

The State Board of Certified Real Estate Appraisers, by this order, amends 49 Pa. Code §§36.11 and 36.12 (relating to qualifications for certification as residential appraiser and general appraiser, respectively) to read as proposed at 29 Pa. B. 5727 (November 6, 1999).

The amendments (1) reflect revised federal education and experience requirements for appraiser certification that became effective by operation of law under the Real Estate Appraisers Certification Act ("REACA"), 63 P.S. §457.1 et seq., on January 1, 1998; (2) adopt the National Uniform Standards of Appraisal Practice as a mandatory course for appraiser certification; (3) track revised scope of practice language that was added to the REACA effective September 3, 1996; and (4) make editorial changes.

Statutory Authority

Section 5(2) of the REACA, 63 P.S. §457.5(2), authorizes the Board to adopt regulations necessary to carry out the provisions of the REACA

Fiscal Impact and Paperwork Requirements

The amendments will have no fiscal impact on the Commonwealth or its political subdivisions. While the amendments reflect increased education and experience requirements for applicants for residential or general certification, the amendments will have no fiscal impact on those applicants because the increased requirements have already taken effect by operation of law.

The amendments will not create new paperwork requirements for the Commonwealth, its political subdivision or the private sector. Prior to January 1, 1998, the Board amended its application forms and instructions to reflect the increased education and experience requirements.

Compliance with Executive Order 1996-1

In accordance with Executive Order 1996-1 (relating to regulatory review and promulgation), the Board solicited pre-proposal comments from the major trade associations representing the real estate appraising industry in Pennsylvania.

Regulatory Review

On November 6, 1999, the Board published a notice of proposed rulemaking at 29 Pa. B 5727, following which the Board entertained public comment for 30 days. The Pennsylvania Association of Realtors submitted comments in support of the amendments.

The amendments were reviewed during proposed rulemaking by the Independent Regulatory Review Commission, the Senate Consumer Protection and Professional Licensure Committee, and the House Professional Licensure. None of those bodies recommended changes to the amendments.

On May 3, 2000, the Board submitted final-form amendments to the IRRC and the House and Senate Committees. Under authority of Section 5(c) of the Regulatory Review Act, 71 P.S. §745.5(a), the regulations were approved by the House Committee on _____, 2000, approved by the Senate Committee on _____, 2000, and approved by the IRRC on _____, 2000.

Additional Information

Individuals who desire additional information about the amendments are invited to submit inquiries to Cheryl Lyne, Administrator, State Board of Certified Real Estate Appraisers, P.O. Box 2649, Harrisburg, PA 17105-2649. The Board's telephone number is (717) 783-4866.

Findings

The Board finds that:

- (1) Public notice of the Board's intention to amend 49 Pa Code, Chapter 36, by this order has been given under Sections 201 and 202 of the Commonwealth Documents Law, 45 P.S. §1201 and 1202, and the regulations thereunder, 1 Pa. Code §§7.1 and 7.2.
- (2) The amendments adopted by this order are necessary and appropriate for the administration of the REACA.

Order

The Board, acting under its authorizing statute, orders that:

#16A-7010
Qualifications for Certification
Final Rulemaking
February 10, 2000

- (1) The regulations of the Board, 49 Pa. Code, Chapter 36, are amended by amending §§36.11 and 36.12 to read as set forth at 29 Pa. B. 5727.
- (2) The Board shall submit this order and 29 Pa. B. 5727 to the Office of Attorney General and the Office of General Counsel for approval as required by law.
- (3) The Board shall certify this order and 29 Pa. B. 5727 and deposit them with the Legislative Reference Bureau as required by law.
- (4) The amendments shall take effect upon publication in the Pennsylvania Bulletin.

ANNEX A

**TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS
PART I. DEPARTMENT OF STATE
SUBPART A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS
CHAPTER 36. STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

Subchapter A. GENERAL REVISIONS

* * * *

QUALIFICATIONS FOR CERTIFICATION

§36.11. Residential real estate appraiser.

An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a residential real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§455.101-455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.*

[(i) Prior to January 1, 1994: An applicant shall submit evidence to the Board of having completed 105 classroom hours of courses in subjects related to real estate appraisal, 15 hours of which shall include coverage of the Uniform Standards of Professional Appraisal Practice, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit may have been obtained.

(ii) On or after January 1, 1994:] An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice Course, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit [may have been] must be obtained.

(i) [(A)] *Length of classroom hour requirement.* Credit toward

the classroom hour requirement will only be granted when the length of the educational offering is at least 15 hours, and the applicant successfully completes an examination pertinent to that educational offering. A classroom hour is defined as 50 minutes out of each 60 minute segment.

(ii) [(B)] *Teaching credit.* Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses for actual classroom time, but credit will not be given for course repetition. A teacher requesting credit for the classroom hour requirement may not request credit for experience. A teacher may request credit for either the classroom hour or experience requirement, but not both. No more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses.

(iii) [(C)] *Providers of appraisal courses.* Credit for the classroom hour requirement may be obtained from accredited colleges or universities and community or junior colleges. Subject to Board approval under §36.31 (relating to provider registration/appraisal courses), credit for the classroom hour requirement may also be obtained from real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers.

(iv) [(D)] *Correspondence courses.* Correspondence courses may be acceptable to meet the classroom hour requirement if each course is approved by the Board and meets the following conditions:

(A) [(I)] The course has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers correspondence programs in other disciplines.

(B) [(II)] The applicant successfully completes a written examination administered at a location by an official approved by the college or university.

(C) [(III)] The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

(v) [(E)] *Video and remote television courses.* Video and remote television courses may be acceptable to meet the classroom hour requirement if each offering is approved by the Board and meets the following conditions:

(A) [(I)] The course has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers similar programs in other disciplines.

(B) [(II)] The applicant successfully completes a written examination administered at a location by an official approved by the college or university.

(C) [(III)] The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

(vi) [(F)] *Credit for challenge examination.* The Board may grant credit for courses if the applicant obtained credit from the course provider by challenge examination without attending the courses, if that credit was granted by the course provider prior to July 1, 1990, and the Board is satisfied with the quality of the challenge examination that was administered by the course provider.

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of one-to-four unit residential properties:

(i) Influences in real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

- (A) Real estate vs. real property.
 - (B) Real property vs. personal property.
 - (C) Limitations on real estate ownership.
 - (D) Legal rights and interests.
 - (E) Forms of property ownership.
 - (F) Legal descriptions.
 - (G) Transfer of title.
- (iii) Types of values.
- (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.
 - (D) Investment value.
 - (E) Value in use.
 - (F) Assessed value.
 - (G) Insurable value.
- (iv) Economic principles.
- (A) Anticipation.
 - (B) Balance.
 - (C) Change.

- (D) Competition.
- (E) Conformity.
- (F) Contribution.
- (G) Increasing and decreasing returns.
- (H) Opportunity cost.
- (I) Substitution.
- (J) Supply and demand.
- (K) Surplus productivity.
- (v) Real estate markets and analysis.
 - (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.
- (vi) Valuation process.
 - (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.

- (F) The appraisal report.
- (vii) Property description.
 - (A) Site description.
 - (B) Improvement description.
 - (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal [statistical concepts] math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach
- (xi) Site value.

- (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Plottage and assemblage.
- (xii) Cost approach.
- (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
- (A) Gross rent multiplier analysis,
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.
- (xiv) Valuation of partial interests.
- (A) Life estates.
 - (B) Undivided interest in commonly held property
 - (C) Easements.
 - (D) Timeshares.
 - (E) Cooperatives.

(F) Leased fee estate.

(G) Leasehold estate.

(xv) Appraisal standards and ethics.

(xvi) Narrative report writing.

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 2,500 hours of acceptable appraisal experience obtained during no fewer than 24 months. [Effective December 26, 1995,] Fifty percent [50 %] of the experience obtained by an applicant shall be in the actual preparation of real estate reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. Although there is no minimum or maximum number of creditable experience hours which must be earned during a calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative to achieve the necessary [2,000] 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of [2 years] 24 months. There is no minimum number of hours which must be acquired in any [1 year] 12 months. The following will serve as an example:

Year 1	[200] <u>400</u> Hours
Year 2	800 Hours
Year 3	[100] <u>200</u> Hours
Year 4	[400] <u>500</u> Hours
<u>Year 5</u>	<u>[500] 600</u> Hours
Total	[2,000] <u>2,500</u> Hours

...

(4) *State certified residential real estate appraiser.* An applicant who has passed an examination and who is certified under this section will be deemed to have met the minimum criteria for the certified residential real property appraiser classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential real property appraisals in [connection with F]federally related and

nonfederally related transactions without regard to value.

§36.12. General real estate appraiser.

An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a general real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§455.101-455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.* An applicant shall submit evidence to the Board of having completed [165] 180 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice Course, [including] together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit [shall have been] must be obtained.

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

- (i) Influences on real estate value.
 - (A) Physical and environmental.
 - (B) Economic.
 - (C) Governmental and legal.
 - (D) Social.
- (ii) Legal considerations in appraisal.
 - (A) Real estate vs. real property.

- (B) Real property vs. personal property.
- (C) Limitations on real estate ownership.
- (D) Legal rights and interests.
- (E) Forms of property ownership.
- (G) Legal descriptions.
- (H) Transfer of title.

(iii) Types of value.

- (A) Market value or value in exchange.
- (B) Price.
- (C) Cost.
- (D) Investment value.
- (E) Value in use.
- (F) Assessed value.
- (G) Insurable value.
- (H) Going concern value.

(iv) Economic principles.

- (A) Anticipation.
- (B) Balance.
- (C) Change.

- (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.
- (v) Real estate markets and analysis.
- (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.
- (vi) Valuation process.
- (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.

- (F) The appraisal report.
- (vii) Property description.
 - (A) Site development.
 - (B) Improvement description.
 - (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal [statistical concepts] math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach.
- (xi) Site value.

- (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Ground rent capitalization.
 - (F) Subdivision analysis.
 - (G) Plottage and assemblage.
- (xii) Cost approach.
- (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
- (A) Estimation of income and expenses.
 - (B) Operating statement ratios.
 - (C) Direct capitalization.
 - (D) Cash flow estimates (before tax only).
 - (E) Measures of cash flow.
 - (F) Discounted cash flow analysis (DCF).
- (xiv) Valuation of partial interests.
- (A) Interests created by a lease.

- (B) Lease provisions.
- (C) Valuation considerations.
- (D) Other partial interests.

(xv) Appraisal Standards and Ethics.

(xvi) Narrative Report Writing.

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 3,000 hours of acceptable appraisal experience, including 1,500 hours in non-residential work, obtained during no fewer than 30 months. [Effective December 26, 1995,] Fifty percent [50%] of the experience obtained by an applicant shall be in the actual preparation of real estate appraisal reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. An applicant, for 2 years experience credit, shall have accumulated a total of 2,000 hours of appraisal experience of which at least 50% (1,000 hours) is in nonresidential appraisal work. Although there is no minimum or maximum number of creditable experience hours which must be earned during any calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative in order to achieve the necessary [2,000] 3,000 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of [2 years] 30 months. There is no minimum number of hours which must be acquired in any 1 year. The following will serve as an example:

Year 1	[200] <u>1,000</u> Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	[400] <u>1,000</u> Hours
<u>Year 5</u>	<u>[500] 100</u> Hours
Total	[2,000] <u>3,000</u> Hours

...

(4) State certified general real estate appraiser. An applicant who has passed an

16A-7010
Qualifications for Certification
Final Rulemaking
February 10, 2000

examination and who is certified under this section will be deemed to have met the minimum criteria for the Certified General Real Property Appraiser Classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential and nonresidential real property appraisals in [connection with F]federally related and nonfederally related transactions without regard to value.

to fishing tournaments and fishing derbies). Sponsors shall apply for designation of temporary exclusive use areas no later than 30 days before the proposed designation is to take effect. The Executive Director or a designee may approve the temporary designation of waters for exclusive use for [periods of] no more than [30] 60 consecutive days upon application of project sponsors. Temporary designations shall be effective upon posting of the area. Sponsors are responsible for administering and controlling the area, posting signs and assisting in enforcement.

