



TO: All Interested Parties

FROM: Rick Baumgardner, Chair  
Appraiser Qualifications Board

RE: **Second Exposure Draft of Proposed Revisions to the Future *Real Property Appraiser Qualification Criteria***

DATE: January 14, 2011

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The goal of the *Real Property Appraiser Qualification Criteria* (Criteria) is to promote and maintain a high level of public trust in appraisal practice by establishing minimum education, experience, and examination requirements for real property appraisers. With this goal in mind, the Appraiser Qualifications Board (AQB) periodically examines the Criteria to determine if it is serving its intended purpose under Title XI of FIRREA. In addition, the AQB regularly receives comments and suggestions from appraisers, educators, regulators, and others on how to improve the Criteria. As indicated above, all proposed changes are intended to promote and maintain public trust in appraisal practice.

As mentioned in the First Exposure Draft, the AQB held a public hearing in Minneapolis, Minnesota, on June 25, 2010, where a wide range of constituents, including representatives from professional appraiser organizations, educators, regulators, and users of appraisal services provided comments to the Board suggesting the types of revisions to the Criteria that should be considered for the future. The AQB spent a considerable amount of time reviewing those comments and on October 19, 2010, issued a First Exposure Draft of potential changes to the Criteria for public comment and feedback.

After receiving a number of written comments, as well as oral comments at its public meeting in New Orleans, Louisiana on December 3, 2010, the AQB is publishing this Second Exposure Draft of proposed revisions to the future Criteria in an effort to receive additional comments and feedback. The AQB anticipates publishing additional exposure drafts in 2011, with the ultimate adoption date of any proposed revisions to the Criteria to occur near the end of the year. As indicated in the First Exposure Draft, **the effective date of any proposed revisions to the Criteria is not likely to occur any earlier than January 1, 2015.** This extended lead time is necessary to ensure proper exposure of the proposed revisions, as well as to allow state appraiser

regulatory agencies ample time to make any necessary revisions to their laws or regulations in advance of the effective date.

**All interested parties are encouraged to comment in writing to the AQB before the deadline of February 18, 2011.** Respondents should be assured that each member of the AQB will thoroughly read and consider all comments. Comments are also invited at the AQB public meeting on February 25, 2011, in Tampa, Florida.

Written comments on this exposure draft can be submitted by mail, email and facsimile.

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**IMPORTANT NOTE: All written comments will be posted for public viewing, exactly as submitted, on the website of The Appraisal Foundation. Names may be redacted upon request.**

**The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.**

If you have any questions regarding the attached exposure draft, please contact Magdalene Vasquez, Qualifications Administrator at The Appraisal Foundation, via e-mail at [magdalene@appraisalfoundation.org](mailto:magdalene@appraisalfoundation.org) or by calling (202) 624-3074.

**Second Exposure Draft of Proposed Revisions for the Future  
Real Property Appraiser Qualification Criteria (Criteria)**

**Issued January 14, 2011  
Comment Deadline: February 18, 2011**

Each section of this exposure draft begins with a rationale for the proposed changes. The rationale is identified as such and does not have line numbering. Where proposed changes to the Criteria are noted, the exposure draft contains line numbers. This difference is intended to distinguish for the reader those parts that explain the changes from the proposed changes themselves.

When commenting on various aspects of the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues that the AQB should consider.

Please note that where text is to be deleted from what appeared in the First Exposure Draft, that text is shown as ~~strikeout~~. For example: ~~This is strikeout text proposed for deletion.~~ Text added to what appeared in the First Exposure Draft is underlined. For example: This is text proposed for insertion.

NOTE: All current Interpretations of the Criteria will be incorporated into the main text of the Criteria when any revisions are adopted by the AQB (unless an Interpretation applies to a section of the Criteria that is being proposed for deletion). In the sections shown in this document where Interpretations would be included, they are shown in underlined text in the same manner as the proposed revisions to the Criteria itself are shown.

For ease in identifying the various issues being addressed, the exposure draft is presented in sections.

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**Section 1: Proposed Revision to Require Education and Experience as Prerequisites for the Examination**

**RATIONALE**

As stated in the First Exposure Draft, the only prerequisite in the current Criteria for taking the *National Uniform Licensing and Certification Examinations* is successful completion of the specific educational requirements for the particular classification.

Although not currently required by the Criteria, several states have implemented their own requirement that their applicants *also* complete the mandated experience requirements prior to taking the examination.

The AQB began collecting some demographic information on candidates sitting for the exams in January 2010. This information included items such as what types of education a candidate obtained (i.e. distance education versus “traditional” classroom), where candidates received their education (i.e. a professional appraiser association, proprietary school, or college/university) and the amount, if any, of appraisal experience the candidate already possessed when sitting for the exam. The data collected to date strongly indicates those candidates possessing substantive experience perform better on the exam than their counterparts without such experience.

Another major complication under the current Criteria that sometimes arises involves Certified General candidates who pass the examination without having any eligible experience at the time. Because the Criteria requires Certified General applicants to possess 30 months of acceptable experience, but also limits the validity of the exam results to 24 months, these candidates are unable to complete the necessary experience requirements.

Lastly, with the changes to the Criteria that became effective on January 1, 2008, the Required Core Curriculum for each classification requires the education to be tested as part of a candidate’s coursework. This fundamental change allowed the AQB to develop the *National Uniform Licensing and Certification Examinations* as “practice-based” exams, which now test a candidate’s ability to apply the knowledge learned through their education, and to the degree it exists, experience when taking the exams. There is no longer a need to simply re-test a candidate to determine whether they have retained the educational concepts they learned as part of the Required Core Curriculum.

Comments in response to the First Exposure Draft largely supported the concept of adding experience as a prerequisite to the examination. Some jurisdictions acknowledged this change would require altering their application processes, but nevertheless supported the concept.

## **LICENSED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION**

1 III. Examination

2 A. The AQB approved Licensed Residential Real Property Appraiser Examination  
3 must be successfully completed. The only alternative to successful completion of  
4 the Licensed Residential examination is the successful completion of the Certified  
5 Residential or Certified General examination.

6 B. The prerequisites for taking the AQB approved examination are completion of: a)  
7 one hundred fifty (150) creditable class hours as specified in the Required Core  
8 Curriculum; and b) 2,000 hours of qualifying experience in no fewer than 12  
9 months.

10 IV. Qualifying Education

11 A. The Licensed Residential Real Property Appraiser classification requires  
12 completion of one hundred fifty (150) creditable class hours as specified in the  
13 Required Core Curriculum. The applicant shall successfully complete the 15-hour  
14 National USPAP Course, or its AQB-approved equivalent, and the examination.  
15 There is no alternative to successful completion of the USPAP Course and  
16 examination.

## **CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION**

17 II. Examination

18 A. The AQB approved Certified Residential Real Property Appraiser Examination  
19 must be successfully completed. The only alternative to successful completion of  
20 the Certified Residential examination is the successful completion of the Certified  
21 General examination.

