

Michigan Department of Labor & Economic Growth
Bureau of Commercial Services
Licensing Division
REAL ESTATE APPRAISERS
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INFORMATION FOR REAL ESTATE APPRAISER APPLICANTS AND LICENSEES

AUTHORITY: P.A. 299 of 1980, as amended

1. WHEN IS A REAL ESTATE APPRAISER LICENSE REQUIRED?

REAL ESTATE APPRAISER LICENSES have been required since January 1, 1992. Michigan is a mandatory license state. Therefore, any person in Michigan who issues an evaluation, opinion, conclusion or analysis relating to the value of real property must be licensed as a limited real estate appraiser (formerly valuation specialist), state licensed real estate appraiser, certified residential real estate appraiser (new), or certified general real estate appraiser (formerly certified real estate appraiser). An appraiser license is not required for, nor are the following considered appraisals:

- a market analysis performed by a person licensed as a real estate broker or salesperson solely for the purpose of assisting a customer or potential customer in determining the potential sale, purchase, or listing price of real property or the rental rate of real property as long as a fee or any other valuable consideration is not charged for that analysis.
- an assessment of the value of real property performed on behalf of a local unit of government authorized to impose property taxes when performed by a certified assessor, or an individual employed in an assessing capacity.
- a market analysis of real property for a fee when performed by a licensed broker or associate broker which does not involve a federally related transaction.

Refer to the Occupational Code, Article 26, for specific definitions and requirements (MCL 339.2601-2637).

2. WHAT IS A FEDERALLY RELATED TRANSACTION, AND WHO ARE THE FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCIES?

"FEDERALLY RELATED TRANSACTION" means any real property related financial transaction in which a federal financial institutions regulatory agency engages in, contracts for, or regulates and which requires the services of a State Licensed, Certified Residential or Certified General Appraiser.

"FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES" are:

- The Federal Deposit Insurance Corporation (FDIC)
- The Board of Governors of the Federal Reserve System
- The National Credit Union Administration (NCUA)
- Office of the Comptroller of the Currency (OCC)
- The Office of Thrift Supervision (OTS)
- The Resolution Trust Corporation (RTC)

3. WHAT MAY A REAL ESTATE APPRAISER DO?

LIMITED REAL ESTATE APPRAISER LICENSE: ***Requirements are found In MCL 339.2611, Rule 201, 203 and 403, and outlined in number 5 of this document.*** Formerly called Real Estate Valuation Specialist.

Licensees in this category may assist a State Licensed, Certified Residential or Certified General Appraiser in the development of appraisals relating to federally related and real estate related financial transactions requiring the signature of a State Licensed, Certified General or Certified Residential Appraiser, but the Limited Real Estate Appraiser may not sign the report.

The Limited Real Estate Appraiser must be acknowledged in the report, in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standard 2-3 and include a statement similar to the following: "Jane Smith, Limited Real Estate Appraiser license number 12-01-999999, has provided significant professional assistance in the completion of the following..." However, the tasks actually performed should be acknowledged on the report, and the actual hours worked should be reported on the log when applying for licensure.

If the Limited Real Estate Appraiser signs a report for which the signature of a State Licensed, Certified Residential or Certified General Appraiser is not required, their license type and number must clearly be identified next to their signature, and the supervising appraiser must also sign the report and indicate their license type and number. [See MCL 339.2607(7) and 2633(d)] The Limited Real Estate Appraiser must also notify his/her client that the appraisal may not be used for any federally related or real estate related financial transactions.

STATE LICENSED APPRAISER LICENSE: *Requirements are found in MCL 339.2613, Rules 201, 203, and 403 and outlined in number 5 of this document.*

Licensees in this category may appraise real property involving any non-federally related transaction for which they have expertise. They may also perform appraisals involving federally related transactions for 1-4 family residential property and any other appraisal required for a federally related transaction for which a state licensed real estate appraiser is authorized under sections 1113 and 1114 of the financial institutions reform, recovery, and enforcement act of 1989, Public Law 101-73, 12 U.S.C. 3342 and 3343. They may assist a Certified Residential or General Appraiser in appraising properties where the transaction value is over \$1,000,000, but their reports must have the signature of the supervising appraiser on the report, certifying the report. The licensed appraisers contribution must also be acknowledged pursuant to Standard 2-3. They may not sign the report when the assignment is outside their scope of licensure.

