



TO: All Interested Parties

FROM: Joseph C. Traynor, Chair
Appraiser Qualifications Board

RE: First Exposure Draft of **Proposed Changes to the Real Property
Appraiser Qualification Criteria**

DATE: May 18, 2016

After an 18-month period during which five exposure drafts were released for public comment, the Appraiser Qualifications Board (AQB) adopted changes to the *Real Property Appraiser Qualification Criteria (Criteria)* in December 2011. The effective date of the *Criteria* changes was January 1, 2015.

In response to concerns voiced by stakeholders over changes in the real property appraiser marketplace, the AQB has been examining potential areas of change to the *Criteria*. This examination commenced in earnest with a concept paper that was issued in July 2015, followed by a Public Hearing in Washington, DC in October 2015. Following the Public Hearing, on February 11, 2016, the AQB issued a Discussion Draft – Potential Areas of Change to the *Real Property Appraiser Qualification Criteria*.

In response to the Discussion Draft, the AQB received over 270 written comments, as well as a number of verbal comments at a public meeting held in Phoenix, Arizona on April 8, 2016. This exposure draft takes into consideration all comments received to date, and will focus on five major areas in the *Criteria*:

- Alternative Track for Licensed Residential to Certified Residential
- Enhanced Practicum Curriculum
- Documenting Alternative Experience
- “Trainee” Nomenclature
- Three-Year Supervisory Residency Requirement

All interested parties are encouraged to comment in writing to the AQB before June 17, 2016. The AQB will also accept verbal comments at its public meeting in Las Vegas, Nevada on Friday, June 24, 2016. Respondents should be assured that each member of the AQB will thoroughly read and consider all comments.

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

Mail: Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: aqbcomments@appraisalfoundation.org

Facsimile: (202) 347-7727

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

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

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

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

**Issued: May 18, 2016
Comment Deadline: June 17, 2016**

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

When commenting on 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.

Where text is to be deleted from what currently appears in the *Real Property Appraiser Qualification Criteria*, that text is shown as ~~strikeout~~. For example: ~~This is strikeout text proposed for deletion.~~ Text added to what currently appears in the *Real Property Appraiser Qualification Criteria* is underlined. For example: This is text proposed for insertion.

The primary mission of the AQB is to protect public trust in the appraisal profession. As such, the Board anticipates multiple exposure drafts to adequately vet the significant issues contained in this document. Depending on the feedback received and timing of any subsequent exposure drafts, the AQB anticipates any changes, if adopted, to go into effect on January 1, 2018.

**First Exposure Draft:
Potential Changes to the
*Real Property Appraiser Qualification Criteria***

**Issued: May 18, 2016
Comment Deadline: June 17, 2016**

Each section of this document identifies the area(s) of the *Criteria* being considered for potential changes.

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

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

TABLE OF CONTENTS

Section	Issue	Page
1	Alternative Track for Licensed Residential to Certified Residential	5
2	Enhanced Practicum Curriculum	10
3	Alternative Experience	14
4	“Trainee” Nomenclature	20
5	Three-Year Supervisory Jurisdictional Requirement	21

Section 1: Alternative Track for Licensed Residential to Certified Residential

Rationale

The AQB has heard concerns that the Bachelor's degree requirement for the Certified Residential credential creates an unnecessary hurdle for many otherwise highly qualified and experienced Licensed Residential appraisers. Additionally, the AQB has heard from motivated and skilled individuals who would like to enter the appraisal profession, but find they are not well-suited to the traditional collegiate experience. The AQB recognizes there are other avenues for individuals to demonstrate specific college-level academic equivalency required of a Certified Residential appraiser.

In the February 2016 Discussion Draft, the AQB discussed the viability of an alternative track to Certified Residential for Licensed Residential appraisers who meet a certain threshold of experience and have a history of being in "good standing" in their practice. Comments received from Licensed Residential appraisers were understandably in favor; however, comments received from others were more mixed. The issue of public trust and the need to maintain the credibility of the Certified Residential credential remains the primary concern for the AQB.

After considering the comments received, the AQB is proposing to move away from an alternative track for those who have held a Licensed Residential credential in good standing for a certain period of time as a means of demonstrating equivalency to a consistent, measurable method that will require an individual to acquire the base knowledge and skills that are necessary to obtain a Certified Residential credential.

A detailed job analysis survey conducted by the AQB in 2014 (see pages 15-16) for additional information) identified many specific skills and knowledge required to perform given tasks related to residential appraisal. Many of the tasks required specific academic skills such as analytical and mathematical skills. Additionally, as written communication is a major skill set required of a residential appraiser, basic grammar and sentence structure skills are required. An individual with a Bachelor's degree has demonstrated sufficient proficiency in these basic academic areas by virtue of the degree; however, if an individual can demonstrate sufficient equivalency in specific subject areas, then the individual is presumed to possess the requisite basic academic skills necessary to protect the public trust.

