

Regulatory Analysis Form

This space for use by IRRC

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

RECEIVED

2007 MAY -3 AM 10:16

(2) I.D. Number (Governor's Office Use)
16A-7014

INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: **2537**

(3) Short Title
General Revisions

(4) PA Code Cite
49 Pa. Code §§36.1-36.3, 36.11-36.13, 36.41, 36.43, 36.51, 36.52, 36.54, 36.91, 36.224, 36.225, 36.261, 36.263, 36.271, and 36.281

(5) Agency Contacts & Telephone Numbers

Primary Contact: **Steven Wennberg, Board Counsel
783-7200**

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

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

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

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

(8) Briefly explain the regulation in clear and nontechnical language.

The amendments constitute a general revision and updating of the Board's regulations. Specifically, the amendments implement new Federally mandated education criteria for certified residential and general appraisers; revise current Board requirements to conform to existing Federal criteria relating to distance education and appraisal teaching experience; clarify the manner in which applicants for certification as residential and general appraisers may obtain qualifying experience in the preparation of appraisal reports; clarify the duties of residential and general appraisers when supervising appraisal assistants; upgrade the continuing education requirement for certified Pennsylvania evaluators; and make editorial and organizational changes to the regulations to improve comprehension.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

Section 5(2) of the Real Estate Appraisers Certification Act (REACA) (63 P.S. §457.5(2)) authorizes the Board to promulgate regulations necessary to carry out the purposes of the REACA, while Section 6(f) of the REACA (63 P.S. §457.6(f)) authorizes the Board to prescribe certification requirements that are consistent with Federal law. Section 3 of the Assessors Certification Act (ACA) (63. P.S. §458.3) authorizes the Board to promulgate regulations necessary to carry out the purposes of the ACA, while Sections 4(d) and 12 of the ACA (63 P.S. §§458.4(d) and 458.12) authorize the Board to promulgate regulations relating to certification requirements for certified Pennsylvania evaluators.

Regulatory Analysis Form

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

Section 6(d) and (e) of the REACA (63 P.S. §457.6(d) and (e)) requires candidates for certification as residential and general appraisers to satisfy the education and experience requirements mandated by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The Appraiser Qualifications Board (AQB) is the Federal body that establishes education and experience qualifications for residential and general appraisers under FIRREA. The AQB has mandated the amendments relating to the new education requirements for residential and general appraisers, the distance education standards applicable to educational offerings for residential and general appraisers, and the unacceptability of teaching experience towards the appraisal experience requirement for residential and general appraisers. The AQB's new education requirements will become effective January 1, 2008; the AQB's requirements relating to distance education and teaching experience are currently in effect. (A copy of the AQB's Real Property Appraiser Qualification Criteria, with interpretations, is attached as Exhibit 1.)

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

The amendments are necessary (1) to ensure that Pennsylvania remains in compliance with the requirements of FIRREA; (2) to provide guidance to prospective appraisers about certification requirements; (3) to clarify the Board's position on certain appraiser practice issues; and (4) to harmonize the Board's regulations for certified Pennsylvania evaluators with those for certified appraisers.

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

The principal risk associated nonregulation is that Federal authorities could conclude that Pennsylvania's appraiser regulatory scheme is not in compliance with FIRREA and that Pennsylvania-certified appraisers should not be permitted to perform appraisals in Federally related transactions. A secondary risk associated with nonregulation is that certified appraisers and candidates for appraiser certification may misapprehend applicable standards relating to certification and practice under the REACA.

(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 entire regulated community will benefit from the amendments. The public at large also will benefit from the amendments as the result of improvements in appraiser qualifications and practice standards.

Regulatory Analysis Form

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

The Board cannot identify any group that will be adversely affected by the amendments.

(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.)

The amendments will affect certificate-holders and candidates for certification under the REACA and the ACA. There are currently approximately 1,800 active residential appraisers, 1,130 active general appraisers, 945 active broker/appraisers, and 465 active certified Pennsylvania evaluators. Each year approximately 50 persons are credentialed as residential and general appraisers (combined) and approximately 50 persons are credentialed as certified Pennsylvania evaluators.

(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 drafting the amendments, the Board solicited comments from the Council of Pennsylvania Real Estate Appraisers, the Pennsylvania Association of Realtors, the Assessors Association of Pennsylvania, and the Appraisal Subcommittee. The first three organizations represent the interests of residential appraisers, general appraisers, broker/appraisers and certified Pennsylvania evaluators in Pennsylvania; the last organization is a Federal agency that oversees the States' compliance with the requirements under FIRREA.

(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 amendments will result in many candidates for certification as residential or general appraisers incurring costs associated with meeting the new education requirements for certification that will take effect January 1, 2008. Candidates will be required to complete an additional 80 to 120 classroom hours in prescribed appraisal subjects as well as a minimum number of college credits in general education courses. These costs cannot be quantified. The amendments also will likely result in savings to certified residential and general appraisers, who will no longer be required to accompany appraisal assistants on each property inspection. These savings cannot be quantified. The amendments will not require new legal, accounting or consulting procedures.

Regulatory Analysis Form

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

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

Regulatory Analysis Form

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

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	None	None	None	None	None	None
Regulated		See 17	See 17	See 17	See 17	See 17
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated			See 17	See 17	See 17	See 17
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Revenue Losses						

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

As set forth in Item 17, the estimated costs and savings to the regulated community from the amendments cannot be quantified.

Regulatory Analysis Form

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

Program	FY -3	FY -2	FY -1	Current FY
Appraiser	\$467,429	\$569,816	\$525,272	\$711,000 (est.)

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

The amendments implement Federally mandated appraiser certification criteria and clarify substantive appraiser regulatory requirements at no cost, and with some unquantifiable savings, for certified appraisers and the public at large. The amendments' unquantifiable cost impact on candidates for appraiser certification is insufficient to overcome the benefit to the public at large of having better-trained appraisers.

(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.

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

Because the Board's proposal only amends 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 amendments are equivalent to, not more stringent than, Federal standards applicable to certified residential and general appraisers.

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

The amendments' requirements for certified residential and general appraisers are comparable to those of other States. States must comply with Federal appraiser standards in order to make their residential and general appraisers eligible to perform appraisals in Federally related transactions. The Board does not have any information about whether the amendments' requirements for certified broker/appraisers and certified Pennsylvania evaluators (property tax assessors) are comparable to those of other States.

The amendments will not put Pennsylvania at a competitive disadvantage with other States. The appraisal and assessment of real estate in Pennsylvania must be performed by persons credentialed under Pennsylvania law. Persons credentialed in other States must meet Pennsylvania certification requirements in order to conduct appraisal and assessment activities in Pennsylvania. None of the major organizations representing the real estate appraising and assessing professions in Pennsylvania have advised the Board that the amendments will cause Pennsylvania appraisers and assessors to seek employment in other States with less stringent requirements.

(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 amendments will not affect other existing or proposed regulations of the Board or the existing or proposed regulations of another Commonwealth 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 regarding this final rulemaking.

Regulatory Analysis Form

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

The amendments will require certified residential and general appraisers to provide written notification to the Board when they employ appraisal assistants and to maintain appraisal assistant checklists for the appraisal reports that the assistants helped to prepare. The amendments will not affect other reporting, record keeping and paperwork requirements.

(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 amendments will apply uniformly to all affected groups.

(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 amendments will take effect upon final publication in the Pennsylvania Bulletin.

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

The Board regularly evaluates the effectiveness of regulations during its monthly meetings.

RECEIVED

2007 MAY -3 AM 10:16

INDEPENDENT REGULATORY REVIEW COMMISSION

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

2537

DO NOT WRITE IN THIS SPACE

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

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

Copy below is approved as to form and legality. Executive or Independent Agencies.

State Board of Certified
Real Estate Appraisers



BY _____
(DEPUTY ATTORNEY GENERAL)

(AGENCY)

BY: _____

Andrew C. Clark
MAR 29 2007

DOCUMENT/FISCAL NOTE NO. 16A-7014

DATE OF ADOPTION: _____

DATE OF APPROVAL

DATE OF APPROVAL

BY: 

Robert F. McRae

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

Chairman

TITLE: (EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

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

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

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)

GENERAL REVISIONS

PREAMBLE

The State Board of Certified Real Estate Appraisers (Board) amends Chapter 36, to read as set forth in Annex A, by revising §§36.1-36.3, 36.11-36.13, 36.41, 36.43, 36.51, 36.52, 36.91, 36.224, 36.261, 36.263, 36.271 and 36.281; by adding §36.54; and by deleting §36.225.

The final-form rulemaking constitutes a general updating and revision of the Board's regulations. Specifically, the amendments implement new Federally-mandated education and experience criteria for the initial certification of residential real estate appraisers and general real estate appraisers that will take effect in January 2008; revise current Board requirements to conform to existing Federal criteria relating to distance education, continuing education and appraisal teaching experience; clarify the manner in which applicants for certification as residential and general appraisers may obtain qualifying experience in the preparation of appraisal reports; clarify the duties of residential and general appraisers when supervising the activities of appraisal assistants; upgrade the continuing education requirement for certified Pennsylvania evaluators (CPEs); and make editorial and organizational changes to the regulations to improve clarity and comprehension.

Statutory Authority

The final-form rulemaking is authorized under sections 5(2), 6(f) and 10(b) of the Real Estate Appraisers Certification Act (REACA) (63 P.S. §§457.5(2), 457.6(f) and 457.10(b)) and sections 3, 4(d) and 12 of the Assessors Certification Act (ACA) (63 P.S. §§458.3, 458.4(d) and 458.12).

Summary of Comments and Responses to Proposed Rulemaking

The Board published a notice of proposed rulemaking at 36 Pa. B. 2530 (May 27, 2006), with a 30-day public comment period. The Board received comments from the Appraisal Subcommittee (ASC), a Federal agency charged with overseeing the activities of state appraiser regulatory bodies, and the Pennsylvania Association of Realtors (PAR).

The Board received comments from the Independent Regulatory Review Commission (IRRC) and the House Professional Licensure Committee (House Committee) as part of their review of proposed rulemaking under the Regulatory Review Act (71 P.S. §§745.1-745.14). The Board did not receive comments from the Senate Committee on Consumer Protection and Professional Licensure (Senate Committee) as part of its review of proposed rulemaking under the Regulatory Review Act.

Federal oversight

As noted in the preamble of the notice of proposed rulemaking, the REACA's provisions require the Board to comply with the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) (Pub. L. No. 101-73, 103 Stat. 183), the Federal legislation that established the broad framework by which state appraiser regulatory bodies are to credential appraisers to perform appraisals in Federally-related transactions. The non-profit Appraisal Foundation, through its Appraiser Qualifications Board (AQB) and the Appraisal Standards Board (ASB), is charged under the FIRREA with establishing the minimum initial education, continuing education, examination and experience requirements for state-credentialed appraisers and establishing the minimum practice standards, known as the Uniform Standards of Professional Appraisal Practice (USPAP), for use by state-credentialed appraisers. The ASC, an arm of the Federal Financial Institutions Examination Council, is charged under the FIRREA with overseeing the activities of states and the Appraisal Foundation in carrying out the requirements of the FIRREA.

The House Committee asked the Board to explain the process by which the ASC and states ensure compliance with the FIRREA and to describe the nature of the ASC's contacts with the Board with respect to the rulemaking.

The Board receives regular notifications from the AQB and the ASB about proposed and finalized changes in appraiser qualifications and practice standards, respectively. The ASC monitors the activities of states through periodic on-site field reviews of state appraiser regulatory programs and maintaining frequent communications with state appraiser regulatory agencies. Until September 2005, each state appraiser regulatory program was reviewed by the ASC at least once every 3 years; the new review cycle is every 2 years. The ASC has promulgated a series of policy statements that establish the framework by which the ASC evaluates a state appraiser regulatory program for compliance with the FIRREA. The policy statements cover the areas of state regulatory structure and independence of functions, appraiser classifications, appraisal standards, written appraisal reports, temporary practice, reciprocity, prohibition against discrimination, national registry of state certified and licensed appraisers, information sharing, and enforcement.

In preparing for a field review, the ASC staff obtains from the state appraiser regulatory agency copies of all current laws, regulations and policies, minutes of agency meetings, a log of all complaints received, a listing of approved education courses, and other information relevant to the administration of the state appraiser regulatory program. The field review is conducted over a period of 2 or 3 days, usually in conjunction with a meeting of the state appraiser regulatory agency, and evaluates every aspect of the state appraiser regulatory program, with special emphasis being given to enforcement activities. The ASC staff reports its findings and recommendations to the ASC, which, in turn, issues a field review letter to the state appraiser regulatory agency. The ASC's field review letter identifies those aspects of the state appraiser regulatory program that require improvement in order for the state to

maintain compliance with the requirements of the FIRREA and invites the state appraiser regulatory agency to submit its responsive comments.

In its 2000 and 2003 field reviews, the ASC recommended that the Board revise its regulations for consistency with AQB criteria, specifically with regard to distance education and appraisal teaching experience. In January 2004, the ASC reviewed an exposure draft of the recommended revisions that were included as part of a general updating of the Board's regulations. The Board subsequently decided to expand its rulemaking to include the significant changes in AQB criteria that were approved in February 2004 and will take effect on January 1, 2008. On June 19, 2006, the ASC submitted comments on the proposed rulemaking as a follow-up to its field review on June 7-8, 2006.

§36.2 -- Compliance with new requirements

The proposed rulemaking restated, in §36.2(e) (relating to application process), the existing rule that an applicant for initial certification as a residential or general appraiser is required to comply with any increased education or experience requirements that take effect between the applicant's filing of an application for initial certification and the applicant's passing the certification examination. The proposed rulemaking further provided that an exception to this rule is set forth in §§36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser), which prescribe the education and experience requirements for initial certification as a residential appraiser and general appraiser, respectively.

The House Committee asked whether the rule embodied in §36.2(e) is mandated by the ASC, and IRRC questioned the reasonableness of requiring an applicant to complete additional requirements after the applicant has already paid a fee to the Board and has been approved to sit for the certification examination. As stated in the preamble of the notice of proposed rulemaking, when it last amended §36.2 (24 Pa. B. 6298 (December 17, 1994)), the Board was acting on the ASC's instructions that an applicant for initial certification must meet the AQB's education and experience requirements that are in effect at the time of certification. The exception to that rule adopted by the Board is permitted under the AQB's current qualifications criteria.

IRRC asked what notice an approved applicant would receive of an increase in education and experience requirements so that the applicant may comply before scheduling to take the certification examination. The AQB announces new education and experience requirements well in advance of their effective dates. In addition to amending its regulations, the Board publicizes pending changes in appraiser qualifications in its annual newsletter and in special mailings to individuals who are listed on the Board's voluntary registry of appraisal assistants. An applicant for initial certification would be aware of imminent new requirements prior to submitting an application.

IRRC also asked what action the Board would take if an approved applicant could not complete increased education or experience requirements within the 1-year approval period to take the certification examination. Under §36.2(c), an approved application is deemed withdrawn if the applicant does not complete the examination within 1 year. The Board would require the applicant to submit a new application, showing completion of the increased requirements. Section 6(d) and (e) of the REACA (63 P.S. §457.6(d) and (e)) requires an applicant for initial certification as a residential or general appraiser to satisfy all education and experience requirements before being admitted to the certification examination.

IRRC also questioned the need for §36.2(e) given that §§36.11 and 36.12 prescribe the education and experience requirements for initial certification. The regulation is needed because it makes clear that the filing of an application, even one that is approved by the Board, does not necessarily relieve the applicant of having to comply with new requirements that take effect prior to the applicant's initial certification.

§§36.11(b)(4), 36.12(b)(4), 36.43, 36.224 and 36.263 -- Distance education

The proposed rulemaking, through §§36.11(b)(4), 36.12(b)(4) and 36.224 (relating to distance education courses), prescribed the distance education requirements relating to initial education for a residential appraiser, general appraiser and CPE, respectively. The proposed rulemaking, through §§36.43 and 36.263 (relating to distance education), prescribed the distance education requirements relating to continuing education for a residential and general appraiser and a CPE, respectively.

The PAR noted that the distance education requirements for continuing education mandate, in most instances, that a proctored written examination be administered to the participant. The PAR commented that while a proctored written examination is appropriate for distance education courses that are utilized to satisfy initial education requirements because of the need to verify mastery of knowledge and skills required for initial certification, such an examination requirement is less useful for distance education courses that are utilized for continuing education purposes because it defeats the important benefits of convenience and flexibility that help practitioners maintain current competency. The PAR further commented that many on-line continuing education courses are designed with an on-line examination function that measures mastery of the course material. IRRC's comments reiterated the concerns expressed by the PAR.

The Board agrees with the PAR and IRRC that a proctored written examination is not necessary for a distance education course offered for continuing education purposes. The Board's current regulations do not require an examination for continuing education courses that are offered in a non-distance education format. Moreover, AQB distance education criteria relating to continuing education

courses stipulate that as an alternative to having the participant successfully complete a proctored written examination, it is acceptable if the participant "successfully completes the course mechanisms required for [course] accreditation that evidence the [participant's] mastery and fluency of the course content." The final-form rulemaking incorporates this language into §§36.43 and 36.263.

IRRC also asked whether "on-line" courses are acceptable as distance education under the Board's regulations. The definition of "distance education" in §36.1 (relating to definitions), which is based on AQB criteria, specifically refers to "on-line learning." Accordingly, on-line courses may be accepted as distance education if they satisfy the distance education requirements prescribed in §§36.11(b)(4), 36.12(b)(4), 36.43, 36.224 and 36.263.

The proposed rulemaking contained references to the International Distance Education Certification Center (IDECC) in §§36.11(b)(4), 36.12(b)(4), 36.43, 36.224 and 36.263. IDECC approval of course design and delivery mechanism is required for those distance education providers that are not accredited colleges or universities and whose course offerings do not involve the presentation of the course to an organized group in an instructional setting with a qualified person available to answer questions, provide information and monitor attendance.

The House Committee requested that the Board provide additional information about IDECC. IDECC is a non-profit organization, comprised of education and regulatory specialists from the U.S. and Canada, which was formed in 2000 as a subsidiary of the Association of Real Estate License Law Officials. IDECC's initial purpose was to develop standards for certifying the delivery systems of distance education courses used in the field of real estate. IDECC evaluates such matters as verifying the identity of participants, verifying the hours completed by participants, and monitoring the appropriate levels of interactivity within the course. In recent years, IDECC's services have been used by regulators in other occupations that authorize distance education, such as insurance and real estate appraising. AQB criteria mandate that state appraiser regulatory agencies require IDECC approval.

The PAR and IRRC questioned whether IDECC approval applies to a distance education course that is offered by a "secondary provider," i.e., a provider that obtains the right to offer a course from a course developer, or "primary provider," that previously received IDECC approval as to course design and delivery mechanism. The ASC has advised the Board that, under AQB criteria, IDECC approval is required of the actual course provider, regardless of whether the course provider acquired the course from another provider with IDECC approval.

Consistent with the suggestion of the House Committee and IRRC, the final-form rulemaking includes a definition of "IDECC" in §36.1 so that the organization can be referenced elsewhere in the regulations by its abbreviation rather than by its full name.

IRRC asked whether the Board maintains a list of approved providers of distance education courses. The Board's website contains a list of approved course providers and their courses; distance education courses are specifically identified as such. The Board updates the list regularly.

§§36.11(c) and 36.12(c) -- Documentation of appraisal education

The proposed rulemaking set forth in §§36.11(c) and 36.12(c) the appraisal subjects that must be covered for initial certification as a residential appraiser and general appraiser, respectively. The regulations provide that an applicant for certification "shall demonstrate" that his classroom hours covered the required subject matter. IRRC recommended that the Board revise the regulations to state the manner in which an applicant is expected to "demonstrate" compliance. The Board does not believe such a revision is necessary. The Board's application forms for initial residential and general appraiser certification set forth with specificity the manner in which an applicant must document education and experience qualifications required for certification.

§§36.11(b)(5) and 36.12(b)(5) -- Challenge examinations

The proposed rulemaking made editorial revisions to the provisions, recodified in §§36.11(b)(5) and 36.12(b)(5), that permit an applicant for initial certification as a residential appraiser and general appraiser, respectively, to gain credit towards the appraisal education requirement through successful completion of a "challenge examination" administered by a course provider in lieu of attending the course. The provisions apply only to credit awarded by a course provider prior to January 1, 1990, and the Board must be satisfied with the quality of the challenge examination that was administered by the course provider.

The House Committee commented that "challenge examination" is used as a "term of art" in the regulations and needs to be defined. The Board does not believe a definition is necessary. The AQB, which adopted the challenge examination standard on which the Board's regulations are based, did not consider it necessary to define the term. The Board believes the essential meaning of "challenge examination" is conveyed by the regulations' reference to the fact that the examination is administered to an individual who is excused from attending the course if he receives a passing grade.

§§36.11(b)(2) and 36.12(b)(2) -- Teaching credit

The proposed rulemaking, through §§36.11(b)(2) and 36.12(b)(2), provided that an applicant for initial certification as a residential appraiser and general appraiser, respectively, may count experience teaching appraisal courses towards the appraisal education requirement. The proposed rulemaking deleted language permitting such teaching experience to count towards the appraisal experience

requirement for initial certification, but retained language stating that “[a] teacher requesting credit for the classroom hour requirement may not request credit for experience.” AQB criteria permit teachers of appraisal courses to apply their teaching experience towards the appraisal education requirement but not the appraisal experience requirement.

The ASC and IRRC recommended that §§36.11(b)(2) and 36.12(b)(2) be revised to delete the above-quoted provision to eliminate any potential confusion as to whether teaching experience may be counted towards the appraisal experience requirement. The final-form rulemaking incorporates this recommendation.

§§36.11(d) and 36.12(d) -- Post-secondary education

The proposed rulemaking set forth post-secondary education requirements in §§36.11(d) and 36.12(d) for initial certification as a residential appraiser and general appraiser, respectively, effective January 1, 2008. Section 36.11(d) provides that an applicant for initial certification as a residential appraiser must either possess an associate’s degree or have completed 21 semester credits in prescribed college level-subjects, while §36.12(d) provides that a candidate for certification as a general appraiser must either possess a bachelor’s degree or have completed 30 semester credits in prescribed college-level subjects.

The House Committee asked the Board for an explanation of the different post-secondary education requirements for residential and general appraisers and whether the Board was adding these requirements at the request of the ASC. The post-secondary education requirements for appraisers were developed by the AQB pursuant to its authority under the FIRREA to establish qualifications for appraisers in Federally-related transactions. Section 6(f) of the REACA (63 P.S. §457.6(f)) requires the Board to impose the minimum education and experience requirements imposed under the FIRREA for residential and general appraisers. The ASC would consider the Board to be non-compliant with its obligations under the FIRREA if it failed to implement the AQB’s post-secondary education requirements for appraiser candidates. According to AQB literature, the decision to establish a post-secondary education requirement, in addition to the upgraded classroom hour requirement in appraisal subjects, was based on years of research and meetings with state and Federal regulators, appraisal organizations, academicians, users of appraisal services and the general public. It is likely that the AQB determined that initial certification as a general appraiser required a higher level of post-secondary education than initial certification as a residential appraiser because a general appraiser’s scope of authority allows for more complex appraisal assignments than a residential appraiser’s scope of authority.

§§36.11(e), 36.12(e) and 36.13 -- Experience requirements

The proposed rulemaking set forth revised appraisal experience requirements in §§36.11(e) and 36.12(e) for certification as a residential appraiser and general appraiser, respectively. Sections 36.11(e)(1) and 36.12(e)(1) provided that an applicant for certification must have acquired 3,000 hours and 2,500 hours of acceptable appraisal experience, respectively, "at least 50%" of which must be in the preparation of appraisal reports. IRRC suggested that, for purposes of clarity, the language be revised to state the minimum number of hours that must be spent in the preparation of appraisal reports rather than expressing the requirement as a percentage of the total hours of experience acquired. The final-form rulemaking incorporates IRRC's recommendation by providing that an applicant for residential appraiser certification must have acquired at least 1,250 hours in the preparation of appraisal reports, while an applicant for general appraiser certification must have acquired at least 1,500 hours in the preparation of appraisal reports.

The proposed rulemaking further provided in §§36.11(e)(2) and 36.12(e)(2) that all experience acquired after January 1, 1991, must comply with USPAP. The ASC recommended that the Board revise this language to provide that all experience must be acquired after January 30, 1989, and must be USPAP-compliant. The Board notes that the ASC's recommendation is based on new AQB experience criteria that take effect January 1, 2008. The current AQB criteria do not prescribe a time limit during which experience must be acquired and only requires experience acquired after January 1, 1991, to be USPAP-compliant. In order to ensure that the Board's regulations conform to new AQB criteria, the final-form rulemaking includes language providing that effective January 1, 2008, all experience must be acquired after January 30, 1989, and must comply with USPAP. IRRC inquired whether the Board had considered the new experience standard when it drafted the proposed rulemaking. The Board had inadvertently overlooked the matter during proposed rulemaking.

The proposed rulemaking revised §36.13 (relating to experience options for preparation of appraisal reports), which sets forth the standards by which the Board evaluates experience acquired in the preparation of appraisal reports. The PAR commented that the proposed rulemaking retained an incorrect statutory citation to the Real Estate Licensing and Registration Act (63 P.S. §§455.101-455-902) in §36.13. The final-form rulemaking gives the correct citation.

§36.51 -- Compliance with USPAP

The proposed rulemaking, in amending §36.51 (relating to compliance with USPAP), provided that an appraiser who violates any provision of USPAP "may be subject to disciplinary action" under the REACA. The House Committee recommended that the language be revised to provide that any violation of USPAP "shall" subject the violator to disciplinary action under the REACA. The final-form rulemaking incorporates this revision.

§36.54 -- Supervision of appraisal assistant

The proposed rulemaking, through §36.54 (relating to supervision of appraisal assistant), prescribed the duties of a residential or general appraiser who utilizes the services of an appraisal assistant.

Section 36.54(1) requires an appraiser to provide "written notification" to the Board when an appraisal assistant begins work for the appraiser. IRRC asked whether e-mail is an acceptable method of written notification. The Board believes e-mail is an acceptable means of notification under §36.54(1).

Section 36.54(3)(i) provides that in the case of an assistant who is not already credentialed as a residential appraiser, an appraiser must accompany the assistant during the physical inspection of each property until the assistant has logged 300 hours of experience or until the appraiser deems the assistant competent under USPAP to perform the inspection unaccompanied, whichever period of time is greater. This provision replaces the current inspection standard, which requires an appraiser to personally inspect 100% of the properties for which an assistant helped to prepare appraisal reports. The new inspection standard is similar to that prescribed by the AQB for states whose appraiser statutes extend formal recognition to appraiser trainees; an appraiser must accompany a trainee on each property inspection until the appraiser deems the trainee competent under USPAP to perform the inspection unaccompanied.

