



TO: All Interested Parties

FROM: Joseph C. Traynor, Chair  
Appraiser Qualifications Board

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

DATE: September 15, 2016

---

On January 1, 2015, changes to the *Real Property Appraiser Qualification Criteria (Criteria)* became effective. These changes were adopted by the Appraiser Qualifications Board (AQB) in December 2011, following an 18-month period in which five exposure drafts were issued for public comment.

In response to recent 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.

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.

The AQB subsequently issued the First Exposure Draft of Proposed Changes to the *Criteria* on May 18, 2016, which took into consideration all comments received up to that time, and which focused on five major topic areas:

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

After considering all of the feedback received from the First Exposure Draft, as well as that from its prior outreach efforts, the AQB is addressing the topics contained in the First Exposure Draft as follows:

- **Alternative Track for Licensed Residential to Certified Residential:** Section 1 of this document addresses the college-level education requirements that were related to this topic. The remaining issues involving this topic will be addressed in an upcoming Concept Paper.
- **Enhanced Practicum Curriculum:** Section 2 of this document concerns developing future specific course guidelines for the *Practical Applications of Real Estate*, including proposing changes to Guide Note 4 (GN-4) of the *Criteria*. The courses would be designed for use by colleges and universities, professional organizations, and proprietary schools.
- **Documenting Alternative Experience:** Section 3 of this document addresses the portion of this topic related to the number of hours of experience required for the Licensed Residential, Certified Residential, and Certified General classifications. The Board has concluded its consideration of allowing experience from alternative professions and will not be moving forward with proposals related to that portion of this topic.
- **“Trainee” Nomenclature:** The *Criteria* already includes a provision for the use of alternative terms; therefore, the Board will not be pursuing *Criteria* changes related to this topic. The Board intends to issue one or more Q&As on this topic for clarification.
- **Three-Year Supervisory Residency Requirement:** At its public meeting on June 24, 2016, the Board adopted the proposed revisions contained in the First Exposure Draft, effective July 1, 2016.

All interested parties are encouraged to comment in writing to the AQB before November 4, 2016. The AQB will also accept verbal comments at its public meeting in St. Louis, Missouri on Friday, November 18, 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 15<sup>th</sup> Street, NW, Suite 1111  
Washington, DC 20005

Email: [aqbcomments@appraisalfoundation.org](mailto: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](mailto:magdalene@appraisalfoundation.org) or by calling (202) 624-3074.

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

**Issued: September 15, 2016**

**Comment Deadline: November 4, 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 text~~. 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 that any changes, if adopted, will go into effect no sooner than January 1, 2018.

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

**Issued: September 15, 2016  
Comment Deadline: November 4, 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**

<b>Section</b>	<b>Issue</b>	<b>Page</b>
1	Licensed Residential and Certified Residential College-Level Education Requirements	6
2	Practical Applications of Real Estate Appraisal	12
3	Experience Requirements	13

## Section 1: Licensed Residential and Certified Residential College-Level Education Requirements

### Rationale

As indicated in the First Exposure Draft, the AQB has heard concerns that the college-level education required for the Licensed Residential credential and Bachelor's degree required for the Certified Residential credential as of January 1, 2015, may not be necessary qualifications to maintain and promote public trust in the appraisal profession. Although there have been few exceptions, most respondents feel a Bachelor's degree is an appropriate requirement for the Certified General credential. As stated in the First Exposure Draft, the AQB recognizes there may be other avenues for individuals to demonstrate the academic ability required for Licensed Residential and Certified Residential appraisers.

After considering the comments received in response to the First Exposure Draft and prior outreach efforts, the AQB is proposing removing the college-level education requirement for the Licensed Residential credential in its entirety. In addition, the AQB is proposing changing the Bachelor's degree requirement for the Certified Residential credential to an Associate's degree. The AQB is also proposing allowing two alternative methods to demonstrate academic proficiency for the Certified Residential credential.

A detailed job analysis survey conducted by the AQB in 2014 identified many specific skills required for residential appraisal, including analytical, mathematical, and written communication skills. While an individual with an Associate's degree (or higher) has demonstrated proficiency in these academic areas by virtue of the degree, the AQB believes sufficient equivalent proficiency can be demonstrated by other means.

For the Certified Residential classification, the AQB is proposing three options for an individual to demonstrate specific college-level equivalency. The first option is the attainment of an Associate's degree or higher. The second option is to pass<sup>1</sup> College-Level Examination Program (CLEP) exams equivalent to a minimum of 21 semester credit hours in specified subject matter areas. CLEP is a well-recognized testing program accepted by 2,900 colleges and universities.<sup>2</sup> The specific subject areas necessary to protect the public trust include:

- College Algebra
- College Composition
- College Composition Modular
- College Mathematics
- Principles of Macroeconomics
- Principles of Microeconomics
- Introductory Business Law

---

<sup>1</sup> 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.

