

Call to Order

STATE OF ALASKA  
DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT DIVISION OF  
CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
*Tentative Meeting Agenda*

Board of Real Estate Appraisers  
May 23, 2023

Join Zoom Meeting Link: <https://us02web.zoom.us/j/84549445122>  
Meeting ID: 845 4944 5122 Passcode: 943899  
Call In #: +1 253 215 8782

- |     |       |  |                        |
|-----|-------|--|------------------------|
| 1.  | 10:00 | Call to Order/Roll Call<br>-Review/Approve Agenda<br>-Ethics Report<br>-Continuing Education Statement   | Chair Hayes            |
| 2.  | 10:10 | Review/Approve Past Meeting Minutes<br>-February 7, 2023 Board Meeting<br>-April 11, 2023 Committee Meeting<br>-April 25, 2023 Committee Meeting<br>-May 17, 2023 Committee Meeting              | Chair Hayes            |
| 3.  | 10:15 | Public Comment   |                        |
| 4.  | 10:30 | Division Update<br>-FY23 Q3  | Ms. Dumas              |
| 5.  | 11:00 | Investigations<br>-Investigative Report  | Ms. Gabriel            |
| 6.  | 11:15 | Annual Report<br>-Schedule Upcoming Meetings<br>-Review and Vote on Drafted Annual Report  | Chair Hayes            |
| 7.  | 12:00 | Lunch  |                        |
| 8.  | 12:30 | Statute Project(s)<br>-Update from Ms. Hayes   | Chair Hayes            |
| 9.  | 12:45 | Review Legal Opinion from Department of Law<br>regarding 12 AAC 70.105 and 12 AAC 70.115   | Ms. Sather             |
| 10. | 1:15  | Regulation Project(s)<br>-Update from Regulation Project Committee meetings<br>regarding consideration of AQB verbiage, PAREA, and Practicums<br>-ASC Off Site Assessment regulation suggestions | Ms. Sather/Chair Hayes |
| 11. | 1:45  | Continued Board Discussion(s)<br>-Out of State and Mass Appraisal Work Experience<br>-Work Product Checklist   | Chair Hayes            |
| 12. | 2:15  | Pending Board Ballots  | Chair Hayes            |
| 13. | 3:00  | Board Business<br>-Strategic Plan<br>-ASC Notification of PAVE Dashboard Results   | Chair Hayes            |

Adjourn

# Ethics Report



# Continuing Education Statement



THE STATE  
of **ALASKA**

Department of Commerce, Community and Economic Development  
Division of Corporations, Business and Professional Licensing

**APR**

FOR DIVISION USE ONLY

**Real Estate Appraisers Program**

PO Box 110806, Juneau, AK 99811-0806

Phone: (907) 465-2550

Email: *RealEstateAppraisers@Alaska.Gov*

Website: *ProfessionalLicense.Alaska.Gov/RealEstateAppraisers*

**Continuing Education Credit for Participation**

This form certifies attendance at a meeting of the Alaska Board of Certified Real Estate Appraisers for continuing education credit. 12 AAC 70.210(g)(1-5)

<b>Full Legal Name:</b>	First	Middle	Last
<b>Alaska Certification #:</b>			

<b>Board Meeting Date:</b>	mm/dd/yyyy	<input type="checkbox"/> In Person	<input type="checkbox"/> Teleconference
<b>Attendance Hours:</b>		<b>Hours Claimed:</b> (7 Hours Max)	

***I certify the information reported above is true and correct and that I maintained attendance for the duration of the hours claimed.***

<b>Signature:</b>		<b>Date:</b>	mm/dd/yyyy
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**BELOW IS FOR DEPARTMENTAL AND BOARD USE ONLY**

**Verified Hours of Attendance**

(From Board Meeting Minutes)

\_\_\_\_\_

Via Electronic or Mail Ballot:  Approved  Denied

OR

Via in Person Board Meeting:  Approved  Denied

<b>Board Member Signature:</b>		<b>Date:</b>	mm/dd/yyyy
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If denied, reason for denial:

## Review Past Meeting Minutes

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
**ALASKA BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

CONDENSED MINUTES OF THE MEETING HELD 2/7/2023

These draft minutes were prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Board.

Date:	2/7/2023
Time:	10:01 called to order
Location:	Zoom Meeting <a href="https://us02web.zoom.us/j/83491593732">https://us02web.zoom.us/j/83491593732</a>
Attending:	Board Members: Ashlee Stetson, Val Kudryn, Leon McKean, Mae Hayes Staff: Sara Sather, Melissa Dumas, Anna Gabriel Public: David Wright, Scot DiBasio, iPhone
Absent:	none

<b>1. Call to Order/Roll Call</b>	
Brief Discussion:	The meeting was called to order at 10:01 with Ashlee Stetson, Val Kudryn, Leon McKean and Mae Hayes present.
	The agenda was approved as written.
	No ethic reports at this time.
	CE requested by David Wright as well as Val Kudryn and Mae Hayes if they are eligible for additional hours.
Motion:	On a motion duly made by Mr. Kudryn, second by Mr. McKean, it was RESOLVED to approve the meeting agenda for February 7, 2023 as written.
Recorded Votes:	Ashlee Stetson - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean - Y
	Mae Hayes - Y
Action Items:	Meeting to proceed as drafted in agenda.
<b>2. Review/Approve Past Meeting Minutes</b>	



Brief Discussion:	The meeting minutes for November 1, 2022 were reviewed with no concerns.	
Motion:	On a motion made duly by Mr. McKean, second by Mr. Kudryn, it was RESOLVED to approve the meeting minutes for November 1, 2022 as written.	
Recorded Votes:	Ashlee Stetson - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean - Y	
	Mae Hayes - Y	
Action Items:	Minutes will be sent to Board Chair for signature and updated on website.	
	10:06 brief break. Back on record at 10:15 with all Board Members present.	
<b>3. Public Comment</b>		
Brief Discussion:	No public comment at this time.	
Motion:	No motion necessary.	
Recorded Votes:	Ashlee Stetson -	
	Valery (Val) Kudryn -	
	William (Leon) McKean -	
	Mae Hayes -	
Action Items:	No action items for this agenda item.	

<b>4. Division Update</b>	
Brief Discussion:	Ms. Dumas provided the division update with an overview of Q2 expenditures and account balances. The profession has seen a 31% increase in applicants.
	The fee analysis was reviewed by Ms. Dumas. With no changes, the program is expected to bring in approximately \$283,924 in revenue each year. Expenditures are averaged with adjustments for annual increase in costs. The projected revenue minus projected expenditures equals approximately a little over \$50,000 in deficit/spending down of the surplus each year.
	Questions regarding the education course fee were discussed regarding the higher fee compared to some other states and previous AK fee rates. Ms. Dumas explained that Professional Licensing is unable to raise fee prices at this time. By reducing the education course fee the cost difference would need to result in a different fee being raised to offset the difference, which we are unable to raise fees at this time. Additionally, the Board is looking at a potential deficit in FY24, which would require the request of general funds.
	No additional questions at this time.
Motion:	No motion required.
Recorded Votes:	Ashlee Stetson -
	Valery (Val) Kudryn -
	William (Leon) McKean -
	Mae Hayes -
Action Items:	The Board will continue to be aware of the fee scale and when adjustments are allowed reconsider recommendations.
<b>5. Investigation Report</b>	
Brief Discussion:	Ms. Gabriel provided a summary of the current investigative report; 4 open cases, 7 cases closed, 2 of which resulted in license action. No Board member questions.
	Ms. Gabriel explained the current intake process for complaints. The Board briefly discussed ghosting and the growing concern within the profession. Ms. Gabriel shared she has not seen a large concern regarding this within Alaska. USPAP was briefly discussed in regard to the ethics rule, standards, and professional conduct. The Board discussed that if concerns of ghosting to the extent of gross negligence

	<p>were to be brought to the attention of Investigations that they would like to have the complaint reviewed.</p> <p>There were no additional questions.</p> <p>Ms. Gabriel explained clarification has been received regarding Fannie Mae Tips. They will be reviewed as a complaint. If additional information other than what was sent with the Tip is required, they may need to seek other avenues than the Fannie Mae number provided to acquire the requested information.</p> <p>No additional questions.</p>
Motion:	No motion needed.
Recorded Votes:	Ashlee Stetson -
	Valery (Val) Kudryn -
	William (Leon) McKean -
	Mae Hayes -
Action Items:	No action items for this agenda item.

<b>6. Lunch</b>	
Brief Discussion:	<p>The Board adjourned for lunch at 12:13.</p> <p>The Board was back on the record at 1:00 with a roll call and all Board Members present.</p>
Motion:	Roll Call
Recorded Votes:	Ashlee Stetson - P
	Valery (Val) Kudryn - P
	William (Leon) McKean - P
	Mae Hayes - P
Action Items:	Meeting to proceed.

<b>7. Regulations Project</b>	
Brief Discussion:	<p>The Board discussed consideration of AQB verbiage within regulations with the intent to have verbiage allow for automatic adoption of AQB updates. Some other states' regulations were reviewed as examples. The Board is in agreement to review regulations as currently written, while moving forward with the PAREA project, to consider verbiage with the intent to remain compliant with AQB requirements and not be more restrictive. Additionally, the Board voiced an interest in potential verbiage that would allow for adoption of AQB updates without needing a regulation project.</p> <p>The Board and staff did discuss that this is largely a style in writing. Alaska regulations are very specific listing out each requirement. Some other states that are broader may simply state something such as "Satisfy the requirements of the AQB criteria." Both speak to requiring the AQB qualification criteria be met, however, it is a difference in how this is written within regulations.</p> <p>The Board did speak to the time and efforts involved in amending regulations if they were to change verbiage, however, they spoke to recognizing the "call" for states to be consistent and reduce barriers to entry. It was discussed to consider these potential verbiage changes while working on amending regulations for PAREA in consideration to time and cost.</p> <p>Ms. Hayes inquired if this verbiage would allow for PAREA and a practicum to be automatically accepted? The Board and staff will look into the criteria regarding this. At this time the Board is at an understanding if a practicum were acceptable this would require specific verbiage, as they are doing with PAREA. The Board reviewed the AQB guide in regard to practicums, pgs. 43-44.</p> <p>The Board voiced their continued agreement to proceed with adopting PAREA within the regulations.</p> <p>At this time additional research will be conducted regarding practicums to identify what they entail and to what extent they meet the AQB criteria.</p> <p>Ms. Hayes has asked the Board for permission to continue to research the components of a practicum course. Additionally, she has asked the Board for permission to research what would be involved if a grant were to be written for ASC funding for a practicum course. The Board agreed additional research would be necessary before any decisions could be made.</p> <p>The Board has requested additional clarification on allowing Board Members to work together on this regulation project to ensure that all requirements of the Open Meeting Act are met. The Board would like to form a committee work session with Mae Hayes and Val Kudryn that will be publicly noticed and allow for public attendance.</p>

Motion:	<p>Ms. Hayes stated, "I would like to make a motion to create a committee to consider regulation changes upcoming with me, Mae Hayes, as the committee chair."</p> <p>On a motion made duly by Ms. Hayes, second by Mr. Kudryn, it was RESOLVED to create a committee for the purpose of these regulation reviews; AQB criteria, PAREA criteria, with an assigned committee chair.</p>
Recorded Votes:	Ashlee Stetson – Y
	Valery (Val) Kudryn – Y
	William (Leon) McKean – Y
	Mae Hayes - Y
Motion:	On a motion made duly by Ms. Hayes, second by Mr. Kudryn, it was RESOLVED to amend the previous motion for the committee to also include considering a practicum as they are considering the AQB requirements.
Recorded Votes:	Ashlee Stetson - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean - Y
	Mae Hayes - Y
Action Items:	<p>Ms. Sather will get additional clarification on Val and Mae collaborating regarding this project as well as establishing a committee meeting date.</p> <p>Ms. Sather will research any components that would need to be considered from the State's perspective if a grant were to be pursued.</p> <p>Ms. Hayes will continue to research practicums and the components of the grant process.</p>
<b>8. Continued review from ASC Off Site Assessment</b>	
Brief Discussion:	<p>Ms. Hayes provided an update regarding the task of seeking a sponsor for the legislative project regarding ASC recommendation from the Off Site Assessment. She is currently in communication with Representative Cathy Tiltan, whom is presently reviewing the submitted statute suggestions. Ms. Hayes is waiting for a reply back upon their review.</p> <p>The Board completed review of the ASC form suggestions to include the Appraisal Management Company Annual Registration form to remove substantive cause as well as General and Residential initial application wording for endorsement and reciprocity to provide clarification of endorsement in relation to a state's rating of Poor.</p>

	The Board briefly discussed the topic of Licensed Appraiser license type and agreed to table this topic until the next meeting to allow for more research and consideration outside of the current regulation projects currently at hand. They recognize the need to reduce barriers into the profession, however, voice questions as to the limitations the housing market in Alaska would place on the job availability for that license type.	
Motion:	On a motion made duly by Mr. Kudryn, second by Ms. Hayes, it was RESOLVED to amend two applications, The appraisal Management Company Application form number 08-4788 and Appraisal Management Company Annual Federal Registration form number 08-4730 under part for eligibility determination question 3 strike the end of that question removing for substantive cause as determined by the state and credential has not been reinstated.	
Recorded Votes:	Ashlee Stetson - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean - Y	
	Mae Hayes - Y	
Action Items:	Ms. Sather will notate the changes on the corresponding forms for revision during the next form edits.	
<b>9. Continued AARO Conference Summary</b>		
Brief Discussion:	The Board briefly discussed out of state and mass appraisal experience, as there is not clear notation regarding the acceptance, or not, of these within regulation. The Board expressed they would like to conduct additional research into this topic. The Board stated they believe it is okay to accept out of state experience, especially in the area of General Appraiser work due to the nature of our state. They would like to consider partial acceptance of mass appraisal work, such as 1/3 of the experience hours within this category. This topic has been tabled to continue at the next meeting.	
Motion:	No motion required at this time.	
Recorded Votes:	Ashlee Stetson -	

	Valery (Val) Kudryn -	
	William (Leon) McKean -	
	Mae Hayes -	
Action Items:	No action items at this time.	
<b>10. Board Business</b>		
Brief Discussion:	The Board continues to see high importance in sending a Board Member and staff to the AARO conference. They have motioned for Mae Hayes and a staff member to attend the Spring AARO Conference.	
	The Board has agreed for Mae Hayes to draft this upcoming Annual Report, which will be reviewed and voted upon during the May Board Meeting in line with the June deadline.	
	The Board has agreed for Val Kudryn to continue the project of drafting a work product review checklist.	
	The Board has elected Mae Hayes as the acting Chair with Ms. Stetson ending her term.	
Motion:	On a motion made duly by Mr. Kudryn, second by Mr. McKean, it was RESOLVED for 1 board member and 1 staff member to attend the Spring AARO Conference scheduled for May.	
Recorded Votes:	Ashlee Stetson - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean - Y	
	Mae Hayes - Y	
Motion:	On a motion made duly by Ms. Stetson, second by Mr. Kudryn, it was RESOLVED to elect Mae Hayes as the new Board Chair.	
Recorded Votes:	Ashlee Stetson – Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean – Y	
	Mae Hayes – Y	

Action Items:	<p>Ms. Sather will send previous Annual Reports to Ms. Hayes as requested for review and consideration with the current draft.</p> <p>Ms. Sather will proceed with AARO travel requests within policy timelines and forms.</p> <p>Ms. Sather will update the Division supervisors with the change in Board Chair.</p>
<b>11. Adjourn</b>	
Brief Discussion:	The Board agreed to adjourn.
Motion:	On a motion duly made by Mr. McKean, seconded by Mr. Kudryn, it was RESOLVED to adjourn.
Recorded Votes:	Ashlee Stetson - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean - Y
	Mae Hayes - Y
Action Items:	<p>Meeting minutes will be drafted and placed on the website.</p> <p>Tabled agenda items will be added to the next meeting.</p>

Next Meeting:	May 23, 2023
Adjournment:	2:34 pm

\_\_\_\_\_  
Mae Hayes, Chair

\_\_\_\_\_  
Date



DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
**ALASKA BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

CONDENSED MINUTES OF THE COMMITTEE MEETING HELD 4/11/2023

These draft minutes were prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Board.

Date:	4/11/23
Time:	9:06 am the meeting was called to order
Location:	Zoom <a href="https://us02web.zoom.us/j/84279099787">https://us02web.zoom.us/j/84279099787</a>
Attending:	Board Members: Val Kudryn, Mae Hayes Staff: Sara Sather, Sara Chambers, Kery Givens Public Members: Scott DiBiasio
Absent:	Leon McKean was excused from the Committee Meeting

<b>1. Call to Order/Roll Call</b>	
Brief Discussion:	The Committee Meeting was called to order at 9:06 with Val Kudryn and Mae Hayes present.
	The amended agenda was approved as written.
Motion:	On a motion duly made by Mr. Kudryn, second by Ms. Hayes, it was RESOLVED to approve the amended meeting agenda for April 11, 2023 as written.
Recorded Votes:	Mae Hayes - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean -
Action Items:	Meeting to proceed as drafted in agenda.
<b>2. Pending Board Ballots</b>	

Brief Discussion:	Ms. Chambers provided an introduction to her new role as Boards and Regulations Advisor to include her duties and availability to assist the Boards and Commissions.	
	Ms. Chambers discussed the intent is to process pending board ballots within 10 business days. Difficulties the Board currently faces regarding this were discussed, to include the vacancies of two seats. The Board identified some ways staff and Board Members may assist with supporting this deadline.	
	In an effort to streamline the education course application process and best serve the industry, the Board expressed interest in considering regulation verbiage to clearly identify criteria to allow for staff to process education course applications if the course application clearly meets the identified criteria. Ms. Chambers, staff, and the Committee will review statutes and regulations for this consideration.	
	Ms. Chambers provided some clarification as to what communication should be referred to staff verses which communication may be addressed directly by Board members when the public or licensees contact Board members directly. The conversation included (1) clarifying if the response is being made as a Board member or as that individual themselves as a subject matter expert/licensee in the field and (2) if the topic might be something the Board as a whole would need to review/address. Ultimately, there should be no communication regarding applications or items/actions that may be presented to the Board. As a subject matter expert in the field, it is acceptable to answer general questions regarding the field when clarification is made that the answer is not being stated as a Board member but as a licensee in the field.	
Motion:	No motion necessary.	
Recorded Votes:	Mae Hayes -	
	Valery (Val) Kudryn -	
	William (Leon) McKean -	
Action Items:	Ms. Chambers, staff, and the Committee will review statutes and regulations for the consideration of regulations clearly identifying criteria that may allow for staff to process education course applications meeting the identified criteria.	
<b>3. Regulation Project(s) Discussion</b>		
Brief Discussion:	The Committee held an open discussion as they reviewed regulations for consideration of PAREA and Practicum programs.	
	Proposed regulation edits for PAREA and Practicum programs were drafted.	

Motion:	No motion necessary.	
Recorded Votes:	Mae Hayes -	
	Valery (Val) Kudryn -	
	William (Leon) McKean -	
Action Items:	Staff will tidy up formatting of the drafted proposed regulations and forward to the ASC policy manager for informal review in consideration of AQB and Federal requirements. These items will be reviewed during the next Committee Meeting.	
<b>4. Adjourn</b>		
Brief Discussion:	The Committee agreed to adjourn the Committee Meetings at 11:35 am.	
Motion:	On a motion duly made by Ms. Hayes, seconded by Mr. Kudryn, it was RESOLVED to adjourn.	
Recorded Votes:	Mae Hayes - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean -	
Action Items:	Meeting minutes will be drafted and placed on the website. Meeting minutes will formally be reviewed for amendment or approval during the next Board Meeting.	

Next Committee Meeting:	April 25, 2023 at 9 am
Adjournment:	11:35 am

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Mae Hayes, Chair

\_\_\_\_\_  
Date

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
**ALASKA BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

CONDENSED MINUTES OF THE COMMITTEE MEETING HELD 4/25/2023  
 These draft minutes were prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Board.

Date:	4/25/23
Time:	9:00 am the meeting was called to order
Location:	Zoom <a href="https://us02web.zoom.us/j/84279099787">https://us02web.zoom.us/j/84279099787</a>
Attending:	Board Members: Val Kudryn, Mae Hayes Staff: Sara Sather, Alison Osborne, Stefanie Davis Public Members: Scott DiBiasio, iPhone
Absent:	Leon McKean was excused from the Committee Meeting

<b>1. Call to Order/Roll Call</b>	
Brief Discussion:	The Committee Meeting was called to order at 9:00 am with Val Kudryn and Mae Hayes present.
	The agenda was approved as written.
Motion:	On a motion duly made by Mr. Kudryn, second by Ms. Hayes, it was RESOLVED to approve the meeting agenda for April 25, 2023 as written.
Recorded Votes:	Mae Hayes - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean -
Action Items:	Meeting to proceed as drafted in agenda.
<b>2. Regulation Project(s) Discussion</b>	

Brief Discussion:	The Committee held an open discussion as they reviewed the ASC’s comments of their informal review of the proposed regulation edits drafted on 4/11/23 for consideration of PAREA and Practicum programs. The proposed drafted regulations were edited in consideration of the received ASC suggestions. The Regulation Specialist, Ms. Osborne, will continue to draft appropriate wording and formatting as discussed during today’s meeting, to be presented for review at the next meeting.	
	Ms. Osborne spoke to the Committee’s question of adopting a document such as the AQB Criteria by reference. She will be doing some further research into this to see what statutory authority allows for. Additionally, Ms. Osborne addressed the question brought up during the last Committee Meeting regarding delegating staff authority to approve education course applications meeting outlined criteria. This is another topic needing further research in statutory authority, which she will follow up on with the Committee.	
	ASC Off Site Assessment suggested regulation edits were reviewed. Within 12 AAC 70.108 it was agreed to change continuously to cumulative, within 12 AAC 70.108 the suggested change from “An” to “All” will not be made, and the reference to probation exceeding the AMC rule will be followed up on by staff with ASC Policy Manager for further clarification.	
	The Committee has requested to schedule an additional Committee Meeting for continued work time prior to the Board Meeting.	
Motion:	No motion necessary.	
Recorded Votes:	Mae Hayes -	
	Valery (Val) Kudryn -	
	William (Leon) McKean -	
Action Items:	The Regulation Specialist will continue to draft verbiage and format the proposed regulation edits as discussed during today’s meeting for review at the next meeting. Additionally, the Regulation Specialist will continue to research the Committee’s questions in regards to adoption by reference and delegation of authority.	
	Staff will follow up with the ASC regarding items from the Off Site Assessment that are in question.	
	Staff will schedule the requested additional Committee Meeting.	
<b>3. Adjourn</b>		
Brief Discussion:	The Committee agreed to adjourn the Committee Meeting at 11:13 am.	
Motion:	On a motion duly made by Ms. Hayes, seconded by Mr. Kudryn, it was RESOLVED to adjourn.	

Recorded Votes:	Mae Hayes - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean -	
Action Items:	Meeting minutes will be drafted and placed on the website. Meeting minutes will formally be reviewed for amendment or approved during the next Board Meeting.	

Next Committee Meeting:	5/17/23 at 10:00 am
Adjournment:	11:13 am

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Mae Hayes, Chair

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Date

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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
 DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING  
**ALASKA BOARD OF CERTIFIED REAL ESTATE APPRAISERS**

CONDENSED MINUTES OF THE COMMITTEE MEETING HELD 5/17/2023

These draft minutes were prepared by the staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Board.

Date:	5/17/23
Time:	10:02 am the meeting was called to order
Location:	Zoom <a href="https://us02web.zoom.us/j/84279099787">https://us02web.zoom.us/j/84279099787</a>
Attending:	Board Members: Mae Hayes, Val Kudryn Staff: Sara Sather, Alison Osborne Department of Law: Patty Burley Public Members: Scott DiBiasio, Jessica Waldrop
Absent:	Leon McKean was excused from the Committee Meeting

1. Call to Order/Roll Call	
Brief Discussion:	The Committee Meeting was called to order at 10:02 am with Val Kudryn and Mae Hayes present.
	Chair Hayes asked for clarification as to if the request to provide an update from Ms. Sather required a new agenda item. Ms. Sather explained she has received an update from Ms. Osborne and Department of Law. This could be a new agenda item if the Board deemed fit or fall under the open discussion of the project.
	It was agreed a new agenda item was not necessary and the agenda was approved as written.
Motion:	On a motion duly made by Mr. Kudryn, second by Ms. Hayes, it was RESOLVED to approve the meeting agenda for May 17, 2023 as written.
Recorded Votes:	Mae Hayes - Y
	Valery (Val) Kudryn - Y
	William (Leon) McKean -
Action Items:	Meeting to proceed as drafted in agenda.