IRRC questioned why an appraiser should not be required to accompany an assistant on each property inspection until the assistant becomes certified. If an assistant has the necessary proficiency to perform a physical inspection alone, nothing is gained -- either in terms of the quality of the assistant's training or the credibility of the appraisal itself -- by requiring an appraiser to accompany the assistant on the inspection. As the Board noted in the preamble of the notice of proposed rulemaking, the current inspection standard forces appraisers to spend much of their time unproductively, making it economically difficult for them to extend apprenticeship opportunities to others who desire to enter the appraising profession.

The PAR and IRRC questioned how the Board determined that 300 hours was the absolute minimum amount of time that an assistant must work before being eligible to perform a property inspection unaccompanied. The figure represents a compromise between the Board's current inspection standard, which commits an appraiser to accompanying an assistant on inspections during the entire period that the assistant is acquiring his minimum 1,250 hours of experience preparing appraisal reports, and the AQB's inspection standard for appraiser trainees, which commits the appraiser to accompanying

the assistant on inspections for only such period of time until the appraiser deems the assistant competent to go it alone, which could be after fewer than 300 hours of experience. The 300-hour minimum requirement serves to lessen the risk that an appraisal assistant will receive inadequate training as a result of a premature judgment by his supervising appraiser that the assistant is competent to perform inspections unaccompanied.

§36.91 -- Reactivation of lapsed certification of appraiser

The proposed rulemaking provided in §36.91 (relating to reactivation of lapsed certification) that an appraiser who seeks to reactivate a lapsed certification must, among other things, submit documentation of having completed 28 hours of continuing education, including the required 7-hour National USPAP Update Course and the required 2-hour course on the REACA and Board regulations and policies -- as set forth in §36.41 (relating to continuing education requirement) -- within the 2-year period preceding the filing date of the reactivation application. The ASC recommended that the continuing education requirement for reactivating a lapsed certification be revised to conform to AQB criteria, adopted in September 2005, that require a reactivating appraiser to complete all continuing education that would have been required if the appraiser had maintained a current certification, including the most recent edition of the 7-hour National USPAP Update Course. The final-form rulemaking includes the language from AQB criteria, with the additional clarification that a reactivating appraiser need complete only the most recent version of the required 2-hour course on the REACA and Board regulations and policies.

The proposed rulemaking further provided that an appraiser who performed activities requiring certification during the period when his certification was lapsed "may be subject to disciplinary action" under the appropriate provisions of the REACA. The House Committee recommended that the language be revised to provide that any unauthorized practice by an appraiser with a lapsed certification "shall" subject the violator to disciplinary action under the REACA. The final-form rulemaking incorporates this revision.

§36.261 -- Continuing education for CPE

The proposed rulemaking revised the 28-hour continuing education requirement for CPEs in §36.261 (relating to continuing education requirement) to increase the required component on USPAP from 4 hours to 7 hours, effective with the renewal of certification for the biennial renewal period that begins July 1, 2007. The proposed rulemaking mandated that renewing certificateholders must have completed the 7-hour National USPAP Update Course developed by the AQB or an equivalent 7-hour course approved by the AQB, which is the same coursework that residential appraisers, general appraisers and broker/appraisers must complete as a condition of biennial renewal of certification.

The Assessors Association of Pennsylvania (AAP) contacted the Board after the close of the public comment period to confirm its understanding that the proposed rulemaking would permit CPEs to complete a 7-hour USPAP course that is taught by a non-AQB approved instructor using AQB instructional materials. Virtually all CPEs obtain their continuing education through the AAP, which does not currently have an AQB-approved USPAP instructor. The Board does not believe that the AQB will approve a USPAP course unless it has an AQB-approved instructor. The Board considers it sufficient that CPEs, who, unlike appraisers, are not statutorily subject to AQB requirements, complete their biennial USPAP training using AQB instructional materials. Accordingly, the final-form rulemaking modifies the USPAP requirement in §36.261 to provide that CPEs must complete either the 7-hour National USPAP Update Course or an equivalent 7-hour course approved by the Board.

§36.271 -- Reactivation of lapsed certification of CPE

The proposed rulemaking provided, in part, that a CPE who performed activities requiring certification during the period when his certification was lapsed "may be subject to disciplinary action" under the ACA. The House Committee recommended that the language be revised to provide that any unauthorized practice by a CPE with a lapsed certification "shall" subject the violator to disciplinary action under the ACA. The final-form rulemaking incorporates this revision.

Fiscal Impact and Paperwork Requirements

The final-form rulemaking will cause candidates for certification as residential and general appraisers to incur additional costs in meeting the increased education requirements for initial certification that are mandated by the AQB. These costs cannot be quantified. The final-form rulemaking, through its elimination of the requirement that residential and general appraisers must accompany appraisal assistants on all property inspections, will allow appraisers who employ appraisal assistants to use their time more efficiently. The savings to appraisers, and indirectly to users of appraisal services, cannot be quantified. The final-form rulemaking will have no direct fiscal impact on the general public or on the Commonwealth and its political subdivisions.

The final-form rulemaking will require residential and general appraisers to provide written notification to the Board when they employ appraisal assistants and to maintain appraisal assistant checklists for the appraisal reports that the assistants help to prepare. The final-form rulemaking will not create additional paperwork for the general public or the Commonwealth and its political subdivisions.

Effective Date

The final-form rulemaking will be effective upon publication in the *Pennsylvania Bulletin*.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a)), on May 17, 2006, the Board submitted a copy of the notice of proposed rulemaking, published at 36 Pa.B. 2530, to IRRC and the chairpersons of the House and Senate Committees for review and comment.

Under section 5(c) of the Regulatory Review Act (71 P.S. §745.5(c)), IRCC and the House and Senate Committees were provided with copies of comments received during the public comment period, as well as other documents when requested. In preparing final-form rulemaking, the Board has considered all comments received from IRRC, the House and Senate Committees, and the public.

Under sections 5.1(e) and 5.1(j.2) of the Regulatory Review Act (71 P.S. §§745.5a(e) and 745.5a(j.2)), the final-form rulemaking was approved by the House Committee on _____, 2007, and deemed approved by the Senate Committee on _____, 2007. Under section 5.1(e) of the Regulatory Review Act, IRRC met on _____, 2007, and approved the final-form rulemaking.

Additional Information

Persons who desire additional information about the final-form rulemaking may submit inquiries to Heidi Weirich, 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 and its e-mail address is ST-APPRAISE@state.pa.us.

Findings

The Board finds that:

- (1) Public notice of proposed rulemaking was given under sections 201 and 202 of the act of July 31, 1968 (P.L.769, No. 240) (45 P.S. §§1201 and 1202) and the regulations promulgated thereunder, 1 Pa. Code §§7.1 and 7.2.
- (2) A public comment period was provided as required by law and all comments were considered.

(3) The amendments to the final-form rulemaking do not enlarge the original purpose of the proposed rulemaking published at 36 Pa. B. 2530.

(4) The final-form rulemaking adopted by this order is necessary and appropriate for the administration of the REACA and the ACA.

Order

The Board, acting under the REACA and the ACA, orders that:

(a) The regulations of the Board, 49 Pa. Code, Chapter 36, are amended by adding §36.54, deleting §36.225, and amending §§36.1-36.3, 36.11-36.13, 36.41, 36.43, 36.51, 36.52, 36.91, 36.224, 36.261, 36.263, 36.271 and 36.281 to read as set forth in Annex A.

(b) The Board shall submit this order and Annex A to the Office of Attorney General and the Office of General Counsel for approval as required by law.

(c) The Board shall certify this order and Annex A and deposit them with the LRB as required by law.

(d) The final-form rulemaking 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 PROVISIONS] CERTIFIED REAL ESTATE APPRAISERS

GENERAL PROVISIONS

§36.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

AOB – The Appraiser Qualifications Board of the Appraisal Foundation.

* * * * *

Certified broker/appraiser – A person who holds a certificate issued under authority of section 6(a)(3) of the act (63 P.S. §457.6(a)(3)) and who is authorized to perform appraisals of all types of real property in non-Federally-related transactions.

Certified general real estate appraiser – A person who holds a certificate issued under authority of section 6(a)(2) and (e) of the act and §36.12 (relating to qualifications for certification as general real estate appraiser) and who is authorized to perform appraisals of all types of real property in all transactions, whether Federally-related or non-Federally-related.

Certified real estate appraiser – A certified broker/appraiser, certified residential real estate

appraiser or certified general real estate appraiser.

Certified residential real estate appraiser – A person who holds a certificate issued under authority of section 6(a)(1) and (d) of the act and §36.11 (relating to qualifications for certification as residential real estate appraiser) and who is authorized to perform appraisals of residential properties of one-to-four dwelling units in all transactions, whether Federally-related or non-Federally-related.

Distance education – An educational process based on the geographical separation of the learner and instructor, which provides interaction between the learner and instructor and includes testing. Examples include CD or DVD ROM, on-line learning, correspondence courses, video conferencing, and video and remote television courses.

* * * * *

IDECC – INTERNATIONAL DISTANCE EDUCATION CERTIFICATION CENTER

* * * * *

[*State certified general real estate appraiser* – A person who satisfies the requirements of the act and this chapter, pertaining to the appraisal of residential and nonresidential real property utilized in connection with Federally related transactions, and who holds a current, valid certificate issued under the act and this chapter.

State certified residential real estate appraiser – A person who satisfies the certification requirements of the act and this chapter, pertaining solely to the appraisal of residential real property utilized in connection with Federally-related transactions, and who holds a current, valid certificate

under the act and this chapter.]

USPAP – The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

§36.2. Application process.

(a) *Application form.* A person interested in becoming [State certified as] a certified residential real estate appraiser or a certified general real estate appraiser shall complete and file with the Board a notarized application form and an application fee. Application forms may be obtained [from the Administrative Office of] by visiting the Board's website at www.dos.state.pa.us/real or by writing, telephoning, or e-mailing the Board[,] at Post Office Box 2649, Harrisburg, [Pennsylvania] PA 17105-2649, (717) 783-4866, or ST-APPRAISE@state.pa.us, respectively.

(b) *Application fee.* The application fee for certification as a residential or general real estate appraiser is set forth in §36.6 (relating to fees). Application fees are nonrefundable. Payments [shall] must be in the form of a personal check or money order made payable to the "Commonwealth of Pennsylvania."

(c) *Approved applications.* Subject to the provisions of subsection (e), an approved application will be valid for 1 year from the date of approval. If an applicant does not pass the certification examination within this 1-year period, the applicant's application will be considered to have been withdrawn. If the applicant wishes to take the examination after 1 year from the date of approval, a new application, along with the required fee, shall be submitted to the Board. [The

application will be reviewed on the basis of statutes and regulations in effect at the time the new application is received by the Board.]

(d) *Disapproved applications.* Subject to the provisions of subsection (e), an applicant whose application has been disapproved by the Board will be notified in writing of the reasons for the disapproval, and will have 1 year from the date of disapproval to correct the deficiencies or to file a request for reconsideration. A request for reconsideration [shall] must give the reason for the applicant's request, [shall] must be accompanied by documentary materials not previously submitted which the applicant wishes the Board to consider and may include a request for an informal interview with the Board. If a request for reconsideration is denied or, subject to the provisions of subsection (e), an applicant is unable to correct the deficiencies which resulted in the disapproval of the application within 1 year from the date of disapproval, a new application, along with the required fee, shall be submitted to the Board. [An applicant's new application will be reviewed on the basis of statutes and regulations in effect at the time the new application is received by the Board.]

(e) *Compliance with new requirements.* [If the education or experience criteria established by the Appraiser Qualifications Board of the Appraisal Foundation (AQB) are amended during the 1-year period following application approval under subsection (c), the applicant will be required to satisfy the new education or experience requirements established by the AQB as a condition of receiving certification from the Board. If the AQB's education or experience criteria is amended during the 1-year period following application disapproval under subsection (d), the applicant will have 1 year from the date of application disapproval to correct the deficiencies which resulted in

application disapproval and to satisfy the AQB's new education or experience requirements.] Except as otherwise provided in §§36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser), an applicant shall comply with any increased education or experience requirements that take effect between the applicant's filing of an initial application and the applicant's passing the certification examination.

§36.3. Examinations.

(a) The examination required for certification as a residential [or general] real estate appraiser is the [National] AQB-endorsed Uniform State Certified Residential Real Property Appraiser Examination [issued or endorsed by the Appraiser Qualifications Board of the Appraisal Foundation] or its equivalent. The examination required for certification as a general real estate appraiser is the AQB-endorsed Uniform State Certified General Real Property Appraiser Examination or its equivalent. The certification [examination will be] examinations are administered by a professional testing organization under contract with the Board at times and places established by the [Board] professional testing organization.

(b) [General information regarding the real estate appraiser examinations and instructions regarding examination scheduling will be prepared by the professional testing organization under contract with the Board and compiled in a candidate booklet to be made available to each candidate whose State-certified real estate appraiser application has been approved by the Board.] Interested persons may obtain information about the certification examinations from the professional testing

organization. Contact information for the professional testing organization appears on the Board's website at www.dos.state.pa.us/real.

* * * * *

QUALIFICATIONS FOR CERTIFICATION

§36.11. [Residential] Qualifications for certification as residential real estate appraiser.

(a) Overview. An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, 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 residential real estate appraiser.

[(1) Education.] (b) Appraisal classroom hours. An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National [Uniform Standards of Professional Appraisal Practice] USPAP Course, together with coverage of the topics listed in [paragraph (2)] subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 200 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

[(i)] (1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the [educational offering] course is at least 15 hours, and the applicant successfully completes an examination pertinent to [that educational offering] the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

[(ii)] (2) *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)] (3) * * *

[(iv) *Correspondence courses.*] (4) *Distance education.* [Correspondence courses may be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

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

the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the ~~International Distance Education Certification Center~~ IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

[(B)] (ii) The applicant successfully completes a written examination [administered at a location] proctored by an official approved by the college [or], university or other course provider.

[(C)] (iii) The ~~content and length~~ LENGTH AND CONTENT of the course [meets] meet the requirements of [subparagraph (i) and paragraph (2)] paragraph (1) and subsection (c), respectively.

[(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:

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

(C) The content and length of the course meets the requirements of subparagraph (i) and paragraph (2).

(vi)] (5) *Credit for challenge examination.* The Board may [grant credit for courses if] accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the [courses] course, if [that credit was granted by] the course provider granted credit 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.*] (c) *Content of appraisal education.* [Applicants] The content of an applicant's appraisal education shall be as follows:

(1) An applicant who is subject to the 120-classroom hour requirement in subsection (b) shall demonstrate that [their education] the classroom hours included coverage of the following topics [listed in this paragraph], with particular emphasis on the appraisal of one-to-four unit residential properties:

* * * * *

(2) An applicant who is subject to the 200-classroom hour requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following

curriculum requirements:

(i) Basic appraisal principles (30 hours).

(A) Real property concepts and characteristics.

(I) Basic real property concepts.

(II) Real property characteristics.

(III) Legal description.

(B) Legal considerations.

(I) Forms of ownership.

(II) Public and private controls.

(III) Real estate contracts.

(IV) Leases.

(C) Influences on real estate.

(I) Governmental.

(II) Economic.

(III) Social.

(IV) Environmental, geographic and physical.

(D) Types of value.

(I) Market value.

(II) Other value types.

(E) Economic principles.

(I) Classical economic principles.

(II) Application and illustrations of the economic principles.

(F) Overview of real estate markets and analysis.

(I) Market fundamentals, characteristics and definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(G) Ethics and how they apply in appraisal theory and practice.

(ii) Basic appraisal procedures (30 hours).

(A) Overview of approaches to value.

(B) Valuation procedure.

(I) Defining the problem.

(II) Collecting and selecting the data.

(III) Analyzing.

(IV) Reconciling and final value opinion.

(V) Communicating the appraisal.

(C) Property description.

(I) Geographic characteristics of the land/site.

(II) Geologic characteristics of the land/site.

(III) Location and neighborhood characteristics.

(IV) Land/site considerations for highest and best use.

(V) Improvements – architectural styles and types of construction.

(D) Residential applications.

(iii) National USPAP Course or Equivalent (15 hours).

(A) Preamble and ethics rules.

(B) Standard 1.

(C) Standard 2.

(D) Standards 3 to 10.

(E) Statements and advisory opinions.

(iv) Residential market analysis and highest and best use (15 hours).

(A) Residential markets and analysis.

(I) Market fundamentals, characteristics and definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(B) Highest and best use.

(I) Test constraints.

(II) Application of highest and best use.

(III) Special considerations.

(IV) Market analysis.

(V) Case studies.

(v) Residential appraiser site valuation and cost approach (15 hours).

(A) Site valuation.

(I) Methods.

(II) Case studies.

(B) Cost approach.

(I) Concepts and definitions.

(II) Replacement/reproduction cost new.

(III) Accrued depreciation.

(IV) Methods of estimating accrued depreciation.

(V) Case studies.

(vi) Residential sales comparison and income approaches (30 hours).

(A) Valuation principles and procedures – sales comparison

approach.

(B) Valuation principles and procedures – income approach.

(C) Finance and cash equivalency.

(D) Financial calculator introduction.

(E) Identification, derivation and measurement of

adjustments.

(F) Gross rent multipliers.

(G) Partial interests.

(H) Reconciliation.

(I) Case studies and applications.

(vii) Residential report writing and case studies (15 hours).

(A) Writing and reasoning skills.

(B) Common writing problems.

(C) Form reports.

(D) Report options and USPAP compliance.

(E) Case studies.

(viii) Statistics, modeling and finance (15 hours).

(A) Statistics.

(B) Valuation models (AVMs and mass appraisal).

(C) Real estate finance.

(ix) Advanced residential applications and case studies (15 hours).

(A) Complex property, ownership and market conditions.

(B) Deriving and supporting adjustments.

(C) Residential market analysis.

(D) Advanced case studies.

(x) Appraisal subject matter electives (20 hours).

(d) Postsecondary education.

(1) Effective January 1, 2008, an applicant shall submit evidence to the

Board of having satisfied one of the following requirements:

(i) Possession of an associate's degree, or higher, from an accredited college or university.

(ii) Completion of 21 semester credit hours in the following college-level subjects at an accredited college or university:

(A) English composition.

(B) Principles of economics (micro or macro).

(C) Finance.

(D) Algebra, geometry, or higher mathematics.

(E) Statistics.

(F) Introduction to computers-word processing/spreadsheets.

(G) Business or real estate law.

(2) This subsection does not apply to an applicant who completed 120 classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

[(3)] (e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having [completed] acquired 2,500 hours of acceptable appraisal experience [obtained] during [no fewer than] a period of at least 24 months. [Fifty percent] At least 50% 1,250 HOURS of the experience [obtained] acquired by an applicant [shall] must be in the actual preparation of real estate appraisal reports, which [include a] includes physical [inspection] inspections of the interior and exterior of the subject [property] properties, in accordance with §36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of 24 months. There is no minimum number of hours which must be acquired in any 12 months. The following will serve as an example:

Year 1	400 Hours
Year 2	800 Hours
Year 3	200 Hours

Year 4	500 Hours
<u>Year 5</u>	<u>600 Hours</u>
Total	2,500 Hours

(2) Experience acquired after January 1, 1991, must comply with USPAP.

EFFECTIVE JANUARY 1, 2008, EXPERIENCE MUST BE ACQUIRED AFTER JANUARY 30, 1989, AND MUST COMPLY WITH USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience [includes] include:

* * * * *

(iii) Review appraisals [if the reviews are in compliance with Standard 3 of the Uniform Standards of Professional Appraisal Practice.]

* * * * *

(viii) [Teaching of appraisal courses; however, no more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses and no credit will be given for course repetition.

(ix) Real estate related experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals [in compliance with the Uniform

Standards of Professional Appraisal Practice].

(ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.

(x) Case studies or practicum courses that are approved by the AQB Course Approval Program.

[(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 Federally-related and non-Federally related transactions without regard to value.]

§36.12. [General] Qualifications for certification as general real estate appraiser.

(a) Overview. An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, 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 general real estate appraiser.

[(1)] [Education] (b) Appraisal classroom hours. An applicant shall submit evidence to the

Board of having completed 180 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National [Uniform Standards of Professional Appraisal Practice] USPAP Course, together with coverage of the topics listed in [paragraph (2)] subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 300 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

[(i)] (1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the [educational offering] course is at least 15 hours, and the applicant successfully completes an examination pertinent to [that educational offering] the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

[(ii)] (2) *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)] (3) *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)] [*Correspondence courses.*] (4) Distance education. [Correspondence courses may be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

[(A)] (i) The course [has been] is presented by [an accredited (Commission on Colleges or a regional accreditation association) college or university which offers correspondence programs in other disciplines.] one of the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the ~~International Distance Education Certification Center~~ IDECC and approval for course content from the Board or from the AQB through its Course Approval

Program.

[(B)] (ii) The applicant successfully completes a written examination [administered at a location] proctored by an official approved by the college [or], university or other course provider.

[(C)] (iii) The ~~content and length~~ LENGTH AND CONTENT of the course [meets] meet the requirements of [subparagraph (i) and paragraph (2)] paragraph (1) and subsection (c), respectively.

[(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:

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

(C) The content and length of the course meets the requirements of subparagraph (i) and paragraph (2).

(vi)] (5) *Credit for challenge examination.* The Board may [grant credit for

courses if] accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the [courses] course, if [credit was granted by] the course provider granted credit 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*] (c) Content of appraisal education. [Applicants] The content of an applicant's appraisal education must be as follows:

(1) An applicant who is subject to the 180-classroom hour requirement in subsection (b) shall demonstrate that [their education] the classroom hours included coverage of the following topics [listed in this paragraph], with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

* * * * *

(2) An applicant who is subject to the 300-hour classroom requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following curriculum requirements:

(i) Basic appraisal principles (30 hours).

(A) Real property concepts and characteristics.

(I) Basic real property concepts.

(II) Real property characteristics.

(III) Legal description.

(B) Legal considerations.

(I) Forms of ownership.

(II) Public and private controls.

(III) Real estate contracts.

(IV) Leases.

(C) Influences on real estate.

(I) Governmental.

(II) Economic.

(III) Social.

(IV) Environmental, geographic and physical.

(D) Types of value.

(I) Market value.

(II) Other value types.

(E) Economic principles.

(I) Classical economic principles.

(II) Application and illustrations of the economic principles.

(F) Overview of real estate markets and analysis.

(I) Market fundamentals, characteristics and

definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(G) Ethics and how they apply in appraisal theory and practice.

(ii) Basic appraisal procedures (30 hours).

(A) Overview of approaches to value.

(B) Valuation procedure.

(I) Defining the problem.

(II) Collecting and selecting the data.

(III) Analyzing.

(IV) Reconciling and final value opinion.

(V) Communicating the appraisal.

(C) Property description.

(I) Geographic characteristics of the land/site.

(II) Geologic characteristics of the land/site.

(III) Location and neighborhood characteristics.

(IV) Land/site considerations for highest and best use.

(V) Improvements – architectural styles and types of

construction.

(D) Residential applications.

(iii) National USPAP Course or equivalent (15 hours).

(A) Preamble and ethics rules.

(B) Standard 1.

(C) Standard 2.

(D) Standards 3 to 10.

(E) Statements and advisory opinions.

(iv) General appraiser market analysis and highest and best use (30 hours).

(A) Real estate markets and analysis.

(I) Market fundamentals, characteristics and definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(B) Highest and best use.

(I) Test constraints.

(II) Application of highest and best use.

(III) Special considerations.

(IV) Market analysis.

(V) Case studies.

(v) General appraiser site valuation and cost approach (30 hours).

(A) Site valuation.

(I) Methods.

(II) Case studies.

(B) Cost approach.

(I) Concepts and definitions.

(II) Replacement/reproduction cost new.

(III) Accrued depreciation.

(IV) Methods of estimating accrued depreciation.

(V) Case studies.

(vi) General appraiser sales comparison approach (30 hours).

(A) Value principles.

(B) Procedures.

(C) Identification and measurement of adjustments.

(D) Reconciliation.

(E) Case studies.

(vii) General appraiser income approach (60 hours).

(A) Overview.

- (B) Compound interest.
- (C) Lease analysis.
- (D) Income analysis.
- (E) Vacancy and collection loss.
- (F) Estimating operating expenses and reserves.
- (G) Reconstructed income and expense statement.
- (H) Stabilized net operating income estimate.
- (I) Direct capitalization.
- (J) Discounted cash flow.
- (K) Yield capitalization.
- (L) Partial interests.
- (M) Case studies.
- (viii) General appraiser report writing and case studies (30 hours).
 - (A) Writing and reasoning skills.
 - (B) Common writing problems.
 - (C) Report options and USPAP compliance.
 - (D) Case studies.
- (ix) Statistics, modeling and finance (15 hours).
 - (A) Statistics.
 - (B) Valuation models (AVMs and mass appraisal).

(C) Real estate finance.

(x) Appraisal subject matter electives (30 hours)

(d) Postsecondary education.

(1) Effective January 1, 2008, an applicant shall submit evidence to the Board of having satisfied one of the following requirements:

(i) Possession of a bachelor's degree, or higher, from an accredited college or university.

(ii) Completion of 30 semester credit hours in the following college-level subjects at an accredited college or university:

(A) English composition.

(B) Macro economics.

(C) Micro economics.

(D) Finance.

(E) Algebra, geometry, or higher mathematics.

(F) Statistics.

(G) Introduction to computers - word processing/spreadsheets.

(H) Business or real estate law.

(I) Two elective courses in accounting, geography, ag-economics, business management or real estate.

(2) This subsection does not apply to an applicant who completed 180

classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

[(3)] (e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having [completed] acquired 3,000 hours of acceptable appraisal experience, including 1,500 hours in nonresidential work, [obtained] during [no fewer] a period of no less than 30 months. [Fifty percent] At least 50% 1,500 HOURS of the experience [obtained] acquired by an applicant shall be in the actual preparation of real estate appraisal reports, which [include a] includes physical [inspection] inspections of the interior and exterior of the subject [property] properties, in accordance with §36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 3,000 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of 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	1,000 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	1,000 Hours

<u>Year 5</u>	<u>100 Hours</u>
Total	3,000 Hours

(2) Experience acquired after January 1, 1991, must comply with USPAP.

EFFECTIVE JANUARY 1, 2008, EXPERIENCE MUST BE ACQUIRED AFTER JANUARY 30, 1989, AND MUST COMPLY WITH USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience [includes] include:

* * * * *

(iii) Review appraisals[, if the reviews are in compliance with Standard 3 of the Uniform Standards of Professional Appraisal Practice].

* * * * *

(viii) [Teaching of appraisal courses; however, no more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses and no credit will be given for course repetition.

(ix) Real estate experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals [in compliance with the Uniform Standards of Professional Appraisal Practice].

(ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.

(x) Case studies or practicum courses that are approved by the AOB Course Approval Program.

[(4) *State certified general real estate appraiser.* An applicant who has passed 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 Federally related and non-Federally-related transactions without regard to value.]

§36.13. Experience options for preparation of appraisal reports.

(a) An applicant [seeking to meet the experience requirements] for certification as a residential real estate appraiser or a general real estate appraiser [may do so by] under §§36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser) shall have acquired experience in the preparation of appraisal reports in one or more of the following:

(1) Prior to September 3, 1998:

[(1)] (i) [Performing real estate appraisals which are not required by

FIRREA to be performed by State-certified or State-licensed real estate appraisers,] As a licensed real estate broker under the Real Estate Licensing and Registration Act (~~63 P.S. §§455.101-455.901~~) 63 P.S. §§455.101-455.902) and Chapter 35 (relating to State Real Estate Commission).

[(2)] (ii) [Performing appraisals or other evaluations of real estate in connection with a loan transaction in the capacity of] As an elected officer, director or [employee] employee of a banking institution, savings institution, savings bank, credit union or trust company operating under applicable Federal or State laws, when acting on behalf of the institution [in performing the appraisal] in connection with a loan transaction.

(iii) As a certified broker/appraiser.

[(3)] (iv) [Assisting in the preparation of a real estate appraisal required by FIRREA to be performed by a State-certified or State-licensed real estate appraiser, under the supervision of a certified residential real estate appraiser or a certified general real estate appraiser, if the certified real estate appraiser:] As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(i) Directly supervises and controls the applicant's work, assuming total responsibility for the content of the appraisal documents and value

conclusions. The applicant may not arrive at an independent determination of value.

(ii) Personally makes a physical inspection of the interior and exterior of the subject property, unless an interior and complete exterior inspection of the property is not possible as of the effective date of the appraisal – that is, where improvements have been destroyed, removed or not yet built; inspections are not legally or contractually possible; the appraiser is denied access by the property owner; or, a contract stipulates a “drive-by” appraisal.

(iii) Signs the appraisal document as “certified real estate appraiser” and has the applicant sign as “assistant to the certified real estate appraiser.”]

(2) On or after September 3, 1998:

(i) As a certified broker/appraiser.

(ii) As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(b) [Experience obtained after August 2, 1993, will only be acceptable to the Board if an applicant shows evidence of first having completed 45 classroom hours in subjects related to real estate appraisal in §§36.11(2) and 36.12(2) (relating to residential real estate appraiser; and general real estate appraiser), which includes at least 15 hours of the Uniform Standards of Professional Appraisal Practice. Appraisal experience obtained prior to August 2, 1993, will not be subject to the

educational requirement imposed by this section.] An assistant to a certified general appraiser or certified residential appraiser shall observe the following requirements when preparing an appraisal report:

(1) The assistant shall perform an inspection of the interior and exterior of the property.

(2) The assistant may not arrive at an independent determination of value.

(3) The assistant shall sign the appraisal report as “assistant to the certified real estate appraiser” or be referenced in the certification section of the appraisal report, or in an addendum to the appraisal report, as having provided significant professional assistance.

* * * * *

CONTINUING EDUCATION

§36.41. Continuing education requirement.

(a) Continuing education for certified [general appraisers, residential appraisers and broker/appraisers] real estate appraisers is necessary to ensure that they maintain and increase their skill, knowledge and competency in real estate appraising. Except as provided in subsection (b), [every general] a certified real estate appraiser[, residential appraiser and broker/appraiser] shall complete 28 classroom hours of continuing education – including [at least 4 hours on the Uniform Standards of Professional Appraisal Practice] the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the AQB, and at least 2 hours on the act, this chapter and the

policies of the Board – during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. [Effective with renewal of certification for the 2005-2007 biennial renewal period, the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the Appraiser Qualifications Board, will replace the minimum 4-hour requirement on the USPAP.]

(b) A certified general real estate appraiser or residential real estate appraiser whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of renewal of certification in that biennial renewal year.

[(c) The Board will accept continuing education hours completed by a certified broker/appraiser between January 1, 2001, and June 30, 2001, toward the continuing education requirement for renewal of certification for the 2003-2005 biennial renewal period.]

* * * * *

§36. 43. [Correspondence courses/video and remote television presentations] Distance education.

[(a) *Correspondence courses.* Correspondence courses may be] A distance education course is acceptable for continuing education credit [provided] if it is approved by the Board and meets the following conditions:

- (1) The course [has been] is presented by [an accredited (Commission on Colleges or a regional accrediting association) college or university which offers

correspondence programs in other disciplines.] one of the following:

(i) A course provider that presents the course to an organized group in an instructional setting with a person qualified and available to answer questions, provide information and monitor attendance.

(ii) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(iii) A course provider that has received approval for course design and delivery mechanism from the ~~International Distance Education Certification Center~~ IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) [An individual] With regard to a course presented under paragraph (1)(ii) or (iii), the certified real estate appraiser EITHER successfully completes a written examination [administered at a location] proctored by an official approved by the college [or], university or other course provider OR SUCCESSFULLY COMPLETES THE COURSE MECHANISMS REQUIRED FOR COURSE ACCREDITATION THAT EVIDENCE THE LEARNER'S MASTERY AND FLUENCY OF THE COURSE CONTENT.

(3) The [offering is equivalent to a minimum of 10 classroom hours in length and is consistent with the accepted topics in] content and length of the course meet

the requirements of §36.42[(a)] (relating to continuing education subject matter).

[(b) *Video and remote television presentations.* Video and remote television presentations are acceptable for continuing education credit if the presentation is for an organized group in an instructional setting, with a qualified resource person available to answer questions and provide information or if the following exist:

(1) The offering has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers similar programs in other disciplines.

(2) An individual successfully completes a written examination administered at a location by an official approved by the college or university.

(3) The offering is equivalent to a minimum of 10 classroom hours in length and is consistent with the accepted topics listed in §36.42(a).]

* * * * *

§36.51. [Uniform Standards of Professional Appraisal Practice] Compliance with USPAP.

[Certified real estate appraisers are under a duty to perform a physical inspection of the interior and complete exterior of the subject property on appraisals required by FIRREA to be performed by a State-certified or State-licensed real estate appraiser, unless an interior and complete exterior inspection is not possible as of the effective date of the appraisal – that is, when improvements have been destroyed, removed or not yet built; inspections are not legally or contractually possible; the appraiser is denied access by the property owner; or, a contract stipulates a

“drive-by” appraisal. Certified appraisers shall perform real estate appraisals in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated and adopted by the Appraisal Standards Board (ASB) of the Appraisal Foundation. The USPAP will be amended by the ASB and published annually in separate yearly bound editions. A copy of the USPAP may be obtained from the Appraisal Foundation, 1029 Vermont Avenue, N.W., Suite 900, Washington, D.C. 20005, (202) 347-7722. A violation of one or more provision of the USPAP may result in disciplinary action by the Board under the authority of section 11(a)(6) of the act (63 P.S. §457.11(a)(6)).] A certified real estate appraiser shall perform an appraisal in accordance with USPAP. A certified real estate appraiser who violates one or more provisions of USPAP may SHALL be subject to disciplinary action under the act. A certified real estate appraiser can obtain a current edition of USPAP by writing, telephoning or e-mailing the Appraisal Foundation at 1029 Vermont Avenue, N.W., Suite 900, Washington D.C. 20005-3517, (202) 347-7722, or info@appraisalfoundation.org, respectively.

§36.52. Use of certificate number and title.

[Each] A certified real estate appraiser shall place his name, signature and certificate number adjacent to or immediately below the title “Pennsylvania certified general real estate appraiser” [or], “Pennsylvania certified residential real estate appraiser” or “Pennsylvania certified broker/appraiser,” as appropriate, on each written appraisal report and each written appraisal agreement [used by the certified appraiser certificate holder in conducting appraisal activities]. Professional designations

may be included adjacent to the signature, if applicable. The following will serve as an example:

/s/ _____

John Doe, (Professional designation, if applicable)

[Pa.] Pennsylvania Certified Residential Real Estate Appraiser

Certification number [1234] RL-999999-L

* * * * *

§36.54. Supervision of appraisal assistant.

A certified residential real estate appraiser or certified general real estate appraiser who utilizes an appraisal assistant shall:

(1) Provide written notification to the Board of the name and address of the assistant when the assistant begins work for the appraiser.

(2) Directly supervise and control the assistant's work, assuming total responsibility for the contents of the appraisal report, including all value conclusions.

(3) Accompany the assistant during the physical inspection of the property as follows:

(i) In the case of an assistant who is not a certified residential real estate appraiser, accompany the assistant during the physical inspection of the property until the assistant has logged 300 hours of experience or until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection unaccompanied, whichever is the longer

period.

(ii) In the case of an assistant who is a certified residential real estate appraiser seeking to obtain qualifying experience for certification as a general real estate appraiser, accompany the assistant during the physical inspection of the property until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection-unaccompanied.

(4) Sign the appraisal report as a certified real estate appraiser under §36.52 (relating to use of certificate number and title) and either have the assistant sign the appraisal report as assistant to the certified real estate appraiser or identify the assistant in the certification section of the appraisal report, or in addendum to the appraisal report, as having provided significant professional assistance.

(5) Sign a Board-approved appraisal assistant checklist that has been completed by the assistant and that relates to the assistant's work on the appraisal report.

(6) Provide a current or former assistant who is applying for appraiser certification with copies of designated appraisal reports and appraisal assistant checklists requested by the Board to verify the assistant's experience.

MISCELLANEOUS PROVISIONS

§36.91. Reactivation of lapsed certification.

[(a)] A [certificate holder] certified real estate appraiser whose certification has lapsed [by failing] for failure to biennially renew certification may apply to the Board for reactivation of certification by paying [the current biennial renewal fee as set forth in §36.6 (relating to fees), meeting the continuing education requirement of §36.41 (relating to purpose) for the current renewal period and submitting documentation to verify the period of time in which the certificate holder abstained from performing appraisals in connection with Federally-related transactions in this Commonwealth and from holding himself out as a State-certified real estate appraiser] the renewal fee required under §36.6 (relating to fees) and providing documentation of having completed 28 hours of ALL continuing education as HOURS THAT WOULD HAVE BEEN required under §36.41 (relating to continuing education requirement) within the 2 year period immediately preceding the date of filing of the reactivation application IF THE CERTIFIED REAL ESTATE APPRAISER HAD MAINTAINED CURRENT CERTIFICATION, EXCEPT THAT ONLY THE MOST RECENT VERSIONS OF THE 7-HOUR NATIONAL USPAP UPDATE COURSE AND THE 2-HOUR COURSE ON THE ACT, THIS CHAPTER AND BOARD POLICIES MUST BE COMPLETED. A certified real estate appraiser who performed an appraisal, or held himself out as an appraiser, during a period when his certification was lapsed may SHALL be subject to disciplinary action by the Board under section 3 of the act (63 P.S. §457.3) in addition to being required to pay late renewal fees under section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P.S. §1401-225).

[(b) A certificate holder will not be assessed a late renewal fee for the preceding biennial periods in which the certificate holder abstained from the performance of appraisals in connection with Federally-related transactions in this Commonwealth and from holding himself out as a State-certified real estate appraiser.

(c) A certificate holder whose certificate has lapsed by failing to biennially renew certification is prohibited from performing an appraisal in connection with a Federally-related transaction in this Commonwealth unless the certification is reactivated. If a certificate holder performs an appraisal in connection with a Federally-related transaction in this Commonwealth or holds himself out as a State-certified real estate appraiser during a period in which the certificate holder's certification is not renewed, the certificate holder shall pay a late renewal fee of \$5 for each month or part of the month beyond the date specified for renewal, as provided in section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P.S. §1401-225), in addition to the prescribed biennial renewal fee. The certificate holder may also be subject to disciplinary action by the Board for performing an appraisal in connection with a Federally-related transaction in this Commonwealth or for holding himself out as a State-certified real estate appraiser without a current certificate, or both.]

* * * * *

Subchapter C. CERTIFIED PENNSYLVANIA EVALUATORS

* * * * *

QUALIFICATIONS FOR CERTIFICATION

* * * * *

§36.224. [Correspondence] Distance education courses.

[Correspondence courses will be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

(1) The course is presented by [an accredited college or university which offers correspondence programs in other disciplines.] one of the following:

(i) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(ii) A course provider that has received approval for course design and delivery mechanism from the ~~International Distance Education Certification Center~~ IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) The applicant successfully completes a written examination [administered] proctored by an official approved by the college [or], university or other course provider.

(3) The content and length of the course [meets] meet the requirements of §36.222[(a) and (b)] (relating to required courses of study).

§36.225. [Video and remote television courses.] (Reserved).

[Video and remote television courses will be acceptable to meet the classroom hour requirement if each offering is approved by the Board and meets the following conditions:

- (1) The course has been presented by an accredited college or university which offers similar programs in other disciplines.
- (2) An applicant successfully completes a written examination administered by an official approved by the college or university.
- (3) The content and length of the course meets the requirement of §36.222(a) and (b) (relating to required courses of study).]

* * * * *

CONTINUING EDUCATION

§36.261. Continuing education requirement.

(a) [Continuing education of 28 classroom hours per biennium, including at least 4 hours on the Uniform Standards of Professional Appraisal Practice and at least 2 hours on the Assessors Certification Act (63 P.S. §§458.1-458.16), this chapter and the policies of the Board, shall be required of a certified Pennsylvania evaluator as a condition of biennial renewal of certification.]

Except as provided in subsection (b), a certified Pennsylvania evaluator shall complete 28 classroom hours of continuing education – including at least 4 hours on USPAP and at least 2 hours on the act, this chapter and the policies of the Board – during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. Effective with renewal of certification

for the 2007-2009 biennial renewal period, the USPAP requirement shall be the 7-hour National USPAP Update Course or an equivalent 7-hour course approved by the AQB BOARD.

(b) A certified Pennsylvania evaluator whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of biennial renewal of certification in that biennial renewal year.

* * * * *

§36. 263. [Correspondence courses/video and remote television presentations] Distance education.

[(a) *Correspondence courses.* Correspondence courses will be] A distance education course is acceptable for continuing education credit if it is approved by the Board and meets the following conditions:

(1) The course [has been] is presented by [an accredited college or university which offers correspondence programs in other disciplines.] one of the following:

(i) A course provider that presents the course to an organized group in an instructional setting with a person qualified and available to answer questions, provide information and monitor attendance.

(ii) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(iii) A course provider that has received approval for course design

and delivery mechanism from the International Distance Education Certification Center IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) [An individual] With regard to a course presented under paragraph (1)(ii) or (iii), the certified Pennsylvania evaluator EITHER successfully completes a written examination [administered] proctored by an official approved by the college [or], university or other course provider OR SUCCESSFULLY COMPLETES THE COURSE MECHANISMS REQUIRED FOR COURSE ACCREDITATION THAT EVIDENCE THE LEARNER'S MASTERY AND FLUENCY OF THE COURSE CONTENT.

(3) The [offering is at least 10 classroom hours in length and covers the accepted topics in] content and length of the course meets the requirements of §36.262 (relating to continuing education subject matter).

[(b) *Video and remote television presentations.* Video and remote television presentations are acceptable for continuing education credit if the presentation is for an organized group in an instructional setting, with a qualified resource person available to answer questions and provide information or if the following conditions are met:

- (1) The offering has been presented by an accredited college or university which offers similar programs in other disciplines.
- (2) An individual successfully completes a written examination administered

by an official approved by the college or university.

(3) The offering is at least 10 classroom hours in length and covers the accepted topics listed in §36.262.]

* * * * *

REACTIVATION OF CERTIFICATION

§36.271. Reactivation of lapsed certification.

(a) A certified Pennsylvania evaluator whose certification has lapsed [by failing] for failure to biennially renew certification may apply to the Board for reactivation of certification by paying [the current biennial renewal fee as set forth in §36.6 (relating to fees), meeting the continuing education requirement established by law and regulation for the current biennial renewal period and submitting documentation to verify the period of time in which the certified Pennsylvania evaluator abstained from performing valuations of real property for ad valorem tax purposes in this Commonwealth and from holding himself out as a certified Pennsylvania evaluator] the renewal fee required under §36.6 (relating to fees) and providing documentation of having completed 28 hours of continuing education as required under §36.261 (relating to continuing education requirement) within the 2-year period immediately preceding the date of filing of the reactivation application. A certified Pennsylvania evaluator who performed a valuation of real property for ad valorem tax purposes, or held himself out as a certified Pennsylvania evaluator, during a period when his certification was lapsed may SHALL be subject to disciplinary action by the Board under the act in addition to being required to pay late renewal fees under Section 225 of the Bureau of Professional

and Occupational Affairs Fee Act (63 P.S. §1401-225).

[(b) A certified Pennsylvania evaluator will not be assessed a late renewal fee for the preceding biennial periods in which the certified Pennsylvania evaluator abstained from the performance of valuations of real property for ad valorem tax purposes in this Commonwealth and from holding himself out as a certified Pennsylvania evaluator.

(c) A certified Pennsylvania evaluator whose certification has lapsed by failing to biennially renew certification is prohibited from performing valuations of real property for ad valorem tax purposes in this Commonwealth unless the certification status is reactivated. If a certified Pennsylvania evaluator performs valuations of real property for ad valorem tax purposes in this Commonwealth or holds himself out as a certified Pennsylvania evaluator during a period in which the certified Pennsylvania evaluator's certification is not renewed, the certified Pennsylvania evaluator shall pay a late renewal fee of \$5 for each month or part of the month beyond the date specified for renewal, as provided in section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P.S. §1401-225), in addition to the prescribed biennial renewal fee. The certified Pennsylvania evaluator may also be subject to disciplinary action by the Board for performing valuations of real property for ad valorem tax purposes in this Commonwealth or for holding himself out as a certified Pennsylvania evaluator without a current certificate, or both.]

STANDARDS OF PROFESSIONAL CONDUCT

§36. 281. Standards of Professional Conduct.

* * * * *

Standard 1. General duties.

Certified Pennsylvania evaluators shall perform their duties in accordance with the general and specific county assessment laws and generally accepted assessment standards. Certified Pennsylvania evaluators shall perform all assessments in accordance with [the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated and adopted by the Appraisal Standards Board of the Appraisal Foundation] USPAP. [The USPAP will be amended by the ASB and published annually in separate yearly bound editions. A] Certified Pennsylvania evaluators may obtain a copy of the current edition of USPAP [may be obtained from] by writing, telephoning or e-mailing the Appraisal Foundation[,] at 1029 Vermont Avenue, N.W., Suite 900, Washington, D.C. 20005-3517, (202) 347-7722 or info@appraisalfoundation.org, respectively.

<i>Dates</i>	<i>Begin a.m.</i>	<i>End p.m.</i>
Dec. 3—Dec. 9	6:42	4:35
Dec. 10—Dec. 16	6:47	4:36
Dec. 17—Dec. 23	6:50	4:38
Dec. 24—Dec. 30	6:52	4:42
Dec. 31—Jan. 6	6:53	4:47
Jan. 7—Jan. 13	6:51	4:54
Jan. 14—Jan. 20	6:50	5:00
Jan. 21—Jan. 27	6:46	5:10
Jan. 28—Feb. 3	6:40	5:18
Feb. 4—Feb. 10	6:35	5:25
Feb. 11—Feb. 17	6:27	5:35
Feb. 18—Feb. 24	6:20	5:43
Feb. 25—Mar. 3	6:10	5:50
Mar. 4—Mar. 10	5:59	5:58
Mar. 11—Mar. 17	6:48	7:04
Mar. 18—Mar. 24	6:37	7:14
Mar. 25—Mar. 31	6:26	7:20
Apr. 1—Apr. 7	6:13	7:28
Apr. 8—Apr. 14	6:00	7:35
Apr. 15—Apr. 21	5:53	7:40
Apr. 22—Apr. 28	5:43	7:49
Apr. 29—May 5	5:33	7:55
May 6—May 12	5:25	8:00
May 13—May 19	5:17	8:08
May 20—May 26	5:11	8:15
May 27—June 2	5:06	8:20
June 3—June 9	5:03	8:25
June 10—June 16	5:01	8:30
June 17—June 23	5:01	8:32
June 24—June 30	5:03	8:34

[Pa.B. Doc. No. 06-931. Filed for public inspection May 26, 2006, 9:00 a.m.]

STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

[49 PA. CODE CH. 36]

Federally Mandated Education Criteria

The State Board of Certified Real Estate Appraisers (Board) proposes to amend Chapter 36 to read as set forth in Annex A.

Purpose

The proposed rulemaking is intended to be a general updating and revision of the Board's regulations. Specifically, the proposed rulemaking would implement new Federally-mandated education criteria for the initial certification of residential real estate appraisers and general

real estate appraisers that will take effect in January 2008; revise current Board requirements to conform to existing Federal criteria regarding distance education and appraisal teaching experience; clarify the manner in which applicants for certification as residential and general appraisers may obtain qualifying experience in the preparation of appraisal reports; clarify the duties of residential and general appraisers when supervising the activities of appraisal assistants; upgrade the continuing education requirement for certified Pennsylvania evaluators (CPE); and make editorial and organizational amendments to the regulations to improve clarity and comprehension.

Background and Statutory Authority

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) (Pub. L. No. 101-173, 103 Stat. 183) directed states to establish appraiser regulatory bodies for the purpose of credentialing appraisers to perform real estate appraisals in Federally-related transactions. The Appraisal Foundation's Appraiser Qualifications Board (AQB) is the independent body charged under the FIRREA with establishing the minimum initial education, continuing education, experience and examination requirements for state-credentialed appraisers. The Appraisal Foundation's Appraisal Standards Board (ASB) is the independent body charged under the FIRREA with establishing the practice standards, known as the Uniform Standards of Professional Appraisal Practice (USPAP), for use by state-credentialed appraisers. The Appraisal Subcommittee (ASC), a Federal agency, is charged under the FIRREA with overseeing the activities of states and the Appraisal Foundation in carrying out the requirements of the FIRREA.

The Real Estate Appraisers Certification Act (REACA) (63 P. S. §§ 457.1—457.19) was enacted in July 1990 to implement the FIRREA in this Commonwealth. The REACA established the certification classes of residential appraiser and general appraiser to perform real estate appraisals in Federally related transactions under the FIRREA. The REACA requires applicants for certification as residential appraisers and general appraisers, as a prerequisite to taking the certification examination, to meet the education and experience qualifications required under the FIRREA. The REACA also requires residential appraisers and general appraisers, as a condition of biennial renewal of certification, to complete continuing education as required under the FIRREA. Sections 6(f) and 10(b) of the REACA (63 P. S. §§ 457.6(f) and 457.10(b)) direct the Board to prescribe initial education, continuing education and experience requirements that are consistent with the FIRREA. Section 5(2) of the REACA (63 P. S. § 457.5(2)) authorizes the Board to promulgate regulations necessary to carry out the purposes of the REACA, including regulations that require appraisals to be performed in accordance with generally accepted appraisal standards as required under the FIRREA.

The enactment of the REACA in 1990 did not affect the right of persons licensed as real estate brokers under the Real Estate Licensing and Registration Act (RELRA) (63 P. S. §§ 455.101—455.902) to continue to perform real estate appraisals in non-Federally-related transactions. The act of July 2, 1996 (P. L. 460, No. 71) (Act 71) amended the REACA to give residential appraisers and general appraisers the authority to perform real estate appraisals in non-Federally-related transactions, equivalent to their certification classes, effective September 3, 1996, and amended the RELRA to remove the authority

of licensed real estate brokers to perform real estate appraisals in non-Federally-related transactions effective September 3, 1998. Act 71 further amended the REACA to create a "grandfather" certification class of broker/appraiser, which was open to any real estate broker licensed in good standing as of September 3, 1996, who made an application to the Board by September 3, 1998. Broker/appraisers are authorized to perform real estate appraisals in non-Federally-related transactions. A 2000 amendment to the REACA requires broker/appraisers, as a condition of biennial renewal of certification, to complete the same continuing education as that required of residential appraisers and general appraisers.

In addition to regulating real estate appraisers in this Commonwealth, the Board regulates persons who value real property in this Commonwealth for ad valorem tax purposes. The Assessors Certification Act (ACA) (63 P. S. §§ 458.1—458.16), enacted in April 1992, establishes the credential of a CPE for county assessors and employees of revaluation, or mass appraisal companies. The ACA requires applicants for CPE certification, as a prerequisite to taking the certification examination, to meet education requirements specified by the Board. The ACA also requires CPEs, as a condition of biennial renewal of certification, to complete continuing education as prescribed by the Board. Sections 4(d) and 12 of the ACA (63 P. S. §§ 458.4(d) and 458.12) authorize the Board to promulgate regulations regarding requirements for initial certification and biennial renewal of certification. Section 3 of the ACA (63 P. S. § 458.3) authorizes the Board to promulgate regulations necessary to carry out the purposes of the ACA.

Description of the Proposed Rulemaking

Chapter 36 contains Subchapters A and C (relating to general provisions; and certified Pennsylvania evaluators). Subchapter B is reserved. The proposed rulemaking would retitle Subchapter A as "Certified Real Estate Appraisers" because this subchapter contains regulations affecting certified residential appraisers, general appraisers and broker/appraisers.

§ 36.1 (relating to definitions)

The proposed rulemaking would add definitions for "AQB," "certified broker/appraiser," "certified real estate appraiser," "distance education" and "USPAP." The definitions of "State certified general real estate appraiser" and "State certified residential real estate appraiser" are proposed to be deleted and redefined as "certified general real estate appraiser" and "certified residential real estate appraiser," respectively.

The term "distance education," which is being added to several sections regarding educational offerings, would be defined, consistent with the AQB's definition, as "[a]n educational process based on the geographical separation of the learner and instructor, which provides interaction between the learner and instructor and includes testing. Examples include CD or DVD ROM, on-line learning, correspondence courses, video conferencing, and video and remote television courses."

The term "certified real estate appraiser" would refer to an individual who holds a certification in one of the three appraiser classes authorized under the REACA. The definition of each class of certified real estate appraiser, in turn, would set forth the statutory and regulatory basis of the certification and the permitted scope of practice under the certification. The current definitions for residential and general appraisers do not reference

their authority to perform appraisals in non-Federally related transactions equivalent to their certification classes.

§ 36.2 (relating to application process)

Section 36.2 establishes the procedure for applying for certification as a residential or general appraiser. Section 36.2(a) requires an applicant to submit an application on a Board-approved form and provides information about how an application form can be obtained from the Board. Section 36.2(b) requires an applicant to pay a nonrefundable application fee. Section 36.2(c) provides that approval of an application is valid for 1 year and that if the applicant does not pass the examination within the 1-year period, the applicant must submit a new application that will be reviewed under the requirements in effect at the time the new application is received. Section 36.2(d) provides that an applicant whose application has been disapproved has 1 year to correct the deficiencies and that if the applicant fails to correct the deficiencies within 1 year, the applicant must submit a new application that will be reviewed under the requirements in effect at the time the new application is received. Section 36.2(e) provides that if the AQB's education or experience criteria are changed during the 1-year compliance period following the approval or disapproval of an application, the applicant must satisfy the new AQB criteria during the 1-year compliance period.