22 B. The prerequisites for taking the AQB approved examination are completion of: a)  
23 two hundred (200) creditable class hours as specified in the Required Core  
24 Curriculum; and b) two thousand five hundred (2,500) hours of qualifying  
25 experience obtained in no fewer than 24 months.

26 III. Qualifying Education

27 C. The Certified Residential Real Property Appraiser classification requires  
28 completion of two hundred (200) creditable class hours as specified in the  
29 Required Core Curriculum. The applicant shall successfully complete the 15-hour  
30 National USPAP Course, or its AQB-approved equivalent, and the examination.  
31 There is no alternative to successful completion of the USPAP Course and  
32 examination.

## **CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION**

33 II. Examination

34 A. The AQB approved Certified General Real Property Appraiser Examination must  
35 be successfully completed. There is no alternative to successful completion of the  
36 exam.

37 B. The prerequisites for taking the AQB approved examination are completion of: a)  
38 three hundred (300) creditable class hours as specified in the Required Core  
39 Curriculum; and b) three thousand (3,000) hours of qualifying experience  
40 obtained in no fewer than 30 months, where one thousand five hundred (1,500)  
41 hours must be obtained in non-residential appraisal work.

42 III. Qualifying Education

43 C. The Certified General Real Property Appraiser classification requires completion  
44 of three hundred (300) creditable class hours as specified in the Required Core  
45 Curriculum. The applicant shall successfully complete the 15-hour National  
46 USPAP Course, or its AQB-approved equivalent, and the examination. There is  
47 no alternative to successful completion of the USPAP Course and examination.

## Section 2: Proposed Revision to College Degree Requirements and Removal of “In Lieu Of” Option for College-Level Education

### RATIONALE

Currently, the only requirements in the Criteria pertaining to college degrees as part of qualifying education relate to the Certified Residential and Certified General classifications. The college degree requirements applicable to the appraiser classifications in the current Criteria are summarized as follows:

- Applicants for the Certified Residential classification must currently hold an Associate degree, or higher; or applicants may utilize the “in lieu of” option outlined in Section III.B. of the Certified Residential Criteria which requires the college course equivalent of 21 semester credit hours in specified collegiate subject matter courses.
- Applicants for the Certified General classification must currently hold a Bachelor’s degree, or higher; or applicants may utilize the “in lieu of” option outlined in Section III.B. of the Certified General Criteria which requires the college course equivalent of 30 semester credit hours in specified collegiate subject matter courses.
- There are currently no college degree requirements for applicants for the Trainee or Licensed Residential classifications.

In early 2010, the AQB solicited comments from users, providers and regulators of appraisal services pertaining to college degree prerequisites. Additional comments were provided at the AQB public hearing held in Minneapolis (June 2010) and public meeting in New Orleans (December 2010). As a result of written and oral comments received from several respondents, there is support to increase the college degree requirement of the Certified Residential classification from an Associate degree to a Bachelor’s degree. In addition, there is support to require at least an Associate degree for the Licensed Residential classification. The rationale for the increase was varied and comprehensive as summarized below:

- The United States has some of the lowest education requirements for the credentialing of valuation professionals worldwide. Many nations require a minimum of a Bachelor’s degree, if not a master degree, in a specified field of study such as business, real estate, architecture or engineering.
- In light of downturns in real estate markets experienced during the past few years, users and regulators of appraisal services believe appraisers would benefit from additional higher education to better understand influences affecting real property to enhance public trust. Although the college degree requirements proposed by the AQB are not related to a specific area of study, it is believed the college requirements would incorporate the current “in lieu” requirements, as well as provide an additional broader base of knowledge needed for valuation professionals in the future.
- As stated in the First Exposure Draft, information gathered from applicants sitting for the *National Uniform Licensing and Certification Exams* support the conclusion that exam

takers with higher levels of higher education (Bachelor's degrees or higher) perform better on the exam than those with Associate degrees and those without degrees.

- Also as stated in the First Exposure Draft, regulators, applicants and grantors of appraisal credentials all expressed difficulties in evaluating the equivalency of the "in lieu of" option.

In summary, the current "in lieu of" option is viewed by applicants, users and regulators of appraisal services, as being very subjective and difficult to administer. As such, the majority of respondents recommended the elimination of the "in lieu of" option pertaining to qualifying education in the Certified Residential and Certified General classifications.

Following are the proposed revisions to the qualifying education requirements for the Licensed Residential, Certified Residential and Certified General classifications.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

### 48 III. Qualifying Education

49 A. Applicants for the Licensed Residential credential must hold an Associate degree,  
50 or higher, from an accredited college, junior college, community college, or  
51 university. The college or university must be a degree-granting institution  
52 accredited by the Commission on Colleges, a regional or national accreditation  
53 association, or by an accrediting agency that is recognized by the U.S. Secretary  
54 of Education.

55 Applicants with a college degree from a foreign country may have their education  
56 evaluated for “equivalency” by one of the following:

- 57 • An accredited, degree-granting domestic college or University;
- 58 • The American Association of Collegiate Registrars and Admissions  
59 Officers (AACRAO);
- 60 • A foreign degree credential evaluation service company that is a member  
61 of the National Association of Credential Evaluation Services (NACES);  
62 or
- 63 • A foreign degree credential evaluation service company that provides  
64 equivalency evaluation reports accepted by an accredited degree-granting  
65 domestic college or University or by a state licensing board that issues  
66 credentials in another discipline.

67 B. The Licensed Residential Real Property Appraiser classification requires  
68 completion of one hundred fifty (150) creditable class hours as specified in the  
69 Required Core Curriculum. The applicant shall complete the 15-hour National  
70 USPAP Course, or its AQB-approved equivalent, and the examination. There is  
71 no alternative to successful completion of the USPAP Course and examination.

72 C. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy  
73 the educational requirements for the Licensed Residential Real Property  
74 Appraiser credential by completing the following additional educational hours:

75	1. Residential Market Analysis and Highest and Best Use	15 Hours
76	2. Residential Appraiser Site Valuation and Cost Approach	15 Hours
77	3. Residential Sales Comparison and Income Approaches	30 Hours
78	4. Residential Report Writing and Case Studies	<u>15 Hours</u>
79	Total	75 Hours

80 D. Trainee Real Property Appraisers wishing to change to the Licensed Residential  
81 Real Property Appraiser classification must also satisfy the college degree  
82 requirements as specified in III.A.

83 E. Appraisers holding a valid Certified Residential Real Property Appraiser  
84 credential satisfy the educational requirements for the Licensed Residential Real  
85 Property Appraiser credential.

86 F. Appraisers holding a valid Certified General Real Property Appraiser credential  
87 satisfy the educational requirements for the Licensed Residential Real Property  
88 Appraiser credential.

