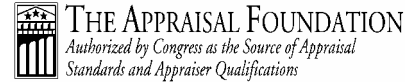


Appraiser Qualifications Board



To: Interested Parties

From: Sandra Guilfoil, Chair
Appraiser Qualifications Board

Date: April 15, 2005

Re: Exposure Draft on Interpretations and a Guide Note
applying to the *Real Property Appraiser Qualification Criteria*

REQUEST FOR WRITTEN COMMENTS

Attached is an Exposure Draft on Interpretations and a Guide Note 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 represents issues arising from the Board's February 20th, 2004, adoption of the revised *Real Property Appraiser Qualification Criteria*, which become effective on January 1, 2008. This Exposure Draft includes five proposed Interpretations and one proposed Guide Note. 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*. Each proposal is preceded by a brief rationale.

We encourage all interested parties to respond in writing to the Appraiser Qualifications Board (AQB) of The Appraisal Foundation before the deadline of **May 27, 2005**.

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

AQB Comments, The Appraisal Foundation, 1029 Vermont Avenue, NW, Suite 900, Washington, DC 20005-3517. Comments may also be submitted by facsimile to (202) 347-7727 or (202) 624-3053 or via e-mail to comments@appraisalfoundation.org.

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

Rationale: Interpretation - Definitions

The following two pages contain a draft Interpretation of the *Real Property Appraiser Qualification Criteria (Criteria)*. The Interpretation defines the following terms as they are used in the *Criteria*:

- Real Property Appraiser Qualification Criteria
- Required Core Curriculum
- Subtopic
- Interpretations
- Guide Notes

With the prospect of the 2008 *Criteria* changes on the horizon, the Appraiser Qualifications Board believes it is important for users of the *Criteria* to clearly understand how specific terms are applied. Therefore, the draft Interpretation includes definitions of the five terms referenced above, three of which include additional explanatory comments.

Appraiser Qualifications Board
Real Property Appraiser Qualification Criteria
Interpretation - Definitions

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)

Issue(s):

Definition of terminology used in the *Real Property Appraiser Qualification Criteria (Criteria)* that becomes effective on January 1, 2008.

Background:

In implementing the new *Real Property Appraiser Qualification Criteria* that becomes effective on January 1, 2008, it is necessary to understand several important terms and concepts. This Interpretation specifically defines certain terms applicable to the *Criteria* that users should clearly understand.

Criteria Section Affected and New Interpretation

Criteria Applicable To All Appraiser Classifications (2008 Criteria)

New Interpretation Language

For the purpose of the *Real Property Appraiser Qualification Criteria*, the following definitions apply:

Real Property Appraiser Qualification Criteria (Criteria): Established by the Appraiser Qualifications Board (AQB) of The Appraisal Foundation under the provisions of Title XI of FIRREA. These *Criteria* establish the minimum education, experience and examination requirements for real property appraisers to obtain a state certification.

Required Core Curriculum: A set of appraisal subject matter major headings known as “modules” which requires a specified number of educational hours at each credential level.

Comment: For example, as part of the Required Core Curriculum, a minimum of 30 hours of coverage of the module “Basic Appraisal Principles” is required, as stated in the *Criteria* effective January 1, 2008.

There is no requirement that the title of courses match the title of the modules in the Required Core Curriculum. Some providers may choose to develop courses using the module titles, while others may not. The title of the course is not the important factor. What matters is how many hours of each of the modules in the Required Core Curriculum are in the course. For example, a provider may have a course that contains 30 hours of the Required Course Curriculum module, “Basic Appraisal Principles.” Another provider may structure their education so that multiple courses combine to provide the 30 hours of coverage required for the “Basic Appraisal Principles” module.

Subtopic: Areas of appraisal practice (as identified in AQB Guide Note 1) that the AQB believes should be included within the modules of the Required Core Curriculum.

Comment: As Guide Note 1 is guidance and not a requirement, coverage of the subtopics is not required for educational offerings to be valid; however, individuals will be expected to demonstrate competency in the subtopics in order to pass the revised state examinations.

