

201 KAR 30:190. Educational requirements for certification.

RELATES TO: KRS 324A.035(1), (3), 324A.040(2), 12 U.S.C. 3331-3351

STATUTORY AUTHORITY: KRS 324A.020, 324A.035(1), (3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324A.035(1) requires the board to establish by administrative regulation requirements for certification or licensure of appraisers of real property in federally related transactions. KRS 324A.035(3)(d) requires the board to establish by administrative regulation requirements for education of appraisers. 12 U.S.C. 3331-3351 establishes requirements for certification or licensure of appraisers of real property in federally related transactions, including the education requirements promulgated by the Appraisers Qualifications Board. This administrative regulation establishes the education requirements for appraisers of real property in federally related transactions.

Section 1. Definitions. (1) "AQB" means the Appraiser Qualification Board of the Appraisal Foundation.

(2) "Class hour" means sixty (60) minutes, of which at least fifty (50) minutes are instruction attended by the student, including time for examinations.

(3) "Required Core Curriculum" means the list of course topics established in Section 8 of this administrative regulation.

Section 2. (1) Credit for the qualifying education requirements established in this administrative regulation may be obtained only from the following providers:

- (a) Colleges or universities;
 - (b) Community or junior colleges;
 - (c) Real estate appraisal or real estate related organizations;
 - (d) State or federal agencies or commissions;
 - (e) Proprietary schools;
 - (f) Providers approved by the board in accordance with 201 KAR 30:150; and
 - (g) The Appraisal Foundation or its boards.
- (2) Experience shall not be substituted for education.

Section 3. Criteria Specific to Qualifying Education. (1) A class hour shall be credited only for educational offerings with content that follows the Required Core Curriculum established in Section 8 of this administrative regulation for each respective credential.

(2) The course content requirement may be general or it may be specific to a property type.

(3) A class hour shall be obtained only if:

(a) The minimum length of the educational offering is at least fifteen (15) hours; and

(b) The student successfully completes an approved closed-book examination pertinent to that educational offering.

(4) If an individual qualifying education course covers multiple topics identified within the Required Core Curriculum, there shall be appropriate testing of each component.

(5) Courses taken to satisfy the qualifying education requirements shall not be repetitive.

(6) Courses shall foster problem-solving skills in the education process by utilizing case studies as a major teaching method if applicable.

(7) Uniform Standards of Professional Appraisal Practice (USPAP), incorporated by reference in 201 KAR 30:040, courses.

(a) An applicant shall take the 15-Hour National USPAP Course, or its equivalent, and pass the associated 15-Hour National USPAP Course Examination as approved by the AQB.

(b) At least one (1) of the course instructors shall be an AQB Certified USPAP instructor

who is also a state certified appraiser.

(c) USPAP course content equivalency shall be determined by the AQB or by an alternate method established by the AQB.

Section 4. Qualifying Education for Associate Real Property Appraiser. (1) Prior to applying for an associate real property appraiser certification, an applicant shall have completed ninety (90) class hours as specified in the required core curriculum established in Section 8 of this administrative regulation, which shall include at least fifteen (15) hours related to market analysis and highest and best use.

(2) An applicant shall pass:

(a) The Required Core Curriculum examination for each course taken; and

(b) The 15-Hour National USPAP Course or its equivalent and examination as established in Section 3(7) of this administrative regulation.

(4) All qualifying education shall be completed within the five (5) year period prior to the submission of an application for an Associate Real Property Appraiser credential.

Section 5. Qualifying Education for Licensed Real Property Appraisers. (1) The prerequisite for taking the AQB approved examination shall be successful completion of 180 class hours as established in the required core curriculum established in Section 8 of this administrative regulation.

(2) The applicant shall successfully complete the 15-Hour National USPAP Course, or its equivalent, and the examination required by Section 3(7) of this administrative regulation. There is no alternative to successful completion of the examination.

(3) An applicant for the licensed real property certificate shall hold a bachelor's degree, or higher, from an accredited college, junior college, community college, or university.

Section 6. Qualifying Education for Certified Residential Real Property Appraisers Certification. (1) The prerequisite for taking the AQB approved examination shall be completion of 200 class hours as established in the required core curriculum Section 8 of this administrative regulation.

(2) The applicant shall successfully complete the 15-Hour National USPAP Course, or its equivalent, and the examination required by Section 3(7) of this administrative regulation.

