

2006 Course Catalogue



Real Estate Education

As of March 1, 2006



Dennis Badger & Associates, Inc.

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Table of Contents

General Information 1

Senior Administrators 2

Education Course Calendars 3

Registration Information 4

Frequently Asked Questions (FAQ) 5

Prelicense Education Course Descriptions 6

Continuing Education Seminar Descriptions 13

Prelicense Education Course Outlines 19

Addendum - KREAB Advisory, 2008 AQB Criteria 31

General Information

Who May Attend?

Our courses are designed to aide all individuals seeking competency in real estate, including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers. Programs are open to the public but are crafted for those with an interest and strong desire to enhance their real estate knowledge and further their career.

Registration

In order to be registered for a class, you must provide the necessary information and make arrangements for payment at least 48 hours prior to the class beginning. Other students cannot be guaranteed a seat or course materials and may be declined admission.

Payment Policy

All fees for courses, materials, books, and equipment must be paid for prior to beginning the class unless prior arrangements have been made with the registrar. Registration "at the door" is subject to a late fee. We do accept personal checks, VISA, MasterCard and government purchase orders with proper documentation. Fees will vary by class size, duration, amount of course materials, etc. and are posted individually for each course.

Refund Policy

Full refund up to 5 days prior to seminar date, and 50% refund until 48 hours prior to seminar date. Less than 48 hours notice results in forfeiture of entire payment.

Transfers

There will be no transferring to other classes when you are a "No Show". Transfer requests must be received in writing at least 48 hours prior to seminar date. Please e-mail us at leda.turner@dennisbadger.com or call to confirm your registration.

Class Cancellations

We reserve the right to cancel courses. It is possible as a result of inadequate interest or emergency circumstances that a class would be cancelled. In such instance, a full refund will be provided promptly or you may transfer to another similar course offering.

Class Attendance

You must attend all of each program in order to receive credit for either pre-license or continuing education courses. This is a requirement of most regulatory agencies and will be strictly enforced. Absence, class cuts, tardiness, and unsatisfactory attendance may result in a student's dismissal without credit.

Class Participation and Preparation

Students are expected to participate in class. You can expect the instructor to ask questions and should be prepared to consider and discuss relevant concepts. Conditions for dismissal also include unsatisfactory conduct such as unnecessary or excessive interruptions, lack of participation, and conduct unbecoming. We reserve the right to disallow readmittance to any student dismissed for unsatisfactory conduct.

For courses that require pre-course preparation, Dennis Badger & Associates, Inc. will send the pre-requisite assignment to the individual prior to the session date.

Equal Opportunity

This school is committed to a policy of Equal Opportunity with regard to any and all students, regardless of race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance, or handicap.

General Information (continued)

Dress Code

Participants may wear comfortable, casual business attire appropriate for a business environment. Coat and tie are not required. However, T-shirts and or shorts should not be worn.

Examination retake policy

Any student failing a Dennis Badger & Associates examination can retake the examination up to three times within 6 months after the original course offering without retaking the course. A student wishing to retake only the examination must make arrangements 1 week in advance and pay \$30. Any student failing the examination can also attend future offerings of the course within 12 months at a discount providing:

- A. The student has the current course materials,
- B. There is a seat available, i.e. stand-by only,
- C. The student gives a one week notice of the intent to retake the course (no walk-ins), and
- D. Pay \$50 for the examination and retaking any part of the course. This fee must be paid in advance.

Senior Administrators

Leda Turner
Dennis Badger & Associates, Inc.
P.O. Box 991222
Louisville, KY 40269
leda.turner@dennisbadger.com
(877) 463-3323

Dennis Badger
Dennis Badger & Associates, Inc.
P.O. Box 23220
Lexington, KY 40523
dennis.badger@dennisbadger.com
(859) 252-3445

Questions?

For more information: call, write or email.

Dennis Badger & Associates, Inc.
P.O. Box 991222
Louisville, KY 40269
Toll free: (877) 463-3323
Fax: (502) 267-7057
Email: leda.turner@dennisbadger.com

Prelicense Course Calendar

Course	Hours	Date	Location	Fees
Basic Appraisal Principles I	15	April 6 and 8, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$225
Basic Appraisal Principles II	15	April 13 and 15, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$225
Basic Appraisal Procedures I	15	April 27 and 29, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$225
Basic Appraisal Procedures II	15	May 4 and 6, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$225
Basic Income Capitalization	15	May 11 and 13, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$225
National USPAP Course	15	May 25 and 27, 2006	McKendree College 11850 Commonwealth Dr. Louisville, KY	\$250
Total	90			\$1,375

All fees include student textbooks/handouts and reflect payment received in advance.

All prelicense courses can be taken for continuing education credit with or without an exam.

Continuing Education (CE) Course Calendar

Course	Hours	Date	Location	Fees
Visit us online for the most current education schedule				
All fees reflect payment received in advance.				

**For our most current schedule...
PLEASE check online for additional course/seminar offerings.**

Questions?

please call us at 1-877-463-3323 or
Email: leda.turner@dennisbadger.com

<http://www.dennisbadger.com>

Registration Information

Registration Information

Name:	_____				
Address:	_____				
City, State, ZIP:	_____				
Phone - Home:	_____	Work:	_____		
Phone - Fax:	_____	License #:	_____	St:	_____
SSN#	_____	(Required by the Kentucky Real Estate Commission)			
Course Title:	_____	Course Date:	_____		
Email:	_____	Fee:	_____		
VISA / MC / AmEx / Discover #:	_____				
Expiration Date:	_____	Signature:	_____		

Acceptance of Terms/Policies

Submission of Registration Information signifies student's awareness and acceptance to the terms, conditions and policies specified in this catalog. Thank you.

Registration

To register by phone, call toll free (877) 463-3323 with VISA/MC, AmEx, or Discover. You may also fax your registration to (502) 267-7057. Make checks payable to **Dennis Badger & Associates, Inc.** and mail payment along with this form to P.O. Box 991222, Louisville, KY 40269. Seating may be limited.

Recording

No audio recording or videotaping is permitted.

Frequently Asked Questions (FAQ)

Do I need to obtain a credential or license in order to appraise real property?

Federal law requires all individuals appraising properties in a federally related transaction (e.g. a Federally insured lender is involved in the transaction) to be either state licensed or certified. In addition, many states have enacted laws that require any real property appraisal to be performed by an individual who is state licensed or certified.

Who regulates real property appraisers?

Each state and territory has a real property appraiser regulatory program. In the vast majority of instances, a board composed of between five and nine individuals governs the program. In addition to issuing licenses and certificates, the board is also responsible for disciplining appraisers. In Kentucky, the Kentucky Real Estate Appraisers Board regulates all licensed and certified appraisers.

What are the minimum qualifications I need in order to become a state licensed or certified appraiser?

The qualifications are set by the Appraiser Qualifications Board of The Appraisal Foundation and cover education, experience, examination and continuing education. For example, to become a state licensed appraiser, you will need at least 90 hours of classroom instruction, 2,000 hours of experience, pass the state appraiser examination and complete 14 hours of continuing education annually. The minimum qualifications for all three categories (State Licensed, State Certified Residential and State Certified General) will increase significantly after January 1, 2008. Both the current and future minimum qualifications are contained in a publication entitled Real Property Appraiser Qualification Criteria and Interpretations of the Criteria, which is available on a complimentary basis from The Appraisal Foundation (<http://appraisalfoundation.org>).

How can I gain the necessary experience?

Many states offer a trainee classification that formalizes the relationship between the state licensed or certified appraiser and someone who is wishing to become one. In Kentucky, one must obtain an Associate Real Property Appraiser credential (201 KAR Chapter 30) and apprentice with a state licensed or certified appraiser. Effective January 1, 2008, apprenticeship is only valid under certified appraisers.

What do I have to do to qualify to sit for the examination?

In order to qualify to take the state examination, you must have completed your qualifying education classroom hour requirement. The KREAB also recommends associates wait until their qualifying experience requirement is nearly complete before sitting for the examination as scores from examinations shall be acceptable for no more than two years.

Do appraisers have to follow any set of performance standards or guidelines?

The *Uniform Standards of Professional Appraisal Practice* (USPAP), which is promulgated by the Appraisal Standards Board of The Appraisal Foundation, are the generally recognized performance standards for the appraisal profession. Violation of these standards can lead to disciplinary action by government regulators and appraisal organizations. A copy of USPAP can be obtained from The Appraisal Foundation.

May I appraise any type of property once I become state licensed?

Generally, real property appraisers can obtain one of three types of credentials issued by a state. Each credential allows an appraiser to perform assignments within the following parameters:

State Licensed Appraiser. May appraise non-complex 1-4 family residential units with a transaction value less than \$1,000,000 and 1-4 family residential units with a transaction value less than \$250,000.

State Certified Residential. May appraise 1-4 family residential units without regard to transaction value or complexity.