The proposed rulemaking would modify the language in § 36.2(c)—(e) regarding an applicant's obligation to comply with new requirements that take effect during the application process. The revised prescription in § 36.2(e) would provide that, except as otherwise provided in the regulations regarding qualifications for certification, an applicant must comply with new requirements that take effect between the applicant's initial filing of an application and the applicant's passing the certification examination. The general rule in proposed § 36.2(e) would more accurately reflect the ASC's instructions to the Board, during the last rulemaking amending § 36.2 (24 Pa.B. 6298 (December 17, 1994)), that an applicant must meet the AQB's education and experience requirements that are in effect as of the date of certification. An ASC-approved exception to this rule for the AQB's new education requirements that take effect January 1, 2008, is more fully discussed in the section regarding §§ 36.11 and 36.12 (relating to residential real estate appraiser; and general real estate appraiser), which set forth the education and experience requirements for certification as a general appraiser and residential appraiser, respectively.

The proposed rulemaking also would make editorial changes to § 36.2(a) and (b) and would add a website and e-mail address to the postal address and telephone number currently set forth in § 36.2(a).

§ 36.3 (relating to examinations)

Section 36.3(a) provides that the examinations for residential appraiser and general appraiser certification must be issued or endorsed by the AQB; that the examinations are administered by a professional testing organization under contract with the Board; and that the Board establishes examination dates and locations. Section 36.3(b) provides that the professional testing organization will furnish information about the examinations to persons who have been approved by the Board to sit for the examinations.

The proposed rulemaking would amend § 36.3(a) to provide updated names for the certification examinations

and to clarify that the professional testing organization that administers the examinations prescribes examination dates and location, not the Board. The proposed rulemaking would amend § 36.3(b) to provide that information about the examinations may be obtained from the professional testing organization and directs interested parties to the Board's website for contact information regarding the professional testing organization.

§§ 36.11 and 36.12 (relating to residential real estate appraiser; and general real estate appraiser)

Sections 36.11 and 36.12 are identically structured and incorporate the AQB's qualifications criteria and interpretations for residential appraisers and general appraisers, respectively. The proposed rulemaking would reorganize §§ 36.11 and 36.12 and retitle them as "Qualifications for certification as residential real estate appraiser" and "Qualifications for certification as general real estate appraiser," respectively. The proposed rulemaking would also add in substantive criteria authorized by the AQB.

The existing unnumbered introductory paragraphs of §§ 36.11 and 36.12 provide that an applicant for certification as a residential appraiser or general appraiser, respectively, must be a person of good moral character, satisfy the appropriate appraisal education and experience qualifications and pass the appropriate appraiser certification examination. Licensure as a real estate broker or salesperson under the RELRA is not a prerequisite for certification as a residential or general appraiser. The proposed rulemaking would clarify, consistent with section 6(d) and (e) of the REACA, that an applicant must satisfy the education and experience requirements before being admitted to the certification examination. The proposed rulemaking also would redesignate the introductory paragraphs as subsection (a).

Sections 36.11(1) and 36.12(1) set forth the initial education criteria for certification as prescribed by the AQB. An applicant for certification as a residential appraiser currently must complete 120 classroom hours in subjects relating to real estate appraisal, including the 15-hour National USPAP Course, while an applicant for certification as a general appraiser currently must complete 180 classroom hours in subjects relating to real estate appraisal, including the 15-hour National USPAP Course. The classroom hours must include coverage of the topics listed in §§ 36.11(2) and 36.12(2).

On February 20, 2004, the AQB voted to adopt changes to the initial education criteria that will take effect January 1, 2008. Under the new criteria, the classroom hour requirement for residential appraiser certification and general appraiser certification is increased to 200 hours and 300 hours, respectively, and a core curriculum is provided for each certification class. States have the option of implementing the new education requirements through either a firm date approach or a segmented approach. Under the firm date approach, no certificate would be issued to an applicant on or after January 1, 2008, unless the applicant has satisfied the new education requirements. Under the segmented approach, an applicant who has satisfied the current education requirements before January 1, 2008, would not be required to meet the additional requirements as a condition of being issued a certificate on or after January 1, 2008. To minimize potential disruptions to the career plans of those persons who are currently taking steps to satisfy the educational and experience qualifications for certification, the Board is proposing to adopt the segmented approach to implementation of the new education requirements.

The proposed rulemaking would amend §§ 36.11(1) and 36.12(1) to set forth new classroom hour requirements and their segmented effective dates and to make appropriate cross-references to the redesignated provisions that list the current appraisal topics as well as the new core curricula. The proposed rulemaking also would redesignate §§ 36.11(1) and 36.12(1) as §§ 36.11(b) and 36.12(b), respectively.

Sections 36.11(1)(ii) and 36.12(1)(ii) provide that credit toward the classroom hour requirement may be awarded to a teacher of an appraisal course for actual classroom time, but that credit will not be given to a teacher for course repetition. They further provide that a teacher may request credit for either the classroom hour requirement or the appraisal experience requirement but not both.

The ASC has advised the Board that while the AQB's criteria permit teachers of appraisal courses to apply their teaching experience toward the classroom hour requirement, the teaching experience may not be applied toward the appraisal experience requirement. The proposed rulemaking would amend §§ 36.11(1)(ii) and 36.12(1)(ii) to remove the reference to a applicant's applying teaching experience toward the appraisal experience requirement and to redesignate them as §§ 36.11(b)(2) and 36.12(b)(2), respectively.

Sections 36.11(1)(iv) and (v) and 36.12(1)(iv) and (v) provide that a correspondence course or a video/remote television course, respectively, is acceptable to meet the classroom hour requirement if the course: (1) is approved by the Board; (2) is presented by an accredited college or university that offers correspondence or video/remote television courses in other disciplines; (3) requires the completion of a written examination at a location approved by the college or university; and (4) meets the course content and course length requirements prescribed by the Board.

The ASC has advised the Board to replace the requirements regarding correspondence and video/remote television courses with the AQB's criteria relating to distance education, which allow for a greater range of off-site educational opportunities, including Internet courses, than those permitted by the Board's current regulations. Under the AQB criteria, a distance education course is acceptable to meet the classroom hour requirement for initial education if the course: (1) is approved by the Board; (2) is presented either by an accredited college or university that offers distance education courses in other disciplines or by a course provider that has received approval of course content from the Board or the AQB through its Course Approval Program and approval of course design and delivery mechanism from the International Distance Education Certification Center; (3) requires completion of a written examination proctored by an official approved by the college, university or other course provider; and (4) meets the course content and course length requirements prescribed by the Board.

The proposed rulemaking would amend §§ 36.11(1)(iv) and 36.12(1)(iv) to reflect the AQB's distance education criteria and would delete §§ 36.11(1)(v) and 36.12(1)(v) as unnecessary. The proposed rulemaking also would redesignate §§ 36.11(1)(iv) and 36.12(1)(iv) as §§ 36.11(b)(4) and 36.12(b)(4), respectively.

For consistency of reorganization, the proposed rulemaking would redesignate §§ 36.11(1)(i) and 36.12(1)(i) as §§ 36.11(b)(1) and 36.12(b)(1), respectively; redesignate §§ 36.11(1)(iii) and 36.12(1)(iii) as §§ 36.11(b)(3) and

36.12(b)(3), respectively; and redesignate §§ 36.11(1)(vi) and 36.12(1)(vi) as §§ 36.11(b)(5) and 36.12(b)(5), respectively. The proposed rulemaking also would make editorial changes to §§ 36.11(1)(i) and (vi) and 36.12(1)(i) and (vi).

Sections 36.11(2) and 36.12(2) currently require that an applicant for certification demonstrate that the applicant's classroom hours include coverage in the listed courses topics. The course topics are identical to those set forth in the AQB's current criteria. The AQB's new education criteria, which will take effect January 1, 2008, replace the current listing of mandatory course topics with separate core curricula for residential appraiser certification and general appraiser certification that reflect the increased classroom hours. Each core curriculum has nine course modules, plus electives, and each module is assigned a minimum number of classroom hours. The core curricula are as follows:

<i>Residential Appraiser</i>	<i>General Appraiser</i>
Basic Appraisal Principles (30 hours)	Basic Appraisal Principles (30 hours)
Basic Appraisal Procedures (30 hours)	Basic Appraisal Procedures (30 hours)
National USPAP Course or Equivalent (15 hours)	National USPAP Course or Equivalent (15 hours)
Residential Market Analysis and Highest and Best Use (15 hours)	General Appraiser Market Analysis and Highest and Best Use (30 hours)
Residential Appraiser Site Valuation and Cost Approach (15 hours)	Statistics, Modeling and Finance (15 hours)
Residential Sales Comparison and Income Approaches (30 hours)	General Appraiser Sales Comparison Approach (30 hours)
Residential Report Writing and Case Studies (15 hours)	General Appraiser Site Valuation and Cost Approach (30 hours)
Statistics, Modeling and Finance (15 hours)	General Appraiser Income Approach (60 hours)
Advanced Residential Applications and Case Studies (15 hours)	General Appraiser Report Writing and Case Studies (30 hours)
Appraisal Subject Matter Electives (20 hours)	Appraisal Subject Matter Electives (30 hours)
Total: 200 hours	Total: 300 hours

The AQB has promulgated "guide notes" setting forth the suggested content subtopics for each module in the core curriculum. Although the subtopics listed in the guide notes are not binding upon states for purposes of implementing the new education criteria, the Board believes that the subtopics should be included in the proposed rulemaking because they help to ensure that all candidates for each certification class will receive the same body of knowledge and because the AQB will be using the subtopics in developing the content outlines of the certification examinations.

The proposed rulemaking would redesignate §§ 36.11(2) and 36.12(2) as §§ 36.11(c) and 36.12(c), respectively. The current required course topics would be set forth in paragraph (1) of each subsection, while the new core curriculum requirements, course modules and subtopics, would appear in paragraph (2) of each subsection. The content requirements would be cross-referenced to the classroom hour requirements in §§ 36.11(b) and 36.12(b).

The AQB's revised criteria for initial education also requires, effective January 1, 2008, that an applicant for certification as a residential or general appraiser have completed a minimum level of postsecondary education as follows:

<i>Residential Appraiser</i>	<i>General Appraiser</i>
Possession of associate's degree, or higher, from an accredited college or university	Possession of bachelor's degree, or higher, from an accredited college or university
OR	OR
Completion of 21 semester credits in the following courses from an accredited college or university:	Completion of 30 semester credits in the following courses from an accredited college or university:
English Composition Micro or Macro Economics Finance Algebra, Geometry or Higher Math Statistics Intro. to Computers—Word Processing/Spreadsheets Business or Real Estate Law	English Composition Micro Economics Macro Economics Finance Algebra, Geometry or Higher Math Statistics Intro. to Computers—Word Processing/Spreadsheets Business or Real Estate Law Any two of the following: Accounting, Geography, Ag-Economics, Real Estate or Business Management

The proposed rulemaking would add §§ 36.11(d) and 36.12(d) setting forth the new AQB criteria regarding postsecondary education. Consistent with the segmented implementation approach, subsection (d) would not apply to an applicant who completed the existing classroom hour requirement before January 1, 2008.

Sections 36.11(3) and 36.12(3) set forth the appraisal experience requirements for certification based on the AQB criteria. An applicant for certification as a residential appraiser must have acquired 2,500 hours of acceptable appraisal experience during a period of not less than 24 months, while an applicant for certification as a general appraiser must have acquired 3,000 of acceptable appraisal experience, including 1,500 hours in nonresidential work, during a period of not less than 30 months. At least 50% of an applicant's experience must have been in the actual preparation of appraisal reports that included physical inspections of the interiors and exteriors of the subject properties. Subparagraphs (i)—(ix) list categories of acceptable appraisal experience including, in subparagraph (viii), the teaching of appraisal courses (up to a maximum of 300 hours of experience).

The proposed rulemaking would redesignate §§ 36.11(3) and 36.12(3) as §§ 36.11(e) and 36.12(e), respectively, and add a cross-reference to § 36.13 (relating to experience options), which specifies the manner in which an applicant may obtain qualifying experience in the preparation of appraisal reports. The proposed rulemaking also would move to §§ 36.11(e) and 36.12(e) the requirement in § 36.13(b) that experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of initial appraiser education.

including 15 hours on USPAP. This provision is being relocated to §§ 36.11(e) and 36.12(e) because it applies to other categories of appraisal experience, not just appraisal experience regarding the preparation of appraisal reports. The proposed rulemaking also would add to §§ 36.11(e) and 36.12(e) a requirement that appraisal experience obtained after January 1, 1991, must comply with USPAP. This requirement is consistent with the AQB's interpretation of its experience criteria.

The proposed rulemaking would delete the teaching of appraisal courses as an acceptable category of experience. As previously noted, the AQB interprets its experience criteria as not permitting teaching experience to qualify as appraisal experience. The proposed rulemaking also would eliminate as redundant the references in certain experience categories that the specified experience must comply with USPAP. The proposed rulemaking would add two experience categories that are permitted under the AQB's interpretation of its experience criteria, cases studies or practicum courses that are approved by the AQB's Course Approval Program and evaluations of real estate that are performed under the FIRREA in accordance with the requirements of Federal financial institution regulatory agencies. As revised, the categories of acceptable experience would be redesignated as §§ 36.11(e)(1)—(10) and 36.12(e)(1)—(10).

Sections 36.11(4) and 36.12(4) state that an applicant who is subsequently certified by the Board after passing the certification examination is deemed to have satisfied the minimum criteria established by the AQB for that certification class and shall be entitled to perform appraisals in the specified Federally-related and non-Federally-related transactions. The proposed rulemaking would delete these provisions as unnecessary in view of the amended definitions of "certified residential real estate appraiser" and "certified general real estate appraiser" in § 36.1 (relating to definitions).

§ 36.13 (relating to experience options)

Section 36.13 was developed to establish standards by which the Board could evaluate experience in performing appraisals (that is, preparing appraisal reports) that has been acquired by an applicant for certification as a residential or general appraiser. Under the requirements in §§ 36.11 and 36.12, experience in the preparation of appraisal reports must account for at least 50% of the applicant's hours of qualifying experience.

Section 36.13(a) currently identifies three ways that an applicant may gain qualifying experience through the performance of appraisals: (1) as a licensed real estate broker under authority of the RELRA, with regard to non-Federally related transactions; (2) as an officer, director or employee of a Federally or state-regulated banking or savings institution, savings bank, credit union or trust company, in connection with a loan transaction, under an exemption from broker licensure requirements in section 304(11) of the RELRA (63 P. S. § 455.304(11)); and (3) as an assistant to a residential or general appraiser, subject to certain conditions. The conditions are that the appraiser must directly supervise and control the assistant's work while not permitting the assistant to reach an independent determination of value and assuming responsibility for the contents of the appraisal report; that the appraiser must conduct a complete interior and exterior inspection of the property unless a complete inspection is not possible or not required by the appraisal assignment; and that the appraiser and the assistant must both sign the appraisal report in a manner that specifically identifies their roles. Section 36.13(b), as previously noted,

provides that appraisal experience acquired after August 2, 1993, will not be credited unless the applicant has completed at least 45 classroom hours in appraisal subjects, including 15 hours on USPAP.

The proposed rulemaking would amend and reorganize § 36.13 and retitle it "Experience options for preparation of appraisal reports." Section 36.13(a) would be amended to include cross-references to §§ 36.11 and 36.12 and to add an explicit statement that the options relate to experience acquired in preparing appraisal reports.

Proposed § 36.13(a)(1)(i)—(iv) would set forth options for experience acquired before September 3, 1998, while the proposed § 36.13(a)(2)(i) and (ii) would set forth options for experience acquired on or after September 3, 1998. September 3, 1998, is the date when the authority of licensed real estate brokers to perform appraisals in non-Federally related transactions under the RELRA expired. At the same time, the authority of officers, directors and employees of lending institutions to perform appraisals in loan transactions under the RELRA without a real estate broker's licenses likewise expired. The REACA contains no similar exemption for personnel of lending institutions. Section 36.13(a)(1)(i)—(iv) would retain the three options in the current regulation (service as a real estate broker; as a bank officer, director or employee; or as an assistant to a residential or general appraiser) while adding experience as a broker/appraiser. The addition of the broker/appraiser option reflects that the broker/appraiser certification was available to a licensed real estate broker as of September 3, 1996, and that real estate brokers so credentialed had the option prior to September 3, 1998, of signing their appraisal reports as real estate brokers or broker/appraisers. Section 36.13(a)(2)(i) and (ii) would reduce the options for appraisal experience on or after September 3, 1998, to that acquired while serving as a broker/appraiser or as an assistant to a residential or general appraiser. The Board has elected not to allow an applicant to gain qualifying appraisal experience while serving as an assistant to a broker/appraiser. The Board does not consider a broker/appraiser to have a sufficiently adequate appraisal background to train other appraisers. Neither the RELRA nor the regulations of the State Real Estate Commission required an applicant for licensure as a real estate broker to have acquired any appraisal education or experience, and the REACA required a candidate for certification as a broker/appraiser to satisfy no requirement other than being a licensed real estate broker in good standing.

Current § 36.13(b), as previously noted, would be relocated to redesignated §§ 36.11(e) and 36.12(e). The proposed rulemaking would revise § 36.13(b) to set forth the following conditions that an assistant to a residential or general appraiser must satisfy when preparing an appraisal report: (1) perform a physical inspection of the interior and exterior of the property; (2) refrain from making an independent determination of value; (3) and either sign the report as an assistant or be referenced in the report as having provided significant professional assistance to the appraiser. The duties of the supervising appraiser would be relocated to new § 36.54 (relating to supervision of appraisal assistant). The revised language regarding physical inspection clarifies that to receive experience credit for preparing an appraisal report, the assistant must participate in the inspection in the property. The current language references the obligation of the supervising appraiser to inspect the property but not that of the assistant, although the Board's interpretation of the regulation has always been that the assistant must accompany the supervising appraiser during the inspec-

tion. The revised language also deletes the reference to a complete physical inspection not being performed for reasons of impossibility or limitations on the appraisal assignment. Under §§ 36.11 and 36.12, a complete physical inspection is required for an applicant to get credit for experience based on the preparation of an appraisal report. The proposed language that permits an assistant to be acknowledged in an appraisal report as opposed to signing it is consistent with USPAP, which requires an appraiser to identify by name any person who rendered significant professional assistance in the preparation of an appraisal report.

§ 36.41 (relating to continuing education requirement)

Section 36.41(a) requires residential and general appraisers and broker/appraisers to complete 28 hours of continuing education, including 4 hours on USPAP and 2 hours on the REACA and Board regulations and policies, during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. Section 36.41(a) further provides that the USPAP component changed to the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the AQB, effective with renewal of certification for the 2005-2007 biennial renewal period, which began July 1, 2005. Section 36.41(b) provides that a residential or general appraiser who obtained initial certification between January 1 and June 30 of a biennial renewal year is exempt from the continuing education requirement for that biennial renewal year. Section 36.41(c) provides that a broker/appraiser may count continuing education obtained between January 1, 2001, and June 30, 2001, toward the continuing education requirement for renewal of certification for the 2003-2005 biennial renewal period, which began July 1, 2003.

The proposed rulemaking would make amend § 36.41 to delete the outdated references to the 4-hour USPAP requirement and to the acceptability of certain continuing education for renewal of broker/appraiser certifications in 2003. The proposed rulemaking also would make editorial changes to § 36.41.

§ 36.43 (relating to correspondence courses/video and remote television presentations)

Section 36.43 prescribes the requirements for Board approval of a correspondence course or video and remote television course as a continuing education offering for certified real estate appraisers. These requirements are identical to those for approval of courses for initial education purposes in current §§ 36.11(1)(iv) and 36.12(1)(iv).

The AQB's distance education criteria for continuing education courses are less strict than its distance education criteria for courses offered for initial education in that a written examination is not mandatory. Subject to Board approval and to compliance with course content and course length requirements, a distance education course would be acceptable for continuing education purposes if the course provider presented the course to an organized group in an instructional setting and with a qualified person available to answer questions, provide information and monitor attendance. The Board notes that written examinations have never been required for continuing education courses that are taught in a traditional classroom setting.

The proposed rulemaking would amend § 36.43 to replace the current requirements with the previously-described criteria, together with the previously discussed, examination-based distance education options involving

courses offered by providers that are accredited colleges or universities or credentialed by the International Distance Education Center.

§ 36.51 (relating to Uniform Standards of Professional Appraisal Practice)

Section 36.51, which was adopted before the Board was vested with authority to regulate the performance of appraisals in non-Federally transactions, requires a certified real estate appraiser, when performing an appraisal in a Federally related transaction, to perform a complete physical inspection of the interior and exterior of a property unless a complete inspection is not possible for the following reasons: the improvements have been destroyed, removed or not yet built; an inspection is not legally or contractually possible; the appraiser is denied access to the property; or the appraisal contract stipulates a "drive-by" appraisal. Section 36.51 also requires a certified real estate appraiser to perform an appraisal in accordance with USPAP and that one or more violations of USPAP could result in disciplinary action under the REACA. Section 36.51 further states that an appraiser may obtain the current annual edition of USPAP by contacting the Appraisal Foundation and provides contact information (postal address and telephone number).

The proposed rulemaking would amend § 36.51 by deleting as unnecessary the reference to a physical inspection of the property. USPAP's Advisory Opinion 2, regarding inspection of subject property real estate, makes it clear that the nature of the inspection process, or the need to conduct a personal inspection at all, varies depending on such matters as the type of property appraised, the conditions of the appraisal, and whether there is adequate information about the property to develop a credible appraisal. Requiring an appraisal to be performed in accordance with USPAP is sufficient to ensure that proper consideration is given to the matter of property inspection. The proposed rulemaking also would delete the reference to the publication of an "annual" edition of USPAP, because the ASB is contemplating a less frequent publication schedule, and would add an e-mail address to the contact information for the Appraisal Foundation.

§ 36.52 (relating to use of certificate number and title)

Section 36.52 requires that a certified real estate appraiser place his name, signature and certificate number immediately adjacent to or immediately below the appraiser's title on each appraisal report and appraisal agreement. The section references the titles "Pennsylvania certified general real estate appraiser" and "Pennsylvania certified residential real estate appraiser" and provides an example of how this information should appear on an appraisal report or appraisal agreement. The proposed rulemaking would add a reference to the title "Pennsylvania certified broker/appraiser" and would make editorial changes to the example provided.

§ 36.54. (relating to supervision of appraisal assistant)

Section 36.54 is a new section derived in part from the current § 36.13(a) that prescribes the supervisory duties of a residential or general appraiser when utilizing an appraisal assistant.

Proposed § 36.54(1) would require an appraiser to notify the Board whenever the appraiser retains an appraisal assistant. The purpose of the notification requirement is to enable the Board to maintain a current roster of appraisal assistants so that information about certification requirements and procedures can be mailed to them. While the AQB has adopted criteria relating to

an appraiser trainee classification, the REACA does not recognize this classification. As a consequence, the Board is without authority to require persons who are apprenticing or training to become certified as residential or general appraisers to formally register with the Board or to otherwise participate in any structured training program.

Proposed § 36.54(2) would require an appraiser to directly supervise and control the work of an assistant, assuming total responsibility for the contents of the appraisal report. This requirement is consistent with the existing requirement in § 36.13(a).

Proposed § 36.54(3) would require an appraiser to accompany an assistant during the physical inspection of each property until the assistant has logged 300 hours of experience or until the appraiser considers the assistant competent under USPAP to perform an inspection alone, whichever period of time is greater. In the case of an assistant who is a residential appraiser seeking to upgrade to certification as a general appraiser, the supervising appraiser would have to accompany the assistant during the physical inspection of each property until the supervising appraiser considers the assistant competent under USPAP to perform an inspection alone. The current inspection standard in § 36.13(a), which requires an appraiser to personally inspect 100% of properties for which an assistant helped to prepare appraisal reports, is economically burdensome for appraisers and makes it difficult for appraisers to extend apprenticeship opportunities to others seeking to enter the appraising profession. The proposed inspection standard is similar to that prescribed by the AQB for an appraiser trainee; the supervising appraiser must accompany the trainee on each property inspection until the appraiser deems the trainee competent under USPAP to perform an inspection unaccompanied.

Proposed § 36.54(4) would require, consistent with proposed § 36.13(a), that an appraiser sign an appraisal report prepared by an assistant and either have the assistant sign the report as well or acknowledge the assistant's significant professional assistance in the report.

Proposed § 36.54(5) would require an appraiser to sign a Board-approved appraisal assistant checklist that has been completed by the assistant and that relates to the assistant's work on the appraisal report, while proposed § 36.54(6) would require an appraiser to provide a current or former assistant with copies of appraisal reports and appraisal assistant checklists requested by the Board for the purpose of verifying the assistant's experience. The Board requires an applicant for certification as a residential or general appraiser to submit an experience log setting forth the number of hours that the assistant worked on each appraisal assignment. The Board staff selects approximately a dozen appraisals from the experience log and requests that the applicant submit copies of the appraisal reports for review together with any appraisal assistant checklists that may have been completed at the time the appraisal reports were prepared. The appraisal assistant checklist was developed by the Board in the late 1990s and made available to residential and general appraisers for their voluntary use. The checklist identifies the various components of the appraisal process in which the assistant participated. The Board has found the checklist helpful in assessing the quality of the assistance rendered in the preparation of the appraisal report, and believes that its use should be mandatory, rather than voluntary, so that the Board has available the

same type of verifying information for each applicant. While the overwhelming majority of residential and general appraisers cooperate in providing copies of requested appraisal reports and appraisal assistant checklists to their current or former assistants, making cooperation compulsory helps to ensure that all assistants who apply for certification will have an equal opportunity to satisfactorily document their experience.

§ 36.91 (relating to reactivation of certification)

Section 36.91(a) establishes the procedure for a certified real estate appraiser to reactivate a certification that has lapsed for lack of biennial renewal. The appraiser shall pay a renewal fee, complete required biennial continuing education and provide verification that the appraiser did not perform appraisals or hold out as an appraiser during the period of lapsed certification. Section 36.91(b) provides that the appraiser will not be assessed late fees if the appraiser refrained from practicing or holding out as an appraiser during the period of lapsed certification. Section 36.91(c) provides that if the appraiser engaged in unauthorized activities during the period of lapsed certification, the appraiser would be subject to possible disciplinary action under the REACA and would be assessed late renewal fees of \$5 for each month, or part of a month, that the appraiser engaged in unauthorized activities.

