



THE APPRAISAL FOUNDATION

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Standards and Appraiser Qualifications*

APPRAISER QUALIFICATIONS BOARD

TO: All Interested Parties

FROM: Rick Baumgardner, Chair
Appraiser Qualifications Board

RE: **First Exposure Draft of Proposed Personal Property Appraiser Qualification
Criteria**

DATE: October 26, 2010

Established by the Appraiser Qualifications Board (AQB) of The Appraisal Foundation, the *Personal Property Appraiser Qualification Criteria* (Criteria) set forth the minimum education and experience requirements for personal property appraisers. Credentialing of qualified appraisers of personal property may be by any impartial entity; for example, an organization of appraisal users, or a professional appraiser organization affiliated with The Appraisal Foundation (TAF).

The AQB last adopted Criteria for personal property appraisers on July 30, 1998. As a result, many personal property appraisers and users of their services felt the Criteria needed updating for some time. In order to receive direct input from the personal property appraisal discipline, the AQB appointed personal property appraisers to serve on its Personal Property Appraiser Qualification Work Group. The charge of the work group was to recommend minimum qualifications that appraisers of tangible personal property should possess.

From the recommendations of the work group, this First Exposure Draft of proposed revisions to the Criteria is being published in an effort to receive comment and feedback. The AQB anticipates this being the first of multiple exposure drafts, with the AQB ultimately adopting proposed revisions sometime in 2011.

All interested parties are encouraged to comment in writing to the AQB before the deadline of February 15, 2011. Respondents should be assured that each member of the AQB will thoroughly read and consider all comments. Comments are also invited at the AQB public meetings on December 3, 2010, in New Orleans, Louisiana, and on February 25, 2011 in Tampa, Florida.

Written comments on this exposure draft can be submitted by mail, email and facsimile.

Mail: Appraiser Qualifications Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: 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 or by calling (202) 624-3074.

**First Exposure Draft of Proposed
Personal Property Appraiser Qualification Criteria (Criteria)**

**Issued: October 26, 2010
Comment Deadline: February 15, 2011**

Please note that this exposure draft does *not* reflect the proposed Criteria in underline and ~~striketrough~~ format that is common with many other exposure drafts. The AQB believes the revisions being proposed to these Criteria are significant enough and different from the 1998 Criteria to warrant exposing the entire Criteria in a “clean” format.

I. Education Requirements

1 A. Qualifying Education, (Academic)

2 A minimum of an Associate Degree or higher, from an accredited, degree-
3 granting college, or university.

4 In lieu of the Associate degree, an applicant shall successfully pass twenty-one
5 (21) semester credit hours (no more than 3 semester credit hours from any area)
6 from any of the following collegiate subject matter courses from an accredited
7 college, or university, including but not limited to:

- 8 1. English Composition
- 9 2. Principles of Economics (Micro or Macro)
- 10 3. Accounting or Finance
- 11 4. Algebra, Geometry, or higher mathematics
- 12 5. Statistics
- 13 6. Art History or Studio Art
- 14 7. Graphics or Design
- 15 8. Architecture or Engineering
- 16 9. Agricultural Equipment or Livestock
- 17 10. Computer Science and Technology
- 18 11. Business Law
- 19 12. Marketing or Sales
- 20 13. Management
- 21 14. Archeology & History
- 22 15. Business Administration
- 23 16. Material Culture

24 If an accredited, degree-granting college or university (accredited by the
25 Commission on Colleges, a regional or national accreditation association, or by an
26 accrediting agency that is recognized by the U.S. Secretary of Education) accepts
27 the College-Level Examination Program (CLEP), or Advance Placement (AP)
28 examination(s) and issues a transcript for the exam, showing its approval, it will
29 be considered as credit for the college course. Degrees earned from foreign
30 colleges/universities should have their education evaluated for “equivalency” by
31 an accredited degree-granting domestic college or university or a foreign degree
32 credential evaluation service company that provides equivalency evaluation
33 reports accepted by an accredited degree-granting domestic college or University
34 or by a state licensing board that issues credentials in another discipline.

