



Rules of
**Department of Insurance,
Financial Institutions and
Professional Registration**

**Division 2245—Real Estate Appraisers
Chapter 6—Educational Requirements**

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**Title 20—DEPARTMENT OF
INSURANCE, FINANCIAL
INSTITUTIONS AND
PROFESSIONAL REGISTRATION
Division 2245—Real Estate Appraisers
Chapter 6—Educational Requirements**

20 CSR 2245-6.010 General

PURPOSE: This rule defines hour, commission approval of suggested courses and attendance required.

(1) The prerequisite to sit for the general certification examination is one hundred eighty (180) classroom hours of courses in subjects related to real estate appraisal. The prerequisite to sit for the residential certification examination is one hundred twenty (120) classroom hours of courses in subjects related to real estate appraisal. The prerequisite to sit for the state license examination is ninety (90) classroom hours of courses in subjects related to real estate appraisal.

(2) For the purpose of the course offerings, an hour means sixty (60) minutes, at least fifty (50) minutes of which shall be devoted to actual classroom instruction. In any given calendar day, no course(s) shall exceed eight (8) hours in length and a one-half (1/2) hour break, or more, must be given to students after four (4) hours for any course(s) exceeding four (4) hours in a given day.

(3) A certificate of satisfactory completion shall not be issued to any student who fails to attend one hundred percent (100%) of the required classroom hours of study during the student's term of enrollment. The provider of an approved course, at its discretion, may allow a student to be absent up to ten percent (10%) of the required hours, but only for reasons of personal illness, illness or death in the student's immediate family or hazardous road conditions.

(4) Credit toward the classroom hour requirement may only be granted when the length of the educational offering is at least fifteen (15) hours and the individual successfully completes an examination pertinent to that educational offering.

(5) Credit for the classroom hour requirement shall be obtained from the following as approved by the commission:

- (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; and
- (F) Other providers approved by the Missouri Real Estate Appraisers Commission.

(6) There is no time limit regarding when acceptable qualifying education credit must have been obtained, although the commission must review and approve this education as acceptable for approval.

(7) The commission may grant credit for courses where the applicant obtained credit from the course provider by challenge examination without attending the courses, provided that the credit was granted by the course provider prior to July 1, 1990, and provided further that the commission is satisfied with the quality of the challenge examination that was administered by the course provider.

(8) Various appraisal courses may be credited toward the one hundred eighty (180) classroom hours' education requirement for the state-certified general real estate appraiser. Applicants must demonstrate that their education included coverage of all the following topics with particular emphasis on the appraisal of nonresidential properties (residential is defined as one to four (1-4) residential units):

- (A) Influences on real estate value
 - 1. Physical and environmental
 - 2. Economic
 - 3. Governmental and legal
 - 4. Social
- (B) Legal considerations in appraisal
 - 1. Real estate vs. real property
 - 2. Real property vs. personal property
 - 3. Limitations on real estate ownership
 - 4. Legal rights and interests
 - 5. Forms of property ownership
 - 6. Legal descriptions
 - 7. Transfer of title
- (C) Types of value
 - 1. Market value or value in exchange
 - 2. Price
 - 3. Cost
 - 4. Investment value
 - 5. Value in use
 - 6. Assessed value
 - 7. Insurable value
 - 8. Going concern value
- (D) Economic principles
 - 1. Anticipation
 - 2. Balance
 - 3. Change
 - 4. Competition
 - 5. Conformity
 - 6. Contribution
 - 7. Increasing and decreasing returns
 - 8. Opportunity cost
 - 9. Substitution