Interpretations: Elaborations or clarifications of the *Real Property Appraiser Qualification Criteria* issued by the AQB. Interpretations are essential to a proper understanding of the requirements set forth in the *Criteria* and are, therefore, binding upon users of the *Criteria*.

Guide Notes: Guidance (or advice) provided by the AQB for assisting in understanding and implementing the *Criteria*.

Comment: For example, AQB Guide Note 1 (GN-1) “AQB Guidance for Curriculum Content” provides state regulators, students and educators suggested subtopics and items of coverage for each module in the Required Core Curriculum. The subtopics identified in Guide Note 1 represent those areas of practice in which appraisers should be able to demonstrate competency to pass the state examinations.

Rationale: Interpretation - Implementation Options

Pages six and seven of this Exposure Draft contain a draft Interpretation pertaining to the options state regulatory agencies have in implementing the 2008 *Real Property Appraiser Qualification Criteria*.

These options were previously set forth by the AQB as "Guide Note 2 (GN-2)." However, Guide Notes are advisory in nature and are not necessarily binding; therefore, the AQB is re-issuing the material as an Interpretation, which renders it binding upon users of the *Criteria*. It is important to note that there have not been any changes to the content of the material that originally appeared in Guide Note 2.

It should also be noted that the AQB proposes retiring the current Guide Note 2 (GN-2) with the adoption of this draft Interpretation.

Appraiser Qualifications Board
Real Property Appraiser Qualification Criteria
Interpretation – Implementation Options

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)

Issue(s):

Proper implementation of the *Real Property Appraiser Qualification Criteria (Criteria)* that becomes effective on January 1, 2008.

Background:

Since the adoption of the new *Real Property Appraiser Qualification Criteria* on February 20, 2004, there have been questions from the states regarding how the new requirements must be implemented. The varying jurisdictions have different needs and perspectives when considering implementation of the new Criteria. For this reason, the AQB has considered options to assist the states in implementing the Criteria. This Interpretation provides examples of two scenarios to implement the Criteria that are acceptable, along with a scenario that is unacceptable.

Criteria Section Affected and New Interpretation

Criteria Applicable To All Appraiser Classifications (2008 Criteria)

New Interpretation Language

Acceptable Scenario #1 (a.k.a. “The ‘Firm Date’ Scenario”)

Any credential issued by a state appraiser regulatory body on or after January 1, 2008, must be in compliance with all components of the new AQB *Real Property Appraiser Qualification Criteria*.

Under this scenario, it would not matter when an applicant completed his or her education, examination, and experience; if the credential is issued on or after January 1, 2008, the applicant must meet the requirements for all components of the new *Criteria*.

Acceptable Scenario #2 (a.k.a. “The ‘Segmented’ Scenario”)

The requirements are broken down into three segments (or components): Education, Experience, and Examination. An applicant would have to meet the *Criteria* in effect at the time he or she completes a particular component or segment. Any component completed prior to January 1, 2008, would satisfy the current *Criteria*, while any component not completed by January 1, 2008, would have to conform to the new *Criteria*.

Example: An applicant for a Certified General credential completes all of the currently required 180 hours of qualifying education and passes the state’s Certified General examination in 2007, but does not possess the required 30 months and 3,000 hours of experience. Since the applicant completed the education and examination components prior to January 1, 2008, he or she would be deemed to have satisfied those components. Therefore, the only component which the applicant would have to satisfy under the new *Criteria* would be experience (which, in this case, is no different than the current *Criteria*).

Unacceptable Scenario

A jurisdiction that would not begin the process of implementing the new *Criteria* until January 1, 2008. This would result in some period of time after January 1, 2008, where applicants would not be AQB compliant because the jurisdiction would not have the appropriate statutory or regulatory requirements in place.

Similarly, it is also unacceptable for jurisdictions to allow individuals who only *commence* the process of obtaining a credential prior to January 1, 2008, to remain under the existing *Criteria*. These individuals could conceivably take several years to satisfy the requirements, which would have the net effect of delaying implementation of the new *Criteria*.

