

## FINAL REGULATIONS

### 264 CMR 5.00: LICENSURE/CERTIFICATION REQUIREMENTS

#### Section

- 5.01: General Requirements
- 5.02: Requirements for Real Estate Appraisal Trainee Licensure
- 5.03: Requirements for State-Licensed Real Estate Appraisers
- 5.04: Requirements for State-Certified Residential Real Estate Appraisers
- 5.05: Requirements for State-Certified General Real Estate Appraisers
- 5.06: Experience Criteria
- 5.07: Experience Audits
- 5.08: Primary Education Criteria
- 5.09: Required Core Curricula

#### 5.01: General Requirements

264 CMR 5.01 does not apply to temporary licenses. Criteria for such levels of licensure are contained in 264 CMR 7.00.

- (1) Each applicant for licensure or certification must:
  - (a) demonstrate that he or she is of good moral character with a reputation for honesty, trustworthiness, and integrity;
  - (b) meet the requirements for the level of license or certificate for which he or she is applying; and
  - (c) successfully undergo any background screening mandated by the AQB in accordance with federal law, 12 U.S.C. 3345(a).
- (2) Individuals applying for a license or certificate may be awarded primary education credit for primary education classroom hours previously credited in an application for a different level license or certificate.
- (3) Credit awarded in fulfilling continuing education renewal requirements may also be awarded to satisfy primary education requirements when an individual seeks a different level license or certificate than that held, provided that the educational offering meets the criteria for primary education.
- (4) In accordance with federal law, 12 U.S.C. 3345(a), and mandated by the AQB, all applicants for licensure or certification shall be subject to new and additional AQB requirements. It shall be the responsibility of each applicant to ensure compliance with any and all criteria published by the Appraisal Foundation in force and effect, including the AQB Real Property Appraiser Qualification Criteria and Interpretations pursuant to federal law, 12 U.S.C. 3345(a).

## FINAL REGULATIONS

### 5.02: Requirements for Real Estate Appraisal Trainee Licensure

Each applicant shall complete 75 classroom hours of primary education in real estate appraisal. All courses shall be approved by the Board and shall satisfy the education criteria set forth in 264 CMR 9.00: *Course Approval Requirements for Providers of Primary and Continuing Education* and 5.09 and the Core Curriculum adopted by the AQB in accordance with federal law, 12 U.S.C. 3345(a). Notwithstanding 264 CMR 5.08, all education must be completed within five years of the date of application for a real estate appraisal trainee license. Applicants must also complete a Board-approved course regarding the requirements and responsibilities of trainees and supervisory appraisers that meets the criteria of the AQB in accordance with federal law, 12 U.S.C. 3345(a).

### 5.03: Requirements for State-Licensed Real Estate Appraisers

Each applicant shall:

- (1) Pass the Massachusetts Examination for State-Licensed Real Estate Appraisers or an equivalent examination approved by the Board;
- (2) Complete 150 classroom hours of primary education in real estate appraisal education; and
- (3) Submit evidence of the required real estate appraisal experience as described in section 5.06.

### 5.04: Requirements for State-Certified Residential Real Estate Appraisers

Each applicant shall:

- (1) Pass the Massachusetts Examination for State-Certified Real Estate Appraisers or an equivalent examination approved by the Board;
- (2) Complete 200 classroom hours of primary education in real estate appraisal;
- (3) Satisfy at least one of the following five options below in Subsections 5.04(3)(a)-(e):
  - (a) Bachelor's Degree in any field of study;
  - (b) Associate's Degree in a field of study related to:
    - i. Business Administration
    - ii. Accounting
    - iii. Finance
    - iv. Economics; or
    - v. Real Estate;
  - (c) Successful completion of 30 semester hours of college-level courses in each of the following specific topic areas:
    - i. English Composition (3 hours)
    - ii. Microeconomics (3 hours)
    - iii. Macroeconomics (3 hours)
    - iv. Finance (3 hours)

