

RULES AND REGULATIONS OF THE STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS

49 Pa. Code §§36.1 – 36.53 (Last Updated 7/21/07)

(When referring to section numbers, use the number after the decimal point.

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GENERAL PROVISIONS

§ 36.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

AQB--The Appraiser Qualifications Board of the Appraisal Foundation.

Act--The Real Estate Appraisers Certification Act (63 P. S. §§ 457.1--457.19).

Ad valorem tax appraisal--Valuation for tax purposes involving the appraisal of real estate, its analysis, opinions and conclusions regarding taxation.

Applicant--A natural person.

Appraisal--A written analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, identified real property, for or in expectation of compensation.

Appraisal review--An analysis of a completed appraisal report to determine if it conforms to specific requirements and guidelines and to insure that the report is consistent and mathematically correct.

Board--The State Board of Certified Real Estate Appraisers of the Commonwealth.

Certified broker/appraiser--A person who holds a certificate issued under authority of section 6(a)(3) of the act (63 P. S. § 457.6(a)(3)) and who is authorized to perform appraisals of all types of real property in non-Federally-related transactions.

Certified general real estate appraiser--A person who holds a certificate issued under authority of section 6(a)(2) and (e) of the act and § 36.12 (relating to qualifications for certification as general real estate appraiser) and who is authorized to perform appraisals of all types of real property in all transactions, whether Federally-related or non-Federally-related.

Certified real estate appraiser--A certified broker/appraiser, certified residential real estate appraiser or certified general real estate appraiser.

Certified residential real estate appraiser--A person who holds a certificate issued under authority of section 6(a)(1) and (d) of the act and § 36.11 (relating to qualifications for certification as residential real estate appraiser) and who is authorized to perform appraisals of residential properties of one-to-four dwelling units in all transactions, whether Federally-related or non-Federally-related.

Distance education--An educational process based on the geographical separation of the learner and instructor, which provides interaction between the learner and instructor and includes testing. Examples include CD or DVD ROM, on-line learning, correspondence courses, video conferencing, and video and remote television courses.

FIRREA--The Financial Institutions Reform, Recovery and Enforcement Act of 1989, the act of August 9, 1989 (Pub. L. 101-73, 103 Stat. 183).

Feasibility analysis--A study of the cost-benefit relationship of an economic endeavor.

Federally-related transaction--A real estate-related financial transaction which a Federal financial institution regulatory agency or the Resolution Trust Corporation engages in, contracts for or regulates, and which requires the services of an appraiser.

Highest and best use analysis--A study which represents the reasonable and probable use that results in the highest present value of the land or improved property after considering all legally permissible, physically possible and economically feasible uses.

IDECC--International Distance Education Certification Center.

Real estate counseling--Providing, for a fee, disinterested and unbiased advice, professional guidance and judgment in the broad field of real estate, involving all segments of the business, including marketing, leasing, managing, planning, financing, appraising, providing testimony and other similar services. Real estate counseling is a specialty area in which the counselor clearly identifies the real estate problem to be solved, determines the most satisfactory solutions and, where appropriate, follows through on the implementation.

Real estate-related financial transaction--A transaction involving the following:

- (i) Sale, lease, purchase, investment in or exchange of real property, including interests in property or the financing thereof.
- (ii) Refinancing of real property or interests in real property.

(iii) Use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

Review appraiser--A person who performs an appraisal review.

USPAP--The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

§ 36.2. Application process.

(a) *Application form.* A person interested in becoming a certified residential real estate appraiser or a certified general real estate appraiser shall complete and file with the Board a notarized application form and an application fee. Application forms may be obtained by visiting the Board's website at www.dos.state.pa.us/real or by writing, telephoning, or e-mailing the Board at Post Office Box 2649, Harrisburg, PA 17105-2649, (717) 783-4866, or ST-APPRAISE@state.pa.us, respectively.

(b) *Application fee.* The application fee for certification as a residential or general real estate appraiser is set forth in § 36.6 (relating to fees). Application fees are nonrefundable. Payments must be in the form of a personal check or money order made payable to the "Commonwealth of Pennsylvania."

(c) *Approved applications.* Subject to the provisions of subsection (e), an approved application will be valid for 1 year from the date of approval. If an applicant does not pass the certification examination within this 1-year period, the applicant's application will be considered to have been withdrawn. If the applicant wishes to take the examination after 1 year from the date of approval, a new application, along with the required fee, shall be submitted to the Board.

(d) *Disapproved applications.* Subject to the provisions of subsection (e), an applicant whose application has been disapproved by the Board will be notified in writing of the reasons for the disapproval, and will have 1 year from the date of disapproval to correct the deficiencies or to file a request for reconsideration. A request for reconsideration must give the reason for the applicant's request, must be accompanied by documentary materials not previously submitted which the applicant wishes the Board to consider and may include a request for an informal interview with the Board. If a request for reconsideration is denied or, subject to the provisions of subsection (e), an applicant is unable to correct the deficiencies which resulted in the disapproval of the application within 1 year from the date of disapproval, a new application, along with the required fee, shall be submitted to the Board.

