

July, 2014
Mid-Year Update



CERTIFIED
MASTER
APPRAISER

Residential Designation
Program Handbook

REAL ESTATE APPRAISERS ASSOCIATION

The REAA is a nonprofit California Corporation that is operated primarily for educational purposes. Supporting our members and offering educational, networking and mentoring opportunities is our highest priority.

REAA Mission Statement:

To promote the appraisal profession, and our membership, through education, networking and mentoring for professional development, with dedication to the highest ethical standards of appraisal practice.

To further the REAA's goal of promoting the appraisal profession and advancing our members, we offer a Residential Designation Program which promotes professionalism, ethics, and adherence to the Uniform Standards of Professional Appraisal Practice (USPAP).

Residential Designation Program Overview

Designation indicates the highest level of professionalism in the Real Estate Appraisal Profession. As such, Certified Appraisers who wish to obtain the REAA Residential Designation of Certified Master Appraiser (CMA) must be willing to apply adequate time and effort into meeting all qualifications including the demonstration of

- the highest ethical standards
- advanced education
- practical experience
- dedication to the profession through mentoring

Designation Program Mission Statement:

To promote our membership by demonstrating their professionalism, adherence to USPAP, and dedication to ethics, advanced education, mentoring, and the highest standards of appraisal practice.

Updated forms and contact information is available on the REAA website at:

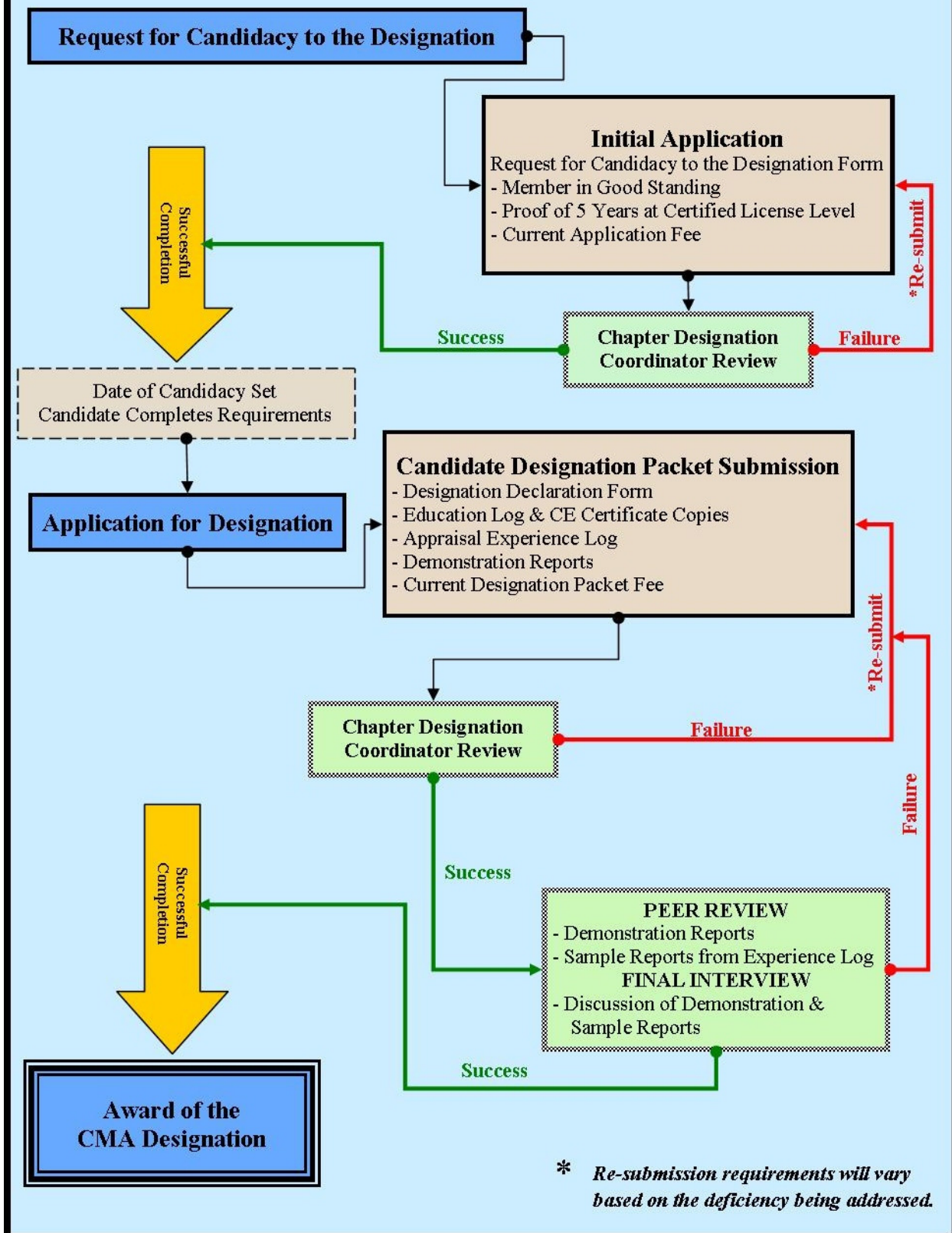
www.reaaca.org/designation

Application Process Overview

REAA Members seeking the CMA Residential Designation must first meet prerequisite requirements for Candidacy and then file a ***Request for Candidacy to the Residential Designation*** form. After the initial candidacy requirements are met and the Candidacy Request is processed, the Candidate must fully complete all Residential Designation requirements including education (both core and elective) and demonstration reports. Once all application materials are compiled and successfully submitted by the Candidate, the Designation Committee oversees a Peer Review of demonstration and sample reports and conducts an interview. Upon satisfactory completion of all requirements the Candidate will be awarded the Residential Designation.

See Application Process Overview chart below.

Application Process Overview



Application for Candidacy to the Residential Designation

Requirements For Candidacy

To become a Candidate to the Residential Designation, the following prerequisite requirements must be met:

1. REAA Membership in Good Standing
2. Must have been at the Certified License Level for at least 5 years. Acceptable proof of certified license level includes BREAA *Letter of License History*.
3. Proof of completion of the REAA Ethics in Real Estate Appraisal two hour classroom course

The ***Request for Candidacy to the Residential Designation*** form, proof of completion of required courses, and applicable fees should be submitted to the Designation Coordinator at the member's local REAA Chapter. General Membership applicants should submit directly to the Corporate Designation Coordinator.

USPAP Instructors may contact the Chapter Designation Coordinator to submit additional paperwork to qualify for credit for self-taught courses.

Upon successful review of the Candidacy Requirements by the Designation Coordinator, the Member will become a Residential Designation Candidate and the Date of Candidacy will be set. The Designation Candidate must complete a full Residential Designation Packet within 4 years from the Date of Candidacy or additional requirements may be required.

Application for Residential Designation

Residential Designation Requirements

An application in the form of the Designation Packet must be submitted within 4 years of being declared a Designation Candidate. The full packet is to include:

- Designation Declaration Form
- Education Log, CE Certificate copies and Course Outlines
- Appraisal Experience Log (6 months)
- Two Demonstration Reports

All Designation Requirements are subject to change at the discretion of the Designation Committee, Corporate and Chapter Boards, and the REAA Membership. However, once declared a Candidate to the Designation, the requirements in place as of the Date of Candidacy will be honored if a full Designation Packet is submitted within 4 years from the Date of Candidacy.

Education Requirements

Candidates must provide evidence of completion of the REAA Core Curriculum, Elective courses and a 15-hour National USPAP Course.

- The REAA Core Curriculum consists of five (5) topic areas and these courses are to be developed and offered by REAA. Each course is to be a minimum of four (4) credit hours and a maximum of seven (7) credit hours of classroom style Continuing Education (CE). The Core Curriculum is to be developed during the 2014 and 2015 calendar years and will be offered to the membership as the courses become available.
- Elective Courses may be offered by REAA or by another educator, but must meet specific criteria and total at least thirty (30) credit hours of classroom style Continuing Education (CE). A total of 6 Elective Courses must be completed, with four (4) courses of at least four (4) hours approved CE and two (2) courses of at least seven (7) hours approved CE.
- Proof of passing a 15-hour National USPAP Course including Exam within the prior 5 years. This course may be distance education rather than a classroom course.