<b>2. Regulation Project(s) Discussion</b>	
Brief Discussion:	<p>Ms. Sather provided an update; yesterday she was informed through the regulation specialist Ms. Osborne that the Department of Law has reviewed the current questions regarding the regulation project and provided a response. (1) It is not advised to proceed with verbiage to adopt the AQB Criteria by reference at this time; as Alaska statutes and regulations are currently written contradict the AQB Criteria. Some explicit examples of this include the AQB Criteria requiring background checks, as Alaska regulations do not, and the AQB Criteria recognizing additional license types that Alaska does not. (2) As Alaska statutes are currently written they do not allow for the Board to delegate education application approval to staff.</p> <p>Ms. Sather explained that from her understanding of this update from the Department of Law there is an additional option the Board could consider if they would like to conduct a full comprehensive review of Alaska regulations and statutes compared to the Criteria to identify all areas that align and contradict. It was shared that this type of change might include the need to repeal current regulations and draft new verbiage.</p> <p>The regulation specialist, Ms. Osborne, and staff from the Department of Law, Ms. Burley, were in attendance to answer any questions.</p> <p>Ms. Burley explained to adopt the Criteria, including future amended versions of the Criteria, by reference the Board would need statute permission. If the Board were to require background checks, this too would require statute permission.</p> <p>It was mentioned that there is time to seek sponsorship for the upcoming Legislative session if this was something the Board wanted to proceed with.</p> <p>Mr. Kudryn inquired as to what the scope of time and cost a comprehensive overview might entail. Ms. Burley shared, as the AQB Criteria is a smaller document, she believes this could be accomplished through a couple meetings. The Department of Law would not complete the review as it is not their position to tell the Board what to do. It is the Board that needs to submit drafts to Department of Law so that Law may determine the legal authority of the request drafts. Ms. Sather provided that the Department of Law bills by the half hour, however, beyond that she does not have information on cost. Ms. Sather stated she can inquire further if this information can be estimated.</p> <p>Mr. Kudryn also inquired if adopting by reference would require the Board to create a new license type for the Licensed Appraiser, as the Board has had concerns of the limitations this license type holds. Ms. Osborne stated she does not believe it would require the Board to create a new license type, however, it would require the Board to follow the requirements for those license types that are already recognized.</p> <p>The Committee agreed this was a pertinent question to be brought back to the full Board, as the Committee is advisory and not in a position to make decisions for the Board; would the Board like to proceed with the duties assigned to the Committee in regards to drafting verbiage for PAREA, Practicums, and consideration of AQB verbiage or would the Board like to expand the duties to include a full review of all statutes and regulations in consideration of adopting the AQB Criteria by reference.</p> <p>Due to this new question to be presented to the full Board, the Committee agreed it would not be time efficient to review the edits that Ms. Osborne has been drafting at this time. If the Board were to decide to proceed with a full comprehensive review the edits that are currently in progress may or may not be utilized.</p>



Motion:	No motion necessary.	
Recorded Votes:	Mae Hayes -	
	Valery (Val) Kudryn -	
	William (Leon) McKean -	
Action Items:	The information presented to the Committee from Ms. Osborne and Department of Law will be brought to the full Board during the next scheduled Board Meeting for discussion and consideration.	
<b>3. Adjourn</b>		
Brief Discussion:	The Committee agreed to adjourn the Committee Meeting at 10:33 am.	
Motion:	On a motion duly made by Ms. Hayes, seconded by Mr. Kudryn, it was RESOLVED to adjourn.	
Recorded Votes:	Mae Hayes - Y	
	Valery (Val) Kudryn - Y	
	William (Leon) McKean -	
Action Items:	Meeting minutes will be drafted and placed on the website. Meeting minutes will formally be reviewed for amendment or approved during the next Board Meeting.	

Next Meeting:	Next Committee Meetings to be determined based on the Board's discussion during the next scheduled Board Meeting on 5/23/23.
Adjournment:	10:33 am

\_\_\_\_\_  
Mae Hayes, Chair

\_\_\_\_\_  
Date

# Public Comment

# Division Update & Fee Analysis

Department of Commerce Community, and Economic Development  
Corporations, Business and Professional Licensing

Summary of All Professional Licensing  
Schedule of Revenues and Expenditures

Board of Certified Real Estate Appraisers	FY 16	FY 17	Biennium	FY 18	FY 19	Biennium	FY 20	FY 21	Biennium	FY 22	FY 23 1st - 3rd QTR
	<b>Revenue</b>										
Revenue from License Fees	\$ 49,440	\$ 272,590	\$ 322,030	\$ 76,010	\$ 190,565	\$ 266,575	\$ 80,550	\$ 207,770	\$ 288,320	\$ 62,165	\$ 59,150
General Fund Received							\$ -	\$ -	\$ -	\$ 9,845	\$ -
Allowable Third Party Reimbursements	-	5,827	5,827	1,534	4,314	5,848	\$ 2,559	\$ -	2,559	\$ 3,600	\$ -
<b>TOTAL REVENUE</b>	<b>\$ 49,440</b>	<b>\$ 278,417</b>	<b>\$ 327,857</b>	<b>\$ 77,544</b>	<b>\$ 194,879</b>	<b>\$ 272,423</b>	<b>\$ 83,109</b>	<b>\$ 207,770</b>	<b>\$ 290,879</b>	<b>\$ 75,610</b>	<b>\$ 59,150</b>
<b>Expenditures</b>											
Non Investigation Expenditures											
1000 - Personal Services	40,694	13,307	54,001	45,123	91,165	136,288	98,414	54,866	153,280	97,525	46,788
2000 - Travel	12,596	13,106	25,702	16,384	11,267	27,651	1,933	-	1,933	4,067	6,174
3000 - Services	3,008	5,288	8,296	7,445	10,666	18,111	30,418	13,957	44,375	2,247	2,999
4000 - Commodities	22	13	35	716	161	877	602	-	602	-	10
5000 - Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total Non-Investigation Expenditures	56,320	31,714	88,034	69,668	113,259	182,927	131,367	68,823	200,190	103,839	55,971
Investigation Expenditures											
1000-Personal Services	3,464	19,945	23,409	25,013	18,383	43,396	38,249	18,727	56,976	23,942	19,971
2000 - Travel	-	-	-	-	1,050	1,050	2,547	-	2,547	452	-
3023 - Expert Witness	-	-	-	3,485	1,050	4,535	4,050	2,850	6,900	-	-
3088 - Inter-Agency Legal	-	-	-	33	33	66	2,453	14,131	16,584	2,998	1,177
3094 - Inter-Agency Hearing/Mediation	-	-	-	217	-	217	-	65	65	-	-
3000 - Services other	-	-	-	-	633	633	111	22	133	880	8
4000 - Commodities	-	-	-	-	-	-	-	-	-	-	-
Total Investigation Expenditures	3,464	19,945	23,409	28,748	21,149	49,897	47,410	35,795	83,205	28,272	21,157
<b>Total Direct Expenditures</b>	<b>59,784</b>	<b>51,659</b>	<b>111,443</b>	<b>98,416</b>	<b>134,408</b>	<b>232,824</b>	<b>178,777</b>	<b>104,618</b>	<b>283,395</b>	<b>132,111</b>	<b>77,128</b>
Indirect Expenditures											
Internal Administrative Costs	9,900	9,222	19,122	15,708	20,705	36,413	21,754	15,657	37,411	18,655	13,991
Departmental Costs	8,446	7,009	15,455	13,293	21,286	34,579	17,090	10,445	27,535	16,760	12,570
Statewide Costs	3,280	2,319	5,599	7,826	11,964	19,790	18,005	10,101	28,106	15,268	11,451
<b>Total Indirect Expenditures</b>	<b>21,626</b>	<b>18,550</b>	<b>40,176</b>	<b>36,827</b>	<b>53,955</b>	<b>90,782</b>	<b>56,849</b>	<b>36,203</b>	<b>93,052</b>	<b>50,683</b>	<b>38,012</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 81,410</b>	<b>\$ 70,209</b>	<b>\$ 151,619</b>	<b>\$ 135,243</b>	<b>\$ 188,363</b>	<b>\$ 323,606</b>	<b>\$ 235,626</b>	<b>\$ 140,821</b>	<b>\$ 376,447</b>	<b>\$ 182,794</b>	<b>\$ 115,140</b>
<b>Cumulative Surplus (Deficit)</b>											
Beginning Cumulative Surplus (Deficit)	\$ 198,553	\$ 166,583		\$ 374,791	\$ 317,092		\$ 323,608	\$ 171,091		\$ 238,040	\$ 130,856
Annual Increase/(Decrease)	(31,970)	208,208		(57,699)	6,516		(152,517)	66,949		(107,184)	(55,990)
Ending Cumulative Surplus (Deficit)	\$ 166,583	\$ 374,791		\$ 317,092	\$ 323,608		\$ 171,091	\$ 238,040		\$ 130,856	\$ 74,866
<b>Statistical Information</b>											
Number of Licenses for Indirect calculation	287	346		342	298		345	370		390	
<b>Additional information:</b>	<ul style="list-style-type: none"> <li>• Fee analysis required if the cumulative is less than zero; fee analysis recommended when the cumulative is less than current year expenditures; no fee increases needed if cumulative is over the current year expenses *</li> <li>• Most recent fee change: Fee change FY19</li> <li>• Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and p</li> </ul>										

Appropriation Name (Ex)	(Multiple Items)
Sub Unit	(All)
PL Task Code	APR1

Sum of Budgetary Expenditures Object Name (Ex)	Object Type Name (Ex)				Grand Total
	1000 - Personal Services	2000 - Travel	3000 - Services	4000 - Commodities	
1011 - Regular Compensation	34,186.59				34,186.59
1014 - Overtime	757.05				757.05
1016 - Other Premium Pay	77.52				77.52
1021 - Allowances to Employees	8.86				8.86
1023 - Leave Taken	5,089.19				5,089.19
1028 - Alaska Supplemental Benefit	2,462.66				2,462.66
1029 - Public Employee's Retirement System Defined Benefits	1,582.87				1,582.87
1030 - Public Employee's Retirement System Defined Contribution	1,787.40				1,787.40
1034 - Public Employee's Retirement System Defined Cont Health Reim	1,421.54				1,421.54
1035 - Public Employee's Retirement Sys Defined Cont Retiree Medical	370.57				370.57
1037 - Public Employee's Retirement Sys Defined Benefit Unfnd Liab	4,780.79				4,780.79
1040 - Group Health Insurance	11,743.45				11,743.45
1042 - Worker's Compensation Insurance	321.59				321.59
1047 - Leave Cash In Employer Charge	798.16				798.16
1048 - Terminal Leave Employer Charge	737.73				737.73
1053 - Medicare Tax	563.04				563.04
1077 - ASEA Legal Trust	61.01				61.01
1079 - ASEA Injury Leave Usage	7.61				7.61
1080 - SU Legal Trst	1.61				1.61
2012 - Out-State Employee Airfare			674.31		674.31
2013 - Out-State Employee Surface Transportation			52.91		52.91
2014 - Out-State Employee Lodging			1,666.80		1,666.80
2015 - Out-State Employee Meals and Incidentals			434.50		434.50
2017 - Out-State Non-Employee Airfare			1,021.22		1,021.22
2019 - Out-State Non-Employee Lodging			2,000.10		2,000.10
2020 - Out-State Non-Employee Meals and Incidentals			324.50		324.50
3000 - Training/Conferences				1,400.00	1,400.00
3002 - Memberships				350.00	350.00
3045 - Postage				17.00	17.00
3046 - Advertising				663.74	663.74
3085 - Inter-Agency Mail				121.85	121.85
3088 - Inter-Agency Legal				1,631.42	1,631.42
4006 - I/A Commodity Purchases				10.00	10.00
<b>Grand Total</b>	<b>66,759.24</b>	<b>6,174.34</b>	<b>4,184.01</b>	<b>10.00</b>	<b>77,127.59</b>

# Investigations



**MEMORANDUM**

DATE: May 15, 2023  
TO: Board of Certified Real Estate Appraisers  
THRU: Erika Prieksat, Chief Investigator *EP*  
FROM: Anna Gabriel, Investigator *AG*  
RE: Investigative Report for the May 23, 2023 Meeting

The following information was compiled as an investigative report to the Board for the period of January 25, 2023 thru May 15, 2023; this report includes cases, complaints, and intake matters handled since the last report.

Matters opened by the Paralegals in Anchorage and Juneau, regarding continuing education audits and license action resulting from those matters are covered in this report.

**OPEN - 4**

<u>Case Number</u>	<u>Violation Type</u>	<u>Case Status</u>	<u>Status Date</u>
<b>REAL ESTATE APPRAISER</b>			
2021-000853	Violation of licensing regulation	Complaint	10/14/2021
2021-001048	Violation of licensing regulation	Complaint	11/22/2021
2022-001192	Violation of licensing regulation	Complaint	12/22/2022
2022-001048	Violation of licensing regulation	Investigation	04/11/2023

**Closed -**

<u>Case #</u>	<u>Violation Type</u>	<u>Case Status</u>	<u>Closed</u>	<u>Closure</u>
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**END OF REPORT**

## Annual Report

- Schedule Upcoming Meetings
- Review and Vote on Annual Report



Statute Project(s)  
-Update from Ms. Hayes

Review of Legal Opinion from Department of Law  
regarding 12 AAC 70.105 and 12 AAC 70.115

## Regulation Project(s)

-Practicum & Grant Research Updates  
from Sather and Hayes

-Update from Regulation Project  
Committee meetings regarding  
consideration of AQB verbiage,  
PAREA, and Practicums

-ASC Off Site Assessment regulation  
suggestions

# THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

## AND INTERPRETATIONS OF THE CRITERIA

Real Property Appraiser Qualification Criteria  
Effective January 1, 2022

Appendix:  
AQB Guide Notes



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

APPRAISER QUALIFICATIONS BOARD



# VISION AND MISSION STATEMENT OF THE APPRAISAL FOUNDATION

## VISION STATEMENT

To ensure public trust in the valuation profession.

## Mission Statement

The Appraisal Foundation is dedicated to promoting professionalism and ensuring public trust in the valuation profession. This is accomplished through the promulgation of standards, appraiser qualifications, and guidance regarding valuation methods and techniques.

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at [www.appraisalfoundation.org](http://www.appraisalfoundation.org).



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# WHAT IS THE AQB?

The Appraiser Qualifications Board (AQB) is an independent board of The Appraisal Foundation (Foundation). The AQB is comprised of at least five practicing appraisers who are appointed by the Foundation's Board of Trustees for one- to 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 license or certification as well as Supervisory Appraiser requirements. 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 5).

## REAL PROPERTY APPRAISER QUALIFICATION CRITERIA, INTERPRETATIONS OF THE CRITERIA, GUIDE NOTES, AND Q&As

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

The AQB has statutory authority to develop mandatory *Criteria* for Supervisory Appraisers (not an appraiser credential classification) and the Trainee Appraiser, Licensed Residential, Certified Residential, and Certified General appraiser classifications. If a state has these classifications, they are required to adopt these *Criteria*, at a minimum, for appraisals performed in federally-related transactions.

The original *Criteria*, adopted by the AQB in March 1991, included the following classifications: Licensed Residential, Certified Residential, and Certified General. Each of these classifications included requirements for education, experience, and an examination. The Trainee Appraiser classification was 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* included:

- An increase in the qualifying education requirements for the Licensed Residential and Certified General classifications;
- The requirement that all real property appraisers take the *15-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Course*;
- 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 annual continuing education requirement from 10 to 14 classroom hours for all classifications.

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 qualifying education requirements for the Licensed Residential, Certified Residential, and Certified General classifications. The required education hours were raised from 90 to 150 hours for the Licensed Residential classification, 120 to 200 hours for the Certified Residential classification, and 180 to 300 hours for the Certified General classification; and
- A requirement for college-level education for the Certified Residential and Certified General classifications. The Certified Residential classification required an Associate degree or higher; or in lieu of a degree, a minimum of 21 college semester hours in specified coursework. The Certified General required a Bachelor's degree or higher, or in lieu of a degree, a minimum of 30 semester hours in specified college course work.





After five exposure drafts, in December 2011 the AQB adopted revisions to the *Criteria* for implementation in January 2015. Major revisions include:

- Education and experience must be completed prior to taking the *National Uniform Licensing and Certification Examinations*;
- Applicants for the Certified Residential and Certified General classifications must have a Bachelor's degree or higher from an accredited college or university;
- Applicants for the Licensed Residential classification must successfully complete 30 semester hours of college-level education from an accredited college, junior college, community college, or university, or have an Associate's degree or higher from an accredited college, junior college, community college, or university;
- Recognition of university degree programs as counting toward the education requirements in the *Criteria*;
- Removal of the "Segmented" Approach to implementation of the *Criteria*;
- Prohibition of repetitive continuing education within the same continuing education cycle;
- Clarification of the term "written examination";
- Revisions to the Trainee Appraiser classification that include a requirement to take a course oriented to the requirements and responsibilities of Trainee Appraisers and Supervisory Appraisers;
- New Supervisory Appraiser requirements;
- Revisions to Guide Note 1; and
- Additions to the illustrative list of educational topics acceptable for continuing education.

In July 2015, the AQB issued a Concept Paper exploring alternative requirements to the *Criteria*. In October 2015, the AQB held a Public Hearing with major stakeholders of the *Criteria*. In the following two years, the AQB issued a Discussion Draft and four Exposure Drafts of proposed changes to the 2015 *Criteria*. On February 1, 2018, the AQB adopted revisions to the *Criteria*. Major revisions include:

- Elimination of college-level education requirements for the Licensed Residential Real Property classification;
- Alternative college-level education requirements for the Certified Residential Real Property classification;
- An alternative track for Licensed Residential Real Property Appraisers to move to the Certified Residential Real Property Appraiser classification; and
- Modification of experience hours and experience time frames for the Licensed Residential and Certified Residential classifications, and modification of the experience time frame for the Certified General classification.

In April 2019, the AQB issued an Exposure Draft of a proposed Interpretation relating to qualification requirements for Supervisory Appraisers. The AQB issued a second Exposure Draft on this topic in September 2019. At its November 1, 2019 public meeting, the Board adopted the Interpretation in the second Exposure Draft. The Interpretation clarified that Supervisory Appraisers who have been imposed discipline for "administrative" reasons (as opposed to "practice-related" reasons) would still be eligible to supervise.

### Interpretations of the Criteria and Q&As

To further clarify AQB intent to users of the *Criteria*, the AQB may issue Interpretations of the *Criteria*. Interpretations are essential to properly understanding the *Criteria* and are, therefore, binding on users of the *Criteria*. Interpretations are added to the text of this document subsequent to their adoption by the AQB. 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 may not follow a chronological sequence.

The AQB also issues Q&As which are published periodically and available on The Appraisal Foundation website. The Q&As are a form of guidance issued by the AQB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of the *Real Property Appraiser Qualification Criteria* and Interpretations of the *Criteria* in specific situations and to offer advice from the AQB for the resolution of appraisal issues and problems. The AQB Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. AQB Q&A does not establish new *Criteria*. AQB Q&A is not part of the *Real Property Appraiser Qualification Criteria*. AQB Q&A is approved by the AQB without public exposure and comment. To review the latest AQB Q&As, please visit the Q&A webpage located on the Foundation's website at [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

### Supporting the Work of the AQB

The AQB strongly 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 work of the AQB is available online via the Foundation's website at [www.appraisalfoundation.org](http://www.appraisalfoundation.org), or by contacting the Board's staff at the Foundation by calling (202) 347-7722, or via e-mail at [AQB@appraisalfoundation.org](mailto:AQB@appraisalfoundation.org).

### Exposure Draft Process

In recognition of the public authority of the AQB, all proposed revisions to the *Criteria* must be exposed for public comment prior to adoption. The AQB considers all comments in public meetings prior to taking final action. Prior to publication of an exposure draft, all proposed revisions to the *Criteria* are reviewed by a regulatory attorney.

### Public Meetings

The AQB conducts periodic public meetings. Observers are encouraged to attend and, if time permits, address the Board regarding an agenda item.

### Speaking Engagements

Members of the AQB are available for speaking engagements and presentations on the current work of the Board. Invitations to speak may be submitted via the "Request a Speaker" section on The Appraisal Foundation's website ([www.appraisalfoundation.org](http://www.appraisalfoundation.org)). These requests should be submitted as early as possible in order to facilitate scheduling.

### Other AQB Work

In addition to its work on the *Criteria*, the AQB is involved in numerous other ongoing projects, including:

- Maintenance and periodic updating of the *National Uniform Licensing and Certification Examinations* and their accompanying Examination Content Outlines (ECO's). The ECO's are used in the development of the examinations.
- Development of and enhancements to the Program to Improve USPAP Education.
- Administration of the Course Approval Program (CAP).
- Administration of the Real Estate Degree Review Program.
- Development of **voluntary** minimum *Personal Property Appraiser Qualification Criteria*.

More information on The Appraisal Foundation and the activities of the AQB is available online at [www.appraisalfoundation.org](http://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 [AQB@appraisalfoundation.org](mailto:AQB@appraisalfoundation.org).



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# REAL PROPERTY APPRAISER QUALIFICATION CRITERIA

EFFECTIVE JANUARY 1, 2022



## DEFINITIONS:

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

**Required Core Curriculum:** A set of major appraisal subject matter headings, known as “modules,” which require a specified number of educational hours at each credential level.

*For example, as part of the Required Core Curriculum, a minimum of 30 hours of coverage of the module “Basic Appraisal Principles” is required.*

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

*As Guide Note 1 is not a binding requirement, coverage of the subtopics is not required for educational offerings to be valid; however, individuals will be expected to demonstrate competency in the subtopics in order to pass the respective licensing or certification examinations.*

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

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

*For example, AQB Guide Note 1 (GN-1) “AQB Guidance for Curriculum Content” provides state appraiser regulators, students, and educators with suggested subtopics and items of coverage for each module in the Required Core Curriculum. The subtopics identified in Guide Note 1 represent those areas of education in which appraisers should be able to demonstrate competency to pass the respective licensing or certification examinations.*

## GENERAL INTERPRETATIONS

- A. The following is an exception for implementing the *Real Property Appraiser Qualification Criteria*:  
*An applicant in the Reserve components of the U.S. Armed Forces, who was pursuing an appraiser license or certification prior to December 1, 2011, and who was called to active duty between December 1, 2011 and December 31, 2014, may satisfy the qualifications required under the 2008 Criteria for an additional time period after January 1, 2015. The extension of time shall be equal to the applicant’s time of active duty, plus 12 months.*
- B. The following is a clarification of the existing *Real Property Appraiser Qualification Criteria*:  
*With respect to the prerequisites needed before an applicant takes the National Uniform Licensing and Certification Examinations as referenced in the various sections II. B., applicants must have all experience and education completely verified by the appropriate state appraiser regulatory agency prior to taking the National Exam. Applicants cannot self-verify experience.*

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

### I. Standards of Practice

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 (with the exception of Trainee Appraisers) in good standing in any jurisdiction shall be considered in compliance with current Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria* (*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 (with the exception of Trainee Appraisers) 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; or
  7. The Appraisal Foundation or its Boards.
- C. Experience may not be substituted for education.
- D. Distance education is defined as any education process based on the geographical separation of student and instructor. Components of distance education include synchronous, asynchronous, and hybrid. In synchronous educational offerings, the instructor and students interact simultaneously online, similar to a phone call, video chat or live webinar, or web-based meeting. In asynchronous educational offerings, the instructor and student interaction is non-simultaneous; the students progress at their own pace and follow a structured course content and quiz/exam schedule. Hybrid courses, also known as blended courses, are learning environments that allow for both in-person and online (synchronous, or asynchronous) interaction.

Synchronous courses provide for instruction and interaction substantially the same as on-site classroom courses. Synchronous courses meet class hour requirements if they comply with requirements III.A and III.B.

An asynchronous 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 appraiser regulatory 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 US Secretary of Education. Non-academic credit college courses provided by a college shall be approved by the AQB or the state appraiser regulatory jurisdiction; and
  3. Course delivery mechanism approval is obtained from one of the following sources:
    - a. The AQB; or
    - b. AQB approved organizations providing approval of course design and delivery (such as The Appraisal Foundation or other independent approved entity); or
    - c. a college or university that qualifies for content approval in paragraph 2 above that awards academic credit for the distance education course; or
    - d. a qualifying college or university for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.
  4. Hybrid courses meet class hour requirements if each of its sessions meet the requirement for the delivery method employed:
    - a. in-person course sessions must meet III.A. and III.B.
    - b. synchronous course sessions must meet III.A. and III.B.
    - c. asynchronous courses sessions must meet III.A., III.B., and III.D.1-3
- E. *Criteria Specific to Qualifying Education*
1. Class hours will be credited only for educational offerings with content that follows the *Required Core Curriculum* for each respective credential classification. 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 Note (GN-1) contains guidance for curriculum content with subtopics listed under each major module. The subtopics listed in GN-1 are used for developing Examination Content Outlines for each applicable credential classification, and may also be amended from time to time to reflect changes in technology or in the Body of Knowledge. GN-1 is not mandatory for meeting the *Required Core Curriculum*.
  2. Credit toward qualifying education requirements may also be obtained via the completion of a degree in Real Estate from an accredited degree-granting college or university approved by the Association to Advance Collegiate Schools of Business, or a regional or national accreditation agency recognized by the



US Secretary of Education, **provided that the college or university has had its curriculum reviewed and approved by the AQB.**

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

3. Class hours may be obtained only where:
    - a. the minimum length of the educational offering is at least 15 hours; and
    - b. the individual successfully completes a proctored, closed-book final examination pertinent to that educational offering.
  4. Where the qualifying education course includes multiple modules as listed in the *Required Core Curriculum*, there must be appropriate testing of each module included in the course.
  5. Courses taken to satisfy the qualifying education requirements must not be repetitive. Courses shall foster problem-solving skills in the education process by utilizing case studies as a major teaching method when applicable.
  6. Applicants must take the *15-Hour National USPAP Course*, or its AQB-approved 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 in good standing. Course 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.
  7. In addition to the generic requirements described in III.D., distance education courses intended for use as qualifying education must include a written, closed-book final examination. The examination must be proctored in person or remotely by an official approved by the college or university, or by the sponsoring organization. Bio-metric proctoring is acceptable.<sup>1</sup> The term, "written," as used herein, refers to an exam that might be written on paper or administered electronically on a computer workstation or other device. Oral exams are not acceptable. The testing must comply with the examination requirements of this section.
- F. *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.
 

Aside from complying with the requirements to complete the *7-Hour National USPAP Update Course*, or its equivalent, appraisers may not receive credit for completion of the same continuing education course offering within the same continuing education cycle.
  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 real property related appraisal topics, including, but not limited to:
    - a. Ad valorem taxation;
    - b. Arbitration, dispute resolution;
    - c. Courses related to the practice of real estate appraisal or consulting;
    - d. Development cost estimating;
    - e. Ethics and standards of professional practice, USPAP;
    - f. Valuation bias, fair housing, and/or equal opportunity;
    - g. Land use planning, zoning;
    - h. Management, leasing, timesharing;

<sup>1</sup> Bio-metric proctoring process provides that student identity is continually verified through processes, such as facial recognition, consistency in keystroke cadence, and the observation of activity in the testing location. Aberrant behavior or activity can be readily observed.