[(f)] (h) * * *

(i) Sponsors of all areas currently designated as being for the exclusive use of children or special populations, or both, shall reapply for designation by December 31, 2003.

Subpart C. BOATING
CHAPTER 93. BOAT REGISTRATION AND NUMBERING

Subchapter A. REGISTRATION OF BOATS

§ 93.5. Display of registration number and validation decal.

(a) The registration number shall be displayed above the waterline on both sides of the bow of the boat, considered to be any part of a boat's side forward of a point halfway between the front and the back of the boat.

* * * * *

(5) Boats possessing a valid marine document, when used for recreational purposes and when Pennsylvania is the state of principal operation, shall display a valid registration decal but may not display the registration number.

CHAPTER 97. OPERATOR PROVIDED EQUIPMENT

APPENDIX A

FLotation DEVICES

PFD TYPE NUMBER	BRIEF DESCRIPTION OF THE DEVICE	BOATS ON WHICH THE DEVICE IS ACCEPTABLE
* * * * *		
TYPE III	Flotation aid with at least 15.5 pounds of buoyancy. Not designed to turn unconscious person face up.	All boats. See Note (2).
TYPE IV	Throwable device such as the ring buoy or buoyant cushion with at least 16.5 pounds of buoyancy. Designed to be grasped not worn.	Acceptable as [primary] additional life-saving equipment [on boats less than 16 ft. in length (excluding sailboards & personal watercraft) and for canoes & kayaks]. Required on all boats as specified in § 97.1(b). See Note (1) and (3).
TYPE V	Special use devices are wearable devices approved only for certain activities and conditions. The label will show its approved uses and limitations. An example would be the work vest.	Acceptable on boats engaged in special restricted activities. See Note (2).

NOTES: (1) * * * * *

(2) PFD's Type I [and], II, III and V are acceptable on boats carrying passengers for hire which are not subject to Federal law and United States Coast Guard inspection.

(3) Persons on sailboards and personal watercraft shall wear a Type I, II, III or V Coast Guard approved personal flotation device. Inflatable personal flotation devices may not be used to meet this requirement.

[Pa.B. Doc. No. 99-1872. Filed for public inspection November 5, 1999, 9:00 a.m.]

STATE BOARD OF
CERTIFIED REAL ESTATE
APPRAISERS

[49 PA. CODE CH. 36]

Qualifications for Certification

The State Board of Certified Real Estate Appraisers (Board), proposes to amend §§ 36.11 and 36.12 (relating to residential real estate appraiser; and general real estate appraiser) to read as set forth in Annex A.

Background and Statutory Authority

The Real Estate Appraisers Certification Act (REACA) (63 P.S. §§ 457.1—457.19) enacted in June 1990, established the certification classes of residential appraiser and general appraiser to perform appraisals in Federally related transactions under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Public Law 101-73, 103 Stat. 183. Federally related appraisals are those performed for Federally-regulated financial institutions where the transaction amounts exceed certain levels; since September 3, 1996, residential and general appraisers have been authorized under section 18 of the REACA (63 P.S. § 457.18), to perform appraisals in non-Federally related transactions as well.

Section 6(d) and (e) of the REACA (63 P.S. § 457.6(d) and (e)), provides that an applicant for certification as a general appraiser or residential appraiser shall, as a prerequisite to taking the certification examination, complete the minimum education and experience requirements established under the FIRREA. The Appraisal Qualifications Board (AQB) of The Appraisal Foundation is charged with establishing education and experience qualifications for appraisers under the FIRREA. Section 6(f) of the REACA, directs the Board to prescribe and define the educational topics and types of experience that will satisfy education and experience requirements under the FIRREA. Section 5(2) of the REACA (63 P.S. § 457.5(2)), authorizes the Board to adopt regulations necessary to carry out the provisions of the REACA.

Sections 36.11 and 36.12 set forth, for residential certification and general certification, minimum hours of education and experience; mandatory course topics (including 15 hours of coverage on the Uniform Standards of Professional Appraisal Practice (USPAP)); acceptable types of appraisal experience; and special rules relating to education matters (for example, credit for teaching, correspondence courses, challenge examinations). The content and language of §§ 36.11 and 36.12 are derived, almost verbatim, from the AQB's qualifications criteria and interpretations. In February 1994, the AQB increased, effective January 1, 1998, the minimum hours of education for general certification from 165 hours to 180 hours; the minimum hours of experience for general certification from 2,000 hours to 3,000 (during at least a 30-month period); and the minimum hours of experience for residential certification from 2,000 hours to 2,500 hours (during at least a 24-month period). By operation of law under section 6(d) and (e) of the REACA, these new requirements automatically took effect in this Commonwealth on January 1, 1998, and have been applied by the Board to persons applying for residential or general certification on or after that date. Sections 36.11 and 36.12, which were last revised in December 1994, do not reflect the AQB's current education and experience requirements.

In April 1999, as the result of an effort to achieve consistency in appraisal standards education throughout the United States, the Appraisal Foundation completed development of a 15-hour National USPAP Course, which has been approved by the AQB and recommended to state appraiser regulatory bodies for adoption as the required course for mandatory training in the USPAP.

Description of Proposed Amendments

§ 36.11.

The proposed amendments would revise paragraph (1) to delete references to the 105-hour education requirement for residential certification in effect prior to January 1994, and to renumber subsequent subparagraphs and clauses to reflect the deletion. The proposed amendments to paragraph (1) also would adopt the National USPAP Course as part of the current 120-hour education requirement. The proposed amendments would revise paragraph (2), which lists the 16 mandatory course topics for residential certification, to include the subtopics for each as developed by the AQB. The proposed amendments would revise paragraph (3) to reflect the current experience requirement of 2,500 hours obtained over a period of at least 24 months. The proposed amendments to paragraph (3) also would make editorial changes to reflect current AQB terminology and give an updated example of how an applicant may accumulate the necessary hours over a 5-year period. The proposed amendments would

revise paragraph (4), which states in part that a residential appraiser is authorized to perform residential appraisals in Federally related transactions without regard to value, to reflect the fact that residential appraisers are now authorized to perform residential appraisals in non-Federally related transactions as well.

§ 36.12.

The proposed amendments would revise paragraph (1) to reflect the current 180-hour education requirement for general certification and to adopt the National USPAP Course as part of the 180-hour requirement. The proposed amendments would revise paragraph (2), which lists the 16 mandatory course topics for general certification, to include the AQB's recommended subtopics. The proposed amendments would revise paragraph (3) to reflect the current experience requirement of 3,000 hours obtained over a period of at least 30 months. The proposed amendments to paragraph (3) also would make editorial changes and give an updated example of how the required hours may be accumulated over a 5-year period. The proposed amendments to paragraph (4) would clarify that a general appraiser is authorized to perform appraisals in non-Federally related transactions as well as Federally-related transactions without regard to value.

Fiscal Impact and Paperwork Requirements

The proposed amendments would have no fiscal impact on the Commonwealth or its political subdivisions. While the proposed amendments reflect increased education and experience requirements for applicants for residential or general certification, the proposed amendments would have no fiscal impact on those applicants because the increased requirements have already taken effect by operation of law.

The proposed amendments would not create new paperwork requirements for the Commonwealth, its political subdivisions or the private sector. Prior to January 1, 1998, the Board amended its application forms and instructions to reflect the increased education and experience requirements.

Compliance with Executive Order 1996-1

In accordance with Executive Order 1996-1 (relating to regulatory review and promulgation), the Board solicited preproposal comments from the major trade associations representing the real estate appraising industry in this Commonwealth.

Regulatory Review

As required by section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on October 21, 1999, the Board submitted copies of the proposed amendments to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the Senate Consumer Protection and Professional Licensure Committee and the House Professional Licensure Committee (Committees). The Board also provided IRRC and the Committees with copies of a regulatory analysis form prepared in compliance with Executive Order 1996-1. Copies of the form are available to the public upon request.

If IRRC has objections to any portion of the proposed amendments, it will notify the Board within 10 days following the close of the Committees' review period, specifying the regulatory review criteria that have not been met. The Regulatory Review Act sets forth procedures that permit IRRC, the General Assembly and the Governor to review objections prior to final adoption of the amendments.

Public Comment

The Board invites interested persons to submit written comments, suggestions or objections regarding the proposed amendments to Steven Wennberg, Counsel, State Board of Certified Real Estate Appraisers, P. O. Box 2649, Harrisburg, PA 17105-2649, within 30 days following publication of this notice of proposed rulemaking in the *Pennsylvania Bulletin*

DAVID J. KING,
Chairperson

Fiscal Note: 16A-7010. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS

PART I. DEPARTMENT OF STATE

Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS

CHAPTER 36. STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

**Subchapter A. GENERAL PROVISIONS
QUALIFICATIONS FOR CERTIFICATION**

§ 36.11. Residential real estate appraiser.

An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a residential real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§ 455.101—455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.*

[(i) Prior to January 1, 1994: An applicant shall submit evidence to the Board of having completed 105 classroom hours of courses in subjects related to real estate appraisal, 15 hours of which shall include coverage of the Uniform Standards of Professional Appraisal Practice, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit may have been obtained.

(ii) On or after January 1, 1994:] An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice Course, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit [may have been] shall be obtained.

[(A)] (i) * * *

[(B)] (ii) * * *

[(C)] (iii) * * *

[(D)] (iv) *Correspondence courses.* Correspondence courses may be acceptable to meet the classroom hour requirement if each course is approved by the Board and meets the following conditions:

[(I)] (A) * * *

[(II)] (B) * * *

[(III)] (C) The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

[(E)] (v) *Video and remote television courses.* Video and remote television courses may be acceptable to meet the classroom hour requirement if each offering is approved by the Board and meets the following conditions:

[(I)] (A) * * *

[(II)] (B) * * *

[(III)] (C) The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

[(F)] (vi) * * *

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of one-to-four unit residential properties:

(i) Influences in real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

(A) Real estate verses real property.

(B) Real property verses personal property.

(C) Limitations on real estate ownership.

(D) Legal rights and interests.

(E) Forms of property ownership.

(F) Legal descriptions.

(G) Transfer of title.

(iii) Type of values.

(A) Market value or value in exchange.

(B) Price.

(C) Cost.

(D) Investment value.

(E) Value in use.

(F) Assessed value.

(G) Insurable value.

(iv) Economic principles.

(A) Anticipation.

(B) Balance.

(C) Change.

(D) Competition.

(E) Conformity.

(F) Contribution.

(G) Increasing and decreasing returns.

(H) Opportunity cost.

(I) Substitution.

(J) Supply and demand.

(K) Surplus productivity.

- (v) Real estate markets and analysis.
 - (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.
- (vi) Valuation process.
 - (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.
 - (F) The appraisal report.
- (vii) Property description.
 - (A) Site description.
 - (B) Improvement description.
 - (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal [statistical concepts] math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach
- (xi) Site value.
 - (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Plottage and assemblage.
- (xii) Cost approach.
 - (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiv) Valuation of partial interests.
 - (A) Life estates.
 - (B) Undivided interest in commonly held property
 - (C) Easements.
 - (D) Timeshares.
 - (E) Cooperatives.
 - (F) Leased fee estate.
 - (G) Leasehold estate.

* * * * *

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 2,500 hours of acceptable appraisal experience obtained during no fewer than 24 months. [Effective December 26, 1995, 50%] Fifty percent of the experience obtained by an applicant shall be in the actual preparation of real estate appraisal reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. Although there is no minimum or maximum number of creditable experience hours which must be earned during a calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative to achieve the necessary [2,000] 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of [2 years] 24 months. There is no minimum number of hours which must be acquired in any [1 year] 12 months. The following will serve as an example:

Year 1	[200] 400 Hours
Year 2	800 Hours
Year 3	[100] 200 Hours
Year 4	[400] 500 Hours
Year 5	[500] 600 Hours
Total	[2,000] 2,500 Hours

* * * * *

(4) *State certified residential real estate appraiser.* An applicant who has passed an examination and who is certified under this section will be deemed to have met the minimum criteria for the certified residential real property appraiser classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential real property appraisals in [connection with] Federally-related and non-Federally related transactions without regard to value.

