

**PROPOSED REGULATION OF THE
COMMISSION OF APPRAISERS OF REAL ESTATE**

LCB File No. R026-08

March 3, 2008

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§1 and 2, NRS 645C.210 and 645C.330.

A REGULATION relating to appraisers of real estate; revising provisions relating to the standards for education required to obtain a certificate as a general appraiser; and providing other matters properly relating thereto.

Section 1. NAC 645C.240 is hereby amended to read as follows:

645C.240 1. A course of instruction for an applicant for a certificate as a general appraiser must:

(a) Consist of at least the following:

- (1) Thirty hours of instruction on basic appraisal principles;
- (2) Thirty hours of instruction on basic appraisal procedures;
- (3) Fifteen hours of instruction in a course on the *USPAP*;
- (4) Thirty hours of instruction on [~~residential~~] *general* market analysis and analysis of the highest and best use of real estate;
- (5) Thirty hours of instruction on valuation of a site and cost approach for a general appraiser;
- (6) Thirty hours of instruction on a sales comparison approach for a general appraiser;
- (7) Sixty hours of instruction on an income approach for a general appraiser;
- (8) Thirty hours of instruction on report writing and case studies for a general appraiser;

- (9) Fifteen hours of instruction on statistics, modeling and finance;
- (10) Three hours of instruction on the laws of this State governing appraisals; and
- (11) Thirty hours of instruction in elective courses relating to appraisals.

(b) Except as otherwise provided in subsection 2, be completed within the 5 years immediately preceding the submission of an application for a certificate.

2. The Division may allow credit for a course of instruction set forth in subsection 1 that is completed more than 5 years before the submission of an application for a certificate as a general appraiser if the course is successfully completed at an accredited college or university.

3. An applicant for a certificate as a general appraiser must:

(a) Hold a bachelor's degree or higher from an accredited college or university; or

(b) Have earned at least a total of 30 semester credit hours or its equivalent in the following subjects, with a minimum of 3 semester credit hours or its equivalent in each of the following subjects, from an accredited college or university:

- (1) English composition;
- (2) Principles of microeconomics;
- (3) Principles of macroeconomics;
- (4) Finance;
- (5) Algebra, geometry or a higher level of mathematics;
- (6) Statistics;
- (7) Introduction to computers, including word processing and spreadsheets;
- (8) Business or real estate law; and
- (9) Two elective courses in accounting, geography, agricultural economics, business

management or real estate.

Sec. 2. NAC 645C.244 is hereby amended to read as follows:

645C.244 The content of the following courses required pursuant to NAC 645C.235 to 645C.243, inclusive, must be as follows:

1. For a course on basic appraisal principles:

(a) Real property concepts and characteristics, including basic real property concepts, real property characteristics and legal descriptions;

(b) Legal consideration, including forms of ownership, public and private controls, and real estate contracts and leases;

(c) Influences on real estate values, including governmental, economic, social, environmental, geographic and physical influences;

(d) Types of value, including market and other value;

(e) Economic principles, including classical economic principles and application and illustrations of economic principles;

(f) An overview of real estate markets and analysis, including market fundamentals, characteristics, definitions, supply analysis, demand analysis and use of market analysis; and

(g) Ethics and how they apply in appraisal theory and practice.

2. For a course on basic appraisal procedures:

(a) An overview of approaches to value.

(b) Valuation procedures that include:

(1) Defining the problem;

(2) Collecting and selecting data;

(3) Analyzing;

(4) Reconciling and final value opinion; and

- (5) Communicating the appraisal.
- (c) Property descriptions that include:
 - (1) Geographic characteristics of the land or site;
 - (2) Geological characteristics of the land or site;
 - (3) Location and neighborhood characteristics;
 - (4) Land or site considerations for the highest and best use of real estate;
 - (5) Improvements by architectural styles and types of construction; and
 - (6) Residential applications.
- 3. For a course on the *USPAP*:
 - (a) Preamble and ethics rules;
 - (b) The first standard of the *USPAP*;
 - (c) The second standard of the *USPAP*;
 - (d) The 3rd through 10th standards, inclusive, of the *USPAP*; and
 - (e) Statements and advisory opinions.
- 4. For a course on residential market analysis and analysis of the highest and best use of real estate:
 - (a) Residential markets and analysis that includes:
 - (1) Market fundamentals, characteristics and definitions;
 - (2) Supply analysis;
 - (3) Demand analysis; and
 - (4) Use of market analysis.
 - (b) An analysis of the highest and best use of real estate that includes:
 - (1) Test constraints;

- (2) Application of the highest and best use of real estate;
 - (3) Special considerations;
 - (4) Market analysis; and
 - (5) Case studies.
5. For a course on valuation of a site and cost approach for a residential appraiser:
- (a) Valuation of a site that includes:
 - (1) Methods; and
 - (2) Case studies.
 - (b) Cost approach that includes:
 - (1) Concepts and definitions;
 - (2) Replacement or reproduction cost new;
 - (3) Accrued depreciation;
 - (4) Methods of estimating accrued depreciation; and
 - (5) Case studies.
6. For a course on residential sales comparison and income approaches:
- (a) Valuation principles and procedures by sales comparison approach;
 - (b) Valuation principles and procedures by 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; and

(i) Case studies and applications.

7. For a course on residential report writing and case studies:

(a) Writing and reasoning skills;

(b) Common writing problems;

(c) Form reports;

(d) Report options and compliance with the *USPAP*; and

(e) Case studies.

8. For a course on statistics, modeling and finance:

(a) Statistics;

(b) Valuation models, including automated valuation models and mass appraisal; and

(c) Real estate finance.

9. For a course on advanced residential applications and case studies:

(a) Complex property, ownership and market conditions;

(b) Deriving and supporting adjustments;

(c) Residential market analysis; and

(d) Advanced case studies.

10. For a course on *general* market analysis and *analysis of* the highest and best use of real estate ~~for a residential appraiser.]:~~

(a) Real estate markets and analysis that includes:

(1) Market fundamentals, characteristics and definitions;

(2) Supply analysis;

(3) Demand analysis; and

(4) Use of market analysis.

(b) The highest and best use of real estate that includes:

- (1) Test constraints;
- (2) Application of the highest and best use of real estate;
- (3) Special considerations;
- (4) Market analysis; and
- (5) Case studies.

11. For a course on the valuation of a site and cost approach for a general appraiser:

(a) Site valuation that includes:

- (1) Methods; and
- (2) Case studies.

(b) Cost approach that includes:

- (1) Concepts and definitions;
- (2) Replacement or reproduction cost new;
- (3) Accrued depreciation;
- (4) Methods of estimating accrued depreciation; and
- (5) Case studies.

12. For a course on sales comparison approach for a general appraiser:

- (a) Value principles;
- (b) Procedures;
- (c) Identification and measurement of adjustments;
- (d) Reconciliation; and
- (e) Case studies.

13. For a course on income approach for a general appraiser:

- (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 statements;
- (h) Stabilized net operating income estimate;
- (i) Direct capitalization;
- (j) Discounted cash flow;
- (k) Yield capitalization;
- (l) Partial interests; and
- (m) Case studies.

14. For a course on report writing and case studies for a general appraiser:

- (a) Writing and reasoning skills;
- (b) Common writing problems;
- (c) Report options and compliance with the *USPAP*; and
- (d) Case studies.