### **CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION**

#### 89 III. Qualifying Education

90 A. Applicants for the Certified Residential license must hold Bachelor's degree, or  
91 higher, from an accredited college, or university. The college or university must  
92 be a degree-granting institution accredited by the Commission on Colleges, a  
93 regional or national accreditation association, or by an accrediting agency that is  
94 recognized by the U.S. Secretary of Education.

95 Applicants with a college degree from a foreign country may have their education  
96 evaluated for "equivalency" by one of the following:

- 97 • An accredited, degree-granting domestic college or University;
- 98 • The American Association of Collegiate Registrars and Admissions  
99 Officers (AACRAO);
- 100 • A foreign degree credential evaluation service company that is a member  
101 of the National Association of Credential Evaluation Services (NACES);  
102 or
- 103 • A foreign degree credential evaluation service company that provides  
104 equivalency evaluation reports accepted by an accredited degree-granting  
105 domestic college or University or by a state licensing board that issues  
106 credentials in another discipline.

107 B. The Certified Residential Real Property Appraiser classification requires  
108 completion of two hundred (200) creditable class hours as specified in the  
109 Required Core Curriculum. The applicant shall complete the 15-hour National  
110 USPAP Course, or its AQB-approved equivalent, and the examination. There is  
111 no alternative to successful completion of the USPAP Course and examination.

112 C. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy  
113 the educational requirements for the Certified Residential Real Property Appraiser  
114 credential by completing the following additional educational hours:

115	1. Residential Market Analysis and Highest and Best Use	15 Hours
116	2. Residential Appraiser Site Valuation and Cost Approach	15 Hours
117	3. Residential Sales Comparison and Income Approaches	30 Hours
118	4. Residential Report Writing and Case Studies	15 Hours
119	5. Statistics, Modeling and Finance	15 Hours
120	6. Advanced Residential Applications and Case Studies	15 Hours
121	7. Appraisal Subject Matter Electives	<u>20 Hours</u>
122		Total 125 Hours

123 D. Appraisers holding a valid Licensed Residential Real Property Appraiser  
124 credential may satisfy the educational requirements for the Certified Residential  
125 Real Property Appraiser credential by completing the following additional  
126 educational hours:

127	1. Statistics, Modeling and Finance	15 Hours
128	2. Advanced Residential Applications and Case Studies	15 Hours
129	3. Appraisal Subject Matter Electives	<u>20 Hours</u>
130		Total 50 Hours

131 E. Trainee Real Property Appraisers and Licensed Residential Real Property  
132 Appraisers wishing to change to the Certified Residential Real Property Appraiser  
133 classification must also satisfy the college degree requirements as specified in  
134 III.A.

135 F. Appraisers holding a valid Certified General Real Property Appraiser credential  
136 satisfy the educational requirements for the Certified Residential Real Property  
137 Appraiser credential.

### **CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION**

#### 138 III. Qualifying Education

139 A. Applicants for the Certified General license must hold a Bachelor's degree, or  
140 higher, from an accredited college or university. The college or university must  
141 be a degree-granting institution accredited by the Commission on Colleges, a  
142 regional or national accreditation association, or by an accrediting agency that is  
143 recognized by the U.S. Secretary of Education.

144 Applicants with a college degree from a foreign country may have their education  
145 evaluated for "equivalency" by one of the following:

- 146 • An accredited, degree-granting domestic college or University;
- 147 • The American Association of Collegiate Registrars and Admissions  
148 Officers (AACRAO);
- 149 • A foreign degree credential evaluation service company that is a member  
150 of the National Association of Credential Evaluation Services (NACES);  
151 or
- 152 • A foreign degree credential evaluation service company that provides  
153 equivalency evaluation reports accepted by an accredited degree-granting  
154 domestic college or University or by a state licensing board that issues  
155 credentials in another discipline.

156 B. The Certified General Real Property Appraiser classification requires completion  
157 of three hundred (300) creditable class hours as specified in the Required Core  
158 Curriculum. The applicant shall complete the 15-hour National USPAP Course,  
159 or its AQB-approved equivalent, and the examination. There is no alternative to  
160 successful completion of the USPAP Course and examination.

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

164 D. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy  
165 the educational requirements for the Certified General Real Property Appraiser  
166 credential by completing the following additional educational hours:

167	1. General Appraiser Market Analysis and Highest and Best Use	30 Hours
168	2. Statistics, Modeling and Finance	15 Hours
169	3. General Appraiser Sales Comparison Approach	30 Hours
170	4. General Appraiser Site Valuation and Cost Approach	30 Hours
171	5. General Appraiser Income Approach	60 Hours
172	6. General Appraiser Report Writing and Case Studies	30 Hours
173	7. Appraisal Subject Matter Electives	<u>30 Hours</u>
174		Total 225 Hours

175 E. Appraisers holding a valid Licensed Residential Real Property Appraiser  
176 credential may satisfy the educational requirements for the Certified General Real  
177 Property Appraiser credential by completing the following additional educational  
178 hours:

179	1. General Appraiser Market Analysis and Highest and Best Use	15 Hours
180	2. Statistics, Modeling and Finance	15 Hours
181	3. General Appraiser Sales Comparison Approach	15 Hours
182	4. General Appraiser Site Valuation and Cost Approach	15 Hours
183	5. General Appraiser Income Approach	45 Hours
184	6. General Appraiser Report Writing and Case Studies	15 Hours
185	7. Appraisal Subject Matter Electives	<u>30 Hours</u>
186		Total 150 Hours

187 F. Appraisers holding a valid Certified Residential Real Property Appraiser  
188 credential may satisfy the educational requirements for the Certified General Real  
189 Property Appraiser credential by completing the following additional educational  
190 hours:

191	1. General Appraiser Market Analysis and Highest and Best Use	15 Hours
192	2. General Appraiser Sales Comparison Approach	15 Hours
193	3. General Appraiser Site Valuation and Cost Approach	15 Hours
194	4. General Appraiser Income Approach	45 Hours
195	5. General Appraiser Report Writing and Case Studies	<u>10 Hours</u>
196		Total 100 Hours

197 G. Trainee Real Property Appraisers, Licensed Residential Real Property Appraisers,  
198 and Certified Residential Real Property Appraisers wishing to change to the  
199 Certified General Real Property Appraiser classification must also satisfy the  
200 educational requirements as specified in III.C.

201 H. Trainee Real Property Appraisers, Licensed Residential Real Property Appraisers,  
202 and Certified Residential Real Property Appraisers wishing to change to the  
203 Certified General Real Property Appraiser classification must also satisfy the  
204 college degree requirements as specified in III.A.

### **Section 3: Proposed Requirement for Criminal Background Checks**

#### **RATIONALE**

As stated in the First Exposure Draft, the current Criteria do not address background requirements for individuals applying for (or already holding) real estate appraiser credentials. However, several state appraiser regulatory agencies have exercised their sovereign right to go above the minimum AQB Criteria and conduct background investigations on their own, to comply with their individual jurisdiction's law or regulations.