§ 36.12. General real estate appraiser.

An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a general real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§ 455.101—455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.* An applicant shall submit evidence to the Board of having completed [165] 180 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice [, including] Course, together with coverage of the topics [listed] in paragraph (2). There is no time limit regarding when qualifying education credit [shall have been] must be obtained.

* * * * *

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

(i) Influences on real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

(A) Real estate verses real property.

(B) Real property verses personal property.

(C) Limitations on real estate ownership.

(D) Legal rights and interests.

(E) Forms of property ownership.

(G) Legal descriptions.

(H) Transfer of title.

(iii) Type of values.

(A) Market value or value in exchange.

(B) Price.

(C) Cost.

(D) Investment value.

(E) Value in use.

(F) Assessed value.

(G) Insurable value.

(H) Going concern value.

(iv) Economic principles.

(A) Anticipation.

(B) Balance.

(C) Change.

(D) Competition.

(E) Conformity.

(F) Contribution.

(G) Increasing and decreasing returns.

(H) Opportunity cost.

(I) Substitution.

(J) Supply and demand.

(K) Surplus productivity.

(v) Real estate markets and analysis.

(A) Characteristics of real estate markets.

(B) Absorption analysis.

(C) Role of money and capital markets.

(D) Real estate financing.

(vi) Valuation process.

(A) Definition of the problem.

(B) Collection and analysis of data.

(C) Analysis of highest and best use.

(D) Application and limitations of each approach to value.

(E) Reconciliation and final value estimate.

(F) The appraisal report.

(vii) Property description.

(A) Site development.

(B) Improvement description.

(C) Basic construction and design.

(viii) Highest and best use analysis.

(A) Four tests.

(B) Vacant site or as if vacant.

(C) As improved.

(D) Interim use.

(ix) Appraisal [statistical concepts] math and statistics.

(A) Compound interest concepts.

(B) Statistical concepts used in appraisal.

(x) Sales comparison approach.

(A) Research and selection of comparables.

(B) Elements of comparison.

(C) Adjustment process.

(D) Application of sales comparison approach.

(xi) Site value.

(A) Sales comparison.

(B) Land residual.

(C) Allocation.

(D) Extraction.

(E) Ground rent capitalization.

(F) Subdivision analysis.

(G) Plottage and assemblage.

(xii) Cost approach.

(A) Steps in cost approach.

(B) Application of the cost approach.

(xiii) Income approach.

(A) [Gross net multiplier analysis] Estimation of income and expenses.

(B) [Estimation of income and expenses] Operating statement ratios.

(C) [Operating expense ratios] Direct capitalization.

(D) [Direct capitalization] Cash flow estimates (before tax only).

(E) Measures of cash flow.

(F) Discounted cash flow analysis (DCF).

(xiv) Valuation of partial interests.

(A) Interests created by a lease.

(B) Lease provisions.

(C) Valuation considerations.

(D) Other partial interests.

* * * * *

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 3,000 hours of acceptable appraisal experience, including 1,500 hours in nonresidential work, obtained during no fewer than 30 months. [Effective December 26, 1995, 50%] Fifty percent of the experience obtained by an applicant shall be in the actual preparation of real estate appraisal reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. An applicant, for 2 years experience credit, shall have accumulated a total of 2,000 hours of appraisal experience of which at least 50% (1,000 hours) is in nonresidential appraisal work. Although there is no minimum or maximum number of creditable experience hours which must be earned during any calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative [in order] to achieve the necessary [2,000] 3,000 hours of appraisal experience. Cumulative is defined to

mean that experience may be acquired over any time period in excess of [2 years] 30 months. There is no minimum number of hours which must be acquired in any 1 year. The following will serve as an example:

Year 1	[200] 1,000 Hours
	* * * * *
Year 4	[400] 1,000 Hours
<u>Year 5</u>	<u>[500] 100 Hours</u>
Total	[2,000] 3,000 Hours

* * * * *

(4) *State certified general real estate appraiser.* An applicant who has passed an examination and who is certified under this section will be deemed to have met the minimum criteria for the Certified General Real Property Appraiser Classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential and nonresidential real property appraisals in [connection with] Federally related and non-Federally-related transactions without regard to value.

[Pa.B. Doc. No. 99-1873. Filed for public inspection November 5, 1999, 9:00 a.m.]



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED
REAL ESTATE APPRAISERS**

(717) 783-4866

116 PINE STREET
P.O. BOX 2649
HARRISBURG, PA
17105-2649

May 3, 2000

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
Harristown 2, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Final Rulemaking of the State Board of Certified Real Estate
Appraisers Relating to Qualifications for Certification (16A-7010)

Dear Chairman McGinley:

Enclosed is a copy of a final rulemaking package of the State Board of Certified Real Estate Appraisers that relates to qualifications for certification.

The Board did not receive any recommendations for changes to the regulations during proposed rulemaking.

The Board stands ready to provide whatever information or assistance your Commission may require in its review of this final rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read "D. J. King".

David J. King, Chairman
State Board of Certified Real Estate Appraisers

DJK:SW:apm
Enclosure

cc: Hon. Kim Pizzigrilli, Secretary of the Commonwealth
Department of State

C. Michael Weaver, Deputy Secretary for Regulatory Programs
Department of State

John T. Henderson, Jr., Chief Counsel
Department of State

Dorothy Childress, Commissioner
Bureau of Professional and Occupational Affairs

Joyce McKeever, Deputy Chief Counsel
Department of State

Gerald S. Smith, Senior Counsel in Charge
Bureau of Professional and Occupational Affairs

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers

State Board of Certified Real Estate Appraisers

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT

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REVIEW COMMISSION

I.D. NUMBER: 16A-7010
SUBJECT: State Board of Certified Real Estate Appraisers
AGENCY: DEPARTMENT OF STATE

TYPE OF REGULATION

Proposed Regulation

X Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions b. Without Revisions

FILING OF REGULATION

DATE SIGNATURE DESIGNATION
5-3-00 *Lori A. Clark* HOUSE COMMITTEE ON PROFESSIONAL LICENSURE

MAY 03 2000 *Robert E. Zuber* SENATE COMMITTEE ON CONSUMER PROTECTION &
PROFESSIONAL LICENSURE

5-3-00 *Jessica Villanueva* INDEPENDENT REGULATORY REVIEW COMMISSION

ATTORNEY GENERAL

LEGISLATIVE REFERENCE BUREAU

April 10, 2000

Regulatory Analysis Form

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INDEPENDENT REGULATORY
REVIEW COMMISSION

Karbison

IRRC Number: 2074

(1) Agency
Department of State, Bureau of Professional and Occupational Affairs, State Board of Certified Real Estate Appraisers

(2) I.D. Number (Governor's Office Use)
16A-7010

(3) Short Title
Qualifications for Certification

(4) PA Code Cite
49 Pa. Code §§36.11 and 36.12

(5) Agency Contacts & Telephone Numbers

Primary Contact: Steven Wennberg, Board Counsel
783-7200

Secondary Contact: Joyce McKeever, Deputy Chief Counsel, 783-7200

(6) Type of Rulemaking (check one)
 Proposed Rulemaking
 Final Order Adopting Regulation
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

 No
 Yes: By the Attorney General
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.
The regulations would increase the experience requirements for certification as a residential appraiser and general appraiser from 2,000 hours to 2,500 hours and 3,000 hours, respectively; increase the education requirement for certification as a general appraiser from 165 hours to 180 (Continued on Page 9)

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.
Section 6(d) and (e) of the Real Estate Appraisers Certification Act (REACA), 63 P.S. §457.6(d) and (e), requires applicants for certification as residential and general appraisers to meet minimum education and experience requirements established pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). Section 6(f) of the REACA, 63 P.S. §457.6(f), empowers the Board to prescribe and define the education topics and types of experience necessary to comply with the FIRREA. (Continued on Page 9)

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Section 6(d) and (e) of the REACA requires that applicants for certification as residential and general appraisers meet the minimum education and experience requirements mandated under the FIRREA. The Appraiser Qualifications Board (AQB) is the federal body that establishes education and experience requirements for residential and general appraisers under the FIRREA. Effective January 1, 1998, the AQB increased the experience requirements for residential and general appraisers from 2,000 hours to 2,500 hours and 3,000 hours, respectively; increased the education requirement for general appraisers from 165 hours to 180 hours; and clarified the types of acceptable education topics for residential and general appraisers.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The regulations are necessary (1) to ensure that prospective applicants for certification as residential and general appraisers are apprised of the current education and experience requirements and (2) to demonstrate to federal authorities that Pennsylvania is in compliance with the FIRREA .

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The principal risks associated with nonregulation are (1) that prospective applicants for certification as residential and general appraisers may be confused about the current certification requirements and (2) that federal authorities may incorrectly believe that Pennsylvania appraisers do not meet minimum education and experience requirements.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The regulations would directly benefit prospective applicants for certification as residential and general appraisers. Approximately five persons per month file applications in the two certification classes combined.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The Board cannot identify any group that would be adversely affected by the regulations.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

See Item 13.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The Board solicited input from four Pennsylvania trade organizations: the Council of Pennsylvania Real Estate Appraisers, Inc., the Pennsylvania Association of Realtors, the Assessors Association of Pennsylvania, and the Pennsylvania Bankers Association. The CPREA and the PAR submitted comments, copies of which are attached as Attachment 1.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations would not have a fiscal impact on the regulated community; the increased education and experience requirements already took effect by operation of law on January 1, 1998.

The regulations would not impose new legal, accounting or consulting procedures.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations would not result in costs or savings to local government.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The regulations would not result in costs or savings to state government.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Savings						
COSTS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Appraiser Board	\$209,758.47	\$246,142.36	\$334,376.29 (est.)	\$307,000.00 (est.)

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The regulations would benefit the public by providing current information about the education and experience requirements for appraiser certification that are mandated by the REACA. The information is being provided at no cost to the public, the regulated community, or state and local government.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

The Board did not consider a nonregulatory alternative. Regulations are an appropriate means for announcing the current federal requirements for appraiser certification.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Because the regulations would only amend an existing regulatory scheme, the Board did not consider an alternative regulatory scheme.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

The regulations mirror federal standards, except for the Board's adoption of the 15- hour National USPAP Course as a mandatory course for appraiser certification. The AQB, which establishes federal qualifications for appraiser certification, requires 15 hours of USPAP training, but does not mandate a specific USPAP course. However, the AQB has endorsed the National USPAP Course, which was developed by a consortium of appraiser organizations as a means for achieving consistency of appraisal standards training throughout the U.S. The Board expects that all state appraiser regulatory bodies will adopt the National USPAP Course as a mandatory course for appraiser certification.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulations' education and experience requirements for residential and general appraisers are equivalent to those of other states. States must comply with federal appraiser requirements in order to make their appraisers eligible to perform appraisals in federally-related transactions.

The regulations do not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulations would not affect existing or proposed regulations of the Board or of any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Board has not scheduled public hearings or informational meetings. The Board has notified the regulated community of the increased education and experience requirements through its newsletter and has furnished prospective applicants for certification with an AQB bulletin that sets forth the current requirements for certification. Copies of the newsletter and AQB bulletin are attached as Attachment 2.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The regulations would not change existing reporting, recordkeeping or other paperwork requirements. The Board amended its application forms for certification prior to the effective date of the increased education and experience requirements on January 1, 1998.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The regulations would apply uniformly to all persons applying for certification as residential and general appraisers. The Board has no legal authority to excuse any subset of applicants from compliance with the increased education and experience requirements.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulations would take effect upon publication in the Pennsylvania Bulletin.

(31) Provide the schedule for continual review of the regulation.

The Board intends to review the regulations annually to evaluate the compliance with statutory requirements.