(3) An applicant for the certified residential real property certificate shall hold a bachelor's degree, or higher, from an accredited college, junior college, or community college.

Section 7. Qualifying Education for Certified General Real Property Appraiser Certification.

(1) The prerequisite for taking the AQB approved examination shall be completion of 300 class hours as established in the required core curriculum Section 8 of this administrative regulation.

(2) The applicant shall complete the 15-Hour National USPAP Course and examination.

(3) An applicant shall demonstrate that his or her education includes the core courses listed in these criteria, with particular emphasis on nonresidential properties.

(4) An applicant for the certified general real property certificate shall hold a bachelor's degree or higher from an accredited college or university.

Section 8. The required core curriculum and class hours for each of the types or classification of licensees or certificate holders shall be as follows:

(1) Associate Real Property Appraiser consisting of ninety (90) class hours.

(a) Basic appraisal principles: thirty (30) class hours.

(b) Basic appraisal procedures: thirty (30) class hours.

- (c) Market analysis and highest and best use: fifteen (15) class hours.
- (d) 15-Hour national USPAP course or fifteen (15) hours its equivalent: fifteen (15) hours.
- (2) Licensed real estate appraiser consisting of 180 class hours.
 - (a) Basic appraisal principles: thirty (30) class hours.
 - (b) Basic appraisal procedures: thirty (30) class hours.
 - (c) 15-Hour national USPAP course or fifteen (15) hours its equivalent: fifteen (15) class hours.
 - (d) Residential market analysis and highest and best use: fifteen (15) class hours.
 - (e) Residential appraiser site valuation and cost approach: fifteen (15) class hours.
 - (f) Residential sales comparison and income approaches: thirty (30) class hours.
 - (g) Residential report writing and case studies: fifteen (15) class hours.
 - (h) Statistics, modeling, and finance: fifteen (15) class hours.
 - (i) Advanced residential applications and case studies: fifteen (15) class hours.
- (3) Certified residential real estate appraiser consisting of 200 class hours.
 - (a) Basic appraisal principles: thirty (30) class hours.
 - (b) Basic appraisal procedures: thirty (30) class hours.
 - (c) 15-Hour national USPAP course or fifteen (15) hours its equivalent: fifteen (15) class hours.
 - (d) Residential market analysis and highest and best use: fifteen (15) class hours.
 - (e) Residential appraiser site valuation and cost approach: fifteen (15) class hours.
 - (f) Residential sales comparison and income approaches: thirty (30) class hours.
 - (g) Residential report writing and case studies: fifteen (15) class hours.
 - (h) Statistics, modeling and finance: fifteen (15) class hours.
 - (i) Advanced residential applications and case studies: fifteen (15) class hours.
 - (j) Appraisal subject matter electives: twenty (20) class hours.
- (4) Certified general real estate appraiser consisting of 300 class hours.
 - (a) Basic appraisal principles: thirty (30) class hours.
 - (b) Basic appraisal procedures: thirty (30) class hours.
 - (c) 15-Hour national USPAP course or fifteen (15) hours its equivalent: fifteen (15) class hours.
 - (d) General appraiser market analysis and highest and best use: thirty (30) class hours.
 - (e) Statistics, modeling and finance: fifteen (15) class hours.
 - (f) General appraiser site valuation and cost approach: thirty (30) class hours.
 - (g) General appraiser sales comparison approach: thirty (30) class hours.
 - (h) General appraiser income approach: sixty (60) class hours.
 - (i) General appraiser report writing and case studies: thirty (30) class hours.
 - (j) Appraisal subject matter electives: thirty (30) class hours.
- (5) The required core curriculum classes shall cover the topics established in this subsection.
 - (a) Basic appraisal principles.
 1. Real property concepts and characteristics, including basic real property concepts, real property characteristics, and legal description.
 2. Legal consideration, including forms of ownership, public and private controls, real estate contracts, and leases.
 3. Influences on real estate values, including governmental influences, economic influences, social influences, environmental, geographic, and physical influences.
 4. Types of value, including market value and other value types.
 5. Economic principles, including classical economic principles and application and illustrations of the economic principles.

