



Nebraska

Real Estate Appraiser Board

March 2006

Chairman

Kevin Kroeger
2nd District Representative

Vice Chair

Sheila Newell
Real Estate Broker

Vacant

1st District Representative

James Bain

3rd District Representative

Timothy Kalkowski
Financial Institutions
Representative

Jill Ekstein

Director

Kirsten Hale

Staff Assistant II

P.O. Box 94963

Lincoln, NE 68509

(402) 471-9015 - phone

(402) 471-9017 - fax

www.appraiser.ne.gov

2008 AQB Criteria

After thorough public exposure, the AQB adopted significant revisions to the Criteria in early 2004 for implementation in January 2008. The requirements for the four levels of credential recognized by the AQB are listed below. Nebraska issues the Registered credential as well. Registered appraisers are not required to gain experience prior to being issued the credential. When the pending legislation, LB778, is adopted, the Registered credential will begin to be phased out.

Trainee Real Property Appraiser

The scope of practice for the Appraiser Trainee Classification is the appraisal of those properties which the supervising Certified appraiser is permitted by his/her current credential and that the supervising appraiser is qualified to appraise. All appraiser Trainees must comply with the Competency Rule of USPAP.

- An applicant for the Trainee Real Property Appraiser credential must complete 75 classroom hours of appraisal education as specified in the Core Curriculum, including the 15-Hour National USPAP Course.
- No experience is required for the Appraiser Trainee.
- The Appraiser Trainee shall be subject to direct supervision by a supervising appraiser in good standing, who shall be state certified.

(continued)

- The supervising appraiser shall be responsible for the training, guidance and direct supervision of the appraiser Trainee by: accepting responsibility for the appraisal report by signing and certifying the report complies with USPAP, reviewing and signing the Appraiser Trainee appraisal reports, and personally inspecting each appraised property with the Appraiser Trainee until the supervising appraiser determines the Appraiser Trainee is competent, in accordance with the Competency Rule of USPAP.
- The Appraiser Trainee is permitted to have more than one supervising appraiser, but a supervising appraiser may not supervise more than **three** trainees.
- An appraisal log shall be maintained by the Appraiser Trainee and the supervising appraiser containing the type of property, date of report, address of appraised property, description of work performed by the trainee, scope of review and supervision of the supervising appraiser, number of actual work hours by the trainee on the assignment and the signature and state certification number of the supervising appraiser.

Licensed Residential Real Property Appraiser

Scope of Practice

The Licensed Residential Real Property Appraiser credential applies to the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000. Complex one to four family residential property appraisal means one in which the property to be appraised, the form of ownership or the market conditions are atypical. For non-federally related transaction appraisals, transaction value shall mean market value.

The classification includes the appraisal of vacant or unimproved land that is utilized for one to four family purposes or for which the highest and best use is for one to four family purposes. It does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary. All Licensed Residential Real Property Appraisers must comply with the Competency Rule of USPAP.

An applicant for the Licensed Residential Real Property Appraiser credential must:

- Complete 150 classroom hours of appraisal education as specified in the Core Curriculum, including the 15-Hour National USPAP Course.
- Obtain 2,000 hours of appraisal experience in no fewer than 12 months.
- Successfully pass the AQB approved Licensed Residential Real Property Appraiser exam.

Certified Residential Real Property Appraiser

Scope of Practice

The Certified Residential Real Property Appraiser credential applies to the appraisal of one to four residential units without regard to value or complexity. This includes the appraisal of vacant or unimproved land that is utilized for one to four family purposes or for which the highest and best use is for one to four family purposes. It does not include the appraisal of

subdivisions for which a development analysis/appraisal is necessary. All Certified Residential Real Property Appraisers must comply with the Competency Rule of USPAP.

