

## PART 1922 - APPRAISAL

Subpart A - Implementation of the Financial Institutions Reform, Recovery  
and Enforcement Act (FIRREA) of 1989

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PART 1922 - APPRAISAL

Subpart A - Implementation of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989

§1922.1 Purpose.

This Instruction establishes the policies and procedures within Rural Development to conform to the provisions of the Office of Management and Budget (OMB) Circular A-129 (Rev.) and other guidelines concerning the implementation of the FIRREA.

§1922.2 Scope and OMB guidelines.

(a) Intended scope. These provisions apply to all appraisals of real estate required for Rural Development direct and guaranteed loans and grants. The provisions include appraisals required during loan making and loan servicing. This Instruction is not intended to require a real estate appraisal to be obtained when other Rural Development Instructions do not require an appraisal.

(b) OMB Circular A-129 (Rev.) guidelines for Rural Development loans and grants. The OMB Circular A-129 (Rev.), dated January 11, 1993, and current OMB guidelines were followed in the implementation of the general policies and training set out in this Instruction.

§1922.3 Definitions.

Rural Development certificate of training. Training certification issued to full-time designated appraisers for completion of 165 hours of training as set out in Exhibits B and C of this Instruction.

Rural Development full-time State designated appraiser. Full-time appraiser employees (GM-1171, GS-1171, or GS-301) who are, or will have, State-certified general status within 3 years from date of designation.

Rural Development full-time State designated appraiser/reviewer. Full-time appraiser (GM-1171, or GS-1171 or GS-301, etc.) having sufficient technical training to conduct technical reviews (desk and field) in accordance with appropriate Rural Development Instructions and Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP).

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DISTRIBUTION: WSDC

Real Property  
Appraisal

Rural Development part-time State designated appraiser. Part-time appraiser (County Supervisors, Assistant County Supervisors, or State Office employees who are GS-475 or GS-1165) for loans or servicing transactions wherein the customer's total indebtedness on the real estate security property to Rural Development and other lenders is or will be under \$100,000. Part-time appraisers must be designated as "part-time appraisers" and have current training to meet assigned duties.

Rural Development transaction value. The value arrived at to determine whether Rural Development's \$100,000 limitation has been met. It is to be used by Rural Development designated appraisers (in-house) to determine who will conduct the appraisal for Rural Development direct loan making and servicing. The Rural Development transaction value is the customer's total indebtedness on real estate security property to Rural Development and other lenders and it includes those loans or transactions that will be made.

State-certified general real property appraiser. State-certified appraiser authorized under State law to appraise all types of real estate at all levels. The State-certified general real property appraiser is authorized to complete Rural Development appraisals in accordance with appropriate Rural Development Instructions and involving loans or servicing transactions with no dollar limitation. (State appraisal authorities' definitions may differ.)

State-certified residential real property appraiser. State-certified appraiser authorized under State law to appraise all real estate consisting of one to four residential units without regard to transaction value or complexity. (State appraisal authorities' definitions may differ.)

State-licensed real property appraiser. State-licensed appraiser authorized under State law to appraise all noncomplex one to four residential units having a transaction value less than \$1 million and complex one to four residential units having a transaction value less than \$250,000. (Note: This is The Appraisal Foundation definition. State appraisal authorities' definitions may differ.)

§1922.4 Responsibility.

State Directors will be responsible for implementing the provisions of this Instruction. State Directors have the responsibility to maintain adequate training funds to meet the 3-year training program for Rural Development full-time State designated appraisers as set out in §1922.6(a) of this Instruction. By August 1 each year, all Rural Development State Directors must make a request in writing for appraisal training funds. The request must include the following: name of the individual; dates and names of courses to be taken in the coming fiscal year; course hours accredited by the State Appraisal Board; and a list of courses successfully completed with

## §1922.4 (Con.)

indication of the hours accredited by the State Appraisal Board for each course in accordance with Categories 1 through 4 of Exhibit C of this Instruction. Written requests for training funds and the completed Exhibit D of this Instruction used to request the Rural Development certificate of training, must be addressed to Rural Development, Human Resources Development and Training Staff, Ag Box 0732, Washington, DC 20250. For real estate appraisals completed for Rural Development direct real estate loan customers, State Directors are also responsible for determining whether the appraisal will be completed by Rural Development State designated appraisers (in-house) or contracted out.

§1922.5 Rural Development contract real estate appraisers.

(a) All Rural Development contract real estate appraisers are to meet the FIRREA certification or licensing requirements implemented by the State in which the real estate is located, as set out in Exhibit A of this Instruction.

(b) The statement of work in the contract should reflect which of three State appraiser classifications (General, Residential or Licensed) noted in Exhibit A of this Instruction apply and any other significant USPAP or Rural Development program requirements.