The proposed rulemaking would retitle § 36.91 as "Reactivation of lapsed certification" and reorganize it by eliminating the subsections and streamlining the description of the requirements for reactivation. The proposed rulemaking also would clarify that the applicable continuing education would have to be completed within the 2-year period preceding the filing date of the reactivation application.

§§ 36.224 and 36.225 (relating to correspondence courses; and video and remote television courses)

Sections 36.224 and 36.225 prescribe the requirements for Board approval of a correspondence course or a video and remote television course, respectively, as an initial education offering for CPEs. The requirements are identical to those in current §§ 36.11 and 36.12 for residential and general appraisers.

Although CPEs are not subject to the AQB's qualifications criteria, the Board has always sought to harmonize, whenever appropriate, regulatory requirements affecting both CPEs and certified appraisers. Because there is no meaningful basis for having one set of distance education standards for CPEs and another set of distance education standards for certified appraisers, the proposed rulemaking would delete § 36.225 and replace the contents of § 36.224 with the AQB's distance education criteria for initial education in proposed §§ 36.11 and 36.12.

§ 36.261 (relating to continuing education requirement)

Section 36.261 requires a CPE, as a condition of biennial renewal of certification, to complete 28 hours of continuing education, including 4 hours on USPAP and 2 hours on the ACA and the Board's regulations and policies, during the immediately preceding renewal period. A CPE whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year is exempt from the continuing education requirement for that biennial renewal year.

The proposed rulemaking would amend § 36.261 for clarity and provide that the USPAP requirement would increase to 7 hours effective with renewal of certification for the 2007-2009 biennial renewal period. Each CPE

would have to complete the 7-hour National USPAP Update Course or an equivalent 7-hour course approved by the AQB. The identical requirement was implemented for residential and general appraisers and broker/appraisers effective with renewal of their certifications for the 2005-2007 biennial renewal period (July 1, 2005—June 30, 2007). Because of the similarity between the real estate assessing and real estate appraising professions, as well as the importance of having practitioners in both professions maintain strict adherence to professional standards, the Board believes it is desirable that CPEs be required to complete the same amount of biennial training on USPAP as that required of certified appraisers. The Board's Fall 2005 newsletter, which was sent to active CPEs, gave notice of the Board's intention to propose the new USPAP requirement for CPEs effective with the 2007-2009 biennial renewal period.

§ 36.263 (relating to correspondence courses/video and remote television presentations)

Section 36.263 prescribes the requirements for Board approval of a correspondence course or video and remote television course as a continuing education offering for CPEs. These requirements are identical to those for approval of such courses for initial education purposes in current §§ 36.224 and 36.225 (relating to correspondence courses; and video and remote television courses). For reasons previously discussed, the proposed rulemaking would replace the contents of § 36.263 with the same distance education criteria for a continuing education course that are being proposed in § 36.43 (relating to correspondence courses/video and remote television presentations).

§ 36.271 (relating to reactivation of certification)

Section 36.271 sets forth the same procedures for reactivation of a lapsed CPE certification as appear in current § 36.91 with regard to the reactivation of a lapsed appraiser certification. The proposed rulemaking would make the same amendments to § 36.271 that are being proposed in § 36.91 (relating to reactivation of certification).

§ 36.281 (relating to standards of professional conduct)

Section 36.281 establishes standards of professional conduct for CPEs. Standard 1 requires that CPEs perform all assessments and appraisal-related assignments in accordance with USPAP and provides information about how a CPE can obtain a current annual edition of USPAP from the Appraisal Foundation. The proposed rulemaking would make editorial changes to Standard 1, delete the reference to an "annual" edition of USPAP and add an e-mail address to the contact information for the Appraisal Foundation.

Fiscal Impact and Paperwork Requirements

The proposed rulemaking would cause candidates for certification as residential and general appraisers to incur additional costs in meeting the increased educational requirements for initial certification that are mandated by the AQB. These costs cannot be quantified. The proposed rulemaking, through its elimination of the requirement that residential and general appraisers must accompany appraisal assistants on all property inspections, should allow appraisers who employ appraisal assistants to use their time more efficiently. The savings to appraisers, and indirectly to users of appraisal services, cannot be quantified. The proposed rulemaking would have no direct fiscal impact on the general public or on the Commonwealth and its political subdivisions.

The proposed rulemaking would require residential and general appraisers to provide written notification to the Board when they employ appraisal assistants and to maintain appraisal assistant checklists for the appraisal reports that the assistants helped to prepare. The proposed rulemaking would not create additional paperwork for the general public or the Commonwealth and its political subdivisions.

Effective Date

The proposed rulemaking would become effective upon final-form publication in the *Pennsylvania Bulletin*.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on May 17, 2006, the Board submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the Senate Standing Committee on Consumer Protection and Professional Licensure and the House Standing Committee on Professional Licensure. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Board, the General Assembly and the Governor of comments, recommendations or objections raised.

Public Comment

The Board invites interested persons to submit written comments, suggestions or objections regarding the proposed rulemaking 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 proposed rulemaking in the *Pennsylvania Bulletin*.

ROBERT F. MCRAE,
Chairperson

Fiscal Note: 16A-7014. 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]
CERTIFIED REAL ESTATE APPRAISERS**

GENERAL PROVISIONS

§ 36.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

AQB—The Appraiser Qualifications Board of the Appraisal Foundation.

* * * * *

Certified broker/appraiser—A person who holds a certificate issued under authority of section 6(a)(3) of the act (63 P. S. § 457.6(a)(3)) and who is authorized to perform appraisals of all types of real property in non-Federally-related transactions.

Certified general real estate appraiser—A person who holds a certificate issued under authority of section 6(a)(2) and (e) of the act and § 36.12 (relating to qualifications for certification as general real estate appraiser) and who is authorized to perform appraisals of all types of real property in all transactions, whether Federally-related or non-Federally-related.

Certified real estate appraiser—A certified broker/appraiser, certified residential real estate appraiser or certified general real estate appraiser.

Certified residential real estate appraiser—A person who holds a certificate issued under authority of section 6(a)(1) and (d) of the act and § 36.11 (relating to qualifications for certification as residential real estate appraiser) and who is authorized to perform appraisals of residential properties of one-to-four dwelling units in all transactions, whether Federally-related or non-Federally-related.

Distance education—An educational process based on the geographical separation of the learner and instructor, which provides interaction between the learner and instructor and includes testing. Examples include CD or DVD ROM, on-line learning, correspondence courses, video conferencing, and video and remote television courses.

* * * * *

[**State certified general real estate appraiser**—A person who satisfies the requirements of the act and this chapter, pertaining to the appraisal of residential and nonresidential real property utilized in connection with Federally related transactions, and who holds a current, valid certificate issued under the act and this chapter.

State certified residential real estate appraiser—A person who satisfies the certification requirements of the act and this chapter, pertaining solely to the appraisal of residential real property utilized in connection with Federally-related transactions, and who holds a current, valid certificate under the act and this chapter.]

USPAP—The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

§ 36.2 Application process.

(a) **Application form.** A person interested in becoming [**State certified as**] a certified residential real estate appraiser or a certified general real estate appraiser shall complete and file with the Board a notarized application form and an application fee. Application forms may be obtained [**from the Administrative Office of**] by visiting the Board's website at www.dos.state.pa.us/real or by writing, telephoning or e-mailing the Board[,] at Post Office Box 2649, Harrisburg, [**Pennsylvania**] PA 17105-2649, (717) 783-4866, or ST-APPRAISE@state.pa.us, respectively.

(b) **Application fee.** The application fee for certification as a residential or general real estate appraiser is set forth in § 36.6 (relating to fees). Application fees are

nonrefundable. Payments [**shall**] must be in the form of a personal check or money order made payable to the "Commonwealth of Pennsylvania."

(c) **Approved applications.** Subject to the provisions of subsection (e), an approved application will be valid for 1 year from the date of approval. If an applicant does not pass the certification examination within this 1-year period, the applicant's application will be considered to have been withdrawn. If the applicant wishes to take the examination after 1 year from the date of approval, a new application, along with the required fee, shall be submitted to the Board. [**The application will be reviewed on the basis of statutes and regulations in effect at the time the new application is received by the Board.**]

(d) **Disapproved applications.** Subject to the provisions of subsection (e), an applicant whose application has been disapproved by the Board will be notified in writing of the reasons for the disapproval, and will have 1 year from the date of disapproval to correct the deficiencies or to file a request for reconsideration. A request for reconsideration [**shall**] must give the reason for the applicant's request. [**shall**] be accompanied by documentary materials not previously submitted which the applicant wishes the Board to consider and may include a request for an informal interview with the Board. If a request for reconsideration is denied or, subject to the provisions of subsection (e), an applicant is unable to correct the deficiencies which resulted in the disapproval of the application within 1 year from the date of disapproval, a new application, along with the required fee, shall be submitted to the Board. [**An applicant's new application will be reviewed on the basis of statutes and regulations in effect at the time the new application is received by the Board.**]

(e) **Compliance with new requirements.** [**If the education or experience criteria established by the Appraiser Qualifications Board of the Appraisal Foundation (AQB) are amended during the 1-year period following application approval under subsection (c), the applicant will be required to satisfy the new education or experience requirements established by the AQB as a condition of receiving certification from the Board. If the AQB's education or experience criteria is amended during the 1-year period following application disapproval under subsection (d), the applicant will have 1 year from the date of application disapproval to correct the deficiencies which resulted in application disapproval and to satisfy the AQB's new education or experience requirements.**] Except as otherwise provided in §§ 36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser), an applicant shall comply with any increased education or experience requirements that take effect between the applicant's filing of an initial application and the applicant's passing the certification examination.

§ 36.3. Examinations.

(a) The examination required for certification as a residential [**or general**] real estate appraiser is the [**National**] AQB-endorsed Uniform State Certified Residential Real Property Appraiser Examination [**issued or endorsed by the Appraiser Qualifications**

Board of the Appraisal Foundation] or its equivalent. The examination required for certification as a general real estate appraiser is the AQB-endorsed Uniform State Certified General Real Property Appraiser Examination or its equivalent. The certification [examination will be] examinations are administered by a professional testing organization under contract with the Board at times and places established by the [Board] professional testing organization.

(b) [General information regarding the real estate appraiser examinations and instructions regarding examination scheduling will be prepared by the professional testing organization under contract with the Board and compiled in a candidate booklet to be made available to each candidate whose State-certified real estate appraiser application has been approved by the Board.] Interested persons may obtain information about the certification examinations from the professional testing organization. Contact information for the professional testing organization appears on the Board's website at www.dos.state.pa.us/real.

QUALIFICATIONS FOR CERTIFICATION

§ 36.11. [Residential] Qualifications for certification as residential real estate appraiser.

(a) *Overview.* An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, 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 residential real estate appraiser.

[(1) Education] (b) *Appraisal classroom hours.* An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National [Uniform Standards of Professional Appraisal Practice] USPAP Course, together with coverage of the topics listed in [paragraph (2)] subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 200 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

[(i)] (1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the [educational offering] course is at least 15 hours, and the applicant successfully completes an examination pertinent to [that educational offering] the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

[(ii)] (2) *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)] (3) * * *

[(iv) Correspondence courses] (4) *Distance education.* [Correspondence courses may be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

[(A)] (i) The course [has been] is presented by [an accredited (Commission on Colleges or a regional accreditation association) college or university which offers correspondence programs in other disciplines] one of the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the International Distance Education Certification Center and approval for course content from the Board or from the AQB through its Course Approval Program.

[(B)] (ii) The applicant successfully completes a written examination [administered at a location] proctored by an official approved by the college [or], university or other course provider.

[(C)] (iii) The content and length of the course [meets] meet the requirements of [subparagraph (i) and paragraph (2)] paragraph (1) and subsection (c), respectively.

[(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:

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

(C) The content and length of the course meets the requirements of subparagraph (i) and paragraph (2).

[(vi)] (5) *Credit for challenge examination.* The Board may [grant credit for courses if] accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the [courses] course, if [that credit was granted by] the course provider granted credit 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] (c) *Content of appraisal education.* [Applicants] The content of an applicant's appraisal education shall be as follows:

(1) An applicant who is subject to the 120-classroom hour requirement in subsection (b) shall demonstrate that [their education] the classroom hours included coverage of the following topics [listed in this paragraph], with particular emphasis on the appraisal of one-to-four unit residential properties:

* * * * *

(2) An applicant who is subject to the 200-classroom hour requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following curriculum requirements:

(i) Basic appraisal principles (30 hours).

(A) Real property concepts and characteristics.

(I) Basic real property concepts.

(II) Real property characteristics.

(III) Legal description.

(B) Legal considerations.

(I) Forms of ownership.

(II) Public and private controls.

(III) Real estate contracts.

(IV) Leases.

(C) Influences on real estate.

(I) Governmental.

(II) Economic.

(III) Social.

(IV) Environmental, geographic and physical.

(D) Types of value.

(I) Market value.

(II) Other value types.

(E) Economic principles.

(I) Classical economic principles.

(II) Application and illustrations of the economic principles.

(F) Overview of real estate markets and analysis.

(I) Market fundamentals, characteristics and definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(G) Ethics and how they apply in appraisal theory and practice.

(ii) Basic appraisal procedures (30 hours).

(A) Overview of approaches to value.

(B) Valuation procedure.

(I) Defining the problem.

(II) Collecting and selecting the data.

(III) Analyzing.

(IV) Reconciling and final value opinion.

(V) Communicating the appraisal.

(C) Property description.

(I) Geographic characteristics of the land/site.

(II) Geologic characteristics of the land/site.

(III) Location and neighborhood characteristics.

(IV) Land/site considerations for highest and best use.

(V) Improvements—architectural styles and types of construction.

(D) Residential applications.

(iii) National USPAP Course or Equivalent (15 hours).

(A) Preamble and ethics rules.

(B) Standard 1.

(C) Standard 2.

(D) Standards 3 to 10.

(E) Statements and advisory opinions.

(iv) Residential market analysis and highest and best use (15 hours).

(A) Residential markets and analysis.

(I) Market fundamentals, characteristics and definitions.

(II) Supply analysis.

(III) Demand analysis.

(IV) Use of market analysis.

(B) Highest and best use.

(I) Test constraints.

(II) Application of highest and best use.

(III) Special considerations.

(IV) Market analysis.

(V) Case studies.

(v) Residential appraiser site valuation and cost approach (15 hours).

(A) Site valuation.

(I) Methods.

(II) Case studies.

(B) Cost approach.

(I) Concepts and definitions.

(II) Replacement/reproduction cost new.

(III) Accrued depreciation.

(IV) Methods of estimating accrued depreciation.

(V) Case studies.

(vi) Residential sales comparison and income approaches (30 hours).

(A) Valuation principles and procedures—sales comparison approach.

(B) Valuation principles and procedures—income approach.

(C) Finance and cash equivalency.

(D) Financial calculator introduction.

(E) Identification, derivation and measurement of adjustments.

(F) Gross rent multipliers.

(G) Partial interests.

(H) Reconciliation.

(I) Case studies and applications.

(vii) Residential report writing and case studies (15 hours).

- (A) Writing and reasoning skills.
- (B) Common writing problems.
- (C) Form reports.
- (D) Report options and USPAP compliance.
- (E) Case studies.

(viii) Statistics, modeling and finance (15 hours).

- (A) Statistics.
- (B) Valuation models (AVMs and mass appraisal).
- (C) Real estate finance.

(ix) Advanced residential applications and case studies (15 hours).

(A) Complex property, ownership and market conditions.

- (B) Deriving and supporting adjustments.
- (C) Residential market analysis.
- (D) Advanced case studies.
- (x) Appraisal subject matter electives (20 hours).
- (d) *Postsecondary education.*

(1) Effective January 1, 2008, an applicant shall submit evidence to the Board of having satisfied one of the following requirements:

(i) Possession of an associate's degree, or higher, from an accredited college or university.

(ii) Completion of 21 semester credit hours in the following college-level subjects at an accredited college or university:

- (A) English composition.
- (B) Principles of economics (micro or macro).
- (C) Finance.
- (D) Algebra, geometry or higher mathematics.
- (E) Statistics.

(F) Introduction to computers—word processing/spreadsheets.

(G) Business or real estate law.

(2) This subsection does not apply to an applicant who completed 120 classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

[(3)] (e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having [completed] acquired 2,500 hours of acceptable appraisal experience [obtained] during [no fewer than] a period of at least 24 months. [Fifty percent] At least 50% of the experience [obtained] acquired by an applicant [shall] must be in the actual preparation of real estate appraisal reports, which [include a] includes physical [inspection] inspections of the interior and exterior of the subject [property] properties, in accordance with § 36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be

acquired over any time period in excess of 24 months. There is no minimum number of hours which must be acquired in any 12 months. The following will serve as an example:

Year 1	400 Hours
Year 2	800 Hours
Year 3	200 Hours
Year 4	500 Hours
Year 5	600 Hours

Total 2,500 Hours

(2) Experience acquired after January 1, 1991, must comply with USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience [includes] include:

* * * * *

(iii) Review appraisals [, if the reviews are in compliance with Standard 3 of the Uniform Standards of Professional Appraisal Practice] .

* * * * *

(viii) [Teaching of appraisal courses; however, no more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses and no credit will be given for course repetition.

(ix) [Real estate related experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals [in compliance with the Uniform Standards of Professional Appraisal Practice] .

(ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.

(x) Case studies or practicum courses that are approved by the AQB Course Approval Program.

[(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 Federally-related and non-Federally related transactions without regard to value.]

§ 36.12. [General] Qualifications for certification as general real estate appraiser.

(a) *Overview.* An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, 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 general real estate appraiser.

[(1) *Education*] (b) *Appraisal classroom hours.* An applicant shall submit evidence to the Board of having

completed 180 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National [Uniform Standards of Professional Appraisal Practice] USPAP Course, together with coverage of the topics listed in [paragraph (2)] subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 300 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

[(i)] (1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the [educational offering] course is at least 15 hours, and the applicant successfully completes an examination pertinent to [that educational offering] the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

[(ii)] (2) *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)] (3) *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) Correspondence courses] (4) *Distance education.* [Correspondence courses may be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

[(A)] (i) The course [has been] is presented by [an accredited (Commission on Colleges or a regional accreditation association) college or university which offers correspondence programs in other disciplines] one of the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the International Distance Education Certification Center and approval for course content from the Board or from the AQB through its Course Approval Program.

[(B)] (ii) The applicant successfully completes a written examination [administered at a location] proc-

tored by an official approved by the college [or], university or other course provider.

[(C)] (iii) The content and length of the course [meets] meet the requirements of [subparagraph (i) and paragraph (2)] paragraph (1) and subsection (c), respectively.

[(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:

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

(C) The content and length of the course meets the requirements of subparagraph (i) and paragraph (2).

[(vi)] (5) *Credit for challenge examination.* The Board may [grant credit for courses if] accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the [courses] course, if [credit was granted by] the course provider granted credit 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] (c) *Content of appraisal education.* [Applicants] The content of an applicant's appraisal education must be as follows:

(1) An applicant who is subject to the 180-classroom hour requirement in subsection (b) shall demonstrate that [their education] the classroom hours included coverage of the following topics [listed in this paragraph], with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

* * * * *

(2) An applicant who is subject to the 300-hour classroom requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following curriculum requirements:

(i) Basic appraisal principles (30 hours).

(A) Real property concepts and characteristics.

(I) Basic real property concepts.

(II) Real property characteristics.

(III) Legal description.

(B) Legal considerations.

(I) Forms of ownership.

(II) Public and private controls.

(III) Real estate contracts.

(IV) Leases.

(C) Influences on real estate.

(I) Governmental.

- (II) Economic.
- (III) Social.
- (IV) Environmental, geographic and physical.
- (D) Types of value.
- (I) Market value.
- (II) Other value types.
- (E) Economic principles.
 - (I) Classical economic principles.
 - (II) Application and illustrations of the economic principles.
 - (F) Overview of real estate markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (G) Ethics and how they apply in appraisal theory and practice.
 - (ii) Basic appraisal procedures (30 hours).
 - (A) Overview of approaches to value.
 - (B) Valuation procedure.
 - (I) Defining the problem.
 - (II) Collecting and selecting the data.
 - (III) Analyzing.
 - (IV) Reconciling and final value opinion.
 - (V) Communicating the appraisal.
 - (C) Property description.
 - (I) Geographic characteristics of the land/site.
 - (II) Geologic characteristics of the land/site.
 - (III) Location and neighborhood characteristics.
 - (IV) Land/site considerations for highest and best use.
 - (V) Improvements—architectural styles and types of construction.
 - (D) Residential applications.
 - (iii) National USPAP Course or equivalent (15 hours).
 - (A) Preamble and ethics rules.
 - (B) Standard 1.
 - (C) Standard 2.
 - (D) Standards 3 to 10.
 - (E) Statements and advisory opinions.
 - (iv) General appraiser market analysis and highest and best use (30 hours).
 - (A) Real estate markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (B) Highest and best use.
 - (I) Test constraints.
 - (II) Application of highest and best use.
 - (III) Special considerations.
 - (IV) Market analysis.
 - (V) Case studies.
 - (v) General appraiser site valuation and cost approach (30 hours).
 - (A) Site valuation.
 - (I) Methods.
 - (II) Case studies.
 - (B) Cost approach.
 - (I) Concepts and definitions.
 - (II) Replacement/reproduction cost new.
 - (III) Accrued depreciation.
 - (IV) Methods of estimating accrued depreciation.
 - (V) Case studies.
 - (vi) General appraiser sales comparison approach (30 hours).
 - (A) Value principles.
 - (B) Procedures.
 - (C) Identification and measurement of adjustments.
 - (D) Reconciliation.
 - (E) Case studies.
 - (vii) General appraiser income approach (60 hours).
 - (A) Overview.
 - (B) Compound interest.
 - (C) Lease analysis.
 - (D) Income analysis.
 - (E) Vacancy and collection loss.
 - (F) Estimating operating expenses and reserves.
 - (G) Reconstructed income and expense statement.
 - (H) Stabilized net operating income estimate.
 - (I) Direct capitalization.
 - (J) Discounted cash flow.
 - (K) Yield capitalization.
 - (L) Partial interests.
 - (M) Case studies.
 - (viii) General appraiser report writing and case studies (30 hours).
 - (A) Writing and reasoning skills.
 - (B) Common writing problems.
 - (C) Report options and USPAP compliance.
 - (D) Case studies.
 - (ix) Statistics, modeling and finance (15 hours).
 - (A) Statistics.
 - (B) Valuation Models (AVMs and mass appraisal).
 - (C) Real estate finance.
 - (x) Appraisal subject matter electives (30 hours)
 - (d) Postsecondary education.

(1) Effective January 1, 2008, an applicant shall submit evidence to the Board of having satisfied one of the following requirements:

(i) Possession of a bachelor's degree, or higher, from an accredited college or university.

(ii) Completion of 30 semester credit hours in the following college-level subjects at an accredited college or university:

- (A) English composition.
- (B) Macro economics.
- (C) Micro economics.
- (D) Finance.
- (E) Algebra, geometry or higher mathematics.
- (F) Statistics.

(G) Introduction to computers—word processing/spreadsheets.

(H) Business or real estate law.

(I) Two elective courses in accounting, geography, ag-economics, business management or real estate.

(2) This subsection does not apply to an applicant who completed 180 classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

[(3)] (e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having [**completed**] **acquired** 3,000 hours of acceptable appraisal experience, including 1,500 hours in nonresidential work, [**obtained**] during [**no fewer**] a period of **no less** than 30 months. [**Fifty percent**] **At least 50%** of the experience [**obtained**] **acquired** by an applicant shall be in the actual preparation of real estate appraisal reports, which [**include a**] **includes** physical [**inspection**] **inspections** of the interior and exterior of the subject [**property**] **properties**, in accordance with § 36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 3,000 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of 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	1,000 Hours
Year 2	800 Hours
Year 3	100 Hours
Year 4	1,000 Hours
Year 5	100 Hours
Total	3,000 Hours

(2) Experience acquired after January 1, 1991, must comply with USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience [**includes**] **include**:

* * * * *

(iii) Review appraisals [, if the reviews are in compliance with Standard 3 of the Uniform Standards of Professional Appraisal Practice] .

* * * * *

(viii) [**Teaching of appraisal courses; however, no more than 300 hours will be granted to teachers requesting credit toward the experience requirement for teaching of appraisal courses and no credit will be given for course repetition.**

(ix) [**Real estate experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals [in compliance with the Uniform Standards of Professional Appraisal Practice] .**

(ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.

(x) Case studies or practicum courses that are approved by the AQB Course Approval Program.

[(4) *State certified general real estate appraiser.* An applicant who has passed 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 Federally related and non-Federally-related transactions without regard to value.]

§ 36.13. Experience options for preparation of appraisal reports.

(a) An applicant [**seeking to meet the experience requirements**] for certification as a residential real estate appraiser or a general real estate appraiser [**may do so by**] under §§ 36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser) shall have acquired experience in the preparation of appraisal reports in one or more of the following:

(1) Prior to September 3, 1998:

[(1)] (i) [**Performing real estate appraisals which are not required by FIRREA to be performed by State-certified or State-licensed real estate appraisers,] As a licensed real estate broker under the Real Estate Licensing and Registration Act (63 P.S. §§ 455.101—455.901) and Chapter 35 (relating to State Real Estate Commission).**

[(2)] (ii) [**Performing appraisals or other evaluations of real estate in connection with a loan transaction in the capacity of] As an elected officer, director or [**employe**] **employee** of a banking institution, savings institution, savings bank, credit union or trust company operating under applicable Federal or State laws, when acting on behalf of the institution [**in performing the appraisal**] in connection with a loan transaction.**

(iii) As a certified broker/appraiser.

[(3)] (iv) [**Assisting in the preparation of a real estate appraisal required by FIRREA to be performed by a State-certified or State-licensed real estate appraiser, under the supervision of a certified residential real estate appraiser or a certified**

general real estate appraiser, if the certified real estate appraiser:] As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(i) Directly supervises and controls the applicant's work, assuming total responsibility for the content of the appraisal documents and value conclusions. The applicant may not arrive at an independent determination of value.

(ii) Personally makes a physical inspection of the interior and exterior of the subject property, unless an interior and complete exterior inspection of the property is not possible as of the effective date of the appraisal—that is, where improvements have been destroyed, removed or not yet built; inspections are not legally or contractually possible; the appraiser is denied access by the property owner; or, a contract stipulates a "drive-by" appraisal.

(iii) Signs the appraisal document as "certified real estate appraiser" and has the applicant sign as "assistant to the certified real estate appraiser."

(2) On or after September 3, 1998:

(i) As a certified broker/appraiser.