## FINAL REGULATIONS

- v. Algebra, Geometry, or Higher Math (3 hours)
    - vi. Statistics (3 hours)
    - vii. Computer Science (3 hours)
    - viii. Business Law or Real Estate Law (3 hours)
    - ix. Two elective courses in any of the above topics, or in Accounting, Geography, Agricultural Economics, Business Management, or Real Estate (3 hours each);
  - (d) Successful completion of at least 30 semester hours of College Level Examination Program® (CLEP®) examinations from the following subject matter areas:
    - i. College Algebra (3 semester hours)
    - ii. College Composition (6 semester hours)
    - iii. College Composition Modular (3 semester hours)
    - iv. College Mathematics (6 semester hours)
    - v. Principles of Macroeconomics (3 semester hours)
    - vi. Principles of Microeconomics (3 semester hours)
    - vii. Introductory Business Law (3 semester hours)
    - viii. Information Systems (3 semester hours); or
  - (e) Any combination of Option (c) and Option (d) above that ensures coverage of all topics and hours identified in 5.04(3)(c).
- (4) As an alternative to the requirements in Section 5.04(3) above, individuals who have held a State-Licensed Real Estate Appraiser credential for a minimum of five (5) years may qualify for a Certified Residential credential by satisfying all of the following:
- (a) No record of any adverse, final and non-appealable disciplinary action affecting the Licensed Residential appraiser's legal eligibility to engage in appraisal practice within the five (5) years immediately preceding the date of application for a Certified Residential credential;
  - (b) Successful completion of the additional required qualifying education as specified in Section 5.04(6) below;
  - (c) Successful completion of the required experience as specified in Section 5.04(5) below; and
  - (d) Successful completion of the Certified Residential Real Property Appraiser examination as specified in Section 5.04(1) above.
- (5) Submit evidence of the required real estate appraisal experience as described in section 5.06.
- (6) Appraisers holding a valid State-Licensed Real Estate Appraiser credential may satisfy the educational requirements for the Certified Residential Real Property Appraiser credential by successfully completing the following additional educational hours:
- |  |          |
|--|----------|
| (a) Statistics, Modeling and Finance                   | 15 Hours |
| (b) Advanced Residential Applications and Case Studies | 15 Hours |
| (c) Appraisal Subject Matter Electives                 | 20 Hours |
| TOTAL 50 Hours   |          |

## FINAL REGULATIONS

### 5.05: Requirements for State-Certified General Real Estate Appraisers

Each applicant shall:

- (1) Pass the Massachusetts Examination for State-Certified General Real Estate Appraisers or an equivalent examination approved by the Board;
- (2) Complete 300 classroom hours of primary education in real estate appraisal;
- (3) Hold a Bachelor's degree or higher from an accredited college or university; and
- (4) Submit evidence of the required real estate appraisal experience as described in section 5.06.

### 5.06: Experience Criteria

The following specifications apply to the experience requirements for all classifications of licensure and certification:

- (1) To meet experience requirements, applicants must demonstrate they have obtained the required amount of experience as described in these regulations.
- (2) All experience to be utilized for purposes of obtaining a license must have been obtained after January 31, 1989 and must be USPAP compliant.
- (3) All experience must be earned as an appraisal trainee or appraiser-in-training in compliance with 264 CMR 6.00: Practice of Real Estate Appraisal.
- (4) Amount of work experience required for State-Licenses and Certification:
  - (a) State-Licensed Real Estate Appraiser – At least 1,000 hours over at least 6 months.
  - (b) State-Certified Residential Real Estate Appraiser – 1,500 hours over at least 12 months.
  - (c) State-Certified General Real Estate Appraiser – 3,000 hours over at least 18 months. At least 50% of the experience must be non-residential appraisal experience.
- (5) Tracking of Work Experience Hours

For purposes of obtaining a state license or certification, hours may only be credited in the manner outlined in 264 CMR 5.06(6) as documented by the supervisor. However, due to the possibility that an applicant could be credited with more hours than he or she actually worked, both credited hours and actual hours worked must meet or exceed the hour requirement in 264 CMR 5.06(4).