The AQB is proposing two options for an individual to demonstrate specific college-level equivalency. The first option is to pass¹ a series of College-Level Examination Program (CLEP) exams. CLEP is a well-recognized testing program accepted by 2,900 colleges and universities.² The specific subject areas presumed necessary to protect the public trust include:

1. College Algebra

¹ CLEP exams involve "scaled scoring" without a pass/fail result. Applicants would be required to achieve exam scores that meet the minimums required to grant college credit at duly accredited colleges and universities.

² www.collegeboard.org

2. College Composition
3. Principles of Macroeconomics
4. Principles of Microeconomics
5. Introductory Business Law

These specific CLEP exams are available at many testing centers across the country and may serve to demonstrate an individual possesses the academic skills required to preserve and maintain public trust.

A second option in lieu of the Bachelor's degree may allow an applicant seeking the Certified Residential credential to document successful completion of specific collegiate courses from an accredited college, junior college, community college, or university. The specific courses proposed are:

1. English Composition (3 semester hours)
2. Economics or Finance (6 semester hours)
3. Algebra, Geometry, or higher mathematics (3 semester hours)
4. Business or Real Estate Law (3 semester hours)

The intent of the proposed revisions would also permit a mixture of traditional college courses, as outlined above, or the equivalent CLEP exam(s) for the specific subject matter. For example, an individual would receive the same credit for the 3 semester hours of Algebra, Geometry, or higher mathematics by either taking a traditional college course or successfully completing the College Algebra CLEP exam.

If adopted, the effect of this proposal would be elimination of the current 30 semester hours of college-level education required in the Licensed Residential classification, and revising the college-level education required for the Certified Residential credential to the targeted minimum education outlined above.

Note that the AQB received no feedback supporting alternatives to the Bachelor's degree requirement for Certified General appraisers; therefore, no changes are being proposed for the Certified General credential.

LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

1 III. Qualifying Education

2 ~~A. Applicants for the Licensed Residential credential shall successfully complete 30~~
3 ~~semester hours of college-level education from an accredited college, junior~~
4 ~~college, community college, or university. The college or university must be a~~
5 ~~degree-granting institution accredited by the Commission on Colleges, a regional~~
6 ~~or national accreditation association, or by an accrediting agency that is~~
7 ~~recognized by the U.S. Secretary of Education. If an accredited college or~~
8 ~~university accepts the College-Level Examination Program® (CLEP) and~~
9 ~~examination(s) and issues a transcript for the exam, showing its approval, it will be~~
10 ~~considered as credit for the college course.~~

11 ~~Applicants holding an Associate degree, or higher, from an accredited college,~~
12 ~~junior college, community college, or university satisfy the 30-hour college-level~~
13 ~~education requirement.~~

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

- 16 ~~• An accredited, degree-granting domestic college or university;~~
- 17 ~~• The American Association of Collegiate Registrars and Admissions Officers~~
18 ~~(AACRAO);~~
- 19 ~~• A foreign degree credential evaluation service company that is a member of~~
20 ~~the National Association of Credential Evaluation Services (NACES); or~~
- 21 ~~• A foreign degree credential evaluation service company that provides~~
22 ~~equivalency evaluation reports accepted by an accredited degree-granting~~
23 ~~domestic college or university or by a state licensing board that issues~~
24 ~~credentials in another discipline.~~

25 ~~BA. The Licensed Residential Real Property Appraiser classification requires~~
26 ~~completion of one hundred fifty (150) creditable class hours as specified in the~~
27 ~~*Required Core Curriculum*. As part of the 150 required hours, the applicant shall~~
28 ~~successfully complete the *15-Hour National USPAP Course*, or its AQB-approved~~
29 ~~equivalent, and successfully pass the examination. There is no alternative to~~
30 ~~successful completion of the USPAP Course and examination.~~

31 ~~C. For college-level courses taken in a quarterly system versus a semester system,~~
32 ~~one quarter hour credit is equivalent to .67 semester credit hours. Conversely, one~~
33 ~~semester credit hour is equivalent to 1.5 quarter credit hours. For example, to~~
34 ~~satisfy the 30-semester credit hour requirement for the Licensed Residential Real~~
35 ~~Property Appraiser classification, an applicant needs to successfully pass those~~
36 ~~applicable courses that generate 45 quarter credit hours, (i.e. 30 semester credit~~
37 ~~hours x 1.5 conversion factor).~~