CERTIFIED RESIDENTIAL APPRAISER LICENSE: *Requirements are found in MCL 339.2614, Rules 201, 203 and 403 and outlined in number 5 of this document.*

Certified Residential appraisers may appraise residential (1-4 family) real property of any value, or any other property for which they are authorized by the federal financial institutions regulatory agencies, and for non-federally related transactions for which they have expertise. They may not sign a report when the assignment is outside their scope of licensure.

CERTIFIED GENERAL APPRAISER LICENSE: *Requirements are found in MCL 339.2615, Rule 201, 203 and 403 and outlined in number 5 of this document.*

Certified General appraisers may appraise real property of any type or value.

RECIPROCAL LICENSES: *Requirements are found in MCL 339.2623 of the Occupational Code. State Licensed, Certified Residential, and Certified General licenses issued under this section have the same force and effect as licenses issued under MCL 339.2613, MCL 339.2614 and MCL 339.2615.*

TEMPORARY PERMITS: *Requirements are found in MCL.339.2625 (2) Of the Occupational Code. State Licensed, Certified Residential, and Certified General appraisers in other states may apply for temporary practice in Michigan only when the assignment relates to a federally-related transaction, otherwise, they must apply for a reciprocal license.* Forms may be obtained from the department, or from the web site at www.michigan.gov/appraisers. There is a \$125.00 fee for a 180 day permit, renewable one time.

4. WHERE CAN I GET COPIES OF UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)?

Copies of the UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE may be obtained by calling or writing the Appraisal Foundation: (202) 347-7722, 1029 Vermont Avenue, NW, Suite 900, Washington, D.C. 20005-3517. The Foundation will charge a fee for this publication which is updated annually. You may also visit their website at www.appraisalfoundation.org.

5. WHEN SHOULD I FILE MY APPLICATION FOR LICENSURE?

LIMITED REAL ESTATE APPRAISER: An application should be filed upon completion of 75 hours of prelicensure courses, including the ¹15-hour National USPAP course. Submit the application to the Department, along with a \$160.00 check or money order payable to "State of Michigan – Appraisers" for the application fee and the first year's license, \$35.00 of which is nonrefundable. No examination is required for this license.

¹An approved USPAP course completed prior to January 1, 2003 is acceptable for licensure.

STATE LICENSED APPRAISER: An application should be filed upon completion of 90 hours of residential level precensure courses and 2,000 hours of documentable residential appraisal experience. Submit the application to the Department along with a \$35.00 check or money order payable to "State of Michigan – Appraisers" for the application fee, which is nonrefundable. An examination must also be successfully completed after department approval of the application. The application approval notice will be mailed to you by the Department.

CERTIFIED RESIDENTIAL APPRAISER: An application should be filed upon completion of 120 hours of precensure (including narrative report writing) courses and 2,500 hours of documentable appraisal experience, accumulated over a minimum of 24 months. Submit the application to the Department along with a \$35.00 check or money order payable to "State of Michigan – Appraisers" for the application fee, which is nonrefundable. An examination must also be successfully completed after department approval of the application. The application approval notice will be mailed to you by the Department.

CERTIFIED GENERAL APPRAISER: An application should be filed upon completion of 180 hours of precensure education, at least 90 of which pertain to non-residential appraisal, and a total of 3,000 hours of experience over 30 months, at least 1,500 of which relate to non-residential appraisals. Submit the application to the Department along with a \$35.00 check or money order payable to "State of Michigan – Appraisers" for the application fee, which is nonrefundable. An examination must also be successfully completed after department approval of the application. The application approval notice will be mailed to you by the Department.

An application, accompanied by a payment, mailed to the Department takes approximately five days to be processed by the Accounting Office and sent to the Board office. Once an application has been received in the board office, it is normally reviewed within 30-90 days. Walk-in applications will not be processed while the applicant waits.