(c) The selection of appraisers shall be made on an equal opportunity basis, whereby the race, color, national origin, sex, religion, age, or handicap of a prospective appraiser shall not be considered.

§1922.6 Training needs for Rural Development full-time and Rural Development part-time State designated appraisers.

(a) Training for Rural Development full-time State designated appraiser. Rural Development full-time State designated appraisers are required to obtain the State-certified general status within 3 years from the date of designation. The core courses selected by the appraiser and supervisor must be accredited by the State Appraisal Board and meet the general course guidelines and directions as set out in Exhibits B and C of this Instruction. Full-time designated appraisers taking the core educational courses in the 3-year curriculum, as set out in Exhibit B of this Instruction, are authorized to complete Rural Development appraisals involving loans or servicing transactions with no dollar limitation. An Rural Development certificate of training will be issued to those employees who successfully complete the core course hours. Verification of the training must be made on Exhibit D of this Instruction.

(b) Training for Rural Development part-time State designated appraiser. The State Director or Rural Development full-time State designated appraisal staff will determine and establish the training needs for all Rural Development part-time State designated appraisers. The training will be sufficient to ensure that the ethics, competency, departure provisions, jurisdictional exception, and supplemental standards to Standards 1 and 2 of USPAP and the appropriate Rural Development appraisal instructions are followed. Rural Development full-time State designated appraisers should provide in-house/on-the-job training to Rural Development part-time State designated appraisers in order to meet USPAP Standards and Rural Development appraisal instructions. Rural Development employees who perform farm and housing appraisals under this designation are authorized to develop the loan or transaction packages and complete the appraisal; however, they may not approve the loan or transaction.

§1922.7 Training needs for Rural Development full-time State designated appraiser/reviewer.

The State Director will establish the training needs for Rural Development full-time State designated appraiser/reviewer. They should have at least the minimum level of training as required for Rural Development full-time appraisal staff as set out in §1922.6(a) of this Instruction; the 15 credit hours for reviewing appraisals noted in Category 4 of Exhibit C of this Instruction; and have recent, relevant and documented appraisal experience which clearly establishes their qualifications.

§1922.8 Rural Development real estate appraisals for guaranteed loans.

General guidelines are noted in Exhibit A of this subpart. For detailed guidelines, see appropriate Rural Development Instructions relating to the type of Rural Development guaranteed loan involved.

§1922.9 Reimbursement of fees and dues for State-certified general appraisers.

The Agency has made a commitment to ensure that all Rural Development full-time State designated appraisers and Rural Development full-time State designated appraiser/reviewers, who have received their State-certified general status, be reimbursed for State fees and dues incurred. To receive reimbursement for the initial State application, testing, and certification fees for the current year or ongoing renewal fees, the employee must submit and document his/her claims in writing as follows:

§1922.9 (Con.)

- (a) Full name of person claiming reimbursement;
- (b) Present job series (i.e., GS-1171, GS-301, etc.);
- (c) A copy of current year's State-certified general license;
- (d) Proof of payment (copy of cancelled check or money order clearly showing dollar amount and date paid);
- (e) Complete address where reimbursement check can be mailed; and
- (f) Send reimbursement requests to the following address:

USDA, Rural Development  
Program Development Staff  
Ag Box 0772  
Washington, DC 20250

§1922.10 Uniform Standards of Professional Appraisal Practice (USPAP).

(a) Rural Development real estate appraisals. All real estate appraisals associated with Rural Development direct and guaranteed loan making and servicing transactions will be completed as described in appropriate Rural Development appraisal instructions and Standards 1 and 2 of USPAP. The USPAP guidelines include the ethics, competency, departure provisions, jurisdictional exception, and supplemental standards to Standards 1 and 2. Each Rural Development full-time and part-time State designated appraiser will be furnished a current copy of USPAP each year. Current copies of USPAP can be found in each Rural Development State Office.

(b) Rural Development real estate appraisal reviews. All Rural Development real estate appraisal reviews associated with Rural Development direct and guaranteed loan making and servicing transactions will be completed as described in the appropriate Rural Development program review instructions. All technical (desk or field) reviews must meet Standard 3 of USPAP. The USPAP guidelines include the ethics, competency, departure provisions, jurisdictional exception, definitions and supplemental standards to Standard 3.

§1922.11 Administrator's exception authority.

State Directors may request exception authority to the appointment of an Rural Development full-time State designated appraiser. Authority shall be given to those States which can document that appraiser/reviewer labor requirements do not warrant full-time appraisal staff. An exception will only be granted to State Directors for part-time State designated appraisers (GS-1165 or GS-475) who will become State-certified general in 3 years, meet the training requirements of Exhibits B and C of this Instruction, and handle the review of appraisals. This authority shall not be granted to those Rural Development part-time State designated appraisers who will have authority to appraise only real estate under \$100,000. The exception authority must be in writing. It must include the number and type of jobs (GS-1165 or GS-475) involved, address or location of employees affected, and the expected labor documentation or studies completed. The studies must clearly show the anticipated hours per year that are necessary to meet the appraisal loan making and/or appraisal review actions.