38 ~~D~~B.Appraisers holding a valid **Trainee Appraiser** credential may satisfy the
39 educational requirements for the Licensed Residential Real Property Appraiser
40 credential by completing the following additional educational hours:

41	1. Residential Market Analysis and Highest and Best Use	15 Hours
42	2. Residential Appraiser Site Valuation and Cost Approach	15 Hours
43	3. Residential Sales Comparison and Income Approaches	30 Hours
44	4. Residential Report Writing and Case Studies	<u>15 Hours</u>
45		TOTAL 75 Hours

46 ~~E. **Trainee Appraisers** wishing to change to the Licensed Residential Real Property~~
47 ~~Appraiser classification must also satisfy the college level education requirements~~
48 ~~as specified in III.A.~~

49 ~~F~~C.Appraisers holding a valid **Certified Residential Real Property Appraiser**
50 credential satisfy the educational requirements for the Licensed Residential Real
51 Property Appraiser credential.

52 ~~G~~D.Appraisers holding a valid **Certified General Real Property Appraiser** credential
53 satisfy the educational requirements for the Licensed Residential Real Property
54 Appraiser credential.

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

55 III. Qualifying Education

56 A. Applicants for the Certified Residential credential must satisfy at least one of
57 the following four options (III.A.1, III.A.2, III.A.3, or III.A.4):

58 1. Hold a Bachelor's degree, or higher, from an accredited college or
59 university. The college or university must be a degree-granting institution
60 accredited by the Commission on Colleges, a national or regional
61 accreditation association, or by an accrediting agency that is recognized by
62 the U.S. Secretary of Education.

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

- 65 • An accredited, degree-granting domestic college or university;
- 66 • The American Association of Collegiate Registrars and Admissions
67 Officers (AACRAO);
- 68 • A foreign degree credential evaluation service company that is a
69 member of the National Association of Credential Evaluation Services
70 (NACES); or
- 71 • A foreign degree credential evaluation service company that provides
72 equivalency evaluation reports accepted by an accredited degree-
73 granting domestic college or university or by a state licensing board that
74 issues credentials in another discipline.

75 2. Successful completion of the following five (5) College Level Examination
76 Program® (CLEP®) examinations:

- 77 • College Algebra
- 78 • College Composition
- 79 • Principles of Macroeconomics
- 80 • Principles of Microeconomics
- 81 • Introductory Business Law

82 3. Successful completion of all courses in specific topic areas listed below from
83 an accredited college, junior college, community college, or university:

- 84 A. English Composition (3 semester hours)
- 85 B. Economics or Finance (6 semester hours)
- 86 C. Algebra, Geometry, or higher mathematics (3 semester hours)
- 87 D. Business or Real Estate Law (3 semester hours)

88 4. Any combination of III.A.2 and III.A.3 above that includes all of the topics
89 identified.

Section 2: Enhanced Practicum Curriculum

Rationale

The feedback received by the AQB in response to the Concept Paper and Discussion Draft, as well as comments received at recent AQB public meetings, indicated a high level of concern regarding the ability to accumulate the appraisal experience currently required for a credential. In recent years, opportunities for appraisal training have significantly diminished. Many experienced appraisers are reluctant to train because of the costs incurred and the lack of future monetary return, as well as concerns of potential liability. Aspiring appraisers are reluctant to engage in a training relationship because of the lack of reasonable compensation.

An issue revisited during the discussion process was the practicum course concept as outlined in Guide Note 4 (GN-4) of the *Criteria*. GN-4 was adopted effective January 1, 2008. Many responders and commenters expressed the opinion that the current guidance in GN-4 was too restrictive and required revision. Many were in favor of practicum courses, but did not consider them economically viable. To date, no practicum courses have been approved by the AQB. A practicum course involves actual practice-based experience in a classroom setting utilizing previously completed educational coursework in related theory and methodology.

Ideas were expressed during the comment period that the practicum education process should be enhanced with offerings through colleges, universities, proprietary schools, and professional organizations. Through these sources, classes could be offered in a traditional semester system. Some suggested the development of practicum courses in conjunction with intern programs. The goal for these classes is to emulate real estate appraisal practice through a series of case studies. Students would then be granted a block of experience hours after successful completion of this practicum offering. Experience hours from these courses may provide as many as 500 or 1,000 hours. Several commenters also advocated that an alternative path to the entire experience requirement be developed through a practicum curriculum. Successful completion of the coursework would require successful completion of an examination comprised of case studies.

Additionally, some responders questioned the AQB's use of practicum terminology. The term is often misunderstood with regards to its intended goal. Accordingly, the AQB is proposing this concept be relabeled as *Practical Applications of Real Estate Appraisal*.