35 AND

36 **B. Qualifying Education (Specific) as follows:**

37 A total of one hundred and thirty five (135) creditable classroom hours are
38 required as specified in the required specialization, which includes fifteen (15)
39 classroom hours on The Appraisal Foundation's *15-Hour National Uniform*
40 *Standards of Professional Appraisal Practice Course* (USPAP), or its AQB-
41 approved equivalent. At a minimum, applicants must complete and successfully
42 pass a course examination for courses in valuation theory or principles of
43 valuation (minimum of 30 hours), and the appraisal process, specific to the
44 valuation of personal property.

45 The Appraisal Foundation's *15-Hour National Uniform Standards of Professional*
46 *Appraisal Practice Course*, or its AQB-approved equivalent, must be taught by an
47 AQB-certified USPAP instructor. AQB-certified instructors are exempt from
48 taking USPAP courses if they teach at least two courses in a one year period.

49 Valuation theory is the theory relevant to the valuation process. This includes,
50 but is not limited to, the basic economic principles which determine value and the
51 application of the three approaches to value (sales comparison, cost, and income)
52 and the various aspects of each approach, such as: the analysis of comparable
53 sales; the determination of replacement or reproduction cost; the measurement
54 and analysis of an income stream; the measurement and impact on value of all
55 forms of depreciation.

56 Valuation theory does not include other aspects of the appraisal process such as
57 property identification or report writing.

- 58 1. A classroom hour is defined as sixty (60) minutes of which at least fifty (50)
59 minutes are instruction.
- 60 2. The prescribed number of classroom hours includes time devoted to
61 examinations, which are a required part of each course. All courses must have
62 a closed-book examination with a minimum passing grade of 70%.
- 63 3. Credit for the classroom hour requirement may be obtained from the
64 following:
- 65 a. Accredited, degree-granting Colleges or Universities
 - 66 b. Personal Property Appraisal Organizations
 - 67 c. Government Entities
 - 68 d. Proprietary or Not-For-Profit Schools
- 69 4. Credit toward the classroom hour requirement may be awarded to instructors
70 of personal property courses but may not be repetitive in nature.
- 71 5. Experience may not be substituted for qualifying education.

- 72 6. Qualifying education must cover the topics listed below with particular
73 emphasis on the appraisal of personal property and with a minimum of the
74 specified hours:
- 75 a. USPAP (15 hours)
- 76 Codes of Ethics (2 hours)
- 77 The appraisal process (4 hours)
- 78 Types of appraisals and appraisal reports (2 hours)
- 79 Practices and procedures (4 hours)
- 80 Uses of appraisal reports (2 hours)
- 81 Definitions of value and types of value (2 hours)
- 82 Valuation theory and principles (45 hours)
- 83 Definitions of markets (3 hours)
- 84 Market research and analysis (4 hours)
- 85 Methods of property identification (4 hours)
- 86 Legal and regulatory considerations (4 hours)
- 87 Report writing (8 hours)
- 88 b. Credit for courses taken to satisfy the qualifying education requirement
89 should not be repetitive in nature. Each course credited toward the
90 required number of the qualifying education hours should represent a
91 progression by which the appraiser's knowledge is increased.
- 92 7. A Bachelor's, Masters, or Doctoral degree in valuation theory from an
93 accredited, degree-granting college or university will fulfill the requirement
94 for the valuation theory portion of the qualifying education classroom hours.
- 95 8. If sufficient qualifying education courses in the applicant's area of personal
96 property specialization are not available:
- 97 a. The applicant may substitute one of the following:
- 98 (i) Successful completion of an examination acceptable to the
99 credentialing entity demonstrating competency in the applicant's
100 area of specialization;
- 101 (ii) Successful completion of an existing course with examination in a
102 broader area of specialization that includes the applicant's area of
103 specialization;
- 104 (iii) Successful completion of personal property specific appraisal
105 courses or degrees offered by an accredited, degree-granting college
106 or university, where successful completion demonstrates competency
107 in the applicant's area of specialization; or

108 (iv) Successful completion of other criteria, including an examination to
109 ensure requisite knowledge in the applicant’s area of specialization,
110 acceptable to the credentialing entity.

