



# NORTH CAROLINA APPRAISAL BOARD

## APPRAISER REPORT

Volume 15

August 2005

Number 2

## Board Elects Officers

Larry N. Wright of Candler has been elected Chairman of the Appraisal Board for 2005-2006. Governor Michael F. Easley appointed Mr. Wright to the Appraisal Board for a term until June 30, 2006. He is a native of Alamance County and graduated from Appalachian State University. Mr. Wright has been a real estate appraiser for over thirty years with experience appraising all types of property. He was employed by the North Carolina Department of Transportation for over thirty years until his retirement in 2000. Mr. Wright holds the SRA designation with the Appraisal Institute and has served as president and held other offices in the State and local chapters. He is also very active in the International Right of Way Association where he served as North and South

Carolina Chapter President, Chairman of the southeast region and on international committees. Mr. Wright currently operates Wright Land Services, which contracts various appraisal services in Central and Western North Carolina. Mr. Wright is married to Linda Wade Wright.

Earl M. Worsley, Jr. of Wilmington has been elected Vice-Chairman of the Appraisal Board for 2005-2006. Governor Michael F. Easley appointed Mr. Worsley to the Board in 2003 for a term which expires June 30, 2006.

Mr. Worsley is a certified general appraiser and holds the professional designation of M.A.I. from the Appraisal Institute. Mr. Worsley is a North Carolina real estate broker with the CRE designa-

tion and has been active in the National Association of Realtors through its local Board in Wilmington. He is a native of Pitt County and a graduate of East Carolina University. Mr. Worsley formed the Worsley Real Estate Company in 1995 to concentrate as an advisor and consultant in various real estate ventures. Mr. Worsley has many years of experience in real estate appraisal, brokerage and also in real estate investment and development. Mr. Worsley also formed Worsley Investment and Development, LLC and is very active in the investment and development of real estate in eastern North Carolina.

Mr. Worsley is married to Charlotte Wilson Moseley and they have one son, William Earl Worsley. □

## Appraisal Board Amends Rules

The North Carolina Appraisal Board has amended the rules effective July 1, 2005. A summary of the rule changes follows. Note that **titles have changed**. They are now licensed residential, certified residential and certified general. The "state" part has been eliminated.

### Applications:

All applicants must have been actively appraising during the minimum time frame for their level of licensure.

Applicants for licensed residential must have obtained their experience within the past 5 years and **over at least 18 months**. Applicants for certified residential must have obtained at least 50 percent of their appraisal

experience from appraisals of one to four family residential properties **in which the sales comparison approach was utilized** in the appraisal process. Applicants for certified general must have obtained at least 50 percent of their non-residential appraisal experience **from appraisals of complex properties or of improved properties in which the income approach was utilized** in the appraisal process.

If the Board asks an applicant for more information, the applicant must provide it within 90 days **or the application is cancelled and the fee is forfeited**. The applicant will have to file a new application and pay a new fee to obtain a license. The

application process will include asking whether criminal or other charges are pending.

**Reinstatements will not be granted if a person fails to renew within 24 months.** The person will have to start over, although they may get some credit for education and experience taken within the five years before the date of application.

The fees for temporary practice permits must be paid by certified check or money order. No more personal or business checks will be accepted.

**Exam results are good for 24 months to obtain a license or to up-**

*(Continued on page 2)*

# APPRAISERREPORT

Published as a service to appraisers to promote a better understanding of the Law, Rules and Regulations, and proficiency in ethical appraisal practice. The articles published herein shall not be reprinted or reproduced in any other publication, without specific reference being made to their original publication in the North Carolina Appraisal Board *Appraiserreport*.

## NORTH CAROLINA APPRAISAL BOARD

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### Website:

www.ncappraisalboard.org

### Email Address:

ncab@ncab.org

Michael F. Easley, Governor

## APPRAISAL BOARD MEMBERS

Larry N. Wright

Chairman ..... Candler

Earl M. Worsley, Jr.