(ii) As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(b) [Experience obtained after August 2, 1993, will only be acceptable to the Board if an applicant shows evidence of first having completed 45 classroom hours in subjects related to real estate appraisal in §§ 36.11(2) and 36.12(2) (relating to residential real estate appraiser; and general real estate appraiser), which includes at least 15 hours of the Uniform Standards of Professional Appraisal Practice. Appraisal experience obtained prior to August 2, 1993, will not be subject to the educational requirement imposed by this section.] An assistant to a certified general appraiser or certified residential appraiser shall observe the following requirements when preparing an appraisal report:

(1) The assistant shall perform an inspection of the interior and exterior of the property.

(2) The assistant may not arrive at an independent determination of value.

(3) The assistant shall sign the appraisal report as "assistant to the certified real estate appraiser" or be referenced in the certification section of the appraisal report, or in an addendum to the appraisal report, as having provided significant professional assistance.

CONTINUING EDUCATION

§ 36.41. Continuing education requirement.

(a) Continuing education for certified [general appraisers, residential appraisers and broker/appraisers] real estate appraisers is necessary to ensure that they maintain and increase their skill, knowledge and competency in real estate appraising. Except as provided in subsection (b), [every general] a certified real estate appraiser[, residential appraiser and

broker/appraiser] shall complete 28 classroom hours of continuing education—including [at least 4 hours on the Uniform Standards of Professional Appraisal Practice] the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the AQB, and at least 2 hours on the act, this chapter and the policies of the Board—during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. [Effective with renewal of certification for the 2005-2007 biennial renewal period, the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the Appraiser Qualifications Board, will replace the minimum 4-hour requirement on the USPAP.]

(b) A certified general real estate appraiser or residential real estate appraiser whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of renewal of certification in that biennial renewal year.

(c) The Board will accept continuing education hours completed by a certified broker/appraiser between January 1, 2001, and June 30, 2001, toward the continuing education requirement for renewal of certification for the 2003-2005 biennial renewal period.]

§ 36.43. [Correspondence courses/video and remote television presentations] Distance education.

(a) *Correspondence courses.* [Correspondence courses may be] A distance education course is acceptable for continuing education credit [provided] if it is approved by the Board and meets the following conditions:

(1) The course [has been] is presented by [an accredited (Commission on Colleges or a regional accrediting association) college or university which offers correspondence programs in other disciplines.] one of the following:

(i) A course provider that presents the course to an organized group in an instructional setting with a person qualified and available to answer questions, provide information and monitor attendance.

(ii) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(iii) A course provider that has received approval for course design and delivery mechanism from the International Distance Education Certification Center and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) [An individual] With regard to a course presented under paragraph (1)(ii) or (iii), the certified real estate appraiser successfully completes a written examination [administered at a location] proctored by an official approved by the college [or], university or other course provider.

(3) The [offering is equivalent to a minimum of 10 classroom hours in length and is consistent with the accepted topics listed in] content and length of

the course meet the requirements of § 36.42 [(a)] (relating to continuing education subject matter).

[(b) *Video and remote television presentations.* Video and remote television presentations are acceptable for continuing education credit if the presentation is for an organized group in an instructional setting, with a qualified resource person available to answer questions and provide information or if the following exist:

(1) The offering has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university which offers similar programs in other disciplines.

(2) An individual successfully completes a written examination administered at a location by an official approved by the college or university.

(3) The offering is equivalent to a minimum of 10 classroom hours in length and is consistent with the accepted topics listed in § 36.42(a).]

§ 36.51. [Uniform Standards of Professional Appraisal Practice] Compliance with USPAP.

[Certified real estate appraisers are under a duty to perform a physical inspection of the interior and complete exterior of the subject property on appraisals required by FIRREA to be performed by a State-certified or State-licensed real estate appraiser, unless an interior and complete exterior inspection is not possible as of the effective date of the appraisal—that is, when improvements have been destroyed, removed or not yet built; inspections are not legally or contractually possible; the appraiser is denied access by the property owner; or, a contract stipulates a “drive-by” appraisal. Certified appraisers shall perform real estate appraisals in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated and adopted by the Appraisal Standards Board (ASB) of the Appraisal Foundation. The USPAP will be amended by the ASB and published annually in separate yearly bound editions. A copy of the USPAP may be obtained from the Appraisal Foundation, 1029 Vermont Avenue, N.W., Suite 900, Washington, D.C. 20005, (202) 347-7722. A violation of one or more provision of the USPAP may result in disciplinary action by the Board under the authority of section 11(a)(6) of the act (63 P.S. § 457.11(a)(6)).] A certified real estate appraiser shall perform an appraisal in accordance with USPAP. A certified real estate appraiser who violates one or more provisions of USPAP may be subject to disciplinary action under the act. A certified real estate appraiser can obtain a current edition of USPAP by writing, telephoning or e-mailing the Appraisal Foundation at 1029 Vermont Avenue, N.W., Suite 900, Washington D.C. 20005-3517, (202) 347-7722, or info@appraisalfoundation.org, respectively.

§ 36.52. Use of certificate number and title.

[Each] A certified real estate appraiser shall place his name, signature and certificate number adjacent to or immediately below the title “Pennsylvania certified general real estate appraiser,” [or] “Pennsylvania certified residential real estate appraiser” or “Pennsylvania certified broker/appraiser,” as appropriate, on each written appraisal report and each written appraisal

agreement [used by the certified appraiser certificate holder in conducting appraisal activities]. Professional designations may be included adjacent to the signature, if applicable. The following will serve as an example:

/s/

John Doe, (Professional designation, if applicable)

[Pa.] Pennsylvania Certified Residential Real Estate Appraiser

Certification number [1234] RL-999999-L

§ 36.54. Supervision of appraisal assistant.

A certified residential real estate appraiser or certified general real estate appraiser who utilizes an appraisal assistant shall:

(1) Provide written notification to the Board of the name and address of the assistant when the assistant begins work for the appraiser.

(2) Directly supervise and control the assistant's work, assuming total responsibility for the contents of the appraisal report, including all value conclusions.

(3) Accompany the assistant during the physical inspection of the property as follows:

(i) In the case of an assistant who is not a certified residential real estate appraiser, accompany the assistant during the physical inspection of the property until the assistant has logged 300 hours of experience or until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection unaccompanied, whichever is the longer period.

(ii) In the case of an assistant who is a certified residential real estate appraiser seeking to obtain qualifying experience for certification as a general real estate appraiser, accompany the assistant during the physical inspection of the property until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection unaccompanied.

(4) Sign the appraisal report as a certified real estate appraiser under § 36.52 (relating to use of certificate number and title) and either have the assistant sign the appraisal report as assistant to the certified real estate appraiser or identify the assistant in the certification section of the appraisal report, or in addendum to the appraisal report, as having provided significant professional assistance.

(5) Sign a Board-approved appraisal assistant checklist that has been completed by the assistant and that relates to the assistant's work on the appraisal report.

(6) Provide a current or former assistant who is applying for appraiser certification with copies of designated appraisal reports and appraisal assistant checklists requested by the Board to verify the assistant's experience.

MISCELLANEOUS PROVISIONS

§ 36.91. Reactivation of lapsed certification.

[(a)] A [certificate holder] certified real estate appraiser whose certification has lapsed [by failing] for failure to biennially renew certification may apply to the Board for reactivation of certification by paying [the

current biennial renewal fee as set forth in § 36.6 (relating to fees), meeting the continuing education requirement of § 36.41 (relating to purpose) for the current renewal period and submitting documentation to verify the period of time in which the certificate holder abstained from performing appraisals in connection with Federally-related transactions in this Commonwealth and from holding himself out as a State-certified real estate appraiser] the renewal fee required under § 36.6 (relating to fees) and providing documentation of having completed 28 hours of continuing education as required under § 36.41 (relating to continuing education requirement) within the 2-year period immediately preceding the date of filing of the reactivation application. A certified real estate appraiser who performed an appraisal, or held himself out as an appraiser, during a period when his certification was lapsed may be subject to disciplinary action by the Board under section 3 of the act (63 P. S. § 457.3) in addition to being required to pay late renewal fees under section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P. S. § 1401-225).

[(b) A certificate holder will not be assessed a late renewal fee for the preceding biennial periods in which the certificate holder abstained from the performance of appraisals in connection with Federally-related transactions in this Commonwealth and from holding himself out as a State-certified real estate appraiser.

(c) A certificate holder whose certificate has lapsed by failing to biennially renew certification is prohibited from performing an appraisal in connection with a Federally-related transaction in this Commonwealth unless the certification is reactivated. If a certificate holder performs an appraisal in connection with a Federally-related transaction in this Commonwealth or holds himself out as a State-certified real estate appraiser during a period in which the certificate holder's certification is not renewed, the certificate holder shall pay a late renewal fee of \$5 for each month or part of the month beyond the date specified for renewal, as provided in section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P. S. § 1401-225), in addition to the prescribed biennial renewal fee. The certificate holder may also be subject to disciplinary action by the Board for performing an appraisal in connection with a Federally-related transaction in this Commonwealth or for holding himself out as a State-certified real estate appraiser without a current certificate, or both.]

Subchapter C. CERTIFIED PENNSYLVANIA EVALUATORS

QUALIFICATIONS FOR CERTIFICATION

§ 36.224. [Correspondence] Distance education courses.

[Correspondence courses will be] A distance education course is acceptable to meet the classroom hour requirement if [each] the course is approved by the Board and meets the following conditions:

(1) The course is presented by [an accredited college or university which offers correspondence programs in other disciplines.] one of the following:

(i) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(ii) A course provider that has received approval for course design and delivery mechanism from the International Distance Education Certification Center and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) The applicant successfully completes a written examination [administered] proctored by an official approved by the college [or], university or other course provider.

(3) The content and length of the courses [meets] meet the requirements of § 36.222 [(a) and (b)] (relating to required courses of study).

§ 36.225. [Video and remote television courses] (Reserved).

[Video and remote television courses will be acceptable to meet the classroom hour requirement if each offering is approved by the Board and meets the following conditions:

(1) The course has been presented by an accredited college or university which offers similar programs in other disciplines.

(2) An applicant successfully completes a written examination administered by an official approved by the college or university.

(3) The content and length of the course meets the requirement of § 36.222(a) and (b) (relating to required courses of study).]

CONTINUING EDUCATION

§ 36.261. Continuing education requirement.

(a) [Continuing education of 28 classroom hours per biennium, including at least 4 hours on the Uniform Standards of Professional Appraisal Practice and at least 2 hours on the Assessors Certification Act (63 P. S. §§ 458.1—458.16), this chapter and the policies of the Board, shall be required of a certified Pennsylvania evaluator as a condition of biennial renewal of certification.] Except as provided in subsection (b), a certified Pennsylvania evaluator shall complete 28 classroom hours of continuing education—including at least 4 hours on USPAP and at least 2 hours on the act, this chapter and the policies of the Board—during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period. Effective with renewal of certification for the 2007-2009 biennial renewal period, the USPAP requirement shall be the 7-hour National USPAP Update Course or an equivalent 7-hour course approved by the AQB.

(b) A certified Pennsylvania evaluator whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of biennial renewal of certification in that biennial renewal year.

§ 36.263. [Correspondence courses/video and remote television presentations] Distance education.

[(a) *Correspondence courses.* Correspondence courses will be] A distance education course is acceptable for continuing education credit if it is approved by the Board and meets the following conditions:

(1) The course [has been] is presented by [an accredited college or university which offers correspondence programs in other disciplines] one of the following:

(i) A course provider that presents the course to an organized group in an instructional setting with a person qualified and available to answer questions, provide information and monitor attendance.

(ii) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(iii) A course provider that has received approval for course design and delivery mechanism from the International Distance Education Certification Center and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) [An individual] With regard to a course presented under paragraph (1)(ii) or (iii), the certified Pennsylvania evaluator successfully completes a written examination [administered] proctored by an official approved by the college [or], university or other course provider.

(3) The [offering is at least 10 classroom hours in length and covers the accepted topics in] content and length of the course meets the requirements of § 36.262 (relating to continuing education subject matter).

[(b) *Video and remote television presentations.* Video and remote television presentations are acceptable for continuing education credit if the presentation is for an organized group in an instructional setting, with a qualified resource person available to answer questions and provide information or if the following conditions are met:

(1) The offering has been presented by an accredited college or university which offers similar programs in other disciplines.

(2) An individual successfully completes a written examination administered by an official approved by the college or university.

(3) The offering is at least 10 classroom hours in length and covers the accepted topics listed in § 36.262.]

REACTIVATION OF CERTIFICATION

§ 36.271. Reactivation of lapsed certification.

(a) A certified Pennsylvania evaluator whose certification has lapsed [by failing] for failure to biennially renew certification may apply to the Board for reactivation of certification by paying [the current biennial renewal fee as set forth in § 36.6 (relating to fees), meeting the continuing education requirement es-

tablished by law and regulation for the current biennial renewal period and submitting documentation to verify the period of time in which the certified Pennsylvania evaluator abstained from performing valuations of real property for ad valorem tax purposes in this Commonwealth and from holding himself out as a certified Pennsylvania evaluator] the renewal fee required under § 36.6 (relating to fees) and providing documentation of having completed 28 hours of continuing education as required under § 36.261 (relating to continuing education requirement) within the 2-year period immediately preceding the date of filing of the reactivation application. A certified Pennsylvania evaluator who performed a valuation of real property for ad valorem tax purposes, or held himself out as a certified Pennsylvania evaluator, during a period when his certification was lapsed may be subject to disciplinary action by the Board under the act in addition to being required to pay late renewal fees under section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P. S. § 1401-225).

[(b) A certified Pennsylvania evaluator will not be assessed a late renewal fee for the preceding biennial periods in which the certified Pennsylvania evaluator abstained from the performance of valuations of real property for ad valorem tax purposes in this Commonwealth and from holding himself out as a certified Pennsylvania evaluator.

(c) A certified Pennsylvania evaluator whose certification has lapsed by failing to biennially renew certification is prohibited from performing valuations of real property for ad valorem tax purposes in this Commonwealth unless the certification status is reactivated. If a certified Pennsylvania evaluator performs valuations of real property for ad valorem tax purposes in this Commonwealth or holds himself out as a certified Pennsylvania evaluator during a period in which the certified Pennsylvania evaluator's certification is not renewed, the certified Pennsylvania evaluator shall pay a late renewal fee of \$5 for each month or part of the month beyond the date specified for renewal, as provided in section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P. S. § 1401-225), in addition to the prescribed biennial renewal fee. The certified Pennsylvania evaluator may also be subject to disciplinary action by the Board for performing valuations of real property for ad valorem tax purposes in this Commonwealth or for holding himself out as a certified Pennsylvania evaluator without a current certificate, or both.]

STANDARDS OF PROFESSIONAL CONDUCT

§ 36.281. Standards of Professional Conduct.

* * * * *

Standard 1. General duties.

Certified Pennsylvania evaluators shall perform their duties in accordance with the general and specific county assessment laws and generally accepted assessment standards. Certified Pennsylvania evaluators shall perform all assessments in accordance with [the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated and adopted by the Appraisal Standards Board of the Appraisal Foundation] USPAP.

[The USPAP will be amended by the ASB and published annually in separate yearly bound editions. A] Certified Pennsylvania evaluators may obtain a copy of the current edition of the USPAP [may be obtained from] by writing, telephoning or e-mailing the Appraisal Foundation[,] at 1029 Vermont Avenue, N.W., Suite 900, Washington, D.C. 20005-3517, (202) 347-7722 or info@appraisal foundation.org, respectively.

* * * * *

[Pa.B. Doc. No. 06-932. Filed for public inspection May 26, 2006, 9:00 a.m.]

THE REAL PROPERTY APPRAISER
QUALIFICATION CRITERIA
AND INTERPRETATIONS OF THE CRITERIA



REAL PROPERTY APPRAISER QUALIFICATION CRITERIA
EFFECTIVE JANUARY 1, 2003

INCLUDES ALL INTERPRETATIONS AND SUPPLEMENTARY
INFORMATION AS OF NOVEMBER 1, 2005

APPENDIX
REAL PROPERTY APPRAISER QUALIFICATION CRITERIA EFFECTIVE
JANUARY 1, 2008



THE APPRAISAL FOUNDATION

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

APPRAISER QUALIFICATIONS BOARD



THE APPRAISAL FOUNDATION

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

1029 VERMONT AVENUE, NW, SUITE 900
WASHINGTON, DC 20005-3517

TEL 202 347 7722
FAX 202 347 7727

WWW.APPRAISALFOUNDATION.ORG



The Appraisal Foundation, a non-profit organization established in 1989, is dedicated to the professional advancement of the appraisal profession. The Foundation accomplishes its mission through the work of its two independent Boards, the Appraiser Qualifications Board and the Appraisal Standards Board.

TABLE OF CONTENTS

What is the AQB?	2
Trainee Real Property Appraiser Classification	4
Licensed Real Property Appraiser Classification	8
Certified Residential Real Property Appraiser Classification	14
Certified General Real Property Appraiser Classification	20
Supplementary Information	26

APPENDIX

Criteria Effective January 1, 2008	28
Required Core Curriculum	38
AQB Guide Note 1 (GN-1)	40
AQB Guide Note 2 (GN-2)	43
AQB Guide Note 3 (GN-3)	44

WHAT IS THE AQB?

The Appraiser Qualifications Board (AQB) is an independent board of The Appraisal Foundation. The AQB is composed of at least five practicing appraisers who are appointed by the Foundation's Board of Trustees for three-year terms.

Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes the minimum education, experience and

examination requirements for real property appraisers to obtain a state certification. In addition, the AQB performs a number of ancillary duties related to real property and personal property appraiser qualifications (see Other AQB Work on page 3).

REAL PROPERTY APPRAISER QUALIFICATION CRITERIA, INTERPRETATIONS OF THE CRITERIA AND SUPPLEMENTARY INFORMATION

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. Each of these classifications has education, experience, examination and continuing education requirements. The Trainee classification was later adopted by the AQB in 1993 and does not include experience or examination requirements.

After public exposure, the AQB adopted revisions to all classifications in early 1994 for implementation in January 1998. Major components of the revised Criteria 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, however a 15-hour USPAP course is also required);
- An increase in the experience requirements for the Certified Residential and Certified General Classifications from 2,000 to 2,500 hours, and from 2,000 to 3,000 hours, respectively; and

- An increase in the continuing education requirement from 10 to 14 classroom hours for all classifications.

To further clarify AQB intent to users of the Criteria, the AQB periodically issues Interpretations of the Criteria. Interpretations are essential to properly understanding the Criteria and are, therefore, binding on users of the Criteria. The current Interpretations are included within the text of this document.

In late 1999, the AQB approved the concept of offering Supplementary Information (or Supplements) to the Criteria as a mechanism to offer additional guidance. The Supplements, which can be found toward the end of the current Criteria, explain, describe and further interpret the Criteria and all binding requirements.

After thorough public exposure, the AQB adopted significant revisions to the Criteria in early 2004 for implementation in January 2008. Highlights of the major revisions include:

- An increase in the education requirements for the Licensed, Certified Residential and Certified General classifications. The Licensed classification was raised from 90 to 150 hours, the Certified Residential classification was increased from 120 to 200 hours, and the Certified General classification was raised from 180 to 300 hours; and
- A requirement for college-level education for the Certified Residential and Certified General classifications. The Certified Residential classification requires an Associate degree or higher, or in lieu of a degree, a minimum of 21 college semester hours in specified coursework. The Certified General classification requires a Bachelors degree or higher, or in lieu of a degree, a minimum of 30 college semester hours in specified coursework.

For the reader's convenience, this document includes the current Criteria as well as an Appendix containing the new Criteria effective January 1, 2008.

The section containing the existing Criteria also includes Interpretations following each section (Examination, Education, Experience, and Continuing Education). These Interpretations are listed in subject matter order, which is designed to follow the applicable Criteria. As a result, the dates reflecting the adoption of some Interpretations will not follow a chronological sequence.

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 correspondence. Detailed information on how to support the AQB is available online via the Foundation's web site at www.appraisalfoundation.org or by contacting the Board's staff at the Foundation by calling (202) 347-7722 or via e-mail at staff@appraisalfoundation.org.

Exposure Draft Process

In recognition of the public authority of the AQB, all proposed revisions to the Real Property Appraiser Qualification Criteria must be exposed for public comment prior to adoption. The AQB considers all comments in public meetings prior to taking final action.

Public Meetings

The AQB conducts periodic public meetings. Observers are encouraged to attend and may address the Board 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 the current work of the Board. Invitations to speak should be directed to the Board's staff and should be extended as early as possible in order to facilitate scheduling.

Correspondence

Specific questions regarding the Real Property Appraiser Qualification Criteria or any other AQB matters may be submitted in writing to the AQB in care of the Foundation. Electronic comments may be submitted directly from the web site or via regular mail.

Other AQB Work

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

- Maintenance and periodic updating of the National Uniform Examination Content Outlines (ECO's). These ECO's are used in the development of state licensure and certification examinations.
- Development of and enhancements to the Program to Improve USPAP Education.
- Administration of the Course Approval Program.
- Development of voluntary Personal Property Appraiser Minimum Qualification Criteria.

More information on The Appraisal Foundation and the activities of the AQB is available online at www.appraisalfoundation.org or by contacting the Board's staff at The Appraisal Foundation by phone at (202) 347-7722 or via e-mail at staff@appraisalfoundation.org.



TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION

- 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.
 - b. Fifteen of the seventy-five hours must include the successful completion of the National USPAP Course, or its equivalent. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
 - (1) USPAP qualifying education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
 - (2) USPAP qualifying education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.
 - c. A classroom hour is defined as fifty minutes of teaching out of each sixty minute segment.
 - d. 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.
- e. Credit for the classroom hour requirement may be obtained from the following:
 - (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations
 - (4) State or Federal Agencies or Commissions
 - (5) Proprietary Schools
 - (6) Other providers approved by the state certification/licensing agency
- f. Qualifying education must have been obtained within the five year period immediately preceding application for licensure.
- g. The content for courses, seminars, workshops, or conferences should include coverage of real estate appraisal related topics, such as:
 - (1) Influences on Real Estate Value
 - (2) Legal Considerations in Appraisal
 - (3) Types of Value
 - (4) Economic Principles
 - (5) Real Estate Markets and Analysis
 - (6) Valuation Process
 - (7) Property Description
 - (8) Highest and Best Use Analysis
 - (9) Appraisal Statistical Concepts
 - (10) Sales Comparison Approach
 - (11) Site Value
 - (12) Cost Approach
 - (13) Income Approach
 - (14) Valuation of Partial Interests
 - (15) Appraisal Standards and Ethics

Education Interpretation:

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. Distance education courses may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification / licensing authority, the learner successfully completes a written examination proctored by an official approved by the presenting entity, college or university, the course meets the requirements for qualifying education established by the Appraiser Qualifications Board, the course is equivalent to the minimum of 15 classroom hours, 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; or (adopted, June, 1991)
 - b) The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program, or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course. (adopted, June 1997, revised October, 2001, effective November 1, 2001)
8. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
9. 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 the classification held. (adopted, June, 1991)

10. 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

- 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:
 - (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 RULE 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.

Experience Interpretation:

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

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.
- b. A classroom hour is defined as fifty minutes out of each sixty minute segment.
- c. Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- d. Credit for the classroom hour requirement may be obtained from the following:
 - (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations
 - (4) State or Federal Agencies or Commissions
 - (5) Proprietary Schools
 - (6) Other providers approved by the state certification/licensing agency.
- e. Credit may be granted for educational offerings which are consistent with the purpose of continuing education stated in subparagraph "h" below and cover real estate related appraisal topics such as those listed below.
 - (1) Ad Valorem Taxation
 - (2) Arbitration
 - (3) Business Courses related to practice of real estate appraisal
 - (4) Construction estimating
 - (5) Ethics and standards of professional practice
 - (6) Land use planning, zoning and taxation
 - (7) Management, leasing, brokerage, timesharing
 - (8) Property development
 - (9) Real estate appraisal (valuations/evaluations)
 - (10) Real estate law
 - (11) Real estate litigation
 - (12) Real estate financing and investment
 - (13) Real estate appraisal related computer applications
 - (14) Real estate securities and syndication
 - (15) Real property exchange
- f. Appraiser trainees must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
 - (1) USPAP continuing education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
 - (2) USPAP continuing education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.
- g. 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.
- h. 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.

Continuing Education 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, the course is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board, 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, or (adopted, June, 1997)
 - b) the course 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 and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable), (adopted June, 1997) or
 - c) the course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted June, 1997, revised October 2001, effective November 1, 2001)

5. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
6. 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)
7. The two year USPAP CE (continuing education) term may be either:
 - a) Every two calendar years, commencing on January 1, 2003; or
 - b) In conjunction with a jurisdiction's continuing education cycle that commences after the effective date of January 1, 2003, as long as 7 hours of USPAP CE have been taken by December 31, 2005.
8. AQB Certified USPAP Instructors successfully completing the seven-hour Instructor Recertification Course and exam (if required) within the current continuing education cycle, have satisfied the seven-hour National USPAP Update Course continuing education requirement. (adopted, September 2004)
9. Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.

It is the intent of the AQB that individuals who are credentialed in more than one jurisdiction should not have to take more than one 7 hour USPAP update within a two year period. (adopted, October, 2001)

Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course. (adopted, September 2005)

LICENSED REAL PROPERTY APPRAISER CLASSIFICATION

- 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 RULE of the Uniform Standards of Professional Appraisal Practice.

Scope of 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.

I. Examination

- a. Successful completion of the Appraiser Qualifications Board endorsed Uniform State Licensed Real Property Appraiser Examination or its equivalent.
- b. Refer to the National Uniform Examination Content Outline for the Licensed Real Property Appraiser Classification.

Examination Interpretations:

1. *The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, November, 1990)*
2. *Applicants have a reasonable period of time (up to 24 months after state approval) to take the examination. Successful completion of the examination is valid for a period of 24 months. (adopted, April 2000)*

2. Education

Prerequisite to sit for the examination

- a. Ninety classroom hours of courses in subjects related to real estate appraisal.
- b. Fifteen of the ninety hours must include successful completion of the National USPAP Course, or its equivalent. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
 - (1) USPAP qualifying education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
 - (2) USPAP qualifying education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.
- c. A classroom hour is defined as fifty minutes out of each sixty minute segment.
- d. 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.
- e. Credit for the classroom hour requirement may be obtained from the following:
 - (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations
 - (4) State or Federal Agencies or Commissions
 - (5) Proprietary Schools
 - (6) Other providers approved by the state certification/licensing
- f. Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.
- g. There is no time limit regarding when Qualifying education credit must have been obtained.

