

Regulatory Analysis Form

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INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: 2537

(1) Agency

Department of State, Bureau of Professional and
Occupational Affairs, State Board of Certified Real
Estate Appraisers

(2) I.D. Number (Governor's Office Use)

16A-7014

(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 are intended to be a general revision and updating of the Board's regulations. Specifically, the amendments would 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.

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

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(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 would 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 would 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 would likely result in savings to certified residential and general appraisers, who would no longer be required to accompany appraisal assistants on each property inspection. These savings cannot be quantified. The amendments would not require new legal, accounting or consulting procedures.

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(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 would not result in costs or savings to local government.

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

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

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(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.

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

Program	FY -3	FY -2	FY -1	Current FY
Appraiser	\$555,058	\$467,429.	\$565,000	\$605,000

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

The amendments would 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.

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(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 would 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 the amendments. The Board reviews its regulatory proposals at regularly scheduled public meetings. Board meetings are held at One Penn Center, 2601 North Third Street, Harrisburg. The meeting dates are posted on the Board's website (www.dos.state.pa.us/real) and also are available by calling the Board's administrative office at (717) 783-4866.

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(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 would 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 would 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 would 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 would 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.

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REVIEW COMMISSION

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

2537

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State Board of Certified
Real Estate Appraisers

ANDREW C. CLARK

BY _____
(DEPUTY ATTORNEY GENERAL)

(AGENCY)

DOCUMENT/FISCAL NOTE NO. 16A-7014

APR 28 2006

DATE OF ADOPTION: _____

APR 04 2006

DATE OF APPROVAL

DATE OF APPROVAL

BY:
Robert F. McRae

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

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

Check if applicable
Copy not approved.
Objections attached.

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

PROPOSED RULEMAKING

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

GENERAL REVISIONS

PREAMBLE

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 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 the activities of appraisal assistants; upgrade the continuing education requirement for certified Pennsylvania evaluators; and make editorial and organizational changes 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 Pennsylvania. 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 nonfederally 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 Pennsylvania, the Board regulates persons who value real property in Pennsylvania 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 certified Pennsylvania evaluator (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 relating to 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 has two subchapters, subchapter A, titled “General Provisions,” and subchapter C,

titled "Certified Pennsylvania Evaluators." (Subchapter B is reserved.) The proposed rulemaking would retitle subchapter A as "Certified Real Estate Appraisers," because the subchapter contains regulations affecting certified residential appraisers, general appraisers and broker/appraisers.

§36.1 (relating to definitions)

Section 36.1 defines words and phrases used in Chapter 36. The proposed rulemaking would add definitions for the abbreviations "AQB" and "USPAP"; add definitions for "distance education," "certified broker-appraiser" and "certified real estate appraiser"; and revise the definitions of "State certified general real estate appraiser" and "State certified residential real estate appraiser" under the terms "certified general real estate appraiser" and "certified residential real estate appraiser," respectively.

The term "distance education," which is being added to several sections relating to 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), subtitled "Application form," 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), subtitled "Application fee," requires an applicant to pay a nonrefundable application fee. Section 36.2(c), subtitled "Approved applications," 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), subtitled "Disapproved applications," 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) relating to an applicant's obligation to comply with new requirements that take effect during the application process. The revised prescription, set forth in §36.2(e) and subtitled "Compliance with new requirements," would provide that, except as otherwise provided in the regulations relating to 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 set forth in the revised §36.2(e) would more accurately reflect the ASC's instructions to the Board, during the last rulemaking regarding §36.2 (see 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 portion of this rulemaking notice relating to §§36.11 and 36.12, 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 revise §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 regulations that 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; retitle them as "Qualifications for certification as residential real estate appraiser" and "Qualifications for certification as general real estate appraiser, respectively"; and 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 (63 P.S. §457.6(d) and (e)), 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) and give them the subtitle "Overview."

