



THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications

APPRAISER QUALIFICATIONS BOARD

**Appraiser Qualifications Board  
Public Meeting Summary  
March 20, 2015**

On March 20, the Appraiser Qualifications Board (AQB) held its first public meeting of 2015. The meeting was held in Seattle, Washington. The primary focus of both the public meeting and work sessions included ongoing projects associated with the:

- Proposed Revisions to the 2015 *Real Property Appraiser Qualification Criteria* and Guide Note 9
- Proposed *Personal Property Appraiser Qualification Criteria*
- Alternative Qualifications (Experience) to the *Real Property Appraiser Qualification Criteria*
- AQB Certified USPAP Instructor Program
- National Uniform Licensing and Certification Examinations
- Undergraduate/Graduate Degree in Real Estate Review Program
- Course Approval Program

**Proposed Revisions to the 2015 *Real Property Appraiser Qualification Criteria* and Guide Note 9**

On January 27, 2015, the Appraiser Qualifications Board (AQB) issued an exposure draft of Proposed Revisions to the 2015 *Real Property Appraiser Qualification Criteria* (*Criteria*) and Guide Note 9. The comment deadline for the exposure draft was March 16, 2015.

The exposure draft further clarified language contained in a December 2014 exposure draft. The language requires the applicant to possess a background that would not call into question public trust. Additionally, proscriptive language was moved out of the *Criteria* and into proposed Guide Note 9, which is intended as guidance for state regulators.

The Appraiser Qualifications Board voted to adopt the January 27, 2015 exposure draft. The background check section of the 2015 *Criteria* will not be implemented until January 1, 2017. It is important to note, however, that all other aspects of the 2015 *Criteria* went into effect as planned on January 1, 2015.

To review the adopted language, please visit our website here:

<https://appraisalfoundation.sharefile.com/download.aspx?id=s1a133672f084dddb>.

**Proposed *Personal Property Appraiser Qualification Criteria***

On February 19, 2015, the AQB issued an exposure draft of proposed *Personal Property Appraiser Qualification Criteria*. The comment deadline for the exposure draft was March 20, 2015.

The AQB voted to adopt the proposed *Personal Property Appraiser Qualification Criteria*, and voted to make it effective on January 1, 2018.

The Appraisal Foundation's (Foundation) sponsors who confer personal property appraiser designations must follow the *Personal Property Appraiser Qualification Criteria* as adopted by the AQB. As personal property appraisers are not federally regulated, the Criteria are voluntary for entities, organizations, and/or individuals who are not sponsors of the Foundation.

To review the adopted language, please visit our website at <https://appraisalfoundation.sharefile.com/download.aspx?id=s71e16a0d33c41c39>.

#### **Alternative Qualifications (Experience) to the Real Property Appraiser Qualification Criteria**

The AQB is currently researching alternative ways an appraiser candidate can obtain experience via appraisal-related professions. At its October 16, 2015 meeting in Washington, DC, the AQB will hold a public hearing to receive input on a concept paper that will be released this summer.

#### **AQB Certified USPAP Instructor Program and USPAP Courses**

There are currently 492 AQB Certified USPAP Instructors. The *Instructor Recertification Course* will be offered online starting in October 2015 to coincide with the release of the 2016-17 USPAP Courses. Additionally, the *Instructor Certification Course* is expected to be offered during the first half of 2016.

The AQB is working with the Appraisal Standards Board on the 7- and 15-Hour National USPAP Courses as well as the personal property and business appraisal USPAP courses. All USPAP courses will be released in the fall of 2015.

#### **National Uniform Licensing and Certification Examinations**

The AQB continues to monitor the *National Uniform Licensing and Certification Examinations* and the applicable pass/fail rates.

Additional information regarding the new examinations, including statistics on pass rates from 2008-14, as well as Q&As and sample questions, is available on the Foundation's website, by visiting the following link:

<http://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=TAF&WebCode=NULCE>

#### **Undergraduate/Graduate Degree Review Program in Real Estate**

In 2009, the AQB began reviewing graduate degree programs in real estate for equivalency with the education required in the *Real Property Appraiser Qualification Criteria*. In 2011, the AQB began accepting applications to review *undergraduate* degree programs in real estate.

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At its March 19, 2015 work session, the AQB voted to approve Texas A&M University's Bachelor of Science in Agricultural Economics with Finance and Real Estate Option degree for credit toward the *Real Property Appraiser Qualification Criteria*.