(Continued from Page 1, No. 8)

hours; adopt the National Uniform Standards of Professional Appraisal Practice as a mandatory course for appraiser certification; clarify the breadth of other education topics for certification as a residential appraiser and general appraiser; and clarify the scope of practice of a residential appraiser and general appraiser. The regulations also would make editorial changes.

(Continued from Page 1, No. 9)

Section 5(2) of the REACA, 63 P.S. §457.5(2), empowers the Board to promulgate regulations necessary to carry out the provisions of the REACA.

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU
(Pursuant to Commonwealth Documents Law)

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INDEPENDENT LEGISLATIVE
REVIEW COMMISSION

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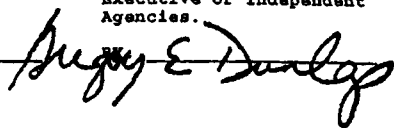
Copy below is hereby approved as to form and legality. Attorney General

Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:

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BY: 
(DEPUTY ATTORNEY GENERAL)

State Board of
'Certified Real Estate Appraisers
(AGENCY)



OCT 05 1999.

DATE OF APPROVAL

DOCUMENT/FISCAL NOTE NO. 16A-7010

DATE OF ADOPTION

9/17/99
DATE OF APPROVAL

BY:


David J. King

(Deputy General Counsel
(Chief Counsel,
Independent Agency
(Strike inapplicable
title)

TITLE: Chairman

(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

[] Check if applicable
Copy not approved.
Objections attached.

[] Check if
applicable. No Attorney
General approval or
objection within 30 day
after submission.

NOTICE OF PROPOSED RULEMAKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS
(49 PA. CODE, CHAPTER 36)

QUALIFICATIONS FOR CERTIFICATION

The State Board of Certified Real Estate Appraisers, proposes to amend 49 Pa. Code §§36.11 and 36.12 (relating to qualifications for certification as residential appraiser and general appraiser, respectively) to read as set forth in Annex A.

Background and Statutory Authority

The Real Estate Appraisers Certification Act (REACA), 63 P.S. §457.1 *et seq.*, enacted in June 1990, established the certification classes of residential appraiser and general appraiser to perform appraisals in federally related transactions under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Public Law 101-73, 103 Stat. 183. Federally related appraisals are those performed for federally-regulated financial institutions where the transaction amounts exceed certain levels; since September 3, 1996, residential and general appraisers have been authorized under Section 18 of the REACA, 63 P.S. §457.18, to perform appraisals in nonfederally related transactions as well.)

Section 6(d) and (e) of the REACA, 63 P.S. §457.6(d) and (e), provides that an applicant for certification as a general appraiser or residential appraiser shall, as a prerequisite to taking the certification examination, complete the minimum education and experience requirements established pursuant to the FIRREA. The Appraisal Qualifications Board (AQB) of The Appraisal Foundation is charged with establishing education and experience qualifications for appraisers under the FIRREA. Section 6(f) of the REACA, 63 P.S. §457.6(f), directs the Board to prescribe and define the educational topics and types of experience that will satisfy education and experience requirements under the FIRREA. Section 5(2) of the REACA, 63 P.S. §457.5(2), authorizes the Board to adopt regulations necessary to carry out the provisions of the REACA.

Sections 36.11 and 36.12 set forth, for residential certification and general certification, respectively, minimum hours of education and experience; mandatory course topics (including 15 hours of coverage on the Uniform Standards of Professional Appraisal Practice (USPAP)); acceptable types of appraisal experience; and special rules relating to education matters (e.g., credit for teaching, correspondence courses, challenge examinations). The content and language of §§ 36.11 and 36.12 are derived, almost verbatim, from the AQB's qualifications criteria and interpretations. In February 1994, the AQB increased, effective January 1, 1998, the minimum hours of education for general certification from 165 hours to 180 hours; the minimum hours of experience for general certification from 2,000 hours to 3,000 (during at least a 30-month period); and the minimum hours of experience for residential certification from 2,000 hours to 2,500 hours (during at least a 24-month period). By operation of law under Section 6(d) and (e) of the REACA, these new requirements automatically took effect in Pennsylvania on January 1, 1998, and have been applied by the Board to persons applying for residential or general certification on or after that date. Sections 36.11 and 36.12, which were last revised in December 1994, do not reflect the AQB's current education and experience requirements.

In April 1999, as the result of an effort to achieve consistency in appraisal standards education throughout the United States, The Appraisal Foundation completed development of a 15-hour National USPAP Course, which has been approved by the AQB and recommended to state appraiser regulatory bodies for adoption as the required course for mandatory training in the USPAP.

Description of Amendments

49 Pa. Code §36.11.

The amendments would revise paragraph (1) to delete references to the 105-hour education requirement for residential certification in effect prior to January 1994, and to renumber subsequent subparagraphs and clauses to reflect the deletion. The amendments to paragraph (1) also would adopt the National USPAP Course as part of the current 120-hour education requirement. The amendments would revise paragraph (2), which lists the 16 mandatory course topics for residential certification, to include the subtopics for each as developed by the AQB. The amendments would revise paragraph (3) to reflect the current experience requirement of 2,500 hours obtained over a period of at least 24 months. The amendments to paragraph (3) also would make editorial changes to reflect current AQB terminology and to give an updated example of how an applicant may accumulate the necessary hours over a five-year period. The amendments would revise paragraph (4), which states in part that a residential appraiser is authorized to perform residential appraisals in federally related transactions without regard to value, to reflect the fact that residential appraisers are now authorized to perform residential appraisals in nonfederally related transactions as well.

49 Pa Code §36.12.

The amendments would revise paragraph (1) to reflect the current 180-hour education requirement for general certification and to adopt the National USPAP Course as part of the 180-hour requirement. The amendments would revise paragraph (2), which lists the 16 mandatory course topics for general certification, to include the AQB's recommended subtopics. The amendments would revise paragraph (3) to reflect the current experience requirement of 3,000 hours obtained over a period of at least 30 months. The amendments to paragraph (3) also would make editorial changes and give an updated example of how the required hours may be accumulated over a five-year period. The amendments to paragraph (4) would clarify that a general appraiser is authorized to perform appraisals in nonfederally related transactions as well as federally related transactions without regard to value.

Fiscal Impact and Paperwork Requirements

The amendments would have no fiscal impact on the Commonwealth or its political subdivisions. While the amendments reflect increased education and experience requirements for applicants for residential or general certification, the amendments would have no fiscal impact on those applicants because the increased requirements have already taken effect by operation of law.

The amendments would not create new paperwork requirements for the Commonwealth, its political subdivision or the private sector. Prior to January 1, 1998, the Board amended its application forms and instructions to reflect the increased education and experience requirements.

Compliance with Executive Order 1996-1

In accordance with Executive Order 1996-1 (relating to regulatory review and promulgation), the Board solicited pre-proposal comments from the major trade associations representing the real estate appraising industry in Pennsylvania.

Regulatory Review

On October 21, 1999, as required by Section 5(a) of the Regulatory Review Act (RRA), 71 P.S. §745.5(a), the Board submitted copies of the amendments to the Independent Regulatory Review Commission (IRRC) and the Chairmen of the Senate Consumer Protection and Professional Licensure Committee and the House Professional Licensure Committee (Committees). The Board also provided the IRRC and the Committees with copies of a regulatory analysis form prepared in compliance with Executive Order 1996-1. Copies of the form are available to the public at request.

If the IRRC has objections to any portion of the amendments, it will notify the Board within 10 days following the close of the Committees' review period, specifying the regulatory review criteria that have not been met. The RRA sets forth procedures that permit the IRRC, the General Assembly and the Governor to review any objections prior to final adoption of the amendments.

Public Comment

The Board invites interested persons to submit written comments, suggestions, or objections regarding the amendments to Steven Wennberg, Esq., Counsel, State Board of Certified Real Estate

#16A-7010
Qualifications for Certification
Proposed Rulemaking
July 6, 1999

Appraisers, P. O. Box 2649, Harrisburg, PA 17105-2649, within 30 days following publication of this notice of proposed rulemaking in the Pennsylvania Bulletin

ANNEX A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS
PART I. DEPARTMENT OF STATE
SUBPART A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS
CHAPTER 36. STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

Subchapter A. GENERAL REVISIONS

* * * *

QUALIFICATIONS FOR CERTIFICATION

§36.11. Residential real estate appraiser.

An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a residential real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§455.101-455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.*

[(i) Prior to January 1, 1994: An applicant shall submit evidence to the Board of having completed 105 classroom hours of courses in subjects related to real estate appraisal, 15 hours of which shall include coverage of the Uniform Standards of Professional Appraisal Practice, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit may have been obtained.

(ii) On or after January 1, 1994:] An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice Course, together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit [may have been] must be obtained.

(i) [(A)] *Length of classroom hour requirement.* Credit toward

the classroom hour requirement will only be granted when the length of the educational offering is at least 15 hours, and the applicant successfully completes an examination pertinent to that educational offering. A classroom hour is defined as 50 minutes out of each 60 minute segment.

(ii) [(B)] *Teaching credit.* Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses for actual classroom time, but credit will not be given for course repetition. A teacher requesting credit for the classroom hour requirement may not request credit for experience. A teacher may request credit for either the classroom hour or experience requirement, but not both. No more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses.

(iii) [(C)] *Providers of appraisal courses.* Credit for the classroom hour requirement may be obtained from accredited colleges or universities and community or junior colleges. Subject to Board approval under §36.31 (relating to provider registration/appraisal courses), credit for the classroom hour requirement may also be obtained from real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers.

(iv) [(D)] *Correspondence courses.* Correspondence courses may be acceptable to meet the classroom hour requirement if each course is approved by the Board and meets the following conditions:

(A) [(I)] The course has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers correspondence programs in other disciplines.

(B) [(II)] The applicant successfully completes a written examination administered at a location by an official approved by the college or university.

(C) [(III)] The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

(v) [(E)] *Video and remote television courses.* Video and remote television courses may be acceptable to meet the classroom hour requirement if each offering is approved by the Board and meets the following conditions:

(A) [(I)] The course has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers similar programs in other disciplines.

(B) [(II)] The applicant successfully completes a written examination administered at a location by an official approved by the college or university.

(C) [(III)] The content and length of the course meets the requirements of [clause (A)] subparagraph (i) and paragraph (2).

(vi) [(F)] *Credit for challenge examination.* The Board may grant credit for courses if the applicant obtained credit from the course provider by challenge examination without attending the courses, if that credit was granted by the course provider prior to July 1, 1990, and the Board is satisfied with the quality of the challenge examination that was administered by the course provider.

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of one-to-four unit residential properties:

(i) Influences in real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

- (A) Real estate vs. real property.
 - (B) Real property vs. personal property.
 - (C) Limitations on real estate ownership.
 - (D) Legal rights and interests.
 - (E) Forms of property ownership.
 - (F) Legal descriptions.
 - (G) Transfer of title.
- (iii) Types of values.
- (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.
 - (D) Investment value.
 - (E) Value in use.
 - (F) Assessed value.
 - (G) Insurable value.
- (iv) Economic principles.
- (A) Anticipation.
 - (B) Balance.
 - (C) Change.

- (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.
- (v) Real estate markets and analysis.
- (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.
- (vi) Valuation process.
- (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.

- (F) The appraisal report.
- (vii) Property description.
 - (A) Site description.
 - (B) Improvement description.
 - (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal [statistical concepts] math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach
- (xi) Site value.

- (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Plottage and assemblage.
- (xii) Cost approach.
- (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
- (A) Gross rent multiplier analysis.
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.
- (xiv) Valuation of partial interests.
- (A) Life estates.
 - (B) Undivided interest in commonly held property
 - (C) Easements.
 - (D) Timeshares.
 - (E) Cooperatives.

- (F) Leased fee estate.
- (G) Leasehold estate.
- (xv) Appraisal standards and ethics.
- (xvi) Narrative report writing.