(e) *Compliance with new requirements.* Except as otherwise provided in §§ 36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser), an applicant shall comply with any increased education or experience requirements that take effect between the applicant's filing of an initial application and the applicant's passing the certification examination.

§ 36.3. Examinations.

(a) The examination required for certification as a residential real estate appraiser is the AQB-endorsed Uniform State Certified Residential Real Property Appraiser Examination or its equivalent. The examination required for certification as a general real estate appraiser is the AQB-endorsed Uniform State Certified General Real Property Appraiser Examination or its equivalent. The certification examinations are administered by a professional testing organization under contract with the Board at times and places established by the professional testing organization.

(b) Interested persons may obtain information about the certification examinations from the professional testing organization. Contact information for the professional testing organization appears on the Board's website at www.dos.state.pa.us/real.

§ 36.6. Fees.

The following is the schedule of fees charged by the Board:

Certification of scores ...

\$25

Verification of certification or registration ...	\$15
<i>Certified Real Estate Appraisers</i>	
Application (nonreciprocity) ...	\$235
Application (reciprocity) ...	\$40
Temporary practice registration ...	\$30
Initial certification (if certified on or after 7/1 of odd-numbered years or on or before 6/30 of even-numbered years) ...	\$90
Initial certification (if certified between 7/1 of even-numbered years and 6/30 of odd-numbered years) ...	\$45
Biennial renewal ...	\$225
<i>Certified Broker/Appraisers</i>	
Application (for application period of 9/3/96 to 9/3/98) ...	\$40
Initial certification (if certified between 7/1/97 and 6/30/98) ...	\$90
Initial certification (if certified between 9/3/96 and 6/30/97 or if certified on or after 7/1/98, if the application for initial certification was submitted by 9/3/98) ...	\$45
Biennial renewal ...	\$225
<i>Certified Pennsylvania Evaluators</i>	
Application ...	\$55
Initial certification (if certified on or after 7/1 of odd-numbered years or on or before 6/30 of even-numbered years) ...	\$90
Initial certification (if certified between 7/1 of even-numbered years and 6/30 of odd-numbered years) ...	\$45
Biennial renewal ...	\$225
<i>Continuing Education Providers</i>	
Application for continuing education provider approval ...	\$85

QUALIFICATIONS FOR CERTIFICATION

§ 36.11. Qualifications for certification as residential real estate appraiser.

(a) *Overview.* An applicant for certification as a residential real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, and pass an examination for certification as a residential real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P. S. § 455.101--455.902) is a prerequisite to certification as a residential real estate appraiser.

(b) *Appraisal classroom hours.* An applicant shall submit evidence to the Board of having completed 120 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National USPAP Course, together with coverage of the topics listed in subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 200 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

(1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the course is at least 15 hours, and the applicant successfully completes an examination pertinent to the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

(2) *Teaching credit.* Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses for actual classroom time, but credit will not be given for course repetition.

(3) *Providers of appraisal courses.* Credit for the classroom hour requirement may be obtained from accredited colleges or universities and community or junior colleges. Subject to Board approval under

§ 36.31 (relating to provider registration/appraisal courses), credit for the classroom hour requirement may also be obtained from real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers.

(4) *Distance education.* A distance education course is acceptable to meet the classroom hour requirement if the course is approved by the Board and meets the following conditions:

(i) The course is presented by one of the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(ii) The applicant successfully completes a written examination proctored by an official approved by the college, university or other course provider.

(iii) The length and content of the course meet the requirements of paragraph (1) and subsection (c), respectively.

(5) *Credit for challenge examination.* The Board may accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the course, if the course provider granted credit prior to July 1, 1990, and the Board is satisfied with the quality of the challenge examination that was administered by the course provider.

(c) *Content of appraisal education.* The content of an applicant's appraisal education must be as follows:

(1) An applicant who is subject to the 120-classroom hour requirement in subsection (b) shall demonstrate that the classroom hours included coverage of the following topics, with particular emphasis on the appraisal of one-to-four unit residential properties:

(i) Influences in real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

(A) Real estate versus real property.

(B) Real property versus personal property.

(C) Limitations on real estate ownership.

(D) Legal rights and interests.

(E) Forms of property ownership.

(F) Legal descriptions.

(G) Transfer of title.

(iii) Type of values.

(A) Market value or value in exchange.

(B) Price.

(C) Cost.

(D) Investment value.

(E) Value in use.

(F) Assessed value.

(G) Insurable value.

- (iv) Economic principles.
 - (A) Anticipation.
 - (B) Balance.
 - (C) Change.
 - (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.

- (v) Real estate markets and analysis.
 - (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.

- (vi) Valuation process.
 - (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.
 - (F) The appraisal report.

- (vii) Property description.
 - (A) Site description.
 - (B) Improvement description.
 - (C) Basic construction and design.

- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.

- (ix) Appraisal math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.

- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.
 - (D) Application of sales comparison approach.