- i. Property development, partial interests;
  - j. Real estate law, easements, and legal interests;
  - k. Real estate litigation, damages, condemnation;
  - l. Real estate financing and investment;
  - m. Real estate appraisal-related computer applications;
  - n. Real estate securities and syndication;
  - o. Developing opinions of real property value in appraisals that also include personal property and/or business value;
  - p. Seller concessions and impact on value; and/or
  - q. Energy-efficient items and “green building” appraisals.
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.D., asynchronous distance education courses intended for use as continuing education must include at least one of the following:
    - a. A written examination proctored by an official approved by the college or university, or by the sponsoring organization. Remote proctoring, including bio-metric procedures as noted in III E. 7. above, is acceptable. The term “written” as used herein refers to an exam that might be written on paper, or administered electronically on a computer workstation or other device. Oral exams are not acceptable; or
    - b. 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 may 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 AQB-approved 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 USPAP Instructor who is also a state certified appraiser in good standing.
  11. The equivalent of fourteen (14) 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.
  12. AQB Certified USPAP Instructors successfully completing a *7-Hour Instructor Recertification Course* and exam (if required) within their current continuing education cycle have satisfied the *7-Hour National USPAP Update Course* continuing education requirement.
  13. State appraiser regulatory agencies with the appropriate authority to do so may place a credential holder in an “inactive status” in the event the state determines a deficiency in continuing education was due to extenuating circumstances.

Prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder was in an active status. The





required hours must also include the most recent edition of a *7-Hour National USPAP Update Course* (or its AQB-approved equivalent).

Waivers may not be granted to credential holders who have failed to meet the continuing education requirements.

Deferrals may not be granted to credential holders, except in the case of individuals returning from active military duty, or individuals impacted by a state- or federally-declared disaster. State appraiser regulatory agencies may allow credential holders returning from active military duty to be placed in active status for a period of up to 90 days pending completion of all continuing education requirements. State appraiser regulatory agencies may allow credential holders impacted by a state- or federally-declared disaster that occurs within 90 days prior to the end of the continuing education cycle to remain (or be placed in) active status for a period of up to 90 days after the end of the credential holder's continuing education cycle, pending completion of all continuing education requirements.

14. Credentialed appraisers are required to complete continuing education for a partial year in a continuing education cycle as follows:

For continuing education cycle periods of 185 days or more, 14 hours of continuing education is required.

For continuing education cycle periods of less than 185 days, no hours of continuing education are required.

**Example #1:** A credential issued on August 15 that expires on December 31 of the same year would not require any continuing education hours for that year.

**Example #2:** A credential issued on May 15 that expires on December 31 of the same year would require 14 continuing education hours for that year.

**Example #3:** A credential issued on August 15 that expires on December 31 of the following year would require 14 hours of continuing education to renew.

15. State appraiser regulatory agencies may award continuing education credit to credentialed appraisers who attend a state appraiser regulatory agency meeting, under the following conditions:
  - a. Credit may be awarded for a single state appraiser regulatory agency meeting per continuing education cycle. The meeting must be open to the public and must be a minimum of two (2) hours in length. The total credit cannot exceed seven (7) hours; and
  - b. The state appraiser regulatory agency must ensure that the credentialed appraiser attends the meeting for the required period of time.

**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.

**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 in the appraisal process. The appraisal process consists of: analyzing factors that affect value; defining the problem; gathering and analyzing data; applying the appropriate analysis and methodology; and arriving at an opinion and correctly reporting the opinion in compliance with USPAP.
- C. Hours may be treated as cumulative in order to achieve the necessary number of hours of appraisal experience.
  1. Cumulative is defined as experience that may be acquired over multiple time periods.
  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
<b>Total</b>	<b>2,500 Hours</b>

- D. There need not be a client in a traditional sense (e.g., a client hiring an appraiser for a business purpose) in order for an appraisal to qualify for experience. Experience gained for work without a traditional client can meet any portion of the total experience requirement.
- E. Practicum courses that are approved by the AQB Course Approval Program or state appraiser regulatory agencies can satisfy the non-traditional client experience requirement. A 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 market research containing sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require problem solving skills for a variety of property types for the credential category.

Experience credit shall be granted for the actual classroom hours of instruction and hours of documented research and analysis as awarded from the practicum course approval process.

- F. 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.

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

## VI. Practical Applications of Real Estate Appraisal (PAREA)

Practical Applications of Real Estate Appraisal (PAREA) programs approved by the AQB utilize simulated experience training, and serve as an alternative to the traditional Supervisor/Trainee experience model, under Section V. To qualify as creditable experience, AQB-approved PAREA programs shall:

1. Contain, at a minimum, the content specified in the Practical Applications of Real Estate Appraisal section of this Criteria;
2. Require participants to possess the following prerequisites prior to commencement of training:
  - a. For the Licensed Residential Module: 150 hours of qualifying education as specified in the Required Core Curriculum for the Licensed Residential Real Property Appraiser classification.
  - b. For the Certified Residential Module: 200 hours of qualifying education as specified in the Required Core Curriculum for the Certified Residential Real Property Appraiser classification; and
    - i. Possession of a valid Licensed Residential Real Property Appraiser credential; or
    - ii. Successful completion of an AQB-approved PAREA program for the Licensed Residential Real Property Appraiser classification;
3. Provide an adequate number of Mentors to ensure timely and competent mentoring for all program participants;



4. Ensure Mentors meet or exceed the following qualifications:
  - a. Mentors shall be state-certified appraisers and in “good standing” for a period of at least three (3) years prior to being eligible to become a Mentor; and
  - b. Mentors shall not have been subject to any disciplinary action, within any jurisdiction, within the last three (3) years that affected the Mentor’s legal eligibility to engage in appraisal practice, or to act as a Supervisory Appraiser. A Mentor subject to a disciplinary action would be considered to be in “good standing” three (3) years after the successful completion/termination of the imposed sanction; and
5. Ensure program participants produce appraisal reports that comply with USPAP, and meet or exceed the following requirements:
  - a. Licensed Residential
    - i. No fewer than three (3) appraisal reports;
    - ii. Reports must represent a variety of assignment types and property types that are consistent with the Licensed Residential program content; and
    - iii. Reports must comply with the edition of USPAP that is in effect at the time.
  - b. Certified Residential
    - i. No fewer than three (3) appraisal reports;
    - ii. Reports must represent a variety of assignment types and property types that are consistent with the Certified Residential program content; and
    - iii. Reports must comply with the edition of USPAP that is in effect at the time; and
6. Provide each program participant that successfully completes PAREA training with a certificate of completion, subject to the following:
  - a. Participants may not receive partial credit for PAREA training;
  - b. Participants may not receive a certificate of completion until all required components of PAREA training have been successfully completed and approved by a program Mentor;
  - c. Certificates of completion must be signed by an individual from the training entity qualified to verify a participant’s successful completion; and
  - d. Certificates of completion must not contain an expiration date or other constraints that either limit or restrict the participant’s ability to receive appropriate credit; and
7. Allow participants successfully completing approved PAREA programs to receive the following experience credit:
  - a. For participants completing an approved Licensed Residential program:
    - i. Licensed Residential classification: up to 100 percent of the required experience hours.
    - ii. Certified Residential classification: up to 67 percent of the required experience hours.
    - iii. Certified General classification: up to 33 percent of the total required experience, none of which is eligible towards the required non-residential hours.
  - b. For participants completing an approved Certified Residential program:
    - i. Licensed Residential classification: up to 100 percent of the required experience hours.
    - ii. Certified Residential classification: up to 100 percent of the required experience hours.
    - iii. Certified General classification: up to 50 percent of the total required experience, none of which is eligible towards the required non-residential hours.

## VII. Background Checks

- A. All applicants for a real property appraiser credential shall possess a background that would not call into question public trust.
- B. Applicants shall provide state appraiser regulatory agencies with all of the information and documentation necessary for the jurisdiction to determine the applicant’s fitness for licensure or certification.
- C. An applicant shall not be eligible for a real property appraiser credential if, during at least the five (5) year period immediately preceding the date of the application for licensing or certification, the applicant has been convicted of, or pled guilty or nolo contendere to a crime that would call into question the applicant’s fitness for licensure.
- D. Additional guidance related to background checks for applicants for a real property appraiser credential may be found in Guide Note 9 (GN-9).

## VIII. Interpretations and Guide Notes (GN)

Periodically, the AQB may issue Interpretations to the *Criteria* (binding) or Guide Notes (advisory) on interpretations or application of the *Criteria*.

# SUPERVISORY APPRAISER REQUIREMENTS

APPLICABLE TO SUPERVISION OF **TRAINEE APPRAISERS** ONLY

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

## I. General

- A. Supervisory Appraisers shall be responsible for the training, guidance, and direct supervision of the Trainee Appraiser by:
  1. Accepting responsibility for the appraisal by signing and certifying the appraisal complies with USPAP;
  2. Reviewing and signing the Trainee Appraiser appraisal report(s); and
  3. Personally inspecting each appraised property with the Trainee Appraiser until the Supervisory Appraiser determines the Trainee Appraiser is competent to inspect the property, in accordance with the COMPETENCY RULE of USPAP for the property type.
- B. Supervisory Appraisers shall be state-certified and in “good standing” for a period of at least three (3) years prior to being eligible to become a Supervisory Appraiser. Supervisory Appraisers do not need to be state certified and in good standing *in the jurisdiction* in which the Trainee Appraiser practices **for any specific minimum period of time**. Supervisory Appraisers shall not have been subject to any disciplinary action—within any jurisdiction—within the last three (3) years that affected the Supervisory Appraiser’s legal eligibility to engage in appraisal practice. A Supervisory Appraiser subject to a disciplinary action would be considered to be in “good standing” three (3) years *after* the successful completion/termination of the sanction imposed against the appraiser.

### ***Supervisory Appraiser Requirements Interpretation***

With respect to disciplinary sanctions that affect an individual’s legal eligibility to practice as referenced in Section 1.B. above, sanctions imposed as a result of administrative actions not related to an individual’s obligations of ethical and competent appraisal practice do not apply. Examples may involve isolated administrative responsibilities including late payment of fees, failure to timely renew a credential, or failure to notify a regulatory office of a change in contact information. The intent of the language stated in Section 1.B. above, was to prevent Supervisory Appraisers from training due to egregious appraisal practice issues that involved ethics and competency. Administrative infractions do not preclude an individual from acting as a Supervisory Appraiser for three years after the sanction.

- C. Supervisory Appraisers must comply with the COMPETENCY RULE of USPAP for the property type and geographic location where the Trainee Appraiser is being supervised.
- D. Whereas a Trainee Appraiser is permitted to have more than one Supervisory Appraiser, Supervisory Appraisers may not supervise more than three (3) Trainee Appraisers at one time, unless a state program in the credentialing jurisdiction provides for progress monitoring, supervisory certified appraiser qualifications, and supervision and oversight requirements for Supervisory Appraisers.



- E. An appraisal experience log shall be maintained jointly by the Supervisory Appraiser and the Trainee Appraiser. It is the responsibility of both the Supervisory Appraiser and Trainee Appraiser to ensure the experience log is accurate, current, and complies with the requirements of the Trainee Appraiser's credentialing jurisdiction. At a minimum, the appraisal log requirements shall include:
1. Type of property;
  2. Date of report;
  3. Address of appraised property;
  4. Description of work performed by the Trainee Appraiser and the scope of the review and supervision of the Supervisory Appraiser;
  5. Number of actual work hours by the Trainee Appraiser on the assignment; and
  6. The signature and state certification number of the Supervisory Appraiser. Separate appraisal logs shall be maintained for each Supervisory Appraiser, if applicable.
- F. Supervisory Appraisers shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. The course is to be completed by the Supervisory Appraiser prior to supervising a Trainee Appraiser. Please refer to the Supervisory Appraiser / Trainee Appraiser Course Objectives and Outline in this booklet for more information.

# REAL PROPERTY APPRAISER CLASSIFICATIONS

## TRAINEE REAL PROPERTY APPRAISER

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

### I. General

- A. The Trainee Appraiser classification is intended to incorporate any documented non-certified/non-licensed real property appraisers who are subject to the *Real Property Appraiser Qualification Criteria*. Recognizing that individual credentialing jurisdictions may use different terminologies, “Trainee Appraisers” include, but are not limited to: registered appraisers, apprentice appraisers, provisional appraisers, or other similar designations created by state appraiser regulatory agencies.
- B. The scope of practice for the Trainee Appraiser classification is the appraisal of those properties which the state-certified Supervisory Appraiser is permitted by his/her current credential and that the Supervisory Appraiser is competent to appraise.
- C. The Trainee Appraiser, as well as the Supervisory Appraiser, shall be entitled to obtain copies of appraisal reports and/or permitted appropriate access and retrieval arrangements for all workfiles for appraisals in which he or she participated, in accordance with the RECORD KEEPING RULE of USPAP.
- D. All Trainee Appraisers must comply with the COMPETENCY RULE of USPAP for all assignments.

### II. Examination

There is no examination requirement for the Trainee Appraiser classification, but the Trainee Appraiser shall pass the appropriate end-of-course examinations in all of the prerequisite qualifying education courses in order to earn credit for those courses.

### III. Qualifying Education

- A. As the prerequisite for application, an applicant must have completed seventy-five (75) hours of qualifying education as specified in the *Required Core Curriculum*. Additionally, applicants must pass the course examinations and pass the *15-Hour National USPAP Course* (or its AQB-approved equivalent) and examination as part of the 75 hours. All qualifying education must be completed within the five (5) year period immediately preceding the date of application for a Trainee Appraiser credential.
- B. Appraisers holding a valid **Licensed Residential Real Property Appraiser** credential satisfy the educational requirements for the Trainee Appraiser credential.



- C. Appraisers holding a valid **Certified Residential Real Property Appraiser** credential satisfy the educational requirements for the Trainee Appraiser credential.
- D. Appraisers holding a valid **Certified General Real Property Appraiser** credential satisfy the educational requirements for the Trainee Appraiser credential.

#### IV. Experience

No experience is required as a prerequisite for the Trainee Appraiser classification.

#### V. Training

- A. The Trainee Appraiser shall be subject to direct control and supervision by a Supervisory Appraiser in good standing, who shall be state certified. A Trainee Appraiser is permitted to have more than one Supervisory Appraiser.
- B. The Supervisory Appraiser shall be responsible for the training, guidance, and direct control and supervision of the Trainee Appraiser by:
  1. Accepting responsibility for the appraisal by signing and certifying the appraisal complies with USPAP;
  2. Reviewing and signing the Trainee Appraiser appraisal report(s); and
  3. Personally inspecting each appraised property with the Trainee Appraiser until the Supervisory Appraiser determines the Trainee Appraiser is competent to inspect the property, in accordance with the COMPETENCY RULE of USPAP for the property type.
- C. The Trainee Appraiser is permitted to have more than one Supervisory Appraiser, but a Supervisory Appraiser may not supervise more than three (3) Trainee Appraisers, at one time, unless a program in the state appraiser regulatory jurisdiction provides for progress monitoring, supervising certified appraiser qualifications, and supervision and oversight requirements for Supervisory Appraisers.
- D. An appraisal experience log shall be maintained jointly by the Supervisory Appraiser and the Trainee Appraiser. It is the responsibility of both the Supervisory Appraiser and the Trainee Appraiser to ensure the appraisal experience log is accurate, current, and complies with the requirements of the Trainee Appraiser's credentialing jurisdiction. At a minimum, the appraisal log requirements shall include:
  1. Type of property;
  2. Date of report;
  3. Address of appraised property;
  4. Description of work performed by the Trainee Appraiser and scope of the review and supervision of the Supervisory Appraiser;
  5. Number of actual work hours by the Trainee Appraiser on the assignment; and
  6. The signature and state certification number of the Supervisory Appraiser. Separate appraisal logs shall be maintained for each Supervisory Appraiser, if applicable.
- E. Supervisory Appraisers shall be state certified and in good standing for a period of at least three (3) years prior to being eligible to become a Supervisory Appraiser. Supervisory Appraisers do not need to be state certified and in good standing **in the jurisdiction** in which the Trainee Appraiser practices **for any specific minimum period of time**. Supervisory Appraisers shall not have been subject to any disciplinary action—within any jurisdiction—within the last three (3) years that affected the Supervisory Appraiser's legal eligibility to engage in appraisal practice. A Supervisory Appraiser subject to a disciplinary action would be considered to be in "good standing" three (3) years after the successful completion/termination of the sanction imposed against the appraiser.
- F. Trainee Appraisers shall be required to complete a course that, at minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee Appraiser credential from the individual credentialing jurisdiction. Further, the Trainee Appraiser course is not eligible towards the 75 hours of qualifying education required. Please refer to the Supervisory Appraiser / Trainee Appraiser Course Objectives and Outline in this booklet for more information.

# LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

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 \$400,000.
- B. Complex one-to-four unit residential property appraisal means one in which the property to be appraised, the form of ownership, or the market conditions are atypical.
- 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 residential units, or for which the highest and best use is for one-to-four residential units.
  2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.
- D. All Licensed Residential Real Property Appraisers must comply with the COMPETENCY RULE of USPAP.

## II. Examination

- A. The AQB-approved Licensed Residential Real Property Appraiser examination must be successfully completed. The only alternative to successful completion of the Licensed Residential examination is the successful completion of the Certified Residential or Certified General examination.
- B. The prerequisites for taking the AQB-approved examination are completion of:
  1. One hundred fifty (150) creditable class hours as specified in the *Required Core Curriculum*; and
  2. One thousand (1,000) hours of qualifying experience in no fewer than six (6) months.

## III. Qualifying Education

- A. The Licensed Residential Real Property Appraiser classification requires completion of one hundred fifty (150) creditable class hours as specified in the *Required Core Curriculum*. As part of the 150 required hours, the applicant shall successfully complete the *15-Hour National USPAP Course*, or its AQB-approved equivalent, and successfully pass the examination. There is no alternative to successful completion of the USPAP Course and examination.
- B. Appraisers holding a valid **Trainee Appraiser** credential may satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential by successfully completing the following additional educational hours:
 

1. Residential Market Analysis and Highest and Best Use	15 Hours
2. Residential Appraiser Site Valuation and Cost Approach	15 Hours
3. Residential Sales Comparison and Income Approaches	30 Hours
4. Residential Report Writing and Case Studies	15 Hours
<b>TOTAL</b>	<b>75 Hours</b>
- C. Appraisers holding a valid **Certified Residential Real Property Appraiser** credential satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential.
- D. Appraisers holding a valid **Certified General Real Property Appraiser** credential satisfy the educational requirements for the Licensed Residential Real Property Appraiser credential.

## IV. Experience:

One thousand (1,000) hours of experience are required to be obtained in no fewer than six (6) months.



# 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 residential units purposes or for which the highest and best use is for one-to-four residential units.
  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. The only alternative to successful completion of the Certified Residential examination is the successful completion of the Certified General examination.
- B. The prerequisites for taking the AQB-approved examination are completion of:
  1. Two hundred (200) creditable class hours as specified in the *Required Core Curriculum*;
  2. Completion of the requirements specified in Section III.B. or III.C., "Qualifying Education"; and
  3. One thousand five hundred (1,500) hours of qualifying experience obtained in no fewer than twelve (12) months.

## III. Qualifying Education

- A. All college-level education must be obtained from a degree-granting institution by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the US Secretary of Education.

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

- An accredited, degree-granting domestic college or university;
  - A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or
  - A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
- B. Applicants for the Certified Residential credential must satisfy at least one of the following five options (III.B.1., III.B.2., III.B.3., III.B.4., or III.B.5.):
    1. Possession of a Bachelor's Degree in any field of study;
    2. Possession of an Associate's Degree in a field of study related to:
      - a. Business Administration;
      - b. Accounting;
      - c. Finance;
      - d. Economics; or
      - e. Real Estate



3. Successful completion of 30 semester hours of college-level courses that cover each of the following specific topic areas and hours:
    - a. English Composition (3 semester hours);
    - b. Microeconomics (3 semester hours);
    - c. Macroeconomics (3 semester hours);
    - d. Finance (3 semester hours);
    - e. Algebra, Geometry, or higher mathematics (3 semester hours);
    - f. Statistics (3 semester hours);
    - g. Computer Science (3 semester hours);
    - h. Business or Real Estate Law (3 semester hours); and
    - i. Two elective courses in any of the topics listed above or in accounting, geography, agricultural economics, business management, or real estate (3 semester hours each).
  4. Successful completion of at least 30 semester hours of College Level Examination Program® (CLEP®) examinations from each of the following subject matter areas:
    - a. College Algebra (3 semester hours);
    - b. College Composition (6 semester hours);
    - c. College Composition Modular (3 semester hours);
    - d. College Mathematics (6 semester hours);
    - e. Principles of Macroeconomics (3 semester hours);
    - f. Principles of Microeconomics (3 semester hours);
    - g. Introductory Business Law (3 semester hours); and
    - h. Information Systems (3 semester hours).
  5. Any combination of III.B.3 and III.B.4 above that ensures coverage of all topics and hours identified in III.B.3.
- C. As an alternative to the requirements in Section III.B. above, individuals who have held a Licensed Residential credential for a minimum of five (5) years may qualify for a Certified Residential credential by satisfying all of the following:
1. No record of any adverse, final, and non-appealable disciplinary action affecting the Licensed Residential appraiser’s legal eligibility to engage in appraisal practice within the five (5) years immediately preceding the date of application for a Certified Residential credential;
  2. Successful completion of the additional required qualifying education as specified in Section III.F. below;
  3. Successful completion of the required experience as specified in Section IV below; and
  4. Successful completion of the Certified Residential Real Property Appraiser examination as specified in Section II above.
- D. The Certified Residential Real Property Appraiser classification requires completion of two hundred (200) creditable class hours as specified in the *Required Core Curriculum*. As part of the 200 required hours, the applicant shall successfully complete the *15-Hour National USPAP Course*, or its AQB-approved equivalent, and the examination. There is no alternative to successful completion of the USPAP Course and examination.
- E. Appraisers holding a valid **Trainee Appraiser** credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by successfully completing the following additional educational hours:
- |   |                  |
|---|------------------|
| 1. Residential Market Analysis and Highest and Best Use   | 15 Hours         |
| 2. Residential Appraiser Site Valuation and Cost Approach | 15 Hours         |
| 3. Residential Sales Comparison and Income Approaches     | 30 Hours         |
| 4. Residential Report Writing and Case Studies            | 15 Hours         |
| 5. Statistics, Modeling and Finance                       | 15 Hours         |
| 6. Advanced Residential Applications and Case Studies     | 15 Hours         |
| 7. Appraisal Subject Matter Electives                     | 20 Hours         |
| <b>TOTAL</b>  | <b>125 Hours</b> |
- F. Appraisers holding a valid **Licensed Residential Real Property Appraiser** credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by successfully completing the following additional educational hours:
- |   |                 |
|---|-----------------|
| 1. Statistics, Modeling and Finance                   | 15 Hours        |
| 2. Advanced Residential Applications and Case Studies | 15 Hours        |
| 3. Appraisal Subject Matter Electives                 | 20 Hours        |
| <b>TOTAL</b>  | <b>50 Hours</b> |



- G. Appraisers holding a valid **Trainee Appraiser** credential wishing to change to the Certified Residential Real Property Appraiser classification must also satisfy the college-level education requirement as specified in III.B.
- H. Appraisers holding a valid **Licensed Residential Real Property Appraiser** credential wishing to change to the Certified Residential Real Property Appraiser classification who do not meet the requirements outlined in Section III.C. must also satisfy the college-level education requirements as specified in Section III.B.
- I. Appraisers holding a valid **Licensed Residential Real Property Appraiser** credential wishing to change to the Certified Residential Real Property Appraiser classification who meet the requirements outlined in Section III.C. do not need to satisfy college-level education requirements as specified in Section III.B.
- J. Appraisers holding a valid **Certified General Real Property Appraiser** credential satisfy the educational requirements for the Certified Residential Real Property Appraiser credential.

#### IV. Experience:

One thousand five hundred (1,500) hours of experience are required to be obtained during no fewer than twelve (12) months. 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

- A. The AQB-approved Certified General Real Property Appraiser examination must be successfully completed. There is no alternative to successful completion of the exam.
- B. The prerequisites for taking the AQB-approved examination are completion of:
  1. Three hundred (300) creditable class hours as specified in the *Required Core Curriculum*; and
  2. Completion of the college-level education requirements specified in III.A. "Qualifying Education"; and
  3. Three thousand (3,000) hours of qualifying experience obtained in no fewer than eighteen (18) months, where a minimum of one thousand five hundred (1,500) hours must be obtained in non-residential appraisal work.

## III. Qualifying Education

- A. Applicants for the Certified General credential must hold a Bachelor's degree or higher from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the US Secretary of Education. Applicants with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:
  - An accredited, degree-granting domestic college or university;
  - A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or
  - A foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
- B. The Certified General Real Property Appraiser classification requires completion of three hundred (300) creditable class hours as specified in the *Required Core Curriculum*. As part of the 300 required hours, the applicant shall complete the *15-Hour National USPAP Course*, or its AQB-approved equivalent, and the examination. There is no alternative to successful completion of the USPAP Course and examination.
- C. 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."