Each course must be approved by the Appraiser's state licensing board. College level courses will be considered for acceptable credit and may be used to fulfill more than one requirement based on the total hours and review of the course syllabus by the Designation Committee.

Course Selection

Elective Courses may be chosen by the Designation Candidate and may be offered by any education provider, but must meet the minimum standards:

- Classroom style course
- Approved by the Appraiser's state licensing board or college
- Meet the minimum requirement as an Elective Course
- Course content specific to the topic area for which the course is submitted*

*Coursework submitted to meet the Elective Education Requirement must clearly have course content specific to the topic area for which the course was submitted. A course outline is therefore required for all Elective coursework submitted. Course Providers are currently required by BREA to provide a course outline to students upon enrollment.

If there is a question as to the suitability of a specific class it is recommended that it be pre-approved by the Designation Committee. To attain pre-approval a Course Outline must be submitted to the Corporate Designation Coordinator with the required form.

Residential Core Curriculum

The Designation Applicant must complete REAA Core Curriculum coursework which covers the following topic areas.

Core Curriculum Topic

Report Writing / Addendum Writing / Narrative Report Writing
Market / Sales Approach – COMPLEX Properties
Cost Approach
Income Approach
Market Analysis / Statistics / Deriving Adjustments

Elective Courses

The Designation Applicant must complete four (4) courses of at least four (4) hours, and two (2) courses of at least seven (7) hours approved CE units per course from the following Elective Course Topics. This requirement is in addition to the REAA Core Curriculum requirements.

Elective Course Topics

Non-lending Appraisal
Highest & Best Use
2-4 Unit / Income Properties
Oddball / Extraordinary Assignments
Hands-on Inspection Class
Review Appraisal
Retrospective / Prospective Appraisal
Vacant Land Appraisal
Limiting Conditions & Certifications
Manufactured Home Appraisals
Green / Energy Efficient Appraisals
Architectural Styles

*Additional topic areas may be approved for credit. Any courses should be submitted for pre-approval to the Corporate Designation Coordinator.

Courses specifically required to meet state licensing requirements (ie: USPAP 7-Hour Update, Laws & Regulations) will not be accepted as Elective Courses.

Should a submitted course be disqualified for use in meeting a specific Education Requirement, submission of another course which meets the requirement will be required. The Designation Candidate may appeal any course disqualification by petitioning the Corporate Designation Coordinator. The Corporate DC will appoint 3 Designation Committee and/or Education Committee Members to review the decision. The majority review decision is final. The *Continuing Education Log*, Course Outlines, and copies of CE Certificates for each class listed on the Log must be submitted in the Designation Packet.

Coursework taken two full years or less prior to the date of receipt of a successful Application for Candidacy will be counted toward the Education Requirements. Older classes will not be included.

Experience Requirements

Candidates must provide an *Appraisal Experience Log* of professional appraisal practice at the Certified Level covering the most recent 6 months. Sample Reports will be selected from this Experience Log.

If the Appraisal Experience Log does not provide a suitable volume of appraisals from which to select two Sample Reports, an additional Log may be requested at the discretion of the Designation Committee.

Examination Requirements

Candidates will be evaluated on their appraisal work through Demonstration and Sample Reports; these reports are evaluated by a Peer Review Committee.

Demonstration Reports

Two Demonstration Reports must be submitted which meet the following guidelines:

- One Demonstration Report must be of a single family residential property.
- The second Demonstration Report may be of any other type to be chosen by the Candidate; for example, the second report may be 2-4 family, condominium or land.
- At least one Demonstration Report must be an assignment of a challenging nature. The Designation Candidate must include a detailed reasoning which explains why the assignment was challenging. This reasoning will be reviewed by the Designation Committee and if it is not deemed sufficient an additional report submission may be required.
- All three approaches to value (Sales Comparison, Income and Cost) must be demonstrated at least once. If two Demonstration Reports are not sufficient to prove proficiency in ALL approaches, additional Demonstration Reports will be required.
- Demonstration Reports may be completed specifically for the purpose of the Designation Application, or may be actual work assignments with all personal data redacted. However, addresses and other data must be real in order for Peer Reviewers to properly evaluate the Demonstration Reports.