State Certified General. May appraise all types of real property.

Pre-license Education Courses

Basic Appraisal Principles I

Course

Summary

If you are considering a career in professional valuation services, your journey should begin with Basic Appraisal Principles. This course, the first of a two-part series, will introduce you to the appraisal profession. It provides an overview of real property concepts and characteristics as well as the ethical considerations of an appraiser.

Learning Objectives

At the completion, participants will be able to:

- ! Identify influences on the appraisal profession
- ! Identify license/certification requirements
- ! Recognize the purpose and general framework of the Uniform Standards of Professional Appraisal Practice (USPAP)
- ! Understand basic real property concepts and characteristics
- ! Examine differing legal considerations such as forms of ownership, public and private controls and real estate contracts

Instructor(s)

Thomas P. Veit and/or Dennis L. Badger
AQB Certified USPAP Instructors and
KY Certified General Real Property Appraisers

Target Audience

Beginning appraisers, real estate professionals, users of appraisal services.

Classroom Hours

15 (including 1-hour exam)

Course Fee

\$225 if payment received one day in advance; \$250 if paid at the door (however seating may be limited). Textbooks are included in registration fee when registering for 75 or more hours at one time.

Requirements

The following textbooks are required:

- The Appraisal of Real Estate, 12th Edition, The Appraisal Institute (\$65)
- Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition, The Appraisal Foundation (\$30)

**Attendees must bring a
financial calculator**

Prerequisites

None

Examination

Successful completion of a final examination is required for pre-license (15-hours) credit. The one-hour exam consists of multiple choice questions.

Recording

No audio recording or videotaping permitted.

Pre-license Education Approval

Approved for 15 hours of pre-license (qualifying) education credit by:

- ! Kentucky Real Estate Appraisers Board

Basic Appraisal Principles II Course

Summary

If you are considering a career in professional valuation services, your journey should begin with Basic Appraisal Principles. This course, the second of a two-part series, will introduce you to influences on real estate values, types of value, economic principles, and real estate markets and analysis.

Learning Objectives

At the completion, participants will be able to:

- ! Identify influences on real estate values
- ! Describe the different types of value
- ! Understand economic principles of real estate such as Anticipation, Conformity, Opportunity Cost and Surplus Productivity
- ! Recognize market fundamentals, characteristics, and critical definitions necessary to understand the basic components of supply and demand analysis
- ! Identify the role of money and capital markets and the basic types of financing

Instructor(s)

Thomas P. Veit and/or Dennis L. Badger
Both are AQB Certified USPAP Instructors and
KY Certified General Real Property Appraiser

Target Audience

Beginning appraisers, real estate professionals,
users of appraisal services.

Classroom Hours

15 (including 1-hour exam)

Recording

No audio recording or videotaping permitted.

Course Fee

\$225 if payment received one day in advance;
\$250 if paid at the door (however seating may be
limited). Textbooks are included in registration fee
when registering for 75 or more hours at one time.

Requirements

The following textbooks are required:

- The Appraisal of Real Estate, 12th Edition, The Appraisal Institute (\$65)
- Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition, The Appraisal Foundation (\$30)

**Attendees must bring a
financial calculator**

Prerequisites

Basic Appraisal Principles I or instructor approval
prior to registration.

Examination

Successful completion of a final examination is
required for pre-license (15-hours) credit. The
one-hour exam consists of multiple choice
questions.

Pre-license Education Approval

Approved for 15 hours of pre-license (qualifying)
education credit by:

- ! Kentucky Real Estate Appraisers Board

Basic Appraisal Procedures I

Course

Summary

In this two-day course, you will apply the principles and concepts you learned in Basic Appraisal Principles. The course will take you step-by-step through the valuation process including defining the problem, collecting and analyzing data, reaching a final opinion of value and communicating the appraisal. You will learn about the three approaches to reaching an opinion of value—income capitalization, cost, and sales comparison—and apply them in true-to-life case studies and problems.

Learning Objectives

At the completion, participants will be able to:

- ! Understand basic elements of the approaches to value
- ! Examine the components of the Valuation Process
- ! Identify relevant property characteristics
- ! Apply basic recognized methods techniques

Instructor(s)

Thomas P. Veit and/or Dennis L. Badger
Both are AQB Certified USPAP Instructors and
KY Certified General Real Property Appraisers

Target Audience

Beginning appraisers, real estate professionals,
users of appraisal services.

Classroom Hours

15 (including 1-hour exam)

Course Fee

\$225 if payment received one day in advance;
\$250 if paid at the door (however seating may be
limited). Textbooks are included in registration fee
when registering for 75 or more hours at one time

Requirements

The following textbooks are required:

- The Appraisal of Real Estate, 12th Edition, The Appraisal Institute (\$65)
- Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition, The Appraisal Foundation (\$30)

**Attendees must bring a
financial calculator**

Prerequisites

Basic Appraisal Principles

Examination

Successful completion of a final examination is
required for pre-license (15-hours) credit. The
one-hour exam consists of multiple choice
questions.

Recording

No audio recording or videotaping permitted.

Pre-license Education Approval

Approved for 15 hours of Pre-license (qualifying)
education credit by:

- ! Kentucky Real Estate Appraisers Board

Basic Appraisal Procedures II Course

Summary

In this two-day course, you will apply the principles and concepts you learned in Basic Appraisal Principles. The course will take you step-by-step through the valuation process including defining the problem, collecting and analyzing data, reaching a final opinion of value and communicating the appraisal. You will learn about the three approaches to reaching an opinion of value—income capitalization, cost, and sales comparison—and apply them in true-to-life case studies and problems.

Learning Objectives

At the completion, participants will be able to:

- ! Understand basic elements of the approaches to value
- ! Examine the components of the Valuation Process
- ! Identify relevant property characteristics
- ! Apply basic recognized methods techniques

Instructor(s)

Thomas P. Veit and/or Dennis L. Badger
Both are AQB Certified USPAP Instructors and
KY Certified General Real Property Appraisers

Target Audience

Beginning appraisers, real estate professionals,
users of appraisal services.

Classroom Hours

15 (including 1-hour exam)

Course Fee

\$225 if payment received one day in advance;
\$250 if paid at the door (however seating may be
limited). Textbooks are included in registration fee
when registering for 75 or more hours at one time

Requirements

The following textbooks are required:

- The Appraisal of Real Estate, 12th Edition, The Appraisal Institute (\$65)
- Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition, The Appraisal Foundation (\$30)

**Attendees must bring a
financial calculator**

Prerequisites

Basic Appraisal Principles Course and Appraisal
Procedures I

Examination

Successful completion of a final examination is
required for pre-license (15-hours) credit. The
one-hour exam consists of multiple choice
questions.

Recording

No audio recording or videotaping permitted.

Pre-license Education Approval

Approved for 15 hours of Pre-license (qualifying)
education credit by:

- ! Kentucky Real Estate Appraisers Board

15-Hour National USPAP Course

Summary

The National USPAP Course is intended to fulfill the 15-hour requirement as established by the Appraiser Qualifications Board of The Appraisal Foundation for those embarked on an educational path to state certification / licensing.

This course is designed to aid appraisers in all areas of appraisal practice seeking competency in the Uniform Standards, including those subject to state licensing or certification and education requirements established by professional organizations, client groups, or employers.

In addition to lectures, the course includes discussion examples that show how the Uniform Standards apply to situations that appraisers encounter in everyday practice.

Learning Objectives

At the completion of the course, participants will be able to:

- ! Recognize the relationship between the organization of USPAP and the essential steps in the appraisal process.
- ! Demonstrate familiarity with how terms set forth in USPAP are defined and used in the document.
- ! Recognize the significance of the Comments, Statements, and Advisory Opinions in USPAP

Instructor

Dennis L. Badger, AQB Certified USPAP Instructor and KY Certified General Real Property Appraiser

Target Audience

The 15-Hour National USPAP Course is directed at individuals wishing to become licensed/certified real property appraisers.

Length

The two day classroom session consists of two 7-hour sessions with a one-hour exam. Sessions begin promptly at 8:30 a.m. and end at 4:30 p.m. The exam begins at 4:30 p.m. on the second day.

Course Fee

\$250 if payment received one day in advance; \$300 if paid at the door.

Requirements

2005 edition of USPAP is required, however students may bring their own copy. Spiral-bound copies will be available for sale (\$30.00) at the seminar. The 15-hour Student Manual (\$25.00) is included in Course Fee.

Examination

A final examination is required for completion of this course for Pre-license (15-hours) credit. The one-hour exam consists of multiple choice questions. You will be required to recognize definitions and concepts presented in the course, but not to memorize all of the Standards Rules. A final examination is not required for CE (14-hours) credit in Kentucky.

Recording

No audio recording or videotaping permitted.

