

<b>REGULATORY REVIEW COMMISSION</b>		<b>This space for use by IRRC</b>  <b>RECEIVED</b>  2000 MAY -3 PM 1:57  REGULATORY REVIEW COMMISSION  
<b>(1) Agency</b> <b>Department of State, Bureau of Professional and Occupational Affairs, State Board of Certified Real Estate Appraisers</b>		<b>IRRC Number:</b> 2074
<b>(2) I.D. Number (Governor's Office Use)</b> <b>16A-7010</b>		
<b>(3) Short Title</b> <b>Qualifications for Certification</b>		
<b>(4) PA Code Cite</b> <b>49 Pa. Code §§36.11 and 36.12</b>	<b>(5) Agency Contacts &amp; Telephone Numbers</b>  <b>Primary Contact: Steven Wennberg, Board Counsel</b> <b>783-7200</b>  <b>Secondary Contact: Joyce McKeever, Deputy Chief Counsel, 783-7200</b>	
<b>(6) Type of Rulemaking (check one)</b> <input type="checkbox"/> Proposed Rulemaking <input checked="" type="checkbox"/> Final Order Adopting Regulation <input type="checkbox"/> Final Order, Proposed Rulemaking Omitted	<b>(7) Is a 120-Day Emergency Certification Attached?</b>  <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
<b>(8) Briefly explain the regulation in clear and nontechnical language.</b> <b>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)</b>		
<b>(9) State the statutory authority for the regulation and any relevant state or federal court decisions.</b> <b>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)</b>		

(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
<b>SAVINGS:</b>	None	None	None	None	None	None
<b>Regulated</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Savings</b>						
<b>COSTS:</b>	None	None	None	None	None	None
<b>Regulated</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>	None	None	None	None	None	None
<b>Regulated</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Revenue Losses</b>						

(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
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 action; 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). (5-9-97)

**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. (7-13-97)

**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](http://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](mailto: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.

## TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- (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; 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.



## 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, 1995)

- (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

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

- 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)

## CENSED REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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)*

## FIELD 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)

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:

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, 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



## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

### (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)
  1. 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)

X

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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

TIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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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.

## 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*.

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)

**CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA**

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/PO/NSI) 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

**CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA**

- 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:*

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

**3. Experience**

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

## CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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-

CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION OF THE APPRAISER QUALIFICATION CRITERIA

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.

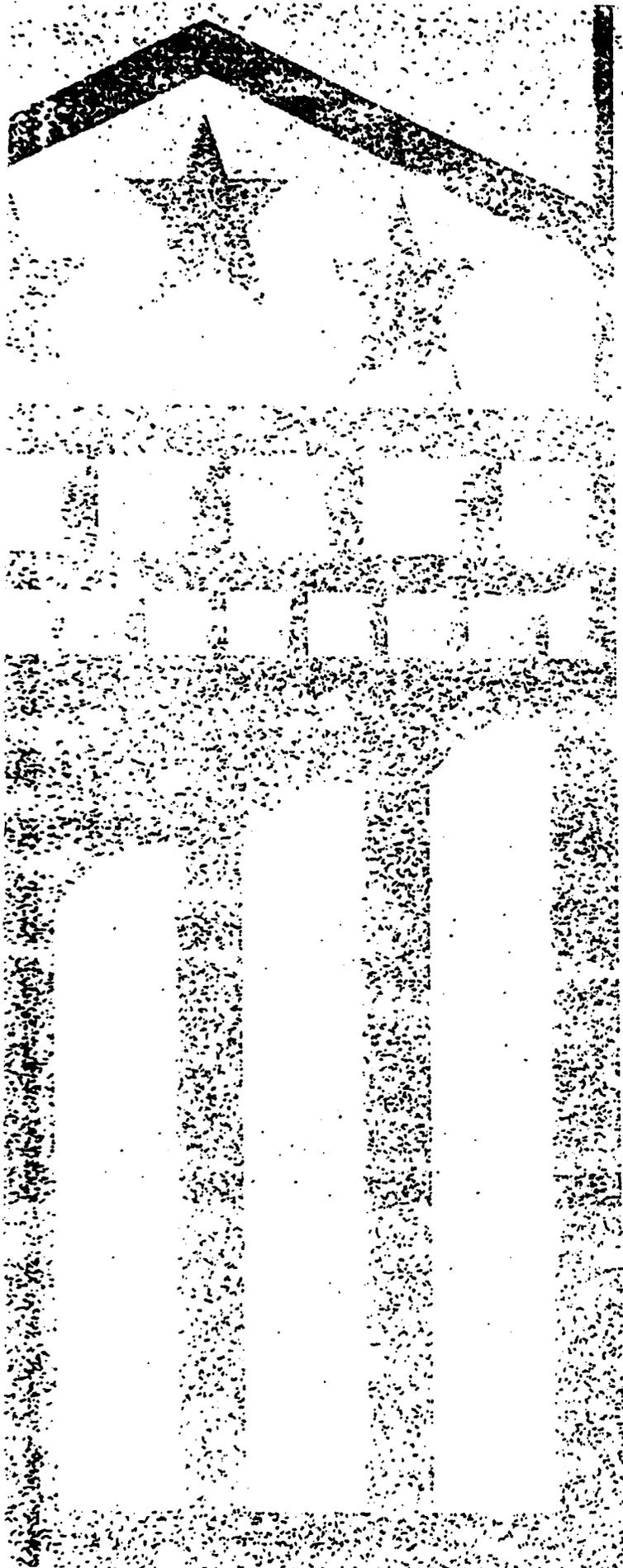
(3) Credit for the classroom hour requirement may be obtained from the following:

- (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.appraisalfoundation.org](http://www.appraisalfoundation.org)

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(DEPUTY ATTORNEY GENERAL)

State Board of  
Certified Real Estate Appraisers  
\_\_\_\_\_  
(AGENCY)

BY: [Signature]

DOCUMENT/FISCAL NOTE NO. 16A-7010

4/10/00  
DATE OF APPROVAL

\_\_\_\_\_  
DATE OF APPROVAL

DATE OF ADOPTION: \_\_\_\_\_

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.

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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
Year 5	[ 500 ]	100 Hours
<u>Total</u>	[ 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. 99-1673. 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. King", written over a horizontal line.

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**

**RECEIVED**

I.D. NUMBER:	16A-7010	2000 MAY -3 PM 1:57
SUBJECT:	State Board of Certified Real Estate Appraisers	INDEPENDENT REGULATORY REVIEW COMMISSION
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	<i>Lori A. Clark</i>	HOUSE COMMITTEE ON PROFESSIONAL LICENSURE
MAY 13 2000	<i>Grant E. Zuber</i>	SENATE COMMITTEE ON CONSUMER PROTECTION & PROFESSIONAL LICENSURE
5-3-00	<i>Jessica Villanueva</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL
		LEGISLATIVE REFERENCE BUREAU

April 10, 2000