<sup>2</sup> [www.collegeboard.org](http://www.collegeboard.org)

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

A third option in lieu of an Associate's degree would allow an applicant seeking the Certified Residential credential to document successful completion of 21 semester hours of specific collegiate courses from an accredited college, junior college, community college, or university. The specific subject matters proposed are:

- English Composition (6 semester hours)
- Economics or Finance (6 semester hours)
- Algebra, Geometry, Statistics, or higher mathematics (6 semester hours)
- Business Law or Real Estate Law (3 semester hours)

Any combination of CLEP tests and college semester hours would satisfy the requirement, provided all of the topics were covered.

The intent of the proposed revisions would also permit a mixture of traditional college courses, as outlined above, and 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, Statistics, or higher mathematics by either taking a traditional college course or successfully completing the College Algebra CLEP exam.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

### III. Qualifying Education

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

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

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

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

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

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

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

- |    |   |                 |
|----|---|-----------------|
| 40 | 1. Residential Market Analysis and Highest and Best Use   | 15 Hours        |
| 41 | 2. Residential Appraiser Site Valuation and Cost Approach | 15 Hours        |
| 42 | 3. Residential Sales Comparison and Income Approaches     | 30 Hours        |
| 43 | 4. Residential Report Writing and Case Studies            | <u>15 Hours</u> |

44 **TOTAL 75 Hours**

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

48 FC. Appraisers holding a valid **Certified Residential Real Property Appraiser**  
49 credential satisfy the educational requirements for the Licensed Residential Real  
50 Property Appraiser credential.

51 GD. Appraisers holding a valid **Certified General Real Property Appraiser** credential  
52 satisfy the educational requirements for the Licensed Residential Real Property  
53 Appraiser credential.

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

### III. Qualifying Education

54 A. Applicants for the Certified Residential credential must hold a Bachelor's  
55 degree, or higher, from an accredited college or university. The college or  
56 university must be a degree-granting institution accredited by the Commission  
57 on Colleges, a national or regional accreditation association, or by an  
58 accrediting agency that is recognized by the U.S. Secretary of Education.  
59 satisfy at least one of the following four options (III.A.1, III.A.2, III.A.3, or III.A.4):

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

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

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

77 2. Successful completion of at least 21 hours of College Level Examination  
78 Program® (CLEP®) examinations from the following subject matter areas:

- 79 A. College Algebra
- 80 B. College Composition
- 81 C. College Composition Modular
- 82 D. College Mathematics
- 83 E. Principles of Macroeconomics
- 84 F. Principles of Microeconomics
- 85 G. Introductory Business Law

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

- 88 A. English Composition (6 semester hours)
- 89 B. Economics or Finance (6 semester hours)
- 90 C. Algebra, Geometry, or higher mathematics (6 semester hours)
- 91 D. Business or Real Estate Law (3 semester hours)

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

<b>Degree, CLEP or in Lieu Requirements</b>	
<b>Associate's Degree OR At least 21 semester hours in any combination of:</b>	
<p><b>CLEP Exams in the following topics/hours:</b></p> <ul style="list-style-type: none"> <li>• College Algebra (3 semester hours)</li> <li>• College Composition (6 semester hours)</li> <li>• College Composition Modular (3 semester hours)</li> <li>• College Mathematics (6 semester hours)</li> <li>• Principles of Macroeconomics (3 semester hours)</li> <li>• Principles of Microeconomics (3 semester hours)</li> <li>• Introductory Business Law (3 semester hours)</li> </ul>	<p><b>College Education in the following topics/hours:</b></p> <ul style="list-style-type: none"> <li>• English Composition (6 semester hours)</li> <li>• Economics or Finance (6 semester hours)</li> <li>• Algebra, Geometry, Statistics, or higher mathematics (6 semester hours)</li> <li>• Business Law or Real Estate Law (3 semester hours)</li> </ul> <p>*A combination of CLEP and college courses can be taken provided all college topics are successfully completed either via a college course or CLEP exam.</p>

<b>Equivalency Table</b>		
<b>CLEP Exams</b>	<b>CLEP Exam Semester Hours</b>	<b>Applicable College Courses</b>
College Algebra	3	Algebra, Geometry, Statistics, or higher mathematics
College Composition	6	English Composition
College Composition Modular	3	English Composition
College Mathematics	6	Algebra, Geometry, Statistics, or higher mathematics
Principles of Macroeconomics	3	Economics or Finance
Principles of Microeconomics	3	Economics or Finance
Introductory Business Law	3	Business Law or Real Estate Law

## Section 2: Practical Applications of Real Estate Appraisal

Responses to the *Practical Applications of Real Estate Appraisal*, previously titled as "Enhanced Practicum Curriculum" in the First Exposure Draft, were moderate and varied. Respondents were mixed in their support or non-support for this alternative type of experience. As discussed in the First Exposure Draft, a practical applications course would involve classroom hours in a traditional semester format utilizing case studies as a means of gaining necessary experience. There would likely be a series of courses appraisers can take to obtain experience for the Licensed Residential classification, as well as a series for both the Certified Residential and Certified General classifications.