Coursework in *Practical Applications of Real Estate Appraisal* would be based on the methodology and techniques previously learned as part of the qualifying education requirement. All qualifying education requirements would have to be completed for the respective certified levels prior to enrollment in these classes. This coursework could serve as an alternative to appraisal experience. GN-4 offers guidance for education providers developing these types of courses and state regulators approving them. Therefore, GN-4 would require updating, and revisions will be proposed in a forthcoming exposure draft.

Section 5, part D, of the *Criteria* states, in part "...experience gained for work without a traditional client cannot exceed 50% of the total experience requirement." In this proposal, a practical applications curriculum could account for up to 100% of the experience requirement. As a result, the *Criteria* would require revision to accommodate the proposed practical applications concept.

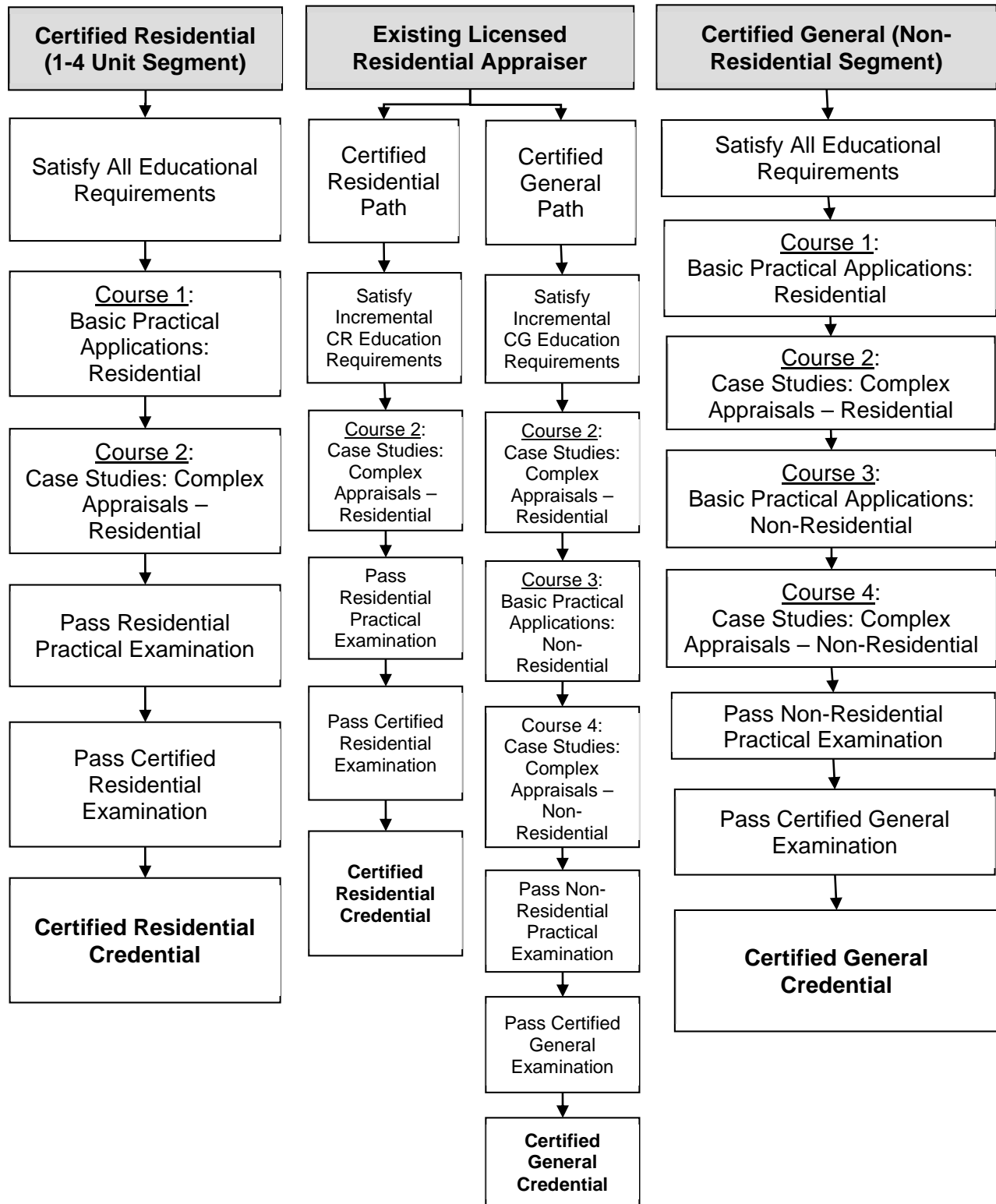
Practical Applications of Real Estate Appraisal could involve a series of four three-hour classes, ideally offered in a semester-length timeframe of 16 weeks (48 hours). Courses could be comprised of a residential 1-4 unit segment and a non-residential segment. Each segment could involve two classes utilizing case studies as a means of providing practical experience. In segment one, the first class could begin with basic practical applications of the appraisal process, while the second class could evolve with case studies that require completion of appraisals on difficult and complex properties. The non-residential segment could be dedicated to non-residential income properties, special use properties, and vacant land. The case studies could consist of key portions of the appraisal process and completion of at least one appraisal report. An actual subject property could be required for student analysis in areas involving property description and analysis. As stated previously, GN-4 would require revision in order to allow the use of non-traditional clients and in some cases hypothetical subject properties and data. Hypothetical properties with all necessary subject property and market data could be provided for case studies emphasizing areas of analysis only.

