

STATE OF



OKLAHOMA

***REAL ESTATE
APPRAISER BOARD***

Trainees and Supervisors: What you Need to Know:

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Part 1

Section 1 Regulatory Guidance

The Oklahoma Real Estate Appraiser Board's laws are codified at:

§ 858-700. Oklahoma Certified Real Estate Appraisers Act.

The Oklahoma Certified Real Estate Appraiser's Act is commonly referred to as "the Act".

§ 858-701 sets out the Legislative intent, or the purpose behind the institution of these laws. The Act states as follows:

§ 858-701. Legislative Intent - Purpose of Act.

It is the intent of the Legislature to develop a real estate appraiser certification process which meets the federal guidelines set forth in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The purpose of the Oklahoma Certified Real Estate Appraisers Act is to provide appraisers within the state a process for certification which will allow them to participate in a federally related transaction and real estate-related financial transactions of the agencies, instrumentalities and federally recognized entities as defined and recognized in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. It is not the intent of this legislation to prevent any person who is currently conducting business as an appraiser from continuing such action unless such action involves a federally related transaction or a real estate-related financial transaction as defined in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

As Oklahoma is a "Voluntary State", this Act only applies to the following:

§ 858-702. Application of Act.

A. This act shall only apply to:

1. Any appraisal or appraiser involving the following:

a. a federally related transaction (*more commonly known as an "FRT"*),

b. real estate-related financial transactions of the agencies, instrumentalities, and federally recognized entities covered by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and

c. any real estate-related transactions where an appraisal report was made under a written agreement that the appraisal report would follow the Uniform Standards of Professional Appraisal Practice guidelines or where a written appraisal states that it is in compliance with the Uniform Standards of Professional Appraisal Practice; and

2. Appraisers certified or licensed pursuant to the Oklahoma Certified Real Estate Appraisers Act or representing themselves as such, whether such license or certification is active, inactive, expired, suspended, or revoked as set forth in this act and the rules and regulations promulgated pursuant thereto, to the extent that the appraisers and any real property valuation and any real property valuation activity performed by them shall conform to the code of ethics as set forth in this act.

§ 858-706 Powers and Duties of Board further define the regulatory authority of the board to promulgate rules required to implement the provisions of the Act.

§ 858-706 provides:

A. The Board shall promulgate rules and regulations to implement the provisions of the Oklahoma Certified Real Estate Appraisers Act.

B. The Board shall have the following powers and duties:

1. To further define by regulation and with respect to each category of Oklahoma certified real estate appraisers the type of educational experience, appraisal experience, and equivalent experience that will meet the requirements

Section 2

Oklahoma Statute 59 § 858-700

1. Classifications of Appraisers

§ 858-710. sets out the four classes of certification for Oklahoma appraisers:

1. ***State Licensed Appraiser*** as defined by the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation;
2. ***State Certified Residential Appraiser*** as defined by the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation;
3. ***State Certified General Appraiser*** as defined by the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation; and
4. ***Trainee Appraiser*** as defined by the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation.

The Act further defines these classifications as follows:

"Trainee, state licensed, state certified residential or state certified general real estate appraiser" means a person who develops and communicates real estate appraisals and who holds a current, valid certificate issued to such person for either general or residential real estate pursuant to provisions of the Oklahoma Certified Real Estate Appraisers Act;

2. Responsibilities and allowable project type for different classes of appraiser.

Trainee Appraiser	Appraisal of those properties within the authorized scope of practice of the supervisory appraiser.
State Licensed	Complex 1-4 residential units up to \$250,000 and non-complex 1-4 residential units with a transaction value up to \$1,000,000. *See AQB Guide Note 3
Certified Residential	1-4 residential units without regard to transaction value or complexity. *See AQB Guide Note 3
Certified General	All types of real property with any transaction value.

*AQB Guide Note 3 "... because federally related transactions less than \$250,000 fall below the regulatory de minimus established by the Federal Financial Institution Regulatory Agencies, the scope of practice restrictions placed on individuals below that threshold for financial institutions are few, if any." The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria. Page 22.