Sections 36.11(1) and 36.12(1), subtitled "Education," 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. In order 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 the new classroom hour requirements and their segmented effective date 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, and give them the new subtitle "Appraisal classroom hours."

Sections 36.11(1)(ii) and 36.12(1)(ii), subtitled "Teaching credit," 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, such 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 36.12(1)(iv), subtitled "Correspondence courses," and §§36.11(1)(v) and 36.12(1)(v), subtitled "Video and remote television courses," 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 relating to 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, and change their subtitles to "Distance education."

For consistency of reorganization, the proposed rulemaking would redesignate §§36.11(1)(i) and Sections 36.12(1)(i), subtitled "Length of classroom hour requirement," as §§36.11(b)(1) and 36.12(b)(1), respectively; redesignate §§36.11(1)(iii) and 36.12(1)(iii), subtitled "Providers of appraisal courses," as §§36.11(b)(3) and 36.12(b)(3), respectively; and redesignate §§36.11(1)(vi) and 36.12(1)(vi), subtitled "Credit for challenge examination," as §§36.11(b)(5) and 36.12(b)(5), respectively. The proposed rulemaking also would make editorial changes to §§36.11(1)(i), 36.12(1)(i), 36.11(1)(vi) and 36.12(1)(vi).

Sections 36.11(2) and 36.12(2), subtitled "Mandatory course topics," 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:

Residential Appraiser

Basic Appraisal Principles (30 hours)
Basic Appraisal Procedures (30 hours)
National USPAP Course or Equivalent
(15 hours)
Residential Market Analysis and Highest
and Best Use (15 hours)

General Appraiser

Basic Appraisal Principles (30 hours)
Basic Appraisal Procedures (30 hours)
National USPAP Course or Equivalent
(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, and change their subtitles to “Content of appraisal education.” 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 post-secondary education as follows:

Residential Appraiser

Possession of associate's degree, or higher,
from an accredited college or university

OR

Completion of 21 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

General Appraiser

Possession of bachelor's degree, or higher,
from an accredited college or university

OR

Completion of 30 semester credits in
the following courses from an accredited
college or university:

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 a new subsection (d) to §§36.11 and 36.12, subtitled "Post-secondary education," setting forth the new AQB criteria relating to post-secondary 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), subtitled "Experience," 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) through (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 related to 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 paragraphs (1)-(10) under §§36.11(e) and 36.12(e).

Section 36.11(4), subtitled "State certified residential real estate appraiser," and Section 36.12(4), subtitled "State certified general real estate appraiser," 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 revised definitions of certified residential real estate appraiser and certified general real estate appraiser in §36.1.

§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 set forth 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, pursuant to 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 noted above, 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 revise 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.

The revised §36.13(a)(1)(i)-(iv) would set forth options for experience acquired before September 3, 1998, while the revised 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.

The contents of the current §36.13(b), as previously noted, would be relocated to the 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 a new regulation at §36.54 (relating to supervision of appraisal assistant). The revised language relating to physical inspection clarifies that in order 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 inspection. 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 in order for an applicant to get credit for experience based on the preparation of an appraisal report. The revised 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 revise §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 such courses for initial education purposes in the 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 above-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 (relating to 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 such 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 contents of 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 such 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 the revised §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 1990's

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 such 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 must 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 “Reactivation of lapsed certification,” and would 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 set forth in the 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 would replace the contents of §36.224 with the AQB's distance education criteria for initial education as set forth in the revised §§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 revise §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 all 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 the current §§36.224 and 36.225. 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.

§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 the current §36.91 with regard to the reactivation of a lapsed appraiser certification. The

proposed rulemaking would make the same revisions to §36.271 that are being proposed in §36.91.

36.281 (relating to standards of professional conduct)

Section 36.281 establishes standards of professional conduct for CPEs. Standard 1 requires that CPE's 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 would 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

On May 17, 2006, as required by Section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a)), 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 (71 P.S. §745.5(g)), IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days after the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria that have not been met. The Regulatory Review Act specifies detailed procedures that permit the Board, the General Assembly and the Governor to review any comments, recommendations or objections prior to final publication of the rulemaking.