6. Overview of real estate markets and analysis including market fundamentals, characteristics, and definitions, supply analysis, demand analysis, use of market analysis.
7. Ethics and how they apply in appraisal theory and practice.
 - (b) Basic appraisal procedures.
 1. Overview of approaches to value.
 2. Valuation procedures.
 - a. Defining the problem;
 - b. Collecting and selecting data;
 - c. Analyzing;
 - d. Reconciling and final value opinion;
 - e. Communicating the appraisal;
 - f. Valuation of green buildings; and
 - g. Impact of seller concessions.
 3. Property description.
 - a. Geographic characteristics of the land or site;
 - b. Geologic characteristics of the land or site;
 - c. Location and neighborhood characteristics;
 - d. Land or site considerations for highest and best use; and
 - e. Improvements: architectural styles and types of construction.
 4. Residential applications.
 - (c) The 15-Hour National USPAP Course or its equivalent.
 1. Preamble and ethics rules.
 2. Standard 1.
 3. Standard 2.
 4. Standards 3 through 10.
 5. Statements and advisory opinions.
 - (d) Residential market analysis and highest and best use.
 1. Residential markets and analysis.
 - a. Market fundamentals, characteristics, and definitions;
 - b. Supply analysis;
 - c. Demand analysis; and
 - d. Use of market analysis.
 2. Highest and best use.
 - a. Test constraints;
 - b. Application of highest and best use;
 - c. Special considerations;
 - d. Market analysis; and
 - e. Case studies.
 - (e) Residential appraiser site valuation and cost approach.
 1. Site valuation.
 - a. Methods; and
 - b. Case studies.
 2. Cost approach.
 - a. Concepts and definitions;
 - b. Replacement or reproduction cost new;
 - c. Accrued depreciation;
 - d. Methods of estimating accrued depreciation; and
 - e. Case studies.
 - (f) Residential sales comparison and income approaches.

1. Valuation principles and procedures-sales comparison approach.
2. Valuation principles and procedures-income approach.
3. Finance and cash equivalency.
4. Financial calculator introduction.
5. Identification, derivation, and measurement of adjustments.
6. Gross rent multipliers.
7. Partial interests.
8. Reconciliation.
9. Case studies and applications.
- (g) Residential report writing and case studies.
 1. Writing and reasoning skills.
 2. Common writing problems.
 3. Form reports.
 4. Report options and USPAP compliance.
 5. Case studies.
- (h) Statistics, modeling, and finance.
 1. Statistics.
 2. Automated valuation models (AVMs) and mass appraisal.
 3. Real estate finance.
- (i) Advanced residential applications and case studies.
 1. Complex property, ownership, and market conditions.
 2. Deriving and supporting adjustments.
 3. Residential market analysis.
 4. Advanced case studies.
- (j) General appraiser market analysis and highest and best use.
 1. Real estate markets and analysis.
 - a. Market fundamentals, characteristics, and definitions;
 - b. Supply analysis;
 - c. Demand analysis; and
 - d. Use of market analysis.
 2. Highest and best use.
 - a. Test constraints;
 - b. Application of highest and best use;
 - c. Special considerations;
 - d. Market analysis; and
 - e. Case studies.
- (k) General appraiser sales comparison approach.
 1. Value principles.
 2. Procedures.
 3. Identification and measurement of adjustments.
 4. Reconciliation.
 5. Case studies.
- (l) General appraiser site valuation and cost approach.
 1. Site valuation.
 - a. Methods; and
 - b. Case studies;
 2. Cost approach.
 - a. Concepts and definitions;
 - b. Replacement or Reproduction cost new;

- c. Accrued depreciation;
- d. Methods of estimating accrued depreciation; and
- e. Case studies;
- (m) General appraiser income approach.
 - 1. Overview.
 - 2. Compound interest.
 - 3. Lease analysis.
 - 4. Income analysis.
 - 5. Vacancy and collection loss.
 - 6. Estimating operating expenses and reserves.
 - 7. Reconstructed income and expense statement.
 - 8. Stabilized net operating income estimate.
 - 9. Direct capitalization.
 - 10. Discounted cash flow.
 - 11. Yield capitalization.
 - 12. Partial interests.
 - 13. Case studies.
- (n) General appraiser report writing and case studies.
 - 1. Writing and reasoning skills.
 - 2. Common writing problems.
 - 3. Report options and USPAP compliance.
 - 4. Case studies. (31 Ky.R. 2062; Am. 32 Ky.R. 259; eff. 8-25-2005; 34 Ky.R. 1795; 2394; eff. 6-6-2008; 37 Ky.R. 2052; 5-6-2011; 39 Ky.R. 90; 463; eff. 10-5-2012; 1493; 1877; eff. 4-5-2013; 41 Ky.R. 1862; eff. 5-1-2015.)