111 b. The alternatives in Section I.B.8.a. above shall not substitute for more than
112 forty-five (45) hours of specialization education.

113 c. There is no substitute for the USPAP requirement.

114 **C. Qualifying Distance Education**

115 Distance education is defined as any educational process based on the
116 geographical separation of learner and instructor (e.g., CD-ROM, internet
117 learning, Webinar, video conferencing, etc.). For qualifying or specialization
118 education, distance education must provide interaction between the student and
119 instructor

120 Distance Education may be used for Qualifying or Specialized Education, subject
121 to the approval of the accrediting organization, as follows:

122 1. A distance education course may be acceptable to meet the qualifying or
123 specialization education classroom hour requirement, or its equivalent,
124 provided that the course is approved by the credentialing authority and meets
125 one of the following conditions:

126 a. The course is presented by a qualified person considered to be a subject
127 matter expert, available to answer questions, provide information, monitor
128 student attendance, and meets the requirements of the accrediting
129 organization;

130 b. The course is presented by an accredited, degree-granting college or
131 university; recognized personal property appraisal organization,
132 government entity, propriety or non-profit school that offer distance
133 education programs; where:

134 (i) The student successfully completes a closed book, written examination
135 proctored by an official approved by a college or university, or by a
136 sponsoring organization. The term “written” refers to an exam that
137 might be written on paper, or administered electronically on a
138 computer workstation or other device. Oral exams are not acceptable;
139 and

140 (ii) The course meets the requirements of I.B.6 above for qualifying
141 personal property education.

142 **II. Experience Requirements**

143 **A. Experience Amount**

144 1. Seven hundred (700) hours of personal property appraisal experience in
145 area(s) of specialization;

146 AND

147 2. Additional experience as follows:

148 a. One thousand eight hundred (1,800) hours of market-related personal
149 property appraisal experience, of which at least nine hundred (900)
150 additional hours are in area(s) of specialization; or

151 b. Four thousand five hundred (4,500) hours of market-related personal
152 property non-appraisal experience in area(s) of specialization; or

153 c. Any equivalent combination of personal property appraisal experience and
154 market-related personal property non-appraisal experience in area(s) of
155 specialization, using the one thousand eight hundred (1,800) hour – four
156 thousand five hundred (4,500) hour (1.0:2.5) ratio.

157 **B. Other Experience Requirements**

158 1. The number of hours which may be awarded in one year may not exceed two
159 thousand (2,000) hours.

160 2. Education may not be substituted for experience.

161 3. An hour of experience is defined as verifiable time spent in performing tasks
162 in accordance with acceptable appraisal experience, and as defined by the
163 accrediting organization.

164 4. Experience documentation in the form of reports or file memoranda, or if
165 unavailable, other evidence at the credentialing authority's discretion, must be
166 provided to the credentialing authority to support the experience claimed.

167 5. There is no time limit during which experience may be obtained.

168 6. The appraisal experience process consists of an analysis of factors that bear
169 upon value: definition of the problem; gathering and analyzing data; applying
170 the appropriate value approaches and methodology; arriving at an opinion of
171 value and reporting the opinion of value.

172 7. There is no minimum number of hours of experience which must be acquired
173 in any one year.

174 **III. Continuing Education (Reaccreditation)**

175 The purpose of continuing education (CE) is to ensure that the appraiser participates in a
176 program that and increases skill, knowledge, and competency in personal property
177 appraising.