- (xi) Site value.
 - (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Plottage and assemblage.

- (xii) Cost approach.
 - (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
 - (A) Gross rent multiplier analysis.
 - (B) Estimation of income and expenses.
 - (C) Operating expense ratios.
 - (D) Direct capitalization.
- (xiv) Valuation of partial interests.
 - (A) Life estates.
 - (B) Undivided interest in commonly held property
 - (C) Easements.
 - (D) Timeshares.
 - (E) Cooperatives.
 - (F) Leased fee estate.
 - (G) Leasehold estate.
- (xv) Appraisal standards and ethics.
- (xvi) Narrative report writing.

(2) An applicant who is subject to the 200-classroom hour requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following curriculum requirements:

- (i) Basic appraisal principles (30 hours).
 - (A) Real property concepts and characteristics.
 - (I) Basic real property concepts.
 - (II) Real property characteristics.
 - (III) Legal description.
 - (B) Legal considerations.
 - (I) Forms of ownership.
 - (II) Public and private controls.
 - (III) Real estate contracts.
 - (IV) Leases.
 - (C) Influences on real estate.
 - (I) Governmental.
 - (II) Economic.
 - (III) Social.
 - (IV) Environmental, geographic and physical.
 - (D) Types of value.
 - (I) Market value.
 - (II) Other value types.
 - (E) Economic principles.
 - (I) Classical economic principles.
 - (II) Application and illustrations of the economic principles.
 - (F) Overview of real estate markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (G) Ethics and how they apply in appraisal theory and practice.
- (ii) Basic appraisal procedures (30 hours).
 - (A) Overview of approaches to value.

- (B) Valuation procedure.
 - (I) Defining the problem.
 - (II) Collecting and selecting the data.
 - (III) Analyzing.
 - (IV) Reconciling and final value opinion.
 - (V) Communicating the appraisal.
 - (C) Property description.
 - (I) Geographic characteristics of the land/site.
 - (II) Geologic characteristics of the land/site.
 - (III) Location and neighborhood characteristics.
 - (IV) Land/site considerations for highest and best use.
 - (V) Improvements--architectural styles and types of construction.
 - (D) Residential applications.
- (iii) National USPAP Course or equivalent (15 hours).
- (A) Preamble and ethics rules.
 - (B) Standard 1.
 - (C) Standard 2.
 - (D) Standards 3 to 10.
 - (E) Statements and advisory opinions.
- (iv) Residential market analysis and highest and best use (15 hours).
- (A) Residential markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (B) Highest and best use.
 - (I) Test constraints.
 - (II) Application of highest and best use.
 - (III) Special considerations.
 - (IV) Market analysis.
 - (V) Case studies.
- (v) Residential appraiser site valuation and cost approach (15 hours).
- (A) Site valuation.
 - (I) Methods.
 - (II) Case studies.
 - (B) Cost approach.
 - (I) Concepts and definitions.
 - (II) Replacement/reproduction cost new.
 - (III) Accrued depreciation.
 - (IV) Methods of estimating accrued depreciation.
 - (V) Case studies.
- (vi) Residential sales comparison and income approaches (30 hours).
- (A) Valuation principles and procedures--sales comparison approach.
 - (B) Valuation principles and procedures--income approach.
 - (C) Finance and cash equivalency.
 - (D) Financial calculator introduction.
 - (E) Identification, derivation and measurement of adjustments.
 - (F) Gross rent multipliers.
 - (G) Partial interests.
 - (H) Reconciliation.
 - (I) Case studies and applications.

- (vii) Residential report writing and case studies (15 hours).
 - (A) Writing and reasoning skills.
 - (B) Common writing problems.
 - (C) Form reports.
 - (D) Report options and USPAP compliance.
 - (E) Case studies.
- (viii) Statistics, modeling and finance (15 hours).
 - (A) Statistics.
 - (B) Valuation models (AVMs and mass appraisal).
 - (C) Real estate finance.
- (ix) Advanced residential applications and case studies (15 hours).
 - (A) Complex property, ownership and market conditions.
 - (B) Deriving and supporting adjustments.
 - (C) Residential market analysis.
 - (D) Advanced case studies.
- (x) Appraisal subject matter electives (20 hours).

(d) *Postsecondary education.*

(1) Effective January 1, 2008, an applicant shall submit evidence to the Board of having satisfied one of the following requirements:

(i) Possession of an associate's degree, or higher, from an accredited college or university.

(ii) Completion of 21 semester credit hours in the following college-level subjects at an accredited college or university:

- (A) English composition.
- (B) Principles of economics (micro or macro).
- (C) Finance.
- (D) Algebra, geometry or higher mathematics.
- (E) Statistics.
- (F) Introduction to computers-word processing/spread- sheets.
- (G) Business or real estate law.

