



# The Appraisal **FOUNDATION**

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



# Practical Applications of Real Estate Appraisal **PAREA**

The Appraisal Foundation



# Agenda

- Evolution of PAREA
- What is PAREA?
- Updates & When to Expect First Program
- FAQs
- Your Questions

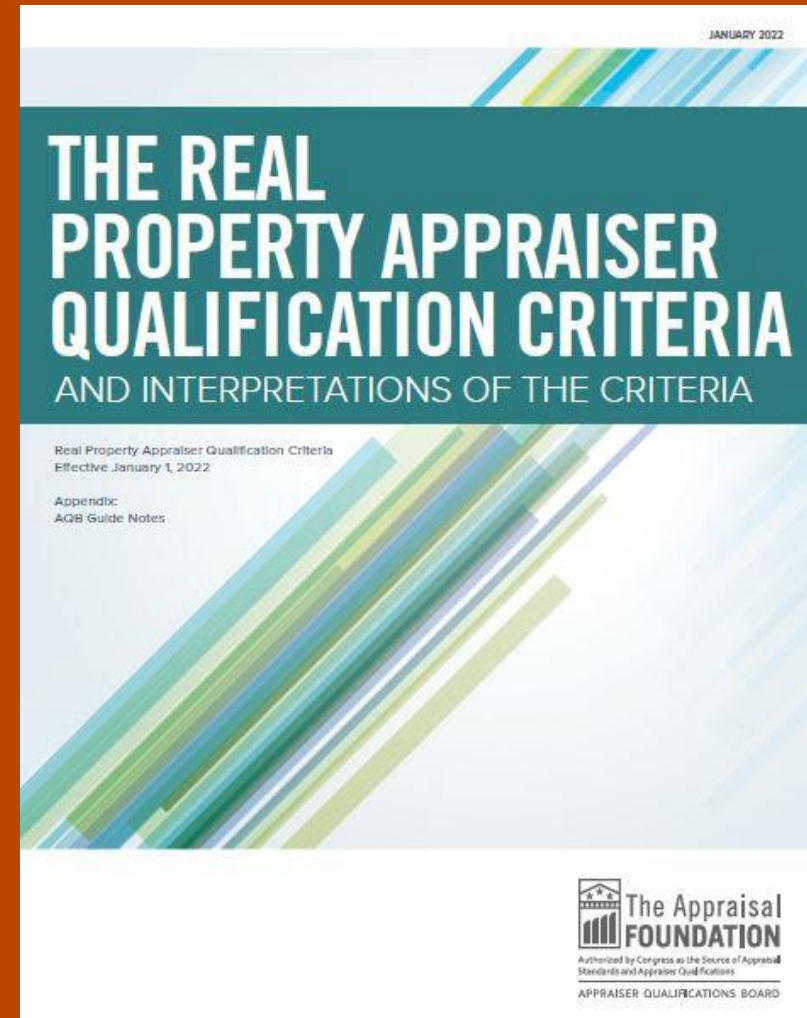
# Evolution

- History of the apprentice model



- PAREA Becomes Effective January 1, 2021

# What is PAREA?



# A new pathway for aspiring appraisers

- PAREA directly addresses the difficulty aspiring appraisers may face in finding a supervisor.
- Hope is that PAREA opens up the profession to a diverse new generation of appraisers to reflect the population of the United States.