Example: An individual signs up for an appraisal course in late December 2007. Even if the jurisdiction adopts the “segmented” approach, this individual would be unable to *complete* the education, examination or experience components prior to January 1, 2008. Therefore, the applicant would have to satisfy all of the requirements under the new *Criteria*. Simply starting the process prior to January 1, 2008, does not allow the applicant to fall under the existing *Criteria*.

Rationale: Interpretation - College Conversion Hours

The following three pages of this Exposure Draft contain a draft Interpretation pertaining to conversion factors for college credit hours.

The 2008 *Real Property Appraiser Qualification Criteria* require college-level education for the Certified Residential and Certified General classification levels.

The Certified Residential classification requires an Associate degree or a minimum of 21 semester credit hours in specified coursework. Likewise, the Certified General classification requires a Bachelor's degree or a minimum of 30 semester credit hours in specified coursework.

Since the requirements are expressed as "semseter" hours in the *Criteria*, the AQB has found it necessary to address how the requirements would apply for students who completed coursework from a college on the quarter system.

Appraiser Qualifications Board
Real Property Appraiser Qualification Criteria
Interpretation – College Conversion Hours

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):

Certified Residential Real Property Appraiser (2008 Criteria)
Certified General Real Property Appraiser (2008 Criteria)
Qualifying Education Section III(B)

Issue(s):

College or university level courses are required for the Certified Residential and Certified General Classifications of the *Real Property Appraiser Qualification Criteria (Criteria)* that becomes effective on January 1, 2008. Colleges and universities use either a semester or quarterly credit hour system, resulting in the need for a conversion formula.

Background:

Under the *Real Property Appraiser Qualifications Criteria* effective January 1, 2008, prospective appraisers will be attempting to satisfy the desired credential requirements established by the AQB by submitting transcripts demonstrating successful completion of college or university level courses. Since these courses are generally taken on a semester or quarterly basis not all credits earned are of equal value. Moreover, since the newly adopted *Criteria* are expressed solely in terms of semester credit hours, any courses earned on a quarterly basis must be calculated in terms of its semester equivalent. To provide assistance in this calculation the AQB has adopted the following Interpretation of the *Criteria*.

Criteria Section(s) Affected and New Interpretation

Certified Residential Real Property Appraiser (2008 Criteria)

III. Qualifying Education

B. In lieu of the Associate degree, an applicant for the Certified Residential license shall successfully pass the following collegiate subject matter courses from an accredited college, junior college, community college, or university:

1. English Composition;
2. Principles of Economics (Micro or Macro);
3. Finance;
4. Algebra, Geometry, or higher mathematics;
5. Statistics;
6. Introduction to Computers - Word processing/spreadsheets; and
7. Business or Real Estate Law.

Total hours of equivalent college courses in lieu of an Associate degree: 21 semester credit hours or its equivalent for the certified residential appraiser. If an accredited college or university (accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.

Certified General Real Property Appraiser (2008 Criteria)

III. Qualifying Education

B. In lieu of the Bachelors degree, an applicant for the Certified General credential shall successfully pass the following collegiate level subject matter courses from an accredited college, junior college, community college or university:

1. English Composition;
2. Micro Economics;
3. Macro Economics;
4. Finance;
5. Algebra, Geometry, or higher mathematics;
6. Statistics;
7. Introduction to Computers - Word processing/spreadsheets;
8. Business or Real Estate Law; and
9. Two elective courses in accounting, geography, ag-economics, business management, or real estate.

Total hours of equivalent college courses in lieu of a Bachelor's degree: 30 semester credit hours or its equivalent for the certified general appraiser. If an accredited college or university (accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education) accepts the College-Level Examination Program®

(CLEP) examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.