(2) This subsection does not apply to an applicant who completed 120 classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

(e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having acquired 2,500 hours of acceptable appraisal experience during a period of at least 24 months. At least 1,250 hours of the experience acquired by an applicant must be in the actual preparation of real estate appraisal reports, which includes physical inspections of the interior and exterior of the subject properties, in accordance with § 36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 2,500 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of 24 months. There is no minimum number of hours which must be acquired in any 12 months.

The following will serve as an example:

Year 1 400 Hours

Year 2 800 Hours

Year 3 200 Hours

Year 4 500 Hours
Year 5 600 Hours
Total 2,500 Hours

(2) Effective January 1, 2008, experience must be acquired after January 30, 1989, and must comply with USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience include:

- (i) Fee and staff appraisals.
- (ii) Ad valorem tax appraisals, if the appraiser can demonstrate that the appraiser used techniques to value properties similar to those used by other appraisers and that the appraiser effectively used the appraisal process.
- (iii) Review appraisals.
- (iv) Appraisal analysis (synonymous with an appraisal).
- (v) Real estate counseling, if the counselor can satisfactorily demonstrate that:
 - (A) The client clearly asked for counseling services.
 - (B) The client was informed that the counselor's time would be devoted to counseling services, which are separate from other real estate functions such as appraising, sales management and mortgage lending.
 - (C) A file memorandum was prepared on each assignment indicating the nature of the assignment, recommendations and disposition.
 - (D) Compensation for the counseling services was separate from other real estate services rendered.
- (vi) Highest and best use analysis.
- (vii) Feasibility analysis/study.
- (viii) Real estate related experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals.
- (ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.
- (x) Case studies or practicum courses that are approved by the AQB Course Approval Program.

§ 36.12. Qualifications for certification as general real estate appraiser.

(a) *Overview.* An applicant for certification as a general real estate appraiser shall be of good moral character, meet the following education and experience requirements prior to examination, and pass an examination for certification as a general real estate appraiser. Neither a real estate salesperson's license nor a real estate broker's license issued under the Real Estate Licensing and Registration Act (63 P. S. §§ 455.101--455.902) is a prerequisite to certification as a general real estate appraiser.

(b) *Appraisal classroom hours.* An applicant shall submit evidence to the Board of having completed 180 classroom hours of courses in subjects related to real estate appraisal, including the 15-hour National USPAP Course, together with coverage of the topics listed in subsection (c)(1). Effective January 1, 2008, an applicant shall submit evidence to the Board of having completed 300 classroom hours in the appraisal curriculum set forth in subsection (c)(2), except that the new requirement does not apply to an applicant who has satisfied the existing education requirement before January 1, 2008.

(1) *Length of classroom hour requirement.* Credit toward the classroom hour requirement will only be granted when the length of the course is at least 15 hours, and the applicant successfully completes an examination pertinent to the course. A classroom hour is defined as 50 minutes out of each 60 minute segment.

(2) *Teaching credit.* Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses for actual classroom time, but credit will not be given for course repetition.

(3) *Providers of appraisal courses.* Credit for the classroom hour requirement may be obtained from accredited colleges or universities and community or junior colleges. Subject to Board approval under § 36.31 (relating to provider registration/appraisal courses), credit for the classroom hour requirement may also be obtained from real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers.

(4) *Distance education.* A distance education course is acceptable to meet the classroom hour requirement if the course is approved by the Board and meets the following conditions:

(i) The course is presented by one of the following:

(A) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.

(B) A course provider that has received approval for course design and delivery mechanism from the IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(ii) The applicant successfully completes a written examination proctored by an official approved by the college, university or other course provider.

(iii) The length and content of the course meet the requirements of paragraph (1) and subsection (c), respectively.

(5) *Credit for challenge examination.* The Board may accept toward the classroom hour requirement a course for which the applicant obtained credit from the course provider by challenge examination without attending the course, if the course provider granted credit prior to July 1, 1990, and the Board is satisfied with the quality of the challenge examination that was administered by the course provider.

(c) *Content of appraisal education.* The content of an applicant's appraisal education must be as follows:

(1) An applicant who is subject to the 180-classroom hour requirement in subsection (b) shall demonstrate that the classroom hours included coverage of the following topics, with particular emphasis on the appraisal of nonresidential properties. Residential is defined as one to four residential units.

(i) Influences on real estate value.

(A) Physical and environmental.

(B) Economic.

(C) Governmental and legal.

(D) Social.

(ii) Legal considerations in appraisal.

(A) Real estate versus real property.

(B) Real property versus personal property.

(C) Limitations on real estate ownership.

(D) Legal rights and interests.

(E) Forms of property ownership.

(G) Legal descriptions.

(H) Transfer of title.

- (iii) Type of values.
 - (A) Market value or value in exchange.
 - (B) Price.
 - (C) Cost.
 - (D) Investment value.
 - (E) Value in use.
 - (F) Assessed value.
 - (G) Insurable value.
 - (H) Going concern value.

- (iv) Economic principles.
 - (A) Anticipation.
 - (B) Balance.
 - (C) Change.
 - (D) Competition.
 - (E) Conformity.
 - (F) Contribution.
 - (G) Increasing and decreasing returns.
 - (H) Opportunity cost.
 - (I) Substitution.
 - (J) Supply and demand.
 - (K) Surplus productivity.