The AQB is charged with establishing requirements that maintain and promote public trust in the appraisal profession. And as stated in the First Exposure Draft, because state appraiser regulatory agencies issue credentials to individuals who may enter private properties, have access to sensitive financial data, or possess the potential to create significant financial harm, it is crucial that credentialed appraisers do not possess a background that could be deemed as having a negative effect on public trust.

Individuals in many other professions, including those associated with mortgage lending transactions (examples include mortgage brokers and loan originators) are now regulated and as part of their credentialing process, must undergo a criminal background check prior to being credentialed (i.e. the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, otherwise known as the S.A.F.E. Act, mandates minimum standards, in part, for licensing and registration as a state-licensed loan originator).

Comments received in response to the First Exposure Draft generally indicate a strong support to require background checks for appraisers in order to maintain and support public trust. And as stated above, some state appraiser regulatory agencies already perform such checks. However, some jurisdictions recognized the additional cost and authority they may need in order to implement background check requirements. In addition, some jurisdictions also voiced concern that without some sense of the types of backgrounds that should be prohibited, they may have difficulty implementing such requirements. As a result, this Second Exposure Draft includes examples of minimum background requirements that applicants must satisfy in order to obtain (or maintain) a credential. This Second Exposure Draft also includes examples of other background requirements a state appraiser regulatory agency may wish to consider as unacceptable.

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

### 205 VI. ~~Criminal~~ Background Checks

206 A. All candidates for a real property appraiser credential must undergo ~~eriminal~~  
207 background screening ~~administered by a state appraiser regulatory agency~~. State  
208 appraiser regulatory agencies are strongly encouraged to perform background  
209 checks on *existing* credential holders, as well as new applicants for a credential.  
210 State appraiser regulatory agencies shall obtain fingerprints of the individual, in  
211 digital form if practicable, and any appropriate identifying information for  
212 submission to the Federal Bureau of Investigation and/or any governmental  
213 agency or entity authorized to receive such information in connection with a State  
214 and national background check.

215 B. State appraiser regulatory agencies must ensure that all candidates for a real  
216 property appraiser credential do not possess a ~~eriminal~~ background that could call  
217 into question public trust. State appraiser regulatory agencies must take proper  
218 steps to ensure applicants found to possess a background which calls into question  
219 the applicant's ability to maintain public trust shall not issue the applicant a real  
220 property appraiser credential. Minimum background requirements shall include,  
221 but are not limited to:

222 1. The applicant has never had an appraiser license or certification revoked in  
223 any governmental jurisdiction.

224 2. The applicant has not been convicted of, or pled guilty or *nolo contendere* to,  
225 a felony in a domestic, foreign, or military court:

226 i. during the five (5) year period preceding the date of the application for  
227 licensing or certification; or

228 ii. at any time preceding such date of application, if such felony involved an  
229 act of fraud, dishonesty, or a breach of trust, or money laundering.

230 3. The applicant has demonstrated financial responsibility, character, and general  
231 fitness such as to command the confidence of the community and to warrant a  
232 determination that the appraiser will operate honestly, fairly, and efficiently  
233 within the purposes of this Criteria.

234 C. Additional background issues that may cause a state appraiser regulatory agency  
235 to deny (or otherwise disapprove) a real property appraiser credential include, but  
236 are not limited to:

237 1. Convictions of any criminal offense involving dishonesty, breach of trust, or  
238 money laundering against the individual or organizations controlled by the  
239 individual, or agreements to enter into a pretrial diversion or similar program  
240 in connection with the prosecution for such offense(s);

241 2. Civil judicial actions against the individual in connection with financial  
242 services-related activities, dismissals with settlements, or judicial findings that

- 243 the individual violated financial services-related statutes or regulations, except  
244 for actions dismissed without a settlement agreement;
- 245 3. Actions or orders by a State or Federal regulatory agency or foreign financial  
246 regulatory authority that:
- 247 i. Found the individual to have made a false statement or omission or been  
248 dishonest, unfair or unethical; to have been involved in a violation of a  
249 financial services-related regulation or statute; or to have been a cause of a  
250 financial services-related business having its authorization to do business  
251 denied, suspended, revoked, or restricted;
- 252 ii. Are entered against the individual in connection with a financial services-  
253 related activity;
- 254 iii. Denied, suspended, or revoked the individual's registration or license to  
255 engage in a financial services-related activity; disciplined the individual or  
256 otherwise by order prevented the individual from associating with a  
257 financial services-related business or restricted the individual activities; or
- 258 iv. Barred the individual from association with an entity or its officers  
259 regulated by the agency or authority or from engaging in a financial  
260 services-related business;
- 261 4. Final orders issued by a State or Federal regulatory agency or foreign financial  
262 regulatory authority based on violations of any law or regulation that prohibits  
263 fraudulent, manipulative, or deceptive conduct;
- 264 5. Revocation or suspension of the individual's authorization to act as an  
265 attorney, accountant, or State or Federal contractor; and
- 266 6. Customer-initiated financial services-related arbitration or civil action against  
267 the individual that required action, including settlements, or which resulted in  
268 a judgment.

## **Section 4: Proposed Revisions Pertaining to College Degrees in Real Estate**

### **RATIONALE**

As noted in the First Exposure Draft, the AQB believes holders of degrees in real estate or related study have invested significant post-secondary time and effort becoming educated in the topics contained in the Required Core Curriculum and appraisal subject matter electives in GN-1 of the Criteria. Requiring such degree holders to also successfully complete the entire qualifying education curriculum in the Criteria may be redundant and counter-productive.

The intent of this change is to allow graduates with Bachelor's, Master's or Doctoral degrees in Real Estate from approved accredited colleges or Universities to have their degree satisfy applicable portions of the qualifying education requirements for the various credentials.

Comments received in response to the First Exposure Draft have been positive. In fact, some jurisdictions have already recognized these efforts and have evaluated the undergraduate curriculum at universities and approved degree-holders for the majority of the qualifying education curriculum in the Criteria.

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

### 269 E. Criteria Specific to Qualifying Education

270 1. Class hours will be credited only for educational offerings with content that  
271 follows the Required Core Curriculum in the Appendix for each respective  
272 credential. Course content requirements may be general or specific to property  
273 types. The Required Core Curriculum is to be followed by major headings with  
274 the classroom hours for each. Guide Note 1 (GN-1) contains guidance for  
275 curriculum contents with subtopics listed under each major module listed in the  
276 Appendix. Guide Note 1 (GN-1) with subtopics will be used for developing  
277 examination content outlines for each applicable credential level and may also be  
278 amended from time to time to reflect changes in technology or in the Body of  
279 Knowledge. Guide Note 1 (GN-1) is not mandatory for meeting the Required  
280 Core Curriculum in the Appendix.