The course outline and matrix could be developed by the AQB in conjunction with other participants. Course topics will be developed in later exposure drafts. *Practical Applications of Real Estate Appraisal* courses could be submitted for approval through the AQB Course Approval Program.

Upon completion of each segment, the student could be eligible for certification examinations. *Practical Applications of Real Estate Appraisal* courses would not qualify for the experience requirements in the Licensed Residential classification. Completion of the first segment of practical applications could enable a student to test at the Certified Residential level. After completion of the second segment, a student could sit for the Certified General examination. Existing Licensed Residential appraisers would only be required to complete the second class in the first segment in order to test at the Certified Residential level.

The chart on the following page was designed to assist in visualizing this concept.

Practical Applications of Real Estate Appraisal



Practical Applications of Real Estate Appraisal classes would provide an alternative to gaining appraisal experience. After completion of this alternate track to experience, an appraiser would be able to participate and complete appraisal assignments for the certification level completed. It would be incumbent upon the state appraiser regulatory agencies to identify these alternate experience track appraisers and have a process for reviewing initial work product. Appraisers would be required to maintain logs of their appraisal assignments. The AQB would recommend state appraiser regulatory agencies review a minimum of five (5) appraisal assignments annually for a two-year period in order to evaluate the appraiser's progress. With this comprehensive review process of completed appraisal assignments by the states, coupled with competent educational offerings providing a complete overview of the entire appraisal process, this alternative track to appraisal experience would be beneficial while maintaining public trust.

NOTE: At this point in time the AQB is seeking comments on this concept. After review of the feedback received, the AQB will propose additional detail in future exposure drafts. Therefore, no proposed edits to the *Criteria* are being shown in this document.

Section 3: Alternative Experience

Rationale

There has been a great deal of discussion and support for allowing experience from other types of professions related to appraising. This includes the work of real estate brokers, market researchers, real estate investment professionals, and others. This related experience could account for a portion of the overall appraisal experience required. In addition, some have suggested that experience gained in partial appraisal work assignments (comprising less than the entire appraisal process) be allowed. This could include market research, data collection, or involvement in parts of an appraisal assignment. Various responders and panelists offered opinions suggesting that experience from alternative tracks or partial appraisal work assignments could comprise up to 50 to 60% of the required experience.

Another concern expressed involves the total required number of appraisal experience hours. Some believe the required experience hours are too cumbersome and restrict entry to the appraisal profession. Suggestions included revising cumulative experience hours and duration to 1,500 hours over 18 months for the Certified Residential classification, and 2,000 hours over 24 months for the Certified General level.

Multiple respondents to the Concept Paper, as well as panelists at the public hearing in Washington DC, introduced the idea of deferring the appraisal experience requirement, whereby an applicant would complete qualifying education and the examination for a specific credential level and then be granted a credential with the ability to practice on a provisional basis for a designated time period. Experience could then be evaluated and approved after this time period.

In the February 2016 Discussion Draft and April 2016 public meeting, comments were received suggesting alternative experience could account for 33% to 50% of the required experience hours. Those in disfavor expressed their beliefs that real estate appraisal constitutes a very unique skill set not emulated in the real estate sales or brokerage communities. Several of the respondents stressed the necessity of thorough analysis documentation by regulatory authorities to support alternative experience. Some respondents suggested the AQB include mass appraisers within the alternative experience concept. The AQB is not including assessors performing mass appraisals because they are already eligible for experience credit. Section V.E. of the current *Criteria* states, in part, "Acceptable real property appraisal practice for experience credit includes appraisal, appraisal review, appraisal consulting, and **mass appraisal.**" (Bold added for emphasis.)