- (v) Real estate markets and analysis.
 - (A) Characteristics of real estate markets.
 - (B) Absorption analysis.
 - (C) Role of money and capital markets.
 - (D) Real estate financing.

- (vi) Valuation process.
 - (A) Definition of the problem.
 - (B) Collection and analysis of data.
 - (C) Analysis of highest and best use.
 - (D) Application and limitations of each approach to value.
 - (E) Reconciliation and final value estimate.
 - (F) The appraisal report.

- (vii) Property description.
 - (A) Site development.
 - (B) Improvement description.
 - (C) Basic construction and design.

- (viii) Highest and best use analysis.
 - (A) Four tests.
 - (B) Vacant site or as if vacant.
 - (C) As improved.
 - (D) Interim use.

- (ix) Appraisal math and statistics.
 - (A) Compound interest concepts.
 - (B) Statistical concepts used in appraisal.

- (x) Sales comparison approach.
 - (A) Research and selection of comparables.
 - (B) Elements of comparison.
 - (C) Adjustment process.

- (D) Application of sales comparison approach.
- (xi) Site value.
 - (A) Sales comparison.
 - (B) Land residual.
 - (C) Allocation.
 - (D) Extraction.
 - (E) Ground rent capitalization.
 - (F) Subdivision analysis.
 - (G) Plottage and assemblage.
- (xii) Cost approach.
 - (A) Steps in cost approach.
 - (B) Application of the cost approach.
- (xiii) Income approach.
 - (A) Estimation of income and expenses.
 - (B) Operating statement ratios.
 - (C) Direct capitalization.
 - (D) Cash flow estimates (before tax only).
 - (E) Measures of cash flow.
 - (F) Discounted cash flow analysis (DCF).
- (xiv) Valuation of partial interests.
 - (A) Interests created by a lease.
 - (B) Lease provisions.
 - (C) Valuation considerations.
 - (D) Other partial interests.
- (xv) Appraisal standards and ethics.
- (xvi) Narrative report writing.

(2) An applicant who is subject to the 300-hour classroom requirement in subsection (b) shall demonstrate that the classroom hours satisfy the following curriculum requirements:

- (i) Basic appraisal principles (30 hours).
 - (A) Real property concepts and characteristics.
 - (I) Basic real property concepts.
 - (II) Real property characteristics.
 - (III) Legal description.
 - (B) Legal considerations.
 - (I) Forms of ownership.
 - (II) Public and private controls.
 - (III) Real estate contracts.
 - (IV) Leases.
 - (C) Influences on real estate.
 - (I) Governmental.
 - (II) Economic.
 - (III) Social.
 - (IV) Environmental, geographic and physical.
 - (D) Types of value.
 - (I) Market value.
 - (II) Other value types.
 - (E) Economic principles.
 - (I) Classical economic principles.

- (II) Application and illustrations of the economic principles.
 - (F) Overview of real estate markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (G) Ethics and how they apply in appraisal theory and practice.
- (ii) Basic appraisal procedures (30 hours).
- (A) Overview of approaches to value.
 - (B) Valuation procedure.
 - (I) Defining the problem.
 - (II) Collecting and selecting the data.
 - (III) Analyzing.
 - (IV) Reconciling and final value opinion.
 - (V) Communicating the appraisal.
 - (C) Property description.
 - (I) Geographic characteristics of the land/site.
 - (II) Geologic characteristics of the land/site.
 - (III) Location and neighborhood characteristics.
 - (IV) Land/site considerations for highest and best use.
 - (V) Improvements--architectural styles and types of construction.
 - (D) Residential applications.
- (iii) National USPAP Course or equivalent (15 hours).
- (A) Preamble and ethics rules.
 - (B) Standard 1.
 - (C) Standard 2.
 - (D) Standards 3 to 10.
 - (E) Statements and advisory opinions.
- (iv) General appraiser market analysis and highest and best use (30 hours).
- (A) Real estate markets and analysis.
 - (I) Market fundamentals, characteristics and definitions.
 - (II) Supply analysis.
 - (III) Demand analysis.
 - (IV) Use of market analysis.
 - (B) Highest and best use.
 - (I) Test constraints.
 - (II) Application of highest and best use.
 - (III) Special considerations.
 - (IV) Market analysis.
 - (V) Case studies.
- (v) General appraiser site valuation and cost approach (30 hours).
- (A) Site valuation.
 - (I) Methods.
 - (II) Case studies.
 - (B) Cost approach.
 - (I) Concepts and definitions.
 - (II) Replacement/reproduction cost new.
 - (III) Accrued depreciation.
 - (IV) Methods of estimating accrued depreciation.
 - (V) Case studies.

- (vi) General appraiser sales comparison approach (30 hours).
 - (A) Value principles.
 - (B) Procedures.
 - (C) Identification and measurement of adjustments.
 - (D) Reconciliation.
 - (E) Case studies.