281 2. Credit toward qualifying education requirements may also be obtained via the  
282 completion of a degree in Real Estate from an accredited degree-granting college  
283 or University approved by the Association to Advance Collegiate Schools of  
284 Business, or a regional or national accreditation agency recognized by the U.S.  
285 Secretary of Education, **provided that the college or university has had its**  
286 **curriculum reviewed and approved by the AQB.**

287 The AQB may maintain a list of approved college or University degree programs,  
288 including the Required Core Curriculum and Appraisal Subject Matter Elective  
289 hours satisfied by the award of the degree. Candidates for the Trainee, Licensed,  
290 Certified Residential or Certified General credential who are awarded degrees  
291 from approved institutions are required to complete all additional education  
292 required for the credential, in which the approved degree is judged to be deficient  
293 by the AQB.

294 3. Class hours may be obtained only where:  
295 i. the minimum length of the educational offering is at least 15 hours; and  
296 ii. the individual successfully completes an approved closed-book examination  
297 pertinent to that educational offering.

298 4. Where the qualifying education course includes multiple modules as listed in the  
299 Required Core Curriculum, there must be appropriate testing of each module  
300 included in a course.

301 5. Courses taken to satisfy the qualifying education requirements must not be  
302 repetitive. USPAP Courses taken in different years are not repetitive. Courses  
303 shall foster problem-solving skills in the education process by utilizing case  
304 studies as a major teaching method when applicable.

305 6. Applicants must take the 15-Hour National USPAP Course, or its equivalent, and  
306 pass the associated 15-Hour National USPAP Course Examination. At least one  
307 of the course instructors must be an AQB Certified USPAP Instructor who is also

308 a state certified appraiser in good standing. Equivalency shall be determined  
309 through the AQB Course Approval Program or by an alternate method established  
310 by the AQB. USPAP education presented in a distance education format must be  
311 designed to foster appropriate student-to-student, student to instructor, and student  
312 to material interaction.

313 7. In addition to the generic requirements described in III. E, distance education  
314 courses intended for use as qualifying education must include a written  
315 examination proctored by an official approved by the college or university, or by  
316 the sponsoring organization. The testing must be in compliance with the  
317 examination requirements of this section.

## Section 5: Proposed Revision to 7-Hour *National USPAP Update Course* Eligibility

### RATIONALE

The current Criteria simply require that the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, be taken every two years to maintain a credential. The appraiser may take the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, at anytime during that two-year period.

As it exists today, the current Criteria would allow an appraiser to conceivably take the 7-hour course the day before the course expires. This would mean that the appraiser spent the majority of the previous two years without the benefit of the training offered in the new edition of the 7-hour USPAP course. In addition, this would create a situation that would permit them to then operate the *next* two years without the benefit of the training offered in the new/current edition of the 7-hour USPAP course. This could result in many inadvertent errors and/or violations by the simple lack of knowledge, which may ultimately erode the public trust in the profession.

By requiring all appraisers take the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, within six months of its effective date, appraisers will become aware of all applicable changes and new rules, and will be able to incorporate them into their work product in a timely manner.

Comments in response to the First Exposure Draft acknowledged that appraisers are required to be aware of changes to the standards of their profession (i.e. USPAP) when they are in effect; therefore, there was support for requiring appraisers to attend the 7-hour course as early as possible after (or even before) those changes become effective. Some jurisdictions indicated that despite their support of this concept, there was recognition that enforcing this new requirement could create additional burdens on them.

It should also be clarified that appraisers would typically have nine (9) months (as opposed to six (6) months) to meet the new requirement, since USPAP courses are typically available by October 1<sup>st</sup> of the year *prior* to the new edition. This means appraisers could complete the 7-hour course anytime from October 1<sup>st</sup> of the year preceding the new edition of USPAP, through June 30<sup>th</sup> of the year in which the new edition became effective.

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

318 F. Criteria Specific to Continuing Education

319 8. Appraisers must successfully complete the *7-Hour National USPAP Update*  
320 *Course*, or its equivalent, within six (6) months of the effective date of a new  
321 edition of USPAP, but in no event any less frequently than every two calendar  
322 years. Equivalency shall be determined through the AQB Course Approval  
323 Program or by an alternate method established by the AQB.

324 The course must be the version most recently available, and may be taken prior to  
325 the effective date of the new edition of USPAP, if available.

## **Section 6: Proposed Removal of Segmented Approach to Criteria Implementation**

### **RATIONALE**

As stated in the First Exposure Draft, based on other proposed revisions to the Criteria, particularly revisions outlined in Section 1 of this exposure draft, it is the opinion of the AQB that the “Segmented” Scenario option should be retired. Comments in response to the First Exposure Draft strongly supported requiring education *and* experience as prerequisites to the examination, which would render the “Segmented” approach as moot. And because the “Segmented” approach would no longer exist, the need to specify requirements under the “Firm Date” approach would no longer be required.

NOTE: Because the AQB proposes deleting the “Firm Date” and “Segmented” scenarios, no edits are shown on the following pages.

## **Section 7: Proposed Restriction on Continuing Education Course Offerings**

### **RATIONALE**

As stated in the First Exposure Draft, several states have already implemented their own requirement that appraisers may not repeat the same course or seminar for continuing education within that jurisdiction's continuing education cycle.

Prohibiting appraisers from completing the same continuing education offerings in the same continuing education cycle will create a greater opportunity to increase their skill and knowledge base. This should result in a greater level of competency and produce a better work product.

Comments in response to the First Exposure Draft largely supported adding this requirement to the Criteria.

**CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS**

326 F. Criteria Specific to Continuing Education

327 1. The purpose of continuing education is to ensure that appraisers participate in a  
328 program that increases their skill, knowledge, and competency in real property  
329 appraising.

330 Aside from complying with the requirements to complete the *7-hour National*  
331 *USPAP Update Course*, or its equivalent, appraisers may not receive credit for  
332 completion of the same continuing education course offering within an appraiser's  
333 continuing education cycle.

## **Section 8: Proposed Revisions to Distance Education Requirements**

### **RATIONALE**

As noted in the First Exposure Draft, the current Criteria require a written examination be successfully completed by a student at the completion of a qualifying education course delivered via distance education. The written exam must be proctored by an official approved by the college or university, or by the sponsoring organization.

Similarly, a proctored, written examination may be utilized at the end of a continuing education course delivered via distance education as the mechanism by which students demonstrate mastery of the material (or by which a student may seek additional credit for time spent taking the examination).

The term “written” may be viewed as limiting education providers and students to a pencil and paper administration of the course exam. Therefore, in recognition of the proliferation of electronic testing centers and in contemplation of other innovative delivery systems, the term “written” is expanded to include such electronic systems.

A proctor still must be present at the exam location (i.e. an examination may not be administered such that the student is remote from the proctor). Finally, other than a necessary accommodation under the Americans with Disabilities Act (ADA), an oral examination may not be administered.