Pre-license Education Approval

Approved for 15 hours of qualifying education credit by:

- ! Kentucky Real Estate Appraisers Board

Beginning Income Capitalization Course

Summary

The class consists of 15 hours of education including a one-hour examination. Since this is a beginning appraisal course, no prerequisite course work is required. However, knowledge of a financial calculator is helpful.

This pre-qualifying course will help you understand how different rates are developed to process income into a value conclusion and how to analyze investments to extract different components. You will also learn the six functions of a dollar and how cash flows are forecast and capitalized.

Instructor

Thomas P. Veit, AQB Certified USPAP Instructor and KY Certified General Real Property Appraiser

Target Audience

The 15-Hour Beginning Income Course is directed at individuals wishing to become licensed/certified real property appraisers.

Length

The two day classroom session consists of two 7-hour sessions with a one-hour exam. Sessions begin promptly at 8:30 a.m. and end at 4:30 p.m. The exam begins at 4:30 p.m. on the second day.

Course Fee

\$250 if payment received one day in advance; \$300 if paid at the door.

Requirements

There are no required texts.

**Attendees must bring a
financial calculator**

Examination

A final examination is required for completion of this course for Pre-license (15-hours) credit. The one-hour exam consists of multiple choice questions. A final examination is not required for CE (14-hours) credit in Kentucky.

Recording

No audio recording or videotaping permitted.

Pre-license Education Approval

Approved for 15 hours of Pre-license (qualifying) education credit by:

! Kentucky Real Estate Appraisers Board

Continuing Education (CE) Courses

ANSI #Z765 - Square Footage Method of Calculating Course

Summary

Before the adoption of ANSI #Z765, no nationwide standard existed in the United States for measuring square footage in single-family houses.

While it is a voluntary standard in most jurisdictions (unless agreed to otherwise), adhering to a nationally recognized standard increases a practitioner's professionalism while reducing their exposure to disputes.

Instructor

Dennis L. Badger
AQB Certified USPAP Instructor and
KY Certified General Real Property Appraiser

Target Audience

This course is directed at licensed or certified real property appraisers and real estate brokers/agents.

Length

This half-day classroom session consists of a 3.5-hour continuing education seminar. Check our schedule for start times (i.e. morning or afternoon session).

Course Fee

\$75 if payment received in advance; \$100 if payment is received at door.

Requirements

There are no required texts.

Attendees should bring a calculator

Examination

There is no examination for continuing education.

Recording

No audio recording or videotaping permitted.

Continuing Education Approval

Approved for 3.5 hours of continuing education credit by:

! Kentucky Real Estate Appraisers Board

FNMA's New Forms for 2005 Course

Summary

This 7 hour continuing education class is designed to help you understand all the new forms that FNMA has released for 2005.

We will cover the new URAR form (FNMA Test Form 1004) and the actual form after revisions have been made by FNMA (appraiser comments to FNMA have resulted in changes to the new URAR form).

Other forms that will be covered include:

- ! Appraisal Update and/or Completion Report
- ! Manufactured Home
- ! Exterior-Only Inspection Residential Appraisal Report
- ! Two-Four-Unit Residential Appraisal Field Review Report
- ! One-Unit Residential Appraisal review
- ! Small Residential Income Property Appraisal Report

Instructor

Tom P. Veit
AQB Certified USPAP Instructor and
KY Certified General Real Property Appraiser

Target Audience

This course is directed at licensed or certified real property appraisers and individuals in the mortgage financing services industry.

Length

This one day classroom session consists of a 7-hour continuing education seminar. It begins promptly at 8:30 a.m. and ends at 4:30 p.m.

Course Fee

\$125 if payment received one day in advance;
\$150 if paid at the door.

Requirements

There are no required texts.

Examination

There is no examination for continuing education.

Recording

No audio recording or videotaping permitted.

Continuing Education Approval

Approved for 7 hours of continuing education credit by:

- ! Kentucky Real Estate Appraisers Board

Fraud and Flipping Course

Summary

Fraud and fraudulent flipping transactions are growing in epidemic proportions across the nation. Learn how to recognize a suspicious real property transaction when fraud or flipping is present.

Fraud and Flipping provides real estate professionals with information on the elements of fraud, misrepresentation, and concealment. Different types of fraud are discussed, including padding, bogus claims, flipping and other common schemes. Common fraud indicators, available to assist in the identification process, are also covered.

Learning Objectives

At the completion of the course, participants will be able to:

- ! Recognize a suspicious property transaction when fraud or flipping is present.
- ! Broaden recognition of common elements contributing to fraudulent transactions that have been missed by individuals in recent years.
- ! Explain common appraiser errors contributing to potential fraud in appraisals.
- ! Recognize a legal flip versus an illegal flip.
- ! Identify the parts of the Uniform Standards of Professional Practice to assist in preventing violations of fraud and flipping transactions.

Instructor

Dennis L. Badger
AQB Certified USPAP Instructor and
KY Certified General Real Property Appraiser

Target Audience

The Fraud and Flipping Course is directed at licensed or certified real property appraisers, real estate sales practitioners, and individuals in the financial services industry.

Length

The one day classroom session consists of a 7-hour continuing education seminar. It begins promptly at 8:30 a.m. and ends at 4:30 p.m.

Course Fee

\$125 if payment received one day in advance; \$150 if paid at the door.

Requirements

Attendees should bring a calculator

There are no required texts.

Examination

There is no examination for continuing education.

Recording

No audio recording or videotaping permitted.

Continuing Education Approval

Approved for 7 hours of continuing education credit by:

- ! Kentucky Real Estate Appraisers Board
- ! Tennessee Real Estate Appraiser Commission

7-Hour National USPAP Update Course

Summary

Learn the key features of the 2005 USPAP and sections that have been identified as problem areas.

The 7-hour course provides an overview of changes in USPAP over the past couple of years, addresses current USPAP issues as well as a review of some of the most common misconceptions that have been identified by appraisers, instructors and regulators.

Learning Objectives

At the completion of the course, participants will be able to:

- ! Understand the significance of “ public trust” in appraisals
- ! Identify key revisions to the USPAP document since 2001
- ! Examine differing obligations in valuation services and appraisal practice
- ! Identify services provided by appraisers within appraisal practice, but that have no specific performance standards
- ! Summarize the scope of work definition and identify key components of the scope of work decision
- ! Identify the external tests for the acceptability of the scope of work

Instructor

Dennis L. Badger
AQB Certified USPAP Instructor and
KY Certified General Real Property Appraiser

Target Audience

The 7-Hour National USPAP Update Course is directed at licensed or certified real property appraisers. This course fulfills the 7-hour national USPAP mandate as established by the Appraisal Qualifications Board (AQB) of the Appraisal Foundation.

ALERT: The annual KREAB USPAP Update seminars DO NOT satisfy the AQB's National USPAP requirement.

Length

The one day classroom session consists of a 7-hour continuing education seminar. It begins promptly at 8:30 a.m. and ends at 4:30 p.m.

Course Fee

\$175 if payment received one day in advance; \$200 if paid at the door.

Requirements

2005 edition of USPAP is required, however students may bring their own copy. Spiral-bound copies will be available for sale (\$30.00) at the seminar. The 7-hour Student Manual (\$22.00) is included in Course Fee.

Examination

There is no examination for continuing education.

Recording

No audio recording or videotaping permitted.

Continuing Education Approval

Approved for 7 hours of continuing education credit by:

- ! Kentucky Real Estate Appraisers Board
- ! Tennessee Real Estate Appraiser Commission

**Pre-licensing Education Course
Outlines**

Basic Appraisal Principles I

Course Outline*

Hours

- I. Introduction
 - A. Course Learning Objectives
 - B. Course Rules, Policies, Requirements
- II. Real Property Concepts and Characteristics 5
 - A. What/who is an appraiser and why are we here?
 - B. Value vs. Cost vs. Price Concepts
 - C. Appraisal Practice vs. Valuation Service
 - D. Math Skills
 - 1. Review of basic math
 - 2. Overview of statistical concepts used in appraisal
 - 3. Overview of compound interest concepts
 - E. Overview of ASC, TAF, and State Regulators
 - 1. The Appraisal Subcommittee (ASC)
 - 2. The Appraisal Foundation (TAF)
 - 3. State Appraiser Regulators
 - F. Licensing/certification requirements
 - 1. AQB's Real Property and Qualification Criteria
 - a. Current Criteria
 - (1) Education
 - (2) Examination
 - (3) Experience
 - b. Prospective Criteria (Effective January 1, 2008)
 - (1) Education
 - (2) Examination
 - (3) Experience
 - 2. Kentucky's Laws and Regulations
 - a. KRS 324A
 - b. 201 KAR Chapter 30
 - G. Overview of USPAP
 - 1. Preamble
 - 2. Definitions
 - 3. Rules
 - 4. Standards Rules
 - 5. Statements
 - 6. Advisory Opinions and Other Communications
- III. Ethics and How They Apply in Appraisal Theory and Practice 2