Vice-Chairman ..... Wilmington

Bart Bryson ..... Hendersonville

Henry E. Faircloth ..... Salemburg

Charles K. Hinnant ..... Kenly

E. Ossie Smith ..... Oxford

J. Vance Thompson ..... Elkin

## STAFF

Philip W. Humphries, *Executive Director*

Roberta A. Ouellette, *Legal Counsel*

Matthew W. Green, *Deputy Director*

Donald T. Rodgers, *Deputy Director*

Donna K. Krites, *Investigator*

Kim N. Giannattasio, *Administrative Assistant*

Lynn White, *Appraiser Secretary*

Paula Ford, *Appraiser Clerk*

Christy Henson, *Office Assistant*

## APPRAISER COUNT

(As of July 5, 2005)

Trainees .....	857
Licensed Residential .....	345
Certified Residential .....	1730
Certified General .....	829
Total Number .....	3761

## APPRAISER EXAMINATION RESULTS

December 2004; January-May 2005

Examination	Total	Passed	Failed
Trainee	271	198	73
Licensed Residential	47	43	4
Certified Residential	87	55	32
Certified General	22	19	3

Examinations are administered by a national testing service. For information, please contact the North Carolina Appraisal Board in writing at P.O. Box 20500, Raleigh, NC 27619-0500.

# Appraisal Board Amends Rules

(Continued from page 1)

**grade. A person who fails the exam three times must wait 6 months before they can reapply.**

## Changes to Trainee Rules:

**An appraiser wanting to declare a new trainee must take the Board's new 4-hour course.** This course will be offered in several locations across the state on an ongoing basis. Check the Board's website or call the Board's office to find out the date of the next class. This rule will be strictly enforced beginning January 1, 2006.

Licensed residential appraisers can only have **one trainee** at a time. If they have two now, the two can continue to work, but if one leaves, the spot cannot be filled.

**Trainees now have the responsibility** to make sure that the supervisor has properly completed and sent the Supervisor Declaration Form to the Appraisal Board on or before the trainee begins assisting the supervising appraiser. Trainees will not receive appraisal experience credit for appraisals performed in violation of this section.

Supervising appraisers may not be employed by a trainee or by a company, firm or partnership in which the trainee has a controlling interest. The trainee can employ appraisers, but not the one who supervises him or her.

## Changes in Education Rules:

The 15-hour USPAP course may be taken any time after R-2.

A person who takes a pre-licensing course (other than the 15-hour USPAP course) must take the exam, but does not have to pass it. That person will get a certificate of course attendance, not a certificate of course completion. They will get CE credit but not pre-

licensing credit. A licensee can receive up to 14 hours continuing education credit for approved online courses every two years.

Schools and course sponsors must notify the Board of the date and location at least 30 days before a continuing education class is held.

Rosters and evaluations for both pre-licensing and CE must be sent together by regular mail. **THE BOARD WILL NO LONGER ACCEPT FAXED ROSTERS.** Instructors for both pre-licensing and CE will be separately approved to teach specific courses. This new system is discussed in another article.

Note: Some changes in continuing education have not yet been approved, although they will be in the near future. These are: All licensees must have 28 hours of continuing education credit to renew their licenses in the odd numbered years. There is no longer an exception if this is the first renewal, except that trainees who were initially registered with the Board after January 1 of an odd numbered year will not be required to show continuing education credit for renewal of their registration in that odd numbered year. Although licensees may not take the same CE course more than once during the two-year CE cycle, they can take the 7 hour National USPAP update course once for each edition of USPAP. Licensee cannot receive continuing education credit for attending trade conferences.

