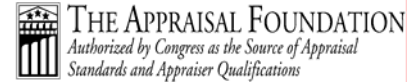


# Appraiser Qualifications Board



**To:** Interested Parties

**From:** Sandra Guilfoil, Chair  
Appraiser Qualifications Board

**Date:** March 22, 2006

**Re:** 2006 Exposure Draft on Interpretations and Guide Notes  
Applying to the *Real Property Appraiser Qualification Criteria*

## REQUEST FOR WRITTEN COMMENTS

Attached is an Exposure Draft consisting of five Interpretations and two Guide Notes applying to the *Real Property Appraiser Qualification Criteria*.

The intent of this document is to obtain comments from appraisers, users of appraisal services, regulators, academicians, and the public. This Exposure Draft includes material addressing issues in both the current and 2008 *Real Property Appraiser Qualification Criteria* (which become effective on January 1, 2008).

Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Guide Notes are advisory in nature and are not binding upon users of the *Criteria*. The following material is included as part of this Exposure Draft:

Issue	Current Criteria, 2008 Criteria, or Both	Page No.
<b>Interpretation – Continuing Education Waivers and Deferrals</b>	<i>Both</i>	3
<b>Interpretation – Continuing Education Credit for Attendance at State Appraisal Regulatory Agency Meetings</b>	<i>Both</i>	7
<b>Interpretation – Continuing Education Requirements for Partial Years</b>	<i>Both</i>	11
<b>Interpretation – Changing a Credential</b>	2008	14
<b>Interpretation – Approval of Case Studies and Practicum Courses for Non-Client Experience</b>	2008	17
<b>Guide Note 4 (GN-4)</b>	2008	21
<b>Guide Note 5 (GN-5)</b>	2008	23

We encourage all interested parties to respond in writing to the Appraiser Qualifications Board (AQB) of The Appraisal Foundation before the written comment deadline of **April 25, 2006**. Oral comments will also be accepted at the AQB's public meeting in Fort Lauderdale, Florida, on May 5, 2006.

Interested parties are invited to submit written comments on this Exposure Draft to:

AQB Comments, The Appraisal Foundation, 1155 15<sup>th</sup> Street, NW, Suite 1111, Washington, DC 20005. Comments may also be submitted by facsimile to (202) 347-7727 or via e-mail to [comments@appraisalfoundation.org](mailto:comments@appraisalfoundation.org).

If you have any questions regarding this Exposure Draft, please contact The Appraisal Foundation at (202) 347-7722.

## Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria* **Interpretation – Continuing Education Waivers and Deferrals**

This communication is for the purpose of issuing an Interpretation of the *Real Property Appraiser Qualification Criteria*. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Interpretations will be incorporated into the published version of the *Real Property Appraiser Qualification Criteria* at its next printing.

**Date Issued:** Pending

**Effective Date:** Pending

**Interpretation of Criteria Section(s):**

*Trainee Real Property Appraiser Classification (2003 Criteria)*

*Licensed Real Property Appraiser (2003 Criteria)*

*Certified Residential Real Property Appraiser (2003 Criteria)*

*Certified General Real Property Appraiser (2003 Criteria)*

*Continuing Education Sections 4(a) and 4(f)*

*Criteria Applicable To All Appraiser Classifications (2008 Criteria)*

*Criteria Specific to Continuing Education Sections III(G)(8),(9),(10),(11)*

**Issue(s):**

Should a waiver or deferral be granted to individuals who are unable to meet the continuing education requirements of the *Real Property Appraiser Qualification Criteria (Criteria)*?

**Background:**

Under the *Criteria*, existing credential holders must meet the AQB continuing education requirements.

There are situations when a credential holder is unable to meet the continuing education requirements due to extenuating circumstances (e.g., military service overseas, extended hospitalization, etc.) before the expiration date of his or her credential. These individuals often petition their state appraiser regulatory agencies to request a waiver or deferral of the continuing education requirements so that they may retain their credential.