Comments received in response to the First Exposure Draft have supported the recommended revision to this section as a logical transition to the digital age.

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

334 E. Criteria Specific to Qualifying Education

335 6. In addition to the generic requirements described in III. E, distance education  
336 courses intended for use as qualifying education must include a written  
337 examination (proctored by an official approved by the college or university, or by  
338 the sponsoring organization). The term “written” as used herein refers to an exam  
339 that might be written on paper, or administered electronically on a computer  
340 workstation or other device. Oral exams are not acceptable. The testing must be  
341 in compliance with the examination requirements of this section.

342 F. Criteria Specific to Continuing Education

343 6. In addition to the generic requirements described in III. E., distance education  
344 courses intended for use as continuing education must include at least one of the  
345 following:

346 i. A written examination proctored by an official approved by the college or  
347 university, or by the sponsoring organization. The term “written” as used  
348 herein refers to an exam that might be written on paper, or administered  
349 electronically on a computer workstation or other device. Oral exams are not  
350 acceptable; or

351 ii. Successful completion of prescribed course mechanisms required to  
352 demonstrate knowledge of the subject matter.

## Section 9: Proposed Revisions to Trainee Appraiser Qualifications

### RATIONALE

Under the existing *Real Property Appraiser Qualification Criteria*, credentialing jurisdictions are required to implement requirements for the Certified General and Certified Residential real property appraiser classifications that are no less stringent than those issued by the AQB.

Until recently, the AQB Criteria for the Trainee Appraiser and Licensed Residential Appraiser classifications were only voluntary. As a result, the Criteria established by the AQB for Trainee Appraisers, or other similar type classifications (e.g. Apprentice, Registered, Provisional, etc.) could be established independently by the individual credentialing jurisdictions.

Although many credentialing jurisdictions did meet or exceed the voluntary Criteria issued by the AQB for Trainee Appraisers, some implemented requirements that were below those Criteria established by the AQB. With the recent enactment of the Dodd-Frank Reform Act, Title XI of FIRREA (Section 1116) has been amended to state:

*Any requirements established for individuals in the position of ‘Trainee Appraiser’ and ‘Supervisory Appraiser’ shall meet or exceed the minimum qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation.*

As a result, the following pages include the AQB’s proposed minimum Criteria for Trainee Appraisers, or other similar type classifications (e.g. Apprentice, Registered, Provisional, etc.) that a jurisdiction must require.

NOTE: The revisions to Title XI do not require a jurisdiction to offer a Trainee Appraiser credential. However, if a jurisdiction does offer one, it must meet, at a minimum, the requirements as proposed on the following pages.

## REAL PROPERTY APPRAISER TRAINEE CLASSIFICATION

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

353 I. General

354 A. The Trainee Appraiser classification is intended to incorporate any documented non-  
355 certified/non-licensed real property appraisers which are subject to the *Real Property*  
356 *Appraiser Qualification Criteria*. Recognizing that individual credentialing  
357 jurisdictions may use different terminologies, “Trainees” include, but are not limited  
358 to: registered appraisers, apprentice appraisers, provisional appraisers, or other similar  
359 designations created by state appraiser regulatory agencies.

360 B. The scope of practice for the Trainee Appraiser classification is the appraisal of those  
361 properties which the ~~supervising Certified~~ state-certified Supervisory Appraiser is  
362 permitted by his/her current credential and that the ~~supervising~~ Supervisory  
363 Appraiser is ~~qualified~~ competent to appraise.

364 C. The Trainee Appraiser, as well as the Supervisory Appraiser, shall be entitled to  
365 obtain copies of appraisal reports ~~he/she prepared~~ and/or permitted appropriate access  
366 and retrieval arrangements for all workfiles for appraisals in which he or she  
367 participated, in accordance with the Record Keeping section of the ETHICS RULE of  
368 USPAP.

369 D. All Trainee Appraisers must comply with the COMPETENCY RULE of USPAP for  
370 all assignments.

371 II. Examination: There is no examination requirement for the Trainee Appraiser  
372 Classification, but the Appraiser Trainee shall pass the appropriate end-of-course  
373 examinations in all of the prerequisite courses in order to earn credit for those ~~core~~  
374 education courses.

375 III. Qualifying Education:

376 A. As the prerequisite for application, an applicant must have completed 75 creditable  
377 class hours of qualifying education as specified in the ~~R~~required Core Curriculum  
378 Appendix. Additionally, applicants must pass the ~~Core Curriculum~~ course  
379 examinations and pass the 15-Hour National USPAP Course (or its equivalent) and  
380 examination as part of the 75 creditable class hours. All qualifying education must be  
381 completed within the five (5) year period prior to the date of submission of a Trainee  
382 application.

383 B. Appraisers holding a valid Licensed Residential Real Property Appraiser credential  
384 satisfy the educational requirements for the Trainee Appraiser credential.

385 C. Appraisers holding a valid Certified Residential Real Property Appraiser credential  
386 satisfy the educational requirements for the Trainee Appraiser credential.

- 387 D. Appraisers holding a valid Certified General Real Property Appraiser credential  
388 satisfy the educational requirements for the Trainee Appraiser credential.
- 389 IV. Experience: ~~No~~ Experience is ~~not~~ required as a prerequisite for the Trainee Appraiser  
390 Classification.
- 391 V. Training
- 392 A. The Trainee Appraiser shall be subject to direct control and supervision by a  
393 Supervisory Appraiser in good standing, who shall be state certified. A Trainee  
394 Appraiser is permitted to have more than one Supervisory Appraiser.
- 395 B. The Supervisory Appraiser shall be responsible for the training, guidance, and  
396 direct control and supervision of the Trainee Appraiser by:
- 397 1. Accepting responsibility for the appraisal ~~report~~ by signing and certifying the  
398 report appraisal complies with USPAP;
- 399 2. Reviewing and signing the Trainee Appraiser appraisal report(s); and
- 400 3. Personally inspecting each appraised property with the Trainee Appraiser until the  
401 Supervisory Appraiser determines the Trainee Appraiser is competent, in  
402 accordance with the COMPETENCY RULE of USPAP for the property type.
- 403 C. The Trainee Appraiser is permitted to have more than one Supervisory Appraiser,  
404 but a supervising appraiser may not supervise more than three trainees, at one time,  
405 unless a state program in the licensing jurisdiction provides for progress monitoring,  
406 supervising certified appraiser qualifications, and supervision and oversight  
407 requirements for supervising appraisers.
- 408 D. An appraisal experience log shall be maintained jointly by the Supervisory Appraiser  
409 and the Trainee Appraiser ~~and the supervising appraiser jointly.~~ It is the  
410 responsibility of both the Supervisory Appraiser and Trainee Appraiser to ensure the  
411 appraisal experience log is accurate, current and complies with the requirements of  
412 the Trainee's credentialing jurisdiction. At a minimum, the appraisal log ~~shall~~  
413 include requirements are:
- 414 1. Type of property;
- 415 2. Date of report;
- 416 3. Address of appraised property;
- 417 4. Description of work performed by the Trainee Appraiser and scope of the review  
418 and supervision of the supervisory appraiser;
- 419 5. Number of actual work hours by the Trainee Appraiser on the assignment; and
- 420 6. The signature and state certification number of the Supervisory Appraiser.  
421 Separate appraisal logs shall be maintained for each Supervisory Appraiser, if  
422 applicable.