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

1. General Appraiser Market Analysis and Highest and Best Use	30 Hours
2. Statistics, Modeling and Finance	15 Hours
3. General Appraiser Sales Comparison Approach	30 Hours
4. General Appraiser Site Valuation and Cost Approach	30 Hours
5. General Appraiser Income Approach	60 Hours
6. General Appraiser Report Writing and Case Studies	30 Hours
7. Appraisal Subject Matter Electives	30 Hours
<b>TOTAL</b>	<b>225 Hours</b>

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

1. General Appraiser Market Analysis and Highest and Best Use	15 Hours
2. Statistics, Modeling and Finance	15 Hours
3. General Appraiser Sales Comparison Approach	15 Hours
4. General Appraiser Site Valuation and Cost Approach	15 Hours
5. General Appraiser Income Approach	45 Hours
6. General Appraiser Report Writing and Case Studies	15 Hours
7. Appraisal Subject Matter Electives	30 Hours
<b>TOTAL</b>	<b>150 Hours</b>

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

1. General Appraiser Market Analysis and Highest and Best Use	15 Hours
2. General Appraiser Sales Comparison Approach	15 Hours
3. General Appraiser Site Valuation and Cost Approach	15 Hours
4. General Appraiser Income Approach	45 Hours
5. General Appraiser Report Writing and Case Studies	10 Hours
<b>TOTAL</b>	<b>100 Hours</b>

G. **Trainee Appraisers, Licensed Residential Real Property Appraisers, and Certified Residential Real Property Appraisers** wishing to change to the Certified General Real Property Appraiser classification must also satisfy the requirements in III.A. and III.C.

#### IV. Experience

Three thousand (3,000) hours of experience are required to be obtained during no fewer than eighteen (18) months. 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

TRAINEE APPRAISER	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)	15 HOURS
<b>TOTAL</b>	<b>75 HOURS</b>

LICENSED RESIDENTIAL	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
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
<b>TOTAL</b>	<b>150 HOURS</b>

CERTIFIED RESIDENTIAL	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)	15 HOURS
RESIDENTIAL APPRAISER 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 (May include hours over minimum shown above in other modules)	20 HOURS
<b>TOTAL</b>	<b>200 HOURS</b>



## CERTIFIED GENERAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
<i>15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)</i>	15 HOURS
GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE	30 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
GENERAL APPRAISER SITE VALUATION AND COST APPROACH	30 HOURS
GENERAL APPRAISER SALES COMPARISON APPROACH	30 HOURS
GENERAL APPRAISER INCOME APPROACH	60 HOURS
GENERAL APPRAISER REPORT WRITING AND CASE STUDIES	30 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES (May include hours over minimum shown above in other modules)	30 HOURS
<b>TOTAL</b>	<b>300 HOURS</b>

# SUPERVISORY APPRAISER / TRAINEE APPRAISER COURSE OBJECTIVES AND OUTLINE

## COURSE OBJECTIVES

In developing the course, providers must include the following course objectives, which address both the Supervisory Appraiser and Trainee Appraiser.

### Supervisory Appraiser Objectives

The course must provide adequate information to ensure the Supervisory Appraiser understands the qualifications and responsibilities of that role. Specifically, the objective of the course shall be that the student understands:

- AQB minimum qualifications for becoming and remaining a Supervisory Appraiser;
- Jurisdictional credentialing requirements for both Supervisory Appraisers and Trainee Appraisers that may exceed those of the *Criteria*;
- Expectations and responsibilities of being a Supervisory Appraiser;
- Responsibilities and requirements of a Supervisory Appraiser in maintaining and signing all appropriate Trainee Appraiser experience logs; and
- Expectations and responsibilities of the Trainee Appraiser.

### Trainee Appraiser Objectives

The course must provide adequate information to ensure the Trainee Appraiser understands the qualifications and responsibilities of that role. Specifically, the objective of the course shall be that the student understands:

- AQB minimum qualifications for becoming a credentialed appraiser;
- Jurisdictional credentialing requirements for Trainee Appraisers that may exceed those of the *Criteria*;
- AQB minimum qualifications for becoming and remaining a Supervisory Appraiser, as well as jurisdictional credentialing requirements that may exceed those of the *Criteria*;
- Processes and roles of the entities involved in establishing qualifications for credentialed appraisers;
- Expectations and responsibilities of the Trainee Appraiser;
- Basics of the *Uniform Standards of Professional Appraisal Practice* (USPAP); and
- Responsibilities and requirements of a Trainee Appraiser's role in maintaining and signing all appropriate Trainee Appraiser experience logs.

## COURSE CONTENT OUTLINE

Education developers must include the topics contained in the following outline when creating course content:

### I. Table of Contents

### II. Course Introduction and Overview

### III. Qualification and Credentialing Entities

- A. The Appraisal Foundation
  1. Overview of the creation and role of The Appraisal Foundation
- B. The Appraiser Qualifications Board (AQB)
  1. Overview of the role of the AQB in establishing qualifications for real property appraisers





- C. Individual State or Territory Credentialing Authorities
  - 1. Overview of a jurisdiction's role in issuing appraiser credentials and disciplining appraisers
  - 2. Specific information regarding the regulatory structure of the individual jurisdiction (optional)
- D. Professional Appraiser Organizations
  - 1. Overview of the role of professional appraiser organizations
  - 2. Explain difference between required regulatory state appraiser credentials and "voluntary" professional appraiser organization designations

#### IV. Qualifications for Appraiser Credentials

- A. AQB Qualifications
  - 1. Overview of the AQB minimum qualifications for real property appraisers, including the education, experience, and examination requirements for the following categories:
    - a. Trainee Appraiser
    - b. Licensed Residential
    - c. Certified Residential
    - d. Certified General

Comment: Course developers shall include a summary matrix outlining the minimum education, experience, and examination requirements necessary for each of the credentials.

- 2. Overview of Supervisory Appraiser Qualifications
  - a. AQB minimum qualifications
  - b. Discussion noting individual credentialing jurisdictions could have qualifications that may exceed AQB minimum qualifications
- B. Individual Jurisdiction Qualifications
  - 1. Overview explaining how AQB sets minimum qualifications, but states may have qualifications that exceed AQB *Criteria*
  - 2. Outline and explain the specific steps/requirements to becoming licensed or certified in the particular jurisdiction in which the course is being provided

#### V. Overview of USPAP

- A. Provide brief overview of sections of USPAP relevant to Trainee Appraisers including overviews of:
  - 1. ETHICS RULE
  - 2. COMPETENCY RULE
  - 3. SCOPE OF WORK RULE
  - 4. RECORD KEEPING RULE
  - 5. STANDARD 1 (Development) and STANDARD 2 (Reporting)

Comment: This section is not intended to be a substitute for the *15-Hour National USPAP Course* (or its equivalent).

#### VI. Overview of Supervisory Appraiser Expectations and Responsibilities

- A. The course material must include a presentation of the requirements, expectations, and responsibilities of the Supervisory Appraiser. At a minimum, the course materials must include the expectations and responsibilities of the Supervisory Appraiser to:
  - 1. Provide the Trainee Appraiser with a basic understanding of USPAP requirements
  - 2. Understand the AQB minimum requirements of both the Supervisory Appraiser and Trainee Appraiser, as well as the requirements of the credentialing jurisdiction that may exceed those of the *Criteria*
  - 3. Provide proper guidance to the Trainee Appraiser when he or she selects a specific credentialing path (i.e., Licensed Residential, Certified Residential, or Certified General)
  - 4. Monitor the Trainee Appraiser's progress in satisfying both the education and experience requirements necessary to achieve his or her selected credentialing path
  - 5. Verify that the Supervisory Appraiser and Trainee Appraiser are properly documenting all appropriate experience logs

6. Accompany the Trainee Appraiser on all inspections until the Trainee Appraiser is competent to conduct inspections independently and has met all specific requirements pertaining to property inspection established by the credentialing jurisdiction
7. Monitor and provide assignments and duties that ensure the Trainee Appraiser is developing an understanding and progression of knowledge and experience of all applicable valuation methodologies and approaches to value
8. Verify that the Trainee Appraiser is properly identified and acknowledged in the appraisal report in compliance with USPAP requirements
9. Immediately notify the Trainee Appraiser if the Supervisory Appraiser is no longer qualified to supervise and/or sign the Trainee Appraiser's experience log

#### **VII. Overview of Trainee Appraiser Expectations and Responsibilities**

- A. The course material must include a presentation of the requirements, expectations, and responsibilities of the Trainee Appraiser. At a minimum, the course materials must include the expectations and responsibilities of the Trainee Appraiser to understand:
  1. The AQB minimum requirements to become a Trainee Appraiser, as well as the requirements of the credentialing jurisdiction that may exceed those of the *Criteria*
  2. The importance of selecting an appropriate Supervisory Appraiser. Points covered shall include:
    - a. The Supervisory Appraiser-Trainee Appraiser relationship is a long-term commitment by both parties
    - b. The Trainee Appraiser is inherently connected to the "good standing" of the Supervisory Appraiser
    - c. The importance of selecting a Supervisory Appraiser with the experience and competency that best matches the Trainee Appraiser's selected credentialing path
    - d. Options for the Trainee Appraiser if a Supervisory Appraiser is no longer qualified to serve as a Supervisory Appraiser
  3. How to determine if an appraiser is qualified and in good standing to be a Supervisory Appraiser by searching the Appraisal Subcommittee (ASC) National Registry and/or jurisdictional websites
  4. It is the Supervisory Appraiser's responsibility to monitor the progression of the Trainee Appraiser's education and experience necessary to achieve the Trainee Appraiser's selected credentialing path
  5. It is the Supervisory Appraiser's responsibility to provide assignments and duties that ensure the Trainee Appraiser is developing an understanding and progression of knowledge and experience of all applicable valuation methodologies and approaches to value
  6. The responsibilities of both the Trainee Appraiser and the Supervisory Appraiser in properly documenting all appropriate Trainee Appraiser's experience logs
  7. The Supervisory Appraiser must accompany the Trainee Appraiser on all inspections until he or she is competent to conduct inspections independently, and has met all requirements pertaining to property inspection established by the credentialing jurisdiction

#### **VIII. Overview of Jurisdictional Requirements for Supervisory Appraiser and Trainee Appraiser Requirements**

- A. Provide summary of jurisdictional requirements that may exceed those of the AQB *Criteria*
- B. Course developers may elect to present jurisdictional requirements as a separate add-on module, or incorporate differences between AQB minimum and jurisdictional requirements in each appropriate section of the outline

#### **IX. Summary/Quiz (optional)**

#### **X. Definitions**

- A. Provide glossary of definitions utilized throughout the course

# PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA)

The goal of the following is to outline necessary Content Criteria that must be included in the development of exercises, examples, simulations, case studies, and applications as are appropriate to recreate the practical experience expected to be gained by an appraiser seeking a license credential. At least 3 USPAP compliant appraisal reports will be developed in the PAREA program for each licensing category. At a minimum, development and reporting of appraisals for single unit residences, 2-4 unit, and condominium units are essential.

## MINIMUM CONTENT REQUIREMENTS – LICENSED RESIDENTIAL CLASSIFICATION

### I. Introduction

#### A. General Considerations and Responsibilities

1. Discuss respecting the public trust
2. Review and comment on appraiser independence
3. Review and comment on the responsibilities to clients regarding reconsideration of value requests and other communication

#### B. Appraisal Software and Tools

1. Overview of software options (vendors) and common forms
2. Overview of Common tools: measuring devices, cameras, etc.

### II. Problem Identification

#### A. Understanding Assignment Parameters

1. Perform initial review of order/engagement letter, determine authoritative lines of communication. Provide interactive exercises in extracting key information from engagement letter.

#### B. Understanding Assignment Elements and Competency Issues

1. Examine appraisal request and other documents provided (e.g. title reports, surveys, purchase contract) to determine key assignment elements (Standards Rule 1-2(a)–Standards Rule 1-2(d), and the SCOPE OF WORK RULE), and/or contractual obligations. Determine relevant appraisal assignment conditions. Understanding common client, intended use, intended users, engagement letter terms, various assignment types, basis for assignment conditions, extraordinary assumptions, and hypothetical conditions (e.g., FHA, VA, USDA, etc.).
2. Provide exercises for defining the problem. The goal is for participant to establish appropriate steps in appraisal process.
3. Exercises should contain overlays introducing key engagement items that could affect scope of work
4. Ensure that exercises demonstrate impact on both assignment conditions and elements.
5. Include exercises where an appraiser can identify during problem definition process the existence of possible extraordinary assumptions and/or hypothetical conditions.
6. Demonstrate how competency issues are identified and will be resolved.

#### C. Market, Neighborhood, and Subject Property Research

1. Utilize preliminary online/archival research to gain basic market area and subject property information.
2. Develop the general area and neighborhood market analysis.
  - a. Overview of available data sources for market area information.

3. Retrieval/analysis of preliminary information necessary for understanding subject site and improvements.
  4. Review of public record information including site and improvement information.
  5. Utilization of MLS/online sites as a verification source.
  6. Based on information gathered above, develop and explain key relevant property characteristics (Standards Rule 1-2(e)).
- D. Obtaining Preliminary Subject Property Information**
1. Simulate setting the inspection appointment with related requests/requirements.
  2. Determine how you will verify individual providing access.
  3. Review of inspections and reports provided by others and discuss their application and disclosure in the assignment.
- III. Review Sections I and II with Mentor**
- A. Ensure the problem identification process was performed properly leading to an appropriate scope of work.**
  - B. Review research performed to evaluate suitability and that the quantity of information will be satisfactory for later development and analysis.**
- IV. Property Identification and Inspection along with Initial Site Identification**
- A. Research available information sources including public records.**
  - B. Zoning, general plan information**
    1. Identify where to locate all sources of information
    2. Verification of revisions to zoning/general plan
    3. Variances, use restrictions
  - C. Environmental issues, flood zone/earthquake information. Identify and explain unusual issues**
    1. Location of relevant research information
    2. Communicate any unusual findings to the client to confirm whether assignment is to be completed
- V. Verification of Neighborhood and Market Area**
- A. Conduct virtual inspection/review of subject's market area**
  - B. Explain various influences**
  - C. Identify and explain trends/characteristics in the defined neighborhood and market area**
- VI. Subject Site Inspection**
- A. Verify similarity to plat, observation of site utility, its surrounding influences, and possible conditions that could impact value or marketability**
  - B. Analysis of site improvements and useable site area.**
    1. Determine and explain how useable site area relates to surrounding properties
  - C. Identify and discuss various site amenities. Include exercises that include various levels of impact on value**
- VII. Subject Property Improvements Inspection**
- A. Overview**
    1. Types/quality of construction
    2. Floor plan issues, determination of room counts
    3. Observable condition factors and description of upgrades
    4. Recognition of potential/existing adverse influences
  - B. Conduct a virtual physical inspection to determine relevant physical characteristics**
  - C. Provide a thorough description of improvements**
- VIII. Measuring the Subject Property Improvements**
- A. Exercises to include methods and ultimately determination of:**
    1. Basements



2. Stairways & vaulted ceiling areas
3. Below grade living area (split level)
4. Accessory dwelling units, outbuildings, etc.
5. Awareness of special assignment conditions
6. Common rounding practices

**B. Include virtual exercises in measuring subject properties**

**C. Other sources for obtaining GLA**

#### **IX. Sketch Completion**

**A. Include sketch completion exercises**

**B. Exercises must include final GLA determination (what areas should be extracted from GLA)**

#### **X. Review Sections IV thru IX with Mentor**

**A. Ensure all elements of inspection process have been performed properly, including neighborhood, site, and improvements**

#### **XI. Market Analysis/ Highest and Best Use**

**A. Highest and Best Use**

1. Overview of pertinent data, including current/proposed/potential alternative use and communication of highest and best use

**B. Performing Neighborhood and Market Research**

1. Identify the market area boundaries, physical characteristics, and specific property location relevant to the analysis of the subject property.
2. Identify the trends and characteristics in the defined neighborhood and market area

#### **XII. Review Section XI with Mentor**

**A. Ensure key analytical issues related to market conditions and highest and best use are effectively addressed**

#### **XIII. Process of Sales Analysis**

**A. Identify the best sources of sales data for use in case studies including:**

1. MLS
2. City/County (public) transfer records
  - a. How to verify
3. Data providers
4. Appraiser office files
  - a. Confidentiality concerns
5. Real estate agents/brokers
  - a. How to verify

**B. Select the same or similar property types, uses, and characteristics.**

1. Identify elements of comparison
2. Develop exercises for various property types

**C. Identify all relevant current listings, expired listings, withdrawn listings, offers (if available), FSBO, closed sales, and pending sales**

#### **XIV. Review Section XIII with Mentor**

**A. Ensure all necessary steps in highest and best use analysis and market analysis were performed properly. Review data source material to assure sufficient information has been identified for further application.**

#### **XV. Valuation Approaches and Techniques**

**A. Consider each approach to value and explain the appropriateness based on the intended use of the assignment. Select the data considered most meaningful and relevant.**

**B. Sales Comparison Approach**

1. Analyze quality and quantity of data

- a. Identify relevant units of comparison
- b. Data and information collected must be analyzed for comparability and consistency
- 2. Select the sales that are considered the most appropriate for subject property comparability (demonstrate the process)
  - a. Identify and apply appropriate adjustments to comparable transactions based on differences to the subject property. Demonstrate applicable tools and methods, including:
    - 1. Paired sales analysis
    - 2. Statistical and other graphic analysis
  - 3. Trend analysis
  - 4. Qualitative differences, including:
    - a. Relative comparison analysis
    - b. Ranking analysis
  - 5. Discuss and reconcile key elements developed in the sales comparison approach

#### **C. Cost Approach**

- 1. Develop site value of the subject as vacant using recognized methods or techniques
  - a. Include contributory value of site improvement
- 2. Discuss use of replacement or reproduction cost
  - a. Develop supportive data for the cost calculations
  - b. Calculate cost new for the improvements
  - c. Calculate depreciation (demonstrate and apply types, consider market trends)
  - d. Discuss and reconcile key elements developed in the cost approach

#### **D. Income Approach**

- 1. Collection and verification of pertinent rental data (actual vs. contract)
- 2. Determine appropriate GRM (Gross Rent Multiplier)
- 3. Discuss and reconcile key elements developed in the income approach

### **XVI. Review Section XV with Mentor**

- A. Ensure all approaches to value were adequately considered and completed in supportable fashion (including cost and/or income approaches if performed)**

### **XVII. Final Reconciliation**

- A. Analyze and discuss accuracy and sufficiency of data**
- B. Analyze and discuss strengths and weaknesses of each approach to value and their applicability to the subject property**
- C. Analyze and discuss consistency of data and development**
- D. Analyze and discuss the quality and quantity of data**
- E. Review calculations**
- F. Develop the final opinion of value along with the rationale for your conclusions**

### **XVIII. Review Section XVII with Mentor**

- A. Ensure final reconciliation was performed properly and determine appropriate reporting**

### **XIX. Appraisal Report Development/Delivery**

#### **A. Report Development**

- 1. Standards Rule 2-1 minimum standard (not misleading, sufficient, assumptions, etc.)
  - a. Ability to describe the subject property and comparable properties used in the analysis (ensure compliance with STANDARD 2)
    - 1. Technical terms
    - 2. Common industry phrases and descriptors
    - 3. Fair lending do's and don'ts
    - 4. Identify relevant information using industry typical approaches and technologies
  - b. Ability to describe a market area and a neighborhood (same subset as above)



- c. Report format
  - 1. Comply with all applicable assignment elements and conditions
  - 2. Awareness and compliance with state regulatory requirements
  - 3. Describe scope of work
  - 4. Ensure applicable appropriate addenda, exhibits, photos, etc. are included
  - 5. Understand adequacy/relevance/integrity of photos, maps, and exhibits – how/where to upload in a report
- d. Certification
  - 1. Ensure familiarity with pre-printed content and applicability.
  - 2. Develop exercises on completion of workfile documents
  - 3. Demonstrate an ability to store and compile documents

## XX. Review Section XIX with Mentor

- A. Ensure that the key components of an appraisal report and report format are appropriate for assignment(s)

## XXI. Communication of Assignment Results

- A. Adequacy and relevance of information
  - 1. USPAP compliance
  - 2. Assignment conditions
- B. Understand common Client-specific requirements – additional comparable sales, inclusion of active listings in the report, supplemental exhibits, etc.
  - 1. Demonstrate the ability to meet client expectations conveyed through the engagement letter or other instruction methods
  - 2. Adequate support for analysis
- C. Explain and support rationale for excluding any of the traditional approaches
  - 1. Explain and support reconciliation
  - 2. Explain all assumptions
- D. Explain and support all extraordinary assumptions and hypothetical conditions (state their use may have effect on assignment results)

## XXII. Review Section XXI with Mentor

- A. Ensure understanding of effective appraisal report presentation and required content
- B. Ensure compliance with Standards Rule 2-2

# MINIMUM CONTENT REQUIREMENTS – CERTIFIED RESIDENTIAL CLASSIFICATION

## I. Problem Identification

- A. Relevant Scope of Work and Competency Issues Involved
  - 1. Develop exercises on how competency issues will be resolved.
  - 2. Conduct a preliminary analysis to ensure an appropriate Scope of Work

## II. Review Section I with Mentor

- A. Ensure understanding of how issues uncovered during property identification process relate to complexity. Also, focus on complex ownership issues

## III. Positive or Negative Locational Influences

- A. Recognize Population/Employment Trends
- B. Determine and discuss relationships between employment, population, and residential units (Single Unit Residential vs. 2-4 Unit Residential) over time

## IV. Residential Market Analysis/Highest and Best Use

- A. Market Analysis Issues Related to Highest and Best Use for Complex Properties

- B. Special Assessments
- V. Review Sections III and IV with Mentor
  - A. Ensure key analytical issues related to market conditions and highest and best use are effectively addressed.
- VI. Physical Characteristics of Complex Properties – identify and discuss
  - A. Unique Design Features
  - B. High Quality/Amenity Properties
  - C. Over-improvements
  - D. Physical Deficiencies of Improvements
  - E. Functional Inadequate and Super Adequate Impact
- VII. Vacant Sites (Including View Amenities, Surplus Land)
  - A. Develop exercises that contain issues covered under Site and Cost Approaches
- VIII. Use of Key Statistical Concepts
  - A. Develop appropriate statistical tools to be used in development of opinion of value
  - B. Explain and support their application
- IX. Key Market Driving Influences
  - A. Determine most appropriate units of comparison (market drivers)
  - B. Identify market preferences for characteristics and amenities (e.g., parking, # beds, # baths, GLA)
- X. Review Sections VI thru IX with Mentor
  - A. Ensure key analytical issues related to market conditions and highest and best use are effectively addressed
  - B. Confirm appropriate items have been identified and analyzed for proper application in determination of opinion of value
- XI. Site Valuation and Cost Approaches
  - A. Site Valuation
    1. Extract comparable land/site sales data that will adequately support adjustments for contributing value of unique attributes associated with complex vacant sites (view, entitlements, amenities, surplus/excess land)
  - B. Develop a supportable Land/Site Valuation - using the following methods:
    1. Allocation
    2. Market extraction
    3. Ground rent capitalization
    4. Land residual method; and
    5. Sales comparison
  - C. Construction Costs
    1. Exercises related to high amenity structures
    2. Discuss local cost influences
  - D. Functional Obsolescence
    1. Distinguish between curable and incurable forms
    2. Analyze and support conclusions on obsolescence, including lack thereof, associated with complex properties
  - E. External Obsolescence
    1. Analyze and support conclusions on obsolescence, including lack thereof, associated with complex properties





## **XII. Review Section XI with Mentor**

- A. Ensure the Cost Approach has been performed properly.**

## **XIII. Sales Comparison Approach**

### **A. Sales Concessions**

1. Is the subject property subject to sales concessions?
2. Identify and discuss application (or not) of any sales concessions in comparable data based on market norms
3. Cash equivalency related to financing terms

### **B. Identifying and Applying Atypical Adjustments – develop support related to the following:**

1. High amenity custom quality adjustments
2. Site adjustments
3. Adjustment support/matched pairs, statistical methods
4. Adjustment support for unique one-off property sales including those with Accessory Dwelling Units

## **XIV. Review Section XIII with Mentor**

- A. Ensure the sales comparison approach has been performed properly.**

## **XV. Income Approach**

### **A. 1-4 Unit Appraisals**

1. Perform collection of comparable rent data
2. Complex rental adjustments
3. Understand and apply impact of complex amenities
4. Factor for Expense allocations between comparable transactions

### **B. Unique 2-4 unit assignments – discuss the following:**

1. Location premiums within PUD/condo
2. Impact of rent control or subsidies
3. Student housing
4. Seasonal and short-term rentals

### **C. GRM analysis**

1. Non-market rent impact on GRM
2. Perform reconciliation of GRM indicators

## **XVI. Review Section XV with Mentor**

- A. Review the Income approach to value and ensure proper analysis and support for conclusions**

## **XVII. Writing and Reasoning Skills**

### **A. Data Presentation**

1. Develop presentation of data in tables, charts, and graphs as appropriate
2. Express succinct narrative using active voice, direct statements, shorter words, shorter paragraphs and placing the bottom-line up front
3. Underscore proper and understandable use of English
  - a. Have another proofread whenever possible

### **B. Discussion of Approaches to Value**

1. Adjust depth of discussion to the intended user(s)

### **C. Support for Conclusions**

1. Clearly state conclusions throughout the report. Each conclusion requires credible support and logical reconciliation

### **D. Summary of Data and Reconciliation of Value Approaches**

1. Summarize the quantity, quality, reliability, and relevance of data available for application in each approach performed. The reconciliation and final value opinion must be consistent with the conclusions of this summary regarding the most germane approach to value

## **XVIII. Review Section XVII with Mentor**

- A. Ensure understanding of effective appraisal report presentation and required content**

- B. Ensure compliance with Standards Rule 2-2**



# APPENDIX

## GUIDE NOTES

# GUIDE NOTES

## AQB GUIDE NOTE 1 (GN-1) AQB GUIDANCE FOR REQUIRED CORE CURRICULUM CONTENT

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

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

### I. BASIC APPRAISAL PRINCIPLES (required for the Trainee Appraiser, Licensed Residential, Certified Residential, and Certified General classifications) 30 HOURS

- A. Real Property Concepts and Characteristics
  - 1. Basic Real Property Concepts
  - 2. Real Property Characteristics
  - 3. Legal Description
- B. Legal Considerations
  - 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. Classic 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
- H. Valuation Bias, Fair Housing, and/or Equal Opportunity

### II. BASIC APPRAISAL PROCEDURES (required for the Trainee Appraiser, Licensed Residential, Certified Residential, and Certified General classifications) 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
    6. Special Energy-Efficient Characteristics of the Improvements
  - D. Residential or General Applications
- III. 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT (required for the Trainee Appraiser, Licensed Residential, Certified Residential, and Certified General classifications)**  
*15 HOURS*
- IV. RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE (required for the Licensed Residential and Certified Residential classifications)**  
*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
- V. RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH (required for the Licensed Residential and Certified Residential classifications)**  
*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
- VI. RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES (required for the Licensed Residential and Certified Residential classifications)**  
*30 HOURS*
- A. Valuation Principles & Procedures - Sales Comparison Approach
  - B. Valuation Principles & Procedures - Income Approach
  - C. Finance and Cash Equivalency
    1. Identification of Seller Concessions and Their Impact on Value
  - D. Financial Calculator Introduction
  - E. Identification, Derivation, and Measurement of Adjustments
  - F. Gross Rent Multipliers
  - G. Partial Interests
  - H. Reconciliation
  - I. Case Studies and Applications
- VII. RESIDENTIAL REPORT WRITING AND CASE STUDIES (required for the Licensed Residential and Certified Residential classifications)**  
*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 (required for the Certified Residential and Certified General classifications)**  
*15 HOURS*
- A. Statistics
  - B. Valuation Models (AVM's and Mass Appraisal)
  - C. Real Estate Finance
- IX. ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES (required for the Certified Residential classification)**  
*15 HOURS*
- A. Complex Property, Ownership, and Market Conditions
  - B. Deriving and Supporting Adjustments
  - C. Residential Market Analysis
  - D. Advanced Case Studies
    1. Seller Concessions
    2. Special Energy-Efficient Items (i.e., "Green Buildings")
- X. GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE (required for the Certified General classification)**  
*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

**XI. GENERAL APPRAISER SALES COMPARISON APPROACH (required for the Certified General classification)**

*30 HOURS*

- A. Value Principles
- B. Procedures
- C. Identification and Measurement of Adjustments
- D. Reconciliation
- E. Case Studies
  1. Seller Concessions
  2. Special Energy-Efficient Items (i.e., “Green Buildings”)

**XII. GENERAL APPRAISER SITE VALUATION AND COST APPROACH (required for the Certified General classification)**

*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

**XIII. GENERAL APPRAISER INCOME APPROACH (required for the Certified General classification)**

*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

**XIV. GENERAL APPRAISER REPORT WRITING AND CASE STUDIES (required for the Certified General classification)**

*30 HOURS*

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



# AQB GUIDE NOTE 2 (GN-2)

## AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

RETIRED, OCTOBER 2005



# AQB GUIDE NOTE 3 (GN-3)

## AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

THIS GUIDE NOTE RELATES TO THE SCOPE OF PRACTICE FOR THE LICENSED RESIDENTIAL AND CERTIFIED RESIDENTIAL CLASSIFICATIONS IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA.