- 10. Supply and demand
- 11. Surplus productivity
- (E) Real estate markets and analysis
 - 1. Characteristics of real estate markets
 - 2. Absorption analysis
 - 3. Role of money and capital markets
 - 4. Real estate financing
- (F) Valuation process
 - 1. Definition of the problem
 - 2. Collection and analysis of data
 - 3. Analysis of highest and best use
 - 4. Application and limitations of each approach to value
 - 5. Reconciliation and final value estimate
 - 6. The appraisal report
- (G) Property description
 - 1. Site description
 - 2. Improvement description
 - 3. Basic construction and design
- (H) Highest and best use analysis
 - 1. Four tests
 - 2. Vacant site or as if vacant
 - 3. As improved
 - 4. Interim use
- (I) Appraisal math and statistics
 - 1. Compound interest concepts
 - 2. Statistical concepts used in appraisal
- (J) Sales comparison approach
 - 1. Research and selection of comparables
 - 2. Elements of comparison
 - 3. Adjustment process
 - 4. Application of sales comparison approach
- (K) Site value
 - 1. Sales comparison
 - 2. Land residual
 - 3. Allocation
 - 4. Extraction
 - 5. Ground rent capitalization
 - 6. Subdivision analysis
 - 7. Plottage and assemblage
- (L) Cost approach
 - 1. Steps in cost approach
 - 2. Application of the cost approach
- (M) Income approach
 - 1. Estimation of income and expenses
 - 2. Operating statement ratios
 - 3. Direct capitalization
 - 4. Cash flow estimates (before tax only)
 - 5. Measures of cash flow
 - 6. Discounted cash flow analysis (DCF)
- (N) Valuation of partial interests
 - 1. Interests created by a lease
 - 2. Lease provisions
 - 3. Valuation considerations
 - 4. Other partial interests
- (O) Appraisal standards and ethics
- (P) Narrative report writing



(9) Various appraisal courses may be credited toward the one hundred twenty (120) classroom hours' education requirement for the state-certified residential real estate appraiser. Applicants must demonstrate that their education included coverage of all the following topics with particular emphasis on the appraisal of nonresidential properties (residential is defined as one to four (1-4)-unit residential properties):

- (A) Influences on real estate value
 - 1. Physical and environmental
 - 2. Economic
 - 3. Governmental and legal
 - 4. Social
- (B) Legal considerations in appraisal
 - 1. Real estate vs. real property
 - 2. Real property vs. personal property
 - 3. Limitations on real estate ownership
 - 4. Legal rights and interests
 - 5. Forms of property ownership
 - 6. Legal descriptions
 - 7. Transfer of title
- (C) Types of value
 - 1. Market value or value in exchange
 - 2. Price
 - 3. Cost
 - 4. Investment value
 - 5. Value in use
 - 6. Assessed value
 - 7. Insurable value
- (D) Economic principles
 - 1. Anticipation
 - 2. Balance
 - 3. Change
 - 4. Competition
 - 5. Conformity
 - 6. Contribution
 - 7. Increasing and decreasing returns
 - 8. Opportunity cost
 - 9. Substitution
 - 10. Supply and demand
 - 11. Surplus productivity
- (E) Real estate markets and analysis
 - 1. Characteristics of real estate markets
 - 2. Absorption analysis
 - 3. Role of money and capital markets
 - 4. Real estate financing
- (F) Valuation process
 - 1. Definition of the problem
 - 2. Collection and analysis of data
 - 3. Analysis of highest and best use
 - 4. Application and limitations of each approach to value
 - 5. Reconciliation and final value estimate
 - 6. The appraisal report
- (G) Property description
 - 1. Site description
 - 2. Improvement description
 - 3. Basic construction and design
- (H) Highest and best use analysis

- 1. Four tests
- 2. Vacant site or as if vacant
- 3. As improved
- 4. Interim use
- (I) Appraisal math and statistics
 - 1. Compound interest concepts
 - 2. Statistical concepts used in appraisal
- (J) Sales comparison approach
 - 1. Research and selection of comparables
 - 2. Elements of comparison
 - 3. Adjustment process
 - 4. Application of sales comparison approach
- (K) Site value
 - 1. Sales comparison
 - 2. Land residual
 - 3. Allocation
 - 4. Extraction
 - 5. Plottage and assemblage
- (L) Cost approach
 - 1. Steps in cost approach
 - 2. Application of the cost approach
- (M) Income approach
 - 1. Estimation of income and expenses
 - 2. Operating expense ratios
 - 3. Direct capitalization
 - 4. Gross rent multiplier analysis
- (N) Valuation of partial interests
 - 1. Life estates
 - 2. Undivided interest in commonly held property
 - 3. Easements
 - 4. Timeshares
 - 5. Cooperatives
 - 6. Leased fee estate
 - 7. Leasehold estate
- (O) Appraisal standards and ethics
- (P) Narrative report writing