IV. Legal Considerations

7

- A. Real estate vs. real property
- B. Real property vs. personal property
 - 1. Fixtures
 - 2. Trade fixtures
 - 3. Machinery and equipment
- C. Limitations on real estate ownership
 - 1. Private
 - a. Deed restrictions
 - b. Leases
 - c. Mortgages
 - d. Easements
 - e. Liens
 - f. Encroachments
 - 2. Public
 - a. Police Power
 - (1) Zoning
 - (2) Building and fire codes
 - (3) Environmental regulations
 - b. Taxation
 - (1) Property tax
 - (2) Special assessments
 - c. Eminent domain
 - d. Escheat
 - 3. Legal Rights and interests
 - a. Fee Simple
 - b. Life estate
 - c. Leasehold interest
 - d. Leased fee interest
 - e. Other legal interests
 - (1) Easement
 - (2) Encroachment
 - 4. Forms of property ownership
 - a. Individual
 - b. Tenancies and undivided interest
 - c. Special ownership forms
 - (1) Condominiums
 - (a) Cooperative
 - (b) Timesharing
 - 5. Legal descriptions

a. Metes and bounds	
b. Government survey	
c. Lot and Block	
d. Transfer of Title	
(1) Basic types of deeds	
(2) Recordation	
V. Examination	1
	15
Total Hours	15

* Curriculum content is based on Guide Notes (GN) contained in the Appraiser Qualifications Board's (AQB) publication Real Property Appraiser Qualifications Criteria and Interpretations of the Criteria, effective January 1, 2008 and examination content outline contained in AMP's Candidate Handbook, effective July 2005.

Basic Appraisal Principles II

Course Outline*

	<u>Hours</u>
I. Influences on Real Estate Values	0.5
A. Governmental and Legal	
B. Economic	
C. Social	
D. Environmental, Geographic and Physical	
II. Types of Value	0.5
A. Market Value or Value in Exchange	
B. Price	
C. Cost	
D. Investment value	
E. Value in use	
F. Assessed value	
G. Insurable value	
H. Going concern value	
I. Other Value Types	
III. Economic Principles	6
A. Classical Economic Principles	
1. Anticipation	
2. Balance	
3. Change	
4. Competition	
5. Conformity	
6. Contribution	
7. Externalities	
8. Increasing and decreasing returns	
9. Opportunity cost	
10. Substitution	
11. Supply and demand	
12. Surplus productivity	
B. Factors of value	
1. Utility	
2. Scarcity	
3. Desire	
4. Effective purchasing power	
C. Application and Illustration of the Economic Principles	
IV. Overview of Real Estate Markets and Analysis	6
A. Market Fundamentals, Characteristics, and Definitions	

1. Characteristics of real estate markets
 - a. Availability of information
 - b. Changes in supply vs. demand
 - c. Immobility of real estate
 - d. Segmented markets
 - e. Regulations
2. Absorption Analysis (Market Analysis: Supply and Demand)
 - a. Demographic data
 - b. Competition
 - c. Absorption
 - d. Forecasts
 - e. Existing space inventory
 - f. Current and projected space surplus
 - g. New space
3. Role of money and capital markets
 - a. Competing investments
 - b. Sources of capital
4. Real estate financing
 - a. Mortgage terms and concepts
 - (1) Mortgagor
 - (2) Mortgagee
 - (3) Principal and interest
 - b. Mortgage payment plans
 - (1) Fixed rate, level payment
 - (2) Adjustable rate
 - (3) Buydown
 - (4) Other
 - c. Types of mortgages
 - (1) Conventional
 - (2) Insured

V. Examination		1

Total		15

* Curriculum content is based on Guide Notes (GN) contained in the Appraiser Qualifications Board's (AQB) publication Real Property Appraiser Qualifications Criteria and Interpretations of the Criteria, effective January 1, 2008 and examination content outline contained in AMP's Candidate Handbook, effective July 2005.

Basic Appraisal Procedures I

Course Outline*

	<u>Hours</u>
I. Overview of Approaches to Value	7
A. The basics of the Cost Approach	
B. The basics of the Sales Comparison Approach	
C. The basics of the Income Capitalization Approach	
D. The basics of land/site valuation	
II. Valuation Procedures	7
A. Defining the Problem	
1. Purpose and use of appraisal	
2. Interests to be appraised	
3. Type of value to be estimated	
4. Date of the value estimate	
5. Limiting Conditions	
B. Determining the Scope of the Assignment	
1. Client/intended users	
2. Intended use	
3. Type and definition of value	
4. Effective date	
5. Relevant characteristics	
6. Extraordinary Assumptions	
7. Hypothetical conditions	
C. Collecting and Selecting Data	
1. Primary vs. Secondary	
2. National and regional trends	
3. Economic base	
4. Local area and neighborhood	
a. Employment	
b. Income	
c. Trends	
d. Access	
e. Locational convenience	
5. Site and improvements	
D. Analysis of Highest and Best Use	
1. Testing Criteria	
a. Physically possible	
b. Legally permissible	

c. Financially feasible	
d. Maximally productive	
2. As [if] vacant	
3. As [if] Improved	
4. Interim Uses	
E. Application and limitations of each approach to value	
1. Sales comparison approach	
2. Cost approach	
3. Income Capitalization approach	
F. Reconciling and Final Value Opinion	
G. Communicating the Appraisal	
1. Written/oral	
2. Standards Rule 2-2	
a. Self-Contained Appraisal Report	
b. Summary Appraisal Report	
c. Restricted Use Appraisal Report	
3. Forms/Narrative	
a. Residential	
b. Commercial	
III. Examination	1

Total Hours	15

* Curriculum content is based on Guide Notes (GN) contained in the Appraiser Qualifications Board's (AQB) publication Real Property Appraiser Qualifications Criteria and Interpretations of the Criteria, effective January 1, 2008 and examination content outline contained in AMP's Candidate Handbook, effective July 2005.

Basic Appraisal Procedures II

Course Outline*

	<u>Hours</u>
I. Property Description	7
A. Geographic Characteristics of the Land/Site	
B. Geologic Characteristics of the Land/Site	
C. Location and Neighborhood Characteristics	
D. Land/Site Considerations for Highest and Best Use	
1. Site description	
a. Utilities	
b. Access	
c. Topography	
d. Size	
E. Improvements - Architectural Styles and Types of Construction	
1. Improvement Description	
a. Size	
b. Condition	
c. Utility	
2. Basic construction and design	
a. Techniques and materials	
b. Foundations	
c. Framing	
d. Finish (exterior and interior)	
e. Mechanical	
3. Functional Utility	
F. Site observation from the appraiser's perspective	
G. Overview of building measurement	
II. Residential Applications/Case Studies	7
A. Cost Approach	
1. Site valuation	
2. Replacement/reproduction cost	
3. Accrued depreciation	
a. Market extraction	
b. Age-life method	
c. Breakdown method	
B. Sales Comparison Approach	
1. Comparable sale selection	
2. Types of adjustments	

3. Adjustment process	
4. Reconciliation of adjusted sales	
C. Income Capitalization Approach	
1. Estimation of income and expense	
2. Income multipliers	
3. Income rates	
III. Examination	1

Total Hours	15

* Curriculum content is based on Guide Notes (GN) contained in the Appraiser Qualifications Board's (AQB) publication Real Property Appraiser Qualifications Criteria and Interpretations of the Criteria, effective January 1, 2008 and examination content outline contained in AMP's Candidate Handbook, effective July 2005.

Beginning Income Capitalization, Part A

Course Outline

8:30 a.m. to 9:20 a.m.	Terminology Used in Processing Income, Analysis of Rent Types, Estimating Vacancy and Collection Loss and Effective Gross Income, Calculating a Replacement Allowance
9:20 a.m. to 9:30 a.m.	Break
9:30 a.m. to 10:20 a.m.	Learning the Steps and Format of a Reconstructed Operating Statement, & Setting Up a Comparable Analysis Chart Determining the Factors to be Considered When Estimating Income and Expenses
10:20 a.m. to 10:30 a.m.	Break
10:30 a.m. to 11:20 a.m.	Learning the Steps and Format of a Reconstructed Operating Statement, & Setting Up a Comparable Analysis Chart Determining the Factors to be Considered When Estimating Income and Expenses
11:20 a.m. to 11:30 a.m.	Break
11:30 a.m. to 12:30 p.m.	Lunch
12:30 p.m. to 1:20 p.m.	Application of Direct Capitalization, Gross Income Multipliers (GRM), Basic Applications, Case Studies
1:20 p.m. to 1:30 p.m.	Break
1:30 p.m. to 2:20 p.m.	Capitalization (income rates), Case Studies
2:20 p.m. to 2:30 p.m.	Break
2:30 p.m. to 3:20 p.m.	Case Studies
3:20 p.m. to 3:30 p.m.	Break
3:30 p.m. to 4:30 p.m.	Case Studies