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 2,500 hours of acceptable appraisal experience obtained during no fewer than 24 months. [Effective December 26, 1995,] Fifty percent [50 %] of the experience obtained by an applicant shall be in the actual preparation of real estate reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. Although there is no minimum or maximum number of creditable experience hours which must be earned during a calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative to achieve the necessary [2,000] 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of [2 years] 24 months. There is no minimum number of hours which must be acquired in any [1 year] 12 months. The following will serve as an example:

Year 1	[200] <u>400</u> Hours
Year 2	800 Hours
Year 3	[100] <u>200</u> Hours
Year 4	[400] <u>500</u> Hours
<u>Year 5</u>	<u>[500] 600</u> Hours
Total	[2,000] <u>2,500</u> Hours

...

(4) *State certified residential real estate appraiser.* An applicant who has passed an examination and who is certified under this section will be deemed to have met the minimum criteria for the certified residential real property appraiser classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential real property appraisals in [connection with F]federally related and

nonfederally related transactions without regard to value.

§36.12. General real estate appraiser.

An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements and pass an examination for certification as a general real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P.S. §§455.101-455.902) is a prerequisite to certification as a real estate appraiser.

(1) *Education.* An applicant shall submit evidence to the Board of having completed [165] 180 classroom hours of courses in subjects related to real estate appraisal, [15 hours of which shall include coverage of the] including the 15-hour National Uniform Standards of Professional Appraisal Practice Course, [including] together with coverage of the topics listed in paragraph (2). There is no time limit regarding when qualifying education credit [shall have been] must be obtained.

...

(2) *Mandatory course topics.* Applicants shall demonstrate that their education included coverage of the topics listed in this paragraph with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

- (i) Influences on real estate value.
 - (A) Physical and environmental.
 - (B) Economic.
 - (C) Governmental and legal.
 - (D) Social.
- (ii) Legal considerations in appraisal.
 - (A) Real estate vs. real property.

- (B) Real property vs. personal property.
 - (C) Limitations on real estate ownership.
 - (D) Legal rights and interests.
 - (E) Forms of property ownership.
 - (G) Legal descriptions.
 - (H) Transfer of title.
- (iii) Types of value.
- (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.
 - (D) Investment value.
 - (E) Value in use.
 - (F) Assessed value.
 - (G) Insurable value.
 - (H) Going concern value.
- (iv) Economic principles.
- (A) Anticipation.
 - (B) Balance.
 - (C) Change.

- (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.
- (v) Real estate markets and analysis.
- (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.
- (vi) Valuation process.
- (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.

- (F) The appraisal report.
- (vii) Property description.
 - (A) Site development.
 - (B) Improvement description.
 - (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal [statistical concepts] math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach.
- (xi) Site value.

- (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Ground rent capitalization.
 - (F) Subdivision analysis.
 - (G) Plottage and assemblage.
- (xii) Cost approach.
- (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
- (A) Estimation of income and expenses.
 - (B) Operating statement ratios.
 - (C) Direct capitalization.
 - (D) Cash flow estimates (before tax only).
 - (E) Measures of cash flow.
 - (F) Discounted cash flow analysis (DCF).
- (xiv) Valuation of partial interests.
- (A) Interests created by a lease.

- (B) Lease provisions.
- (C) Valuation considerations.
- (D) Other partial interests.
- (xv) Appraisal Standards and Ethics.
- (xvi) Narrative Report Writing.

(3) *Experience.* In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having completed [2 years] 3,000 hours of acceptable appraisal experience, including 1,500 hours in non-residential work, obtained during no fewer than 30 months. [Effective December 26, 1995,] Fifty percent [50%] of the experience obtained by an applicant shall be in the actual preparation of real estate appraisal reports which include a physical inspection of the interior and exterior of the subject property. [One year is defined in terms of hours within a calendar year. One thousand hours constitutes 1 year of appraisal experience. A minimum of 2 calendar years is required. An applicant, for 2 years experience credit, shall have accumulated a total of 2,000 hours of appraisal experience of which at least 50% (1,000 hours) is in nonresidential appraisal work. Although there is no minimum or maximum number of creditable experience hours which must be earned during any calendar year, an applicant shall be able to demonstrate having obtained 2,000 hours of appraisal experience within not less than 2 calendar years.] Hours may be treated as cumulative in order to achieve the necessary [2,000] 3,000 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of [2 years] 30 months. There is no minimum number of hours which must be acquired in any 1 year. The following will serve as an example:

Year 1	[200] <u>1,000</u> Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	[400] <u>1,000</u> Hours
<u>Year 5</u>	<u>[500] 100</u> Hours
Total	[2,000] <u>3,000</u> Hours

...

- (4) State certified general real estate appraiser. An applicant who has passed an

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Qualifications for Certification
Proposed Rulemaking
July 6, 1999

examination and who is certified under this section will be deemed to have met the minimum criteria for the Certified General Real Property Appraiser Classification adopted by the Appraiser Qualifications Board of the Appraisal Foundation, and shall be qualified to perform residential and nonresidential real property appraisals in [connection with F]federally related and nonfederally related transactions without regard to value.



Council of Pennsylvania Real Estate Appraisers, Inc.

26 N. Third St, Easton, PA 18042-3643 610/258-7149 • Fax: 610/258-1394. rwmooorejrl@aol.com

June 6, 1999

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers
Bureau of Professional & Occupational Affairs
116 Pine Street
P. O. Box 2649
Harrisburg, PA 17105-2649

Re: Draft Amendments to 49 PA Code 36.11 & 36.12

Dear Steve:

Thanks for contacting me about the captioned. I had my own responses ready but decided to contact the members of the PA Council of Real Estate Appraisers to make certain that I was on the right track for that group. I have received a number of responses and all are in agreement with my position. Therefore, I can speak on behalf of the PA Council and our responses are as follows:

We support the changes to the experience requirements of 2,500 hours for residential certification and 3,000 hours for general certification. We also support the proposed changes to the number of hours of education to 180 hours for the general certification. We support the granting of 1 hour of continuing education credit for each hour of teaching by an instructor.

The PA Council of Real Estate Appraisers would like to go on record as objecting totally to the granting of credit for distance education in any form, unless there can be a monitored assurance that the person claiming the education is actually the person who completed that education.

We believe that there is a definite benefit to be obtained from the interaction of participants who are sharing their experiences and providing meaningful questions and observations during a group session. This cannot be obtained in distance education.

Unfortunately, I will be unable to attend the June State Board meeting since I will be teaching but want to express our position as requested. Thank you for this opportunity.

Sincerely yours,

C. F. Blumenstock, RM, SRA
President

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The Voice for Real Estate® in Pennsylvania

4501 Chambers Hill Road
Harrisburg, PA 17111-2406
Telephone (717) 561-1303
Fax (717) 561-8796
<http://www.parealtor.org>

June 8, 1999

Mr. Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers
116 Pine Street
P.O. Box 2649
Harrisburg, PA 17105-2649

Dear Mr. Wennberg:

On behalf of the 26,000 members of the Pennsylvania Association of REALTORS® (PAR), we appreciate the opportunity of commenting on the Board's draft amendments to its regulations relating to qualifications for certification as residential and general appraisers. We trust you will find our comments valuable during the regulatory rulemaking process.

PAR is supportive of the Board's efforts to reflect revised appraiser certification requirements established pursuant to the Financial Institutions Reform, Recovery and Enforcement Act. In particular, PAR is pleased that the Board has chosen to expand the subtopics of education subjects that are acceptable for certification as a residential and general appraiser. This broadening of educational subtopics will provide instructors, students and licensees with a better grasp of the nuances of the appraisal industry.

Thank you again for soliciting PAR's comments during this process. PAR supports the Board's efforts to revise and expand its regulations to better reflect the current state of the appraisal industry and establish uniformity with federal law. Please do not hesitate to contact PAR's Department of Government Affairs if you have any questions.

Melissa Sieg

Melissa Sieg, Chair
License Law Subcommittee

Derenda Updegrave

Derenda Updegrave, Director
Department of Government Affairs

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JUN 10 1999

BPOA LEGAL COUNSEL



Comparison of Current and Prospective Appraiser Qualifications								
Licensing Category	Qualifying Education		State Exam		Experience		Continuing Education	
	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98	Before 12/31/97	As of 1/1/98
Certified Residential	120 hrs includes 15 hrs USPAP	120 hrs includes 15 hrs USPAP	Yes	Yes	2,000 hrs	2,500 hrs during at least 24 months	10 hrs per year	14 hrs per year
Certified General	165 hrs includes 15 hrs USPAP	180 hrs includes 15 hrs USPAP	Yes	Yes	2,000 hrs	3,000 hrs during at least 30 months	10 hrs per year	14 hrs per year

Disciplinary Actions

The following is a chronological listing of formal disciplinary and corrective actions taken by the board from May 8, 1997 through Sept. 11, 1997. Each entry includes the respondent's name, certificate number and location, the disciplinary or corrective action imposed by the board and the basis for its imposition, and the effective date of the board's action.

Every effort has been made to ensure that the following information is correct. However, this information should not be relied upon without verification from the board. It should be noted that the names of respondents listed below may be similar to the names of persons who have not had disciplinary or corrective measures taken against them.

Please contact the board to verify these actions and their effective dates. Official confirmation of the current status of a certificate-holder can be obtained by writing the board at P.O. Box 2649, Harrisburg, PA 17105-2649.

DONALD C. KAUFFMAN, residential appraiser certificate no. RL-001507-L, of Middletown, Dauphin County, was suspended for one year, based on findings that he performed two appraisals in 1994 in a careless and negligent manner. The suspension was stayed in lieu of probation, provided he completes 8 hours of additional continuing education in the Uniform Standards of Professional Appraisal Practice (USPAP). (5-11-97)

CHARLES G. NEWKIRK, residential appraiser certificate no. RL-001225-L, of Lenhartsville, Berks County, voluntarily surrendered his certificate, based on findings that he had obtained his certificate from the board in 1992 by submitting false information about his qualifications. (6-12-97)

MARTIN SIGEL, general appraiser certificate no. GA-000459-L, of Cherry Hill, NJ, had his certificate revoked and was assessed a \$10,000 civil penalty, based on findings that he held himself out as a general appraiser in 10 appraisal reports during 1993-1995 without a current certificate and that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in June 1995 for performing an appraisal that contained material violations of USPAP. (7-15-97)

SAM SHEBER, residential appraiser certificate no. RL-001858-R, of West Paterson, NJ, was formally reprimanded and assessed a \$750 civil penalty, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in November 1995 for performing three appraisals that contained material violations of USPAP. The board also required Sheber to complete an additional 15 hours of continuing education in USPAP. (9-11-97)

HARRY MADDOCK FELLER JR., residential appraiser certificate no. RL-001295-L, of Pennington, NJ, was suspended for one year, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in May 1997 for performing an appraisal that contained material violations of USPAP. The suspension was stayed in favor of probation conditioned on Feller's compliance with the terms of the NJ disciplinary action; those terms require Feller to complete a basic residential appraising course; to refrain from independently performing appraisals until he has completed the course; to submit periodically logs of his appraisal activity for state review; and to make restitution of his appraisal fee to the complainant. (9-11-97)


LOUIS L. DELLOSO, residential appraiser certificate no. RL-000397-L, of Clifton Heights, Delaware County, was suspended for one year and assessed a \$500 civil penalty, based on findings that he had disciplinary action taken against him by the NJ State Board of Real Estate Appraisers in April 1997 for performing an appraisal that contained material violations of USPAP. The suspension was stayed in favor of probation, provided he completes an additional 15 hours of continuing education in USPAP. (9-11-97)

The Appraisal Foundation

The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria

Real Property Appraiser Qualification Criteria
adopted February 16, 1994
effective January 1, 1998

Interpretations of the Appraiser Qualification Criteria
adopted June 30, 1997

APPRAISER QUALIFICATIONS BOARD
 THE APPRAISAL FOUNDATION
*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

WHAT IS THE AQB?

The Appraiser Qualifications Board (AQB) is an independent board of The Appraisal Foundation. The AQB is composed of five practicing appraisers who are appointed by the Foundation's Board of Trustees.

Under provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes minimum education, experience and examination requirements for real estate appraisers to obtain a state certification. In addition, the AQB performs a number of ancillary duties related to real property appraiser qualifications (see *Other AQB Work*, page 2) and is currently developing qualification criteria for personal property appraisers.

THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

States are required to implement appraiser certification requirements that are no less stringent than those issued by the AQB in the Real Property Appraiser Qualification Criteria.

The AQB is aware that it has no statutory authority to develop criteria for the Licensed and Trainee classifications and the states are not required to adopt the criteria. The authority to develop requirements for the Licensed and Trainee classifications is vested in the individual states, territories and possessions.

The original Criteria, adopted by the AQB in March 1991, included the following classifications: Certified General, Certified Residential, and Licensed. The Trainee classification was adopted by the AQB in 1993. Each classification (Trainee, Certified General, Certified Residential, and Licensed) has education, experience, examination and continuing education requirements. The Trainee classification does not include experience or examination requirements.

After public exposure, the AQB adopted revisions to all classifications of the Criteria in early 1994. Major revisions include an increase in the education requirements for the Licensed and Certified General Classifications to include a 15 hour *Uniform Standards of Professional Appraisal Practice* (USPAP) course. The Certified Residential education requirements were not increased, but a 15 hour USPAP course is required. The experience requirements for the Certified Residential and Certified General Classifications were increased from 2,000 to 2,500

hours and 2,000 to 3,000 hours, respectively. The continuing education requirement was increased from 10 to 14 classroom hours for all classifications. The revised Criteria is effective on January 1, 1998.

To further clarify AQB intent and provide guidance to users of the Criteria, the AQB periodically issues Interpretations of the Criteria. The current Interpretations are included within the text of this document.

SUPPORTING THE WORK OF THE AQB

The AQB encourages input from appraisers, users of appraisal services and the public through the exposure draft process, public meetings, speaking engagements and both conventional and electronically transmitted correspondence.

Exposure Draft Process

In recognition of the public authority of the Appraiser Qualifications Board, all proposed revisions to the Appraiser Qualification Criteria must be exposed for public comment prior to adoption. The AQB considers all comments and discusses them in a public meeting prior to taking any final action.

Public Meetings

The AQB conducts periodic public meetings. Observers are encouraged to attend and are allowed to address the AQB regarding an agenda item, time permitting, if a request is made in writing at least fifteen days prior to the meeting.

Speaking Engagements

Members of the AQB are available for speaking engagements and presentations on their work. Interested parties are encouraged to contact The Appraisal Foundation for additional information. Invitations to speak should be directed to the Foundation staff and extended as early as possible in order to facilitate scheduling.

Correspondence

Specific questions regarding the Real Property Appraiser Qualification Criteria or other AQB matters may be submitted in conventional or electronically transmitted correspondence to the Foundation. Please address your inquiry to the Appraiser Qualifications Board in care of The Appraisal Foundation.

Other AQB Work

In addition to its work on the Real Property Appraiser Qualification Criteria, the AQB is involved in numerous other ongoing projects. Examples include adopting a Real Property Appraisal Body of Knowledge, which broadly identifies areas of knowledge relevant to real property appraisal; and, the promulgation of guidelines for the controlled implementation of distance learning opportunities.

Title XI of FIRREA also charges the AQB with approving and endorsing examination content outlines and examination item (question) banks. In addition, the AQB continues to be concerned about the availability of quality education offerings and, in this context, offers the AQB Course Approval Program for courses submitted for AQB scrutiny by education providers.

More information on the work of the AQB is available on fax-on-demand (202.624.3060) or at the Foundation Web site (www.appraisalfoundation.org). In addition, the Standards & Qualifications Director or Coordinator may be contacted via phone at 202.347.7722 or via E-mail at staff@appraisalfoundation.org.

TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- A. The scope of practice for the Appraiser Trainee Classification is the appraisal of those properties which the supervising appraiser is permitted to appraise.
- B. The appraiser trainee shall be subject to the *Uniform Standards of Professional Appraisal Practice*.
- C. The appraiser trainee shall be entitled to obtain copies of appraisal reports he or she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of at least five years or at least two years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last.
- D. An appraiser trainee must meet the following requirements:
 1. Examination
 - a. There is no examination requirement for the Appraiser Trainee Classification.
 2. Education

Prerequisite to application.

 - a. 75 classroom hours of courses in subjects related to real estate appraisal which shall include coverage of the *Uniform Standards of Professional Appraisal Practice*.
 - (1) A classroom hour is defined as 50 minutes out of each 60-minute segment.
 - (2) Classroom hours may only be obtained where the minimum length of the educational offering is 15 hours and the individual successfully completes an examination pertinent to that educational offering.
 - (3) Credit for the classroom hours requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency
 - (4) Qualifying education must have been obtained within the five year period immediately preceding application for licensure.

The Appraisal Foundation is a non-profit educational organization founded to foster professionalism in appraising through the establishment and promotion of professional appraisal standards and appraiser qualifications.

- (5) The content for courses, seminars, workshops, or conferences should include coverage of real estate appraisal related topics, such as:
- (a) Influences on Real Estate Value
 - (b) Legal Considerations 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 Statistical Concepts
 - (j) Sales Comparison Approach
 - (k) Site Value
 - (l) Cost Approach
 - (m) Income Approach
 - (n) Valuation of Partial Interests
 - (o) Appraisal Standards and Ethics

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as Qualifying Education Criteria. (adopted, June, 1997)
2. The qualifying education obtained to meet the seventy-five hour trainee education requirement can be creditable toward the state licensed and state certified qualifying education requirements. (adopted, June, 1997)
3. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)
4. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, November, 1990)
5. Open book examinations are not acceptable in qualifying education courses. (adopted, June, 1997)
6. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying education, distance education must provide interaction between the learner and instructor and include testing. (adopted, June, 1997)
7. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing

authority and meets one of the following conditions: (adopted, June, 1991)

- a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and (adopted, June, 1991)
 - i) The learner successfully completes a written examination proctored by an official approved by the college or university; and (adopted, June, 1991)
 - ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours: (adopted, June, 1991)
- b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program, and (adopted, November, 1992)

- i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)
- ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

8. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

9. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

3. Experience

Interpretation:

None is required as a prerequisite for this category. (adopted, June 1997)

- a. The appraiser trainee shall be subject to direct supervision by a supervising appraiser who shall be state licensed or certified in good standing.
- b. The supervising appraiser shall be responsible for the training and direct supervision of the appraiser trainee by:



TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- (1) accepting responsibility for the appraisal report by signing and certifying the report is in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP).
 - (2) reviewing the appraiser trainee appraisal report(s); and
 - (3) personally inspecting each appraised property with the appraiser trainee until the supervising appraiser determines the appraiser trainee is competent in accordance with the Competency Provision of the *Uniform Standards of Professional Appraisal Practice* (USPAP) for the property type.
- c. The appraiser trainee is permitted to have more than one supervising appraiser.
- d. An appraisal log shall be maintained by the appraiser trainee and shall, at a minimum, include the following for each appraisal:
- (1) Type of Property
 - (2) Client name and address
 - (3) Address of appraised property
 - (4) Description of work performed
 - (5) Number of work hours
 - (6) Signature and state license/certification number of the supervising appraiser
- e. Separate appraisal logs shall be maintained for each supervising appraiser.
- (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.
- (4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated in subparagraph "c" below and cover real estate related appraisal topics such as those listed below.
- (a) Ad Valorem Taxation
 - (b) Arbitration
 - (c) Business Courses related to practice of real estate appraisal
 - (d) Construction estimating
 - (e) Ethics and standards of professional practice
 - (f) Land use planning, zoning and taxation
 - (g) Management, leasing, brokerage, timesharing
 - (h) Property development
 - (i) Real estate appraisal (valuations/evaluations)
 - (j) Real estate law
 - (k) Real estate litigation
 - (l) Real estate financing and investment
 - (m) Real estate appraisal related computer applications
 - (n) Real estate securities and syndication
 - (o) Real property exchange

4. Continuing Education

An appraiser trainee who remains in this classification in excess of two years shall be required in the third and successive years to obtain:

- a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two year appraiser trainee term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term.
 - (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
 - (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
 - (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations

b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

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

Interpretations:

1. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)
2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and

successful completion of an examination). (adopted, June, 1991)

3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g. CD ROM, on-line learning, correspondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

I. The Licensed Real Property Appraiser Classification applies to the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000.

The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the licensed classification to appraise properties other than those identified above. Individuals should refer to Agency regulations and State law to determine the type of property that may be appraised by the Licensed appraiser.

All Licensed appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*.

Interpretations:

1. The Licensed Real Property Classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes. (adopted, November, 1990)

2. The Licensed Real Property Classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary. (adopted, November, 1990)

A. Applicants must meet the following examination, education, and experience requirements. Subsequent to licensure, individuals must meet the continuing education requirement.

1. Examination

a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Licensed Real Property Appraiser Examination or its equivalent.

Interpretation:

1. The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, November, 1990)

b. Refer to the National Uniform Examination Content Outline for the Licensed Real Property Appraiser Classification.



2. Education

Prerequisite to sit for the examination

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as Qualifying Education Criteria. (adopted, June, 1997)
2. The only prerequisite to sit for the examination is completion of the education/classroom hour requirement. (adopted, November, 1990)
 - a. Ninety classroom hours of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*.
 - (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

Interpretations:

1. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)
2. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, November, 1990)
3. Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification. (adopted, June, 1997)
 - (2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.
 - (3) Credit for the classroom hour requirement may be obtained from the following
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.

Interpretations:

1. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying

education, distance education must provide interaction between the learner and instructor and include testing. (adopted, June, 1997)

2. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, November, 1990)

(5) There is no time limit regarding when Qualifying education credit must have been obtained.

(6) State appraiser certification and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.

- (7) Various appraisal courses may be credited toward the ninety classroom hour education requirement. Applicants must demonstrate that their education involved coverage of all topics listed below with particular emphasis on the appraisal of one to four unit residential properties.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Substitution
 - Supply and demand
 - Surplus Productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each approach to value
 - Reconciliation and final value estimate
 - The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Statistical Concepts
 - Mean
 - Median
 - Mode
 - Range
 - Standard deviation
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
- (m) Income Approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Gross rent multiplier
- (n) Valuation of Partial Interests
 - Life estates

- Undivided interest in commonly held property
- Easements
- Timeshares
- Cooperatives
- Leased fee estate
- Leasehold estate

(o) Appraisal Standards & Ethics

3. Experience

Two thousand hours of appraisal experience is required. If requested, experience documentation in the form of reports or file memoranda should be available to support the experience claimed.

Interpretations:

1. *The experience requirement is a minimum of 2,000 hours.* (adopted, November, 1990)
2. *Education may not be substituted for experience.* (adopted, November, 1990)
3. *An hour of experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal experience as identified in the AQB Licensed Appraiser Qualification Criteria (I.A.3.b).* (adopted, November, 1990)
4. *Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed.* (adopted, June, 1997)
5. *There is no time limit during which experience may be obtained.* (adopted, November, 1990)
6. *Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP).* (adopted, February, 1995)
7. *The appraisal process should be utilized in determining various areas which are creditable for experience purposes.* (adopted, November, 1990)
8. *The appraisal process consists of an analysis of factors that bear upon value: definition of the problem; gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value* (adopted, June, 1997)
9. *The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process.* (adopted, February 1997)

- a. Hours may be treated as cumulative in order to achieve the necessary 2,000 hours of appraisal experience.

Interpretation:

1. *Cumulative is defined as meaning that experience may be acquired over any time period.* (adopted, November, 1990)

The following is an example of cumulative experience:

Year 1	200 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	400 Hours
Year 5	500 Hours
Total	2,000 Hours

b. Acceptable appraisal experience includes, but is not limited to, the following:

Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

Interpretations:

1. *Mass Appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)
2. *Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)
3. *Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)
4. *A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP, and the individual can demonstrate that he or she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process.* (adopted, March, 1991)

5 Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2. (adopted, June, 1997)

c. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:

- (1) Type of property
- (2) Date of report
- (3) Address of appraised property
- (4) Description of work performed
- (5) Number of work hours

4. Continuing Education

1. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states consider requiring appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. The period preceding the renewal is defined to mean the continuing education term established by the state. (adopted, November, 1997)

2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination). (adopted, June, 1991)

3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5 Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

(1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

(2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.