Sample Reports

Two additional Appraisal Reports will be selected at random from the *Appraisal Experience Log*. These additional reports will be chosen from the most recent year of experience and will be reviewed to ensure that the overall quality of the Designation Candidate's work product is representative of the high standards of the Designation Program.

Interview Requirement

A final interview will be conducted by the Chapter or Corporate Designation Coordinator. This interview will be held via telephone appointment and may ask for clarification of items and for additional information regarding the Demonstration and Sample Reports. All questions will be as requested by the Peer Review Committee. The purpose of the interview is to allow the Designation Candidate to give clarification, and share additional information that may be contained in their work file, to ensure their Reports are fairly and accurately reviewed.

Peer Review Committee (PRC)

A Peer Review will be conducted on the Demonstration and Sample Reports. The Peer Review Committee (PRC) will consist of three Designated Members or other members as assigned by the Designation Committee. At least two members of the PRC must have primary membership in a Chapter separate from the Designation Applicant's Chapter. At least one member of the PRC must have geographic competency within the Applicant's region as determined by the Designation Committee. All members of the PRC should have technical competency to review the specific Demonstration and Sample Reports submitted by the Designation Candidate.

The Peer Review process is a "double blind" review. Therefore, the Reviewers will not know the name of the Designation Candidate, and the Candidate will not know the names of their Reviewers. Any questions regarding the process or results will be handled through the Designation Coordinator from the Candidate's REAA Chapter.

The Corporate Designation Coordinator will coordinate the Peer Review process, including any questions, for any candidate in the General Membership.

The Peer Review is a standardized review process with specific criteria and scoring procedures. The process is detailed in the **Demonstration Report Guidelines** (Appendix B).

Maintenance of the Designation

Continuing Education Requirements

In order to maintain the Designation, the Designee must submit a Renewal Packet every four (4) years. Regardless of the month of expiration of the Designee's license, the Renewal Packet will be due the January following their four year renewal cycle.

The first submission is to be submitted the January following the first full 4-year renewal cycle following the original Designation Date.

*For example, if the Designation is originally awarded in March of 2014, and the Designee's license 4-year renewal cycle ends in July of 2016, the cycle ends only 2 years after the Designation Date. The first **full** 4-year renewal cycle will end July of 2020. The Renewal Packet will be submitted by January 15, 2021.*

Designated Members are required to complete 70 hours of Continuing Education each renewal cycle, 20 of which are live classroom courses of at least three (3) hours each. Courses specifically required to meet state licensing requirements (ie: USPAP 7-Hour Update, Laws & Regulations) will not be counted toward the required 20 hours of live classroom education, but may be counted toward the total of 70 hours.

Specific coursework developed by REAA and the Designation Program may be required for all Designation renewals.

Sample Report and Peer Review Requirements

Additional Peer Review may be required for all Designation renewals.

Mentoring Requirements

Mentoring of Designation Candidates will be expected from all Designees. All Designees will be offered the opportunity to serve on a Peer Review Committee (PRC). If a Designee declines the invitation to serve on a PRC three times consecutively, the Corporate Designation Coordinator, in conjunction with the Designee's Chapter Designation Coordinator, will review the Designee's history with the Designation Program and may suspend or revoke the Designation for cause as the refusal to act in this mentoring role violates a key element of the REAA Mission Statement.

Teaching of classes or workshops may be considered as credit to meet the Mentoring Requirement based on a case by case basis.

Renewal Packet Submission

The Designee must submit a *Continuing Education Log* along with copies of CE Certificates for each class listed along with the *Designation Declaration Form*.

Designee must be a fully paid Member in good standing in order to maintain the Designation. Designation may be revoked for cause, including failure to maintain membership in good standing.

Renewal Packets must be received on or before January 15th of the renewal year. Submissions received after January 15th will be charged an additional administrative fee.

