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*Guest Article*

### **Letter to the Editor: Clarification of Requirements for ASA, AM, and FASA Credentials**

Dear Editor,

There has been a lot written recently presenting individual opinions about the differences in credentialing requirements among the various business valuation organizations. I am an ASA and the current vice-chair of the ASA's Business Valuation Committee (BVC). The BVC and the ASA would like to clarify the ASA's requirements for the Accredited Member (AM), Accredited Senior Appraiser (ASA), and Fellow Accredited Senior Appraiser (FASA) credentials in business valuation.

The requirements for obtaining and maintaining the AM and ASA credentials for business valuation are the same as those for the other disciplines of the ASA and are described below.

- The path to a credential from the ASA is a rigorous one that takes a minimum of two years of full-time commitment to complete. Once a prospect's application has been approved, the applicant has 10 months to complete an ethics exam and a USPAP course and exam (see below). Upon completion of both of these requirements, the applicant becomes a candidate for advancement. A candidate is not permitted to refer to him or herself as a "member" of the ASA as that term is reserved to those achieving the AM, ASA, or FASA status.
- The ethics exam is a 36-question open book exam that can be taken online or in person administered by an approved proctor. The USPAP course is a 15-hour course on the appraisal standards. Completion of the USPAP course includes a one-hour exam. USPAP resulted from the Financial Institution Reform, Recovery, and Enforcement Act of 1989 and is the only codification of appraisal standards specifically recognized by the United States Congress. In addition to USPAP, AMs, ASAs, and FASAs in business valuation are also required to comply with the American Society of Appraisers' Business Valuation Standards. A candidate may apply for advancement to Accredited Member (AM) or Accredited Senior Appraiser (ASA) at any time as long as he or she is a candidate in good standing (is current on dues and not the subject of an ethics violation).
- Advancement in the ASA requires: (1) successful completion of four 27-hour Principles of Valuation courses (108 hours total), each of which includes a three-hour exam<sup>1</sup>; (2) a peer review of a valuation report from a valuation assignment in which the candidate is recognized in the Appraiser's Certification as making a significant contribution to the valuation assignment; and (3) documented proof to the ASA of the candidate's experience conducting business valuations in terms of "full-time equivalents." Advancement to AM requires proof of two years' full-time equivalent experience (roughly 4,000 hours), while advancement to ASA requires proof of five years' full-time equivalent experience (roughly 10,000 hours). The FASA is granted to members that have made considerable contribution to the ASA and the profession by nomination and election by the ASA's College of Fellows.

- Once accredited, AMs and ASAs are required to recertify every five years by successfully completing 100 hours of business valuation-related activities (reaccreditation credits). At least 40 of these hours must be directly related to continuing education (CE), which includes teaching and speaking. The remaining 60 hours may be completed as either CE or organizational participation (OP) credits.

In addition to the AM, ASA, and FASA designations, the ASA recently began offering an additional designation in the valuation of intangible assets. Receipt of the intangible asset designation requires: (1) Accredited Senior Appraiser status in business valuation; (2) successful completion of two advanced 27-hour intangible asset valuation courses (54 hours), each of which includes a three-hour exam; (3) a peer review of an intangible asset valuation report from a valuation assignment in which the candidate is recognized in the Appraiser's Certification as making a significant contribution to the valuation assignment; and (4) submission and acceptance of a log or other evidence documenting the level of experience valuating intangible assets.

As a final note, the members of the BVC believe that certifications do not make a valuator; honesty, integrity, diligence, and informed judgment trump any alphabet soup on a business card. We challenge all in our profession to look beyond the nuances of the different organizations and focus on what we believe to be a common goal: to promote the quality and integrity of our chosen profession and demonstrate the value of our services.

Thank you on behalf of the BVC for this opportunity to clarify the ASA's credentialing requirements. If you have any questions or would like further clarification, please do not hesitate to contact me.

Sincerely,

Robert B. Morrison, ASA

Vice-Chair, Business Valuation Committee, American Society of Appraisers

<sup>1</sup>The ASA does not presently offer an "opt-out" comprehensive exam in lieu of completing all individual course exams, although it is under consideration by the BVC.

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