An applicant for the Certified Residential Real Property Appraiser credential must:

- Hold an Associate degree, or higher, from an accredited college, junior college, community college, or university. In lieu of the Associate degree, an applicant may have 21 semester credit hours or its equivalent in the following collegiate subject matter courses: English Composition, Principles of Economics (Micro or Macro), Finance, Algebra, Geometry or higher mathematics, Statistics, Introduction to Computers – Word processing / spreadsheets and Business or Real Estate Law.
- Complete 200 classroom hours of appraisal education as specified in the Core Curriculum, including the 15-Hour National USPAP Course.
- Obtain 2,500 hours of appraisal experience in no fewer than 24 months.
- Successfully pass the AQB approved Certified Residential Real Property Appraiser exam.

Certified General Real Property Appraiser

The Certified General Real Property Appraiser credential qualifies the appraiser to appraise all types of property. The Certified General Appraiser must comply with the Competency Rule of USPAP.

An applicant for the Certified General Real Property Appraisal credential must:

- Hold a Bachelors degree from an accredited college or university. In lieu of the Bachelors degree, an applicant may have 30 semester credit hours or its equivalent in the following collegiate level subject matter courses: English Composition, Micro Economics, Macro Economics, Finance, Algebra, Geometry or higher mathematics, Statistics, Introduction to Computers – Word processing / spreadsheets, Business or Real Estate Law and two elective courses in accounting, geography, ageconomics, business management or real estate.
- Complete 300 classroom hours of appraisal education as specified in the Core Curriculum, including the 15-Hour National USPAP Course.
- Obtain 3,000 hours of appraisal experience in no fewer than 30 months.
- Successfully pass the AQB approved Certified General Real Property Appraiser exam.

2006 USPAP effective July 1, 2006

The 2006 edition of USPAP was adopted with an effective date of July 1, 2006, meaning the current (2005) edition of USPAP is valid until June 30, 2006. It is anticipated that the 2006 edition will be effective until December 31, 2007 (a period of 18 months). Effective with the 2008 edition, USPAP is planned to be issued on a two-year publication cycle.

Nebraska Appraisers will be provided a copy of the 2006 edition of USPAP prior to July 1, 2006.

USPAP Q&A

Question:
What are the major changes in the 2006 USPAP?

Answer:
The DEPARTURE RULE has been removed and the SCOPE OF WORK RULE has been added. The terms “Limited Appraisal,” “Complete Appraisal,” “Binding Requirement,” and “Specific Requirement” have also been removed from USPAP.

The SCOPE OF WORK RULE has no development requirements that differ from those in the 2005 USPAP; however, the identification of the appraisal problem to be solved and the development of an appropriate scope of work to solve that problem have been given greater emphasis in the 2006 USPAP.

Question:
I was contacted by homeowners who want me to perform an appraisal of their home to be used for a loan at a federally regulated financial institution. What are my responsibilities in this potential assignment?

Answer:
It is an appraiser’s responsibility to disclose to the homeowner that a lender or its agent is required by Title XI of FIRREA to directly engage the services of an appraiser in a federally related transaction. If the homeowners still want to engage you, your disclosure allows you to accept the assignment.

Question:
Is it true that recertifications of value are no longer permitted?

Answer:
No, appraisers may perform a “Recertification of Value” to confirm whether or not the conditions of a prior appraisal have been met. However, if a client wants to know whether the value of a property has changed (or remained the same) since a prior appraisal, this is an ‘Update.’

Regardless of the label used, an appraisal of a property that was the subject of a prior assignment is not an extension of the prior assignment – it is a new appraisal assignment.

Question:
The new Fannie Mae form 1004 indicates that Fannie Mae does not require completion of the cost approach. Is it acceptable to simply omit the cost approach when using this appraisal report form?

Answer:
The appraisal report form on which an appraisal is reported does not dictate the scope of work performed. The appraiser must identify the appraisal problem and determine the proper scope of work.

If the cost approach is required for credible assignment results, then it must be developed and the results must be included in the appraisal report. If the cost approach is not required for credible assignment results, the appraiser may elect not to complete the cost approach. If it is omitted, the report must explain the omission.

Whether or not the cost approach is necessary is a decision that must be made by the appraiser based on the intended use, intended user and other assignment elements.