With respect to the *Real Property Appraiser Qualification Criteria* for the Licensed Residential and Certified Residential classifications:

*The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies, permit the Certified Residential (or Licensed) classification to appraise properties other than those identified within these Criteria. Individuals should refer to agency regulations and state law to determine the type of property that may be appraised by the Certified Residential (or Licensed) appraiser.*

# AQB GUIDE NOTE 4 (GN-4)

## AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

THIS GUIDE NOTE RELATES TO PRACTICUM COURSES TO BE USED FOR EXPERIENCE CREDIT, AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA.

Under “Criteria Applicable to All Appraiser Classifications” in the *Real Property Appraiser Qualification Criteria*, Section V Generic Experience *Criteria*, Paragraphs D and E, read as follows:

- D. *There need not be a client in a traditional sense (i.e., a client hiring an appraiser for a business purpose) in order for an appraisal to qualify for experience. Experience gained for work without a traditional client can meet any portion of the total experience requirement.*
- E. *Practicum courses that are approved by the AQB Course Approval Program or state appraiser regulatory agencies can satisfy the non-client experience requirement. **A 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 market research containing sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require problem solving skills for a variety of property types for the credential category.** Experience credit shall be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the practicum course approval process. (Bold added for emphasis)*

The bolded language above sets forth the broad requirements for practicum courses. However, more detailed guidance is needed for developers of such courses, as well as state appraiser regulatory agencies seeking to approve such courses. The following is designed to offer this guidance:

1. General Practicum Course Guidelines
  - a. The time period for any non-residential practicum course should be consistent with the type and complexity of the assignment.
  - b. The time period for a residential practicum course should be consistent with the type and complexity of the assignment.
  - c. Practicum courses that cover multiple property types should allocate appropriate times for each assignment and subject properties should be significantly different from one another to provide appropriate training.
  - d. The maximum number of students per course should be consistent with best practices for proper student/instructor ratios.
  - e. In order for this type of experience to be compliant with USPAP, the student/appraiser must list the course provider for the practicum course as the client and the intended user.
  - f. The intended use of the report should be indicated as, “For experience credit.”
2. Appraisal Assignment Guidelines
  - a. The appraisal should employ all of the approaches to value applicable to the assignment.
  - b. Property types and complexity should be those typically encountered by an appraiser seeking experience within the specified credential category.





- c. The appraisal should indicate the intended user and intended use and should solve typical appraisal problems – e.g., mortgage assignments, tax appeals, estates, etc.
  - d. There should be an identifiable subject property and the student should inspect it.
  - e. The actual subject property may change from time to time, but the property type should remain the same.
  - f. All comparable data researched, analyzed, and used in the assignment should be actual and identifiable market data.
  - g. All comparables utilized should be verified with at least one market participant of the sale/rent – e.g., buyer, seller, or broker – and the student should also inspect the exterior of each comparable utilized.
  - h. The final assignment should be communicated in compliance with the Appraisal Report option of STANDARD 2 of USPAP.
  - i. The final reports should be maintained by the student according to the Record Keeping section of the ETHICS RULE of USPAP.
  - j. The practicum course should result in an appraisal and appraisal report completed in accordance with the current version of USPAP.
3. Instructor Guidelines
- a. An instructor conducting a residential experience practicum course should hold either a Certified Residential or Certified General credential in good standing.
  - b. An instructor conducting a general experience practicum course should hold a Certified General credential in good standing.
  - c. The instructor should demonstrate compliance with the COMPETENCY RULE of USPAP for the type of assignment.
  - d. The instructor should grade and correct all assignments and should ensure USPAP compliance.
  - e. The instructor should meet with the students a minimum of 50% of the course hours during the course.

# AQB GUIDE NOTE 5 (GN-5)

## AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

THIS GUIDE NOTE RELATES TO RECIPROCITY, TEMPORARY PRACTICE, RENEWALS, AND APPLICATIONS FOR THE SAME CREDENTIAL IN ANOTHER JURISDICTION, AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA.

Under “*Criteria Applicable to All Appraiser Classifications*” in the *Criteria*, Section II Existing Credential Holders, reads as follows:

*Existing credential holders in good standing in any jurisdiction shall be considered in compliance with current Appraiser Qualifications Board Real Property Appraiser Qualification 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.*

The intent of the AQB is to allow current credential holders who are in good standing within their jurisdictions to obtain reciprocal credentials, temporary practice permits, renewals of existing credentials, and an equivalent credential in another jurisdiction without having to meet the current AQB *Criteria*. If an appraiser holds a valid appraiser credential supported by an AQB approved examination, the appraiser will be deemed by the AQB to be in full compliance with the current *Criteria*.

For example, if a Certified General credential holder who received a credential prior to adoption of the current *Criteria* in one jurisdiction were to relocate to another jurisdiction after adoption of the current *Criteria*, for AQB purposes that existing “home” state credential would be sufficient to support an equivalent credential in the “new” state. The credential holder would be deemed to have met the current *Criteria* for education, experience and examination.

The AQB understands that the individual Title XI jurisdictions must operate in compliance with applicable state laws with regard to reciprocity, temporary practice, renewals, and applications for the same credential in another jurisdiction. While Title XI jurisdictions are only required to meet the AQB *Criteria*, existing state laws may require that these minimums be exceeded. It is possible that a jurisdiction, because of existing law, might require an applicant for an equivalent credential from another jurisdiction to meet all of the current AQB *Criteria* (i.e., education, experience, and examination) in order to obtain the credential in their jurisdiction.

For example, consider an appraiser who holds a Certified General credential in State A and decides to relocate to State B. State B must apply both AQB *Criteria* and State law in determining whether the appraiser from State A qualifies for an appraiser credential in State B. While the AQB considers the valid existing credential in State A to be adequate documentation of conformance to AQB *Criteria*, some State laws might require the appraiser to submit a complete application, including appropriate documentation of experience, education, and successful exam completion. This new application requirement might involve some of the following issues:

- Depending on the wording of the State law, this could mean that the appraiser from State A would have to conform to the current *Criteria* to obtain a credential from State B. Among other things, the appraiser would have to reconstruct his/her appraisal education, perhaps going back as much as 20 to 30 years. The State, then, would have to determine whether that education conformed to the current AQB *Criteria* as implemented by State law.
- Virtually all appraiser education obtained prior to 2008 was provided in what is considered the “integrated” approach. If State B does not accept integrated educational courses, the appraiser from State A would be required to obtain 300 hours of education acceptable under current *Criteria*, plus a college degree, to qualify for a Certified General credential in State B.



It was not the AQB's intent to impose such hardships on appraisers or regulatory agencies. It was the intent of the AQB in drafting the language in Section II of "Existing Credential Holders" that jurisdictions would recognize those appraisers that held credentials prior to the adoption of the current *Criteria*. The acceptance of the existing credential holders would provide for a smooth transition from prior *Criteria* to the current (and beyond) *Criteria*.

The AQB encourages jurisdictions to examine their statutes and regulations and initiate any changes that might be necessary to facilitate a smooth transition.

# AQB GUIDE NOTE 6 (GN-6)

## AQB GUIDANCE FOR CRITERIA IMPLEMENTATION

THIS GUIDE NOTE RELATES TO THE VERIFICATION OF EXPERIENCE CREDIT AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA.

Under “*Criteria Applicable to All Appraiser Classifications*” in the *Criteria*, Section V.G. (Generic Experience *Criteria*) reads as follows:

- 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.*

*(Bold added for emphasis)*

As indicated above, the *Criteria* mandates that the forms used to verify experience credit include all of the identified items. Five of the six items listed are fairly self-explanatory; however, the AQB has received inquiries regarding the intent of item #4 above (the bolded text).

It is the intent of the AQB that the verification of experience clearly identifies three things under item #4:

- 1) A description of the work performed by the trainee or applicant;
- 2) The scope of the review performed by the supervising appraiser; and
- 3) The level of supervision performed by the supervising appraiser.

Although the scope of review and level of supervision performed by the supervising appraiser might appear to be redundant at first glance, they are not. For example, in certain assignments a supervising appraiser might determine that a lesser level of supervision is required, but that might not impact the level of review performed.

The AQB recognizes that assignments may differ significantly; therefore, the level of review and supervision by the supervising appraiser may also differ from assignment to assignment. Also, depending on the assignments involved, it might be expected that the supervising appraiser’s level of review and supervision diminish over time as the trainee/applicant gains competency.

The following page includes an example of an experience log that includes the information required by the *Criteria*. The attached is merely one possible example of an experience log. Any format that includes the items listed under Section V.G., Generic Experience *Criteria*, as specified in the *Real Property Appraiser Qualification Criteria*, is acceptable.



It should be noted that experience logs or other forms prescribed by a state appraiser regulatory agency to verify experience credit might appear very different, including requiring substantially more information than is identified in the example below. However, as stated above, all forms must, at a minimum, include the items listed under Section V.G., “Generic Experience *Criteria*,” as specified in the *Real Property Appraiser Qualification Criteria*.

Date of Report	Property Address, City, State, Zip	Type of Property (SFR, Condo, 2-4 Units)	Description Of Applicant’s Work Performed	Scope of Supervising Appraiser’s Review	Scope of Supervising Appraiser’s Supervision	Number of Actual Hours Worked By Applicant
1/3/08	123 Oak Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/ exterior property inspection, cost/ sales comparison approaches, final reconciliation	Reviewed workfile and report, verified subject sales history, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Completed entire appraisal process with applicant, including physical inspection of subject property (first SFR appraisal for applicant)	7
6/7/08	455 Pine Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/ exterior property inspection, cost/ sales comparison approach, final reconciliation	Reviewed workfile and report, verified all comparable data and analyses, verified homeowner’s association info, discussed with applicant, co-signed appraisal report	Oversight of comparable data selection and analyses, provided direction in site value analysis used in cost approach, did not physically inspect subject property	7
1/10/09	202 Spruce Street Washington, DC 20005	SFR	Neighborhood, subject and comp data research and analyses, interior/ exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Review of comparable data selection and analyses, did not physically inspect subject property	10
1/24/09	115 Pennsylvania Ave. Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/ exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Completed entire appraisal process with applicant, including physical inspection of subject property (first commercial appraisal for applicant)	30

Date of Report	Property Address, City, State, Zip	Type of Property (SFR, Condo, 2-4 Units)	Description Of Applicant's Work Performed	Scope of Supervising Appraiser's Review	Scope of Supervising Appraiser's Supervision	Number of Actual Hours Worked By Applicant
8/14/09	200 S Broadway Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/ exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Oversight of comparable data selection and analyses, provided direction in DCF analysis used in income approach, did not physically inspect subject property	40
1/10/10	300 Capitol Avenue Washington, DC 20005	Retail Store	Neighborhood, subject and comp (sale and rental) data research and analyses, interior/ exterior property inspection, cost/ sales comparison/ income approaches, final reconciliation	Reviewed workfile and report, checked data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal report	Review of comparable data selection and analyses, did not physically inspect subject property	40
2/12/10	144 Elm Avenue Washington, DC 20005	Golf Course	Completed entire appraisal process	Reviewed workfile and report, verified subject sales history and all data and analyses in approaches to value utilized, discussed with applicant, co-signed appraisal	Completed entire appraisal process	60

Thomas D. Trainee  
Applicant/Trainee Appraiser

Sally A. Supervisor  
Supervisory Appraiser

State  
Certification No.



# AQB GUIDE NOTE 7 (GN-7)

THIS GUIDE NOTE RELATES TO DEGREE PROGRAMS IN REAL ESTATE REVIEWED BY THE AQB, AND THEIR APPLICABILITY TOWARDS THE QUALIFYING EDUCATION SPECIFIED IN THE REQUIRED CORE CURRICULUM. RETIRED, JANUARY 2015

# AQB GUIDE NOTE 8 (GN-8)

THIS GUIDE NOTE RELATES TO THE COLLEGE-LEVEL EDUCATIONAL REQUIREMENTS AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA THAT BECAME EFFECTIVE ON JANUARY 1, 2008. RETIRED, JANUARY 2015





# AQB GUIDE NOTE 9 (GN-9)

THIS GUIDE NOTE RELATES TO THE BACKGROUND CHECK REQUIREMENTS AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA EFFECTIVE ON JANUARY 1, 2017.

Under “*Criteria Applicable to All Appraiser Classifications*” in the *Real Property Appraiser Qualification Criteria*, Section VII. Background Checks, reads as follows:

*All applicants for a real property appraiser credential shall possess a background that would not call into question public trust.*

Some jurisdictions have been performing background checks since the implementation of real property appraiser credentialing, while others have not. This Guide Note is intended to provide additional guidance, in particular to those jurisdictions with little to no experience in evaluating an applicant’s background as part of the applicant’s overall fitness for licensure or certification.

## EXAMPLES OF ISSUES TO CONSIDER

Some of the types of background issues that state appraiser regulatory agencies might consider include, but are not limited to, applicants who have:

- (1) Had an appraiser license or certification revoked in any governmental jurisdiction.
- (2) Been convicted of, or pled guilty or *nolo contendere* to, a crime involving moral turpitude.
- (3) Been convicted of any crime *that is substantially related* to the qualifications, functions, or duties of the profession of real estate appraisal.
- (4) Performed any act, which if done by the holder of a real property appraiser credential, would be grounds for revocation or suspension of such a credential.
- (5) Knowingly made a false statement of material fact required to be disclosed in an application for any professional license or certification.
- (6) Been prohibited from participating in the affairs of an insured depository institution pursuant to Section 19(a) of the Federal Deposit Insurance Act (12 U.S.C. Section 1829).

## SUBSTANTIAL RELATIONSHIP

A crime or act may be deemed substantially related to the qualifications, functions, or duties of an appraiser if, to a substantial degree, it evidences present or potential unfitness of a person applying for or holding a real property appraiser credential to perform the functions authorized by the credential. Examples of the types of crimes or acts include, but are not limited to, the following:

- (1) Taking, appropriating, or retaining the funds or property of another.
- (2) Forging, counterfeiting, or altering any instrument affecting the rights or obligations of another.
- (3) Evasion of a lawful debt or obligation, including but not limited to tax obligations.
- (4) Traffic in any narcotic or controlled substance in violation of law.

- (5) Violation of a relation of trust or confidence.
- (6) Theft of personal property or funds.
- (7) Crimes or acts of violence or threatened violence against persons or property.
- (8) The commission of any crime or act punishable as a sexually related crime.
- (9) Misrepresentation of facts or information on the appraisal license or certification application.
- (10) Cheating on an examination for a real property appraiser credential.

## REHABILITATION

Upon a determination that an applicant's background is inconsistent with public trust, state appraiser regulatory agencies should consider all evidence related to the extent an applicant is rehabilitated, including testimony or other documentation demonstrating things such as:

- (1) The effect of the passage of time since the most recent act or crime.
- (2) Restitution by the applicant to any person who has suffered monetary losses.
- (3) Judicial relief from the consequences of criminal convictions resulting from immoral or antisocial acts, including but not limited to release from probation, finding of factual innocence, a completed program of diversion, or other comparable orders of a court.
- (4) Successful completion or early discharge from probation or parole.
- (5) Abstinence from the use of controlled substances or alcohol for not less than two years if the crime or offense is attributable in part to the use of controlled substances or alcohol.
- (6) Payment of any fine or other imposed monetary penalty.
- (7) Stability of family life and fulfillment of parental and familial responsibilities subsequent to the act or conviction.
- (8) Completion of, or sustained enrollment in, formal education or vocational training courses for economic self-improvement.
- (9) Discharge of, or bona fide efforts toward discharging adjudicated debts or monetary obligations to others.
- (10) Mitigating facts or circumstances that reasonably indicate that an applicant will perform appraisal-related activities honestly, fairly, and ethically.
- (11) Correction of business practices resulting in injury to others or with the potential to cause such injury.
- (12) Significant or conscientious involvement in community, church, or privately-sponsored programs designed to provide social benefits.
- (13) New and different social and business relationships from those that existed at the time of the act or crime.
- (14) Change in attitude from that which existed at the time of the act or crime, as evidenced by any or all of the following:
  - a) Testimony of applicant.
  - b) Evidence from family members, friends, or other persons familiar with applicant's previous conduct and his or her subsequent attitudes and behavioral patterns.
  - c) Evidence from probation or parole officers or law enforcement officials competent to testify as to applicant's social adjustments.



- d) Evidence from psychiatrists or other persons competent to testify with regard to psychiatric or emotional disturbances.

The above is intended to be illustrative, not exhaustive. State appraiser regulatory agencies, in performing their due diligence when examining an applicant's qualifications for a real property appraiser credential, may elect to include additional items not identified in this Guide Note. Likewise, state appraiser regulatory agencies may determine, based on their own experience and history, that some of the items identified in this Guide Note may not be applicable to an applicant seeking a real property appraiser credential in that jurisdiction.

# AQB GUIDE NOTE 10 (GN-10)

THIS GUIDE NOTE RELATES TO THE COLLEGE-LEVEL EDUCATION REQUIREMENTS FOR THE CERTIFIED RESIDENTIAL CLASSIFICATION AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA THAT BECAME EFFECTIVE MAY 1, 2018.

Section III. B. 3. of the “Qualifying Education” requirements for the Certified Residential credential in the *Real Property Appraiser Qualification Criteria* states that Certified Residential applicants may obtain a credential by successfully completing 30 semester hours of college-level courses that cover each of the following topic areas and hours:

- a. English Composition (3 semester hours);
- b. Microeconomics (3 semester hours);
- c. Macroeconomics (3 semester hours);
- d. Finance (3 semester hours);
- e. Algebra, Geometry, or higher mathematics (3 semester hours);
- f. Statistics (3 semester hours);
- g. Computer Science (3 semester hours);
- h. Business or Real Estate Law (3 semester hours); and
- i. Two elective courses in any of the topics listed above or accounting, geography, agricultural economics, business management, or real estate (3 semester hours each).

The intent of this guidance is to assist regulatory agencies and applicants with determining which types of college-level courses may count toward these requirements. Although several course titles are provided as acceptable options, the content of the course is far more meaningful than the actual title. Therefore, there may be acceptable courses that contain similar content but do not have titles referenced in this Guide Note.

1. **English Composition** – *English Composition is the professional field of writing.*

Possible alternative course titles for this section include, but are not limited to: College Composition; Descriptive / Critical / Expository / Technical / Public / Business / Professional Writing; Foundations of the English Language; Writing Fiction; Writing Creative Non-Fiction; or Rhetoric and Writing.

2. **Microeconomics** – *The study of individuals, households, and firms’ behavior in decision making and allocation of resources. It generally applies to markets of goods and services and deals with individual and economic issues.*

Most college-level education on this topic includes the word “microeconomics” in the course title.

3. **Macroeconomics** – *Studies of the behavior and performance of an economy as a whole. It focuses on the aggregate changes in the economy such as unemployment, growth rate, gross domestic product, and inflation.*

Most college-level education on this topic includes the word “macroeconomics” in the course title.

4. **Finance** – *The management of revenues; the conduct or transaction of money matters generally, especially those affecting the public, as in the fields of banking investment.*

Possible alternative course titles for this section include, but are not limited to: Corporate Finance; Introduction to Business; Financial Markets and Institutions; International Business Finance; Principles of Finance; or Real Estate Finance and Investment.



5. **Algebra, Geometry, or Higher Mathematics** – *Higher mathematics includes advanced portions of mathematics beyond ordinary arithmetic, geometry, and algebra.*

Possible alternative course titles for this section include, but are not limited to: Algebra; Applied Math; Calculus; Differential Equations; Finite Mathematics; Geometry; Logic; Precalculus; Probability and Statistics; or Trigonometry.

6. **Statistics** – *Branch of mathematics concerned with collection, classification, analysis, and interpretation of numerical facts, for drawing inferences based on their quantifiable likelihood (probability). Statistics can interpret aggregates of data too large to be intelligible by ordinary observation because such data (unlike individual quantities) tend to behave in a regular, predictable manner. It is subdivided into descriptive statistics and inferential statistics.*

Possible alternative course titles for this section include, but are not limited to: Applied Linear Models; Bayesian Theory and Data Analysis; Business Statistics; Exploratory Data Analysis; Introduction to Statistics; Multivariate Data Analysis; Non-Parametric Theory and Data Analysis; Probability Statistics; Sampling; Statistical Analysis; Statistical Reasoning; Statistical Methods; or Time Series Analysis.

7. **Computer Science** – *A branch of science that deals with the theory of computation or the design of computers.*

Possible alternative course titles for this section include, but are not limited to: The Computer Science Profession; Introduction to Computer Science / Computers / Information Technology / Programming / Software Systems / Software Development / Web Development; Data Management; Database Fundamentals; Integrated Computer Applications; Object Oriented Programming; or System Administration.

8. **Business or Real Estate Law** – *Business law, sometimes called mercantile law or commercial law, refers to the laws that govern the dealings between people and commercial matters. There are two distinct areas of business law: regulation of commercial entities through laws of partnership, company, bankruptcy, and agency; and regulation of the commercial transactions through the laws of contract. The course titles will typically include compliance, risk, legal framework, and writing contracts.*

*Real estate law is a branch of civil law that covers the right to possess, use, and enjoy land and the permanent man-made additions attached to it.*

Possible alternative course titles for this section include, but are not limited to: Business Law for Accountants; Corporate Law Compliance; Drafting Policies and Procedures; Enterprise Risk Management; Financial Ethics; Legal Aspects of Real Estate; The Legal Environment of Business; Business Organization Law; or Writing Contracts.

9. **Two elective courses in accounting, geography, agricultural economics, business management, or real estate.**

**Accounting** – *Accounting is the system of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results.*

Possible alternative course titles for this section include, but are not limited to: Accounting Principles; Financial Accounting; Financial Markets and Institutions; Managerial Accounting; or Real Estate Market Analysis.

**Geography** – *Geography is the study of the physical features of the earth and its atmosphere, and of human activity as it affects and is affected by these, including the distribution of populations and resources, land use, and industries.*

Possible alternative course titles for this section include, but are not limited to: GIS Data Capture; Introduction to Geographic Information; Physical Geography; or World / Regional Geography.

**Agricultural Economics** – *An applied field of economics concerned with the application of economic theory in optimizing the production and distribution of food and fiber — a discipline known as agronomics.*

Possible alternative course titles for this section include, but are not limited to: Agribusiness Management; Agricultural Management Principles; Concepts in Agricultural Economics; Issues in Agriculture; Microeconomic Concepts in Agricultural Economics; or Quantitative Methods and Price Analysis.



**Business Management** – *The activities associated with running a company, such as controlling, leading, monitoring, organizing, and planning.*

Possible alternative course titles for this section include, but are not limited to: Business Marketing; Human Resource Management; Organizational Behavior; or Operations Management.

**Real Estate** – *Real estate is the property, land, buildings, air rights above the land and underground rights below the land.*

Possible alternative course titles for this section include, but are not limited to: Commercial Lease Analysis; Fundamentals of Investment Analysis; Fundamentals of Real Estate Transactions; Managing Commercial Properties; Market Analysis; Real Estate Economics; Real Estate Finance; Real Estate Procedures; or Real Estate Studies.