Section 3

TITLE 600. REAL ESTATE APPRAISER BOARD

Chapter 10 – Licensing

600:10-1-16. Supervision of trainee appraisers.

(a) Trainee Appraisers shall report to the Board, on a form prescribed by the Board, the identity of any supervisory appraiser. Trainee Appraisers may have more than one supervisory appraiser. When a Trainee Appraiser has more than one supervisory appraiser, each shall be reported to the Board as indicated above.

(1) The supervisor-trainee relationship shall become effective on the date of receipt of the original required form with original signatures in the administrative office of the Board.

(2) A supervisory appraiser shall notify the Board in writing immediately when supervision of a Trainee Appraiser has been terminated by the supervisory appraiser or the Trainee Appraiser.

(b) Trainee Appraisers shall maintain an appraisal log on a form prescribed by the Board. Separate appraisal logs shall be maintained for work performed with each supervisory appraiser. This appraisal log shall record the following information:

(1) Client name and date of report,

- (2) Address or legal description of the real property appraised,
- (3) Description of the work performed by the trainee appraiser and the scope of review and supervision of the supervisory appraiser,
- (4) Number of actual hours worked,
- (5) Type of property appraised,
- (6) Form number or description of report rendered, and
- (7) The signature and state certificate number of the supervisory appraiser.

(c) Experience credit for the purpose of upgrading will not be given unless:

(1) a properly completed trainee-supervisory report form (REA-8) is on file in the administrative office of the Board, and;

(2) the Trainee Appraiser either signs the certification required by Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice, or the supervisory appraiser gives credit to the Trainee Appraiser in the certification and complies with the requirements of Standards Rule 2-2(a)(vii), 2-2(b)(vii), or 2-2(c)(vii) as applicable.

(d) Both supervisory and trainee appraisers shall maintain complete work files as required by the Uniform Standards of Professional Appraisal Practice and the Oklahoma Certified Real Estate Appraisers Act.

(e) A supervisory appraiser shall meet the following requirements:

(1) have been a State Licensed or Certified Appraiser for a period of at least three (3) years;

(2) be a State Certified General Appraiser, State Certified Residential Appraiser, or State Licensed under AQB Criteria Appraiser on a credential issued by the Oklahoma Real Estate Appraiser Board, provided however, those trainee-supervisor relationships between State Licensed under AQB Criteria Appraisers shall only be permissible until January 1, 2008;

(3) be in good standing with the Board and not subject to any disciplinary action within the last two years that affects the supervisor's legal eligibility to engage in appraisal practice; and

(4) accept responsibility for training, guidance, and direct supervision of the Trainee Appraiser by signing the form referenced in (a), above.

(f) A supervisory appraiser shall:

(1) accept responsibility for a Trainee Appraiser's appraisal reports by signing each report and certifying that the report is in compliance with the Uniform Standards of Professional Appraisal Practice, and

(2) personally inspect each appraised property with the Trainee Appraiser until the supervisory appraiser determines that the Trainee Appraiser is competent, in accordance with

the Competency Rule of the Uniform Standards of Professional Appraisal Practice, for the property type.

(g) A supervisory appraiser shall notify the Board immediately when supervision of a Trainee Appraiser has been terminated by the supervisory appraiser or the Trainee Appraiser.

(h) Prior to assuming duties as a supervisory appraiser, an appraiser who has been disciplined by the Board must receive approval from the Board.

(i) A supervisory appraiser may assume responsibility for more than three Trainee Appraisers under the following terms and conditions:

(1) The supervisor must apply for authority to supervise more than three Trainee Appraisers with the Board on forms approved by the Board for this purpose. This approval shall extend to the supervisor or supervisors, the facility and the training plan. Any approval issued hereunder shall specify a maximum number of trainees authorized.

(2) The supervisor must specify the location of the facility to be used for this purpose, which may not be a residence. The facility must have posted hours, approved by the Board, during which the facility will be open and a qualified supervisor present. During the operating hours, the facility and all records specified herein shall be subject to unannounced compliance inspection by a representative of the Board.