Firm Date Scenario vs. Segmented Date Scenario

There are three components to the criteria to become an appraiser: Education, Experience and Examination. The AQB developed two options for state regulatory agencies to implement the 2008 Criteria.

The first option is the 'Firm Date Scenario.' Under this scenario, any credential issued by a state appraiser regulatory body on or after January 1, 2008, must be in compliance with all components of the 2008 AQB Real Property appraiser Qualification Criteria. It would not matter when an applicant completed his or her education, examination and experience; if the credential is issued after January 1, 2008, the applicant must meet the requirements for **all components** of the new Criteria.

The second option is the 'Segmented Date Scenario.' This Scenario segments the three components. An applicant would have to meet the Criteria in effect at the time he or she completes a particular component.

Any component completed prior to January 1, 2008, would satisfy the current Criteria, while any component not completed by January 1, 2008, would have to conform to the new Criteria.

For example, an applicant for a Certified General credential completes all of the currently required 180 hours of qualifying education and passes the state's Certified General examination in 2007, but does not possess the required 30 months and 3,000 hours of experience. Since the applicant completed the education and examination components prior to January 1, 2008, he or she would be deemed to have satisfied those components. Therefore, the only component which the application would have to satisfy under the new Criteria would be experience.

In this example, there is no difference in the experience requirement between the current Criteria and the new Criteria.

Nebraska has chosen to implement the 2008 AQB Criteria in the 'Segmented Date Scenario.'

Message from the Chairman:

Greetings!

Numerous changes have taken place for the Nebraska Real Estate Appraiser Board during the last year. Among the changes is the relocation of the Appraiser Board Office. The office is now in the Lower Level of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

The Nebraska Real Estate Appraiser Board is pleased with the passage of LB778. This is the legislation introduced in the Unicameral in January. The bill contains the language necessary to bring Nebraska into compliance with Title XI as the 2008 AQB Criteria implementation date fast approaches. One change we will have to become accustomed to is the change in the credential from Real Estate Appraisers to Real Property Appraisers.

There are many additional projects the Board will focus on during 2006. Among those are the redesign of the website, updates to the Rules and Regulations and the 2007-2009 budget preparation.

All of the Appraiser Board meetings are open to the public. Please feel free to visit us on the third Thursday of each month. The meetings are held in the Nebraska State Office Building. Check our website for the next meeting location.

***Sincerely,
Kevin Kroeger***

LB778

LB778 is the legislative bill introduced in the Second Session of the 99th Legislature. The purpose of the legislation was to implement the new real property appraiser criteria mandated by the Appraiser Qualifications Board. As of the date of this publication, LB778 has gained final approval from the Legislature and is awaiting the signature of Governor Heineman.

Changes to the Real Estate Appraiser Act made through LB778 are outlined in the following paragraphs.

- A new category known as the “Trainee Real Property Appraiser” will be implemented.
- An applicant for the Licensed Real Property Appraiser credential will be required to complete 150 classroom hours of appraisal education.
- An applicant for the Certified Residential Real Property Appraiser credential will be required to obtain 200 classroom hours of appraisal education. In addition, the applicant must hold an associate degree in any field of study. In lieu of the associate degree, the applicant may have 21 semester credit hours of college courses approved by the AQB.
- An applicant for the Certified General Real Property Appraiser credential will be required to obtain 300 classroom hours of appraisal education. In addition, the applicant must hold a bachelors degree in any field of study. In lieu of the bachelor’s degree, the applicant may have 30 semester credit hours of college courses approved by the AQB.
- An applicant for the Registered Real Property Appraiser credential will receive no more than three successive annual renewals.

For more information, visit the Unicameral’s website at www.unicam.state.ne.us or the Nebraska Real Estate Appraiser Board’s website at www.appraiser.ne.gov.

Nebraska Real Estate Appraiser Board
P.O. Box 94963
Lincoln, NE 68509
53-00-00

PRSR STD US POSTAGE PAID LINCOLN NE PERMIT NO. 212
--