(3) Credit for the classroom hour requirement may be obtained from the following:

(a) Colleges or Universities

- (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.
- (4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated previously in subparagraph "a" and cover real estate related appraisal topics such as those listed below.
- (a) Ad Valorem Taxation
 - (b) Arbitration
 - (c) Business courses related to practice of real estate appraisal
 - (d) Development cost estimating
 - (e) Ethics and standards of professional practice
 - (f) Land use planning, zoning, taxation
 - (g) Management, leasing, brokerage, timesharing
 - (h) Property development
 - (i) Real estate appraisal
 - (j) Real estate law
 - (k) Real estate litigation
 - (l) Real estate financing and investment
 - (m) Real estate appraisal related computer applications
 - (n) Real estate securities and syndication
 - (o) Real property exchange
- b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

II. The Certified Residential Real Property Appraiser Classification applies to the appraisal of one to four residential units without regard to transaction value or complexity.

The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the Certified Residential classification to appraise properties other than those identified within this criteria. Individuals should refer to Agency regulations and State law to determine the type of property that may be appraised by the Certified Residential appraiser.

All Certified appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*.

Interpretations:

1. *The Certified Residential Real Property Classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes. (adopted, March, 1991)*

2. *The Certified Residential Real Property Classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary. (adopted, March, 1991)*

A. Applicants must meet the following examination, education, and experience requirements. Subsequent to certification, individuals must meet the continuing education requirement.

1. Examination

a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination or its equivalent.

Interpretations:

1. *The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, March, 1991)*

2. *The Certified General examination is not equivalent to the Certified Residential Real Property Appraiser Examination. (adopted, June, 1997)*

b. Refer to the National Uniform Examination Content Outline for the Certified Residential Real Property Appraiser Classification.

2. Education

Prerequisite to sit for the examination

Interpretations:

1. "Education Criteria", for purposes of this section, should be understood as Qualifying Education Criteria. (adopted, June, 1997)

2. The only prerequisite to sit for the examination is completion of the education/classroom hour requirement. (adopted, March, 1991)

1. One hundred twenty classroom hours, which may include the ninety classroom hour requirement for the Licensed Real Property Appraiser Classification, of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*.

(1) A classroom hour is defined as fifty minutes out of each sixty minute segment.

Interpretations:

i. A classroom hour is defined as sixty minutes, of which fifty minutes are instruction. (adopted, June, 1997)

2. The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course. (adopted, March, 1991)

3. Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification. (adopted, June, 1997)

(2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering.

(3) Credit for the classroom hour requirement may be obtained from the following:

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency.

Interpretations:

1. For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g., CD ROM, on-line learning, correspondence courses, video conferencing, etc.). For qualifying education, distance education must provide interaction between the learner and instructor and include testing (adopted, June, 1997)

2. A distance education course may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, March, 1991)

(5) There is no time limit regarding when Qualifying education credit must have been obtained.

(6) State appraiser certification and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such

credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.

- (7) Various appraisal courses may be credited toward the one hundred twenty classroom hour education requirement. Applicants must demonstrate that their education involved coverage of all topics listed below with particular emphasis on the appraisal of one to four (1-4) unit residential properties.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Opportunity cost
 - Substitution
 - Supply and demand
 - Surplus productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each approach to value
 - Reconciliation and final value estimate
 - The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach

(m) Income Approach

- Estimation of income and expenses
- Operating expense ratios
- Direct capitalization
- Gross rent multiplier analysis

(n) Valuation of Partial Interests

- Life estates
- Undivided interest in commonly held property
- Easements
- Timeshares
- Cooperatives
- Leased fee estate
- Leasehold estate

(o) Appraisal Standards and Ethics

(p) Narrative Report Writing

3. Experience

2,500 hours of appraisal experience obtained during no fewer than 24 months is required. If requested, experience documentation in the form of reports or file memoranda should be available to support the experience claimed. Hours may be treated as cumulative in order to achieve the necessary 2,500 hours of appraisal experience.

Interpretations:

1. *The experience requirement is a minimum of 2,500 hours and two calendar years. There is no limitation on the number of hours which may be awarded in any year.* (adopted, March, 1991)

2. *Education may not be substituted for experience.* (adopted, March, 1991)

3. *An hour of experience is defined as verifiable time spent performing tasks in accordance with acceptable appraisal experience as identified in the AQB Certified General Appraiser Qualification Criteria (II.A.3.b.).* (adopted, March, 1991)

4. *Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed.* (adopted, June, 1997)

5. *There is no time limit during which experience may be obtained.* (adopted, March, 1991)

6. *Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP).* (adopted, February, 1995)

7. *The appraisal process should be utilized in determining various areas which are creditable for experience purposes.* (adopted, March, 1991)

8. *The appraisal process consists of an analysis of factors that bear upon value: definition of the problem; gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value.* (adopted, June, 1997)

9. *Cumulative is defined as meaning that experience may be acquired over any time period in two years. There is no minimum number of hours which must be acquired in any one year.* (adopted, March, 1991)

The following is an example of cumulative experience:

Year 1	700 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	400 Hours
Year 5	500 Hours
Total	2,500 Hours

10. *2,500 hours of experience and 24 months are required. The hours may be cumulative, but the required number of months of real estate appraisal experience must accrue before an individual can be certified.* (adopted, February, 1995)

11. *The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process.* (adopted, February, 1997)

a. *Acceptable appraisal experience includes, but is not limited to, the following:*

- Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

This should not be construed as limiting experience credit to only those individuals who are state licensed.

Interpretations:

1. *Mass appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)

2. *Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)

3. *Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1.* (adopted, June, 1997)

4. *A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP, and the individual can demonstrate that he or she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process.* (adopted, March, 1991)

5. *Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2.* (adopted, June, 1997)

b. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:

1. Type of property
2. Date of report
3. Address of appraised property
4. Description of work performed
5. Number of work hours

4. Continuing Education

a. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states consider requiring appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. *The period preceding the renewal is defined to mean the continuing education term established by the state.* (adopted, November, 1997)

2. *Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination).* (adopted, June, 1991)

3. *For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g. CD ROM, on-line learning, correspondence courses, video conferencing, etc.).* (adopted, June, 1997)

4. *Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions:* (adopted, June, 1997)

a) *The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or* (adopted, June, 1997)

b) *The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements:* (adopted, June, 1997)

i) *The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and* (adopted, June, 1997)

ii) *The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the*

course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- (3) Credit for the classroom hour requirement may be obtained from the following:
 - (a) Colleges or Universities
 - (b) Community or Junior Colleges
 - (c) Real Estate Appraisal or Real Estate Related Organizations
 - (d) State or Federal Agencies or Commissions
 - (e) Proprietary Schools
 - (f) Other providers approved by the state certification/licensing agency.
- (4) Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated previously in subparagraph a and cover real estate related appraisal topics such as those listed below.
 - (a) Ad Valorem Taxation
 - (b) Arbitration
 - (c) Business courses related to practice of real estate appraisal
 - (d) Development cost estimating
 - (e) Ethics and standards of professional practice
 - (f) Land use planning, zoning, taxation
 - (g) Management, leasing, brokerage, timesharing
 - (h) Property development
 - (i) Real estate appraisal
 - (j) Real estate law
 - (k) Real estate litigation
 - (l) Real estate financing and investment
 - (m) Real estate appraisal related computer applications

(n) Real estate securities and syndication

(o) Real property exchange

- b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.



CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

III. The Certified General Real Property Appraiser Classification

applies to the appraisal of all types of real property

All Certified appraisers are bound by the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*

All Applicants must meet the following examination, education, and experience requirements. Subsequent to certification, an individual must meet the continuing education requirement

1 Examination

- a Successful completion of the Appraiser Qualifications Board endorsed Uniform State Certified General Real Property Appraiser Examination or its equivalent

Interpretation

1 The examination must be successfully completed. There is no alternative to successful completion of the examination (adopted, November 1990)

- b Refer to the National Uniform Examination Content Outline for the Certified General Real Property Appraiser Classification

2 Education

Prerequisite to sit for the examination

Interpretations

1 "Education Criteria", for purposes of this section, should be understood as *Qualifying Education Criteria* (adopted, June, 1997)

2 The only prerequisite to sit for the examination is completion of the education/classroom hour requirement (adopted, November, 1990)

- a One hundred eighty classroom hours, which may include the ninety classroom hour requirement for the Licensed Real Property Appraiser Classification or the one hundred twenty classroom hour requirement for the Certified Residential Real Property Appraiser Classification, of courses in subjects related to real estate appraisal which shall include 15 classroom hours relative to the *Uniform Standards of Professional Appraisal Practice*

(1) A classroom hour is defined as fifty minutes out of each sixty minute segment

Interpretations

1 A classroom hour is defined as sixty minutes, of which fifty minutes are instruction (adopted June, 1997)

2 The prescribed number of classroom hours includes time devoted to examinations which are considered to be part of the course (adopted, November, 1990)

3 Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification (adopted, June, 1997)

(2) Credit toward the classroom hour requirement may only be granted where the length of the educational offering is at least fifteen hours, and the individual successfully completes an examination pertinent to that educational offering

(3) Credit for the classroom hour requirement may be obtained from the following

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency

Interpretations

1 For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor (e.g. CD ROM on-line learning, correspondence courses, video conferencing, etc.) For qualifying education, distance education must provide interaction between the learner and instructor and include testing (adopted, June, 1997)

2 A distance education course may be acceptable to meet the classroom hour requirement or its equivalent provided that the course is approved by the state certification/licensing authority and meets one of the following conditions (adopted, June 1991)

a) The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, and (adopted, June, 1991)

i) The learner successfully completes a written examination proctored by an official approved by the college or university and (adopted June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours; (adopted, June, 1991)

b) The course has received the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit, or has been approved under the AQB Course Approval Program; and (adopted, November, 1992)

i) The learner successfully completes a written examination proctored by an official approved by the presenting entity; and (adopted, June, 1991)

ii) The course meets the requirements for qualifying education established by the Appraiser Qualifications Board and is equivalent to the minimum of 15 classroom hours. (adopted, June, 1991)

(4) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

Interpretation:

1. Experience may not be substituted for education. (adopted, November, 1990)

- (5) There is no time limit regarding when Qualifying education credit must have been obtained.
- (6) State appraiser certifying and licensing agencies may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that such credit was granted by the course provider prior to July 1, 1990, and provided further that the state agency is satisfied with the quality of the challenge examination that was administered by the course provider.
- (7) Various appraisal courses may be credited toward the one hundred eighty classroom hour education requirement. Applicants must demonstrate that their education included coverage of all topics listed below with particular emphasis on the appraisal of non-residential properties. Residential is defined as one to four residential units.