## FINAL REGULATIONS

### (6) Credited Hours

All hours credited to an appraiser trainee or appraiser-in-training must adhere to the following provisions:

- (a) Credited Hours for appraisal work where trainee or appraiser-in-training has prepared at least 75 percent of an Appraisal Report in compliance with USPAP Standard 2. At least 50 percent of a trainee or appraiser-in-training's credited hours must come from this category:

Type of Property	Credited Hours
1. one-unit residential properties with full interior inspection	8
2. one-unit residential properties having a transaction value of more than one million dollars (\$1,000,000) and complex one-unit residential properties having a transaction value of more than two-hundred fifty thousand dollars (\$250,000) with full interior inspection.	10
3. one-unit residential properties with exterior only inspection	6
4. two- to four-unit residential properties with full interior inspection	12
5. two- to four-unit residential properties having a transaction value of more than one million dollars (\$1,000,000) and complex two- to four-unit residential properties having a transaction value of more than two-hundred fifty thousand dollars (\$250,000) with full interior inspection	14
6. two- to four-unit residential properties with exterior only inspection	6
7. vacant or unimproved land that is to be utilized for one- to four- unit residential properties, and where the highest and best use is for one- to four-unit residential purposes. (1 to 25 acres)	6
8. vacant or unimproved land that is to be utilized for one- to four- unit residential properties, and where the highest and best use is for one- to four-unit residential purposes. (more than 25 acres)	10
9. vacant or unimproved land that is to be utilized for non-residential (commercial) properties	40
10. Residential Multi-Family (5-12 units): Apartments, condominiums, townhouses and mobile home parks	40
11. Residential Multi-Family (13+ units): Apartments, condominiums, townhouses, and mobile home parks	45
12. Commercial (1 to 5 tenants) [Office building, retail store, restaurant, service station, bank, day-care, etc.]	40
13. Commercial (6 or more tenants) [Office building, shopping center, hotel/motel, etc.]	60
14. Industrial [Warehouse, manufacturing plant, etc.] – One tenant	40
15. Industrial [Warehouse, manufacturing plant, etc.] – Multi-tenant	60
16. Institutional [Nursing home, hospital, school, church, government building, etc.]	64
17. Other special use properties deemed complex by the supervisor. (this shall include feasibility analysis)	Up to 80*

## FINAL REGULATIONS

18. Other special use properties deemed non-complex by the supervisor.	Up to 40*
--	-----------

\*A maximum of 25% of credited hours may be earned in categories 17 and 18.

(b) Review Appraisals shall be credited as follows:

1. Review Appraisals may not be credited unless performed in compliance with Standard 3 of the USPAP.
2. A Review Appraisal shall be credited with 20% of the hours that would have been credited for performing the appraisal itself.
3. All required hours (100%) to become a State-Licensed Real Estate Appraiser may be satisfied by performing Review Appraisals.
4. Up to 50% of required hours to become a State-Certified Residential Real Estate Appraiser or State-Certified General Real Estate Appraiser may be satisfied by performing Review Appraisals.

(c) Credited Hours for other types of appraisal work. No more than fifty percent of a trainee or appraiser-in-training's hours may come from this category:

Type of Appraisal Work	Credited Hours
1. Restricted Appraisal Reports	25% of credited hours that would have been awarded for the appraisal had it not been restricted.
2. Ad valorem tax appraisals	16
3. Mass appraisals performed in accordance with USPAP Standards Rule 6	24
4. Market analysis or consulting analysis completed in accordance with USPAP.	8
5. Comparative Market Analysis in which a value is prepared in conformity with USPAP Standards Rules 1 and 2.	4

(d) Appraisal work where trainee or appraiser-in-training has not prepared at least 75 percent of an Appraisal Report, provided, however, that specific work is attributed to the trainee or appraiser-in-training in the certification. No more than 25 percent of a trainee or appraiser-in-training's credited hours may come from this category. For tasks performed in conjunction with a residential appraisal, a trainee or appraiser-in-training may be awarded by their supervisor a range of 1 to 5 hours per subject property. For tasks performed in conjunction with a non-residential appraisal, a trainee or appraiser-in-training may be awarded by their supervisor a range of 1 to 20 hours per subject property. For purposes of this section, only the following tasks are eligible for credit:

## FINAL REGULATIONS

1. Physical Inspection of the Property
2. Site Description and Description of the Improvements
3. Regional and Local Area Analysis
4. Zoning and Real Estate Taxes
5. Research Ownership & History of the subject property
6. Develop Market Analysis and Highest & Best Use
7. Research and photograph comparable data
8. Develop Land Valuation
9. Develop Cost Approach
10. Develop Sales Comparison Approach
11. Develop Income Approach
12. Reconcile Approaches/Conclusion of Value