- (vii) General appraiser income approach (60 hours).
 - (A) Overview.
 - (B) Compound interest.
 - (C) Lease analysis.
 - (D) Income analysis.
 - (E) Vacancy and collection loss.
 - (F) Estimating operating expenses and reserves.
 - (G) Reconstructed income and expense statement.
 - (H) Stabilized net operating income estimate.
 - (I) Direct capitalization.
 - (J) Discounted cash flow.
 - (K) Yield capitalization.
 - (L) Partial interests.
 - (M) Case studies.

- (viii) General appraiser report writing and case studies (30 hours).
 - (A) Writing and reasoning skills.
 - (B) Common writing problems.
 - (C) Report options and USPAP compliance.
 - (D) Case studies.

- (ix) Statistics, modeling and finance (15 hours).
 - (A) Statistics.
 - (B) Valuation models (AVMs and mass appraisal).
 - (C) Real estate finance.

- (x) Appraisal subject matter electives (30 hours).

(d) *Postsecondary education.*

(1) Effective January 1, 2008, an applicant shall submit evidence to the Board of having satisfied one of the following requirements:

- (i) Possession of a bachelor's degree, or higher, from an accredited college or university.

- (ii) Completion of 30 semester credit hours in the following college-level subjects at an accredited college or university:
 - (A) English composition.
 - (B) Macroeconomics.
 - (C) Microeconomics.
 - (D) Finance.
 - (E) Algebra, geometry or higher mathematics.
 - (F) Statistics.
 - (G) Introduction to computers--word processing/spreadsheets.
 - (H) Business or real estate law.
 - (I) Two elective courses in accounting, geography, ag-economics, business management or real estate.

(2) This subsection does not apply to an applicant who completed 180 classroom hours of qualifying appraisal education under subsection (b) before January 1, 2008.

(e) *Experience.*

(1) In addition to meeting the education requirements, an applicant shall submit evidence to the Board of having acquired 3,000 hours of acceptable appraisal experience, including 1,500 hours in nonresidential work, during a period of no less than 30 months. At least 1,500 hours of the experience acquired by an applicant shall be in the actual preparation of real estate appraisal reports, which includes physical inspections of the interior and exterior of the subject properties, in accordance with § 36.13 (relating to experience options regarding preparation of appraisal reports). Hours may be treated as cumulative to achieve the necessary 3,000 hours of appraisal experience. Cumulative is defined to mean that experience may be acquired over any time period in excess of 30 months. There is no minimum number of hours which must be acquired in any 1 year. The following will serve as an example:

Year 1 1,000 Hours

Year 2 800 Hours

Year 3 100 Hours

Year 4 1,000 Hours

Year 5 100 Hours

Total 3,000 Hours

(2) Effective January 1, 2008, experience must be acquired after January 30, 1989, and must comply with USPAP. Experience acquired after August 2, 1993, will not be accepted unless the applicant has first completed 45 classroom hours of appraisal education, including 15 hours on USPAP. Acceptable categories of appraisal experience include:

- (i) Fee and staff appraisals.
- (ii) Ad valorem tax appraisals, if the appraiser can demonstrate that the appraiser used techniques to value properties similar to those used by other appraisers and that the appraiser effectively used the appraisal process.
- (iii) Review appraisals.
- (iv) Appraisal analysis (synonymous with an appraisal).
- (v) Real estate counseling, if the counselor can satisfactorily demonstrate that:
 - (A) The client clearly asked for counseling services.
 - (B) The client was informed that the counselor's time would be devoted to counseling services, which are separate from other real estate functions such as appraising, sales management and mortgage lending.
 - (C) A file memorandum was prepared on each assignment, indicating the nature of the assignment, recommendations and disposition.
 - (D) Compensation for the counseling services was separate from other real estate services rendered.
- (vi) Highest and best use analysis.
- (vii) Feasibility analysis/study.
- (viii) Real estate experience such as that of an officer of a lending institution, if the experience consists of the actual performance or professional review of real estate appraisals.
- (ix) Evaluations under FIRREA in accordance with requirements of Federal financial institution regulatory agencies.

- (x) Case studies or practicum courses that are approved by the AQB Course Approval Program.

§ 36.13. Experience options for preparation of appraisal reports.

(a) An applicant for certification as a residential real estate appraiser or a general real estate appraiser under §§ 36.11 and 36.12 (relating to qualifications for certification as residential real estate appraiser; and qualifications for certification as general real estate appraiser) shall have acquired experience in the preparation of appraisal reports in one or more of the following:

(1) Prior to September 3, 1998:

(i) As a licensed real estate broker under the Real Estate Licensing and Registration Act (63 P. S. §§ 455.101--455.902) and Chapter 35 (relating to State Real Estate Commission).

(ii) As an elected officer, director or employee of a banking institution, savings institution, savings bank, credit union or trust company operating under applicable Federal or State laws, when acting on behalf of the institution in connection with a loan transaction.

(iii) As a certified broker/appraiser.