# PAREA is

- An alternative to the traditional Supervisor-Trainee model
- Available for Licensed Residential and Certified Residential
- Can provide up to 100% of experience credit
  - Counts toward Residential portion of the 3000 hrs. for CG
- Approved by the AQB
  - Preliminary review & Final review

# PAREA is NOT:

- Not intended to provide “competency”, but it provides “minimum qualifications”
- Not intended to be “partially” adopted, but states may choose to do so

# Participants must:

- Complete all QE prior to entering a program
  - 150 hours of QE for Licensed
  - 200 hours of QE for Certified
- Be periodically mentored
- Produce USPAP-compliant appraisals
- Complete the PAREA program in its entirety before earning the completion certificate. No partial credit.
- Still pass the national licensing exam



# Providers must:

- Offer training on all topics
- Ensure participants produce USPAP compliant appraisal reports
- Provide an adequate number of Mentors
- Provide participants access to data, research, MLS, environmental info, etc.
- Determine type of acceptable training methods
  - Computer based Learning, video gaming, video tutorial, Virtual Assistant, Virtual Reality Training
- Ensure their program is accepted in the state

# Designed as “Modules”

- PAREA has two modules
  - Licensed Residential
  - Certified Residential
- Modules contain lists of required content
  - May be taken out of order
- Modules are the content which must be included in the providers’ development of exercises, examples, simulations, case studies, and applications.

# Example of Content in PAREA

## LICENSED MODULE

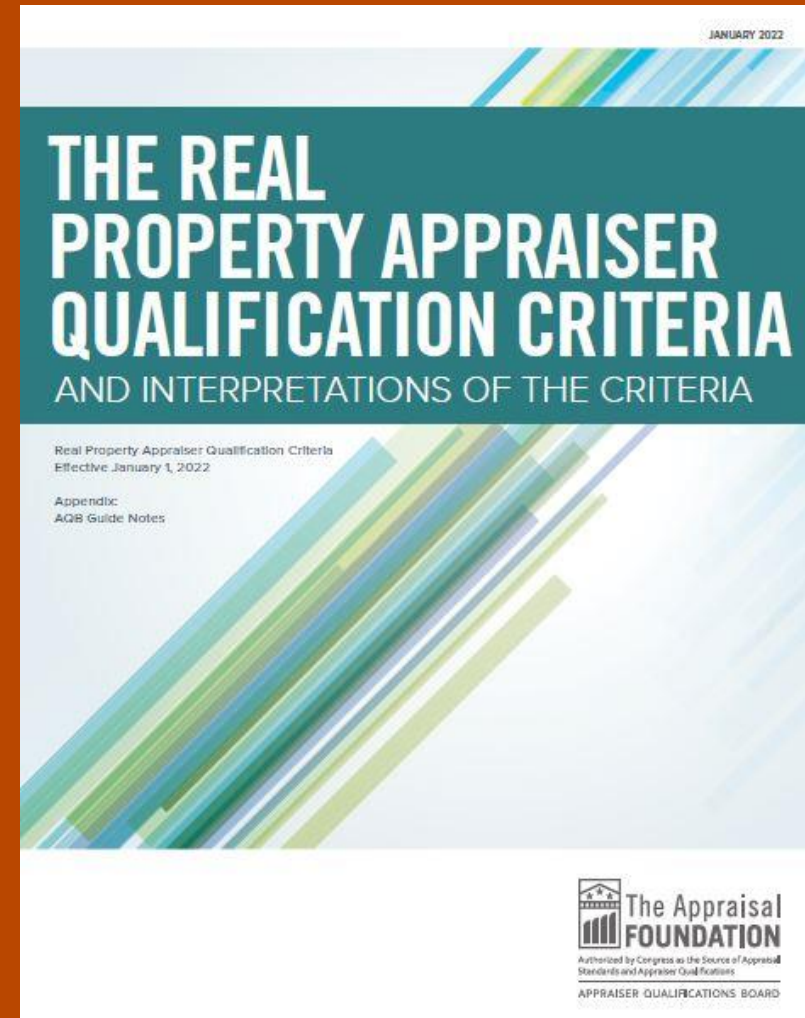
- |   |   |
|---|---|
| I. General Considerations and Responsibilities  | VI. Subject Site Inspection                       |
| II. Problem Identification                      | VII. Subject Property Improvements Section        |
| III. Review I and II With Mentor                | VIII. Measuring the Subject Property Improvements |
| IV. Property Identification and Inspection...   | IX. Sketch Completion                             |
| V. Verification of Neighborhood and Market Area | X. Review Sections IV thru IX with Mentor         |

*Etc.*

# USPAP Compliant Reports

- USPAP Compliant Appraisal Reports
  - Represent a variety of appraisal assignments
  - Participants will be required to produce a specific number
  - The reports will be produced to serve as a final evaluation of the participants comprehension of PAREA training.