Designation Fees

Fees are subject to change. The current fee at the time of submission is required regardless of the date of fee change. See Appendix A for an outline of current fees.

All fees are in addition to the Chapter or General Membership Fee.

Failure to Meet Renewal Requirements

Any failure in completing the designation renewal requirements may lead to the loss of the designation.

The Designation Committee will review any deficiencies of the renewal requirements and will advise the Designee on what is necessary to meet those requirements and maintain their designation. Any Designee who does not initially meet renewal requirements will be given a minimum of six (6) additional months to complete all outstanding requirements. After the six month grace period further action will be at the discretion of the Designation Committee and may include revocation of the designation.

Governance of the Designation Program

Corporate Leadership

REAA Corporate Designation Coordinator (DC)

The Corporate Designation Coordinator serves as the lead administrator for the Designation Program and assists the Chapter Designation Coordinators as necessary. Corporate DC responsibilities include:

- Maintenance of records
- Coordination of the application process for General Members
- Development of Benefits for Designees in conjunction with the Corporate Marketing & Benefits Committee and with support from the Chapter Designation Coordinators and Chapter Marketing & Benefits Chairs.

Chapter Leadership

REAA Chapter Designation Coordinator (DC)

Chapter Designation Coordinators run and maintain the program at the Chapter level. Chapter DC responsibilities include:

- Receipt and organization of application materials
- Assignment of Peer Reviewers
- Final Analysis of Application Materials including Peer Review results
- Award or Denial of the Designation
- Communication with the Corporate DC and support on Benefits Development
- Presentation of the CMA Designation at Chapter meetings

Designation Committee

The Designation Committee consists of the Corporate Designation Coordinator and all Chapter Designation Coordinators. The responsibilities of the Designation Committee include:

- Yearly review of Designation Requirements
- Review of any appealed decisions of a PRC or Chapter DC
- Addressing issues where complaints are received

Designation Program Fees and Required Forms

Appendix A

All fees are effective beginning January 1, 2014.

Updated forms and contact information is available on the REAA website at:
www.reaaca.org/designation

Fees & Required Forms

*REAA forms shown in italics

Original Application:

Request for Candidacy	\$125
<i>Request for Candidacy to the Designation</i>	
Proof of Certified License Level (BREA Letter of License History)	
Proof of passing 15-hour USPAP Course	
Proof of passing REAA Ethics in Real Estate Appraisal 2-hour Course	

Candidate Designation Packet Submission:

Designation Packet	\$250
<i>Designation Declaration Form</i>	
<i>Education Log, CE Certificate copies, Course Outlines</i>	
<i>Appraisal Experience Log</i>	
Two Demonstration Reports	

Designation Renewal	\$125
<i>Designation Declaration Form</i>	
<i>Education Log</i>	
Copies of CE Certificates for each class listed	

Administrative fee for Late Renewal	\$50
--------------------------------------------	------

Resubmission of Demonstration Reports	
Based on Peer Review Committee Recommendation	\$50
Based on Failed Appeal of the Peer Review	\$100

Demonstration & Sample Report Guidelines

Appendix B

Demonstration Report Requirement Categories

Basic Requirements

The following Basic Requirements must be included in the submitted Demonstration Reports. This Requirement Category is not graded on a scale, but must be met fully in order to proceed to the Scaled Grading Requirements.

1. Two reports, one of each report category.
 - Single Family Residential Report
 - Non-SFR Report (Vacant Land, Condominium, 2-4 Unit, etc)
2. One report on an assignment of a complex nature including detailed reasoning why the assignment was complex.
3. Three Approaches to Value Demonstrated
 - Sales Comparison
 - Income
 - Cost
4. Personal information redacted, including the Appraiser's information and signature to aid in the double blind review methodology.

Complexity

An assignment may be considered to be 'complex' based on numerous factors including a Subject which is atypical for the area, a complicated market, or lack of available data. At least one report must be complex enough to illustrate the Designation Candidate's advanced appraisal skills. Two of three Peer Reviewers on the PRC must agree that at least one Demonstration Report meets an adequate level of assignment complexity. The Designation Candidate will be asked to state which Demonstration Reports are considered 'complex' and give full rationale for that determination.