# AQB GUIDE NOTE 11 (GN-11)

THIS GUIDE NOTE RELATES TO THE PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA) REQUIREMENTS AS SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA EFFECTIVE ON JANUARY 1, 2021.

## AQB GUIDANCE FOR DELIVERY METHODS AND TECHNIQUES IN PAREA TRAINING

Guide Note 11 (GN-11) contains guidance for the delivery of PAREA training. The suggested delivery methods and techniques follow each of the required content areas as identified in the PAREA section of the Criteria, and are abbreviated using the following legend:

Method	Abbreviation
Computer Based Learning	CBL
Video Gaming	VG
Video Tutorial	VT
Virtual Assistant	VA
Virtual Reality Training	VRT

These delivery methods and techniques may be amended from time-to-time to reflect changes in technology or required PAREA content.

## PRACTICAL APPLICATIONS OF REAL ESTATE APPRAISAL (PAREA)

The goal of the following is to suggest potential technologically based delivery methods that could be used in the development of exercises, examples, simulations, case studies, and applications as are appropriate to create practical experience expected to be gained by an appraiser seeking a license credential with respect to the content outline in Section 3. PAREA providers may utilize some, all or a combination of the well-established methods described above. Providers are encouraged to utilize a variety of methodologies to ensure a comprehensive experience resulting in participants having sufficient practical experience to enable success in obtaining an appraisal license or certification.

## MINIMUM CONTENT REQUIREMENTS – LICENSED RESIDENTIAL CLASSIFICATION

### I. Introduction

#### A. General Considerations and Responsibilities [CBL, VT]

1. Discuss respecting the public trust
2. Review and comment on Appraiser Independence Requirements
3. Review and comment on the responsibilities to clients regarding reconsideration of value requests and other communication

#### *Methods and Techniques*

- *Highlight USPAP considerations (e.g. improper influence, prior services) [VT, VG]*
- *Demonstrate Appraiser Independence Requirements (AIR) and other regulatory guidance, with examples of acceptance and unacceptable conditions [CBL, VT, VG]*

**B. Appraisal Basics - Software and Tools [CBL, VT, VRT]**

1. Overview of software options (vendors) and common forms
2. Overview of Common tools: measuring devices, cameras, etc.

*Methods and Techniques*

- Identify various appraisal-related technology tools [VT, VA]
- Introduce and demonstrate the use of appraisal software [VA, VG, CBL]
- Identify and demonstrate the use of various measuring tools [VA, VG, CBL]
- Require completion of training on a base level camera as well as instruction on camera etiquette – obtaining consent to photograph certain subjects, such as children, personal effects, etc. [VT, VA, VG]
- Develop challenges around Graham-Leach-Bliley Act, Privacy/Information Security [VT, VA, VG]

**II. Problem Identification****A. Understanding Assignment Parameters [CBL, VG, VT, VA]**

1. Perform initial review of order/engagement letter, determine authoritative lines of communication. Provide interactive exercises in extracting key information from engagement letter.

**B. Understanding Assignment Elements and Competency Issues [VG, VT, VA, VRT]**

1. Examine appraisal request and other documents provided (e.g. title reports, surveys, purchase contract) to determine key assignment elements (Standards Rule 1-2(a)–Standards Rule 1-2(d), and the SCOPE OF WORK RULE), and/or contractual obligations. Determine relevant appraisal assignment conditions. Understanding client, intended use, intended users, engagement letter terms, various assignment types, basis for assignment conditions, extraordinary assumptions, and hypothetical conditions.
2. Provide exercises for defining the problem. Goal is for participant to establish appropriate steps in appraisal process.
3. Exercises should contain overlays introducing key engagement items that could affect scope of work.
4. Ensure that the exercise demonstrates impact on both assignment conditions and elements.
5. Include exercises where appraiser can identify during problem definition process the existence of possible extraordinary assumptions and/or hypothetical conditions.
6. Demonstrate how competency issues are identified and will be resolved.

**C. Market, Neighborhood, and Subject Property Research [CBL, VT, VA, VRT]**

1. Utilize preliminary online/archival research to gain basic market area and subject property information.
2. Must develop the general area and neighborhood market analysis.
  - a. Overview of available data sources for market area information.
3. Retrieval/analysis of preliminary information necessary for understanding subject site and improvements.
4. Review of public record information including site and improvement information.
5. Utilization of MLS/online sites as a verification source.
6. Based on information gathered above, develop and explain key relevant property characteristics {Standards Rule 1-2(e)}.

*Methods and Techniques*

- Perform a sample neighborhood “fly-by” with characteristics as specified above being identified [VT, VA, VRT].
- Review simulated MLS data to evaluate supply/demand [VT, VA, VG, CBL].
- Review public and private sources (e.g., proprietary data, Trulia, Zillow) [VT, VA, CBL].
- Analyze information from simulations to reveal trends on growth, values, prices, marketing times [VT, VA, VG, CBL].
- Collect data on simulated neighborhood using multiple examples and iterations (e.g., census, population trends, imitated zoning) [VT, VA, VG, CBL].
- Visually illustrate typical area boundaries (e.g., roadways, natural boundaries, zoning clusters) using multiple examples [VT, CBL, VG].
- Use simulated data tools (e.g., MLS, aggregators) to identify and determine price trends, market supply (current and historical information) [VT, VA, CBL].
- Using simulated property record system, obtain attributes of a subject property [VA, CBL].





#### D. Obtaining Preliminary Subject Property Information [CBL, VG, VT, VA, VRT]

1. Simulate setting the inspection appointment with related requests/requirements
2. Determine how you will verify individual providing access
3. Review of inspections and reports provided by others and discuss their application and disclosure in the assignment

##### *Methods and Techniques*

- Create multiple scenarios to determine the adequacy of inspections (i.e., personal inspection, inspection by third party, and virtual inspection) and third-party reports to ensure an appropriate Scope of Work [VA, CBL]
- Create multiple scenarios (using good and bad examples) for inspection scheduling, communication, verification of data, etc. [VT, VA, VG]
- Conduct specific Q&A examples with virtual agent/broker, tenant, property owner, etc. [VT, VA, VG]

#### III. Review Sections I and II with Mentor

- A. Ensure the problem identification process was performed properly leading to an appropriate scope of work.
- B. Review research performed to evaluate suitability and that the quantity of information will be satisfactory for later development and analysis.

#### IV. Property Identification and Inspection along with Initial Site Identification [CBL, VG, VA, VRT]

- A. Research available information sources including public records
- B. Zoning, general plan information
  1. Identify where to locate all sources of information
  2. Verification of revisions to zoning/general plan
  3. Variances, use restrictions
- C. Environmental issues, flood zone/earthquake information. Identify and explain unusual issues
  1. Location of relevant research information
  2. Communicate any unusual findings to the client to confirm whether assignment is to be completed

##### *Methods and Techniques*

- Demonstrate zoning map and analysis [VT/VA/CBL]
- Demonstrate flood map system and analysis [VT/VA/CBL]
- Demonstrate earthquake map and analysis [VT/VA/CBL]
- Demonstrate sample GIS system and analysis [VT/VA/CBL]

#### V. Verification of Neighborhood and Market Area [CBL, VT, VA, VRT]

- A. Conduct virtual inspection/review of subject's market area
- B. Explain various influences
- C. Identify and explain trends/characteristics in the defined neighborhood and market area

##### *Methods and Techniques*

- Virtual neighborhood tours identifying positive and negative influences [VT, VA, VRT]
- Demonstrate use of web-based mapping tools (e.g. Google Earth, Google Maps) and how to use analytics [VT, VA, CBL]

#### VI. Subject Site Inspection [CBL, VT, VA, VRT]

- A. Verify similarity to plat, Observation of site utility, its surrounding influences, and possible conditions that could impact value or marketability
- B. Analysis of site improvements and useable site area.
  1. Determine and explain how useable site area relates to surrounding properties

**C. Identify and discuss various site amenities. Include exercises that include various levels of impact on value**

*Methods and Techniques*

- Illustrate different site conditions, offer multiple options within each example, provide description choices, demonstrate appropriate analyses of scenarios [VT, VA, VRT]

**VII. Subject Property Improvements Inspection [CBL, VT, VA, VRT]**

**A. Overview**

1. Types/quality of construction
2. Floor plan issues, determination of room counts
3. Observable condition factors and description of upgrades
4. Recognition of potential/existing adverse influences

**B. Conduct a virtual physical inspection to determine relevant physical characteristics**

**C. Provide a thorough description of improvements**

*Methods and Techniques*

- Provide multiple examples (variety) of architecture, material types for exterior and interior surfaces, condition, quality, mechanicals, electrical systems and provide exercises for proper identification and analysis [VT, CBL]
- Identify physical and functional obsolescence, lack of conformity [VT, CBL]

**VIII. Measuring the Subject Property Improvements [CBL, VG, VT, VA, VRT]**

**A. Exercises to include methods and ultimately determination of:**

1. Basements
2. Stairways & vaulted ceiling areas
3. Below grade living area (split level)
4. Accessory dwelling units, outbuildings, etc.
5. Awareness of special assignment conditions
6. Common rounding practices

**B. Include virtual exercises in measuring subject properties**

**C. Other sources for obtaining GLA**

**IX. Sketch Completion [CBL, VT, VRT]**

**A. Include sketch completion exercises**

**B. Exercises must include final GLA determination (what areas should be extracted from GLA)**

*Methods and Techniques*

- Demonstrate sketch measurement software applications using computers, tablets, handheld devices, etc. for various home designs (e.g., 1-story, 2-story, split-level, bi-level) [VT, VA, VG, VRT]
- Include multiple variations (e.g., bay windows, overhangs, open space 2nd story, basements, etc.) [VT, VA, VG, VRT]
- Include various tools (e.g., laser, roller, tape, etc.) [VT, VA, VG, VRT]
- Calculate square footage from plans and specs [VT, VA, VG, VRT]
- Complete several examples on a sketch program [VT, VA, VG, VRT]

**X. Review Sections IV thru IX with Mentor**

**A. Ensure all elements of inspection process have been performed properly, including neighborhood, site, and improvements**



## XI. Market Analysis/Highest and Best Use [CBL, VRT, VA, VT]

### A. Highest and Best Use

1. Overview of pertinent data, including actual current/proposed/potential alternative use and communication of highest and best use

### B. Performing Neighborhood and Market Research

1. Identify the market area boundaries, physical characteristics, and specific property location relevant to the analysis of the subject property.
2. Identify the trends and characteristics in the defined neighborhood and market area.

#### *Methods and Techniques*

- Provide exercises reviewing and analyzing various property and site characteristics related to property use and the factors for determining highest and best use [CBL, VRT, VA, VG]
- Provide exercises reviewing market information, including maps, satellite images, aerial photographs, economic data, census data and analysis from third parties to determine boundaries, physical characteristics, and other factors relevant to the subject market area [CBL, VRT, VA, VT, VG]
- Provide exercises reviewing market and neighborhood information such as maps, plat maps, satellite images, aerial photographs, economic data, census data, etc. to determine neighborhood boundaries, characteristics and trends related to the analysis of the subject property [CBL, VRT, VA, VT, VG]

## XII. Review Section XI with Mentor

- ### A. Ensure key analytical issues related to market conditions and highest and best use are effectively addressed

## XIII. Process of Sales Analysis [CBL, VG, VT, VA, VRT]

### A. Identify the best sources of sales data for use in case studies including:

1. MLS
2. City/County (public) transfer records
  - a. How to verify
3. Data providers
4. Appraiser office files
  - a. Confidentiality concerns
5. Real estate agents/brokers
  - a. How to verify

### B. Select the same or similar property types, uses, and characteristics.

1. Identify elements of comparison
2. Develop exercises for various property types

### C. Identify all relevant current listings, expired listings, withdrawn listings, offers (if available), FSBO, closed sales, and pending sales

#### *Methods and Techniques*

- Demonstrate a typical MLS search, and other less common search options [VT/VA]
- Perform searches to identify applicable sales from a group of potential transactions [VT/VA/VG/CBL]
- Develop and demonstrate rationale for selection of sales [VT/VG/CBL]
- Conduct an interactive interview (incorporating checklist) on sales data confirmation [VT/VA]
- Research prior sales history with simulated data sites (e.g., assessor, public records, proprietary sources) [VT/VG/CBL]
- Identify appropriate elements of comparison [VT/VA/CBL]
- Introduce confidentiality issues related to use of non-public information [VT/VA/VG]
- Update workfile with results, incorporate electronic vs. paper vs. combination [VT/VA]

## XIV. Review Section XIII with Mentor

- ### A. Ensure all necessary steps in highest and best use analysis and market analysis were performed properly. Review data source material to assure sufficient information has been identified for further application.

## XV. Valuation Approaches and Techniques [CBL, VG, V, VA, VRT]

- ### A. Consider each approach to value and explain the appropriateness based on the intended use of the assignment. Select the data considered most meaningful and relevant.

**B. Sales Comparison Approach**

1. Analyze quality and quantity of data
  - a. Identify relevant units of comparison
  - b. Data and information collected must be analyzed for comparability and consistency
2. Select the sales that are considered the most appropriate for subject property comparability (demonstrate the process)
  - a. Identify and apply appropriate adjustments to comparable transactions based on differences to the subject property. Demonstrate applicable tools and methods, including:
    1. Paired sales analysis
    2. Statistical and other graphic analysis
    3. Trend analysis
    4. Qualitative differences, including:
      - i. Relative comparison analysis
      - ii. Ranking analysis
3. Discuss and reconcile key elements developed in the sales comparison approach

*Methods and Techniques*

- *Using simulated data, identify applicable approach(es) to value [VT, VG, CBL]*
- *Complete multiple sales comparison analyses using previously selected data for both vacant land and improved sites, incorporating applicable techniques to estimate appropriate adjustments [VT, VG, CBL]*
- *Add complexity at a basic level for commonly encountered external influences, super-adequacies, functional obsolescence [VT, VA, VG, CBL]*
- *Develop value opinions for multiple scenarios [VT, VG, CBL]*
- *Demonstrate proper and improper examples of reconciliation, develop appropriate reconciliation [VT, VG, CBL]*

**C. Cost approach**

1. Develop site value of the subject as vacant using recognized methods or techniques
  - a. Include contributory value of site improvement
2. Discuss use of replacement or reproduction cost
  - a. Develop supportive data for the cost calculations
  - b. Calculate cost new for the improvements
  - c. Calculate depreciation (demonstrate and apply types, consider market trends)
  - d. Discuss and reconcile key elements developed in the cost approach

*Methods and Techniques*

- *Complete a basic cost new, utilize several different cost approach models [VT, VG, CBL]*
- *Develop credible opinions of site value [VT, VG, CBL]*
- *Add basic level complexity (e.g., new homes, remodeled homes, homes having inadequacies) [VT, VA, VG, CBL]*
- *Develop supportable depreciation estimates, age-life method, add basic level complexities (e.g., repairs, obsolescence) [VT, VG, CBL]*
- *Develop indicated values by the cost approach [VT, VG, CBL]*
- *Demonstrate proper and improper examples of reconciliation, develop appropriate reconciliation on multiple examples [VT, VA, VG, CBL]*

**D. Income approach**

1. Collection and verification of pertinent rental data (actual vs. contract)
2. Determine appropriate GRM (Gross Rent Multiplier)
3. Discuss and reconcile key elements developed in the income approach

*Methods and Techniques*

- *Develop appropriate comparison factors involved for gross rental estimate, sources [VT, VG, CBL]*
- *Identify comparables using simulated data sources (e.g., MLS, interviews, proprietary sources, door knocking, etc.) for rental information [VT, VA, CBL]*
- *Develop credible opinions of market rent [VT, VG, CBL]*
- *Develop GRM's from simulated comparable properties [VT, VG, CBL]*



- Develop indicated values by the income approach [VT, VG, CBL]
- Demonstrate proper and improper examples of reconciliation, develop appropriate reconciliation [VT, VG, CBL]

#### XVI. Review Section XV with Mentor

- Ensure all approaches to value were adequately considered and completed in supportable fashion (including cost and/or income approaches if performed)

#### XVII. Final Reconciliation [CBL, VG, VT, VA, VRT]

- Analyze and discuss accuracy and sufficiency of data
- Analyze and discuss strengths and weaknesses of each approach to value and their applicability to the subject property
- Analyze and discuss consistency of data and development
- Analyze and discuss the quality and quantity of data
- Review calculations
- Develop the final opinion of value along with the rationale for your conclusions

##### *Methods and Techniques*

- Demonstrate multiple scenarios using the various approaches to analyze their strengths and weaknesses [VT, VA, VG, CBL]
- Perform check for accuracy of math and calculations [VT, VA, VG, CBL]
- Demonstrate proper and improper examples of reconciliation, develop appropriate reconciliation [VT, VA, VG, CBL]

#### XVIII. Review Section XVII with Mentor

- Ensure final reconciliation was performed properly and determine appropriate reporting

#### XIX. Appraisal Report Development/Delivery [CBL, VG, VT, VA, VRT]

##### A. Report Development

- Standards Rule 2-1 minimum standard (not misleading, sufficient, assumptions, etc.)
  - Ability to describe the subject property and comparable properties used in the analysis (ensure compliance with STANDARD 2)
    - Technical terms
    - Common industry phrases and descriptors
    - Fair lending do's and don'ts
    - Identify relevant information using industry typical approaches and technologies
  - Ability to describe a market area and a neighborhood (same subset as above)
  - Report format
    - Comply with all applicable assignment elements and conditions
    - Awareness and compliance with state and federal regulatory requirements
    - Describe scope of work
    - Ensure applicable appropriate addenda, exhibits, photos, etc. are included
    - Understand adequacy/relevance/integrity of photos, maps, and exhibits – how/where to upload in a report
  - Certification
    - Ensure familiarity with pre-printed content and applicability.
    - Develop exercises on completion of workfile documents
    - Demonstrate an ability to store and compile documents

##### *Methods and Techniques*

- Complete appraisal reports using several styles (e.g., forms such as 1004, condo, 2-4 units, short narrative) [VG, CBL]
- Provide samples of prior service disclosures (i.e., certifications) [VT, VA]

- Provide opportunities to create multiple versions of required exhibits (e.g., photos, sketches, maps) using simulated data [VT, VA, VG, CBL]
- Provide sample certifications, include correct and incorrect examples [VT, VA, VG, CBL]
- Provide sample limiting conditions, include correct and incorrect examples [VT, VA, VG, CBL]
- Verify required contents of workfile, incorporating examples of items that should/should not be included [VT, VA, VG, CBL]
- Demonstrate/use document storage examples (e.g., password, back-up) [VT, VA, CBL]

## XX. Review Section XIX with Mentor

- A. Ensure that the key components of an appraisal report and report format are appropriate for assignment(s)

## XXI. Communication of Assignment Results [CBL, VT, VA, VRT]

### A. Adequacy and relevance of information

1. USPAP compliance
2. Assignment conditions

### B. Understand common Client-specific requirements – additional comparable sales, inclusion of active listings in the report, supplemental exhibits, etc.

1. Demonstrate the ability to meet client expectations conveyed through the engagement letter or other instruction methods
2. Adequate support for analysis

### C. Explain and support rationale for excluding any of the traditional approaches

1. Explain and support reconciliation
2. Explain all assumptions

### D. Explain and support all extraordinary assumptions and hypothetical conditions (state their use may have effect on assignment results)

#### *Methods and Techniques*

- Ensure adequacy and relevancy of information in report [VT, VG, CBL]
- Demonstrate examples of reports containing information specifically required by clients, regulators, or applicable assignment conditions [VA, VT, VG, CBL]
- Ensure accuracy and consistency of information throughout report [VT, VG, CBL]
- Provide various report samples that contain both adequate and inadequate communication [VT, VA]
- Provide opportunities to review and correct errors in reports [VT, VA, VG, CBL]
- Provide opportunities to review and correct inappropriate assumptions, extraordinary assumptions and hypothetical conditions [VT, VA, VG, CBL]
- Provide various samples of appropriate and inappropriate requests for corrections, clarifications and Reconsiderations of Value, demonstrating appropriate responses (e.g., no changes, modifications to report, requirement for new assignment, etc.) [VT, VA, VG, CBL]

## XXII. Review Section XXI with Mentor

- A. Ensure understanding of effective appraisal report presentation and required content
- B. Ensure compliance with Standards Rule 2-2

## MINIMUM CONTENT REQUIREMENTS – CERTIFIED RESIDENTIAL CLASSIFICATION

### I. Problem Identification

#### A. Relevant Scope of Work and Competency Issues Involved [CBL, VG, VT, VA, VRT]

1. Develop exercises on how competency issues will be resolved.
2. Conduct a preliminary analysis to ensure an appropriate Scope of Work

#### *Methods and Techniques*

- Provide sample engagement letters for review and analysis [VT, VA, CBL]
- Provide samples of complex residential properties (e.g., ADUs, 2-4 unit group homes, student housing, short-term rentals, co-ops, leaseholds, etc.) [VT, VA, CBL]



- Perform required research using simulated data (e.g., public sources, proprietary databases) [VT, VA, VG, CBL]

## II. Review Section I with Mentor

- Ensure understanding of how issues uncovered during property identification process relate to complexity. Also, focus on complex ownership issues

## III. Positive or Negative Locational Influences [CBL, VG, VT, VA, VRT]

- Recognize Population/Employment Trends
- Determine and discuss relationships between employment, population, and residential units (Single Unit Residential vs. 2-4 Unit Residential) over time

## IV. Residential Market Analysis/Highest and Best Use [CBL, VRT, VG, VT]

- Market Analysis Issues Related to Highest and Best Use for Complex Properties
- Special Assessments

### Methods and Techniques

- Provide exercises reviewing and analyzing various property and site characteristics that would be considered complex in nature, including current and proposed use; include consideration of the factors for determining highest and best use [CBL, VRT, VG, VT]
- Provide exercises reviewing data from public records, title records, CCR documents, etc., that describe current and planned special assessments for various property ownership types (one family, condominium, planned unit developments, Cooperative, etc.) to determine impact on market analysis [CBL, VRT, VG, VT]

## V. Review Section III and IV with Mentor

- Ensure key analytical issues related to market conditions and highest and best use are effectively addressed

## VI. Physical Characteristics of Complex Properties [CBL, VG, VA, VRT]

- Unique Design Features
- High Quality/Amenity Properties
- Over-improvements
- Physical Deficiencies of Improvements
- Functional Inadequate and Super Adequate Impact

## VII. Vacant Sites (Including View Amenities, Surplus Land) [CBL, VG, VT, VA, VRT]

- Develop exercises that contain issues covered under Site and Cost Approaches

### Methods and Techniques

- Identify and analyze impact of complex property characteristics (e.g., atypical size, view, design, historical ranking) [VT, VA, VG]
- Exercises comparing and analyzing typical homes with outliers [VT, VG, CBL]
- Exercises identifying and understanding the influence of locational influences through observation and comparison [CBL, VG, VT, VA, VRT]

## VIII. Use of Key Statistical Concepts [CBL, VG, VT, VA, VRT]

- Develop appropriate statistical tools to be used in development of opinion of value
- Explain and support their application

## IX. Key Market Driving Influences [CBL, VT, VA, VRT]

- Determine most appropriate units of comparison (market drivers)

**B. Identify market preferences for characteristics and amenities (e.g., parking, # beds, # baths, GLA)***Methods and Techniques*

- Complete exploratory data analysis and generate representative sample data to identify different unit price indicators by requiring candidate to analyze several options and select the option with the most robust statistical results [VT, VG, CBL]
- Express several types of simulated data with the candidate building models which generate the most accurate and reliable results [VT, VG, CBL]
- Incorporate in all exploratory data analysis exercises utilizing relevant descriptive statistics (e.g., median, mean, mode, standard deviation, coefficient of variation) [VT, VG, CBL]

**X. Review Sections VI thru IX with Mentor**

- A. Ensure key analytical issues related to market conditions and highest and best use are effectively addressed**
- B. Confirm appropriate items have been identified and analyzed for proper application in determination of opinion of value**

**XI. Site Valuation and Cost Approaches****A. Site Valuation**

1. Extract comparable land/site sales data that will adequately support adjustments for contributing value of unique attributes associated with complex vacant sites (view, entitlements, amenities, surplus/excess land)

**B. Develop a supportable Land/Site Valuation - using the following methods:**

1. Allocation
2. Market extraction
3. Ground rent capitalization
4. Land residual method; and
5. Sales comparison

**C. Construction Costs**

1. Exercises related to high amenity structures
2. Discuss local cost influences

**D. Functional Obsolescence**

1. Distinguish between curable and incurable forms
2. Analyze and support conclusions on obsolescence, including lack thereof, associated with complex properties

*Methods and Techniques*

- Develop multiple samples that use each of the basic site valuation techniques [VT, VA, VG, CBL]
- Develop multiple samples that use multiple techniques to estimate cost new [VT, VA, VG, CBL]
- Develop multiple examples to estimate functional obsolescence [VT, VA, VG, CBL]
- Develop an indicated value of a complex property using the cost approach [VT, CBL]

**XII. Review Section XI with Mentor**

- A. Ensure the Cost Approach has been performed properly.**

**XIII. Sales Comparison Approach****A. Sales Concessions**

1. Is the subject property subject to sales concessions?
2. Identify and discuss application (or not) of any sales concessions in comparable data based on market norms
3. Cash equivalency related to financing terms





**B. Identifying and Applying Atypical Adjustments – develop support related to the following:**

1. High amenity custom quality adjustments
2. Site adjustments
3. Adjustment support/matched pairs, statistical methods
4. Adjustment support for unique one-off property sales including those with Accessory Dwelling Units

*Methods and Techniques*

- *Develop multiple exercises requiring identification and determination of impact of sales concessions (e.g., assumption of closing costs, payments made outside of transaction) [VT, VA, VG, CBL]*
- *Develop multiple exercises using statistical techniques (e.g., paired sales analysis, regression analysis) to analyze simulated data and estimate adjustments [VT, VA, VG, CBL]*

**XIV. Review Section XIII with Mentor**

- A. Ensure the sales comparison approach has been performed properly.**

**XV. Income Approach**

**A. 1-4 Unit Appraisals**

1. Perform collection of comparable rent data
2. Complex rental adjustments
  - a. Understand and apply impact of complex amenities
  - b. Factor for Expense allocations between comparable transactions

**B. Unique multi-unit assignments – discuss the following:**

1. Location premiums within PUD/condo
2. Impact of rent control or subsidies
3. Student housing
4. Seasonal and short-term rentals

**C. GRM analysis**

1. Non-market rent impact on GRM
2. Perform reconciliation of GRM indicators

*Methods and Techniques*

- *Provide exercises extracting expense information via market participant interviews (e.g., agents/brokers, property managers, prior property information) [VT, VG, CBL]*
- *Provide exercises identifying and analyzing unique property characteristics (e.g., view, physical characteristics, parking limitations, floor location) [VT, VG, CBL]*
- *Provide exercises identifying and analyzing non-market rent on GRM [VT, VG, CBL]*

**XVI. Review Section XV with Mentor**

- A. Review the Income approach to value and ensure proper analysis and support for conclusions**

**XVII. Writing and Reasoning Skills**

**A. Data Presentation**

1. Develop presentation of data in tables, charts, and graphs as appropriate
2. Express succinct narrative using active voice, direct statements, shorter words, shorter paragraphs and placing the bottom-line up front
3. Underscore proper and understandable use of English
  - b. Have another proofread whenever possible

**B. Discussion of Approaches to Value**

1. Adjust depth of discussion to the intended user(s)

**C. Support for Conclusions**

1. Clearly state conclusions throughout the report. Each conclusion requires credible support and logical reconciliation

**D. Summary of Data and Reconciliation of Value Approaches**

1. Summarize the quantity, quality, reliability, and relevance of data available for application in each approach performed. The reconciliation and final value opinion must be consistent with the conclusions of this summary regarding the most germane approach to value

*Methods and Techniques*

- *Ensure accuracy and consistency of information throughout report [VT, VG, CBL]*
- *Provide various report samples that contain both adequate and inadequate communication [VT, VA]*
- *Provide opportunities to review and correct errors in reports [VT, VG, CBL]*
- *Provide opportunities to review and correct inappropriate assumptions, extraordinary assumptions and hypothetical conditions [VT, VG, CBL]*
- *Provide various samples of appropriate and inappropriate requests for corrections, clarifications and Reconsiderations of Value, demonstrating appropriate responses (e.g., no changes, modifications to report, requirement for new assignment, etc.) [VT, VG, CBL]*

**XVIII. Review Section XVII with Mentor**

- A. Ensure understanding of effective appraisal report presentation and required content**
- B. Ensure compliance with Standards Rule 2-2**

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Continued Board Discussion(s)

-Licensed Appraiser License Type

-Out of State and Mass Appraisal Work Experience

-Work Product Checklist

# Pending Board Ballots

# Board Business



**From:** [The Appraisal Foundation](#)  
**To:** [Board of Real Estate Appraisers \(CED sponsored\)](#)  
**Subject:** NOW AVAILABLE: Second Exposure Draft of proposed changes to the Criteria  
**Date:** Wednesday, May 17, 2023 9:53:01 AM

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**CAUTION:** This email originated from outside the State of Alaska mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.