One of the questions asked in the Discussion Draft concerned the current number of experience hours and duration for obtaining credentials. There were few responses to this specific question and of those received, the responses were mixed. Some agreed with the current requirements while, as mentioned above, some advocated shortening the timeframes by as many as 500 hours and 6 months.

Based on the feedback received, there is strong support and rationale for the AQB to consider revising the experience requirements. This is due to several reasons, the most critical being the inability of trainee appraisers to find willing supervisors. Much of the feedback received from the Concept Paper and Discussion Draft centered on this problem. Trainees reported either being unable to locate a supervisor or losing their supervisor during the training period. Potential supervisors indicated an unwillingness to take on trainees for a few different reasons, including increased liability, a requirement by many users of appraisal services that the supervisor accompany the trainee on all inspections, the refusal of many users to accept reports signed by trainees, and a lack of economic viability due to lower appraisal fees.

As stated above, there are drawbacks to the current model of obtaining experience through a “mentoring” process, which has been in place since the *Criteria* were first established. At that time, it was common for financial institutions to bring inexperienced individuals on staff as trainees, teaching them the business from the ground up. Many of these institutions encouraged completion of professional appraisal education, and offered mentoring on a variety of levels. These institutions also provided upward mobility opportunities, with many residential appraisers moving into the non-residential appraisal sector. Today, there are very few such opportunities. In fact, most of the institutions referred to herein are no longer in existence. Therefore, the AQB believes it is necessary to re-examine the experience requirements for obtaining a credential.

As part of its ongoing development and maintenance of the National Uniform Licensing and Certification Examinations, in 2014 the AQB performed a “job analysis,” where thousands of respondents described their day-to-day activities as appraisers. A summary of those tasks follows:

- *Identify the property rights to be appraised*
- *Develop an opinion of value of the land or site by the appropriate methodology or method*
- *Identify and analyze comparable sales, units of comparison, and relevant elements of comparison*
- *Develop and apply appropriate adjustments to comparable sales to develop an opinion of the subject property*
- *Identify appropriate sources of cost information and estimate cost new for improvements*
- *Analyze and estimate depreciation of the subject property*
- *Analyze cost and depreciation of the improvements of the comparable sales*
- *Add site value and depreciated replacement cost of the improvement to develop an opinion of value of the subject property*
- *Identify and analyze sources of actual and market income relevant to the subject property*
- *Analyze relevant vacancy rates and credit loss and compare to the market*
- *Develop a reconstructed operating income statement of the subject property*
- *Identify holding period and analyze forecast revenue and expenses*
- *Analyze, derive, and apply appropriate capitalization rates, yield rates, or multipliers to develop an opinion of value*
- *Review appropriateness, accuracy, and quantity of data used within each approach and reconcile differences among the value indications to form final value opinion of subject property*

- *Determine professional competency given assignment requirements*
- *Review workfile and final report for compliance with USPAP*
- *Identify the problem to be solved*
- *Determine scope of work necessary for an assignment to produce credible results*
- *Communicate the assignment results*

With the foregoing in mind, the AQB is examining the following options:

Option 1

Elimination of time requirements for all three credentials. Currently the 2,000 hours for a Licensed Residential appraiser must be obtained in no fewer than 12 months. The 2,500 hours for a Certified Residential appraiser must be obtained in no fewer than 24 months, and the 3,000 hours for a Certified General appraiser must be obtained in no fewer than 30 months. With the revision of these requirements, the experience could be obtained in less time than specified above. The applicant would have the responsibility of preparing an experience log that showed actual assignments and the time required for each appraisal. Once the required number of hours was obtained, the experience requirement would be satisfied. The proposed revisions to the *Criteria* appear on the following pages.

Option 2

Reduce the hours of experience required. The experience for a Licensed Residential appraiser could be reduced to 1,500 hours, the experience for a Certified Residential appraiser could be reduced to 1,750 hours, and the experience for a Certified General appraiser could be reduced to 2,000 hours. These proposed reductions are considered reasonable due to the increased qualifying education requirements. The proposed revisions to the *Criteria* appear on the following pages.

Option 3

Experience from other professions could be considered for a portion of the overall experience required for licensure or certification. This experience could account for up to 50 percent of the overall experience required for the credential. Applicants would still be required to obtain at least 50 percent of their experience through the traditional requirements as spelled out in Section V of the *Criteria* (notwithstanding other proposed revisions that may be adopted as outlined in this document).