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 notice 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:

* * *

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 (63 P.S. §457.6(a)(2) and (e)) 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 (63 P.S. §457.6(a)(1) and (d)) 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] by visiting the Board’s website at www.dos.state.pa.us/real or by writing, telephoning, or e-mailing [Administrative Office of] the Board[,] at Post Office Box 2649, Harrisburg, [Pennsylvania] [PA 17105-2649](mailto:PA17105-2649), (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 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 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 AQB-endorsed [National] Uniform State Certified Residential Real Property Appraiser Examination or its equivalent [issued or endorsed by the Appraiser Qualifications Board of the Appraisal Foundation]. 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 [certified] residential real estate appraiser.

[(1)] (b) [Education] 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) *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)] (4) [*Correspondence courses*.] 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)] subsection (c) and subsection (b)(1), 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)] (c) [*Mandatory course topics*] Content of appraisal education. The content of an applicant's appraisal education shall be as follows:

(1) [Applicants] 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:

- (i) Influences on real estate value.
 - (A) Physical and environmental.
 - (B) Economic.
 - (C) Government and legal.
 - (D) Social.
- (ii) Legal considerations in appraisal.
 - (A) Real estate versus real property.
 - (B) Real property versus personal property.
 - (C) Limitations on real estate ownership.
 - (D) Legal rights and interests.
 - (E) Forms of property ownership.
 - (F) Legal descriptions.
 - (G) Transfer of title.
- (iii) Type of values.
 - (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.

- (D) Investment value.
- (E) Value in use.
- (F) Assessed value.
- (G) Insurable value.
- (iv) Economic principles.
 - (A) Anticipation.
 - (B) Balance.
 - (C) Change.
 - (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.
- (v) Real estate markets and analysis.
 - (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.

- (D) Real estate financing.
- (vi) Valuation process.
 - (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.
 - (F) The appraisal report.
- (vii) Property description.
 - (A) Site description.
 - (B) Improvement description.
 - (C) Basic construction and design
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.

- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach.

- (xi) Site value.
 - (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Plottage and assemblage.

- (xii) Cost approach.
 - (A) Steps in cost approach.
 - (B) Application of the cost approach.

- (xiii) Income approach.
 - (A) Gross rent multiplier analysis.
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.

- (xiv) Valuation of partial assets.

- (A) Life estates.
- (B) Undivided interest in commonly held property.
- (C) Easements.
- (D) Timeshares.
- (E) Cooperatives.
- (F) Leased fee estate.
- (G) Leasehold estate.

(xv) Appraisal standards and ethics.

(xvi) Narrative report writing.

(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.
 - (H) Partial interests.
 - (I) Reconciliation.
 - (J) 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) Post-secondary 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.* 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] a period of no less than 24 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 shall include [a] 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

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:

[(i)] (1) Fee and staff appraisals.

[(ii)] (2) Ad valorem tax appraisals, if the appraiser can demonstrate that the appraiser used techniques to value properties similar to those used by other appraisers and that the appraiser effectively used the appraisal process.

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

[(iv)] (4) Appraisal analysis (synonymous with appraisal).

[(v)] (5) Real estate counseling, if the counselor can satisfactorily demonstrate

that:

[(A)] (i) The client clearly asked for the counseling services.

[(B)] (ii) The client was informed that the counselor's time would be devoted to counseling services, which are separate from other real estate functions such as appraising, sales management and mortgage lending.

[(C)] (iii) A file memorandum was prepared on each assignment indicating the nature of the assignment, recommendations and disposition.

[(D)] (iv) Compensation for the counseling services was separate from other real estate services rendered.

[(vi)] (6) Highest and best use analysis.

[(vii)] (7) Feasibility analysis/study.