**AVAILALE NOW: Second Exposure  
Draft of Proposed Changes to the  
*Criteria***

The Second Exposure Draft of proposed changes to the *Real Property Appraiser Qualification Criteria* is now available for public comment. This Exposure Draft would make fair housing a required component of an appraiser's qualifying and continuing education. Public comments are critical to the development of new editions of the *Criteria*, and the Appraiser Qualifications Board values all input it receives.

The Appraiser Qualifications Board is now accepting all public comments until June 17th. To submit a comment, click [here](#), and the AQB will review your feedback.

Appraiser Qualifications Board Chair Brad Swinney and Vice President of Appraisal Issues Lisa Desmarais will host a webinar to discuss this Exposure Draft on June 1st, 2023, at 1:00 PM ET. Register [here](#) to attend the webinar.

The AQB will also accept verbal comments at its virtual public meeting on Thursday, June 22, 2023. You may register to attend the virtual meeting [here](#).

[View the Exposure Draft](#)



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The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring that appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

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The Appraisal Foundation  
1155 15th Street NW STE 1111  
Washington, DC 20005



# Second Exposure Draft

Real Property Appraiser Qualifications Criteria

May 17, 2023



The Appraisal  
**FOUNDATION**

Authorized by Congress as the Source of Appraisal  
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APPRAISER QUALIFICATIONS BOARD

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# Join the Conversation

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Appraisal Qualifications Board (AQB) Chair Brad Swinney, Vice Chair Jerry Yurek, and Appraisal Foundation (Foundation) Vice President of Appraisal Issues Lisa Desmarais will host a webinar to discuss this Exposure Draft on June 1, 2023, at 1:00 PM ET (11:00 AM PT). Register [here](#) to attend the webinar.

The AQB will also accept verbal comments at its virtual public meeting on June 22, 2023, at 1:00 PM ET. You may register [here](#).

All interested parties are encouraged to comment in writing to the AQB before the deadline of June 17, 2023. Each member of the AQB will thoroughly read and consider all comments.

## Send Your Comments by June 17, 2023

This exposure draft begins with rationale for the proposed changes to the *Real Property Appraiser Qualification Criteria (Criteria)*. 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 those parts that explain the changes to the *Criteria* 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 the AQB should consider.

Unless otherwise noted, where text is proposed to be deleted from the *Criteria*, that text is shown as strikethrough. For example: ~~This is strikethrough text proposed for deletion~~. Text that is proposed to be added to the *Criteria* is underlined. For example: This is text proposed for insertion.

To submit comments, please visit: <https://www.surveymonkey.com/r/AQBComments>

While for ease of processing, we prefer you use the SurveyMonkey for your comments, if you are unable to provide your comments via SurveyMonkey, you may also email [AQB@appraisalfoundation.org](mailto:AQB@appraisalfoundation.org).

All written comments will be posted for public viewing, exactly as submitted, on the Foundation's website. Names may be redacted upon request. The Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.

# Introduction

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## Second Exposure Draft of Proposed Changes to the *Real Property Appraiser Qualification Criteria (Criteria)*

In the First Exposure Draft, the AQB proposed two changes to the *Criteria*:

1. Adding Qualifying Education (QE) and Continuing Education (CE) requirements for course work in valuation bias and fair housing laws and regulations.
2. Revising and updating the name of the current *7-Hour National USPAP Update Course*.

In this Second Exposure Draft, the AQB continues to propose these changes, however, based on feedback from stakeholders, the board is slightly modifying the proposed requirements. Before presenting the explanation of the changes and the rationale for each change, the AQB is providing summary rationale to address questions raised by stakeholders during the First Exposure Draft.

### First Exposure Draft Questions and AQB Responses

1. Why is the AQB proposing this now?

Every profession undergoes change which often stems from issues that arise in practice. Appraisal bias is an important issue that affects public trust. The AQB strongly feels that to reinforce and maintain public trust, it is necessary to ensure all appraisers know and understand their obligations under all applicable antidiscrimination laws. For this reason, the AQB is proposing all credentialed appraisers have focused education in valuation bias and fair housing laws and regulations.

2. Why is the AQB taking the approach of proposing requirements where **all** real property appraisers complete education on fair housing laws and regulations, regardless of the property type each individual appraiser may choose to focus on in their practice (residential, commercial, industrial, etc.)?

Regardless of the type of work an appraiser may choose to practice, a Licensed Residential, Certified Residential or Certified General credential qualifies that individual to complete appraisal assignments to which fair housing laws and regulations might apply (subject to also meeting the requirements of the COMPETENCY RULE in USPAP). Even if an appraiser chooses to never complete an assignment where a fair housing law or regulation applies, they must understand these laws because their

credential qualifies them to complete those assignments.

Additionally, because avoiding valuation bias is a key aspect of appraisal practice, the AQB believes specifically requiring focused education on this topic is imperative to ensure the public trust now and going forward.

While many appraisers have at least some education and training related to valuation bias and/or fair housing laws and regulations, this AQB proposed training consists of specific topics every appraiser must complete.

3. Can you provide an additional explanation on why the AQB is proposing to increase the number of required QE hours for some credential levels?

If the proposed requirement to take this new course is adopted, the QE requirements would increase minimally for two classifications. Of the four credential classifications (trainee, LR, CR, CG), only two (the trainee classification and LR classification) are proposed to have an increase of eight total hours each for their QE requirements.

Because the trainee classification and the LR classification have no elective hours required in their existing QE requirements, it was not possible to add additional requirements without increasing the total number of QE hours required for these classifications.

There is no proposed change in the total number of QE hours for the CR or CG classifications.

If these proposed changes are adopted, an individual seeking to be classified as a Trainee Appraiser would need to take a total of 83 QE hours (versus 75 hours in the current *Criteria*) and the LR would need to take a total of 158 QE hours (versus 150 hours in the current *Criteria*).

To clarify: these are actual hours, not semester hours. Thus, for example, if a student uses 40 hours a week as their measure, it will take just over two weeks to complete all their QE requirements. The increase in the number of hours is minimal in relation to the benefit of the student gaining important education in valuation bias and fair housing laws and regulations.



4. As an appraiser who is also a Realtor<sup>®</sup>, can I use the fair housing education I receive through the National Association of Realtors<sup>®</sup> to meet the AQB's proposed education requirements?

A Realtor<sup>®</sup>-centered fair housing course typically has different content than what is being proposed for appraiser education on this topic. If the course is approved in the state and meets the required content of the Valuation Bias and Fair Housing Laws and Regulations Outline, then the course will meet these proposed education requirements.

5. Has the AQB considered, instead of a stand-alone QE course in valuation bias and fair housing laws and regulations, that all of the QE courses be modified to include this topic throughout all existing materials in every appraisal course?

Yes, the AQB explored this option and concluded it was not the best course of action and created practical implementation challenges. These topics are better understood and taught in a course that is solely focused on these issues.

Additionally, it would be onerous for course providers to weave this topic into existing courses. Further, if the topic was interspersed throughout existing education, it would be challenging for course providers and appraisers to ensure adequate education on all necessary aspects of the topic, and challenging for regulators to track how every appraiser was trained on all required valuation bias and fair housing laws and regulations content.

6. Will the Foundation develop the bias and fair housing laws and regulations course?

No. Any education developer is free to develop a course and submit it through the AQB's Course Approval Program or to individual states for approval.

7. Why not just add this material to the USPAP courses?

USPAP contains the ethical standards and competency requirements for individual appraisers and the accompanying courses are designed to teach those standards and competency requirements. Antidiscrimination is one of many issues addressed within USPAP. With the recent adoption of changes to the ETHICS RULE in USPAP, future courses will address this

issue as one component of USPAP, and a focused fair housing course is necessary to ensure adequate training. A combined course (USPAP + fair housing + valuation bias) would not be able to present the level of detail needed for an appraiser to adequately understand this important subject while maintaining a sufficient focus on other areas of USPAP.

8. Instead of requiring more QE, can the AQB just increase enforcement of bias and fair housing and lending related issues?

No. While enforcement is a key factor in the success of any law or regulation, neither the AQB nor The Foundation are entities authorized to make, judge, or enforce law.

9. Did the AQB develop the course outline in consultation with experts? And can you tell me exactly who provided feedback to the AQB?

Yes. The outline was developed considering the direct advice received from fair housing experts, and legal professionals with expertise in fair housing laws and the production of education related materials.

Participants included representatives of fair housing advocacy groups, civil rights experts, federal agencies, education providers, appraiser membership organizations, and state regulatory agencies. Additionally, revisions have been made in the Second Exposure Draft based on comments on the First Exposure Draft received from such entities, including federal regulatory bodies.

To view one of the public forums held on this topic, [click here](#), and you will be directed to our YouTube recording of the AQB's *Forum to Explore Education Requirements: Fair Housing Laws and Valuation Bias Education* (Forum).

10. The course outline only teaches Federal fair housing laws, shouldn't the course also teach individual state laws?

The proposed course requirement reflects content that is relevant on a national level.

Federal law sets the minimum requirement for appraisers nationwide. It would not be possible for the Foundation to design training that includes material from all states and territories. However, appraisers are required by USPAP to comply with all applicable laws and regulations, including state and local antidiscrimination laws, and should seek training through state-level courses, state regulatory agencies, and other available resources.

Also, many states already require appraisers to take a state-approved course that specifically teaches laws relevant to the appraiser working in that state. The AQB could not develop a national standard that requires different content for the different states and territories.

Additionally, under USPAP, appraisers are responsible to comply with the COMPETENCY RULE and follow any applicable law or regulations, including those that only apply to a small jurisdiction where a subject property is located.

11. Should the outline contain the topics of “disparate impact” and “disparate treatment?”

In the first exposure draft, the AQB did not propose these two separate topics to be included in the outline, namely because they would be an implied sub-topic to be covered. However, to be clear to all education developers, the AQB is now adding those topics to the outline proposed in this draft.

12. Since the course will cover fair housing laws and regulations, which is a specialized topic, will the AQB have requirements for qualifying each course instructor?

There are only two instances where the AQB has instructor qualifications for QE or CE courses. In the first instance, the AQB trains, tests, and certifies instructors who teach courses on USPAP (which is the Foundation’s publication).

In the second instance, if an education developer submits a course to the AQB’s Course Approval Program (CAP), they are doing so knowing they will follow the CAP policies. CAP policies do have requirements relating to instructor qualifications.

However, education providers are not required to submit their courses to CAP for approval, because they may submit their courses directly to the state. States may choose to have instructor qualification requirements for any courses submitted to them.

13. The effective date proposed in the First Exposure Draft of January 1, 2025, does not allow sufficient time for states to add the requirement for this course. Can you extend that effective date?

Yes, with this exposure draft, if adopted, the new proposed effective date would be January 1, 2026. Both the Appraisal Subcommittee (ASC) and numerous individual states expressed concern that the proposed effective date for these changes was not far enough in the future to allow states sufficient time to enact required legislative changes.

14. The proposed course contains complex legal content that will require specific expertise. Will the AQB's CAP employ experts to review and approve the course material related to the laws and regulations?

Education providers are not required to submit their courses to CAP for approval. However, because expertise in fair housing laws and regulations is important, CAP policies are in the process of being discussed and updated. Right now, discussions center on the possibility of implementing a requirement that any material related to fair housing laws and regulations be reviewed and approved for legal accuracy before a course is submitted to CAP. If this type of policy is adopted, CAP will employ experts in the subject to assist in this determination and ample time will be given to education developers to understand how they will be required to demonstrate in a CAP submission that the legal content is correct.

We imagine any policy we develop can help state regulators as well. States that choose to review and approve these courses on their own can choose to follow a similar process.

As noted, these updated policies are still in development. We welcome your feedback on this issue.

15. Why is AQB proposing the four (4) hour course to have less coverage on the topics of "Understanding Real Estate Bias" and "Federal Fair Housing Laws"?

The intent is to allow for the seven (7) hour course to address core principles of the proposed content, and for the four (4) hour course to be practice-based, focusing more on examples, case studies and/or

emerging issues. This will ensure that appraisers receive a well-rounded education with some content required being base-level knowledge, while other content focuses on applying and implementation of that knowledge.

### **Adding Qualifying Education and Continuing Education requirements for course work in valuation bias and fair housing laws and regulations.**

Under the provisions of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Appraiser Qualifications Board (AQB) establishes the minimum education, experience, and examination requirements for real property appraisers to obtain a state license or certification, as well as Supervisory Appraiser requirements. The AQB regularly solicits and receives comments and suggestions for improving the *Real Property Appraiser Qualification Criteria (Criteria)*.

Concerns relating to discrimination and fair housing law violations in real property appraisals are important topics throughout the housing industry and the appraisal profession. While these are complex issues, many of which go beyond the scope of the *Criteria*, a wide range of stakeholders have urged the AQB to require courses on valuation bias and fair housing laws and regulations as part of an appraiser's qualifying and continuing education. For example, a major stakeholder is the White House task force known as PAVE (Property Appraisal and Valuation Equity) issued an action plan in early 2022 that includes recommendations to the AQB to add education on these topics for all credentialed and aspiring appraisers.

Considering this request and based on feedback from the industry, the AQB believed it important to reach out to stakeholders to explore adding these types of requirements to the *Criteria* and to hear their perspectives on these important topics.

As noted above, the AQB held the Forum on September 12, 2022. The overwhelming feedback from Forum participants indicated topics of valuation bias and fair housing laws and regulations should be required education for all appraisers. Subsequently, the AQB held a working group meeting with state appraiser regulatory agencies; professional appraiser organizations; education providers; appraiser coalitions; and consumer, civil rights, and fair housing advocacy groups to receive feedback on what exactly these education requirements should contain.

Based on the comments received at the Forum, in the stakeholder meeting, and other feedback channels, the AQB issued a First Exposure Draft with proposed changes to the *Criteria*. The AQB then held a webinar to discuss the changes, held a focus group discussion (which included representatives from fair housing advocates, state regulatory agencies, education developers, appraiser membership organizations and Federal agencies), and discussed in board meetings feedback received in various forms, including comment letters. As a result of this feedback, the AQB modified some of the proposed requirements and is issuing this Second Exposure Draft.

## **Revising and updating the name of the current *7-Hour National USPAP Update Course* and the *7-Hour Instructor Recertification Course*.**

The AQB is continuing to propose updating the name of the *7-Hour National USPAP Update Course* to “*7-Hour National USPAP Continuing Education Course*.” The AQB is also proposing the removal of the “7-Hour” from the title of the *7-Hour Instructor Recertification Course*. The proposed change better reflects the purpose and content of the courses.

## **Minor Edits**

On page 16 of this exposure draft, a few minor edits, while largely administrative in nature, and made solely for the purposes of clarification, are also proposed for change. The edits do not result in any substantial change to the *Criteria*. Here are those proposed edits (shown in below orange text):

11. AQB Certified USPAP Instructors successfully completing an 7-Hour Instructor Recertification Course and exam (if an exam is required) within their current continuing education cycle have satisfied the *7-Hour National USPAP Update Continuing Education Course* continuing education requirement.
  
- 12.-14. A State appraiser regulatory agencies with the appropriate authority to do so may place a credential holder in an “inactive status” if the state determines a deficiency in continuing education was due to extenuating circumstances.

## **Timing of Proposed Changes**

For the purpose of this Second Exposure Draft, these changes assume that they will be included in new *Criteria* that will be adopted at the public meeting on June 22, 2023, with those changes becoming effective January 1, 2026. This effective date change extends the time period for implementation by 1 year as compared to the First Exposure Draft.

Concerns were directly expressed by the states and from the Appraisal Subcommittee (ASC) that an effective date of January 1, 2025, did not allow an adequate time period for the changes to be successfully implemented by the states.

Each state has different regulatory processes, with some taking up to two years or more to amend its laws and regulations. Extending the date by one year allows sufficient lead time providing states the ability to implement these *Criteria* changes.

Of course, states can choose to implement these changes prior to the effective date of the *Criteria*.

**On behalf of the AQB, thank you for taking time to review and respond to this exposure draft.**

If you have any questions, please contact the Board at [AQB@appraisalfoundation.org](mailto:AQB@appraisalfoundation.org).

Brad Swinney  
Chair, Appraiser Qualifications Board.

# Proposed Revision to Continuing Education (CE) Requirements

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## Rationale - Addition of Valuation Bias and Fair Housing Laws and Regulations Education Requirements

### Overview of Proposed Changes

The AQB is proposing to revise the current continuing education requirements. The proposal is to require a portion of the existing required continuing education hours meet specific content requirements.

Currently for an appraiser seeking to keep their license or certification current, two of the continuing education requirements in the *Criteria* which apply are:

- (1) *Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its AQB-approved equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.*
- (2) *The equivalent of fourteen (14) 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.*

In other words, every two calendar-year period in an appraiser's education cycle currently requires twenty-eight hours of continuing education, of which seven hours must be obtained from successfully completing the *7-Hour National USPAP Update Course*.<sup>1</sup> This existing requirement allows the appraiser to choose how they obtain the other twenty-one hours of mandatory continuing education. The AQB is proposing to require a portion of those remaining twenty-one hours be allocated to a valuation bias and fair housing laws and regulations course.

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<sup>1</sup> Note that this course name is proposed in this Second Exposure Draft to be changed to the "7-Hour National USPAP Continuing Education Course."



## Explanation of Proposed Changes

The AQB concurred with the stakeholder feedback to have two distinct (or mutually exclusive) **continuing education** requirements for valuation bias and fair housing laws and regulations education. The proposed continuing education requirements are:

Appraisers must successfully complete a course which meets the content requirements of the Valuation Bias and Fair Housing Laws and Regulations Outline, every two calendar years.

- a. The first time an appraiser completes the continuing education requirement for this course, the course length must be seven (7) hours. If an appraiser successfully completed a seven (7) hour (plus 1 hour exam) course as part of their qualifying education, they have met this requirement.
- b. Every two calendar years thereafter, the course length must be at least four (4) hours.

The difference between the seven (7) hour course and the eight (8) hour course is the eight (8) hour course includes a required one-hour exam. Therefore, the eight (8) hour course is the same identical content as the seven (7) hour course, with one extra hour added to allow for an exam to be administered.

The goal is to provide in-depth and detailed education for all credentialed appraisers on the topics of valuation bias and fair housing laws and regulations, with content that matches what is expected in a QE course on the same topics. Once the appraiser has completed the initial course and gained core knowledge of these topics, the appraiser will need to complete a four (4) hour refresher course every two years.

## Implementation Period

The AQB deems it prudent to public trust in appraisal practice that all currently credentialed appraisers complete this proposed training as quickly as reasonably possible, while considering the inherent constraints and differing operations of differing states and territories. These constraints include allowing state appraiser regulatory agencies ample time to make any necessary revisions to their laws or regulations in advance of the effective date, for example, some states' legislatures meet every other year.

The AQB's guiding principle is to ensure that every new or existing appraiser completes the initial fair housing course within two calendar years after their adoption and effective date.

## Name Change of 7-Hour National USPAP Update Course

The first AQB approved *7-Hour National USPAP Update Course* became available on January 1, 2003, and was the result of the AQB concluding, after receiving stakeholder feedback, that there needed to be a requirement for appraisers to have ongoing continuing education in the professional ethical and competency standards of USPAP.

The purpose of the course has always been to provide ongoing education on the principles and requirements of USPAP and to present and explain any updates made from one edition to another. To better reflect the intent and objectives of the course, the AQB is proposing to change the name of this course to *7-Hour National USPAP Continuing Education Course*.

This proposed change remains the same from the First Exposure Draft to this Second Exposure Draft.

## Name Change of 7-Hour Instructor Recertification Course (IRC)

Under section III.F.12 of the *Criteria*, the AQB is proposing to remove “7-Hour” from the title of the “*7-Hour Instructor Recertification Course*.” The goal of the course is to keep instructors up to date so they can continue to be qualified to teach USPAP courses. Originally, when the course was only held in-person, it was a seven-hour course. However, when it became an asynchronous course, its subject matter often was taught in less than seven hours. Removing the words “7-Hour” from the title more accurately reflects what the course is, and that the number of hours is not a key objective of the course.

This change makes it clear that the successful completion of the IRC course is related to gaining competency, rather than attending for a specific number of hours.<sup>2</sup>

Instructors go through an extremely rigorous course and difficult exam process to gain an AQB Certified USPAP credential. Therefore, the bi-annual training they receive does not need to cover, as the 7-hour course typically does, the basics of USPAP. The instructors are made aware of any changes made to USPAP (when they take the Instructor Recertification Course) and how to teach the topics that are the focus of the course. Requiring instructors to sit through a 7-hour course defeats the purpose of recognizing they have mastered the core material.

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<sup>2</sup> Moreover, AQB certified instructors have access to all instructor materials, notes and answer keys, and they spend independent time studying these materials (outside of the IRC course).

## Name Change of Valuation Bias, Fair Housing, and/or Equal Opportunity as an Allowable Continuing Education Topic

The AQB is proposing a name change to item F. 3. f. from “valuation bias, fair housing, and/or equal opportunity” to “valuation bias and fair housing laws and regulations.” The change of title is to ensure consistency with the proposed course. This proposed change remains the same from the First Exposure Draft to this Second Exposure Draft.

## Location of Proposed Changes in current *Criteria*

For ease of reference, the proposed changes presented below relate to requirements found on pages 10 and 11 of the [Real Property Appraiser Qualification Criteria](#) currently in effect.

### CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

#### III. Generic Education Criteria

#### F. Criteria Specific to Continuing Education

# CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

## III. Generic Education Criteria

### F. *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.

Aside from complying with the requirements to complete the *7-Hour National USPAP Update Continuing Education Course* or its equivalent, appraisers may not receive credit for completion of the same continuing education course offering within the same continuing education cycle.

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 real property related appraisal topics, including, but not limited to:
  - a. Ad valorem taxation;
  - b. Arbitration, dispute resolution;
  - c. Courses related to the practice of real estate appraisal or consulting;
  - d. Development cost estimating;
  - e. Ethics and standards of professional practice, USPAP;
  - f. Valuation bias, and fair housing laws and regulations, and/or equal opportunity;
  - g. Land use planning, zoning;
  - h. Management, leasing, timesharing;
  - i. Property development, partial interests;
  - j. Real estate law, easements, and legal interests;
  - k. Real estate litigation, damages, condemnation;
  - l. Real estate financing and investment;
  - m. Real estate appraisal-related computer applications;
  - n. Real estate securities and syndication;
  - o. Developing opinions of real property value in appraisals that also include personal property and/or business value;
  - p. Seller concessions and impact on value; and/or
  - q. Energy-efficient items and “green building” appraisals.