Alternative experience could be based on demonstrating certain skill sets instead of being assignment based as are existing experience requirements. A log would be required listing alternative experience assignments. The support for this alternative experience would be a written report or communication with a client. These skill sets could include the following:

- Property Inspection – This skill set should demonstrate an applicant’s ability to conduct an inspection of a building improvement and accurately describe the improvement. Knowledge of building components and terminology should be apparent. Licensed building inspectors could be given preference.
- Area Description – This skill set should demonstrate an applicant’s ability to identify and describe a market area. This would typically include the participant’s involvement

in regional and sub-market appraisal analysis. The description should include such items as area boundaries, economic factors impacting the area, population trends, employment trends, and other trends that would affect the area.

- Real Estate Agent/Broker – This skill set would involve a real estate agent or broker demonstrating participation in key parts of the real estate appraisal process including broker price opinions, comparative market analysis, and lease negotiations.
- Financial Analysis – This skill set should demonstrate the applicant’s ability to analyze a set of financial data in regards to real property. This could include an income and expense analysis of real property, a construction budget analysis, or an expense study.
- Participation in Appraisal Process – This skill set would involve verifiable assistance in key parts of the real estate appraisal process including data collection, verification and analysis, data banking, and involvement in assessment duties that were developed in accordance with USPAP STANDARD 1, but not STANDARDS 2 or 6.

The following matrix illustrates the allowable credit for alternative experience. Categories could be combined, but the alternative experience claimed shall not equal more than 50 percent of the total experience required.

Alternative Experience Grid		
	Percentage of Experience	
	Per Year	Maximum
Property Inspection	2%	10%
Area Description	2%	10%
Real Estate Agent/Broker	3%	15%
Financial Analysis	3%	15%
Participating in Appraisal	2%	10%

Applicants would have the responsibility of preparing an experience log that showed their alternative experience and the time required for each task.

NOTE: The AQB is seeking comments on this conceptual proposal of Option 3. After review of the feedback received, if the AQB moves forward with Option 3 it will propose additional detail in future exposure drafts. Therefore, no proposed edits to the *Criteria* are being shown in this document for Option 3.

OPTION 1

LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

90 **IV. Experience**

91 Two thousand (2,000) hours of experience are required ~~to be obtained in no fewer~~
92 ~~than 12 months.~~

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

93 **IV. Experience**

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

CERTIFIED GENERAL REAL PROPERTY APPRAISER

97 **IV. Experience**

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

OPTION 2

LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

102 **IV. Experience**

103 ~~Two thousand (2,000)~~ One thousand five hundred (1,500) hours of experience are
104 ~~required to be obtained in no fewer than 12 months.~~

CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

105 **IV. Experience**

106 ~~Two thousand five hundred (2,500)~~ One thousand seven hundred fifty (1,750)
107 hours of experience ~~obtained during no fewer than twenty-four (24) months is are~~
108 required. ~~While the hours may be cumulative, the required number of months must~~
109 ~~accrue before an individual can be certified.~~

CERTIFIED GENERAL REAL PROPERTY APPRAISER

110 **IV. Experience**

111 ~~Three thousand (3,000)~~ Two thousand (2,000) hours of experience ~~obtained during~~
112 ~~no fewer than thirty (30) months is~~ are required, of which one thousand five
113 ~~hundred (1,500)~~ (1,000) hours must be in non-residential appraisal work. ~~While the~~
114 ~~hours may be cumulative, the required number of months must accrue before an~~
115 ~~individual can be certified.~~

Section 4: “Trainee” Nomenclature

Rationale

In the Concept Paper, Public Hearing, and Discussion Draft, the AQB received feedback regarding the perception by some that the “Trainee” label did not foster public trust in the appraisal profession. The Board examined varying methods to address the concerns expressed, but ultimately determined that the existing *Criteria* include adequate options to do so. Section I.A of the *Criteria* for the Trainee Real Property Appraiser classification states:

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.

Although the *Criteria* already address alternative nomenclature for Trainees, the Board also heard concerns that, in some cases, the marketplace has placed additional constraints on the use of Trainees. Because of the misunderstandings by some that the *Criteria* prohibits Trainees from performing inspections without a supervisor or from signing an appraisal report, the AQB intends to issue guidance (in the form of one or more Q&As) that will distinguish the requirements in the *Criteria* from those in the marketplace. As a result, this document contains no proposed changes to the *Criteria* related to this issue.

Section 5: Three-Year Supervisory Jurisdictional Requirement

Rationale

When the AQB first adopted the requirement for certified appraisers to be credentialed *in a specific jurisdiction* for three years prior to becoming eligible as a Supervisory appraiser (herein referred to as a “jurisdictional” requirement), it did so in response to some concerns about “trainee mills” and inadequate supervision of Trainee appraisers. However, subsequently the Board heard that this well-intended requirement was contributing to the difficulty in Trainees finding qualified supervisors. Feedback received from the Concept Paper, Public Hearing, and Discussion Draft, all strongly suggested the requirement for a Supervisory Appraiser to be credentialed for three years in a *specific jurisdiction* was burdensome and created a barrier for some Supervisory Appraisers to supervise Trainee Appraisers.