Beginning Income Capitalization, Part B

Course Outline

8:30 a.m. to 9:20 a.m.	Time Value of Money (six functions of a dollar), Use of Compound Interest and Discount Factors, & Case Studies
9:20 a.m. to 9:30 a.m.	Break
9:30 a.m. to 10:20 a.m.	Case Studies
10:20 a.m. to 10:30 a.m.	Break
10:30 a.m. to 11:20 a.m.	Rate Development, Rates of Capitalization and Rates of Return, & Case Studies
11:20 a.m. to 11:30 a.m.	Break
11:30 a.m. to 12:30 p.m.	Lunch
12:30 p.m. to 1:20 p.m.	Residual Valuation, Building Residual Analysis, Land Residual Analysis, Property Analysis & Case Studies
1:20 p.m. to 1:30 p.m.	Break
1:30 p.m. to 2:20 p.m.	Case Studies
2:20 p.m. to 2:30 p.m.	Break
2:30 p.m. to 3:20 p.m.	Mortgage Equity and Analysis & Case Studies
3:20 p.m. to 3:30 p.m.	Break
3:30 p.m. to 4:30 p.m.	Case Studies

National USPAP Course

Course Outline

	<u>Hours</u>
A. History, Professionalism, Valuation Services and Appraisal Practice, and the Structure of USPAP	2
B. Definitions and Rules	3
C. Standard 1	2
D. Standard 2	2
E. Standard 3	1
F. Standards 4 and 5	1
G. Standard 6	1
H. Standards 7-10	1
I. Statements, Advisory Opinions, and Review	1
J. Exam	1
	<hr/>
Total Hours	15

Addendum

Kentucky Real Estate Appraisers Board

Advisory

2008 AQB Criteria

Educator Providers/Applicants/Licensees

Ernie Fletcher
Governor
Larry Disney
Executive Director
Angie Thomas
Staff Assistant
Janie Gross
Executive Secretary



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Banking Member

Kentucky Real Estate Appraisers Board

To: All applicants for credential and all current KREAB Licensees of Associate, Licensed Real Property and Certified Residential Real Property Appraiser

From: Larry Disney, Executive Director

Date: August 29, 2005

Subject: Kentucky Real Property Qualifying Education, Experience and Examination

Please carefully review the following. The information applies to anyone who is 1) currently a KREAB credentialed appraiser supervising real property appraisers, 2) planning to sit for qualifying education or the qualifying examination, or 3) currently a KREAB Associate Real Property Appraiser, Licensed Real Property Appraiser, or Certified Residential Real Property Appraiser.

The Kentucky Real Estate Appraisers Board unanimously approved the "Firm Date" scenario for implementing the revised 2008 AQB criteria. Therefore, any credential not earned on or before January 1, 2008, will require the applicant to comply with all components of the new 2008 criteria and Chapter 30 of Kentucky Administrative Regulations 201 KAR 30:190.

The key components of revision are qualifying education, college course work or degrees, and qualifying examination (refer to attached Important Changes to Appraiser Qualifications).

The following dates are critical for deciding whether an applicant can receive a credential with the current criteria or must meet the revised (new) criteria requirements.

Certified General Real Property Appraiser – Only those individuals who can begin logging experience on or before July 1, 2005 can meet the current 30-month requirement for experience.

Licensed Real Property Appraiser and Certified Residential Real Property Appraiser – Only those individuals who can begin logging experience on or before January 1, 2006 can meet the current 24-month requirement for experience.

In Kentucky any applicant wishing to obtain initial credential or upgrade a current credential, must have completed all components of education, experience and examination prior to January 1, 2008 or you will be required to comply with the revised 2008 criteria, including all required college semester hours or college degree specific to the program for which you are applying.

Therefore, if you cannot complete the current criteria education experience and examination components by January 1, 2008 the education course in which you are currently enrolled or planning to enroll in today might not be approved to meet the 2008 criteria regardless of whether you complete the education hours prior to January 1, 2008. Therefore, you might be required to complete the 2008 AQB curriculum content including additional real property appraisal course hours and all applicable college semester hours or college degree requirements for the credential you are seeking.



2480 FORTUNE DRIVE, SUITE 120, LEXINGTON, KENTUCKY 40509
PHONE: (859) 543-8943 FAX: (859) 543-0028
www.kreab.ky.gov

KREAB Licensee Alert

The attached is intended to as an advisory for education providers and for distribution to students enrolling in real property appraisal classes.

Please note that the attachment includes five (5) critical components with two (2) Advisories:

1. The KREAB Advisory #1 dated August 29, 2005;
2. The KREAB Advisory #2 dated August 29, 2005,
3. The “AQB Criteria” explaining current and revised criteria. The student is requested to sign the two advisories, keep one copy of each in the student tracking handbook and return one copy of each to the Board office for purposes of verifying that he/she has been served constructive notice of the changes and expectations;
4. Please note that on or after January 1, 2008 individuals holding the credential of Kentucky Licensed Real Property and Certified Residential Real Property will no longer be permitted to appraise properties greater than 1-4 family residential use for real estate related loan transactions greater than \$250,000.
5. Please note that on or after January 1, 2008 qualifying experience will be awarded only for applicants who are 1) at the time of application having obtained an Associate Real Property Appraiser credential and 2) at the time of application are directly supervised by a supervising appraiser in good standing, is in compliance with the requirements in 201 KAR 30:050, and who is state certified. Therefore, Licensed Real Property Appraisers will not qualify to become a supervising appraiser on or after January 1, 2008.

Anyone who anticipates he/she will be practicing, or supervising others, in the appraisal of properties with uses greater than 1-4 family residential occupancy must complete at minimum the KREAB approved core class content topics in 1) basic income property appraisal principles, 2) basic income property appraisal procedures, and 3) basic income property appraisal case studies.

KREAB Education Provider Alert

Required Core Curriculum Content 01-01-08

The attached is intended to be used by education providers and for distribution to students enrolled in real property appraisal classes.

The core curriculum includes the topic matrix for each of the appraiser qualification criteria credentials currently listed in 201 KAR 30:035, Section 1.

The core curriculum topic matrix is followed by the AQB suggested outline for each course topic. The Kentucky Real Estate Appraisers Board suggests that each education provider review this material and survey all current class offerings in comparison with the required updated core content.

Using the current information it is suggested each provider 1) review the outline contents in the attached documents and determine if each current course offering contains sufficient depth and breadth of required information to assist the students in preparing for the current required experience training and the required qualifying examination, and 2) use the information in building a future core curriculum and for developing the required additional courses that will comply with the updated criteria. The objective is to ensure that every education provider make sufficient courses available for meaningful education hours in core content that will permit mastery of the knowledge to successfully complete the training experience and the revised qualifying examination. Also, it is intended that students can take qualifying education from more than one approved provider in Kentucky or providers in other States and not suffer the omission of any content in any course matrix.

Throughout 2006 the KREAB will be providing training sessions for education providers, applicants, current credential holders, and prospective applicants. To learn more about specific dates and times for courses or find approved providers it is suggested you regularly visit the KREAB web-site. www.kreab.ky.gov

Also, clarifying AQB criteria information is available at The Appraisal Foundation, Appraiser Qualifications Board web-site. www.appraisalfoundation.org

KREAB Advisory - AQB 2008 Criteria

License Rank	Pre-License Education Requirements Under Current Criteria	Pre-License Education Requirements Under NEW Criteria (1/1/08)
Associate	75 Hours	75 Hours
Licensed	90 Hours. Can not be started after 1/1/07 without experience (12-Months)	150 Hours No specific college degree or course work required*
Certified Residential	120 Hours. Can not be started after 1/1/06 without experience (24-months)	200 Hours and Associate Degree or 21-Semester College Hours**
Certified General	180 Hours. Can not be started after 7/1/05 without experience (30-months)	300 Hours and Bachelor Degree or 30-Semester College Hours***

Appraisal Experience Requirements will remain 2,000 of hours appraisal experience in no less than 24 months for Licensed Residential Real Property credential; 2,500 hours appraisal experience in no less than 24 months for Certified Residential credential; 3,000 appraisal experience hours in no less than 30 months for Certified General credential with at least 1,500 hours being of commercial appraisal experience (greater than 1-4 family occupancy use). Also, effective January 1, 2008, experience hours can only be obtained while under the direct supervision of a certified appraiser. Therefore experience hours obtained under the supervision of a licensed appraiser will not be credited on or after January 1, 2008. :

In order to ensure that every candidate for licensure is informed of the pending changes and understands the consequences of ignoring the newly mandated Criteria, your licensed Appraisal Education Provider is required to notify you of the pending changes via this alert. Your Licensed Education Provider is required to spend the necessary time in each Kentucky accredited real property appraiser education course making you aware of the pending changes to the Criteria. It is assumed that once you have received this alert and been given the necessary guidance from your Kentucky Appraisal Education Provider that you fully understand the pending changes.