New Interpretation Language

Interpretation (for both sections):

For college level courses taken in a quarterly system versus a semester system, one quarter credit hour credit is equivalent to .67 semester credit hours. Conversely, one semester credit hour is equivalent to 1.5 quarter credit hours.

For example, if a student wishes to satisfy the 21 semester credit hour requirement, in lieu of an Associate Degree, for the Certified Residential classification, he or she needs to achieve passing grades on those applicable courses that generate 31.5 quarter credit hours, (e.g., 21 semester credit hours x 1.5 conversion factor).

For the Certified General classification, if a student wishes to satisfy the 30 semester credit hour requirement, in lieu of a Bachelor's Degree, he or she needs to achieve passing grades on those applicable courses that generate 45 quarter credit hours, (e.g., 30 semester credit hours x 1.5 conversion factor).

Rationale: Interpretation - Upgrading a Credential

Pages 13 through 16 of this Exposure Draft contain a draft Interpretation pertaining to the educational requirements for upgrading from one credential classification to another under the 2008 *Criteria*.

Under the current *Criteria*, individuals wishing to upgrade from one level to another can satisfy the educational requirements for the higher classification by simply completing additional hours of acceptable qualifying education. However, starting in 2008 the process will be more complicated due to candidates having to satisfy the Required Core Curriculum modules, as well as any college-level educational requirements (as applicable).

The AQB is proposing this Interpretation to assist appraisers, education providers and state regulatory agencies in better understanding the educational ramifications of upgrading a credential under the 2008 *Criteria*.

Appraiser Qualifications Board
Real Property Appraiser Qualification Criteria
Interpretation – Upgrading 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 upgrade a credential to a higher level under the *Real Property Appraiser Qualification Criteria (Criteria)* taking effect on January 1, 2008.

Background:

Appraisers often wish to upgrade a license or certification to a higher level. Under the pre-2008 *Criteria*, credential holders are able to satisfy the educational requirements for the higher level by simply completing additional acceptable coursework to account for the increased hours between the two classifications. However, the *Criteria* taking effect on January 1, 2008, includes a Required Core Curriculum for each classification. Therefore, appraisers wishing to upgrade a credential starting in 2008 will have to satisfy all of the educational requirements for the desired classification, which includes the increased number of hours, coverage of all of the modules contained in the Required Core Curriculum, and any college-level course requirements.

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

However, in 2008 an appraiser holding a Certified Residential credential wishing to upgrade to Certified General would have to satisfy all of the educational requirements, which includes all of the modules contained in the Required Core Curriculum for the Certified General classification and the college-level education requirements. Therefore, even though there is a difference of

only 100 hours between the qualifying education required for the Certified Residential classification versus the Certified General classification (200 hours versus 300 hours), the additional modules required in the Required Core Curriculum for the Certified General classification would require the Certified Residential appraiser to complete far more than 100 hours of additional qualifying education. Specifically, the following modules contained in the Required Core Curriculum for the Certified General classification are not required in any of the other classifications:

<i>General Appraiser Market Analysis and Highest and Best Use</i>	30 Hours
<i>General Appraiser Sales Comparison Approach</i>	30 Hours
<i>General Appraiser Site Valuation and Cost Approach</i>	30 Hours
<i>General Appraiser Income Approach</i>	60 Hours
<i>General Appraiser Report Writing and Case Studies</i>	30 Hours
<i>Appraisal Subject Matter Electives</i>	30 Hours*

(*Certified Residential classification requires 20 hours of Appraisal Subject Matter Electives)

Assuming the Certified Residential appraiser had not previously satisfied any of the Certified General-specific modules identified above, he or she would be required to complete a minimum of 180 hours of additional qualifying education in the specified modules (not including Appraisal Subject Matter Electives) to meet the Certified General classification requirements.

In addition, starting 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.