Further, respondents pointed out that the lack of a probationary period for an appraiser obtaining reciprocity to practice in another jurisdiction suggested the requirements were inconsistent. Additionally, many appraisers (and Supervisory appraisers) currently practice in multiple jurisdictions, doing so in compliance with the geographic competency requirements in USPAP.

Perhaps most compelling if the jurisdictional requirement were removed is the fact that all Supervisory appraisers would continue to be required to comply with USPAP, including the COMPETENCY RULE. The Supervisory appraiser would continue to be responsible for the direct supervision of the Trainee appraiser.

Thus, the AQB, in proposing this change, has considered the advancements made by the state appraiser regulatory agencies and enhancements to current appraisal education. The AQB has not received sufficient information or evidence to indicate this proposed change would create a negative result for Supervisory or Trainee appraisers, thereby diminishing or harming public trust.

The AQB believes this proposed change would remove a burdensome and unnecessary requirement, and instead would promote the opportunity to gain professional appraisal experience.

NOTE: With the proposed change, the current I.C becomes redundant and is proposed for deletion as shown on the following page.

SUPERVISORY APPRAISER REQUIREMENTS

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

122 I. General

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

- 125 1. Accepting responsibility for the appraisal by signing and certifying the
126 appraisal complies with USPAP;
- 127 2. Reviewing and signing the Trainee Appraiser report(s); and
- 128 3. Personally inspecting each appraisal property with the Trainee Appraiser
129 until the Supervisory Appraiser determines the Trainee Appraiser is
130 competent to inspect the property, in accordance with the COMPETENCY
131 RULE of USPAP for the property type.

132 B. Supervisory Appraisers shall be state-certified and in “good standing” ~~in the~~
133 ~~jurisdiction in which the Trainee Appraiser practices~~ for a period of at least three
134 (3) years. Supervisory Appraisers shall not have been subject to any
135 disciplinary action within any jurisdiction within the last three (3) years that
136 affects the Supervisory Appraiser’s legal eligibility to engage in appraisal
137 practice. A Supervisory Appraiser subject to a disciplinary action would be
138 considered to be in “good standing” three (3) years *after* the successful
139 completion/termination of the sanction imposed against the appraiser.

140 ~~C. Supervisory Appraisers shall have been state-certified for a minimum of three~~
141 ~~(3) years prior to being eligible to become a Supervisory Appraiser.~~

142 ~~D.~~ Supervisory Appraisers must comply with the COMPETENCY RULE of
143 USPAP for the property type and geographic location where the Trainee
144 Appraiser is being supervised.

145 ~~E.~~ Whereas a Trainee Appraiser is permitted to have more than one Supervisory
146 Appraiser, Supervisory Appraisers may not supervise more than three (3)
147 Trainee Appraisers at one time, unless a state program in the credentialing
148 jurisdiction provides for progress monitoring, supervisory certified appraiser
149 qualifications, and supervision and oversight requirements for Supervisory
150 Appraisers.

151 ~~F.~~ An appraisal experience log shall be maintained jointly by the Supervisory
152 Appraiser and the Trainee Appraiser. It is the responsibility of both the
153 Supervisory Appraiser and Trainee Appraiser to ensure the experience log is
154 accurate, current and complies with the requirements of the Trainee

155 Appraiser's credentialing jurisdiction. At a minimum, the appraisal log
156 requirements shall include:

- 157 1. Type of property;
- 158 2. Date of report;
- 159 3. Address of appraised property;
- 160 4. Description of work performed by the Trainee Appraiser and the scope of
161 the review and supervision of the Supervisory Appraiser;
- 162 5. Number of actual work hours by the Trainee Appraiser on the assignment;
163 and
- 164 6. The signature and state certification number of the Supervisory Appraiser.
165 Separate appraisal logs shall be maintained for each Supervisory
166 Appraiser, if applicable.

167 GE. Supervisory Appraisers shall be required to complete a course that, at a
168 minimum, complies with the specifications for course content established by
169 the AQB, which is specifically oriented to the requirements and responsibilities
170 of Supervisory Appraisers and Trainee Appraisers. The course is to be
171 completed by the Supervisory Appraiser prior to supervising a Trainee
172 Appraiser.*

173 * Please refer to the Supervisory Appraiser / Trainee Appraiser Course Objectives and
174 Outline in this booklet for more information.