(10) Various appraisal courses may be credited toward the ninety (90) classroom hours' education requirement for the state-licensed real estate appraiser. Applicants must demonstrate that their education included coverage of all topics listed in this section with particular emphasis on the appraisal of one to four (1-4)-unit residential properties:

- (A) Influences on real estate value
 - 1. Physical and environmental
 - 2. Economic
 - 3. Governmental and legal
 - 4. Social
- (B) Legal considerations in appraisal
 - 1. Real estate vs. real property
 - 2. Real property vs. personal property
 - 3. Limitations on real estate ownership
 - 4. Legal rights and interests
 - 5. Forms of property ownership
 - 6. Legal descriptions
 - 7. Transfer of title

- (C) Types of value
 - 1. Market value or value in exchange
 - 2. Price
 - 3. Cost
 - 4. Investment value
 - 5. Value in use
 - 6. Assessed value
 - 7. Insurable value
- (D) Economic principles
 - 1. Anticipation
 - 2. Balance
 - 3. Change
 - 4. Competition
 - 5. Conformity
 - 6. Contribution
 - 7. Increasing and decreasing returns
 - 8. Substitution
 - 9. Supply and demand
 - 10. Surplus productivity
- (E) Real estate markets and analysis
 - 1. Characteristics of real estate markets
 - 2. Absorption analysis
 - 3. Role of money and capital markets
 - 4. Real estate financing
- (F) Valuation process
 - 1. Definition of the problem
 - 2. Collection and analysis of data
 - 3. Analysis of highest and best use
 - 4. Application and limitations of each approach to value
 - 5. Reconciliation and final value estimate
 - 6. The appraisal report
- (G) Property description
 - 1. Site description
 - 2. Improvement description
 - 3. Basic construction and design
- (H) Highest and best use analysis
 - 1. Four tests
 - 2. Vacant site or as if vacant
 - 3. As improved
 - 4. Interim use
- (I) Appraisal math and statistics
 - 1. Mean
 - 2. Median
 - 3. Mode
 - 4. Range
 - 5. Standard deviation
- (J) Sales comparison approach
 - 1. Research and selection of comparables
 - 2. Elements of comparison
 - 3. Adjustment process
 - 4. Application of sales comparison approach
- (K) Site value
 - 1. Sales comparison
 - 2. Land residual
 - 3. Allocation
 - 4. Extraction
 - 5. Plottage and assemblage
- (L) Cost approach



1. Steps in cost approach
2. Application of the cost approach
- (M) Income approach
 1. Estimation of income and expenses
 2. Operating expense ratios
 3. Gross rent multiplier
 - A. Estimation of income and expenses;
 - B. Operating statement ratios;
 - C. Direct capitalization;
 - D. Cash flow estimates;
 - E. Measures of cash flow; and
 - F. Discounted cash flow analysis
- (N) Valuation of partial interests
 1. Life estates
 2. Undivided interest in commonly held property
 3. Easements
 4. Timeshares
 5. Cooperatives
 6. Leased fee estate
 7. Leasehold estate
- (O) Appraisal standards and ethics

(11) The commission may accept for credit towards the education requirement for appraisal certification or licensure those appraisal courses offered by colleges or universities, nationally recognized appraisal organizations or real estate organizations, or agencies of the state or federal government, or other qualified providers approved by the commission. Each credit hour received from an approved college, university, or both, shall count as fifteen (15) classroom hours of education.