[(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)] (8) 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].

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

(10) 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 [certified] general real estate appraiser.

[(1)] (b) [Education] 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)] (4) [*Correspondence courses.*] 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)] subsection(c) and subsection (b)(1), 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)] (c) [*Mandatory course topics*] Content of appraisal education. The content of an applicant's appraisal education shall be as follows:

(1) [Applicants] 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.

- (i) Influences on real estate value.
 - (A) Physical and environmental.
 - (B) Economic.
 - (C) Government and legal.
 - (D) Social.
- (ii) Legal considerations in appraisal.
 - (A) Real estate versus real property.
 - (B) Real property versus personal property.
 - (C) Limitations on real estate ownership.

- (D) Legal rights and interests.
 - (E) Forms of property ownership.
 - (F) Legal descriptions.
 - (G) Transfer of title.
- (iii) Type of values.
- (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.
 - (D) Investment value.
 - (E) Value in use.
 - (F) Assessed value.
 - (G) Insurable value.
 - (H) Going concern value.
- (iv) Economic principles.
- (A) Anticipation.
 - (B) Balance.
 - (C) Change.
 - (D) Competition.
 - (E) Conformity.
 - (F) Contribution.

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

- (C) Basic construction and design.
- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.
- (ix) Appraisal math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.
- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach.
- (xi) Site value.
 - (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (F) Ground rent capitalization.

- (G) Subdivision analysis
- (H) Plottage and assemblage.
- (xii) Cost approach.
 - (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
 - (A) Operating statement ratios.
 - (B) Direct capitalization.
 - (C) Cash flow estimates (before tax only).
 - (D) Measures of cash flow.
 - (E) Discounted cash flow analysis (DCF).
- (xiv) Valuation of partial interests.
 - (A) Interests created by a lease.
 - (B) Lease provisions.
 - (C) Valuation considerations.
 - (D) Other partial interests.
- (xv) Appraisal standards and ethics.
- (xvi) Narrative report writing.

(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) Post-secondary 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*. 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 shall include [a] 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

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:

[(i)] (1) Fee and staff appraisals.

[(ii)] (2) Ad valorem tax appraisals, if the appraiser can demonstrate that the appraiser used techniques to value properties similar to those used by other appraisers and that the appraiser effectively used the appraisal process.

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

[(iv)] (4) Appraisal analysis (synonymous with appraisal).

[(v)] (5) Real estate counseling, if the counselor can satisfactorily demonstrate that:

[(A)] (i) The client clearly asked for the counseling services.

[(B)] (ii) The client was informed that the counselor's time would be devoted to counseling services, which are separate from other real

estate functions such as appraising, sales management and mortgage lending.

[(C)] (iii) A file memorandum was prepared on each assignment indicating the nature of the assignment, recommendations and disposition.

[(D)] (iv) Compensation for the counseling services was separate from other real estate services rendered.

[(vi)] (6) Highest and best use analysis.

[(vii)] (7) Feasibility analysis/study.

[(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)] (8) 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].

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

(10) 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 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) [may do so by] 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 [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) 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). [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:

(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] a certified [general] 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] content and length of the course [and is consistent with the accepted topics listed in] 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 state 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 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.

(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)(i) 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] content and length of the course [and covers the accepted topics in] 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.]

* * *

§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 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@appraisal.foundation.org, respectively.

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 JUNE 1, 2004

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, 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.

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

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.

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)

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.

1. 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 cination without athallenge examtending 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)

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, July, 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 General Appraiser Qualification Criteria (II.A.3.a.). (adopted, March, 1991)

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.

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)

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, July 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)
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)

The following is an example of cumulative experience:

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

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.