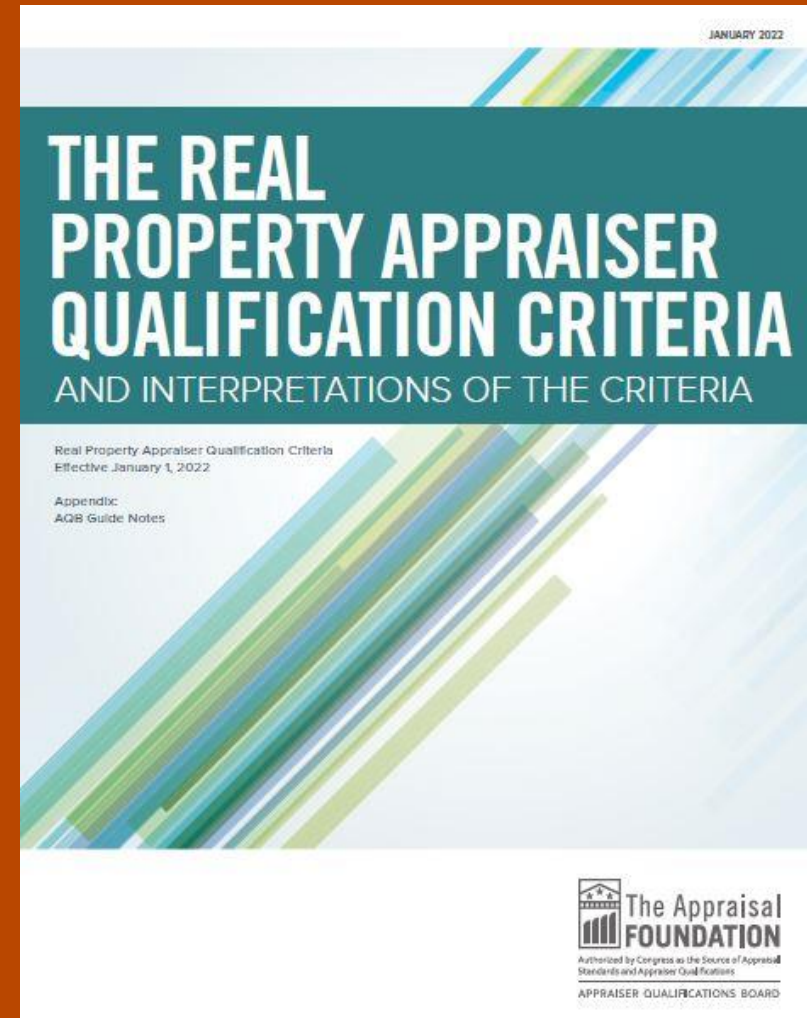
# Updates on PAREA



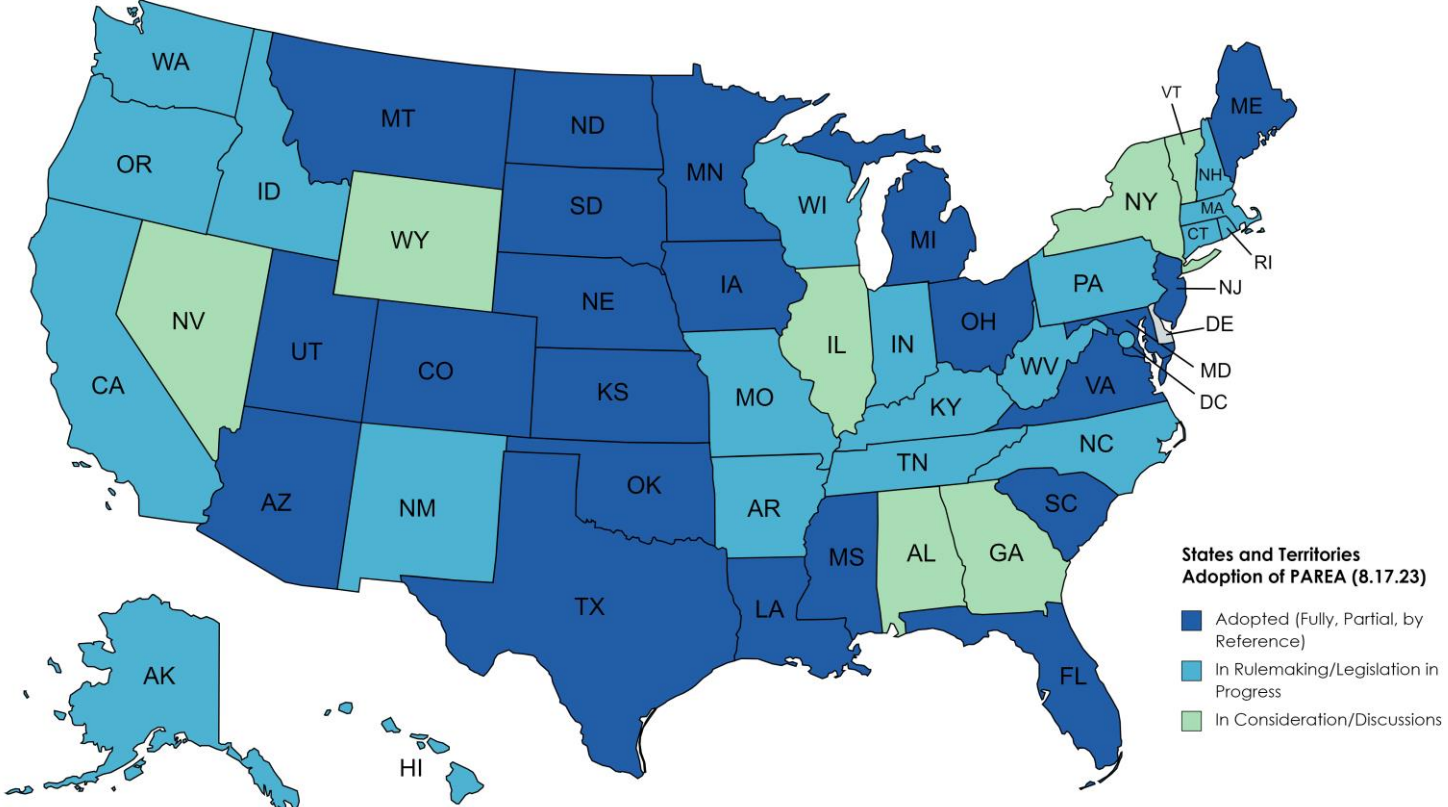
# Updates on PAREA:

- Twelve concept reviews submitted to date
- Appraisal Institute's LR PAREA approved by AQB
- Eight providers are actively working on developing PAREA programs. Three have publicly announced their development of PAREA:
  - Appraisal Institute hopes to launch LR and CR by September 2023
  - OPTEON is actively developing their PAREA
  - McKissock hopes to launch in 2024
- 3,300 interested in PAREA

# Frequently asked questions from state regulators

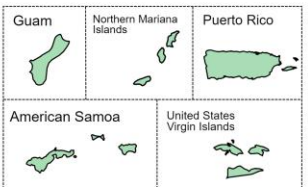


# How many states have adopted PAREA?



**States and Territories Adoption of PAREA (8.17.23)**

- Adopted (Fully, Partial, by Reference)
- In Rulemaking/Legislation in Progress
- In Consideration/Discussions



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# How much experience can be gained by PAREA?