The courses would ideally be taken in conjunction with an internship involving a practicing appraiser. Applicants would be eligible for these course offerings after completion of all of the qualifying education required for the respective classification level they would be seeking. The classes would encompass the methodology and theory learned in the previously completed qualifying education.

Those in support of this alternative path to experience believed in the concept because it could afford an experience quota in a profession where gaining experience with supervisory appraisers has become increasingly difficult. In addition, it would provide a consistent form of instruction. Those with misgivings regarding this concept questioned the economic viability for both course providers and students. Many viewed this as non-real world experience and objected to its accounting for the entire experience level. Based on the feedback received and consistent with current *Criteria* requirements, this form of alternative experience would be eligible for no more than 50% of the total experience requirement.

After review of the various responses and feedback from public meetings, the AQB has determined that specific course guidelines for the *Practical Applications of Real Estate* should be further evaluated. Guide Note 4 (GN-4) of the *Criteria* discusses practicum education requirements that can account for up to 50% of the experience requirement. Many respondents voiced their opinion that GN-4 was too restrictive and difficult to comply with. To further develop the *Practical Applications of Real Estate Appraisal* courses, proposed changes to GN-4 will be exposed, including detailed course outlines establishing all course requirements and a structured course outline. There will be prescribed syllabi for the courses. The courses will be designed for use by colleges and universities, professional organizations, and proprietary schools. Several respondents volunteered to assist in developing the practical applications coursework. As the Board proceeds with the rewrite of GN-4, it is likely a panel will be selected to work with the AQB in this endeavor.

Because this venture entails a significant revision and rewrite of the existing GN-4, the formulation of the *Practical Applications of Real Estate Appraisal* will not be included in this exposure draft. It will be developed and exposed in a separate draft.

### Section 3: Experience Requirements

#### Rationale

As indicated in the First Exposure Draft, the role experience plays in determining an individual's eligibility for a real estate appraiser credential has been an item of substantial debate. The model that's been in place since the inception of state licensing and certification in the early 1990's, whereby applicants must document completion of education, experience, and an examination, is familiar and seems "natural" to many. The AQB adopted this model because it was, in essence, what was used by professional appraiser organizations for decades beforehand. As a result, whether it's reducing the number of hours of experience needed for a credential or doing away with the experience requirement altogether, there are many who consider such concepts as unacceptable.

Nevertheless, the AQB's charge is to maintain and promote public trust in the appraisal profession by establishing the *minimum* qualifications necessary to obtain a credential. In that regard, the experience requirements in the *Criteria* have not increased since January 1, 1998. However, since that time:

- The number of hours of qualifying education required for a credential has increased dramatically;
- Qualifying education must now follow a specified Required Core Curriculum, including completion of case study and report writing courses;
- Successful completion of each qualifying education course requires a candidate to pass a closed-book, proctored, final examination;
- College-level education is now required;
- Applicants must pass the practice-based *National Uniform Licensing and Certification* examinations, which are far more robust and challenging than the pre-2008 exams were;
- A comprehensive program for instruction related to the *Uniform Standards of Professional Appraisal Practice* (USPAP) has been implemented; and
- There are qualification requirements for supervisory appraisers.

With these enhancements to the education and examination components of the *Criteria*, the AQB believes it is appropriate to consider offering a more balanced approach to the qualifications needed for a credential by reducing the number of hours of experience required. Therefore, the AQB is proposing revising the experience hours required as follows:

- Licensed Residential: 1,000 hours of experience (no minimum time frame)
- Certified Residential: 1,500 hours of experience (no minimum time frame)
- Certified General: 2,000 hours of experience, with at least 1,000 hours in non-residential appraisal (no minimum time frame)

As stated previously in this document, the AQB has elected to discontinue the examination of whether experience obtained in other professions should qualify towards a real property appraiser credential. While the AQB believes some professions may offer experience that would benefit an appraiser, quantifying and reconciling such experience, as it relates to appraising, would be tremendously difficult.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER

### IV. Experience

94 ~~Two thousand (2,000)~~ One thousand (1,000) hours of experience are required to  
95 ~~be obtained in no fewer than 12 months.~~

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER

### IV. Experience

96 ~~Two thousand five hundred (2,500)~~ One thousand five hundred (1,500) hours of  
97 experience ~~obtained during no fewer than twenty-four (24) months is~~ are required.  
98 ~~While the hours may be cumulative, the required number of months must accrue~~  
99 ~~before an individual can be certified.~~

## CERTIFIED GENERAL REAL PROPERTY APPRAISER

### IV. Experience

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