(3) The supervisor must prepare a training plan, based on the Core Curriculum and the Real Property Appraiser Body of Knowledge promulgated by the Appraiser Qualification Board of The Appraisal Foundation, appropriate to the level of licensure to which the trainee aspires and for which the supervisor is qualified. This training plan should, as a minimum, include learning objectives for the experience to be gained, a planned time line for further qualifying and continuing education required to bring the trainee to a fully qualified status, and a checklist for monitoring progress by the trainee toward meeting these objectives.

(4) Records maintained in the training facility must include the training plan, an appraisal log, a work file for each appraisal assignment, and a progress checklist, each maintained on a contemporaneous basis, for each Trainee Appraiser. In addition, appropriate reference materials should be on hand, which must include the current edition of the USPAP.

(5) Approval of any supervisor or supervisors under this paragraph may be conditioned upon an interview of such supervisors by a representative of the Board.

Section 4

Oklahoma Real Estate Appraiser Board

The Real Estate Appraiser Board was established effective May 31, 1990 by passage of the Oklahoma Certified Real Estate Appraisers Act. This Act was the state's reaction to the requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). FIRREA established a requirement that real estate appraisers must be certified by a state licensing and certification agency in order to appraise for federally-related transactions and real estate-related transactions of the federal government. Federally-related

transactions (generally) are those that include participation by any of the federally supervised or insured banking institutions or HUD.

The Board was established as an independent adjunct to the Oklahoma Insurance Department. There are eight members of the Board including the Insurance Commissioner as an ex-officio member serving as the Board's Chairperson, but voting only to break a tie. The other seven members are appointed to five-year terms by the Governor and consist of four licensed or certified real estate appraisers, one commercial banker, one real estate sales member, and one lay person. Actions by the Board are not reviewable by the Department. The Board's actions are, however, supervised by the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) for compliance with FIRREA. ASC conducts field reviews of the Board on a two-year cycle.

The Board is a credentialing agency for real estate appraisers who wish to participate in covered transactions. In this capacity, the Board enforces the requirements of the Appraisal Foundation with respect to qualifying criteria for applicants, as required by FIRREA. The Board is responsible for enforcement of USPAP, also promulgated by the Appraisal Foundation. In conjunction with the qualification of appraisers, the Board was also authorized to approve and supervise course providers, instructors, and courses for the purpose of qualifying and continuing education required by applicants and appraisers.

The current **Board Members** are:

Betty J. Cagle, Appraiser	2014
Lane Wheeler, Appraiser	2015
Lee R. Caesar, Jr., RE Sales	2016
<small>Currently serves as the Board's Vice-Chair</small>	
Stephen C. Walton, Appraiser	2016
Shelley Pruitt, Lay Member	2017
John P. Smithson, Banking Member	2017
James R. Artman, Appraiser	2018

3. **Board staff** currently consists of three employees:

Director:	Christine McEntire
Administrative Officer:	Eric Schoen
Legal Secretary:	Rebecca Keesee

4. **Contact Information**

Oklahoma Real Estate Appraiser Board
Five Corporate Plaza, Suite 100
3625 Northwest 56th Street
Oklahoma City, Oklahoma 73112
Phone: 405-521-6636
Fax: 405-522-6909
Web: www.oid.ok.gov/reab

Part 2

Section 1

Education Requirements (Appraiser Education)

CORE CURRICULUM REQUIREMENT

TRAINEE APPRAISER

600: National USPAP Course	15
601: Basic Appraisal Principles	30
602: Basic Appraisal Procedures	<u>30</u>
Total required hours	75

REAB Requirements: Trainee Supervisor Course

STATE LICENSED APPRAISER

600: National USPAP Course	15
601: Basic Appraisal Principles	30
602: Basic Appraisal Procedures	30
611: Res Market Analysis and HBU	15
612: Res Site Valuation and Cost Approach	15
613: Res Sales Comp and Income Appr.	30
614: Res Report Writing and Case Studies	<u>15</u>
Total required hours	150