423 E. The state-certified Supervisory ~~certified~~ Appraiser shall be in good standing in the  
424 training jurisdiction and not subject to any disciplinary action within the last five (5)  
425 years that affects the ~~supervisor's~~ Supervisory Appraiser's legal eligibility to engage  
426 in appraisal practice.

427 F. Trainee Appraisers shall be required to complete a course developed or endorsed by  
428 the AQB, specifically oriented to the requirements and responsibilities of Supervisory  
429 Appraisers and Trainee Appraisers.

## Section 10: Proposed Supervisory Appraiser Requirements

### RATIONALE

Under the existing *Real Property Appraiser Qualification Criteria*, credentialing jurisdictions are required to implement requirements for the Certified General and Certified Residential real property appraiser classifications that are no less stringent than those issued by the AQB.

Until recently, the AQB Criteria for Supervisory Appraisers (which was contained as part of the Trainee Appraiser requirements), Trainee Appraisers, and Licensed Residential Appraiser classifications were only voluntary. As a result, the Criteria established by the AQB for Supervisory Appraisers could be established independently by the individual credentialing jurisdictions.

Although many credentialing jurisdictions did meet or exceed the voluntary Criteria issued by the AQB for Supervisory Appraisers, some implemented requirements that were below those Criteria established by the AQB. With the recent enactment of the Dodd-Frank Reform Act, Title XI of FIRREA (Section 1116) has been amended to state:

*Any requirements established for individuals in the position of ‘Trainee Appraiser’ and ‘Supervisory Appraiser’ shall meet or exceed the minimum qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation.*

As a result, the following pages include the AQB’s proposed minimum Criteria for Supervisory Appraisers that a jurisdiction must require.

NOTE: The minimum requirements for Supervisory Appraisers that appear on the following pages apply to those individuals acting as Supervisory Appraisers for Trainee Appraisers. The requirements do not apply to those individuals who may be acting as “supervisory appraisers” for individuals possessing other real property appraiser credentials (e.g. a Certified General appraiser acting as a “supervisory appraiser” over a Certified Residential appraiser).

## SUPERVISORY APPRAISER REQUIREMENTS

430 Supervisory Appraisers provide a critical role in the mentoring, training and development of  
431 future valuation professionals. It is inherently important to strike a proper balance between  
432 enhancing public trust by assuring Supervisory Appraisers are competent and qualified to  
433 supervise Trainees without making the criteria too stringent and restrictive as to discourage or  
434 prevent qualified Supervisory Appraisers from actually participating in the training and  
435 supervision of Trainees.

### 436 I. General

437 A. Supervisory Appraisers shall be responsible for the training, guidance, and direct  
438 supervision of the Trainee Appraiser by:

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

441 2. Reviewing and signing the Trainee Appraiser appraisal report(s); and

442 3. Personally inspecting each appraised property with the Trainee Appraiser until the  
443 Supervisory Appraiser determines the Trainee Appraiser is competent, in  
444 accordance with the COMPETENCY RULE of USPAP for the property type.

445 B. Supervisory Appraisers shall be state-certified and in good standing in the jurisdiction  
446 in which the Trainee Appraiser is credentialed. Supervisory Appraisers shall not have  
447 been subject to a disciplinary action within any jurisdiction within the last five (5)  
448 years.

449 C. Supervisory Appraisers shall have been state-certified for a minimum of five (5) years  
450 prior to being eligible to become a Supervisory Appraiser.

451 D. Supervisory Appraisers must comply with the COMPETENCY RULE of USPAP for  
452 the property type and geographic location the Trainee Appraiser is being supervised.

453 E. Whereas a Trainee Appraiser is permitted to have more than one Supervisory  
454 Appraiser, Supervisory Appraisers may not supervise more than three (3) Trainee  
455 Appraisers at one time, unless a state program in the credentialing jurisdiction  
456 provides for progress monitoring, supervisory certified appraiser qualifications, and  
457 supervision and oversight requirements for Supervisory Appraisers.

458 F. An appraisal experience log shall be maintained jointly by the Supervisory Appraiser  
459 and the Trainee Appraiser. It is the responsibility of both the Supervisory Appraiser  
460 and Trainee Appraiser to ensure the experience log is accurate, current and complies  
461 with the requirements of the Trainee Appraiser's credentialing jurisdiction. At a  
462 minimum, the appraisal log requirements shall include:

463 1. Type of property;

464 2. Date of report;

- 465                    3. Address of appraised property;  
466                    4. Description of work performed by the Trainee Appraiser and the scope of the  
467                    review and supervision of the Supervisory Appraiser;  
468                    5. Number of actual work hours by the Trainee Appraiser on the assignment; and  
469                    6. The signature and state certification number of the Supervisory Appraiser.  
470                    Separate appraisal logs shall be maintained for each Supervisory Appraiser, if  
471                    applicable.
- 472                    G. Supervisory Appraisers shall be required to complete a course developed or endorsed  
473                    by the AQB, oriented to the requirements and responsibilities of Trainee Appraisers  
474                    and Supervisory Appraisers. A course taken as a Trainee Appraiser may not  
475                    subsequently satisfy the course requirement for a Supervisory Appraiser.

## Section 11: Proposed Revisions to Guide Note 1 (GN-1)

### RATIONALE

Guide Note 1 (GN-1) has been slightly modified in an attempt to make it easier to understand and more meaningful to users. As a Guide Note, the contents are not “binding” like those contained in the Criteria, or in Interpretations of the Criteria; rather, it is designed to make the Criteria more understandable.

It is important to note that, aside from one change on line 537, the following pages include no revisions to the *content* of the Guide Note. Line 537 is proposed for revision to allow both residential *and* non-residential applications within the content of the Basic Appraisal Procedures course.

## AQB GUIDE NOTE 1 (G N-1)

### AQB GUIDANCE FOR REQUIRED CORE CURRICULUM CONTENT

476 Guide Note 1 (GN-1) contains guidance for curriculum content with subtopics listed under each  
477 ~~major educational~~ module (I through XIV) listed ~~in the Appendix~~. The subtopics in Guide Note 1  
478 ~~will be~~ are used for in developing examination content outlines for each applicable respective  
479 credential level and may also be amended from time-to-time to reflect changes in technology or  
480 in the Body of Knowledge. The hours shown for each educational module are the minimums  
481 required; students may complete more than the minimum required for each module.