- 178 **A. As part of the continuing education hours, the appraiser must fulfill the**
179 **following requirements at least once every five (5) years:**
- 180 1. Seventy (70) hours of instruction is required in courses and seminars during
181 the five (5) year period preceding credential renewal, with a minimum of
182 twenty (20) hours of course work in valuation theory.
- 183 2. Continuing education hours may be obtained at any time during each five (5)
184 year period.
- 185 3. A classroom hour is defined as sixty (60) minutes of which at least fifty (50)
186 minutes are instruction.
- 187 4. Credit for the CE hour requirement may be obtained from the following:
- 188 a. Colleges or Universities
- 189 b. Personal Property Appraisal Organizations
- 190 c. Government Entities
- 191 d. Proprietary or Not-For-Profit Schools
- 192 e. Museums
- 193 f. Other professional or business organizations
- 194 5. Continuing education hours are:
- 195 a. Classroom hours include attendance at lectures, seminars and instruction
196 at educational conferences, personal property appraisal organization
197 conferences; or
- 198 b. Distance education
- 199 6. Credit may be granted for educational offerings which are consistent with the
200 purpose of continuing education and include personal property related
201 appraisal topics such as, but not limited to:
- 202 a. Ad Valorem Taxation
- 203 b. Arbitration
- 204 c. Business courses related to practice of personal property appraisal
- 205 d. Ethics and standards of professional practice
- 206 e. Valuation
- 207 f. Personal Property Law
- 208 g. Personal Property litigation and expert testimony
- 209 h. Personal Property financing and investments
- 210 i. Personal Property appraisal related computer applications
- 211 j. Personal Property Identification

- 212 k. Report writing
- 213 l. Connoisseurship
- 214 7. Personal property appraisal-related field trips are acceptable for continuing
215 education credit. However, transit time to or from the field trip location should
216 not be included when awarding credit if instruction does not occur.
- 217 8. Continuing education credit may also be granted for participation, other than
218 as a student, in appraisal education processes and programs. Examples of
219 appraisal methodology activities or areas of specialization for which credit
220 may be granted are as follows:
- 221 a. Teaching and/or course development in areas similar to III.A.6 above
- 222 b. Authorship of a published scholarly paper, book, or monograph
- 223 c. Similar activities which are determined by the credentialing organization
224 to be equivalent to obtaining continuing education.
- 225 9. Credit toward courses taught must not be repetitive in nature within a one year
226 period.
- 227 **B. Additionally, as part of continuing education hours, the appraiser must fulfill**
228 **one of the following requirements every two (2) years:**
- 229 1. Successfully complete a Foundation-approved, *7-Hour USPAP Update*
230 *Course* or;
- 231 2. Successfully complete a Foundation-approved, *15-Hour USPAP Course*.
- 232 The Appraisal Foundation's USPAP courses must be taught by an AQB-
233 certified USPAP instructor. AQB-certified instructors are exempt from taking
234 USPAP courses if they teach at least two courses in a one year period.
- 235 **C. Distance education may be used for continuing education subject to the**
236 **following:**
- 237 1. For continuing education, distance education is defined as any educational
238 process based on the geographical separation of learner and instructor (e.g.,
239 CD, on-line learning, Webinar, correspondence courses, video conferencing,
240 etc.). For continuing education, distance education must provide interaction
241 between the learner and instructor.
- 242 2. A distance education course may be acceptable for meeting the continuing
243 education classroom hour requirement, or its equivalent, provided that the
244 course is approved by the credentialing authority and meets one of the
245 following conditions:
- 246 a. The course is presented by a qualified person considered to be a subject
247 matter expert and available to answer questions, provide information,

- 248 monitor student attendance, and meets the requirements for continuing
249 education courses established by the Appraiser Qualification Board; or
- 250 b. The course is presented by an accredited, degree-granting college or
251 university, recognized personal property appraisal organization,
252 government entity, propriety or non-profit school that offer distance
253 education programs; and
- 254 (i) The student successfully completes a closed book, written
255 examination proctored by an official approved by a college or
256 university, or by a sponsoring organization. The term “written”
257 refers to an examination that might be written on paper, or
258 administered electronically on a computer workstation or other
259 device. Oral examinations are not acceptable. The student must
260 receive a minimum passing grade of 70%; and
- 261 (ii) The course meets the requirements for personal property continuing
262 education established by the Appraiser Qualifications Board.