Three Approaches to Value

All three approaches to value do not need to be included in *each* Demonstration Report. However, across the two Demonstration Reports, all three approaches to value must have been successfully demonstrated at least once. If all three approaches cannot be demonstrated within two reports, a third report must be submitted.

Examples

1. Demonstration Report 1: Complex SFR with Sales Comparison and Cost approaches
Demonstration Report 2: Duplex with Sales Comparison and Income approaches
2. Demonstration Report 1: SFR with Sales Comparison and Cost approaches
Demonstration Report 2: Complex Vacant Land with Sales Comparison approach only
Demonstration Report 3: Duplex with Sales Comparison and Income approaches

Scaled Grading Requirements

Requirement Categories

Accuracy & Consistency

All data included should be accurate and show consistency throughout the report, including Subject data, neighborhood data, and market data.

Clarity of Data & Analyses

All data acquisition processes and analyses should be clearly described. The Designation Candidate must give full rationale for each analysis conducted and describe how it applies to the specific appraisal problem addressed in that Demonstration Report. The report should visibly follow auditable appraisal practices.

Support for Analyses & Conclusions

The analyses and conclusions included in the Demonstration Report must be fully supported by data, statistics and by using appropriate and recognized appraisal procedures. This includes the use of the appropriate statistical tools.

Approaches to Value

A separate score will be given to each Approach to Value that is completed in the Demonstration Report. Each Approach will be scored based on adequacy of the development of the Approach, accuracy of data, clarity of the analysis, and support for the analysis and conclusions. Specific items for each Approach which will be included in the scoring are as follows:

Sales Comparison Approach

Comparable selection, data verification, support for all adjustments, reconciliation of the value.

Income Approach

Data source(s) and documentation, comparable selection (if applicable), support for the data and values used (actual rent data, GRM calculations, etc), reconciliation of the value.

Cost Approach

Data source(s) and documentation, support for the data and values used (site, depreciation, etc), reconciliation of the value.

***Special Note:** For Demonstration Reports where one or more Approach to Value is not completed, a full rationale must be included describing why it was not included. Failure to include an acceptable discussion of the omission of any Approach to Value will disqualify the Demonstration Report from consideration.

Professionalism

The overall quality of writing, including spelling and grammar will be scored. All narrative should be easily understood by the intended client, and spelling and grammar errors must be minimal.

Grading Scale and Procedure

Demonstration reports will be graded on a 7 point scale for each requirement category. The grading scale is generally structured as follows:

- 7 - No errors or deficiencies found
- 6 - Overall good analyses and support with minimal errors
- 5 - Sound analyses and support, but some minor errors
- 4 - Adequate analyses with some support, multiple errors
- 3 - Errors in analyses, lack of support, multiple errors
- 2 - Inadequate analysis, minimal support and multiple errors
- 1 - Inferior with extensive deficiencies

A point grade will be assigned by each Peer Reviewer for each Requirement Category. An average of the Peer Reviewer scores will be taken for each category. The average score must be 5 or above for each category on both Demonstration Reports. Failure (average score of 4 or lower) in any Requirement Category for either Demonstration Report will constitute failure of the Examination Requirement for the Designation.

Sample Report Requirement Categories

Basic Requirements

Two Sample Reports will be selected at random from the Designation Experience Log submitted with the Designation Packet. Both Sample Reports will be from the most recent 6 month period and must include an interior inspection.

*An unaltered and signed copy must be submitted. Sample Reports must not be electronically altered from the final product that was sent to the listed Client per the *Appraisal Experience Log*. The Designation Candidate must follow the Confidentiality portion of the Ethics Rule in USPAP, but this may NOT be accomplished through electronically altering the final report. Removal of any confidential information, including covering the signature in order to maintain double-blind review, must be completed manually on a hard copy. A manually redacted hard copy may be submitted, or the redacted copy may be scanned and electronically submitted as a PDF file.