You are requested to sign this form acknowledging that you have received this alert and been given the opportunity to have the pending changes explained. Keep a copy of this form in your student tracking handbook and forward one to the Board office.

Course _____ Current Provider _____

Applicant or Current Licensee _____ Date _____

KREAB ADVISORY – 2008 Examination Revision

The new requirements **may** mean that the course you are now taking **may not** meet the education requirements if you do not successfully complete **all** requirements for the credential of Licensed, Certified Residential, or Certified General Real Property Appraiser by **January 1, 2008**.

Also, **January 1, 2008** the content of the National Qualifying examination required to obtain a real property appraiser credential will be revised. Therefore, the education you are taking today may not suffice as preparation for the revised examination.

The KREAB advises that prior to sitting through any qualifying education class that a provider advertises as Board approved, you ask the following:

1. Will the education content presented in this class count for the 2008 AQB Course content?
2. Will the education content presented in this class prepare me for the current national qualifying examination and for the 2008 AQB revised national qualifying examination?

Upon receiving the answer, if affirmative, request the education provider or his/her representative acknowledge the answer in writing. Use this form and submit a copy to the KREAB office for permanent record.

You are requested to sign this form acknowledging that you have received this alert and been given the opportunity to have the pending changes explained. Keep a copy of this form in your student tracking handbook and forward one to the Board office.

Course _____ Provider _____

Applicant _____ Current License _____

Date _____

*January 1, 2008 Licensed Real Property Appraiser Certification Requirements

I. General Information

A. The Licensed Residential Real Property Appraiser Classification 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.

B. 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.

C. For non-federally related transaction appraisals, transaction value shall mean market value.

1. 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.

2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.

II. All Licensed Residential Real Property Appraisers must comply with the COMPETENCY RULE of USPAP.

III. Examination: The AQB approved Licensed Residential Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.

IV. Qualifying Education: The prerequisite for taking the AQB approved examination is completion of one hundred fifty (150) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination. There is no alternative to successful completion of the examination.

V. Experience: Two thousand (2,000) hours of experience are required to be obtained in no fewer than 12 months.

****January 1, 2008 Certified Residential Real Property Appraiser Certification Requirements**

I. General Information

- A. The Certified Residential Real Property Appraiser Classification qualifies the appraiser to appraise one to four residential units without regard to value or complexity.
 - 1. 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.
 - 2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.
- B. All Certified Residential appraisers must comply with the COMPETENCY RULE of USPAP.

II. Examination

- A. The AQB approved Certified Residential Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.
- B. The Certified General Real Property Appraiser Examination is not equivalent to the Certified Residential Real Property Appraiser Examination.

III. Qualifying Education

- A. Applicants for the Certified Residential license must hold an Associate degree, or higher, from an accredited college, junior college, community college, or university, unless the requirements of Section III.B are satisfied.
- B. In lieu of the Associate degree, an applicant for the Certified Residential license shall successfully pass the following collegiate subject matter courses from an accredited college, junior college, community college, or university:
 - 1. English Composition;
 - 2. Principles of Economics (Micro or Macro);
 - 3. Finance;
 - 4. Algebra, Geometry, or higher mathematics;
 - 5. Statistics;
 - 6. Introduction to Computers–Word processing /spreadsheets; and
 - 7. Business or Real Estate Law.

Total credits are the total hours of equivalent college courses in lieu of an Associate degree or 21 semester credit hours for the Certified Residential appraiser. If an accredited college or university (as previously defined) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course.

- C. The prerequisite for taking the AQB approved examination is completion of two hundred (200) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course, or its equivalent, and the examination.

- IV. Experience:** Two thousand five hundred (2,500) hours of experience obtained during no fewer than twenty-four (24) months is required. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.

*****January 1, 2008 Certified General Real Property Appraiser Certification Requirements**

I. General Information

- A. The Certified General Real Property Appraiser Classification qualifies the appraiser to appraise all types of real property.
- B. All Certified General appraisers must comply with the COMPETENCY RULE of USPAP.

II. Examination: The AQB approved Uniform State Certified General Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.

III. Qualifying Education

- A. Applicants for the Certified General license must hold a Bachelors degree or higher from an accredited college or university, unless the requirements of the following Section III.B are satisfied.
- B. In lieu of the Bachelors degree, an applicant for the Certified General credential shall successfully pass the following collegiate level subject matter courses from an accredited college, junior college, community college or university:
 - 1. English Composition;
 - 2. Micro Economics;
 - 3. Macro Economics;
 - 4. Finance;
 - 5. Algebra, Geometry, or higher mathematics;
 - 6. Statistics;
 - 7. Introduction to Computers–Word processing / spreadsheets;
 - 8. Business or Real Estate Law; and
 - 9. Two elective courses in accounting, geography, agriculture economics, business management, or real estate.

Total hours of equivalent college courses in lieu of a Bachelor's degree: 30 semester credit hours or its equivalent for the certified general appraiser. If an accredited college or university (as previously defined) accepts the College-Level Examination Program® (CLEP) examination(s) and issues a transcript for the exam showing its approval, it will be considered as credit for the college course.

- C. The prerequisite for taking the AQB approved examination is completion of three hundred (300) creditable class hours as specified in the required Core Curriculum Appendix. The applicant shall complete the 15-hour National USPAP Course and examination.
 - D. Applicants must demonstrate that their education includes the core courses listed in these criteria, with particular emphasis on non-residential properties. Residential is defined as "composed of one to four residential units."
- IV. Experience: Three thousand (3,000) hours of experience obtained during no fewer than thirty (30) months is required, of which, one thousand five hundred (1,500) hours must be in non-residential appraisal work. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.**

Required Core Curriculum Effective January 1, 2008

KY ASSOCIATE REAL PROPERTY APPRAISER CREDENTIAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
TRAINEE EDUCATION REQUIREMENTS 75 HOURS	75 HOURS

KY LICENSED REAL PROPERTY APPRAISER CREDENTIAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE	15 HOURS
RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH	15 HOURS
RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES	30 HOURS
RESIDENTIAL REPORT WRITING AND CASE STUDIES	15 HOURS
LICENSED EDUCATION REQUIREMENTS	150 HOURS

KY CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CREDENTIAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE	15 HOURS
RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH	15 HOURS
RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES	30 HOURS
RESIDENTIAL REPORT WRITING AND CASE STUDIES	15 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES	15 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES	20 HOURS
(May include hours over minimum shown above in other modules)	
CERTIFIED RESIDENTIAL	200 HOURS

KY CERTIFIED GENERAL REAL PROPERTY APPRAISER CREDENTIAL

BASIC APPRAISAL PRINCIPLES	30 HOURS
BASIC APPRAISAL PROCEDURES	30 HOURS
THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT	15 HOURS
GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE	30 HOURS
STATISTICS, MODELING AND FINANCE	15 HOURS
GENERAL APPRAISER SALES COMPARISON APPROACH	30 HOURS
GENERAL APPRAISER SITE VALUATION AND COST APPROACH	30 HOURS
GENERAL APPRAISER INCOME APPROACH	60 HOURS
GENERAL APPRAISER REPORT WRITING AND CASE STUDIES	30 HOURS
APPRAISAL SUBJECT MATTER ELECTIVES	30 HOURS
(May include hours over minimum shown above in other modules)	
CERTIFIED GENERAL	300 HOURS

NOTES: 1) The total hours for each of the topic areas for each credential listed above must be satisfied. There is no specific time allotment required for the individual subtopics, but the KREAB requires that each item of every subtopic listed contain a time allowance that will permit student knowledge mastery of each subtopic in the class content. 2) Prior to offering any course for qualifying education, or advertising that a course is approved by the KREAB, education providers must apply for the course using only the KREAB application and receive written approval from the Board. 3) The KREAB may direct staff to review course submissions and recommend approval or denial. The Board may also, at its discretion, utilize the “Course Approval Program” of the Appraiser Qualifications Board for course review and approval decisions.