The AQB has approved graduate degree in real estate programs at:

- Texas A&M University
- University of Denver
- Virginia Commonwealth University

The AQB has approved undergraduate degree in real estate programs at:

- Indiana University
- Lehigh University
- Texas A&M University
- University of Denver
- University of Northern Iowa
- Virginia Commonwealth University

This service is provided at no cost to accredited colleges and universities. Further information is available on The Appraisal Foundation's website at:

<http://netforum.avectra.com/eweb/DynamicPage.aspx?Site=TAF&WebCode=DegreeProgram>

#### **Course Approval Program (CAP)**

The Course Approval Program (CAP) currently has 284 courses approved.

#### **AQB Public Meetings Scheduled for 2015:**

October 16, 2015      Washington, DC



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APPRAISER QUALIFICATIONS BOARD

TO: All Interested Parties

FROM: Wayne R. Miller, Chair  
Appraiser Qualifications Board

RE: Fifth Exposure Draft of a **Proposed Revision to the 2015 Real Property Appraiser Qualification Criteria and Guide Note 9 (GN-9)**

DATE: January 27, 2015

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After an 18-month period during which five exposure drafts were released for public comment, the Appraiser Qualifications Board (AQB) adopted changes to the *Real Property Appraiser Qualification Criteria (Criteria)* in December 2011. The effective date of the overall *Criteria* change was January 1, 2015.

In recent months, as states have worked to make the necessary revisions to laws and regulations to implement the changes in the *Criteria*, the AQB has received additional feedback on the language in the *Criteria* surrounding Background Checks.

Please see the rationale for the proposed change to the 2015 *Criteria* on page 3 of this document and the proposed changes to the *Criteria* language and Guide Note 9 beginning on page 4.

**All interested parties are encouraged to comment in writing to the AQB before the deadline of March 16, 2015. The AQB will also hear verbal comments at a public meeting to be held Friday March 20, 2015 in Seattle, Washington.** Respondents should be assured that each member of the AQB will thoroughly read and consider all comments.

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

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

Email: [aqbcomments@appraisalfoundation.org](mailto: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](mailto:magdalene@appraisalfoundation.org) or by calling (202) 624-3074.

**Fifth Exposure Draft of a Proposed Revision to the 2015  
*Real Property Appraiser Qualification Criteria (Criteria)*  
and Guide Note 9 (GN-9)**

**Issued: January 27, 2015  
Comment Deadline: March 16, 2015**

This exposure draft begins with a rationale for the proposed changes. The rationale is identified as such and does not have line numbering. Where proposed changes to the *Criteria* are noted, the exposure draft contains line numbers. This difference is intended to distinguish for the reader those parts that explain the changes from the proposed changes themselves.

When commenting on the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues the AQB should consider.

Where text is to be deleted from what currently appears in the 2015 *Real Property Appraiser Qualification Criteria*, that text is shown as ~~strikeout text proposed for deletion~~. Text added to what currently appears in the 2015 *Real Property Appraiser Qualification Criteria* is underlined. For example: This is text proposed for insertion.

## Proposed Revisions Regarding Background Checks

### RATIONALE

In December 2011, the AQB adopted language setting forth a requirement that new applicants for a real property appraiser credential must undergo an FBI (or similar) state and national background check. The language the AQB adopted was derived verbatim from the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, otherwise known as the S.A.F.E. Act, which mandates minimum standards, in part, for licensing and registration as a state-licensed loan originator.

The AQB received feedback regarding the language adopted, which set forth specific tasks for the state appraiser regulatory agencies to perform. The feedback suggested the background check requirements placed obligations on the state appraiser regulatory agencies, instead of applicants for a real property appraiser credential, as the balance of the *Criteria* sets forth.

As a result of this feedback, the AQB issued a First Exposure Draft proposing to adopt changes to the language of the background check provision.

The AQB received written comments from interested parties and verbal testimony at its public meeting in San Francisco, California on April 11, 2014.

Feedback generally centered on the following concerns:

- The perception that the Federal background check had to be conducted by the FBI;
- The inconsistent usage of the term, “new applicant,” within various sections of the background check provision;
- The exclusion of an applicant with *any* type of felony conviction (or plea) over the preceding five years; and
- The lack of flexibility afforded licensing/certifying officials in determining whether sufficient rehabilitation had occurred or time had passed since a prior conviction (or plea) occurred in an applicant’s past.