- h. 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.
- i. 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.
- (1) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
 - (2) 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
 - (3) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
 - (4) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Substitution
 - Supply and demand
 - Surplus Productivity
 - (5) Real estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
 - (6) 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
 - (7) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
 - (8) Highest and Best Use
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
 - (9) Appraisal Statistical Concepts
 - Mean
 - Median
 - Mode
 - Range
 - Standard deviation
 - (10) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
 - (11) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
 - (12) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
 - (13) Income Approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Gross rent multiplier
 - (14) Valuation of Partial Interests
 - Life estates
 - Undivided interest in commonly held property
 - Easements
 - Timeshares
 - Cooperatives
 - Leased fee estate
 - Leasehold estate
 - (15) Appraisal Standards & Ethics

Education 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)
 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 for appraisal licensing and certification. (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. Distance education courses may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority, the learner successfully completes a written examination proctored by an official approved by the presenting entity, college or university, the course meets the requirements for qualifying education established by the Appraiser Qualifications Board, the course is equivalent to the minimum 15 classroom hours, 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; or (adopted, June, 1991)
 - b) The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program, or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course. (adopted June 1997, revised October, 2001, effective November 1, 2001)
 8. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
 9. Experience may not be substituted for education. (adopted, November, 1990)
 10. 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)
 11. 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**
- 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.
- a. Hours may be treated as cumulative in order to achieve the necessary 2,000 hours of appraisal experience.
 - 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.
 - 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

Experience 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. There need not be a client in order for an appraisal to qualify for experience. (See Supplement 1) (October 1, 1999)
4. 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)

5. 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)
 6. There is no time limit during which experience may be obtained. (adopted, November, 1990)
 7. Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)
 8. The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, November, 1990)
 9. 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)
 10. 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)
 11. 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 |
12. 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)
 13. 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)
 14. 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)
 15. 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)
 16. 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)



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.

Continuing education hours may be obtained anytime during the term.

- b. Appraisers must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.

- (1) USPAP continuing education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
- (2) USPAP continuing education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.

- c. A classroom hour is defined as fifty minutes of teaching out of each sixty-minute segment.

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

- e. Credit for the classroom hour requirement may be obtained from the following:

- (1) Colleges or Universities
- (2) Community or Junior Colleges
- (3) Real Estate Appraisal or Real Estate Related Organizations

- (4) State or Federal Agencies or Commissions
- (5) Proprietary Schools
- (6) Other providers approved by the state certification/licensing agency.

- f. 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.

- (1) Ad Valorem Taxation
- (2) Arbitration
- (3) Business courses related to practice of real estate appraisal
- (4) Development cost estimating
- (5) Ethics and standards of professional practice
- (6) Land use planning, zoning, taxation
- (7) Management, leasing, brokerage, timesharing
- (8) Property development
- (9) Real estate appraisal
- (10) Real estate law
- (11) Real estate litigation
- (12) Real estate financing and investment
- (13) Real estate appraisal related computer applications
- (14) Real estate securities and syndication
- (15) Real property exchange

- g. 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.

Continuing Education 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, the course is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board, 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, or (adopted, June, 1997)
 - b) the course 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 and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable), (adopted June, 1997) or
 - c) the course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted June, 1997, revised October 2001, effective November 1, 2001)

5. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
6. 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)
7. The two year USPAP CE (continuing education) term may be either:
 - a) Every two calendar years, commencing on January 1, 2003; or
 - b) In conjunction with a jurisdiction's continuing education cycle that commences after the effective date of January 1, 2003, as long as 7 hours of USPAP CE have been taken by December 31, 2005.

It is the intent of the AQB that individuals who are credentialed in more than one jurisdiction should not have to take more than one 7 hour USPAP update within a two year period. (adopted, October, 2001)

8. AQB Certified USPAP Instructors successfully completing the seven-hour Instructor Recertification Course and exam (if required) within the current continuing education cycle, have satisfied the seven-hour National USPAP Update Course continuing education requirement. (adopted, September 2004)
9. Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.

Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course. (adopted, September 2005)

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

- 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 RULE of the *Uniform Standards of Professional Appraisal Practice*.

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

Examination 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)*

3. *Applicants have a reasonable period of time (up to 24 months after state approval) to take the examination. Successful completion of the examination is valid for a period of 24 months. (adopted, April, 2000)*

2. Education

Prerequisite to sit for the examination

- a. One hundred twenty classroom hours, which may include the ninety classroom hour requirement for the Licensed Real Property Appraiser Classification, of courses in subjects related to real estate appraisal.
- b. Fifteen of the one hundred twenty hours must include successful completion of the National USPAP Course, or its equivalent. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
 - (1) USPAP qualifying education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
 - (2) USPAP qualifying education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.
- c. A classroom hour is defined as fifty minutes out of each sixty minute segment.
- d. 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.
- e. Credit for the classroom hour requirement may be obtained from the following:
 - (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations
 - (4) State or Federal Agencies or Commissions
 - (5) Proprietary Schools
 - (6) Other providers approved by the state certification/licensing agency.
- f. Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

- g. There is no time limit regarding when Qualifying education credit must have been obtained.
- h. 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.
- i. 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.
- (1) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
 - (2) 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
 - (3) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
 - (4) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Opportunity cost
 - Substitution
 - Supply and demand
 - Surplus productivity
 - (5) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
 - (6) 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
 - (7) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
 - (8) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
 - (9) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
 - (10) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
 - (11) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Plottage and assemblage
 - (12) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
 - (13) Income Approach
 - Estimation of income and expenses
 - Operating expense ratios
 - Direct capitalization
 - Gross rent multiplier analysis
 - (14) Valuation of Partial Interests
 - Life estates
 - Undivided interest in commonly held property
 - Easements
 - Timeshares
 - Cooperatives
 - Leased fee estate
 - Leasehold estate
 - (15) Appraisal Standards and Ethics
 - (16) Narrative Report Writing

Education 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)
 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, March, 1991)
 5. Open book examinations are not acceptable in qualifying education courses for appraisal licensing and certification. (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. Distance education courses may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority, the learner successfully completes a written examination proctored by an official approved by the presenting entity, college or university, the course meets the requirements for qualifying education established by the Appraiser Qualifications Board, the course is equivalent to the minimum of 15 classroom hours, 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; or (adopted, June, 1991)
 - b) The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program, or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course. (adopted June 1997, revised October, 2001, effective November 1, 2001)
 8. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
 9. Experience may not be substituted for education. (adopted, March, 1991)
 10. 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)
 11. 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**
- 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.
- 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.
 - 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

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. There need not be a client in order for an appraisal to qualify for experience. (See Supplement 1) (October 1, 1999)
4. An hour of experience is defined as verifiable time spent performing tasks in accordance with acceptable appraisal experience as identified in the AQB Certified Residential Appraiser Qualification Criteria (II.A.3.a.). (adopted, March, 1990)

5. 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)
6. There is no time limit during which experience may be obtained. (adopted, March, 1991)
7. Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)
8. The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, March, 1991)
9. 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)
10. 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

11. 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)

12. 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)
13. 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)
14. 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)
15. 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)
16. 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)
17. 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)

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.

Continuing education hours may be obtained anytime during the term.

- b. Appraisers must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.

- (1) USPAP continuing education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
- (2) USPAP continuing education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.

- c. A classroom hour is defined as fifty minutes of teaching out of each sixty-minute segment.

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

- e. Credit for the classroom hour requirement may be obtained from the following:

- (1) Colleges or Universities
- (2) Community or Junior Colleges
- (3) Real Estate Appraisal or Real Estate Related Organizations
- (4) State or Federal Agencies or Commissions

- (5) Proprietary Schools

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

- f. 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.

- (1) Ad Valorem Taxation
- (2) Arbitration
- (3) Business courses related to practice of real estate appraisal
- (4) Development cost estimating
- (5) Ethics and standards of professional practice
- (6) Land use planning, zoning, taxation
- (7) Management, leasing, brokerage, timesharing
- (8) Property development
- (9) Real estate appraisal
- (10) Real estate law
- (11) Real estate litigation
- (12) Real estate financing and investment
- (13) Real estate appraisal related computer applications
- (14) Real estate securities and syndication
- (15) Real property exchange

- g. 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.



Continuing Education 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, the course is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board, 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; or (adopted, June, 1997)*
 - b) *the course 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 and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable); or (adopted June, 1997)*
 - c) *the course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course and 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 demonstrates mastery and fluency (said mechanisms) must be present in a course without an exam in order to be acceptable. (adopted June, 1997, revised, October 2001, effective November 1, 2001)

5. *The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)*
6. *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)*
7. *The two year USPAP CE (continuing education) term may be either:*
 - a) *Every two calendar years, commencing on January 1, 2003; or*
 - b) *In conjunction with a jurisdiction's continuing education cycle that commences after the effective date of January 1, 2003, as long as 7 hours of USPAP CE have been taken by December 31, 2005.*
8. *AQB Certified USPAP Instructors successfully completing the seven-hour Instructor Recertification Course and exam (if required) within the current continuing education cycle, have satisfied the seven-hour National USPAP Update Course continuing education requirement. (adopted, September 2004)*
9. *Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.*

It is the intent of the AQB that individuals who are credentialed in more than one jurisdiction should not have to take more than one 7 hour USPAP update within a two year period. (adopted, October, 2001)

Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course. (adopted, September 2005)

CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION

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

Examination Interpretations:

1. *The examination must be successfully completed. There is no alternative to successful completion of the examination. (adopted, November, 1990)*
2. *Applicants have a reasonable period of time (up to 24 months after state approval) to take the examination. Successful completion of the examination is valid for a period of 24 months. (adopted, April, 2000)*

2. Education

Prerequisite to sit for the examination

- 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.
- b. Fifteen of the one hundred eighty hours must include successful completion of the National USPAP Course, or its equivalent. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.

(1) USPAP qualifying education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and

(2) USPAP qualifying education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.

- c. A classroom hour is defined as fifty minutes out of each sixty minute segment.
- d. 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.
- e. Credit for the classroom hour requirement may be obtained from the following:
 - (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations
 - (4) State or Federal Agencies or Commissions
 - (5) Proprietary Schools
 - (6) Other providers approved by the state certification/licensing agency.
- f. Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.
- g. There is no time limit regarding when Qualifying education credit must have been obtained.
- h. 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.

- i. 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.
- (1) Influences on Real Estate Value
 - Physical and environmental
 - Economic
 - Governmental and legal
 - Social
 - (2) 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
 - (3) Types of Value
 - Market Value or Value in Exchange
 - Price
 - Cost
 - Investment Value
 - Value in Use
 - Assessed Value
 - Insurable Value
 - Going Concern Value
 - (4) Economic Principles
 - Anticipation
 - Balance
 - Change
 - Competition
 - Conformity
 - Contribution
 - Increasing and decreasing returns
 - Opportunity cost
 - Substitution
 - Supply and demand
 - Surplus productivity
 - (5) Real Estate Markets and Analysis
 - Characteristics of real estate markets
 - Absorption analysis
 - Role of money and capital markets
 - Real estate financing
 - (6) 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
 - (7) Property Description
 - Site description
 - Improvement description
 - Basic construction and design
 - (8) Highest and Best Use Analysis
 - Four tests
 - Vacant site or as if vacant
 - As improved
 - Interim use
 - (9) Appraisal Math and Statistics
 - Compound interest concepts
 - Statistical concepts used in appraisal
 - (10) Sales Comparison Approach
 - Research and selection of comparables
 - Elements of comparison
 - Adjustment process
 - Application of sales comparison approach
 - (11) Site Value
 - Sales comparison
 - Land residual
 - Allocation
 - Extraction
 - Ground rent capitalization
 - Subdivision analysis
 - Plottage and assemblage
 - (12) Cost Approach
 - Steps in Cost Approach
 - Application of the Cost Approach
 - (13) 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)
 - (14) Valuation of Partial Interests
 - Interests created by a lease
 - Lease provisions
 - Valuation considerations
 - Other partial interests
 - (15) Appraisal Standards and Ethics
 - (16) Narrative Report Writing

Education 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)
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 for appraisal licensing and certification. (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. Distance education courses may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the state certification/licensing authority, the learner successfully completes a written examination proctored by an official approved by the presenting entity, college or university, the course meets the requirements for qualifying education established by the Appraiser Qualifications Board, the course is equivalent to the minimum of 15 classroom hours, 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; or (adopted, June, 1991)
 - c) The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program, or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course. (adopted June 1997, revised October, 2001, effective November 1, 2001)
8. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
9. Experience may not be substituted for education. (adopted, November, 1990)
10. 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)
11. 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

3,000 hours of appraisal experience obtained during no fewer than 30 months is required. If requested, experience documentation in the form of reports or file memoranda should be available to support the experience claimed. Hours may be treated as cumulative in order to achieve the necessary 3,000 hours of appraisal experience.

- 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.
- 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

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. There need not be a client in order for an appraisal to qualify for experience. (See Supplement 1) (October 1, 1999)
4. 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)
5. 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)
6. There is no time limit during which experience may be obtained. (adopted, March, 1991)
7. Experience obtained after January 1, 1991 shall comply with the Uniform Standards of Professional Appraisal Practice (USPAP). (adopted, February, 1995)
8. The appraisal process should be utilized in determining various areas which are creditable for experience purposes. (adopted, November, 1990)
9. 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)
10. 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:
11. 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)
12. 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)
13. 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)
14. 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)
15. 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)
16. 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)
17. 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)

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

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.

Continuing education hours may be obtained anytime during the term.

- b. Appraisers must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
- (1) USPAP continuing education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
 - (2) USPAP continuing education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.
- c. A classroom hour is defined as fifty minutes of teaching out of each sixty-minute segment.
- d. Credit toward the classroom hour requirement may be granted only where the length of the educational offering is at least two hours.
- e. Credit for the classroom hour requirement may be obtained from the following:
- (1) Colleges or Universities
 - (2) Community or Junior Colleges
 - (3) Real Estate Appraisal or Real Estate Related Organizations

- (4) State or Federal Agencies or Commissions
- (5) Proprietary Schools
- (6) Other providers approved by the state certification/licensing agency.

- f. 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.

- (1) Ad Valorem Taxation
- (2) Arbitration
- (3) Business courses related to practice of real estate appraisal
- (4) Development cost estimating
- (5) Ethics and standards of professional practice
- (6) Land use planning, zoning, taxation
- (7) Management, leasing, brokerage, timesharing
- (8) Property development
- (9) Real estate appraisal
- (10) Real estate financing and investment
- (11) Real estate law
- (12) Real estate litigation
- (13) Real estate appraisal related computer applications
- (14) Real estate securities and syndication
- (15) Real property exchange

- g. 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.



Continuing Education 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, the course is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board, 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, or (adopted, June, 1997)
 - b) the course 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 and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable) (adopted June, 1997), or
 - c) the course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the Appraiser Qualifications Board through the AQB Course Approval Program or b) the approval of the licensing or certifying jurisdiction where the course is being offered, for the content of the course and 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 demonstrates mastery and fluency (said mechanisms must be present in a course without an exam in order to be acceptable). (adopted June, 1997, revised October 2001, effective November 1, 2001)

5. The American Council on Education through its ACE/Credit Program is no longer an approved entity for review of distance learning course mechanisms. (adopted, November 2003, effective April 1, 2004)
6. 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)
7. The two year USPAP CE (continuing education) term may be either:

- a) Every two calendar years, commencing on January 1, 2003; or
- b) In conjunction with a jurisdiction's continuing education cycle that commences after the effective date of January 1, 2003, as long as 7 hours of USPAP CE have been taken by December 31, 2005.

It is the intent of the AQB that individuals who are credentialed in more than one jurisdiction should not have to take more than one 7 hour USPAP update within a two year period. (adopted, October, 2001)

8. AQB Certified USPAP Instructors successfully completing the seven-hour Instructor Recertification Course and exam (if required) within the current continuing education cycle, have satisfied the seven-hour National USPAP Update Course continuing education requirement. (adopted, September 2004)
9. Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.

Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course. (adopted, September 2005)

SUPPLEMENTARY INFORMATION

Supplementary Information (Supplements) explain, describe, and/or further interpret The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria. As such, they are binding.

SUPPLEMENT NO. 1 – EXPERIENCE

Reference

“There need not be a client in order for an appraisal to qualify for experience.” (see Interpretations under the Experience sections associated with the Applications identified below).

Application(s)

Licensed, Certified Residential, and Certified General real property appraisers.

Background

Appraisals in conformance with USPAP may be made without a client. They can qualify for experience credit toward a credential, but there are special considerations a credentialing authority must consider. Without a client, the appraiser determines the type of appraisal and type of report. In instances where appraisals were never presented to anyone with a stake in a potential transaction, there is no oversight entity to verify data and ensure that it was correctly analyzed and interpreted. There is no potential for feedback to the appraiser on his or her performance.

There is an underlying assumption that experience is valuable because clients tend to demand competency. Because experience without a client calls this assumption into question, credentialing authorities must carefully assess the quality and adequacy of appraisals made without clients. They must also give consideration to restricting the percentage of this type of experience. It would be clearly unacceptable, for instance, for an appraiser to be granted 100% of the required experience for limited appraisals reported in a restricted format and with no client.

Conclusions

- There need not be a client in order for an appraisal to qualify for experience.
- The credentialing authority must audit a significant sample of appraisals made without clients for quality and conformance with USPAP.
- Greater weight should be given to complete appraisals reported in self contained or summary formats.
- Lesser weight should be given to limited appraisals reported in restricted formats.
- Appraisals made without clients can fulfill up to one-third of the total experience requirement, depending on the quality of the experience.

APPENDIX

REAL PROPERTY APPRAISER QUALIFICATION CRITERIA EFFECTIVE JANUARY 1, 2008

General Interpretations

1. For the purpose of the Real Property Appraiser Qualification Criteria, the following definitions apply:

Real Property Appraiser Qualification Criteria (Criteria): Established by the Appraiser Qualifications Board (AQB) of The Appraisal Foundation, these Criteria set forth the minimum education, experience and examination requirements for real property appraisers.

Required Core Curriculum: A set of appraisal subject matter major headings known as "modules" which requires a specified number of educational hours at each credential level.

Comment: For example, as part of the Required Core Curriculum, a minimum of 30 hours of coverage of the module "Basic Appraisal Principles" is required, as stated in the Criteria effective January 1, 2008.

There is no requirement that the title of courses match the title of the modules in the Required Core Curriculum. Some providers may choose to develop courses using the module titles, while others may not. The title of the course is not the important factor. What matters is how many hours of each of the modules in the Required Core Curriculum are in the course. For example, a provider may have a course that contains 30 hours of the Required Course Curriculum module, "Basic Appraisal Principles." Another provider may structure their education so that multiple courses combine to provide the 30 hours of coverage required for the "Basic Appraisal Principles" module.

Subtopics: Areas of appraisal education (as identified in AQB Guide Note 1) that should be included within the modules of the Required Core Curriculum.

Comment: As Guide Note 1 is guidance and not a requirement, coverage of the subtopics is not required for educational offerings to be valid; however, individuals will be expected to demonstrate competency in the subtopics in order to pass the revised licensing/certification examinations.

Interpretations: Elaborations or clarifications of the Real Property Appraiser Qualification Criteria issued by the AQB. Interpretations are essential to a proper understanding of the requirements set forth in the Criteria and are, therefore, binding upon users of the Criteria.

Guide Notes: Guidance or advice provided by the AQB for assisting in understanding and implementing the Criteria.

Comment: For example, AQB Guide Note 1 (GN-1) "AQB Guidance for Curriculum Content" provides state regulators, students and educators suggested subtopics and items of coverage for each module in the Required Core Curriculum. The subtopics identified in Guide Note 1 represent those areas of education in which appraisers should be able to demonstrate competency to pass the licensing/certification examinations. (adopted, September 2005)

2. The following are the only acceptable alternatives for implementing the 2008 Real Property Appraiser Qualification Criteria:

"Firm Date" Scenario

Any credential issued by a state appraiser regulatory body on or after January 1, 2008, must be in compliance with all components of the 2008 AQB Real Property Appraiser Qualification Criteria.

Under this scenario, it would not matter when an applicant completed his or her education, examination, and experience; if the credential is issued on or after January 1, 2008, the applicant must meet the requirements for all components of the 2008 Criteria.

"Segmented" Scenario

The requirements for a credential are broken down by the three components: education, experience, and examination. An applicant would have to meet the Criteria requirements in effect at the time he or she completes a particular component. Any component completed prior to January 1, 2008, would satisfy the current Criteria, while any component not completed by January 1, 2008, would have to conform to the 2008 Criteria. Note: Examination results are only valid for a maximum period of 24 months.

Example: An applicant for a Certified General credential completes all of the currently required 180 hours of qualifying education and passes the state's Certified General examination in 2007, but does not possess the required 30 months and 3,000 hours of experience. Since the applicant completed the education and examination components prior to January 1, 2008, he or she would be deemed to have satisfied those components. Therefore, the only component which the applicant would have to satisfy under the 2008 Criteria would be experience. (adopted, September 2005)

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

I. Appraisers in all classifications shall perform and practice in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

II. Existing Credential Holders

Existing credential holders in good standing in any jurisdiction shall be considered in compliance with current Appraiser Qualifications Board criteria if they have passed an AQB approved qualifying examination for that credential. This applies to reciprocity, temporary practice, renewals, and applications for the same credential in another jurisdiction. All credential holders must comply with ongoing requirements for Continuing Education, and state renewal procedures.

III. Generic Education Criteria

A. Class hour

1. A class hour is defined as 60 minutes, of which at least 50 minutes are instruction attended by the student.
2. The prescribed number of class hours includes time for examinations.

B. Credit for the class hour requirements may be obtained only from the following providers:

1. Colleges or universities
2. Community or junior colleges
3. Real estate appraisal or real estate related organizations
4. State or federal agencies or commissions
5. Proprietary schools
6. Providers approved by state certification/licensing agencies
7. The Appraisal Foundation or its Boards

C. Instructors who are also certified or licensed appraisers may receive up to one half of their continuing education requirement from instruction of appraisal courses or seminars. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.

D. Experience may not be substituted for education.

E. Distance Education is defined as any education process based on the geographical separation of student and instructor. A distance education course is acceptable to meet class hour requirements if:

1. The course provides interaction. Interaction is a reciprocal environment where the student has verbal or written communication with the instructor; and
2. Content approval is obtained from the AQB, a state licensing jurisdiction, or an accredited college, community college, or University that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. Non-academic credit college courses provided by a college shall be approved by the AQB or the state licensing jurisdiction; and
3. Course delivery mechanism approval is obtained from one of the following sources:
 - i. AQB approved organizations providing approval of course design and delivery; or
 - ii. a college that qualifies for content approval in paragraph 2 above that awards academic credit for the distance education course; or
 - iii. a qualifying college for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity



F. Criteria specific to Qualifying Education

1. Class hours will be credited only for educational offerings with content that follows the Required Core Curriculum in the Appendix for each respective credential. Course content requirements may be general or specific to property types. The Required Core Curriculum is to be followed by major headings with the classroom hours for each. Guide Notes (GN-1) contain guidance for curriculum contents with subtopics listed under each major module listed in the Appendix. Guide Notes (GN-1) with subtopics will be used for developing examination content outlines for each applicable credential level and may also be amended from time to time to reflect changes in technology or in the Body of Knowledge. Guide Notes (GN-1) are not mandatory for meeting the Required Core Curriculum in the Appendix. The subtopics listed under Guide Notes (GN-1) are not mandatory for meeting the Required Core Curriculum in the Appendix.
2. Class hours may be obtained only where:
 - i. the minimum length of the educational offering is at least 15 hours, and
 - ii. the individual successfully completes an approved closed-book examination pertinent to that educational offering.
3. Where the qualifying education course includes multiple topics identified within the Required Core Curriculum, there must be appropriate testing of each component.
4. Courses taken to satisfy the qualifying education requirements must not be repetitive. USPAP Courses taken in different years are not repetitive. Courses shall foster problem-solving skills in the education process by utilizing case studies as a

major teaching method when applicable.

5. Applicants must take the 15-Hour National USPAP Course, or its equivalent, and pass the associated 15-Hour National USPAP Course Examination. At least one of the course instructors must be an AQB Certified USPAP Instructor who is also a state certified appraiser. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. USPAP education presented in a distance education format must be designed to foster appropriate student-to-student, student to instructor, and student to material interaction.
 6. In addition to the generic requirements described in III. E, distance education courses intended for use as qualifying education must include a written examination proctored by an official approved by the college or university, or by the sponsoring organization.
- G. Criteria Specific to Continuing Education
1. The purpose of continuing education is to ensure that appraisers participate in a program that maintains and increases their skill, knowledge, and competency in real property appraising.
 2. Credit towards the continuing education hour requirements for each appraiser classification may be granted only where the length of the educational offering is at least two (2) hours.
 3. Credit may be granted for education offerings that are consistent with the purpose of continuing education and cover those real property related appraisal topics, including, but not limited to:
 - i. Ad valorem taxation;
 - ii. Arbitration, dispute resolution;

- iii. Courses related to the practice of real estate appraisal or consulting;
 - iv. Development cost estimating;
 - v. Ethics and standards of professional practice, USPAP;
 - vi. Land use planning, zoning;
 - vii. Management, leasing, timesharing;
 - viii. Property development, partial interests;
 - ix. Real estate law, easements, and legal interests;
 - x. Real estate litigation, damages, condemnation;
 - xi. Real estate financing and investment;
 - xii. Real estate appraisal related computer applications; and/or
 - xiii. Real estate securities and syndication.
4. Up to one half of an individual's continuing education requirement 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 that are determined to be equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.
 5. Educational offerings taken by an individual in order to fulfill the class hour requirement for a different classification than his/her current classification may be simultaneously counted towards the continuing education requirement of his/her current classification.
 6. In addition to the generic requirements described in III. E., distance education courses intended for use as continuing education must

include at least one of the following:

- i. A written examination proctored by an official approved by the college or university, or by the sponsoring organization; or
 - ii. Successful completion of prescribed course mechanisms required to demonstrate knowledge of the subject matter
7. Real estate appraisal related field trips may be acceptable for credit toward the continuing education requirements. However, transit time to or from the field trip should not be included when awarding credit unless instruction occurs during said transit time.
 8. Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
 9. Individuals who are credentialed in more than one jurisdiction shall not have to take more than one 7-Hour National USPAP Update Course within a two calendar year period for the purposes of meeting AQB Criteria.
 10. USPAP continuing education credit shall only be awarded when the course is instructed by at least one AQB certified instructor who is also a state certified appraiser.
 11. The equivalent of fourteen class 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 cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle.



Continuing Education Interpretations

1. *AQB Certified USPAP Instructors successfully completing the seven-hour Instructor Recertification Course and exam (if required) within the current continuing education cycle, have satisfied the seven-hour National USPAP Update Course continuing education requirement. (adopted, September 2004)*
2. *Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements. Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an "inactive status" in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.*

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The required hours must also include the most recent edition of a 7-hour National USPAP Update Course. (adopted, September 2005)

IV. Generic Examination Criteria

A new applicant not currently licensed or certified and in good standing in another jurisdiction, shall have up to 24 months, after approval by the state, to take and pass an AQB approved qualifying examination for the credential. Successful completion of the examination is valid for a period of 24 months, and the applicant must meet the requisite experience requirement within 24 months.