### 5.07: Experience Audits.

- (1) The Board or its agents may conduct an audit or request additional documentation to verify an applicant's claimed experience. Applicants may only claim verifiable experience for which they can provide reports or file data upon a request from the Board.
- (2) If an applicant fails to appear before the Board for a scheduled audit or otherwise respond to the Board without good cause within six months of such request, the Board may deny an application for licensure. If an application is denied for failure to appear before the Board for a scheduled audit or provide requested documentation or otherwise respond to the Board within six months of such request, a new application must be filed and application fee paid by the applicant.
- (3) Notwithstanding the provisions of 264 CMR 5.06: *Experience Criteria*, Supervisors do not need to maintain a log breaking down the creditable hours until [DATE\_\_\_\_\_].

### 5.08: Primary Education Criteria

The following specifications apply to the Primary Education requirements for all classifications of licensure or certification:

## FINAL REGULATIONS

- (1) Applicants shall submit official documentation to the Board indicating completion of each course taken to satisfy primary education criteria. It shall be the applicant's responsibility to ensure that the course provider verifies the number of classroom hours, the length of the education offering, and that the applicant successfully completed an appropriate examination for the course.
- (2) Credit will only be granted once for courses taken repeatedly.
- (3) Experience may not be substituted for education.
- (4) Credit toward the classroom hour requirement may be awarded for classroom hours previously credited in an application for a different classification of license or certificate.
- (5) Except for a Trainee Applicant as provided in 264 CMR 5.02, there is no time frame within which Primary Education credit must be obtained.
- (6) Primary Education courses must be approved pursuant to 264 CMR 9.00 prior to the time the applicant completes the course.
- (7) All primary education courses must be approved by the Board and satisfy the Education Criteria set forth in 264 CMR 5.09, and 9.00: *Course Approval Requirements for Providers of Primary and Continuing Education*, and the Core Curriculum adopted by the AQB

### 5.09: Required Core Curricula

- (1) Appraisal Trainee:
  - (a) 30 hours in Basic Appraisal Principles
  - (b) 30 hours in Basic Appraisal Procedures
  - (c) 15 hour National USPAP or National USPAP Equivalency Course Approved by the AQB and the Board
- (2) State-Licensed Appraiser:
  - (a) 30 hours in Basic Appraisal Principles
  - (b) 30 hours in Basic Appraisal Procedures
  - (c) 15 hour National USPAP or National USPAP Equivalency Course Approved by the AQB and the Board
  - (d) 15 hours in Residential Market Analysis and Highest and Best Use
  - (e) 15 hours Residential Appraiser Site Valuation and Cost Approach



## FINAL REGULATIONS

- (f) 30 hours Residential Sales Comparison and Income Approaches
- (g) 15 hours Residential Report Writing and Case Studies
- (3) Certified Residential Appraiser:
  - (a) 30 hours in Basic Appraisal Principles
  - (b) 30 hours in Basic Appraisal Procedures
  - (c) 15 hour National USPAP or National USPAP Equivalency Course Approved by the AQB and the Board
  - (d) 15 hours in Residential Market Analysis and Highest and Best Use
  - (e) 15 hours Residential Appraiser Site Valuation and Cost Approach
  - (f) 30 hours Residential Sales Comparison and Income Approaches
  - (g) 15 hours Residential Report Writing and Case Studies
  - (h) 15 hours Statistics, Modeling and Finance
  - (i) 15 hours Advanced Residential Applications and Case Studies
  - (j) 20 hours Appraisal Subject Matter Electives – may include additional hours in above topics
- (4) Certified General Appraiser:
  - (a) 30 hours in Basic Appraisal Principles
  - (b) 30 hours in Basic Appraisal Procedures
  - (c) 15 hour National USPAP or National USPAP Equivalency Course Approved by the AQB and the Board
  - (d) 30 hours in General Appraiser Market Analysis and Highest and Best Use
  - (e) 15 hours Statistics, Modeling and Finance
  - (f) 30 hours in General Appraiser Sales Comparison Approaches
  - (g) 30 hours in General Appraiser Site Valuation and Cost Approach
  - (h) 60 hours in General Appraiser Income Approach

## FINAL REGULATIONS

- (i) 30 hours in General Appraiser Report Writing and Case Studies
- (j) 30 hours in Other Appraisal Subject Matter Primary Courses – This may include additional hours in above topics.

DRAFT