In September 2005, the AQB adopted an Interpretation prohibiting all waivers and deferrals of continuing education. Since that time, the AQB has become aware of increasing difficulties encountered by individuals returning from active military duty seeking to reactivate their appraisal credentials. The AQB recognizes the numerous challenges faced by men and women returning from active military duty. Active military personnel are often unable to satisfy the continuing education requirements for their state credentials. Therefore, the AQB proposes to modify its prior Interpretation to allow states to defer the continuing education requirements for up to 90 days for credential holders returning from active military duty.

***Trainee Real Property Appraiser Classification (2003 Criteria)***  
***Licensed Real Property Appraiser (2003 Criteria)***  
***Certified Residential Real Property Appraiser (2003 Criteria)***  
***Certified General Real Property Appraiser (2003 Criteria)***

**4. Continuing Education**

An appraiser trainee who remains in this classification in excess of two years shall be required in the third and successive years to obtain:

- a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two year appraiser trainee term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term...
- f. Appraiser trainees must successfully complete the seven-hour National USPAP Update Course, or its equivalent, at a minimum of every two years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
  - (1) USPAP continuing education credit shall only be awarded when the class is instructed by an AQB Certified Instructor(s); and
  - (2) USPAP continuing education credit shall only be awarded when the class is instructed by at least one residential or general state certified appraiser.

***Criteria Applicable To All Appraiser Classifications (2008 Criteria)***

**III. Generic Education Criteria**

G. Criteria Specific to Continuing Education

8. Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB.
9. Individuals who are credentialed in more than one jurisdiction shall not have to take more than one 7-Hour National USPAP Update Course within a two calendar year period for the purposes of meeting AQB Criteria.
10. USPAP continuing education credit shall only be awarded when the course is instructed by at least one AQB certified instructor who is also a state certified appraiser.
11. The equivalent of fourteen class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. For example, a two-year continuing education cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle.

New Interpretation Language

**Interpretation (for all sections):**

*Appraiser regulatory agencies with the appropriate authority to do so, may place a credential holder in an “inactive status” in the event that the state determines that 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.*

*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. 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.*

## **Appraiser Qualifications Board** ***Real Property Appraiser Qualification Criteria*** **Interpretation – Continuing Education Credit for** **Attendance at State Appraisal Regulatory Agency** **Meetings**

This communication is for the purpose of issuing an Interpretation of the *Real Property Appraiser Qualification Criteria*. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Interpretations will be incorporated into the published version of the *Real Property Appraiser Qualification Criteria* at its next printing.

**Date Issued:** Pending

**Effective Date:** Pending

**Interpretation of Criteria Section(s):**

*Trainee Real Property Appraiser Classification (2003 Criteria)*  
*Licensed Real Property Appraiser (2003 Criteria)*  
*Certified Residential Real Property Appraiser (2003 Criteria)*  
*Certified General Real Property Appraiser (2003 Criteria)*  
*Continuing Education Section 4*

*Criteria Applicable To All Appraiser Classifications (2008 Criteria)*  
*Criteria Specific to Continuing Education Section III (G)*

**Issue(s):**

State-licensed and state-certified appraisers often attend meetings of their respective state appraiser regulatory agencies. These meetings can often be educational and beneficial to appraisers. However, it is currently unclear under what circumstances appraisers may receive continuing education credit for attending these meetings.

**Background:**

The *Real Property Appraiser Qualification Criteria* states 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. Under these criteria, certain meetings of state appraisal regulatory agencies would satisfy these requirements. The purpose of this

Interpretation is to make clear that under certain circumstances, credentialed appraisers may be able to receive continuing education credit for attendance at these meetings.

It should be noted that special continuing education programs (i.e. seminars or workshops) offered by a state appraiser regulatory agency would be eligible for continuing education credit under other, already allowable education categories.

## **Criteria Section(s) Affected and New Interpretation**

### ***Trainee Real Property Appraiser Classification (2003 Criteria)***

#### **4. Continuing Education**

An appraiser trainee who remains in this classification in excess of two years shall be required in the third and successive years to obtain:

- a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two year appraiser trainee term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term...

### ***Licensed Real Property Appraiser (2003 Criteria)***

### ***Certified Residential Real Property Appraiser (2003 Criteria)***

### ***Certified General Real Property Appraiser (2003 Criteria)***

#### **4. Continuing Education**

- a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two-year continuing education term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term...