- 35 4. Up to one half of an individual’s continuing education requirement may  
36 also be granted for participation, other than as a student, in appraisal  
37 educational processes and programs. Examples of activities for which  
38 credit may be granted are teaching, program development, authorship of  
39 textbooks, or similar activities that are determined to be equivalent to  
40 obtaining continuing education. Credit for instructing any given course or  
41 seminar can only be awarded once during a continuing education cycle.
- 42 5. Educational offerings taken by an individual in order to fulfill the class hour  
43 requirement for a different classification than his/her current classification  
44 may be simultaneously counted towards the continuing education  
45 requirement of his/her current classification.
- 46 6. In addition to the generic requirements described in III.D., asynchronous  
47 distance education courses intended for use as continuing education must  
48 include at least one of the following:
- 49 a. A written examination proctored by an official approved by the  
50 college or university, or by the sponsoring organization. Remote  
51 proctoring, including bio-metric procedures as noted in III E. 7.  
52 above, is acceptable. The term “written” as used herein refers to  
53 an exam that might be written on paper or administered  
54 electronically on a computer workstation or other device. Oral  
55 exams are not acceptable; or
- 56 b. Successful completion of prescribed course mechanisms required  
57 to demonstrate knowledge of the subject matter.
- 58 7. Real estate appraisal-related field trips may be acceptable for credit  
59 toward the continuing education requirements. However, transit time to or  
60 from the field trip may not be included when awarding credit unless  
61 instruction occurs during said transit time.
- 62 8. Appraisers must successfully complete the *7-Hour National USPAP*  
63 *Update Continuing Education Course*, or its AQB-approved equivalent,  
64 every two-calendar-years. Equivalency shall be determined through the  
65 AQB Course Approval Program or by an alternate method established by  
66 the AQB.
- 67 9. Individuals who are credentialed in more than one jurisdiction shall not  
68 have to take more than one *7-Hour National USPAP Update Continuing*  
69 *Education Course* within a two-calendar-year period for the purposes of  
70 meeting AQB *Criteria*.

- 71 10. USPAP continuing education credit shall only be awarded when the  
72 course is instructed by at least one AQB Certified USPAP Instructor who  
73 is also a state certified appraiser in good standing.
- 74 11. Appraisers must successfully complete a course which meets the content  
75 requirements of the Valuation Bias and Fair Housing Laws and  
76 Regulations Outline, every two calendar years.
- 77 a. The first time an appraiser completes the continuing education  
78 requirement for this course, the course length must be seven (7)  
79 hours. If an appraiser successfully completed a seven (7) hour  
80 (plus 1 hour exam) course as part of their qualifying education,  
81 they have met this requirement.
- 82 b. Every two calendar years thereafter, the course length must be at  
83 least four (4) hours.
- 84 12. ~~11.~~ The equivalent of fourteen (14) class hours of instruction in courses or  
85 seminars for each year during the period preceding the renewal is  
86 required. For example, a two-year continuing education cycle would  
87 require twenty-eight hours. The class hour requirement can be fulfilled at  
88 any time during the cycle.
- 89
- 90 13. ~~12.~~ AQB Certified USPAP Instructors successfully completing an 7-Hour  
91 Instructor Recertification Course and exam (if an exam is required) within  
92 their current continuing education cycle have satisfied the 7-Hour National  
93 USPAP Update Continuing Education Course continuing education  
94 requirement.
- 95
- 96 14. ~~13.~~ A Sstate appraiser regulatory agencyies with the appropriate authority  
97 to do so may place a credential holder in an “inactive status” if the state  
98 determines a deficiency in continuing education was due to extenuating  
99 circumstances.

100 Prior to reactivation, credential holders in an inactive status must complete  
101 all required continuing education hours that would have been required if  
102 the credential holder was in an active status. The required hours must also  
103 include the most recent edition of a 7-Hour National USPAP Update  
104 Continuing Education Course (or its AQB-approved equivalent).

105 Waivers may not be granted to credential holders who have failed to meet  
106 the continuing education requirements.

107 Deferrals may not be granted to credential holders, except in the case of  
108 individuals returning from active military duty, or individuals impacted by a  
109 state- or federally-declared disaster. State appraiser regulatory agencies  
110 may allow credential holders returning from active military duty to be

111 placed in active status for a period of up to 90 days pending completion of  
112 all continuing education requirements. State appraiser regulatory agencies  
113 may allow credential holders impacted by a state- or federally-declared  
114 disaster that occurs within 90 days prior to the end of the continuing  
115 education cycle to remain (or be placed in) active status for a period of up  
116 to 90 days after the end of the credential holder’s continuing education  
117 cycle, pending completion of all continuing education requirements.

118 15. ~~14~~. Credentialed appraisers are required to complete continuing education  
119 for a partial year in a continuing education cycle as follows:

120 For continuing education cycle periods of 185 days or more, 14 hours of  
121 continuing education is required.

122 For continuing education cycle periods of less than 185 days, no hours of  
123 continuing education are required.

124 **Example #1:** A credential issued on August 15 that expires on December  
125 31 of the same year would not require any continuing education hours for  
126 that year.

127 **Example #2:** A credential issued on May 15 that expires on December 31  
128 of the same year would require 14 continuing education hours for that  
129 year.

130 **Example #3:** A credential issued on August 15 that expires on December  
131 31 of the following year would require 14 hours of continuing education to  
132 renew.

133 16. ~~15~~. State appraiser regulatory agencies may award continuing education  
134 credit to credentialed appraisers who attend a state appraiser regulatory  
135 agency meeting, under the following conditions:

136 a. Credit may be awarded for a single state appraiser regulatory  
137 agency meeting per continuing education cycle. The meeting  
138 must be open to the public and must be a minimum of two (2)  
139 hours in length. The total credit cannot exceed seven (7) hours;  
140 and

141 b. The state appraiser regulatory agency must ensure that the  
142 credentialed appraiser attends the meeting for the required period  
143 of time.





# Proposed Addition to Qualifying Education (QE) Requirements

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## Rationale

### Summary of Proposed Changes

These proposed changes are identical to those in the First Exposure Draft.

The AQB is proposing to add an additional course requirement to the list of required qualifying education courses for each appraisal classification (Trainee, Licensed Residential, Certified Residential and Certified General). This core course will provide a baseline of knowledge for all appraisers on the topics of valuation bias and fair housing laws and regulations. The eight (8) hour course must be part of the required QE for aspiring appraisers no later than **January 1, 2026**.

### Explanation of Proposed Changes

There are multiple areas of the *Criteria* this proposed change impacts. This includes needing to propose a change to requirement III.E.3:

*Class hours may be obtained only where the minimum length of the educational offering is at least 15 hours.*

In addition to a change being needed to reflect the required eight (8) hour in length, changes are needed to the qualifying education requirements for each classification.

Thus, while only one requirement is changing (an eight-hour course is being added to all qualifying education requirements), this results in multiple areas of the *Criteria* needing to be edited to reflect the proposed change, and the total hours required increasing for the Trainee classification and for the Licensed Residential credential.

For the Certified Residential and the Certified General qualifying education (QE) requirements, it was possible to propose adding the eight (8) hour course without increasing the total number of QE hours. This was possible because the AQB is proposing to reduce the total number of required elective hours accordingly.

## Location of Proposed Changes in the current *Criteria*

For ease of reference, the proposed changes found below relate to requirements you can find on the following pages of the [Real Property Appraiser Qualification Criteria](#) currently in effect:

- QE courses needing to be 15 hours in length



- Page 10, item III.E.3
- Licensed Residential Appraiser Real Property Appraiser
  - Page 17, item III.B
- Certified Residential Real Property Appraiser
  - Page 21, item III.E
  - Page 21, item III.F
- Certified General Real Property Appraiser
  - Page 24, item III.D
  - Page 24, item III.E

# CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

## III. Generic Education Criteria

- 144 E. *Criteria* Specific to Qualifying Education
- 145 3. Class hours may be obtained only where:
- 146 i. the minimum length of the educational offering is at least 15 hours
- 147 (except for the eight (8) hour course on valuation bias and fair
- 148 housing laws and regulations); and
- 149 ii. the individual successfully completes a proctored, closed-book final
- 150 examination pertinent to that educational offering.

# TRAINEE REAL PROPERTY APPRAISER

## III. Qualifying Education

- 151 A. As the prerequisite for application, an applicant must have completed ~~seventy-~~  
152 ~~five (75)~~ eighty-three (83) hours of qualifying education as specified in the  
153 *Required Core Curriculum*. Additionally, applicants must pass the course  
154 examinations and pass the *15-Hour National USPAP Course* (or its AQB-  
155 approved equivalent) and examination as part of the ~~75~~ eighty-three (83) hours.  
156 All qualifying education must be completed within the five (5) year period  
157 immediately preceding the date of application for a Trainee Appraiser credential.

## V. Training

- 158 F. Trainee Appraisers shall be required to complete a course that, at minimum,  
159 complies with the specifications for course content established by the AQB,  
160 which is specifically oriented to the requirements and responsibilities of  
161 Supervisory Appraisers and Trainee Appraisers. The course must be completed  
162 by the Trainee Appraiser before obtaining a Trainee Appraiser credential.  
163 Further, the Trainee Appraiser course cannot be included in the ~~75~~ eighty-three  
164 (83) hours of required qualifying education. Please refer to the Supervisory  
165 Appraiser / Trainee Appraiser Course Objectives and Outline in ~~this~~ the *Criteria*  
166 booklet for more information.

# LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

## II. Examination

- 167 A. The AQB-approved Licensed Residential Real Property Appraiser examination  
168 must be successfully completed. The only alternative to successful completion of  
169 the Licensed Residential examination is the successful completion of the  
170 Certified Residential or Certified General examination.  
171 B. The prerequisites for taking the AQB-approved examination are completion of:  
172 1. One hundred fifty-~~eight~~ (1508) creditable class hours as specified in the  
173 *Required Core Curriculum*; and  
174 2. One thousand (1,000) hours of qualifying experience in no fewer than six  
175 (6) months.

## III. Qualifying Education

- 176 A. The Licensed Residential Real Property Appraiser classification requires  
177 completion of one hundred fifty-~~eight~~ (1508) creditable class hours as specified in  
178 the *Required Core Curriculum*. As part of the one hundred fifty-eight 1508

179 required hours, the applicant shall successfully complete the *15-Hour National*  
180 *USPAP Course*, or its AQB-approved equivalent, and successfully pass the  
181 examination. There is no alternative to successful completion of the USPAP  
182 Course and examination.

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

### III. Qualifying Education

- 183 E. Appraisers holding a valid **Trainee Appraiser** credential may satisfy the  
184 educational requirements for the Certified Residential Real Property Appraiser  
185 credential by successfully completing the following additional educational hours:
- |     |   |                               |
|-----|---|-------------------------------|
| 186 | 1. Residential Market Analysis and Highest and Best Use   | 15 Hours                      |
| 187 | 2. Residential Appraiser Site Valuation and Cost Approach | 15 Hours                      |
| 188 | 3. Residential Sales Comparison and Income Approaches     | 30 Hours                      |
| 189 | 4. Residential Report Writing and Case Studies            | 15 Hours                      |
| 190 | 5. Statistics, Modeling and Finance                       | 15 Hours                      |
| 191 | 6. Advanced Residential Applications and Case Studies     | 15 Hours                      |
| 192 | 7. Appraisal Subject Matter Electives                     | <u>12</u> <del>20</del> Hours |

193 **TOTAL** ~~125~~ 117 Hours

- 194 F. Appraisers holding a valid **Licensed Residential Real Property Appraiser**  
195 credential may satisfy the educational requirements for the Certified Residential  
196 Real Property Appraiser credential by successfully completing the following  
197 additional educational hours:
- |     |   |                               |
|-----|---|-------------------------------|
| 198 | 1. Statistics, Modeling, and Finance                  | 15 Hours                      |
| 199 | 2. Advanced Residential Applications and Case Studies | 15 Hours                      |
| 200 | 3. Appraisal Subject Matter Electives                 | <u>12</u> <del>20</del> Hours |

201 **TOTAL** ~~50~~ 42 Hours

## CERTIFIED GENERAL REAL PROPERTY APPRAISER

### III. Qualifying Education

- 202 D. Appraisers holding a valid **Trainee Appraiser** credential may satisfy the  
203 educational requirements for the Certified General Real Property Appraiser  
204 credential by successfully completing the following additional educational hours:
- |     |   |          |
|-----|---|----------|
| 205 | 1. General Appraiser Market Analysis and Highest and Best Use | 30 Hours |
| 206 | 2. Statistics, Modeling and Finance                           | 15 Hours |
| 207 | 3. General Appraiser Sales Comparison Approach                | 30 Hours |
| 208 | 4. General Appraiser Site Valuation and Cost Approach         | 30 Hours |

209	5. General Appraiser Income Approach	60 Hours
210	6. General Appraiser Report Writing and Case Studies	30 Hours
211	7. Appraisal Subject Matter Electives	<u>22</u> <del>30</del> Hours

212 **TOTAL** **225 ~~217~~ Hours**

213 E. Appraisers holding a valid **Licensed Residential Real Property Appraiser**  
 214 credential may satisfy the educational requirements for the Certified General  
 215 Real Property Appraiser credential by successfully completing the following  
 216 additional educational hours:

217	1. General Appraiser Market Analysis and Highest and Best Use	15 Hours
218	2. Statistics, Modeling and Finance	15 Hours
219	3. General Appraiser Sales Comparison Approach	15 Hours
220	4. General Appraiser Site Valuation and Cost Approach	15 Hours
221	5. General Appraiser Income Approach	45 Hours
222	6. General Appraiser Report Writing and Case Studies	15 Hours
223	7. Appraisal Subject Matter Electives	<u>22</u> <del>30</del> Hours

224 **TOTAL** **150 ~~142~~ Hours**

# REQUIRED CORE CURRICULUM

TRAINEE APPRAISER	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
<u>VALUATION BIAS AND FAIR HOUSING LAWS AND REGULATIONS</u>	<u>8 HOURS</u>
15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)	15 HOURS
<b>TOTAL</b>	<del>75</del> <u>83</u> HOURS

LICENSED RESIDENTIAL	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
<u>VALUATION BIAS AND FAIR HOUSING LAWS AND REGULATIONS</u>	<u>8 HOURS</u>
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
<b>TOTAL</b>	<del>150</del> <u>158</u> HOURS



<b>CERTIFIED RESIDENTIAL</b>	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
<u>VALUATION BIAS AND FAIR HOUSING LAWS AND REGULATIONS</u>	<u>8 HOURS</u>
15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)	15 HOURS
RESIDENTIAL APPRAISER 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 (May include hours over minimum shown above in other modules)	<del>20</del> <u>12</u> HOURS
<b>TOTAL</b>	<b>200 HOURS</b>

<b>CERTIFIED GENERAL</b>	
BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
<u>VALUATION BIAS AND FAIR HOUSING LAWS AND REGULATIONS</u>	<u>8 HOURS</u>
<i>15-HOUR NATIONAL USPAP COURSE (OR ITS EQUIVALENT)</i>	15 HOURS
GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE	30 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
GENERAL APPRAISER SITE VALUATION AND COST APPROACH	30 HOURS
GENERAL APPRAISER SALES COMPARISON APPROACH	30 HOURS
GENERAL APPRAISER INCOME APPROACH	60 HOURS
GENERAL APPRAISER REPORT WRITING AND CASE STUDIES	30 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES (May include hours over minimum shown above in other modules)	<del>30</del> <u>22</u> HOURS
<b>TOTAL</b>	<b>300 HOURS</b>



# Proposed Valuation Bias and Fair Housing Laws and Regulations Course Outline

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## Rationale

This proposed outline was modified slightly from the First Exposure Draft explicitly to include the topics of disparate impact and disparate treatment. As discussed above, the AQB received positive stakeholder feedback in support of proposing an outline for the of valuation bias and fair housing laws and regulations course in the *Criteria*.

The panelists at the Forum provided written answers to one of the AQB questions to list the required topics for the course. The AQB received and reviewed the extensive list of topics for the course content.

The AQB reviewed current course outlines available on this topic for their required content from various state agencies and education providers. The AQB also received comments from stakeholders at various meetings and speaking engagements such as The Appraisal Foundation Advisory Council, Industry Advisory Council, and Association of Appraiser Regulatory Officials.

The AQB asked for greater feedback from the pre-exposure draft working group. The working group's comments further refined the required outline.

Lastly, the AQB received advice from fair housing attorneys on the required outline.

The goal of this proposed outline is to provide high-quality consistent/uniform education for all appraisers on the topics of valuation bias and fair housing laws and regulations.

# VALUATION BIAS AND FAIR HOUSING LAWS AND REGULATIONS COURSE OUTLINE

225 The course must contain information to ensure the appraiser understands valuation bias  
226 and fair housing laws and regulations related issues. The same outline is required for  
227 the seven (7) hour course, the eight-hour course (which is the seven-hour course plus a  
228 one-hour exam) and the four (4) hour course.

229 However, the four-hour course will have less content on the topics of “Understanding  
230 Real Estate Bias” and “Federal Fair Housing Laws and Regulations” and more content  
231 on “Valuation Bias” and “Case Studies.”

232 Education developers must include the topics contained in the following outline when  
233 creating course content:

## 234 **A. Understanding Real Estate Bias**

### 235 1. Historical Context

- 236 a. Role of the following: real estate agents, insurance, appraisers,  
237 lenders, Government Sponsored Enterprises, federal, state and  
238 local agencies, and legislation
- 239 b. Redlining
- 240 c. Restrictive Covenants
- 241 d. Court Rulings

### 242 2. Contemporary Context

- 243 a. Economic Impact of Property Value Disparities for Protected  
244 Classes
- 245 b. Public Conversation Regarding Valuation Bias
- 246 c. Recent Cases and Developments

## 247 **B. Federal Fair Housing and Antidiscrimination Laws and Regulations**

### 248 1. Laws and Regulations

- 249 a. Civil Rights Act of 1866 (Section 1981 and Section 1982)
- 250 b. Fair Housing Act
- 251 c. Equal Credit Opportunity Act (ECOA)
- 252 d. Financial Institutions Reform, Recovery, and Enforcement  
253 Act (FIRREA)
- 254 e. Unfair and Deceptive Acts and Practices (UDAP)
- 255 f. Unfair, Deceptive or Abusive Acts and Practices (UDAAP)

### 256 2. Key Legal Concepts

- 257 a. Disparate Treatment
- 258 b. Disparate Impact

## 259 **C. Valuation Bias**

### 260 1. Components of Valuation Bias

- 261 a. Explicit
- 262 b. Implicit

263

c. Structural

264

2. Recognizing and Avoiding Valuation Bias

265

**D. Case Studies**

266

1. Current Valuation Bias Topics

267

2. Best Practices for Avoiding Valuation Bias

# Proposed Change to Guide Note

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## Rationale - Addition of a Course Outline to GN-1

This section remains unchanged from the First Exposure Draft to the Second Exposure Draft.

Assuming the above changes are adopted, Guide Note 1 will need to be updated to reflect those changes for consistency.

Guide Notes consist of guidance only and therefore do not contain any *Criteria* requirements. The edits to Guide Note 1 will consist of adding a high-level required outline in a format that is consistent with how the Guide Note is formatted.

Therefore, the outline in the Guide Note for the Valuation Bias and Fair Housing Laws and Regulations Course Outline is necessarily more abbreviated than it appears in the *Criteria*. The *Criteria* contains the full requirement to be met, and the Guide Note contains a condensed outline which is consistent with the formatting of Guide Note 1.

## AQB GUIDE NOTE 1 (GN-1)

268 **I. BASIC APPRAISAL PRINCIPLES (required for the Trainee Appraiser, Licensed**  
269 **Residential, Certified Residential, and Certified General classifications)**

270 *30 HOURS*

- 271 A. Real Property Concepts and Characteristics
  - 272 1. Basic Real Property Concepts
  - 273 2. Real Property Characteristics
  - 274 3. Legal Description
- 275 B. Legal Considerations
  - 276 1. Forms of Ownership
  - 277 2. Public and Private Controls
  - 278 3. Real Estate Contracts
  - 279 4. Leases
- 280 C. Influences on Real Estate Values
  - 281 1. Governmental
  - 282 2. Economic
  - 283 3. Social
  - 284 4. Environmental, Geographic, and Physical
- 285 D. Types of Value
  - 286 1. Market Value
  - 287 2. Other Value Types
- 288 E. Economic Principles
  - 289 1. Classic Economic Principles
  - 290 2. Application and Illustrations of the Economic Principles
- 291 F. Overview of Real Estate Markets and Analysis
  - 292 1. Market Fundamentals, Characteristics, and Definitions
  - 293 2. Supply Analysis
  - 294 3. Demand Analysis
  - 295 4. Use of Market Analysis
- 296 G. Ethics and How They Apply in Appraisal Theory and Practice
- 297 H. Valuation Bias, and Fair Housing Laws and Regulations, and/or Equal  
298 Opportunity

299 **II. BASIC APPRAISAL PROCEDURES (required for the Trainee Appraiser,**  
300 **Licensed Residential, Certified Residential, and Certified General classifications)**

301 *30 HOURS*

- 302 A. Overview of Approaches to Value
- 303 B. Valuation Procedures

- 304 1. Defining the Problem
- 305 2. Collecting and Selecting Data
- 306 3. Analyzing
- 307 4. Reconciling and Final Value Opinion
- 308 5. Communicating the Appraisal

309 C. Property Description

- 310 1. Geographic Characteristics of the Land/Site
- 311 2. Geologic Characteristics of the Land/Site
- 312 3. Location and Neighborhood Characteristics
- 313 4. Land/Site Considerations for Highest and Best Use
- 314 5. Improvements - Architectural Styles and Types of Construction
- 315 6. Special Energy-Efficient Characteristics of the Improvements

316 D. Residential or General Applications

317 **III. VALUATION BIAS AND/OR FAIR HOUSING LAWS AND REGULATIONS**  
318 **(required for the Trainee Appraiser, Licensed Residential, Certified Residential,**  
319 **and Certified General classifications)**

320 **8 HOURS**

321 A. Understanding Real Estate Bias

- 322 1. Historical Context
- 323 2. Contemporary Context

324 B. Federal Fair Housing and Antidiscrimination Laws and Regulations

- 325 1. Laws and Regulations
- 326 2. Key Legal Concepts

327 C. Valuation Bias

- 328 1. Components of Valuation Bias
- 329 2. Recognizing and Avoiding Valuation Bias

330 D. Case Studies

- 331 1. Current Valuation Bias Topics
- 332 2. Best Practices for Avoiding Valuation Bias

**From:** [The Appraisal Foundation](#)  
**To:** [Board of Real Estate Appraisers \(CED sponsored\)](#)  
**Subject:** Appraisal Institute PAREA Program Receives Approval from Appraiser Qualifications Board  
**Date:** Thursday, May 18, 2023 8:40:09 AM

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## **Appraisal Institute PAREA Program Receives Approval from Appraiser Qualifications Board**

The Appraisal Institute announced today that the Appraiser Qualifications Board has provided approval of AI's Practical Applications of Real Estate Appraisal program for the licensed residential path.

The Appraisal Foundation's Board of Trustees awarded the Pathway to Success Grant to the Appraisal Institute to assist with the development of the PAREA program. The Pathway to Success Conditional Grant is designed to open up the appraisal profession to a new generation of appraisers and stipulates that participant priority be given to veterans, minorities and those in designated rural areas. AI was awarded the full grant amount of \$500,000 to build its AI PAREA program in collaboration with its partners. AI committed more than \$2 million toward AI PAREA.

PAREA, which is an online program, is an alternative pathway for aspiring appraisers to gain their required experience hours to become a licensed or certified appraiser. Historically, the only option for an appraiser to complete their experience hours was through a supervisor/trainee model that requires the aspiring appraiser to find their own supervisor. PAREA is currently accepted in 43 states, and that number is likely to increase as more states adopt this alternative pathway.

Key elements of AI PAREA include:

- Participants will be supported throughout the program by mentors who are Appraisal Institute Designated Members and full-time employees of the organization. The Appraisal Institute specifies rigorous requirements for Designated membership regarding experience, education and moral character and those individuals demonstrate the highest standards of education and ethics.
- AI PAREA participants will have access to the organization's 66 chapters to enhance networking opportunities and connect with appraisers who can potentially help participants become geographically competent, meaning that participants can learn about the specifics of local markets from appraisers with that knowledge and experience.
- In addition to the basic specification of three Uniform Standards of Professional Appraisal Practice (USPAP)-compliant reports established for PAREA programs by the AQB, AI PAREA features an additional 10 practice assignments and reports. The assignments are consistent for all participants and include a variety of complexity and property types to reinforce important appraisal concepts and skills.
- The assignments that are part of AI PAREA are developed by an organization with a 90-plus-year history of creating best-in-class education, publications and other appraisal products.
- AI PAREA participants have access to a knowledge center that includes a variety of resources that appraisers use every day including forms software and a multiple listing service (MLS).

"The AQB's approval of AI PAREA for the licensed residential path is a significant milestone for our organization and the entire valuation profession," said Appraisal Institute President Craig Steinley, MAI, SRA, AI-GRS, AI-RRS. "This program will create many opportunities for aspiring appraisers who might not currently have a



pathway into the profession.”

“The Foundation is so pleased to see the first PAREA program receive approval from the Appraiser Qualifications Board,” said The Appraisal Foundation President David S. Bunton. “The introduction of this program to the marketplace opens a new pathway for aspiring appraisers, and we look forward to welcoming PAREA participants to the appraisal profession.”

View a [clip of AI PAREA](#).

AI PAREA will initially welcome select participants during the pilot program phase, who have completed their Qualifying Education and reside in a state which has fully accepted PAREA in lieu of the traditional supervisor/trainee model. AI PAREA is expected to launch broadly and make registration available by September 2023.

Learn more about [AI PAREA](#).



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The Appraisal Foundation is the nation’s foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring that appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at [www.appraisalfoundation.org](http://www.appraisalfoundation.org).

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