BASIC APPRAISAL PRINCIPLES - 30 HOURS

- A. Real Property Concepts and Characteristics
 - 1. Basic Real Property Concepts
 - 2. Real Property Characteristics
 - 3. Legal Description
- B. Legal Consideration
 - 1. Forms of Ownership
 - 2. Public and Private Controls
 - 3. Real Estate Contracts
 - 4. Leases
- C. Influences on Real Estate Values
 - 1. Governmental
 - 2. Economic
 - 3. Social
 - 4. Environmental, Geographic and Physical
- D. Types of Value
 - 1. Market Value
 - 2. Other Value Types
- E. Economic Principles
 - 1. Classical Economic Principles
 - 2. Application and Illustrations of the Economic Principles
- F. Overview of Real Estate Markets and Analysis
 - 1. Market Fundamentals, Characteristics, and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- G. Ethics and How They Apply in Appraisal Theory and Practice

BASIC APPRAISAL PROCEDURES - 30 HOURS

- A. Overview of Approaches to Value
- B. Valuation Procedures
 - 1. Defining the Problem
 - 2. Collecting and Selecting Data
 - 3. Analyzing
 - 4. Reconciling and Final Value Opinion
 - 5. Communicating the Appraisal
- C. Property Description
 - 1. Geographic Characteristics of the Land/Site
 - 2. Geologic Characteristics of the Land/Site
 - 3. Location and Neighborhood Characteristics
 - 4. Land/Site Considerations for Highest and Best Use
 - 5. Improvements - Architectural Styles and Types of Construction
 - 6. Residential Applications

THE 15-HOUR NATIONAL USPAP COURSE OR ITS' EQUIVALENT - 15 HOURS

- A. Preamble and Ethics Rules
- B. Standard 1
- C. Standard 2
- D. Standards 3 to 10
- E. Statements and Advisory Opinions

RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE - 15 HOURS

- A. Residential Markets and Analysis
 - 1. Market Fundamentals, Characteristics and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- B. Highest and Best Use
 - 1. Test Constraints
 - 2. Application of Highest and Best Use
 - 3. Special Considerations
 - 4. Market Analysis
 - 5. Case Studies

RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH - 15 HOURS

- A. Site Valuation
 - 1. Methods
 - 2. Case Studies
- B. Cost Approach
 - 1. Concepts and Definitions
 - 2. Replacement/Reproduction Cost New
 - 3. Accrued Depreciation
 - 4. Methods of Estimating Accrued Depreciation
 - 5. Case Studies

RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES - 30 HOURS

- A. Valuation Principles & Procedures – Sales Comparison Approach
- B. Valuation Principles & Procedures - Income Approach
- C. Finance and Cash Equivalency
- D. Financial Calculator Introduction
- E. Identification, Derivation and Measurement of Adjustments
- F. Gross Rent Multipliers
- G. Partial Interests
- H. Reconciliation
- I. Case Studies and Applications

KREAB Advisory

2008 AQB Criteria

Educator Providers/Applicants/Licensees

Page 11 of 22

RESIDENTIAL REPORT WRITING AND CASE STUDIES - 15 HOURS

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Form Reports
- D. Report Options and USPAP Compliance
- E. Case Studies

STATISTICS, MODELING AND FINANCE - 15 HOURS

- A. Statistics
- B. Valuation Models (AVM's and Mass Appraisal)
- C. Real Estate Finance

GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE - 30 HOURS

- A. Real Estate Markets and Analysis
 - 1. Market Fundamentals, Characteristics and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- B. Highest and Best Use
 - 1. Test Constraints
 - 2. Application of Highest and Best Use
 - 3. Special Considerations
 - 4. Market Analysis
 - 5. Case Studies

GENERAL APPRAISER SALES COMPARISON APPROACH - 30 HOURS

- A. Value Principles
- B. Procedures
- C. Identification and Measurement of Adjustments
- D. Reconciliation
- E. Case Studies

GENERAL APPRAISER SITE VALUATION AND COST APPROACH - 30 HOURS

- A. Site Valuation
 - 1. Methods
 - 2. Case Studies
- B. Cost Approach
 - 1. Concepts and Definitions
 - 2. Replacement/Reproduction Cost New
 - 3. Accrued Depreciation
 - 4. Methods of Estimating Accrued Depreciation
 - 5. Case Studies

GENERAL APPRAISER INCOME APPROACH - 60 HOURS

- A. Overview
- B. Compound Interest
- C. Lease Analysis
- D. Income Analysis
- E. Vacancy and Collection Loss
- F. Estimating Operating Expenses and Reserves
- G. Reconstructed Income and Expense Statement
- H. Stabilized Net Operating Income Estimate
- I. Direct Capitalization
- J. Discounted Cash Flow
- K. Yield Capitalization
- L. Partial Interests
- M. Case Studies

GENERAL APPRAISER REPORT WRITING AND CASE STUDIES - 30 HOURS

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Report Options and USPAP Compliance
- D. Case Studies

REAL PROPERTY APPRAISER QUALIFICATION CRITERIA EFFECTIVE JANUARY 1, 2008

KENTUCKY REAL ESTATE APPRAISERS BOARD

AMP, Inc. Current Examination Content Outline

I. INFLUENCES ON REAL ESTATE VALUE

- A. Physical and environmental
- B. Economic
- C. Governmental and legal
- D. Social

II. LEGAL CONSIDERATIONS IN APPRAISAL

- A. Real estate vs. real property
- B. Real property vs. personal property
 - 1. Fixtures (2, 3)
 - 2. Trade fixtures (2, 3)
 - 3. Machinery and equipment (3)
- C. Limitations on real estate ownership
 - 1. Private
 - a) Deed restrictions
 - b) Leases
 - c) Mortgages
 - d) Easements
 - e) Liens
 - f) Encroachments
 - 2. Public
 - a) Police power
 - (1) Zoning
 - (2) Building and fire codes
 - (3) Environmental regulations
 - b) Taxation
 - (1) Property tax
 - (2) Special assessments
 - c) Eminent domain
 - d) Escheat
- D. Legal rights and interests
 - 1. Fee simple estate
 - 2. Life estate
 - 3. Leasehold interest
 - 4. Leased fee interest
 - 5. Other legal interests
 - a) Easement
 - b) Encroachment
- E. Forms of property ownership
 - 1. Individual
 - 2. Tenancies and undivided interest
 - 3. Special ownership forms
 - a) Condominiums
 - b) Cooperative
 - c) Timesharing (1, 2)
- F. Legal descriptions
 - 1. Metes and bounds
 - 2. Government survey
 - 3. Lot and block
- G. Transfer of title
 - 1. Basic types of deeds
 - 2. Recordation

III. TYPES OF VALUE

- A. Market value or value in exchange
- B. Price
- C. Cost
- D. Investment value
- E. Value in use
- F. Assessed value
- G. Insurable value
- H. Going concern value (3)

IV. ECONOMIC PRINCIPLES

- A. Anticipation
- B. Balance
- C. Change
- D. Competition
- E. Conformity
- F. Contribution
- G. Increasing and decreasing returns
- H. Opportunity cost (2, 3)
- I. Substitution
- J. Supply and demand
- K. Surplus productivity

V. REAL ESTATE MARKETS AND ANALYSIS

- A. Characteristics of real estate markets
 - 1. Availability of information
 - 2. Changes in supply vs. demand
 - 3. Immobility of real estate
 - 4. Segmented markets
 - 5. Regulations
- B. Absorption analysis
 - 1. Demographic data
 - 2. Competition
 - 3. Absorption
 - 4. Forecasts
 - 5. Existing space inventory (2, 3)
 - 6. Current & projected space surplus (2, 3)
 - 7. New space (2, 3)
- C. Role of money and capital markets
 - 1. Competing investments
 - 2. Sources of capital
- D. Real estate financing
 - 1. Mortgage terms and concepts
 - a) Mortgagor
 - b) Mortgagee
 - c) Principal and interest
 - 2. Mortgage payment plans
 - a) Fixed rate, level payment
 - b) Adjustable rate
 - c) Buydown
 - d) Other
 - 3. Types of mortgages
 - a) Conventional
 - b) Insured

VI. VALUATION PROCESS

- A. Definition of the problem
 - 1. Purpose and use of appraisal
 - 2. Interests to be appraised
 - 3. Type of value to be estimated
 - 4. Date of the value estimate
 - 5. Limiting conditions
- B. Collection and analysis of data
 - 1. National and regional trends
 - 2. Economic base
 - 3. Local area and neighborhood
 - a) Employment
 - b) Income
 - c) Trends
 - d) Access
 - e) Locational convenience
 - 4. Site and improvements
- C. Analysis of highest and best use
- D. Application and limitations of each approach to value
 - 1. Sales comparison
 - 2. Cost
 - 3. Income capitalization
- E. Reconciliation and final value estimate
- F. The appraisal report

VII. PROPERTY DESCRIPTION

- A. Site description
 - 1. Utilities
 - 2. Access
 - 3. Topography
 - 4. Size
- B. Improvement description
 - 1. Size
 - 2. Condition
 - 3. Utility
- C. Basic construction and design
 - 1. Techniques and materials
 - a) Foundations
 - b) Framing
 - c) Finish (exterior and interior)
 - d) Mechanical (2, 3)
 - 2. Functional utility

VIII. HIGHEST AND BEST USE ANALYSIS

- A. Four tests
 - 1. Physically possible
 - 2. Legally permitted
 - 3. Economically feasible
 - 4. Maximally productive
- B. Vacant site or as if vacant
- C. As improved
- D. Interim use

IX. APPRAISAL STATISTICAL CONCEPTS APPRAISAL MATH AND STATISTICS (1, 2, 3)

- A. Compound interest concepts (2, 3)
 - 1. Future value of \$1 (2, 3)
 - 2. Present value of \$1 (2, 3)
 - 3. Future value of an annuity of \$1 per period (2, 3)
 - 4. Present value of an annuity of \$1 per period (2, 3)
 - 5. Sinking fund factor (2, 3)
 - 6. Installment to amortize \$1 (loan constant) (2, 3)