§§1922.12 - 1922.50 [Reserved]

Attachments: Exhibits A, B, C, and D.

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FARMERS HOME ADMINISTRATION REAL ESTATE APPRAISER REQUIREMENTS

Type of State-Appraiser Classifications

General      Residential      Licensed

CONTRACTOR REQUIREMENTS  
FOR DIRECT LOANS

1. Farmer Programs	X		
2. Single Family Housing*	X	X	X
3. Multi-Family Housing	X		
4. Business/Industry	X		
5. Community Programs	X		

LENDER APPRAISER REQUIREMENTS  
FOR GUARANTEED LOANS

1. Farmer Programs**	X		
2. Single Family Housing	X	X	X
3. Business/Industry	X		
4. Community Programs	X		

Note \*: Solicitation shall include minimum State-appraiser classification.

Note \*\*: On guaranteed real estate secured loans submitted by lenders, the appraisal must be completed by a State-certified general appraiser if the loan transaction is greater than \$100,000. The loan transaction includes interest through the closing date. However, the lender has the option of using either a State-certified general appraiser or State-licensed appraiser if the loan transaction is \$100,000 or less. For a definition of loan transaction related to guaranteed Farmer Programs loan servicing, see §1980.113 of RD Instruction 1980-B.

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MINIMUM TRAINING CURRICULUM REQUIREMENTS

(For Rural Development full-time State designated appraiser and Rural Development full-time State designated appraiser/reviewer positions.)

1. Each Rural Development full-time State designated appraiser or Rural Development full-time State designated appraiser/reviewer must successfully complete a minimum of 165 core course hours accredited by the State Real Estate Appraiser Board, as outlined in Categories 1, 2 and 3 in Exhibit C of this Instruction, in order to receive the Rural Development certificate of training.
2. Employees will have 3 years from the date they enter the Rural Development full-time State designated appraiser position or Rural Development full-time State designated appraiser/reviewer position to successfully complete the core course curriculum, obtain Rural Development certificates of training, and achieve their State-certified general status. For those employees who have entered the Rural Development full-time State designated appraiser position on or before January 7, 1994, the educational requirements must be achieved by January 1, 1995.
3. The 15 minimum hours required for reviewing appraisals as cited in Exhibit C of this Instruction, applies to those employees who are named Rural Development full-time State designated appraiser/reviewers. The 15 minimum hours are generally accredited by the State Real Estate Appraiser Board as continuing education.
4. All courses and accredited hours must have been successfully completed after January 1980.
5. Employees who have received their State-general certification status are required to complete a minimum of 10 course hours accredited by their State Real Estate Appraiser Board annually. The course topics for this continuing education requirement are left to the discretion of the employee and his/her supervisor.
6. Training requirements may be taken from such approved institutions as the following:
  - a. Colleges or universities.
  - b. Community or junior colleges.
  - c. Real estate appraisal or real estate-related organizations.
  - d. State or Federal agencies or commissions.
  - e. Proprietary schools.
  - f. Other providers approved by the State certification licensing agency.

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REQUIRED CURRICULUM

Category 1: One hundred twenty-six credit hours of the following, with a minimum of 40 hours concentration in farm real estate appraisal related courses.

- (A) Sales comparison approach
- (B) Cost approach
- (C) Income approach
  - Estimation of income and expenses
  - Operating expense ratios
  - Direct capitalization
  - Estimated cash flow
  - Measures of cash flow
  - Discounted cash flow analysis

Category 2: Uniform Standards of Professional Appraisal Practices (15 credit hours minimum).

Category 3: Narrative report writing (24 credit hours minimum).

Category 4: Reviewing appraisals (15 credit hours minimum for employees in appraiser/reviewer positions).

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RURAL DEVELOPMENT APPRAISAL CERTIFICATION PROGRAM  
SEMI-ANNUAL REPORT\*

Page No.

State:	Allocation:		
Prepared By:	Obligated:		
Date Submitted:	Balance:		
Name:	Position Title:		
	Program Entry Date:		
Identify courses by category.			
Course Titles and Dates attended by Category	Accredited Hours Completed	Tuition Cost	Travel Cost

\_\_\_\_\_  
Chief Appraiser Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Appraiser Signature

\_\_\_\_\_  
Date

This report certifies that all courses meet State standards of accreditation in compliance with Financial Institutions Reform, Recovery and Enforcement Act and Rural Development requirements.

\*Due at the end of the 2nd and 4th quarters of each fiscal year.

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