482 Candidates for a real property appraiser credential should carefully review the educational  
483 modules below, keeping in mind that some modules only apply to certain classifications. For  
484 example, education module IX (*Advanced Residential Applications and Case Studies*) is only  
485 required for Certified Residential classification. Also, education module XIV (*General*  
486 *Appraiser Income Approach*) is required for the Certified General classification but no others.  
487 As a result, candidates should structure their education program giving careful consideration to  
488 the credential being sought.

#### 489 **I. BASIC APPRAISAL PRINCIPLES (required for Trainee, Licensed Residential,** 490 **Certified Residential, and Certified General Classifications)**

491 *30 HOURS*

- 492 A. Real Property Concepts and Characteristics
- 493 1. Basic Real Property Concepts
- 494 2. Real Property Characteristics
- 495 3. Legal Description
- 496 B. Legal Considerations
- 497 1. Forms of Ownership
- 498 2. Public and Private Controls
- 499 3. Real Estate Contracts
- 500 4. Leases
- 501 C. Influences on Real Estate Values
- 502 1. Governmental
- 503 2. Economic
- 504 3. Social
- 505 4. Environmental, Geographic and Physical
- 506 D. Types of Value
- 507 1. Market Value
- 508 2. Other Value Types
- 509 E. Economic Principles
- 510 1. Classic Economic Principles
- 511 2. Application and Illustrations of the Economic Principles
- 512 F. Overview of Real Estate Markets and Analysis
- 513 1. Market Fundamentals, Characteristics, and Definitions
- 514 2. Supply Analysis
- 515 3. Demand Analysis
- 516 4. Use of Market Analysis

517 G. Ethics and How They Apply in Appraisal Theory and Practice

518 **II. BASIC APPRAISAL PROCEDURES (required for Trainee, Licensed Residential,**  
519 **Certified Residential, and Certified General Classifications)**

520 *30 HOURS*

521 A. Overview of Approaches to Value

522 B. Valuation Procedures

523 1. Defining the Problem

524 2. Collecting and Selecting Data

525 3. Analyzing

526 4. Reconciling and Final Value Opinion

527 5. Communicating the Appraisal

528 C. Property Description

529 1. Geographic Characteristics of the Land/Site

530 2. Geologic Characteristics of the Land/Site

531 3. Location and Neighborhood Characteristics

532 4. Land/Site Considerations for Highest and Best Use

533 5. Improvements - Architectural Styles and Types of Construction

534 D. Residential or General Applications

535 **III. THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT (required**  
536 **for Trainee, Licensed Residential, Certified Residential, and Certified General**  
537 **Classifications)**  
538 *15 HOURS*

539 **IV. RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE (required**  
540 **for Licensed Residential and Certified Residential Classifications)**

541 *15 HOURS*

542 A. Residential Markets and Analysis

543 1. Market Fundamentals, Characteristics and Definitions

544 2. Supply Analysis

545 3. Demand Analysis

546 4. Use of Market Analysis

547 B. Highest and Best Use

548 1. Test Constraints

549 2. Application of Highest and Best Use

550 3. Special Considerations

551 4. Market Analysis

552 5. Case Studies

553 **V. RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH**  
554 **(required for Licensed Residential and Certified Residential Classifications)**

555 *15 HOURS*

556 A. Site Valuation

557 1. Methods

- 558 2. Case Studies
- 559 B. Cost Approach
- 560 1. Concepts and Definitions
- 561 2. Replacement/Reproduction Cost New
- 562 3. Accrued Depreciation
- 563 4. Methods of Estimating Accrued Depreciation
- 564 5. Case Studies

565 **VI. RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES (required**  
 566 **for Licensed Residential and Certified Residential Classifications)**  
 567 *30 HOURS*

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

577 **VII. RESIDENTIAL REPORT WRITING AND CASE STUDIES (required for Licensed**  
 578 **Residential and Certified Residential Classifications)**  
 579 *15 HOURS*

- 580 A. Writing and Reasoning Skills
- 581 B. Common Writing Problems
- 582 C. Form Reports
- 583 D. Report Options and USPAP Compliance
- 584 E. Case Studies

585 **VIII. STATISTICS, MODELING AND FINANCE (required for Certified Residential**  
 586 **and Certified General Classifications)**  
 587 *15 HOURS*

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

591 **IX. ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES (required**  
 592 **for Certified Residential Classification)**  
 593 *15 HOURS*

- 594 A. Complex Property, Ownership and Market Conditions
- 595 B. Deriving and Supporting Adjustments
- 596 C. Residential Market Analysis
- 597 D. Advanced Case Studies
  
- 598 **X. GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE**
- 599 **(required for Certified General Classification)**
- 600 *30 HOURS*
- 601 A. Real Estate Markets and Analysis
- 602 1. Market Fundamentals, Characteristics and Definitions
- 603 2. Supply Analysis
- 604 3. Demand Analysis
- 605 4. Use of Market Analysis
- 606 B. Highest and Best Use
- 607 1. Test Constraints
- 608 2. Application of Highest and Best Use
- 609 3. Special Considerations
- 610 4. Market Analysis
- 611 5. Case Studies
  
- 612 **XI. GENERAL APPRAISER SALES COMPARISON APPROACH (required for**
- 613 **Certified General Classification)**
- 614 *30 HOURS*
- 615 A. Value Principles
- 616 B. Procedures
- 617 C. Identification and Measurement of Adjustments
- 618 D. Reconciliation
- 619 E. Case Studies
  
- 620 **XII. GENERAL APPRAISER SITE VALUATION AND COST APPROACH (required**
- 621 **for Certified General Classification)**
- 622 *30 HOURS*
- 623 A. Site Valuation
- 624 1. Methods
- 625 2. Case Studies
- 626 B. Cost Approach
- 627 1. Concepts and Definitions
- 628 2. Replacement/Reproduction Cost New
- 629 3. Accrued Depreciation
- 630 4. Methods of Estimating Accrued Depreciation
- 631 5. Case Studies

632 **XIII. GENERAL APPRAISER INCOME APPROACH (required for Certified General**  
633 **Classification)**  
634 *60 HOURS*

- 635 A. Overview
- 636 B. Compound Interest
- 637 C. Lease Analysis
- 638 D. Income Analysis
- 639 E. Vacancy and Collection Loss
- 640 F. Estimating Operating Expenses and Reserves
- 641 G. Reconstructed Income and Expense Statement
- 642 H. Stabilized Net Operating Income Estimate
- 643 I. Direct Capitalization
- 644 J. Discounted Cash Flow
- 645 K. Yield Capitalization
- 646 L. Partial Interests
- 647 M. Case Studies

648 **XIV. GENERAL APPRAISER REPORT WRITING AND CASE STUDIES (required for**  
649 **Certified General Classification)**  
650 *30 HOURS*

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