B. Statistical concepts used in appraisal

1. Mean
2. Median
3. Mode
4. Range
5. Standard deviation

X. SALES COMPARISON APPROACH

A. Research and selection of comparables

1. Data sources
2. Verification
3. Units of comparison
 - a) Income (2, 3)
 - (1) Potential gross income multiplier (2, 3)
 - (2) Effective gross income multiplier (2, 3)
 - (3) Overall rate (2, 3)
 - b) Size
 - (1) Square foot
 - (2) Acres
 - (3) Other
 - c) Utility (examples only)
 - (1) Motel and apartment units (3)
 - (2) Theater seats (3)
 - (3) Rooms (1, 2)
 - (4) Beds (1, 2)
 - (5) Other

B. Elements of comparison

1. Property rights conveyed
 - a) Easements
 - b) Leased fee/leasehold
 - c) Mineral rights (3)
 - d) Others
2. Financing terms and cash equivalency
 - a) Loan payment
 - b) Loan balance
3. Conditions of sale
 - a) Arms-length sale
 - b) Personalty
4. Market conditions at time of contract and closing
5. Location
6. Physical characteristics
7. Tenant improvements (3)

C. Adjustment process

1. Sequence of adjustments
2. Dollar adjustments
3. Percentage adjustments
4. Paired sales analysis

D. Application of sales comparison approach

XI. SITE VALUE

- A. Sales comparison
- B. Land residual
- C. Allocation
- D. Extraction
- E. Ground rent capitalization (3)
- F. Subdivision analysis (3)
 - 1. Development cost: direct and indirect (3)
 - 2. Contractor's overhead and profit (3)
 - 3. Forecast absorption and gross sales (3)
 - 4. Entrepreneurial profit (3)
 - 5. Discounted value conclusion (3)
- G. Plottage and assemblage

XII. COST APPROACH

- A. Steps in cost approach
 - 1. Reproduction vs. replacement cost
 - a) Comparative unit method
 - b) Unit-in-place method
 - c) Quantity survey method
 - d) Cost service index
 - 2. Accrued depreciation
 - a) Types of depreciation
 - (1) Physical deterioration
 - (a) Curable
 - (b) Incurable
 - (c) Short-lived
 - (d) Long-lived
 - (2) Functional obsolescence
 - (a) Curable
 - (b) Incurable
 - (3) External obsolescence
 - (a) Locational
 - (b) Economic
 - b) Methods of estimating depreciation
 - (1) Age-life method
 - (2) Breakdown method and sequence of deductions
 - (3) Market extraction of depreciation
- B. Application of the cost approach

XIII. INCOME APPROACH

- A. Estimation of income and expenses
 - 1. Gross market income
 - 2. Effective gross income
 - a) Vacancy
 - b) Collection loss
 - 3. Operating expenses
 - a) Fixed expenses
 - b) Variable expenses
 - c) Reserve for replacements
 - 4. Net operating income
- B. Operating statement ratios
 - 1. Operating expense ratio
 - 2. Net income ratio (3)
 - 3. Break-even ratio (3)
- C. Direct capitalization (2, 3)
 - 1. Relevance and limitations (2, 3)
 - 2. Overall capitalization rate (2, 3)
 - 3. Gross income multiplier and net income ratio (2, 3)
 - 4. Band of investment (mortgage equity) techniques (2, 3)

- 5. Residual techniques (3)
 - a) Land (building value given) (3)
 - b) Building (land value given) (3)
 - c) Equity (mortgage value given) (3)
- D. Cash flow estimates (before tax only) (3)
 - 1. Operating years (3)
 - a) Estimating NOI with a change in NOI (3)
 - b) Estimating NOI using lease information (3)
 - c) Cash flow (NOI less mortgage payment) (3)
 - 2. Reversion (3)
 - a) Estimating resale with a change in value (3)
 - b) Estimating resale with a terminal capitalization rate (3)
 - c) Cash flow (sale price less mortgage balance) (3)
 - d) Deductions for cost of sale and legal fees to arrive at a net reversion (3)
- E. Measures of cash flow (3)
 - 1. Equity dividend rate (cash on cash rate) (3)
 - 2. Debt coverage ratio (3)
- F. Discounted cash flow capitalization (3)
 - 1. Relevance and limitations (3)
 - 2. Potential gross income and expense estimate (3)
 - a) Market vs. contract rents (3)
 - b) Vacancy and lease commissions (3)
 - c) Tenant improvements and concessions (3)
 - 3. Discount rates and yield rates definition and concept but no calculations of yield rate) (3)
 - 4. Discounting cash flows (from operations and reversion where all cash flows projected in dollar amounts and tables or calculators can be used) (3)
- G. Gross rent multiplier (1, 2)

XIV. VALUATION OF PARTIAL INTERESTS

- A. Interests created by a lease
 - 1. Leased fee
 - 2. Leasehold
 - 3. Subleasehold (3)
 - 4. Renewal options (3)
 - 5. Tenant improvements (3)
 - 6. Concessions (3)
- B. Lease provisions (3)
 - 1. Overage rent (3)
 - 2. Expense stops (3)
 - 3. Net leases (3)
 - 4. Minimum rent (3)
 - 5. Percentage rent (3)
 - 6. CPI adjustments (3)
 - 7. Excess rent (3)
- C. Valuation considerations (3)
 - 1. Identifying the cash flows to the different interests including turnover ratio (3)
 - 2. Discount rate selection for different interests (3)
 - 3. Relationship between the values of the interests (3)
- D. Other partial interest
 - 1. Life estates
 - 2. Undivided interest in commonly held property
 - 3. Easements
 - 4. Timeshares
 - 5. Cooperatives

XV. APPRAISAL STANDARDS/ETHICS

Note: The numbers in parentheses following a topic indicate the examinations to which that topic is limited. All other topics are included in all three examinations.

(1) State Licensed (2) State Certified Residential (3) State Certified General

AMP, Inc. Current KY AQB Examination

Sample Examination Questions

The following illustrate the type of questions used in the examinations. These sample questions do not represent the full range of content or difficulty levels contained in the examinations. They are intended to help you become familiar with the types and format of questions on the examination. Read each question and decide which answer is best. You may then check your answers with the answer key that follows.

1. A two-story residence with a garage is located adjacent to an all-night repair garage. The residence is currently rented for \$400 per month unfurnished. Similar residences located in a residential subdivision rent for \$650 per month unfurnished. The market gross rent multiplier is 100. The typical building to land ratio of sale price is 3:1. What is the indicated loss in value from locational obsolescence to improvements only?
 - A. \$3,750
 - B. \$15,000
 - C. \$18,750
 - D. \$48,750

2. The appraiser can BEST judge if functional obsolescence exists in a property by
 - A. comparing the property to a model home in the subdivision.
 - B. relying on personal likes and dislikes.
 - C. considering what is generally accepted in the market.
 - D. determining the highest and best use of the property.

3. The gross rent multiplier is used as an indication of value because
 - A. it requires no adjustments.
 - B. rental information does not need to be verified.
 - C. it is one of the three approaches that must be used in the valuation process.
 - D. it expresses a constant relationship between the gross income of a property and its sale price.

4. Which group of expenses is a proper deduction when formulating the net operating income?
 - A. management, utilities, property taxes, insurance
 - B. management, utilities, income taxes, property taxes, insurance
 - C. management, mortgage payments, property taxes, utilities
 - D. utilities, recapture of investment, property taxes, insurance

5. Escheat is the governmental right to
 - A. control the air space over a property through which aircraft may pass.
 - B. take private property for public use upon the payment of just compensation.
 - C. protect public safety, health, morals, and general welfare.
 - D. take the titular ownership of a property when the owner dies without a will or known heirs.

6. Regardless of actual cost, the worth of an improvement is what it adds to the value of the whole property. This is known as the principle of.
 - A. change.
 - B. conformity.
 - C. contribution.
 - D. anticipation.

7. The highest and best use of an improved property can be presumed to be its existing use unless the
- A. property is zoned commercial and lies along a major traffic artery.
 - B. value of the site as vacant exceeds the value of improvements and land in present use plus costs of demolition.
 - C. improvements can be used commercially even though the original design was for residential use.
 - D. value of the present improvements is more than the cost of demolition.
8. Which of the following BEST describes an appraisal?
- A. an estimate of sale price at a future date
 - B. an opinion of value as of a given date
 - C. a prediction of the sale price for a future date
 - D. an assessment of taxable value
9. Which of the items below is **NOT** considered real estate?
- A. a central heating unit
 - B. an attached water heater
 - C. a portable room fan
 - D. installed medicine cabinets
10. The value loss to property due to all causes is called
- A. indirect value loss.
 - B. depreciation.
 - C. physical deterioration.
 - D. economic obsolescence.

