



Appraiser Qualifications Board

Q&A

Vol. 3, No. 1

June 2011

The Appraiser Qualifications Board (AQB) of The Appraisal Foundation establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state certification. The AQB Q&A is a form of guidance issued by the AQB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of the Real Property Appraiser Qualification Criteria and Interpretations of the Criteria in specific situations and to offer advice from the AQB for the resolution of appraisal issues and problems. The AQB Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. AQB Q&A does not establish new Criteria. AQB Q&A is not part of the Real Property Appraiser Qualification Criteria. AQB Q&A is approved by the AQB without public exposure and comment.

General Requirements

Question:

I am very interested in a career in real estate appraisal. However, I have one problem...I have a felony conviction on my criminal record. Can I still become a licensed appraiser?

Response:

The *Real Property Appraiser Qualification Criteria* does not currently address this issue. However, the state in which you are seeking a credential may have restrictions on the issuance of a real property appraiser credential depending upon the substantive matters contained within your background. Check with your state appraiser regulatory agency for further information.

NOTE: Although the current *Criteria* do not address this issue, you should be aware that the AQB is currently considering requiring background checks for all applicants for a real property appraiser credential. This issue is currently being exposed for public comment to potentially become effective on January 1, 2015.

Qualifying Education**Question 1:**

I understand the Certified General and Certified Residential Criteria require a college-level degree or specified college-level education in lieu thereof. I do not possess a degree, and I am pursuing the “in lieu” option. My local college requires certain prerequisites for several of the specific topic areas required by the AQB, meaning that I will have to take more than the required 21 semester hours for the Certified Residential classification, or the 30 semester hours for the Certified General classification to satisfy the education requirement. Are these prerequisite courses required by the AQB?

Response:

The *Real Property Appraiser Qualification Criteria* sets forth specific course topic areas for the in-lieu education, but does not specify individual courses. If the degree-granting college or university has prerequisites for a course you plan to utilize to satisfy one of the required educational topics, the college may require you to successfully complete the prerequisite course(s) before enrolling in the specific in-lieu course. This is not an AQB requirement, but may be a requirement of the educational institution you choose to attend.

Question 2:

I hold a Licensed Residential credential and I am pursuing an upgrade to Certified Residential. I do not have a college degree so I’m pursuing the “in-lieu” option. I have heard the AQB has exposed potential changes to the *Real Property Appraiser Qualification Criteria* that would eliminate this option in the future. What happens if I do not complete all of my “in lieu” education prior to the changes being adopted by the AQB?

Response:

The AQB examines the *Real Property Appraiser Qualification Criteria* every five to seven years to make sure the *Criteria* continue to serve the purposes for which they are intended under Title XI of FIRREA. Updates/changes are proposed in response to issues raised by appraisers, regulators, and the public. The proposed change to the college-level qualifying education would not go into effect immediately on the date of adoption by the AQB. This change, like most others in the *Criteria*, would have an effective date several years hence. At present, the potential effective date for the changes being considered is January 1, 2015. Thus, you would have until the effective date to fulfill all of the necessary requirements to earn your Certified Residential credential.

Question 3:

I have an appraisal credential in my home state and I am now seeking to obtain a credential in a new state where I will be relocating. My appraisal coursework was approved in my home state, but I am having difficulty getting my qualifying education approved in my new state. If one state approved my courses doesn’t that mean they are automatically accepted by other states?

Response:

Under the *Real Property Appraiser Qualification Criteria*, one state may recognize the credential awarded by another jurisdiction and award the same credential upon application by the credential-holder. However, as each state has the right to regulate commerce within its boundaries, their laws may require an applicant to “start from scratch” and fulfill all of the current requirements for licensure or certification.

Each state has the responsibility to approve qualifying education courses leading toward real property appraiser credentials. Individual course providers (e.g. colleges/universities, proprietary schools, designation organizations) must seek approval of their courses by individual states. As such, it is possible one state may have approved a course, while another has not.

Continuing Education**Question 1:**

The *Real Property Appraiser Qualification Criteria* require that I take the 7-Hour USPAP update course once every 24 months. If I do not take the course until 18 months after the new version of USPAP goes into effect, does that mean I can continue to follow the prior version of USPAP until I take the update course?