6. HOW DO I VERIFY MY QUALIFICATIONS?

Requirements are found in section MCL 339.2611, 2613, 2614, 2615, 2617, 2621, and 2633(c) and Administrative Rules 339.23201 to 339.23207

EDUCATION: Education listed on the applications must be supported by certificates of course completion. Precensure courses must be a minimum of 15 hours, and the applicant must pass the examination at the end of the course. Check our web site for approved precensure course sponsors and courses at www.michigan.gov/appraisers in Forms and Publications or request a copy from the Department.

EXPERIENCE: Submit a detailed log which describes the appraisal experience claimed, including address, property type, tasks performed, number of hours and the date the appraisal or work was completed with the application. The applicant must be able to justify the hours claimed, but no more than allowed by Rule 201(3) will be accepted. A sample log (**BCS/LAP-310**) is provided by the department, and this format must be used to develop the log. Also needed for review are two representative appraisals. The Department will randomly request additional copies of reports listed on the log. Samples must show experience in developing all three approaches to value: cost, sales and income, and be true copies of what was submitted to the client.

All applicants must document appraisal experience which conforms to Uniform Standards 1 and 2 or 3. Appraisal experience claimed after 1-1-92 will not be recognized for credit toward licensure unless the individual was properly licensed or properly exempt, pursuant to the Occupational Code.

7. WHEN DOES AN APPRAISAL REVIEW QUALIFY AS APPRAISAL EXPERIENCE?

Appraisal review may count as appraisal experience only if it is performed as a "technical review". Technical review is performed for the purpose of forming an opinion as to the adequacy of an appraisal report, completeness, methods and techniques used, judgment on analysis and conclusions leading to an opinion of value that may differ from that in the report under review. Technical review is bound by and must comply with USPAP Standard Rule 3 in all respects, including certifying, as set forth in 3-2(e).

“Technical review” is distinguished from “in-house administrative review” performed by clients or users of appraisal services for the purpose of verifying completeness, accuracy of calculations, and compliance with USPAP, without making judgment on the analysis, conclusions or estimate of value. This review is not bound by the requirements of Standard Rule 3 of USPAP, and may be performed by persons other than registered, licensed or certified appraisers. Administrative review does not qualify as appraisal experience.

8. WHAT IS THE PROCESS FOR TAKING THE EXAM?

Applicants are eligible to take the State Licensed, Certified Residential or Certified General appraiser examination after all precicensure education requirements have been met and an approval letter has been issued by the Department. Upon receipt of the approval letter, applicants should call Psychological Services, Inc (PSI) to schedule for the exam or register on-line at www.psiexams.com. The Handbook will explain in detail the content of the examination, the locations, the phone number to call to schedule an appointment and other information. **Remember to be admitted to the examination, applicants must be pre-approved by the Department.**

9. WHAT IS NECESSARY UPON PASSING THE EXAMINATION?

Upon successful completion of the exam, an applicant must submit \$175.00 and the fee payment card provided by PSI to the Department. Before the license can be issued, both the education and experience requirements must be met, and documented to the satisfaction of the department. If the license is being upgraded, the current license must be returned to the Department. If the applicant's current license is valid for *more than* 1 year, either \$50 or no additional fee, depending on the type of current license held, is needed as the unused second-year fee will be applied to the upgrade. (Also see #12, paragraph 1)

10. WHAT ARE SOME OF THE REQUIREMENTS OF REAL ESTATE APPRAISERS? *(This Information is found in MCL 339.2633, 339.2635, or R 339. 23405)*

The requirements include, but are not limited to:

- Include, in any appraisal or report provided to clients, the statement “Appraisers are required to be licensed and are regulated by the Michigan Department of Labor & Economic Growth, P.O. Box 30018, Lansing, MI 48909.”
- *Maintain an actual place of business whose address shall be used as the licensee’s address and in all advertising.* A Post Office Box alone is not sufficient.
- Maintain a cross-referenced set of books and records which shall be available for inspection by the Department.
- Advertise only the services for which the appraiser is properly licensed and qualified to perform.
- State the level of license held in all advertising. Merely stating that the person is licensed does not satisfy the provisions of this subrule.
- Place his or her license number and license type on all reports and shall produce evidence of licensing upon request.