CERTIFIED RESIDENTIAL APPRAISER

600: National USPAP Course	15
601: Basic Appraisal Principles	30
602: Basic Appraisal Procedures	30
611: Res Market Analysis and HBU	15
612: Res Site Valuation & Cost Approach	15
613: Res Sales Comp & Income Approach	30
614: Res Report Writing and Case Studies	15
621: Statistics, Modeling and Finance	15
622: Adv Res Applications & Case Studies	15
Appraisal Subject Matter Electives	<u>20</u>
Total required hours	200

CERTIFIED GENERAL APPRAISER

600: National USPAP Course	15
601: Basic Appraisal Principles	30
602: Basic Appraisal Procedures	30
621: Statistics, Modeling and Finance	15
631: General Appraiser Mkt Anal & HBU	30
632: Gen Appraiser Sales Comp Approach	30
633: Gen Appr Site Val & Cost Approach	30
634: Gen Appr Report Writing/ Case Studies	30
635: General Appraiser Income Approach	60
Appraisal Subject Matter Electives	<u>30</u>
Total required hours	300

COURSE REQUIREMENTS FOR UPGRADE

FROM TRAINEE APPRAISER:

TO STATE LICENSED APPRAISER

611: Res Market Analysis and HBU	15
612: Res Site Valuation and Cost Approach	15
613: Res Sales Comp/ Income Approaches	30
614: Res Report Writing and Case Studies	<u>15</u>
Total required hours	75

TO CERTIFIED RESIDENTIAL

611: Res Market Analysis and HBU	15
612: Res Site Valuation and Cost Approach	15
613: Res Sales Comp/Income Approaches	30
614: Res Report Writing and Case Studies	15
621: Statistics, Modeling and Finance	15
622: Adv Res Applications & Case Studies	15
Appraisal Subject Matter Electives	<u>20</u>
Total required hours	125

TO CERTIFIED GENERAL

621: Statistics, Modeling and Finance	15
631: General Appraiser Mkt Anal & HBU	30
632: Gen Appraiser Sales Comp Approach	30
633: Gen Appr Site Val & Cost Approach	30
634: Gen Appr Report Writing & Case Studies	30
635: General Appraiser Income Approach	60
Appraisal Subject Matter Electives	<u>30</u>
Total required hours	225

FROM STATE LICENSED APPRAISER:

TO CERTIFIED RESIDENTIAL APPRAISER

621: Statistics, Modeling and Finance	15
622: Adv Res Applications & Case Studies	15
Appraisal Subject Matter Electives	<u>20</u>
Total required hours	50

TO CERTIFIED GENERAL APPRAISER

621: Statistics, Modeling and Finance	15
General Appraiser Mkt Anal & HBU	15
Gen Appraiser Sales Comp Approach	15
Gen Appr Site Val & Cost Approach	15
Gen Appr Report Writing & Case Studies	15
General Appraiser Income Approach	45
Appraisal Subject Matter Electives	<u>30</u>
Total required hours	150

FROM CERTIFIED RESIDENTIAL APPRAISER:

TO CERTIFIED GENERAL APPRAISER

General Appraiser Mkt Anal & HBU	15
Gen Appraiser Sales Comp Approach	15
Gen Appr Site Val & Cost Approach	15
Gen Appr Report Writing & Case Studies	10
General Appraiser Income Approach	<u>45</u>
Total required hours	100

ABOUT COLLEGE REQUIREMENTS

Requirements for college education, either degrees or specific courses refer to courses taken from an accredited college or university. Accredited means accreditation by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. If an accredited institution accepts the College-Level Examination Program® (CLEP) examinations and issues a transcript for the exam showing its approval, credit will be accepted for the course.

CERTIFIED RESIDENTIAL APPRAISER

A Certified Residential Appraiser is required to show an Associate's Degree or proof of successful completion of seven (7) specific college courses totaling twenty-one (21) hours.

These courses are:

English Composition;
Principles of Economics (Micro or Macro);
Finance; Algebra, Geometry, or higher mathematics;
Statistics;
Intro to Computers – Word Processing/Spreadsheets; and
Business or Real Estate Law

CERTIFIED GENERAL APPRAISER

A Certified General Appraiser is required to show a Bachelor's Degree or proof of successful completion of ten (10) specific college courses totaling thirty (30) hours.