Interpretations:

1. Credit awarded for the classroom hour requirement when an individual seeks a different classification than that held may also be awarded for the continuing education requirement of the classification held. (adopted, June, 1991)

2. Courses taken in satisfying the qualifying education requirements should not be repetitive in nature. Each course credited toward the required number of qualifying education hours

should represent a progression in which the appraiser's knowledge is increased. (adopted, November, 1993)

- (a) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
- (b) Legal Considerations in Appraisal
 - Real estate vs. real property
 - Real property vs. personal property
 - Limitations on real estate ownership
 - Legal rights and interests
 - Forms of property ownership
 - Legal descriptions
 - Transfer of title
- (c) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
 - Going Concern Value
- (d) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Opportunity cost
 - Substitution
 - Supply and demand
 - Surplus productivity
- (e) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
- (f) Valuation Process
 - Definition of the problem
 - Collection and analysis of data
 - Analysis of highest and best use
 - Application and limitations of each
 - Approach to value
 - Reconciliation and final value estimate

- The appraisal report
- (g) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
- (h) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
- (i) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
- (j) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
- (k) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Ground rent capitalization
 - Subdivision analysis
 - Plottage and assemblage
- (l) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
- (m) Income Approach
 - Estimation of income and expenses
 - Operating statement ratios
 - Direct capitalization
 - Cash flow estimates (before tax only)
 - Measures of cash flow
 - Discounted cash flow analysis (DCF)
- (n) Valuation of Partial Interests
 - Interests created by a lease
 - Lease provisions
 - Valuation considerations
 - Other partial interests
- (o) Appraisal Standards and Ethics
- (p) Narrative Report Writing

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

Interpretations:

1. *The experience requirement is a minimum of 3,000 hours and 30 months. There is no limitation on the number of hours which may be awarded in any year. (adopted, November, 1990)*
2. *Education may not be substituted for experience. (adopted, November, 1990)*
3. *An hour of experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal experience as identified in the AQB Certified General Appraiser Qualification Criteria (III.A.3.b). (adopted, November, 1990)*
4. *Experience documentation in the form of reports or file memoranda, or if unavailable, other evidence at the credentialing authority's discretion, must be provided to support the experience claimed. (adopted, June, 1997)*
5. *There is no time limit during which experience may be obtained. (adopted, March, 1991)*
6. *Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)*
7. *The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, November, 1990)*
8. *The appraisal process consists of an analysis of factors that bear upon value: definition of the problem, gathering and analyzing data; applying the appropriate value approaches and methodology; arriving at an opinion of value and reporting the opinion of value. (adopted, June, 1997)*
9. *Cumulative is defined as meaning that experience may be acquired over any time period. There is no minimum number of hours which must be acquired in any one year. (adopted, November, 1990)*

The following is an example of cumulative experience:

<i>Year 1</i>	<i>1,200 Hours</i>
<i>Year 2</i>	<i>800 Hours</i>
<i>Year 3</i>	<i>100 Hours</i>
<i>Year 4</i>	<i>400 Hours</i>
<i>Year 5</i>	<i>500 Hours</i>
<i>Total</i>	<i>3,000 Hours</i>

3. Experience

3,000 hours of appraisal experience obtained during no fewer than 30 months is required. If requested, experience documentation in

10. 3,000 hours of experience and 30 months are required. The hours may be cumulative, but the required number of months of real estate appraisal experience must accrue before an individual can be certified. (adopted, February, 1995)

11. The time spent driving to and from an appraisal assignment ("drive time") may qualify as appraisal experience if it is considered to be a part of the appraisal process. (adopted, February 1997)

- a. The applicant, for experience credit, must have accumulated a total of three thousand hours of appraisal experience of which at least one thousand five hundred hours must be in non-residential appraisal work. Residential is defined as one to four residential units.
- b. Acceptable appraisal experience includes, but is not limited to, the following:
 - Fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.This should not be construed as limiting experience credit to only those individuals who are licensed or certified residential.

Interpretations:

1. Mass appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
2. Review appraisal experience must conform to USPAP Standard 3 subsequent to January 1, 1991. Review appraisal experience should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
3. Real estate or real property consulting services, including market analysis, cash flow and/or investment analysis, and feasibility analysis must conform to USPAP Standards 4 and 5 subsequent to January 1, 1991. Experience credit for these functions should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practicing under USPAP Standard 1. (adopted, June, 1997)
4. A market analysis typically performed by a Real Estate Broker or Sales Person should be awarded experience credit when the analysis is prepared in conformity with Standards 1 and 2 of USPAP, and the individual can demonstrate that he or

she is using similar techniques as appraisers to value properties and effectively utilizes the appraisal process. (adopted, March, 1991)

5. Real property appraisal experience credit should be awarded for appraisals of real estate components or interests unless the appraiser has not complied with USPAP Standards 1 and 2. (adopted, June, 1997)

- c. The verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency which should include:
 - (1) Type of property
 - (2) Date of report
 - (3) Address of appraised property
 - (4) Description of work performed
 - (5) Number of work hours

4. Continuing Education

- a. The equivalent of fourteen classroom hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year continuing education term would require twenty-eight hours.)

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

The Appraiser Qualifications Board strongly recommends that states require appraisers to enroll periodically in coursework relative to the *Uniform Standards of Professional Appraisal Practice*.

Continuing education hours may be obtained anytime during the term.

Interpretations:

1. The period preceding the renewal is defined to mean the continuing education term established by the state. (adopted, November, 1997)
2. Credit awarded for the continuing education requirement may also be awarded for the qualifying education classroom hour requirement when an individual seeks a different classification than that held, providing the educational offering meets the criteria established (i.e., minimum length of 15 hours and successful completion of an examination). (adopted, June, 1991)
3. For continuing education, distance education is defined as any educational process based on the geographical separation of instructor and learner (e.g., CD ROM, on-line learning, cor-

respondence courses, video conferencing, etc.). (adopted, June, 1997)

4. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the state certification/licensing authority and meets one of the following conditions: (adopted, June, 1997)

a) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or (adopted, June, 1997)

b) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualification Board's approval through the AQB Course Approval Program; and the course meets the following requirements: (adopted, June, 1997)

i) The course is equivalent to a minimum of 2 classroom hours in length and meets the requirements for real estate appraisal-related courses established by the Appraiser Qualifications Board; and (adopted, June, 1997)

ii) The student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required for accreditation, the student successfully completes the course mechanisms required for accreditation which demonstrate mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted, June, 1997)

5. Real estate appraisal related field trips are acceptable for continuing education credit. However, transit time to or from the field trip location should not be included when awarding credit if instruction does not occur. (adopted, February, 1996)

- (1) A classroom hour is defined as fifty minutes out of each sixty minute segment.
- (2) Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.

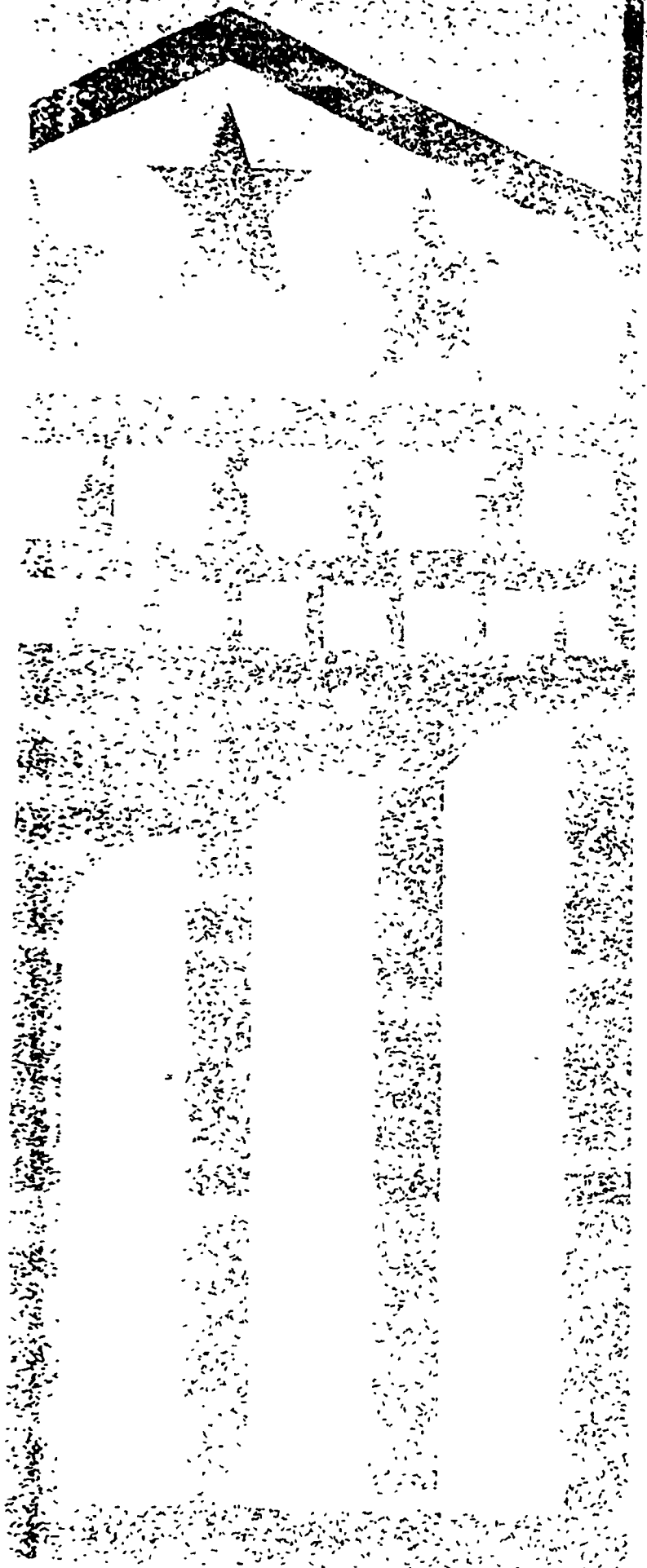
(3) Credit for the classroom hour requirement may be obtained from the following:

- (a) Colleges or Universities
- (b) Community or Junior Colleges
- (c) Real Estate Appraisal or Real Estate Related Organizations
- (d) State or Federal Agencies or Commissions
- (e) Proprietary Schools
- (f) Other providers approved by the state certification/licensing agency.

(4) Credit may be granted for educational offerings which are consistent with the purposes of continuing education stated previously in subparagraph "a" and cover real estate related appraisal topics such as those listed below.

- (a) Ad Valorem Taxation
- (b) Arbitration
- (c) Business courses related to practice of real estate appraisal
- (d) Development cost estimating
- (e) Ethics and standards of professional practice
- (f) Land use planning, zoning, taxation
- (g) Management, leasing, brokerage, timesharing
- (h) Property development
- (i) Real estate appraisal
- (j) Real estate financing and investment
- (k) Real estate law
- (l) Real estate litigation
- (m) Real estate appraisal related computer applications
- (n) Real estate securities and syndication
- (o) Real property exchange

b. Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which are determined to be equivalent to obtaining continuing education.



THE APPRAISAL FOUNDATION
*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

The Appraisal Foundation
1029 Vermont Avenue, NW
Suite 900
Washington, DC 20005

telephone 202.347.7722
facsimile 202.347.7727
fax-on-demand 202 624.3060
www.appraisal foundation org



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF CERTIFIED
REAL ESTATE APPRAISERS**

(717) 783-4866

116 PINE STREET
P.O. BOX 2649
HARRISBURG, PA
17105-2649

October 21, 1999

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
Harristown 2, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Proposed Rulemaking of the State Board of Certified Real Estate
Appraisers Relating to Qualifications for Certification (16A-7010)

Dear Chairman McGinley:

Enclosed is a copy of a proposed rulemaking package of the State Board of Certified Real Estate Appraisers that relates to qualifications for certification.

A notice of proposed rulemaking will be published in the Pennsylvania Bulletin on November 6, 1999, triggering a 30-day public comment period.

The Board stands ready to provide whatever information or assistance your Commission may require in its review of this proposed rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. King', written over a horizontal line.

David J. King, Chairman
State Board of Certified Real Estate Appraisers

DJK:SW:apm
Enclosure

cc: **Steven V. Turner, Chief Counsel**
Department of State

Dorothy Childress, Commissioner
Bureau of Professional and Occupational Affairs

Joyce McKeever, Deputy Chief Counsel
Department of State

Gerald S. Smith, Senior Counsel in Charge
Bureau of Professional and Occupational Affairs

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers

State Board of Certified Real Estate Appraisers

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT

RECEIVED

I.D. NUMBER: 16A-7010

SUBJECT: State Board of Certified Real Estate Appraisers - Qualifications for Certification

AGENCY: DEPARTMENT OF STATE

1999 OCT 21 PM 3:54

INDEPENDENT REGULATORY
REVIEW COMMISSION

TYPE OF REGULATION

X Proposed Regulation

Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions b. Without Revisions

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
10/21/99		HOUSE COMMITTEE ON PROFESSIONAL LICENSURE
		SENATE COMMITTEE ON CONSUMER PROTECTION & PROFESSIONAL LICENSURE
10/21/99		
10/21/99		INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL
10/21/99		LEGISLATIVE REFERENCE BUREAU

October 12, 1999