As a result of the additional feedback, the AQB issued the Second Exposure Draft of changes to the background check provision of the 2015 *Real Property Appraiser Qualification Criteria*.

NOTE: As stated in the Second Exposure Draft, at its public meeting in San Francisco on April 11, 2014, the AQB voted to delay the implementation of the background check provision *only* of the 2015 *Real Property Appraiser Qualification Criteria* until January 1, 2017. All other provisions of the *Criteria* remain unaffected by this implementation delay, and go into effect as scheduled on January 1, 2015.

Comments received in response to the Second Exposure Draft reflected some of the same concerns expressed in response to the First Exposure Draft. Additional comments reflected continuing concerns with a credentialing jurisdiction’s authority to require background checks, particularly in light of some concerns with the authority of the AQB to impose such requirements.

Given these concerns, the AQB issued a Third Exposure Draft, and received verbal comments at its September 19, 2014 public meeting in Memphis, Tennessee. The Third Exposure Draft proposed a more generic approach to the background check issue, replacing many of the specific background requirements for applicants seeking a real property appraiser credential. However, the AQB, in recognizing its obligation to maintain and promote public trust in promulgating qualifications for real property appraisers, believes it is imperative all applicants for a real property appraiser credential are able to satisfy minimum background qualifications. This belief is bolstered by recent trends whereby real property appraisers are being required to undergo background screening by many users of appraisal services and Appraisal Management Companies (AMCs).

The AQB recognizes some state appraiser regulatory agencies might seek additional guidance in the area of background screening. As a result, in the Third Exposure Draft, the AQB also proposed the creation of a new Guide Note, which would constitute non-binding guidance for jurisdictions when evaluating applicants for a real property appraiser credential.

Comments received in response to the Third Exposure Draft included support for the more generic approach and general appreciation for the creation of the Guide Note.

The comments also noted a conflict between proposed timeframes referenced in the *Criteria* language as compared to that contained in the related Guide Note 9.

As a result of comments received, the AQB issued a Fourth Exposure Draft which sought to clean-up some language from the Third Exposure Draft and established a minimum timeframe of five (5) years during which a candidate for licensure must have had a clean background.

Comments received in response to the Fourth Exposure Draft included expressions of concern about the Background Check requirement as a part of the licensure and certification credentialing process, and its relationship to the background checks required by various commercial entities such as Appraisal Management Companies (AMCs) or other client groups. In addition, feedback was received regarding several nuances of language in the Guide Note.

This Fifth Exposure Draft seeks to clarify some language in the Fourth Exposure Draft.

This Exposure Draft only shows the changes to the current *Criteria*. It does not explicitly identify changes from prior Exposure Drafts. Those interested in comparing this document to the prior Exposure Draft may access the Fourth Exposure Draft document via the following link:

<https://appraisalfoundation.sharefile.com/d/s8e4a57040bd44a69>

If adopted, these changes would go into effect January 1, 2017.

## CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

### 1 VI. Background Checks

2 A. ~~All candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies shall, at a *minimum*, obtain fingerprints of the individual, in digital form if practicable, and any appropriate identifying information for submission to the Federal Bureau of Investigation and/or any governmental agency or entity authorized to receive such information in connection with a State and national background check.~~

7 B. ~~In addition to all applicants for new credentials, state appraiser regulatory agencies are strongly encouraged to perform background checks on *existing* credential holders as well.~~

9 C. ~~State appraiser regulatory agencies must ensure that all candidates for a real property appraiser credential do not possess a background that could call into question public trust. State appraiser regulatory agencies must take proper steps to ensure those applicants found to possess a background which calls into question the applicant's ability to maintain public trust are not issued a real property appraiser credential. State appraiser regulatory agencies shall not issue a real property appraiser credential if:~~

15 ~~1. The applicant has had an appraiser license or certification revoked in any governmental jurisdiction within the five (5) year period immediately preceding the date of application.~~

17 ~~2. The applicant has been convicted of, or pled guilty or *nolo contendere* to, a felony in a domestic, or foreign court:~~

19 ~~a. — during the five (5) year period immediately preceding the date of the application for licensing or certification; or~~

21 ~~b. — at any time preceding the date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.~~