(iv) As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(2) On or after September 3, 1998:

(i) As a certified broker/appraiser.

(ii) As an assistant to a certified residential real estate appraiser or certified general real estate appraiser, provided the assistant satisfies the requirements of subsection (b).

(b) An assistant to a certified general appraiser or certified residential appraiser shall observe the following requirements when preparing an appraisal report:

(1) The assistant shall perform an inspection of the interior and exterior of the property.

(2) The assistant may not arrive at an independent determination of value.

(3) The assistant shall sign the appraisal report as "assistant to the certified real estate appraiser" or be referenced in the certification section of the appraisal report, or in an addendum to the appraisal report, as having provided significant professional assistance.

§ 36.21-36.25. [Reserved].

APPROVAL PROCESS—PROVIDERS

§ 36.31. Provider registration/appraisal courses.

Real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers other than accredited colleges or universities and community or junior colleges, seeking to offer appraisal courses for classroom hour credit or continuing education credit shall complete and file with the Board an application for Board approval as a provider for appraisal courses. Application forms and a list of Board approved providers of appraisal courses may be obtained from the Administrative Office of the Board, Post Office Box 2649, Harrisburg, Pennsylvania 17105-2649, (717) 783-4866.

§ 36.32. Standards for providers.

(a) Approved providers shall:

- (1) Establish a mechanism measuring the quality of the course/continuing education program being offered.
- (2) Establish criteria for selecting and evaluating faculty.
- (3) Establish criteria for the evaluation of each course/continuing education program upon completion.
- (4) Submit a course outline and summary of faculty qualifications for each appraisal course proposed to be offered.

(b) The provider shall provide adequate facilities and appropriate instructional materials to carry out the courses/continuing education programs.

(c) The provider shall insure that the instructors have suitable qualifications and are of good reputation and character.

§ 36.33. Withdrawal of approval of providers.

The Board may, following notice and hearing under 2 Pa.C.S. § § 501—508 (relating to practice and procedure of Commonwealth agencies), withdraw the approval of an approved provider that it finds guilty of one or more of the following:

- (1) Having acquired the Board’s approval by misrepresentation.
- (2) Failing to maintain compliance with § 36.32 (relating to standards for providers).
- (3) Otherwise failing to comply with the requirements of this chapter.

CONTINUING EDUCATION

§ 36.41. Continuing education requirement.

(a) Continuing education for certified real estate appraisers is necessary to ensure that they maintain and increase their skill, knowledge and competency in real estate appraising. Except as provided in subsection (b), a certified real estate appraiser shall complete 28 classroom hours of continuing education--including the 7-hour National USPAP Update Course, or an equivalent 7-hour course approved by the AQB, and at least 2 hours on the act, this chapter and the policies of the Board--during each biennial renewal period as a condition of renewal of certification for the next biennial renewal period.

(b) A certified general real estate appraiser or residential real estate appraiser whose initial certification becomes effective between January 1 and June 30 of a biennial renewal year will not be required to furnish proof of continuing education as a condition of renewal of certification in that biennial renewal year.

§ 36.42. Continuing education subject matter.

(a) The following subjects are acceptable for continuing education:

- (1) Ad valorem taxation.
- (2) Arbitration.
- (3) Business courses related to the practice of real estate appraisal.
- (4) Development cost-estimating.
- (5) Ethics and standards of professional practice.
- (6) Land use planning, zoning and taxation.
- (7) Management, leasing, brokerage and timesharing.
- (8) Property development.
- (9) Real estate appraisal.

- (10) Real estate financing and investment.
- (11) Real estate law.
- (12) Real estate litigation.
- (13) Real estate appraisal related computer applications.
- (14) Real estate securities and syndication.
- (15) Real property exchange.
- (16) Mass appraisal model building.
- (17) Mass appraisal model calibration.
- (18) Assessment administration.
- (19) Mapping.

(b) Credit toward the classroom hour requirement will be granted only when the length of the education offering is at least 2 hours. A classroom hour is defined as 50 minutes out of each 60 minute segment.

(c) Credit for the classroom hour requirement may be obtained from colleges or universities and community or junior colleges. Subject to Board approval under § 36.31 (relating to provider registration/appraisal courses), credit for the classroom hour requirement may also be obtained from real estate appraisal or real estate related organizations, State or Federal agencies or commissions, proprietary schools and other providers.

(d) Educational offerings which cover real estate appraisal related topics other than those listed in subsection (a) may be acceptable for continuing education credit if the applicant can demonstrate to the Board that the topic or program contributed to the applicant's professional competence and is consistent with the purpose of continuing education as stated in § 36.41 (relating to purpose).

(e) Continuing education credit may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted include teaching, program development, authorship of textbooks or similar activities which the applicant can demonstrate to the Board are equivalent to obtaining continuing education.

§ 36. 43. Distance education.