These courses are:

English Composition;
Micro Economics; Macro Economics;
Finance; Algebra, Geometry, or higher mathematics;
Statistics; Intro to Computers – Word Processing/Spreadsheets;
Business or Real Estate Law;
and two elective courses from the following disciplines: Accounting, Geography,
Agricultural Economics, Business Management, or Real Estate.

Real Property Appraiser Qualification Criteria effective January 1, 2015

College Education Requirements:

- Applicants for the Certified Residential and Certified General classifications will have to possess a Bachelor's degree or higher from an accredited college or university; (the "in lieu of" opportunity will no longer be accepted);

Applicants for the State Licensed classification will have to have successfully completed 30 semester hours of college-level education from an accredited college, junior college,

community college, or university, or have an Associate's degree or higher from an accredited college, junior college, community college, or university;

Section 2

Experience

Below is the required number of experience hours necessary to qualify for each leave credential level:

<u>Trainee Appraiser</u>	None.
<u>State Licensed</u>	2,000 hours obtained during no fewer than 12 months.
<u>Certified Residential</u>	2,500 hours obtained during no fewer than 24 months.
<u>Certified General</u>	3,000 hours, obtained during no fewer than 30 months, including a minimum 1,500 hours non-residential.

What does the Act Say?

§ 858-713. Experience Required for Certification.

- A. An original certification as a state certified general or a state certified residential, or state licensed appraiser shall not be issued to any person who does not possess the equivalent of the minimum requirements of experience promulgated by the Appraiser Qualifications Board of the Appraisal Foundation in real property appraisal supported by adequate written reports or file memoranda.
- B. Each applicant for certification as a state certified general or a state certified residential appraiser or state licensed appraiser shall furnish under oath a detailed listing of the real estate appraisal reports or file memoranda for each year for which experience is claimed by the applicant. Upon request, the applicant shall make available to the Real Estate Appraiser Board for examination, a sample of appraisal reports which the applicant has prepared in the course of that applicant's appraisal practice.
- C. Each applicant for a certification upgrade to a state certified general or a state certified residential or state licensed appraiser shall be required to meet the prerequisites for the certification sought as provided in Section 858-712 of this title and the minimum requirements promulgated by the Appraiser Qualifications Board of the Appraisal Foundation as required by subsection A of this section.

What do Board Rules Say?

600:10-1-6. Experience prerequisite

- (a) An original certification as a State Licensed Appraiser, State Certified Residential Appraiser or State Certified General Appraiser shall not be issued to any person who

does not possess the minimum experience criteria set forth by the Appraiser Qualifications Board of the Appraisal Foundation.

- (c) Experience credit shall be allowed in accordance with the guidelines set forth by the Appraiser Qualification Criteria promulgated by the Appraiser Qualifications Board of the Appraisal Foundation.
- (d) Each applicant for certification shall furnish under oath on forms prescribed by the Board a detailed listing of the real estate appraisal reports or file memoranda for each year for which experience is claimed by the applicant.

Part 3

Section 1

Supervisor-Trainee Relationship

1. **Supervisor Roles and Traits:**

- * Must be willing to spend the time to provide direct supervision.
- * Recognize that it is a long term commitment.
- * You will find that it is a rewarding experience to be a part of training someone who goes forward to be a successful professional appraiser.
- * Do not expect indentured servitude.
- * Provide proper guidance, by example, with respect to good business practices, adherence to USPAP and Ethics.
- * Monitor the Trainee's progress with respect to education and experience toward their chosen credentialing path.

2. **Trainee Roles and Traits:**

- * Select a Supervisor whose experience and competency best matches the Trainee's credentialing path.
- * Be willing to learn.
- * Recognize that it is a long-term commitment.
- * Communicate whenever there are concerns.
- * Don't stop learning or asking questions.
- * Understand that there are options if a Supervisor becomes unqualified or difficult to work with.