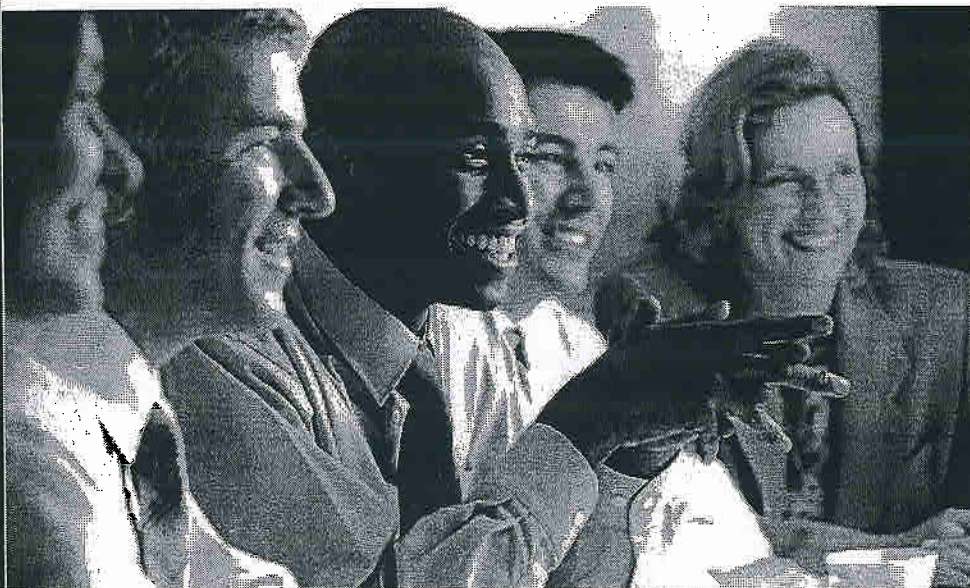
- b. Appraisers must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
- (1) USPAP continuing education credit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

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

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.
- 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.

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.

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

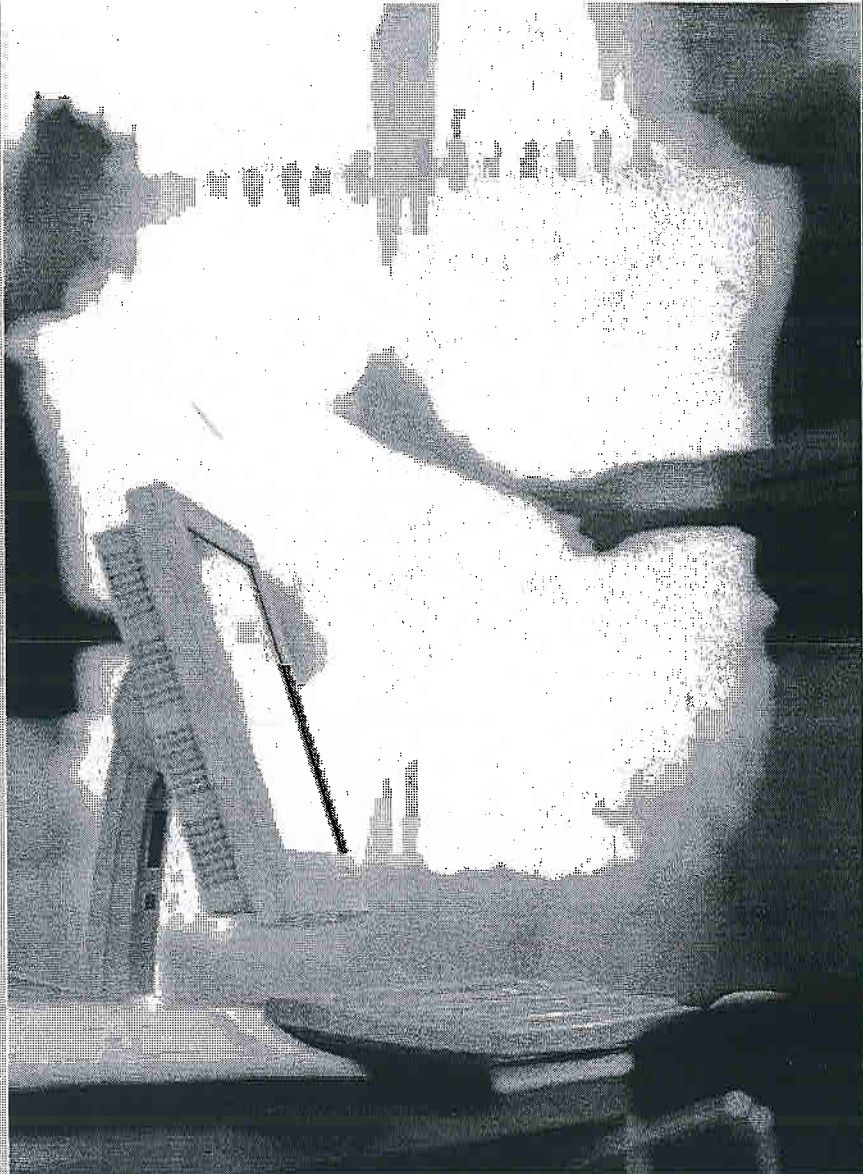
6. The signature and state certification number of the supervising appraiser if applicable.