Grading Requirements

Designation Experience Log Sample Reports will not be scored on the Demonstration Report Scale, but will be Pass/Fail for each Requirement Category. Failure in more than one Category on either Sample Report will result in failure of the Sample Report Requirement.

USPAP Requirement

Uniform Standards of Professional Appraisal Practice

As USPAP is the foundation of the Real Estate Appraisal profession, all Demonstration and Sample Reports must meet or exceed USPAP guidelines. Any errors which violate USPAP will constitute a failure of the Peer Review. This includes the Ethics Rule, Record Keeping Rule, Competency Rule, Scope of Work Rule, Jurisdictional Exception Rule, and any/all Standards that apply to the specific Demonstration or Sample Report.

Failure of the Peer Review

Peer Review Committee Recommendation

Demonstration Reports

In the case of a failure in one or more Requirement Categories for the Demonstration Reports, the Peer Review Committee will make a formal Recommendation for the Designation Candidate to re-apply for Peer Review. The Recommendation may range from correction of one of the Demonstration Reports previously submitted, to submission of two additional Demonstration Reports.

The Recommendation will be decided by the Peer Review Committee and approved by the Designation Committee. Once issued, the Recommendation of the Peer Review Committee will be deemed final; no change will be made to the Recommendation. The Designation Candidate has the choice to complete the Recommendation, or Appeal the Peer Review.

Sample Reports

In the case of failure of the Sample Reports, the Candidate will be asked to re-submit a Designation Experience Log three (3) months after the formal Recommendation is issued by the Peer Review Committee. An additional two samples will then be selected and judged based on the same scale. The Designation Candidate may request to have the same Peer Review Committee members, or to have new reviewers assigned. Should members of the original PRC be unavailable, new members will be assigned by the Chapter DC.

Appeals to the Peer Review

Should the Designation Candidate disagree with the conclusions of the Peer Review Committee they may file an Appeal. The *Peer Review Appeal* form must be completed and submitted to the Corporate Designation Coordinator.

As a preliminary step in the appeal, all scores from the original Peer Review will be reviewed by at least two (2) members of the Designation Committee to ensure they were developed using the stated scale. If any Reviewer is found to be out of compliance with the stated procedure and/or grading scale, they will be given the chance to reconsider their scores. If the Peer Reviewer remains out of compliance, a new Peer Reviewer will be assigned and the scores recalculated.

If all original reviews are found to be within compliance, the Designation Coordinator will assign a secondary review to two additional Designated Members or other members as recognized by the Designation Committee as having competence to complete a Peer Review.

- The prior scoring of the Demonstration Reports will not be available to the additional Peer Reviewers.
- The additional Reviews will be completed utilizing the same double blind methodology and the same grading scale and procedure.

The scores of the two additional Peer Reviewers will be averaged with the original scores of the Peer Review Committee, giving an average of all five scores. In order to overturn the original

Peer Review Committee conclusion, the new average score must be 5 or above in all Requirement Categories.

If the Appeal to the Peer Review fails to overturn the original Peer Review Committee conclusion, the Designation Candidate must then submit two new reports which meet the Examination Requirements in order to pursue the Designation.

Failure of Sample Reports may not be appealed. The Designation Candidate must re-submit a Designation Experience Log three (3) months after the formal Recommendation is issued by the Peer Review Committee and undergo a review of two additional randomly selected Appraisal Report Samples.

Re-Submission of Demonstration Reports

Based on Peer Review Committee Recommendation

Any re-submission of Demonstration Reports should follow all details outlined in the Peer Review Committee Recommendation Letter. The re-submission must include a ***Designation Declaration*** form and the current fee for re-submission based on Peer Review Committee Recommendation.

Based on Failed Appeal to Peer Review

Should an Appeal to Peer Review fail, two new Demonstration Reports must be submitted along with a ***Designation Declaration*** form and the current fee for re-submission based on Failed Appeal of the Peer Review. The new reports must meet all requirements and will be subjected to the same Peer Review process. The Designation Candidate may request to have the same Peer Review Committee members, or to have new reviewers assigned. Should members of the original PRC be unavailable, new members will be assigned by the Chapter or Corporate DC.