Many other important changes have been made to the rules. All appraisers are encouraged to become familiar with the new rules as soon as possible. Check the Board's website to view the rules. □

# New Rules Regarding Instructors

New rules effective July 1, 2005 establish a separate approval system for instructors of both pre-licensing and continuing education. Course sponsors will no longer have to send in instructor approval forms with their applications. To get approved, instructors must file an application with the Board. **There is no fee for this application.** Board approval of instructors expires every

June 30, and renewal applications are due June 1. Once an instructor has been approved to teach a specific course, that person may teach the course at any school approved by the Appraisal Board. The Board will develop and maintain a database so that schools looking for an instructor can contact us. □

# Trainee Rules Changes

Effective July 1, 2005, several changes were made to existing trainee rules. The most important change is that trainees are now responsible to make sure their supervisor has properly completed and sent the Supervisor Declaration Form to the Appraisal Board on or before the trainee begins assisting the supervising appraiser. Supervisor Declaration Forms are not retroactive. The date of association or disassociation will be the date stated on the form or the date received, whichever is later. **Trainees will not receive appraisal experience credit for appraisals**

**performed if their supervisor was not declared with the Board on the date the trainees performed those appraisals.**

An appraiser wanting to declare a new trainee must take the Board's new 4-hour course in trainee supervision. This course can only be taken from the Board; a course taken by another provider will not count towards this requirement. Under the new rule, supervisors will only have to take this course once. The cost will be minimal, and participants will receive 4 hours of continuing education credit. Trainees may also attend the course

and receive credit. It is anticipated that this course will be offered beginning in August 2005.

Licensed residential appraisers can only have one trainee at a time. If they have two now, the two can continue to work, but if one leaves, the spot cannot be filled. Certified appraisers may continue to have two trainees.

Supervising appraisers may not be employed by a trainee or by a company, firm or partnership in which the trainee has a controlling interest. The trainee may employ appraisers, but not the one who supervises him or her.

## Disclosure of the Client in a Prior Assignment

There have been several dramatic changes to the Uniform Residential Appraisal Report Form that will shortly be taking effect. One of those changes is that the form will ask whether you, as the appraiser, have previously appraised the subject property for another client, and to state the name of that prior client. Supplying this information is generally permitted under USPAP. You must, however, continue to protect the confidential nature of your original appraiser-client relationship.

Some clients will ask you to keep confidential the fact that you appraised the property for them. In this circumstance, you may be able to satisfy your current client by identifying your for-

mer client by type, rather than by name. For example, you could say that you previously appraised the property for a lender, or for a court. You could not, under those circumstances, say that you appraised the property for the property owner or for the trustee on the deed of trust, as that would allow the current client to find out the name of your prior client. If your current client will not agree to allow you to identify the prior client by type, this would be an unacceptable assignment condition and you would have to turn down the assignment.

A prior client may also have specifically requested that you not disclose to anyone in the future that you ever appraised the property. In that circum-

stance, you cannot tell your present client that you have appraised the property in the past. You would have to tell your present client that you could not disclose the information to them, and that if they required you to do so as an assignment condition, you would have to turn down the assignment.

In any circumstance, regardless of what your former client may have instructed you and regardless of what your current client wants, as the appraiser you must always use your best professional judgment to decide whether providing this information would fail to protect the confidential nature of the appraiser-client relationship you have with your former client.

## Comp Search or Appraisal?

Recently there has been a noticeable increase in the number of requests for a comp search. These may take the forms of requests such as "We need comps for this property that will support a loan of \$100,000. Please provide 6 sales." Usually the client will state that there is no need for a property inspection or any other fieldwork. Often the fee, if there is one, is minimal.

Some appraisers consider this type of a request a preliminary appraisal. If they feel they can get the value the

client wants, they inform the client and hope to receive an assignment for a "full" appraisal.

Appraisers need to understand that whenever they give a value or range of values for a property, they are doing an appraisal. The comment to the definition of "Appraisal" in USPAP states "An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g. assessed value, collat-

eral value)." If appraisers do a comp search and tell the client that they have 6 comps that would support a loan of \$100,000, they have performed an appraisal.

There is no such thing as a preliminary appraisal. If an appraiser values a piece of property in any way, it is an appraisal, and both Standard 1 and Standard 2 apply. If the appraiser gives the value orally, the appraiser must comply with the requirements of Standard Rule 2-4.

# USPAP Questions and Answers

*This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to inform appraisers, regulators,*

*and users of appraisal services of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP)*

*in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems. □*

## Does A New Assignment Require Starting Over?

### Question:

AO-26 and AO-27 clarify that I cannot readdress an appraisal, and I must treat a subsequent request as a new assignment. Does that mean I must “start from scratch” since I would be performing a new assignment for a different client? Must I re-inspect the property?