(12) The commission may accept a course of instruction designed to fulfill the educational requirements for certification or licensure without the prior approval of the course.

(13) Credit toward the classroom hour requirement may be awarded to teachers of appraisal courses.

AUTHORITY: sections 339.509 and 339.517, RSMo Supp. 1998. This rule originally filed as 4 CSR 245-6.010. Emergency rule filed Dec. 6, 1990, effective Dec. 16, 1990, expired April 14, 1991. Emergency rule filed April 4, 1991, effective April 14, 1991, expired Aug. 11, 1991. Original rule filed Jan. 3, 1991, effective April 29, 1991. Amended: Filed Aug. 14, 1991, effective Jan. 13, 1992. Emergency amendment filed Dec. 16, 1993, effective Jan. 1, 1994, expired April 30, 1994. Amended: Filed Sept. 2, 1993, effective April 9, 1994. Emergency amendment filed Sept 1, 1998, effective Sept. 11, 1998, expired March 9, 1999. Amended: Filed Sept. 1, 1998, effective Feb. 28, 1999.*

Moved to 20 CSR 2245-6.010, effective Aug. 28, 2006.

**Original authority: 339.509, 1990, amended 1998 and 339.517, RSMo 1990, amended 1990, 1993, 1998.*

20 CSR 2245-6.020 Correspondence Courses

PURPOSE: This rule validates correspondence courses and proclaims attendance requirements.

(1) Correspondence courses being offered by a course provider, both of which are approved by the commission and which meet the requirements as to subject matter, may be taken by any person who by reason of hardship cannot attend a school for classroom instruction. Hardship shall be deemed to exist in the case of any individual who cannot attend a school because of physical disability or by reason of other circumstances approved by the commission.

(2) Any person desiring to complete the required course of study by correspondence shall make a written request to the commission setting forth the name of the course and an explanation and verification of the hardship. The commission may require a request for correspondence study to be supported by affidavits of doctors or other persons having knowledge of the applicant's circumstances.

AUTHORITY: sections 339.509, RSMo Supp. 1990 and 339.517, RSMo Supp. 1993. This rule originally filed as 4 CSR 245-6.020. Emergency rule filed Dec. 6, 1990, effective Dec. 16, 1990, expired April 14, 1991. Emergency rule filed April 4, 1991, effective April 14, 1991, expired Aug. 11, 1991. Original rule filed Jan. 3, 1991, effective April 29, 1991. Amended: Filed Aug. 14, 1991, effective Jan. 13, 1992. Moved to 20 CSR 2245-6.020, effective Aug. 28, 2006.*

**Original authority: 339.509, RSMo 1990 and 339.517, RSMo 1990, amended 1990, 1993.*

20 CSR 2245-6.030 Distance Education

PURPOSE: This rule validates distance education and proclaims attendance requirements.

(1) Distance education is defined as any educational process based on the geographical separation of instructor and learner.

(2) Distance education courses may be acceptable to meeting the continuing educa-

tion requirement provided that the course is approved by the state certification/licensing authority and meets one of the following:

(A) The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance, and is a minimum of two (2) classroom hours and meets the requirements for continuing education courses established by the Appraiser Qualifications Board; or

(B) The course either has been presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines, or has received either the American Council on Education's Program on Non-Collegiate Sponsored Instruction (ACE/PONSI) approval for college credit or the Appraiser Qualifications Board's approval through the AQB Course Approval Program; is equivalent to a minimum of twenty-five (25) classroom hours in length and meets the requirements for real estate appraisal related courses established by the Appraiser Qualifications Board; and an individual successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation.

AUTHORITY: sections 339.509 and 339.517, RSMo Supp. 1998. This rule originally filed as 4 CSR 245-6.030. Original rule filed Sept. 1, 1998, effective Feb. 28, 1999. Moved to 20 CSR 2245-6.030, effective Aug. 28, 2006.*

**Original authority: 339.509, RSMo 1990, amended 1998 and 339.517, RSMo 1990, amended 1990, 1993, 1998.*