### ***Criteria Applicable to All Appraiser Classifications (2008 Criteria)***

#### **G. Criteria Specific to Continuing Education**

11. The equivalent of fourteen class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. For example, a two-year continuing education cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle.

**New Interpretation Language**

**Interpretation (for all sections):**

*State appraiser regulatory agencies may award continuing education credit to credentialed appraisers who attend a state appraiser regulatory agency meeting, under the following conditions:*

*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.*

*The state appraiser regulatory agency must ensure that the credentialed appraiser attends the meeting for the required period of time.*

## Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria* **Interpretation – Continuing Education Requirements** **for Partial Years**

This communication is for the purpose of issuing an Interpretation of the *Real Property Appraiser Qualification Criteria*. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Interpretations will be incorporated into the published version of the *Real Property Appraiser Qualification Criteria* at its next printing.

**Date Issued:** Pending

**Effective Date:** Pending

**Interpretation of Criteria Section(s):**

*Trainee Real Property Appraiser Classification (2003 Criteria)*  
*Licensed Real Property Appraiser (2003 Criteria)*  
*Certified Residential Real Property Appraiser (2003 Criteria)*  
*Certified General Real Property Appraiser (2003 Criteria)*  
*Continuing Education Sections 4(a) and 4(f)*

*Criteria Applicable To All Appraiser Classifications (2008 Criteria)*  
*Criteria Specific to Continuing Education Sections III(G)(8),(9),(10),(11)*

**Issue(s):**

When an appraiser's credential cycle encompasses any period of a partial year (less than 12 months) what are the continuing education requirements necessary to renew the credential under the *Real Property Appraiser Qualification Criteria* (Criteria)?

**Background:**

Under the Criteria, credentialed appraisers must complete the equivalent of 14 hours per year of continuing education for each year the credential is valid. However, there are often circumstances when an appraiser's credential is valid for less than a full year. Under the Criteria, there is no guidance for state appraiser regulatory agencies to determine how many hours of continuing education should be required for a partial year.

For example, based on the way the Criteria reads today, an appraiser first obtaining a credential in August who is required to recertify by December 31 would be required to obtain a full 14 hours of continuing education for that year, even though a full year has not elapsed.

## Criteria Section Affected and New Interpretation

*Trainee Real Property Appraiser Classification (2003 Criteria)*

*Licensed Residential Real Property Appraiser (2003 Criteria)*

*Certified Residential Real Property Appraiser (2003 Criteria)*

*Certified General Real Property Appraiser (2003 Criteria)*

### **4. Continuing Education (*Trainee*)**

An appraiser trainee who remains in this classification in excess of two years shall be required in the third and successive years to obtain:

- a. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two year appraiser trainee term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term...

### **4. Continuing Education (*Licensed, Certified Residential and Certified General*)**

- b. The equivalent of fourteen classroom hours of instruction in the courses or seminars for each year during the period preceding the renewal. (For example, a two-year continuing education term would require twenty-eight hours.) Continuing education hours may be obtained anytime during the term...

*Criteria Applicable To All Appraiser Classifications (2008 Criteria)*

## **III. Generic Education Criteria**

### **G. Criteria Specific to Continuing Education**

11. The equivalent of fourteen class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. For example, a two-year continuing education cycle would require twenty-eight hours. The class hour requirement can be fulfilled at any time during the cycle.

## New Interpretation Language

### **Interpretation:**

*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.*

## Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria* **Interpretation – Changing a Credential**

This communication is for the purpose of issuing an Interpretation of the *Real Property Appraiser Qualification Criteria*. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Interpretations will be incorporated into the published version of the *Real Property Appraiser Qualification Criteria* at its next printing.

**Date Issued:** Pending

**Effective Date:** Pending

**Interpretation of Criteria Section(s):**

*Licensed Residential Real Property Appraiser (2008 Criteria)*  
*Certified Residential Real Property Appraiser (2008 Criteria)*  
*Certified General Real Property Appraiser (2008 Criteria)*

**Issue(s):**

Educational requirements to change a credential to another level under the *Real Property Appraiser Qualification Criteria* (Criteria) taking effect on January 1, 2008.