An appraiser is subject to the penalties set forth in Article 6, MCL 339.602 for failing to do the following:

- Comply with the USPAP.
- Exercise reasonable diligence in developing or communicating an appraisal.
- Demonstrate competence in developing or communicating an appraisal.
- Make books and records required to be kept available to the Department.
- Perform, attempt to perform, or offer to perform only those appraisal services for which the individual is properly licensed.
- If a Limited Real Estate Appraiser, disclose to a client prior to making an appraisal that the appraisal cannot be used in a federally related financial transaction.
- Prevent another from violating this act, uses the license of another, or allows another to use one’s license.

11. WHEN DO I NEED CONTINUING EDUCATION AND HOW MANY HOURS DO I NEED?

Appraisers are required to complete 28 hours of continuing education for the two-year renewal cycle. Please make sure you retain records of your continuing education. Limited appraisers must complete continuing education after their second renewal. All others must complete continuing education after their first renewal.

Beginning January 1, 2003, all licensees who are required to complete continuing education must complete the 7-hour National USPAP Update course to renew. The first update course must be completed prior to renewal by December 31, 2005. As well, a 2-hour course on Michigan appraiser licensing laws and rules is required every four years.

To ensure that your renewal is processed timely, it is suggested that continuing education be completed and reported to the Department no later than May 30 of each renewal year, even though the deadline for continuing education is July 31 of each renewal year.

All continuing education sponsors and courses should be preapproved. If you are considering taking a course, check with the Department or course sponsor to ensure that the course has been accepted for continuing education credit by the Department. The Department will maintain lists of approved continuing education sponsors and courses, which are also maintained on our web site at www.michigan.gov/appraisers in Forms & Publications.

Continuing education for a State Licensed real estate appraiser shall focus primarily on residential real property appraisals. Continuing education for a State Certified real estate appraiser shall cover topics relating to both residential and nonresidential real property appraisals.

Licensees will not be notified that they need continuing education, nor will they receive confirmation of continuing education recorded by the department.

12. WHEN DOES MY LICENSE EXPIRE AND WHAT ARE RENEWAL REQUIREMENTS?

ALL LICENSES EXPIRE ON JULY 31 OF THE RENEWAL YEAR. NEW LICENSES ISSUED AFTER THE FIRST WEEK IN APRIL WILL EXPIRE ON JULY 31 OF THE FOLLOWING YEAR. An initial license may be issued for less than a year. There is no proration of fees. All renewals will be for two years.

RENEWAL notification will be sent to each licensee, at the current business address on record, 30 to 45 days before the current license expires. The cost to renew a certified residential, certified general, or state license is \$350.00. The cost to renew a limited real estate appraiser license is \$250.00. Allow four (4) weeks for processing. All licensed, certified residential, and certified general licensees must also be reported to the National Registry to continue to appraise in connection with federally related transactions. Additional time should be allowed for this additional processing. Fifty dollars (\$50.00) of each renewal fee is submitted to the Appraisal Subcommittee for registration on the National Registry.

LAPSED LICENSES may be renewed with a \$20.00 late fee if renewed within 60 days from the expiration date. After that time, the appraiser may apply for relicensure by paying an application fee, late fee, license fee, and showing proof of meeting requirements for licensure, including continuing education, if applicable. A relicensure is issued for one year or less, depending on where in the renewal cycle the relicensure takes place. An applicant for a state licensed or state certified license which has been lapsed for more than three (3) years must meet the current licensing requirement, retake the appropriate examination, and complete any necessary continuing education to be relicensed.

13. CAN I CONTACT THE DEPARTMENT OR FIND A LICENSE VIA THE INTERNET?

The Bureau of Commercial Services has a WEB page. Appraiser licensing and regulation information can be found at www.michigan.gov/appraisers. You may also check license statuses at www.michigan.gov/appraisers or on the National Registry at www.asc.gov and linking to the National Registry.

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.