A distance education course is acceptable for continuing education credit if it is approved by the Board and meets the following conditions:

- (1) The course is presented by one of the following:
 - (i) A course provider that presents the course to an organized group in an instructional setting with a person qualified and available to answer questions, provide information and monitor attendance.
 - (ii) An accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines.
 - (iii) A course provider that has received approval for course design and delivery mechanism from the IDECC and approval for course content from the Board or from the AQB through its Course Approval Program.

(2) With regard to a course presented under paragraph (1)(ii) or (iii), the certified real estate appraiser either successfully completes a written examination proctored by an official approved by the college, university or other course provider or successfully completes the course mechanisms required for course accreditation that evidence the learner's mastery and fluency of the course content.

(3) The content and length of the course meet the requirements of § 36.42 (relating to continuing education subject matter).

§ 36.44. Reporting of continuing education credit hours.

Applicants applying for certificate renewal shall provide, at the time of biennial renewal, and on forms approved by the Board, a signed statement certifying that continuing education requirements have been met and providing information to document their certification.

STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

§ 36.51. Compliance with USPAP.

A certified real estate appraiser shall perform an appraisal in accordance with USPAP. A certified real estate appraiser who violates one or more provisions of USPAP shall be subject to disciplinary action under the act. A certified real estate appraiser can obtain a current edition of USPAP by writing, telephoning or e-mailing the Appraisal Foundation at 1029 Vermont Avenue, N.W., Suite 900, Washington D.C. 20005-3517, (202) 347-7722, or info@appraisalfoundation.org, respectively.

§ 36.52. Use of certificate number and title.

A certified real estate appraiser shall place his name, signature and certificate number adjacent to or immediately below the title "Pennsylvania certified general real estate appraiser," "Pennsylvania certified residential real estate appraiser" or "Pennsylvania certified broker/appraiser," as appropriate, on each written appraisal report and each written appraisal agreement. Professional designations may be included adjacent to the signature, if applicable.

The following will serve as an example:

/s/ _____
John Doe, (Professional designation, if applicable)
Pennsylvania Certified Residential Real Estate Appraiser
Certification number RL-999999-L

§ 36.53. Temporary practice.

(a) The Board will recognize on a temporary basis the certification or license of an appraiser issued by another state if the following exist:

- (1) The property to be appraised is part of a Federally-related transaction.
- (2) The appraiser's business is of a temporary nature.
- (3) The appraiser registers with the Board and pays the required fees.

(b) Temporary means no more than three specific appraiser assignments during a period not to exceed 12 consecutive calendar months.

(c) Application forms for temporary practice may be obtained from the Administrative Office of the Board, Post Office Box 2649, Harrisburg, Pennsylvania, 17105-2649, (717) 783-4866.

§ 36.54. Supervision of appraisal assistant.

A certified residential real estate appraiser or certified general real estate appraiser who utilizes an appraisal assistant shall:

- (1) Provide written notification to the Board of the name and address of the assistant when the assistant begins work for the appraiser.
- (2) Directly supervise and control the assistant's work, assuming total responsibility for the contents of the appraisal report, including all value conclusions.

- (3) Accompany the assistant during the physical inspection of the property as follows:
 - (i) In the case of an assistant who is not a certified residential real estate appraiser, accompany the assistant during the physical inspection of the property until the assistant has logged 300 hours of experience or until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection unaccompanied, whichever is the longer period.
 - (ii) In the case of an assistant who is a certified residential real estate appraiser seeking to obtain qualifying experience for certification as a general real estate appraiser, accompany the assistant during the physical inspection of the property until the supervising appraiser determines the assistant is competent under USPAP to perform the physical inspection unaccompanied.
- (4) Sign the appraisal report as a certified real estate appraiser under § 36.52 (relating to use of certificate number and title) and either have the assistant sign the appraisal report as assistant to the certified real estate appraiser or identify the assistant in the certification section of the appraisal report, or in addendum to the appraisal report, as having provided significant professional assistance.
- (5) Sign a Board-approved appraisal assistant checklist that has been completed by the assistant and that relates to the assistant's work on the appraisal report.
- (6) Provide a current or former assistant who is applying for appraiser certification with copies of designated appraisal reports and appraisal assistant checklists requested by the Board to verify the assistant's experience.

MISCELLANEOUS PROVISIONS

§ 36.91. Reactivation of lapsed certification.

A certified real estate appraiser whose certification has lapsed for failure to biennially renew certification may apply to the Board for reactivation of certification by paying the renewal fee required under § 36.6 (relating to fees) and providing documentation of having completed the continuing education hours that would have been required under § 36.41 (relating to continuing education requirement) if the certified real estate appraiser had maintained current certification, except that only the most recent versions of the 7-hour National USPAP update course and the 2-hour course on the act, this chapter and Board policies must be completed. A certified real estate appraiser who performed an appraisal, or held himself out as an appraiser, during a period when his certification was lapsed shall be subject to disciplinary action by the Board under section 3 of the act (63 P. S. § 457.3) in addition to being required to pay late renewal fees under section 225 of the Bureau of Professional and Occupational Affairs Fee Act (63 P. S. § 1401-225).