23 ~~3. The applicant has failed to demonstrate character and general fitness such as to command the confidence of the community and to warrant a determination that the appraiser will operate honestly, fairly, and efficiently within the purposes of these *Criteria*.~~

26 D. ~~Additional background issues that a state appraiser regulatory agency shall evaluate and consider prior to issuing (or taking disciplinary action against) a real property appraiser credential include, but are not limited to:~~

29 ~~1. Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering against the individual or organizations controlled by the individual, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense(s);~~

33 ~~2. Civil judicial actions against the individual in connection with financial services related activities, dismissals with settlements, or judicial findings that the individual violated financial services related statutes or regulations, except for actions dismissed without a settlement agreement;~~

37 ~~3. Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:~~

38

- 39           a. ~~Found the individual to have made a false statement or omission or been dishonest,~~  
40           ~~unfair or unethical; to have been involved in a violation of a financial services related~~  
41           ~~regulation or statute; or to have been a cause of a financial services related business~~  
42           ~~having its authorization to do business denied, suspended, revoked, or restricted;~~
- 43           b. ~~Are entered against the individual in connection with a financial services related~~  
44           ~~activity;~~
- 45           c. ~~Denied, suspended, or revoked the individual's registration or license to engage in a~~  
46           ~~financial services related activity; disciplined the individual or otherwise by order~~  
47           ~~prevented the individual from associating with a financial services related business or~~  
48           ~~restricted the individual activities; or~~
- 49           d. ~~Barred the individual from association with an entity or its officers regulated by the~~  
50           ~~agency or authority or from engaging in a financial services related business;~~
- 51           4. ~~Final orders issued by a State or Federal regulatory agency or foreign financial regulatory~~  
52           ~~authority based on violations of any law or regulation that prohibits fraudulent,~~  
53           ~~manipulative, or deceptive conduct;~~
- 54           5. ~~Revocation or suspension of the individual's authorization to act as an attorney,~~  
55           ~~accountant, or State or Federal contractor;~~
- 56           6. ~~Customer initiated financial services related arbitration or civil action against the~~  
57           ~~individual that required action, including settlements, or which resulted in a judgment.~~
- 58           A. All applicants for a real property appraiser credential shall possess a background that would  
59           not call into question public trust.
- 60           B. Applicants shall provide state appraiser regulatory agencies with all of the information and  
61           documentation necessary for the jurisdiction to determine the applicant's fitness for licensure  
62           or certification.
- 63           C. An applicant shall not be eligible for a real property appraiser credential if, during at least the  
64           five (5) year period immediately preceding the date of the application for licensing or  
65           certification, the applicant has been convicted of, or pled guilty or *nolo contendere* to a crime  
66           that would call into question the applicant's fitness for licensure.
- 67           D. Additional guidance related to background checks for applicants for a real property appraiser  
68           credential may be found in Guide Note 9 (GN-9).

## AQB GUIDE NOTE 9 (GN-9)

69 THIS GUIDE NOTE RELATES TO THE BACKGROUND CHECK REQUIREMENTS AS  
 70 SPECIFIED IN THE REAL PROPERTY APPRAISER QUALIFICATION CRITERIA THAT  
 71 BECOME EFFECTIVE ON JANUARY 1, 2017.

72 Under “Criteria Applicable to All Appraiser Classifications” in the *Real Property Appraiser*  
 73 *Qualification Criteria*, Section VI. Background Checks, reads as follows:

74 *All applicants for a real property appraiser credential shall possess a background that would*  
 75 *not call into question public trust.*

76 Some jurisdictions have been performing background checks since the implementation of real  
 77 property appraiser credentialing, while others have not. This Guide Note is intended to provide  
 78 additional guidance, in particular to those jurisdictions with little to no experience in evaluating  
 79 an applicant’s background as part of the applicant’s overall fitness for licensure or certification.

### 80 Examples of Issues to Consider

81 Some of the types of background issues that state appraiser regulatory agencies might consider  
 82 include, but are not limited to, applicants who have:

- 83 (1) Had an appraiser license or certification revoked in any governmental jurisdiction.
- 84 (2) Been convicted of, or pled guilty or *nolo contendere* to, a crime involving moral  
 85 turpitude.
- 86 (3) Been convicted of any crime *which is substantially related* to the qualifications,  
 87 functions, or duties of the profession of real estate appraisal.
- 88 (4) Performed any act which if done by the holder of a real property appraiser credential  
 89 would be grounds for revocation or suspension of such a credential.
- 90 (5) Knowingly made a false statement of material fact required to be disclosed in an  
 91 application for any professional license or certification.
- 92 (6) Been prohibited from participating in the affairs of an insured depository institution  
 93 pursuant to Section 19(a) of the Federal Deposit Insurance Act (12 U.S.C. Section 1829).