Response:

No. You are responsible to comply with the current version of USPAP from the date it becomes effective, regardless of when you complete the 7-hour USPAP update course. For this reason, the AQB encourages all credential holders to complete the 7-hour USPAP update course as soon as possible, to ensure proper understanding of any revisions made to USPAP.

Question 2:

I am an AQB Certified USPAP Instructor and I recently taught the *7-Hour National USPAP Update Course*. Can I be granted continuing education credit toward my credential renewal for successfully completing the 7-Hour USPAP Course during my current renewal cycle?

Response:

Per the *Real Property Appraiser Qualification Criteria* a state appraiser regulatory agency may allow you to receive credit for successfully completing the 7-Hour USPAP course in this case, provided that you do not receive credit for more than half of your total required continuing education during any one CE cycle by teaching or in any other manner, other than as a student in a CE course. However, check with your state appraiser regulatory agency to confirm whether any additional restrictions may apply.

Question 3:

I am an instructor of courses approved for qualifying education and/or continuing education in the state in which I hold an appraiser credential. Can I obtain CE credit for time I spend *preparing* to teach courses?

Response:

No, preparing to instruct does not qualify for CE credit. However, a jurisdiction may award up to one-half of your required continuing education credit in a CE cycle for your activities during the cycle as a program or course developer or for authorship of an appraisal textbook.

Scope of Practice**Question 1:**

I am a Certified Residential appraiser and I have been asked to appraise a home on 40 acres, which includes a “hobby farm” that is not used for commercial purposes. The zoning requires a minimum lot size of 40 acres, so the lot cannot be subdivided and used for other purposes. Does my Certified Residential credential permit me to appraise this property?

Response:

Yes, as long as you can do so in compliance with the COMPETENCY RULE and all other applicable provisions in USPAP.

Question 2:

I am a Certified Residential appraiser and I have been asked to appraise a home on 40 acres. The zoning requires a minimum lot size of 5 acres, and I have confirmed with the local planning department that the lot could be subdivided into eight 5-acre parcels. In addition, my preliminary research confirms that the highest and best use of the property would be for an eight-lot subdivision. Does my Certified Residential credential permit me to appraise this property?

Response:

If the appraisal report will be utilized to support a Federally-Related Transaction (FRT), then you may not appraise this property under your Certified Residential credential. Since the highest and best use of the site is for something greater than a 1-4 unit residential property, the appraisal must be prepared by (or, at a minimum, co-signed by) a Certified General appraiser. If this is not an FRT, and you can do so in compliance with the COMPETENCY RULE and all other provisions of USPAP, then check with your state appraiser regulatory agency to see if state regulations permit you to value a property with these characteristics.

Question 3:

I am a Licensed Residential appraiser and I have been asked to appraise a home on 40 acres in a marketplace where there are no other home sites larger than 5 acres. The appraisal is being requested by a federally-chartered bank in order to evaluate the subject property as collateral for a \$1.5 million mortgage loan. Does my Licensed Residential credential permit me to appraise this property?

Response:

No. The scope of practice for the Licensed Residential classification allows for appraisals of “complex” 1-4 unit residential properties up to a transaction value of \$250,000, and it appears this assignment would qualify as “complex.” However, even if it does not qualify as “complex,” the Licensed Residential classification only allows for appraisals of “non-complex” 1-4 unit residential properties up to a transaction value of \$1 million. Therefore, this property could not be appraised by a Licensed Residential appraiser to support a federally-related transaction (FRT). If this were not an FRT, and you could do so in compliance with the COMPETENCY RULE and all other provisions of USPAP, then check with your state appraiser regulatory agency to see if state regulations permit you to value a property with these characteristics.

*The AQB Q&A is posted on The Appraisal Foundation website
(www.appraisalfoundation.org)*

For further information regarding AQB Q&A, please contact:

John S. Brenan, Director of Appraisal Issues
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005
(202) 624-3044
(202) 347-7727 fax
john@appraisalfoundation.org