V. Generic Experience Criteria

A. Education may not be substituted for experience,

except as shown below in Section D below.

- B. The quantitative experience requirements must be satisfied by time spent on the appraisal process. The appraisal process consists of: analyzing factors that affect value; defining the problem; gathering and analyzing data; applying the appropriate analysis and methodology; and arriving at an opinion and correctly reporting the opinion in compliance with USPAP.
- C. Hours may be treated as cumulative in order to achieve the necessary number of hours of appraisal experience.
 1. Cumulative is defined as meaning that experience may be acquired over any time period.
 2. The following is an example of cumulative experience:

Year 1	200 Hours
Year 2	800 Hours
Year 3	600 Hours
Year 4	400 Hours
Year 5	500 Hours
Total	2,500 Hours
- D. There need not be a client in order for an appraisal to qualify for experience, but experience gained for work without a client cannot exceed 50% of the total experience requirement. Case studies or practicum courses that are approved by the AQB Course Approval Program can satisfy the non-client experience requirement. A case study or practicum course must



include the generally applicable methods of appraisal practice for the credential category. Content includes, but is not limited to: requiring the student to produce credible appraisals that utilize an actual subject property; performing actual market research, containing actual sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require actual problem solving skills for a variety of property types for the credential category. Credit shall be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the course approval process.

- E. An hour of experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal practice. Acceptable real property appraisal practice for experience credit includes appraisal, appraisal review, appraisal consulting, and mass appraisal. All experience must be obtained after January 30, 1989, and must be USPAP compliant. An applicant's experience must be in appraisal work conforming to Standards 1, 2, 3, 4, 5, and/or 6, where the appraiser demonstrates proficiency in appraisal principles, methodology, procedures (development), and reporting conclusions.
- F. Documentation in the form of reports, certifications, or file memoranda, or, if such reports and memoranda are unavailable for good cause, other evidence at the credentialing authority's discretion that the work is compliant with USPAP must be provided as part of the state experience verification process to support the experience claimed.

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

1. Type of property;
2. Date of report;
3. Address of appraised property;
4. Description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
5. Number of actual work hours by the trainee/applicant on the assignment; and
6. The signature and state certification number of the supervising appraiser if applicable.

Separate appraisal logs shall be maintained for each supervising appraiser if applicable.

- H. There is no maximum time limit during which experience may be obtained.

VI. Guide Notes (GN)

From time to time, the AQB may issue new interpretations to these criteria (binding); or Guide Notes (advisory) on interpretations, or application of these qualification criteria.

TRAINEE REAL PROPERTY APPRAISER CLASSIFICATION

Please consult the **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS** for additional requirements.

I. General

A. The scope of practice for the Appraiser Trainee Classification is the appraisal of those properties which the supervising Certified appraiser is permitted by his/her current credential and that the supervising appraiser is qualified to appraise.

B. The Appraiser Trainee shall be entitled to obtain copies of appraisal reports he/she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of five years, or at least two years after final disposition of any judicial proceedings in which the appraiser provided testimony related to the assignment, whichever period expires last.

C. All Appraiser Trainees must comply with the COMPETENCY RULE of USPAP.

II. Examination: There is no examination requirement for the Appraiser Trainee Classification, but the trainee shall pass examinations in the prerequisite courses in order to earn credit for core education courses.

III. Qualifying Education: As the prerequisite for application, an applicant must have completed 75 creditable class hours as specified in the required Core Curriculum Appendix. Additionally, applicants must pass the Core Curriculum examinations and pass the 15-Hour National USPAP Course and examination as part of the 75 creditable class hours.

IV. Experience: No experience is required as a prerequisite for the Appraiser Trainee Classification.

V. Training

A. The Appraiser Trainee shall be subject to direct supervision by a supervising appraiser in good standing, who shall be state certified.

B. The supervising appraiser shall be responsible for the training, guidance, and direct supervision of the Appraiser Trainee by:

1. Accepting responsibility for the appraisal report by signing and certifying the report complies with USPAP;

2. Reviewing and signing 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 RULE of USPAP for the property type.

C. The Appraiser Trainee is permitted to have more than one supervising appraiser, but a supervising appraiser may not supervise more than three trainees, at one time, unless a state program in the licensing jurisdiction provides for progress monitoring, supervising certified appraiser qualifications, and supervision and oversight requirements for supervising appraisers.

D. An appraisal log shall be maintained by the Appraiser Trainee and the supervising appraiser jointly. At a minimum, the appraisal log requirements are:

1. Type of property;
2. Date of report;
3. Address of appraised property;
4. Description of work performed by the trainee and scope of the review and supervision of the supervising appraiser;
5. Number of actual work hours by the trainee on the assignment; and
6. The signature and state certification number of the supervising appraiser.

Separate appraisal logs shall be maintained for each supervising appraiser if applicable.

E. The supervising certified appraiser shall be in good standing in the training jurisdiction and not subject to any disciplinary action within the last two years that affects the supervisor's legal eligibility to engage in appraisal practice.

LICENSED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

Please consult the **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS** for additional requirements.

I. General

- A. The Licensed Residential 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.
- B. Complex one- to four-family residential property appraisal means one in which the property to be appraised, the form of ownership, or the market conditions are atypical.¹
- C. For non-federally related transaction appraisals, transaction value shall mean market value.
 - 1. The classification includes the appraisal of vacant or unimproved land that is utilized for one to four family purposes or for which the highest and best use is for one to four family purposes.

2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.

- II. All Licensed Residential Real Property Appraisers must comply with the **COMPETENCY RULE** of USPAP.
- III. Examination: The AQB approved Licensed Residential Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.
- IV. Qualifying Education: The prerequisite for taking the AQB approved examination is completion of one hundred fifty (150) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination. There is no alternative to successful completion of the examination.
- V. Experience: Two thousand (2,000) hours of experience are required to be obtained in no fewer than 12 months.

¹Bank Holding Company Supervision Manual, 1999, page 10, section 2231.0.9.3



CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

Please consult the **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS** for additional requirements.

I. General

A. The Certified Residential Real Property Appraiser Classification qualifies the appraiser to appraise one to four residential units without regard to value or complexity.

1. The classification includes the appraisal of vacant or unimproved land that is utilized for one to four family purposes or for which the highest and best use is for one to four family purposes.
2. The classification does not include the appraisal of subdivisions for which a development analysis/ appraisal is necessary.

B. All Certified Residential appraisers must comply with the **COMPETENCY RULE** of USPAP.

II. Examination

A. The AQB approved Certified Residential Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.

B. The Certified General Real Property Appraiser Examination is not equivalent to the Certified Residential Real Property Appraiser Examination.

III. Qualifying Education

A. Applicants for the Certified Residential license must hold an Associate degree, or higher, from an accredited college, junior college, community college, or university, unless the requirements of Section III.B are satisfied.

or

B. In lieu of the Associate degree, an applicant for the Certified Residential license shall successfully pass all of the following collegiate subject matter courses from an accredited college, junior college, community college, or university:

1. English Composition;
2. Principles of Economics (Micro or Macro);
3. Finance;
4. Algebra, Geometry, or higher mathematics;
5. Statistics;

6. Introduction to Computers—Word processing / spreadsheets; and
7. Business or Real Estate Law.

Total hours of equivalent college courses in lieu of an Associate degree: 21 semester credit hours or its equivalent for the certified residential appraiser. If an accredited college or university (accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.

and

C. The prerequisite for taking the AQB approved examination is completion of two hundred (200) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course, or its equivalent, and the examination.

Qualifying Education Interpretation

1. *For college level courses taken in a quarterly system versus a semester system, one quarter hour credit is equivalent to .67 semester credit hours. Conversely, one semester credit hour is equivalent to 1.5 quarter credit hours.*

For example, if a student wishes to satisfy the 21 semester credit hour requirement in lieu of an Associate Degree for the Certified Residential classification, he or she needs to successfully pass those applicable courses that generate 31.5 quarter credit hours, (i.e. 21 semester credit hours x 1.5 conversion factor).

For the Certified General classification, if a student wishes to satisfy the 30 semester credit hour requirement in lieu of a Bachelor's Degree, he or she needs to successfully pass those applicable courses that generate 45 quarter credit hours, (i.e. 30 semester credit hours x 1.5 conversion factor). (adopted, September 2005)

- IV. Experience: Two thousand five hundred (2,500) hours of experience obtained during no fewer than twenty-four (24) months is required. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.

CERTIFIED GENERAL REAL PROPERTY APPRAISER

Please consult the **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS** for additional requirements.

I. General

A. The Certified General Real Property Appraiser Classification qualifies the appraiser to appraise all types of real property.

B. All Certified General appraisers must comply with the COMPETENCY RULE of USPAP.

II. Examination: The AQB approved Uniform State Certified General Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.

III. Qualifying Education

A. Applicants for the Certified General license must hold a Bachelors degree or higher from an accredited college or university, unless the requirements of the following Section III.B are satisfied.

or

B. In lieu of the Bachelors degree, an applicant for the Certified General credential shall successfully pass all of the following collegiate level subject matter courses from an accredited college, junior college, community college or university:

1. English Composition;
2. Micro Economics;
3. Macro Economics;
4. Finance;
5. Algebra, Geometry, or higher mathematics;
6. Statistics;
7. Introduction to Computers—Word processing / spreadsheets;
8. Business or Real Estate Law; and
9. Two elective courses in accounting, geography, ageconomics, business management, or real estate.

Total hours of equivalent college courses in lieu of a Bachelor's degree: 30 semester credit hours or its equivalent for the certified general appraiser. If an accredited college or university (accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting

agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.

and

C. The prerequisite for taking the AQB approved examination is completion of three hundred (300) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination.

and

D. Applicants must demonstrate that their education includes the core courses listed in these criteria, with particular emphasis on non-residential properties. Residential is defined as "composed of one to four residential units."

Qualifying Education Interpretation

1. For college level courses taken in a quarterly system versus a semester system, one quarter hour credit is equivalent to .67 semester credit hours. Conversely, one semester credit hour is equivalent to 1.5 quarter credit hours.

For example, if a student wishes to satisfy the 21 semester credit hour requirement in lieu of an Associate Degree for the Certified Residential classification, he or she needs to successfully pass those applicable courses that generate 31.5 quarter credit hours, (i.e. 21 semester credit hours x 1.5 conversion factor).

For the Certified General classification, if a student wishes to satisfy the 30 semester credit hour requirement in lieu of a Bachelor's Degree, he or she needs to successfully pass those applicable courses that generate 45 quarter credit hours, (i.e. 30 semester credit hours x 1.5 conversion factor). (adopted, September 2005)

IV. Experience: Three thousand (3,000) hours of experience obtained during no fewer than thirty (30) months is required, of which, one thousand five hundred (1,500) hours must be in non-residential appraisal work. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.

REQUIRED CORE CURRICULUM EFFECTIVE JANUARY 1, 2008

TRAINEE

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS

TRAINEE EDUCATION REQUIREMENTS 75 HOURS

LICENSED

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE	15 HOURS
RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH	15 HOURS
RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES	30 HOURS
RESIDENTIAL REPORT WRITING AND CASE STUDIES	15 HOURS

LICENSED EDUCATION REQUIREMENTS 150 HOURS



CERTIFIED RESIDENTIAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE	15 HOURS
RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH	15 HOURS
RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES	30 HOURS
RESIDENTIAL REPORT WRITING AND CASE STUDIES	15 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES	15 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES	20 HOURS
(May include hours over minimum shown above in other modules)	

CERTIFIED RESIDENTIAL 200 HOURS

CERTIFIED GENERAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE	30 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
GENERAL APPRAISER SALES COMPARISON APPROACH	30 HOURS
GENERAL APPRAISER SITE VALUATION AND COST APPROACH	30 HOURS
GENERAL APPRAISER INCOME APPROACH	60 HOURS
GENERAL APPRAISER REPORT WRITING AND CASE STUDIES	30 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES	30 HOURS
(May include hours over minimum shown above in other modules)	

CERTIFIED GENERAL 300 HOURS

AQB GUIDE NOTE 1 (GN-1)

AQB GUIDANCE FOR CURRICULUM CONTENT EFFECTIVE JANUARY 1, 2008

Guide Note 1 (GN-1) contains guidance for curriculum content with subtopics listed under each major module listed in the Appendix. The subtopics in Guide Note 1 will be used for developing examination content outlines for each applicable credential level and may also be amended from time to time to reflect changes in technology or in the Body of Knowledge.

BASIC APPRAISAL PRINCIPLES

30 HOURS

- A. Real Property Concepts and Characteristics
 - 1. Basic Real Property Concepts
 - 2. Real Property Characteristics
 - 3. Legal Description
- B. Legal Consideration
 - 1. Forms of Ownership
 - 2. Public and Private Controls
 - 3. Real Estate Contracts
 - 4. Leases
- C. Influences on Real Estate Values
 - 1. Governmental
 - 2. Economic
 - 3. Social
 - 4. Environmental, Geographic and Physical
- D. Types of Value
 - 1. Market Value
 - 2. Other Value Types
- E. Economic Principles
 - 1. Classical Economic Principles
 - 2. Application and Illustrations of the Economic Principles
- F. Overview of Real Estate Markets and Analysis
 - 1. Market Fundamentals, Characteristics, and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- G. Ethics and How They Apply in Appraisal Theory and Practice

BASIC APPRAISAL PROCEDURES

30 HOURS

- A. Overview of Approaches to Value
- B. Valuation Procedures
 - 1. Defining the Problem
 - 2. Collecting and Selecting Data
 - 3. Analyzing
 - 4. Reconciling and Final Value Opinion
 - 5. Communicating the Appraisal
- C. Property Description
 - 1. Geographic Characteristics of the Land/Site
 - 2. Geologic Characteristics of the Land/Site
 - 3. Location and Neighborhood Characteristics
 - 4. Land/Site Considerations for Highest and Best Use
 - 5. Improvements - Architectural Styles and Types of Construction
- D. Residential Applications

THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT

15 HOURS

- A. Preamble and Ethics Rules
- B. Standard 1
- C. Standard 2
- D. Standards 3 to 10
- E. Statements and Advisory Opinions

RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE

15 HOURS

- A. Residential Markets and Analysis
 - 1. Market Fundamentals, Characteristics and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- B. Highest and Best Use
 - 1. Test Constraints
 - 2. Application of Highest and Best Use
 - 3. Special Considerations
 - 4. Market Analysis
 - 5. Case Studies

RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH

15 HOURS

- A. Site Valuation
 - 1. Methods
 - 2. Case Studies
- B. Cost Approach
 - 1. Concepts and Definitions
 - 2. Replacement/Reproduction Cost New
 - 3. Accrued Depreciation
 - 4. Methods of Estimating Accrued Depreciation
 - 5. Case Studies

RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES

30 HOURS

- A. Valuation Principles & Procedures - Sales Comparison Approach
- B. Valuation Principles & Procedures - Income Approach
- C. Finance and Cash Equivalency
- D. Financial Calculator Introduction
- E. Identification, Derivation and Measurement of Adjustments
- F. Gross Rent Multipliers
- G. Partial Interests
- H. Reconciliation
- I. Case Studies and Applications

RESIDENTIAL REPORT WRITING AND CASE STUDIES

15 HOURS

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Form Reports

- D. Report Options and USPAP Compliance
- E. Case Studies

STATISTICS, MODELING AND FINANCE

15 HOURS

- A. Statistics
- B. Valuation Models (AVM's and Mass Appraisal)
- C. Real Estate Finance

ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES

15 HOURS

- A. Complex Property, Ownership and Market Conditions
- B. Deriving and Supporting Adjustments
- C. Residential Market Analysis
- D. Advanced Case Studies

GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE

30 HOURS

- A. Real Estate Markets and Analysis
 - 1. Market Fundamentals, Characteristics and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- B. Highest and Best Use
 - 1. Test Constraints
 - 2. Application of Highest and Best Use
 - 3. Special Considerations
 - 4. Market Analysis
 - 5. Case Studies

GENERAL APPRAISER SALES COMPARISON APPROACH

30 HOURS

- A. Value Principles
- B. Procedures
- C. Identification and Measurement of Adjustments
- D. Reconciliation
- E. Case Studies

GENERAL APPRAISER SITE VALUATION AND COST APPROACH

30 HOURS

- A. Site Valuation
 - 1. Methods
 - 2. Case Studies
- B. Cost Approach
 - 1. Concepts and Definitions
 - 2. Replacement/Reproduction Cost New
 - 3. Accrued Depreciation
 - 4. Methods of Estimating Accrued Depreciation
 - 5. Case Studies

GENERAL APPRAISER INCOME APPROACH

60 HOURS

- A. Overview
- B. Compound Interest
- C. Lease Analysis
- D. Income Analysis
- E. Vacancy and Collection Loss
- F. Estimating Operating Expenses and Reserves
- G. Reconstructed Income and Expense Statement
- H. Stabilized Net Operating Income Estimate
- I. Direct Capitalization
- J. Discounted Cash Flow
- K. Yield Capitalization
- L. Partial Interests
- M. Case Studies

GENERAL APPRAISER REPORT WRITING AND CASE STUDIES

30 HOURS

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Report Options and USPAP Compliance
- D. Case Studies



AQB GUIDE NOTE 2 (GN-2)

AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

RETIRED, OCTOBER 2005

AQB GUIDE NOTE 3 (GN-3)

AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

THIS GUIDE NOTE RELATES TO THE SCOPE OF PRACTICE FOR THE LICENSED AND CERTIFIED RESIDENTIAL CLASSIFICATIONS IN THE *REAL PROPERTY APPRAISER QUALIFICATION CRITERIA* THAT BECOMES EFFECTIVE JANUARY 1, 2008.

In the existing (pre-2008) Criteria for these two classifications, the following paragraph appears in the scope of practice section:

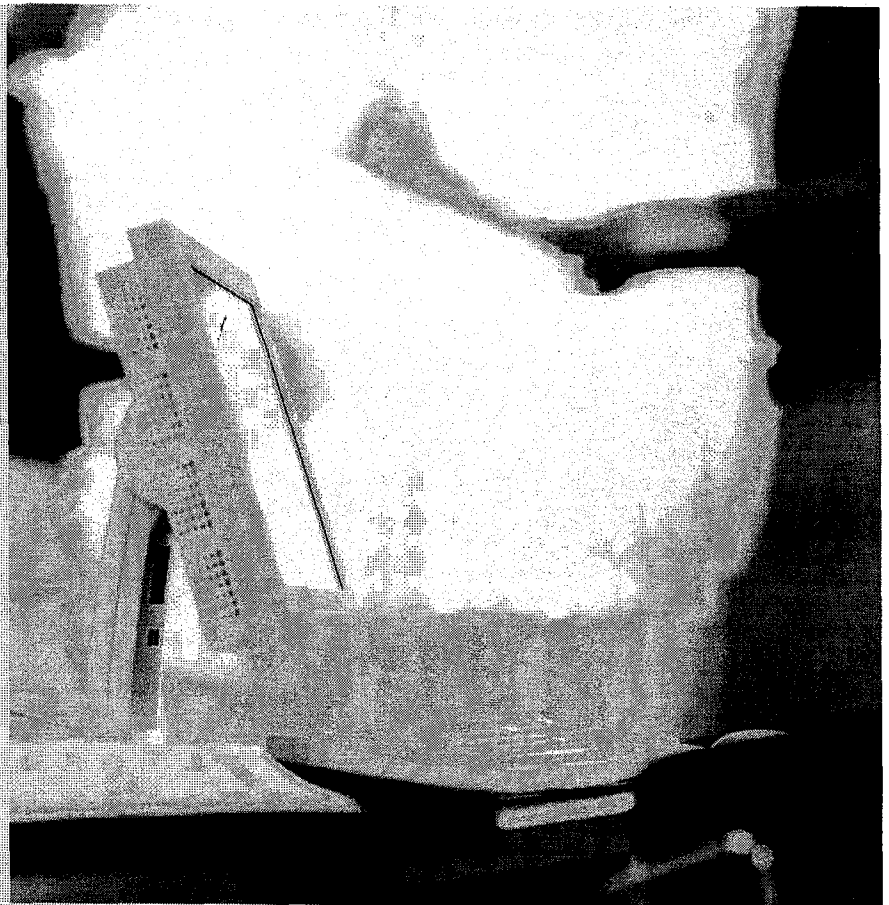
The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the Certified Residential (or Licensed) classification to appraise properties other than 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 (or Licensed) appraiser.

During the Criteria Exposure Draft and revision process, the AQB determined that this paragraph was more of explanatory guidance than actual AQB Criteria. As a result, it was removed from the Criteria effective January 1, 2008.

However, while it is not contained in the 2008 Criteria, it should be noted that the paragraph italicized above still reflects the consensus of the AQB. The scope of practice for the Licensed and Certified Residential classifications does not change in 2008. Federal and state agencies continue to establish scope of practice thresholds that are specific to their particular needs.

For example, because federally related transactions less than \$250,000 fall below the regulatory de minimus established by the Federal Financial Institution Regulatory Agencies, the scope of practice restrictions placed on individuals who can appraise commercial and residential properties below that threshold for financial institutions are few, if any.

The AQB continues to encourage individuals to refer to agency regulations and state law to determine the type of property that may be appraised by the Licensed and Certified Residential classifications.



2005 Appraiser Qualifications Board Members

Sandra Guilfoil, Chair
Chris Greenwalt
Donald Moliver
Edward Morse
Charles S. "Scott" Seely

1989 Board Members

James W. Klopfenstein, Chair
Miles M. Etter, Vice Chair
Raymond A. Leshner
James H. Pritchett
Otis L. Thorpe

1990 Board Members

James W. Klopfenstein, Chair
Miles M. Etter, Vice Chair
Raymond A. Leshner
James H. Pritchett
Otis L. Thorpe

1991 Board Members

James W. Klopfenstein, Chair
Miles M. Etter, Vice Chair
John C. Crissey, Jr.
Bernie I. Garcia
George F. Silver

1992 Board Members

James W. Klopfenstein, Chair
Miles M. Etter, Vice Chair
John C. Crissey, Jr.
Bernie I. Garcia
George F. Silver

1993 Board Members

James W. Klopfenstein, Chair
Miles M. Etter, Vice Chair
John C. Crissey, Jr.
Anthony Reynolds
George F. Silver

1994 Board Members

James W. Klopfenstein, Chair
Anthony Reynolds, Vice Chair
Miles M. Etter
Stephen G. Williams
Gregory Gilbert

1995 Board Members

Anthony Reynolds, Chair
Stephen G. Williams, Vice Chair
Gregory Gilbert
James W. Klopfenstein
Scott R. Williams

1996 Board Members

Anthony Reynolds, Chair
Stephen G. Williams, Vice Chair
Gregory Gilbert
Scott R. Williams
James W. Klopfenstein

1997 Board Members

Stephen G. Williams, Chair
Scott R. Williams, Vice Chair
James W. Klopfenstein
Arlen C. Mills
Anthony Reynolds

1998 Board Members

Scott R. Williams, Chair
Arlen C. Mills, Vice Chair
Charles Moore
Anthony Reynolds
Stephen G. Williams

1999 Board Members

Scott R. Williams, Chair
Arlen C. Mills, Vice Chair
Jack P. Friedman
Charles Moore
Stephen G. Williams

2000 Board Members

Arlen C. Mills, Chair
Scott R. Williams, Vice Chair
Jack P. Friedman
Charles Moore
Edward Morse

2001 Board Members

Arlen C. Mills, Chair
Edward Morse, Vice Chair
Jack P. Friedman
Chris Greenwalt
Bruce Wiley

2002 Board Members

Edward Morse, Chair
Bruce Wiley, Vice Chair
Chris Greenwalt
Sandra Guilfoil
Arlen Mills

2003 Board Members

Edward Morse, Chair
Bruce Wiley, Vice Chair
Chris Greenwalt
Sandra Guilfoil
Donald Moliver

2004 Board Members

Edward Morse, Chair
Sandra Guilfoil, Vice Chair
Chris Greenwalt
Donald Moliver
Charles S. "Scott" Seely

**LIST OF NAMES AND ADDRESSES OF PUBLIC
COMMENTATORS FOR REGULATION 16A-7014**
(1 Pa. Code §307.2(c)(6))

- (1) Ben Henson
Executive Director
Appraisal Subcommittee
Federal Financial Institutions Examination Council
2000 K Street, N.W., Suite 310
Washington, D.C. 20006

- (2) Derenda Updegrave
Director of Government Affairs
Pennsylvania Association of Realtors
4501 Chambers Hill Road
Harrisburg, PA 17111-2406

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS



STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

P.O. BOX 2649
HARRISBURG, PENNSYLVANIA 17105-2649

Telephone: (717)783-4866
Fax: (717)705-5540
www.dos.state.pa.us

May 3, 2007

The Honorable Arthur Coccodrilli
Chairman, Independent Regulatory Review Commission
Harristown II, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Final Rulemaking of the State Board of Certified Real Estate
Appraisers Relating to General Revisions (16A-7014)

Dear Chairman Coccodrilli:

Enclosed is a copy of a final rulemaking package of the State Board of Certified Real Estate Appraisers relating to general revisions.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. McRae".

Robert F. McRae, Chairman
State Board of Certified Real Estate Appraisers

RFM:SW
Enclosure

cc: Basil L. Merenda, Commissioner
Bureau of Professional and Occupational Affairs

Albert H. Masland, Chief Counsel
Department of State

Joyce McKeever, Deputy Chief Counsel
Department of State

Cynthia Montgomery, Regulatory Counsel
Department of State

Gerald S. Smith, Senior Counsel in Charge
Department of State

Steven Wennberg, Counsel
State Board of Certified Real Estate Appraisers

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT**

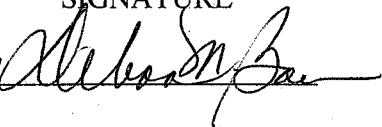
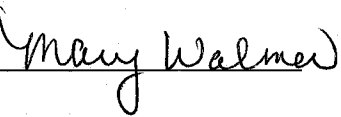
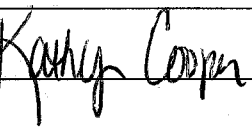
I.D. NUMBER: 16A-7014
SUBJECT: GENERAL REVISIONS
AGENCY: DEPARTMENT OF STATE
STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

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

RECEIVED
2007 MAY -3 AM 10:16
INDEPENDENT REGULATORY
REVIEW COMMISSION

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
5/3/07		HOUSE COMMITTEE ON PROFESSIONAL LICENSURE
5/3/07		SENATE COMMITTEE ON CONSUMER PROTECTION & PROFESSIONAL LICENSURE
5/3/07		INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL (for Final Omitted only)
		LEGISLATIVE REFERENCE BUREAU (for Proposed only)