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 modules:

<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>	<i>15 Hours</i>

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 modules:

<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>	<i>20 Hours</i>
<i>(May Include Hours Over Minimum Shown Above In Other Modules)</i>	

Licensed Residential Real Property Appraisers wishing to upgrade 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 modules:

<i>General Appraiser Market Analysis and Highest and Best Use</i>	<i>30 Hours</i>
<i>General Appraiser Sales Comparison Approach</i>	<i>30 Hours</i>
<i>General Appraiser Site Valuation and Cost Approach</i>	<i>30 Hours</i>
<i>General Appraiser Income Approach</i>	<i>60 Hours</i>
<i>General Appraiser Report Writing and Case Studies</i>	<i>30 Hours</i>
<i>Appraisal Subject Matter Electives</i>	<i>30 Hours</i>
<i>(May Include Hours Over Minimum Shown Above In Other Modules)</i>	

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

Rationale: Interpretation - Continuing Education Waivers and Deferrals

Pages 18 through 20 of this Exposure Draft contain a draft Interpretation regarding the issue of granting waivers and deferrals to appraisers who cannot satisfy continuing education requirements due to extenuating circumstances.

This Interpretation is being proposed by the AQB in an effort to make clear that there can be no “waivers” or “deferrals” of continuing education requirements. However, state regulatory agencies with the legal authority to place an appraiser in an “inactive” status may elect to do so if they have a reasonable basis to believe that the continuing education requirements could not be completed due to valid extenuating circumstances.

It is, however, imperative to understand that individuals cannot perform appraisals in federally related transactions if they have a credential with an “inactive” status. Only those appraisers listed with an “active” status by the Appraisal Subcommittee are eligible to perform appraisals in federally related transactions.

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.

Criteria Section(s) Affected and New Interpretation

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):

Waivers or deferrals may not be granted to credential holders who have failed to meet the continuing education requirements.

Appraiser regulatory agencies may place a credential holder in an “inactive status” in the event that the state determines that the deficiency in continuing education was due to extenuating circumstances.

Rationale: Guide Note 3 (GN-3)

The final page of this Exposure Draft is a proposed Guide Note regarding the scope of practice of the Licensed and Certified Residential Real Property Appraiser classifications.

In the existing *Criteria*, explanatory guidance is provided regarding the types of properties that can be appraised by these two classifications. In adopting the 2008 *Criteria*, the AQB opted to delete this language because it was simply advisory in nature and not a part of the *Criteria*, per se.

Some users of the *Criteria* have questioned whether the omission of this language was reflective of a change in the AQB's position on scope of practice; therefore, Guide Note 3 is being proposed to clarify that there were no changes intended.

AQB GUIDE NOTE 3 (GN-3)

This Guide Note relates to the scope of practice for the Licensed and Certified Residential classifications in the *Real Property Appraiser Qualification Criteria* that becomes effective January 1, 2008.

In the existing (pre-2008) *Criteria* for these two classifications, the following paragraph appears in the scope of practice section:

The scope of practice identified herein represents the consensus of the Appraiser Qualifications Board. The Federal Financial Institutions Regulatory Agencies, as well as other agencies and regulatory bodies permit the Certified Residential (or Licensed) classification to appraise properties other than those identified within this Criteria. Individuals should refer to agency regulations and state law to determine the type of property that may be appraised by the Certified Residential (or Licensed) appraiser.

During the *Criteria* Exposure Draft and revision process, the AQB determined that this paragraph was more of explanatory guidance than actual AQB *Criteria*. As a result, it was removed from the *Criteria* effective January 1, 2008.

However, while it is not contained in the 2008 *Criteria*, it should be noted that the paragraph italicized above still reflects the consensus of the AQB. The scope of practice for the Licensed and Certified Residential classifications does not change in 2008. Federal and state agencies continue to establish scope of practice thresholds that are specific to their particular needs.

For example, because federally related transactions less than \$250,000 fall below the regulatory de minimus established by the Federal Financial Institution Regulatory Agencies, the scope of practice restrictions placed on individuals who can appraise commercial and residential properties below that threshold for financial institutions are few, if any.

The AQB continues to encourage individuals to refer to agency regulations and state law to determine the type of property that may be appraised by the Licensed and Certified Residential classifications.