Certification Type	Education	Experience	Exam
Licensed Residential	150 hours	1000 hours under a Supervisor in 6 months <b>OR</b> PAREA can replace up to 100% of the required experience hours	Yes
Certified Residential	200 hours	1500 Hours under a Supervisor in 12 months <b>OR</b> PAREA can replace up to 100% of the required experience hours	Yes
Certified General	300 hours	3000 Hours under a Supervisor in 18 months <b>OR</b> PAREA can replace up to 50% of the required experience hours	Yes

# How do I know that a PAREA Program will be high-quality without seeing it?

- Providers must follow the *Criteria*, *PAREA Implementation Policies*, and be sure they meet the PAREA Minimum Content Requirements for *Licensed Residential* and/or *Certified Residential* Classifications.
- The AQB will personally be reviewing each program to ensure that minimum standards are met.

# Do states need to approve PAREA programs themselves?

- The AQB will approve PAREA programs, but it is up to each individual state to adopt PAREA as an alternative pathway, and to accept the AQB's approval of PAREA programs.
- AQB ensures approved PAREA programs:
  - Include PAREA section of the *Criteria*
  - Present a comprehensive demo of the program to the AQB
  - Follow the *PAREA Implementation Policies*
  - Meet the PAREA Minimum Content Requirements for *Licensed Residential* and/or *Certified Residential* Classifications.

# Do Mentors need to be licensed in individual states?

- No. There is not a geographical competency requirement within PAREA, so Mentors do not need to be licensed in the states where they are mentoring participants.

# How will the PAREA program benefit states?

- Having participants go through a structured, AQB-approved program assures consistent and accurate training (something that is not always the result of some individual supervisor/trainee arrangements).
- With a state's full acceptance of PAREA experience, the need to review appraisal logs and appraisal work samples could be eliminated.
- Ensures the participant has experience writing USPAP compliant appraisal reports.
- Ensures the reports the participants demonstrate their own work product skills, rather than their supervisors.

# How will the PAREA program benefit states?

- Participants are required to demonstrate mastery of each topic area before moving forward in the program. Thus, the emphasis is proficiency, not hours.
- PAREA will provide the participant opportunities to apply the complete appraisal process in the development of an appraisal report.
- The program is specifically designed to NOT provide competency for all types of specific appraisal problems. This is true of the existing licensing system today. As receiving an appraisal credential does not make one competent to perform all types of assignments. Just as it is now, all credentialed appraisers can gain competency before completing assignments, but they do not have to demonstrate competency before they are issued a credential.

# Questions?

The Foundation is here to help you with any questions you have or to provide you with the materials you need to fully understand PAREA:

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# Stay Informed

- Extensive information available on our PAREA webpage:



The screenshot shows the website header for The Appraisal Foundation, which is authorized by Congress as the source of appraisal standards and appraiser qualifications. The navigation menu includes links for ABOUT US, STANDARDS & QUALIFICATIONS, RESOURCES (highlighted in orange), EVENTS, STORE, and NEWS. A red arrow points to the RESOURCES link. Below the navigation menu, the RESOURCES dropdown is open, showing options for Courses, Aspiring Appraisers, How to Become an Appraiser, and How to Become a Real Estate Appraiser. The main content area features the title 'Practical Applications of Real Estate Appraisal (PAREA)' in orange, followed by a paragraph explaining that PAREA provides a pathway for aspiring appraisers to fulfill their experience requirements through innovative technology in a virtual environment. A second paragraph states that the Appraiser Qualifications Board created the program as an alternative to the traditional supervisor/trainee model for gaining appraisal experience, allowing participants to choose between PAREA or the traditional model.

- Sign up for PAREA updates



# THANK YOU

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