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.
- ## 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.

B. In lieu of the Associate degree, an applicant for the Certified Residential license shall successfully pass 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 credits are the total hours of equivalent college courses in lieu of an Associate degree or 21 semester credit hours for the Certified Residential appraiser. If an accredited college or university (as previously defined) 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.

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.

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.
- B. In lieu of the Bachelors degree, an applicant for the Certified General credential shall successfully pass 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 (as previously defined) 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.

- 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.
- 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."

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 Notes (GN) contain guidance for curriculum content with subtopics listed under each major module listed in the Appendix. Guide Notes 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. The subtopics listed under Guide Notes are not mandatory for meeting the Required Core Curriculum in the Appendix.

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

2004 Appraiser Qualifications Board Members

Edward Morse, Chair
Sandra Guilfoil, Vice Chair
Chris Greenwalt
Donald Moliver
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

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Miles M. Etter, Vice Chair
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1993 Board Members

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Anthony Reynolds
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Miles M. Etter
Stephen G. Williams
Gregory Gilbert

1995 Board Members

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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

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Scott R. Williams, Chair
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Jack P. Friedman
Charles Moore
Stephen G. Williams

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Charles Moore
Edward Morse

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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

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Chris Greenwalt
Sandra Guilfoil
Donald Moliver



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

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WWW.APPRAISALFOUNDATION.ORG

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 17, 2006

The Honorable Alvin C. Bush
Chairman, Independent Regulatory Review Commission
Harristown II, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Proposed Rulemaking of the State Board of Certified Real Estate
Appraisers Relating to General Revisions (16A-7014)

Dear Chairman Bush:

Enclosed is a copy of a proposed 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 proposed 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: Albert H. Masland, Chief Counsel
Department of State

Joyce McKeever, Deputy Chief Counsel
Department of State

Cynthia Montgomery, Regulatory Counsel
Department of State

Basil L. Merenda, Commissioner
Bureau of Professional and Occupational Affairs

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: State Board of Certified Real Estate Appraisers: General Revisions
AGENCY: DEPARTMENT OF STATE

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
 - a. With Revisions
 - b. Without Revisions

RECEIVED
 2006 MAY 17 PM 4:30
 INDEPENDENT REGULATORY
 REVIEW COMMISSION

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
5/17/06	<i>Sandra J. Harper</i>	HOUSE COMMITTEE ON PROFESSIONAL LICENSURE
5/17/06	<i>Mary Walmsley</i>	SENATE COMMITTEE ON CONSUMER PROTECTION & PROFESSIONAL LICENSURE
5/17/06	<i>Kathy A. Cooper</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL (for Final Omitted only)
5/17/06	<i>C. Lee B...</i>	LEGISLATIVE REFERENCE BUREAU (for Proposed only)