### Response:

No, a new assignment does not mean that you must “start from

scratch.” You must decide the appropriate scope of work for the new assignment. This would include a decision as to whether or not it was necessary to perform another inspection. The scope of work for the new assignment can be different from the scope of work completed in the earlier assignment.

As with any assignment, you might be able to use information and analyses developed for a previous assignment. Appraisers are often selected for

subsequent assignments specifically because of experience and demonstrated competency in a prior assignment. One must be mindful of obligations relating to the use of confidential information. The Confidentiality section of the ETHICS RULE states:

*An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client . . . □*

## USPAP Compliance and Jurisdictional Exception

### Question:

I am a real property appraiser and a government employee. The agency I work for wants me to provide a “preliminary estimate of value.” The agency policy states that this work is not an appraisal and is not covered by USPAP because of a Jurisdictional Exception. Should I comply with USPAP when I prepare a “preliminary estimate of value?”

### Response:

This question raises a number of issues related to USPAP compliance and the application of the JURISDICTIONAL EXCEPTION RULE.

Based on your identification as an appraiser, you should comply with USPAP. This is because an individual’s public identification as an appraiser establishes an expectation that valuation services will be performed in compliance with USPAP. You must comply with USPAP when required by law, regulation, or agreement. Even if the agency policy does not require USPAP compliance, other applicable law or regulation might require compliance.

The JURISDICTIONAL EXCEPTION RULE cannot be used to resolve this type of USPAP compliance question because compliance is not required by USPAP. USPAP does not establish who

or which assignments must comply; thus, the JURISDICTIONAL EXCEPTION RULE cannot be applied to the decision to comply with USPAP.

Another issue raised by this question relates to the USPAP requirements that apply to a “preliminary estimate of value.” USPAP does not define “preliminary estimate of value.” However, it is the nature of the service, not the label applied, that defines the service. An appraisal is defined as *the act or process of developing an opinion of value; an opinion of value*. If the service is an “appraisal” as defined in USPAP, then STANDARDS 1 and 2 apply to the “preliminary estimate of value.” □

## Readdressing With Lender Release

### Question:

I am aware of Advisory Opinions AO-26 “*Readdressing (Transferring) a Report to Another Party*” and AO-27 “*Appraising the Same Property for a New Client*.” Does that guidance still apply if Lender A releases me to perform another

assignment, or can I just readdress the report to Lender B since I have obtained a release?

### Response:

It is never permissible to “readdress” a report by simply changing the

client’s name on a completed report, regardless of whether the first client gave a release. The request from Lender B must be treated as a new assignment.

Further guidance can be found in the Obtaining a Release section of Advisory Opinion 27. □

# Approved Continuing Education Courses

(As of July 20, 2005)

Listed below are the courses approved for appraiser continuing education credit as of date shown above. Course sponsors are listed alphabetically with their approved courses. Shown parenthetically beside each course title are sets of numbers [for example: (15/10)]. The first number indicates the number of actual classroom hours and the second number indicates the number of approved continuing education credit hours. You must contact the course sponsor at the address or telephone number provided to obtain information regarding course schedules and locations.

## ALAMANCE COMMUNITY COLLEGE

P.O. Box 8000  
Graham, NC 27253 (336) 578-2002

Appraising Small Residential Income Properties (10/10)  
Intro to Commercial Real Estate (4/4)  
New Exstg Residential Codes Affecting RE Appr (10/10)  
Real Estate Finance (4/4)

## ALLEN TATE SCHOOL OF REAL ESTATE -A DAN MOHR SCHOOL

5000 Nations Crossing Road, Suite 206  
Charlotte, NC 28217 (704) 362-2296

Mfg/Mod Homes & Real Property (7/7)  
National USPAP Update (7/7)  
New Rules & Regs FHA/HUD (14/14)  
Residential Construction Seminar (14/14)  
Staying Out of Trouble - NC Ap (7/7)