**Background:**

Appraisers often wish to change a credential from one classification level to another. Under the 2003 (current) Criteria, credential holders are able to satisfy the educational requirements for a different level by completing coursework to account for the difference in hours between the two classifications.

For example, today an appraiser holding a Certified Residential credential who wishes to change to the Certified General classification would simply be required to complete the additional educational hours between the two classifications. Since the Certified Residential classification currently requires 120 hours of qualifying education and the Certified General classification requires 180 hours, the appraiser would only need to successfully complete an additional 60 hours of acceptable education to satisfy the educational requirements.

In 2008, however, an appraiser must not only complete the additional number of hours required, but must also successfully satisfy all of the educational topics contained in the Required Core Curriculum for the classification level. As a result, a simple mathematical calculation (e.g. 180 hours minus 120 hours) is no longer meaningful in determining the educational hours required.

Note: In addition to satisfying the Required Core Curriculum, in 2008 the Certified General classification requires candidates to possess a Bachelor's degree (or complete 30 semester hours of specified college-level coursework). Therefore, the Certified Residential appraiser would be required to satisfy those college-level educational requirements as well.

The Required Core Curriculum specifies the educational topics and hours required for each classification level in the 2008 Criteria. This Interpretation is designed to identify those portions of the Required Core Curriculum that must be satisfied when changing from one classification level to another.

## Criteria Section Affected and New Interpretation

### *Licensed Residential Real Property Appraiser (2008 Criteria)*

- IV. Qualifying Education: The prerequisite for taking the AQB approved examination is completion of one hundred fifty (150) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination. There is no alternative to successful completion of the examination.

#### New Interpretation Language

#### **Interpretation:**

*Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy the educational requirements for the Licensed Residential Real Property Appraisal credential by completing the following additional educational hours:*

<i>Residential Market Analysis and Highest and Best Use</i>	<i>15 Hours</i>
<i>Residential Appraiser Site Valuation and Cost Approach</i>	<i>15 Hours</i>
<i>Residential Sales Comparison and Income Approaches</i>	<i>30 Hours</i>
<i>Residential Report Writing and Case Studies</i>	<u><i>15 Hours</i></u>
<b>Total</b>	<b><i>75 Hours</i></b>

### *Certified Residential Real Property Appraiser (2008 Criteria)*

- III.C Qualifying Education: The prerequisite for taking the AQB approved examination is completion of two hundred (200) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination. There is no alternative to successful completion of the examination.

#### New Interpretation Language

#### **Interpretation:**

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

<i>Statistics, Modeling and Finance</i>	<i>15 Hours</i>
<i>Advanced Residential Applications and Case Studies</i>	<i>15 Hours</i>
<i>Appraisal Subject Matter Electives</i>	<u><i>20 Hours</i></u>
<b>Total</b>	<b><i>50 Hours</i></b>

*Licensed Residential Real Property Appraisers wishing to change to the Certified Residential Real Property Appraiser classification must also satisfy the college-level educational requirements as specified in III.A or III.B.*

***Certified General Real Property Appraiser (2008 Criteria)***

- III.C The prerequisite for taking the AQB approved examination is completion of three hundred (300) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination.
- III.D Applicants must demonstrate that their education includes the core courses listed in these criteria, with particular emphasis on non-residential properties. Residential is defined as “composed of one to four residential units.”

**New Interpretation Language**

**Interpretation:**

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

<i>General Appraiser Market Analysis and Highest and Best Use</i>	<i>15 Hours</i>
<i>General Appraiser Sales Comparison Approach</i>	<i>15 Hours</i>
<i>General Appraiser Site Valuation and Cost Approach</i>	<i>15 Hours</i>
<i>General Appraiser Income Approach</i>	<i>45 Hours</i>
<i>General Appraiser Report Writing and Case Studies</i>	<i>15 Hours</i>
<i>Appraisal Subject Matter Electives</i>	<i><u>10 Hours</u></i>
<b>Total</b>	<b><i>115 Hours</i></b>