### 94 Substantial Relationship

95 A crime or act may be deemed substantially related to the qualifications, functions or duties of an  
 96 appraiser if, to a substantial degree, it evidences present or potential unfitness of a person  
 97 applying for or holding a real property appraiser credential to perform the functions authorized  
 98 by the credential. Examples of the types of crimes or acts include, but are not limited to, the  
 99 following:

- 100 (1) Taking, appropriating or retaining the funds or property of another.
- 101 (2) Forging, counterfeiting or altering any instrument affecting the rights or obligations of  
 102 another.
- 103 (3) Evasion of a lawful debt or obligation, including but not limited to tax obligations.

- 104 (4) Traffic in any narcotic or controlled substance in violation of law.
- 105 (5) Violation of a relation of trust or confidence.
- 106 (6) Theft of personal property or funds.
- 107 (7) Crimes or acts of violence or threatened violence against persons or property.
- 108 (8) The commission of any crime or act punishable as a sexually related crime.
- 109 (9) Misrepresentation of facts or information on the appraisal license or certification  
110 application.
- 111 (10) Cheating on an examination for a real property appraiser credential.

112 **Rehabilitation**

113 Upon a determination that an applicant's background is inconsistent with public trust, state  
114 appraiser regulatory agencies should consider all evidence related to the extent an applicant is  
115 rehabilitated, including testimony or other documentation demonstrating things such as:

- 116 (1) The effect of the passage of time since the most recent act or crime.
- 117 (2) Restitution by the applicant to any person who has suffered monetary losses.
- 118 (3) Judicial relief from the consequences of criminal convictions resulting from immoral or  
119 antisocial acts, including but not limited to release from probation, finding of factual  
120 innocence, a completed program of diversion, or other comparable orders of a court.
- 121 (4) Successful completion or early discharge from probation or parole.
- 122 (5) Abstinence from the use of controlled substances or alcohol for not less than two years if  
123 the crime or offense is attributable in part to the use of controlled substances or alcohol.
- 124 (6) Payment of any fine or other imposed monetary penalty.
- 125 (7) Stability of family life and fulfillment of parental and familial responsibilities  
126 subsequent to the act or conviction.
- 127 (8) Completion of, or sustained enrollment in, formal education or vocational training  
128 courses for economic self-improvement.
- 129 (9) Discharge of, or bona fide efforts toward discharging, adjudicated debts or monetary  
130 obligations to others.
- 131 (10) Mitigating facts or circumstances that reasonably indicate that an applicant will perform  
132 appraisal-related activities honestly, fairly, and ethically.
- 133 (11) Correction of business practices resulting in injury to others or with the potential to  
134 cause such injury.
- 135 (12) Significant or conscientious involvement in community, church or privately-sponsored  
136 programs designed to provide social benefits.
- 137 (13) New and different social and business relationships from those which existed at the time  
138 of the act or crime.
- 139 (14) Change in attitude from that which existed at the time of the act or crime, as evidenced  
140 by any or all of the following:

- 141 a) Testimony of applicant.  
142 b) Evidence from family members, friends or other persons familiar with applicant's  
143 previous conduct and his or her subsequent attitudes and behavioral patterns.  
144 c) Evidence from probation or parole officers or law enforcement officials competent to  
145 testify as to applicant's social adjustments.  
146 d) Evidence from psychiatrists or other persons competent to testify with regard to  
147 psychiatric or emotional disturbances.

148 The above is intended to be illustrative, not exhaustive. State appraiser regulatory agencies, in  
149 performing their due diligence when examining an applicant's qualifications for a real property  
150 appraiser credential, may elect to include additional items not identified in this Guide Note.  
151 Likewise, state appraiser regulatory agencies may determine, based on their own experience and  
152 history, that some of the items identified in this Guide Note may not be applicable to an applicant  
153 seeking a real property appraiser credential in that jurisdiction.