*Certified Residential Real Property Appraisers wishing to change to the Certified General Real Property Appraiser classification must satisfy the requirement in III.D. In addition, Certified Residential Real Property Appraisers wishing to change to the Certified General Real Property Appraiser classification must also satisfy the college-level educational requirements as specified in III.A or III.B.*

## Appraiser Qualifications Board *Real Property Appraiser Qualification Criteria* **Interpretation – Approval of Case Studies and Practicum Courses for Non-Client Experience**

This communication is for the purpose of issuing an Interpretation of the *Real Property Appraiser Qualification Criteria*. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and as such, are binding upon users of the *Criteria*. Interpretations will be incorporated into the published version of the *Real Property Appraiser Qualification Criteria* at its next printing.

**Date Issued:** Pending

**Effective Date:** Pending

**Interpretation of Criteria Section(s):**

*Criteria Applicable To All Appraiser Classifications (2008 Criteria)*  
*Criteria Specific to Generic Experience Criteria V (D)*

**Issue(s):**

The 2008 *Real Property Appraiser Qualification Criteria* specifies that an applicant may obtain up to 50% of the experience required for a credential through non-client experience. The *Criteria* also states that case studies and practicum courses approved by the AQB Course Approval Program (CAP) can satisfy the non-client experience requirement. The issue to be clarified is whether case studies or practicum courses not approved by CAP are eligible for non-client experience.

**Background:**

There need not be a client in order for an appraisal to qualify for experience. The 2008 *Criteria* provides that case studies or practicum courses approved by CAP can satisfy the non-client experience requirement. The eligibility of such courses for experience credit, however, was not intended to extend to only those courses approved by CAP. Regardless of whether or not cases studies or practicum courses are approved by CAP, the 2008 *Criteria* identifies specific content requirements that must be present for courses to be eligible for non-client experience.

It should be noted that case studies or practicum courses are intended to qualify as experience credit, not as education. The required educational hours and coverage of topics can be found in the Required Core Curriculum for each classification in the 2008 *Criteria*.

## **Criteria Section(s) Affected and New Interpretation**

### *Criteria Applicable to All Appraiser Classifications (2008 Criteria)*

#### **V. Generic Experience Criteria**

- D.** There need not be a client in order for an appraisal to qualify for experience, but experience gained for work without a client cannot exceed 50% of the total experience requirement. Case studies or practicum courses that are approved by the AQB Course Approval Program can satisfy the non-client experience requirement. A case study or practicum course must include the generally applicable methods of appraisal practice for the credential category. Content includes, but is not limited to: requiring the student to produce credible appraisals that utilize an actual subject property; performing actual market research, containing actual sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require actual problem solving skills for a variety of property types for the credential category. Credit shall be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the course approval process.

## New Interpretation Language

### **Interpretation:**

*Case studies or practicum courses only qualify as experience credit, not as qualifying education. For case studies or practicum courses to qualify as experience without a client, approval by the AQB Course Approval Program is not required. However, all case studies or practicum courses, including those approved by state appraiser regulatory agencies, must comply with the content requirements contained in this section.*

# Appraiser Qualifications Board

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## AQB GUIDE NOTE 4 (GN-4)

This Guide Note relates to obtaining experience without a client, as provided in the *Real Property Appraiser Qualification Criteria* that becomes effective January 1, 2008.

As stated in the 2008 *Criteria* under “Criteria Applicable to All Appraiser Classifications,” Section V *Generic Experience Criteria*, Paragraph D:

***There need not be a client in order for an appraisal to qualify for experience, but experience gained for work without a client cannot exceed 50% of the total experience requirement. Case studies or practicum courses that are approved by the AQB Course Approval Program can satisfy the non-client experience requirement. A case study or practicum course must include the generally applicable methods of appraisal practice for the credential category. Content includes, but is not limited to: requiring the student to produce credible appraisals that utilize an actual subject property; performing actual market research, containing actual sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require actual problem solving skills for a variety of property types for the credential category. Credit shall be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the course approval process.*** (Bold added for emphasis)

The bolded language above specifies that non-client experience is eligible for experience credit (subject to the 50% limitation). One avenue to earn experience without a client is through successful completion of case studies and practicum courses. Another is by completing USPAP-compliant appraisals without a client.

Case studies and practicum courses require approval by the AQB Course Approval Program (CAP) or by individual state appraiser regulatory agencies; as such, these courses will provide oversight to the process and experience gained. Non-client experience that is not obtained through cases studies or practicum courses also qualifies for experience credit. However, there are special considerations a credentialing authority should consider. In instances where the appraiser seeking experience credit determines the type of appraisal and reporting option, and where the appraisals are never presented to anyone with a stake in a potential transaction or pass/fail outcome associated with a classroom setting, there is no oversight to verify data and ensure that it was correctly analyzed and interpreted. Therefore, there is no potential for feedback to the appraiser on his or her performance.

There is an underlying assumption that experience is valuable because clients and instructors tend to demand competency. Because experience without a client or in a classroom setting calls this assumption into question, credentialing authorities should carefully assess the quality and

adequacy of appraisals made under such circumstances. They should also give consideration to restricting the percentage of this type of experience. It would be clearly unacceptable, for instance, for all of an appraiser's non-client experience to be in performing appraisals of a limited nature, and/or communicated in a minimal reporting format.

Therefore, while non-client appraisals are eligible to qualify for experience credit, the credentialing authority should audit a significant sample of appraisals made in such instances for quality and conformance with USPAP. Greater weight should be given to appraisals reported in Self-Contained or Summary formats and lesser weight to appraisals of a more limited nature communicated in lesser reporting formats. Appraisals made without clients can fulfill up to 50% of the total experience requirement, depending upon the quality of the experience.

# Appraiser Qualifications Board

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## AQB GUIDE NOTE 5 (GN-5)

This Guide Note relates to case studies or practicum courses to be used for experience credit, as specified in the *Real Property Appraiser Qualification Criteria* that becomes effective January 1, 2008.

Under “Criteria Applicable to All Appraiser Classifications” in the 2008 Criteria, Section V *Generic Experience Criteria*, Paragraph D, reads as follows:

*There need not be a client in order for an appraisal to qualify for experience, but experience gained for work without a client cannot exceed 50% of the total experience requirement. Case studies or practicum courses that are approved by the AQB Course Approval Program can satisfy the non-client experience requirement. A case study or practicum course must include the generally applicable methods of appraisal practice for the credential category. Content includes, but is not limited to: requiring the student to produce credible appraisals that utilize an actual subject property; performing actual market research, containing actual sales analysis; and applying and reporting the applicable appraisal approaches in conformity with USPAP. Assignments must require actual problem solving skills for a variety of property types for the credential category. Credit shall be granted for the actual classroom hours of instruction, and hours of documented research and analysis as awarded from the course approval process. (Bold added for emphasis)*

The bolded language above sets forth the broad requirements for case studies or 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 Case Study Course Guidelines
  - a. The time period for any non-residential course should be consistent with the type and complexity of the assignment, but should be a minimum of twenty (20) hours to a maximum of forty (40) hours per subject property.
  - b. The time period for a residential course should be consistent with the type and complexity of the assignment, but should be for a minimum of fifteen (15) hours to a maximum of forty (40) hours per subject property.
  - c. 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 not exceed ten (10) per instructor.

## 2. Appraisal Assignment Guidelines

- a. The assignment should employ all of the approaches to value applicable to the property type.
- b. Property types and complexity should be those typically encountered by an appraiser seeking experience within the specified credential category.
- c. The assignment should indicate the intended use and should solve typical appraisal problems - i.e., 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 by the student with at least one market participant of the sale/rent – i.e., 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 either the Self-Contained or Summary Appraisal Report options of STANDARD 2 of USPAP.
- i. A professional quality report should be the result of the course.
- j. The final reports should be maintained by the student according to the Record Keeping section of the ETHICS RULE of USPAP.
- k. The 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 course should hold either a Certified Residential or Certified General credential in good standing.
- b. An instructor conducting a general experience 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 assure USPAP compliance.
- e. The instructor should meet with the students a minimum of 50% of the course hours during the course.