## AMERICAN SCHOOL OF REAL ESTATE APPRAISERS

P.O. Box 275  
Cherryville, NC 28021 (704) 435-1111

National USPAP Update 2005 (7/7)  
Value? What Value? (4/4)

## AM SOC FARM MANGRS & RURAL APPRAISERS

950 S. Cherry Street, Suite 508  
Denver, CO 80222 (303) 758-3513

A-12 Part 1 ASFMRA Code of Ethics (7/7)  
A-12 (III) National USPAP Update (7/7)  
Eminent Domain A-25 (19/19)  
Highest & Best Use A-29 (15/15)  
Advanced Appraisal Review A-35 (49/30)  
Advanced Resource Appraisal A-34 (30/30)  
Appraising Agricultural Land in Transition (14/4)  
Appraising Agricultural Land in Transition (8/8)  
Appraising Rural Residential Properties (15/15)  
Conservation Easements (16/14)  
Cost Estimating (8/8)  
Yllw Bk - Uniform Standards for Fed Land Acq (8/8)

## AM SOCIETY OF APPRAISERS NC CHAPTER

121 SE 21st Street  
Oak Island, NC 28465 (910) 278-7151

Appr Sm Residential Income Properties (7/7)  
National USPAP Update (7/7)  
The Appraisal of Small Subdivisions (7/7)  
Using Marshall & Switf/Res Prop (7/7)

## APPRAISAL ACADEMY (THE)

3802 N. University Street  
Peoria, IL 61614 (309) 681-8100

O/L Fundamentals of Small Business Valuation (7/7)  
O/L Limiting Appraiser Liability Exposure (7/7)  
O/L Manufactured Home Appraising (7/7)  
O/L Tough Residential Appraisal Assignment (4/4)

## APPRAISAL INSTITUTE

550 W. Van Buren Street, Suite 1000  
Chicago, IL 60607 (312) 335-4236

320 General Applications (39/30)  
330 Apartment Appr: Cnpts & (14/14)

400 National USPAP Update (7/7)  
410 National USPAP (15/16)  
420 Business Practice and Ethic (7/7)  
500 Adv Res Form & Narrative (40/30)  
520 High & Best Use & Mkt Anal (40/30)  
530 Adv Sales Comp & Cost Appr (40/30)  
600 Inc Val of Sm Mixed-Use Prop (15/15)  
610 Cst Val of Sm Mixed-Use Prop (15/15)  
620 Sls Comp Val Sm Mixed-Use (15/15)  
700 Appraisers as Expert Witness (15/15)  
705 Litigation Appr: Splcd Topics & (16/16)  
710 Condemnation Appr: Basic Prin & (15/15)  
720 Condemnation Appr: Adv Topics & (15/15)

810 Computer-Enhanced Cash F (15/15)  
Analyzing Commercial Lease c (7/7)  
Appr Consulting: A Solutions Appr (7/7)  
Appraisal Review-General (7/7)  
Appraisal Review-Single Fam Resid (7/7)  
Appraising Convenience Stores (7/7)  
Appraising Manufactured Housing (7/7)  
Appraising the Tough Ones (7/7)  
Avoiding Liability as a Residential Appraiser (7/7)

Case Studies Resid Highest & Best Use (7/7)  
Case Studies in Limited Partnership & Common Tenancy Valuation (14/14)  
Gen Demo Appr Rpt Writing Sem (7/7)  
Intro to Income Capitalization (7/7)  
Market Analysis & the Site to Do Business (7/7)  
Mathematically Modeling Real Est (7/7)  
O/L Eminent Domain & Condemnation (7/7)  
O/L 320: General Applications (7/7)  
O/L Course 400: 7-Hr National USPAP (7/7)  
O/L Course 420: Business Practices & Ethics (8/7)

O/L Analyzing Distressed RE (4/4)  
O/L Analyzing Operating Expen (7/7)  
O/L Appraisal of Nursing Facilities (7/7)  
O/L Appraising from Blueprints (7/7)  
O/L Apartment Appraising, Concepts & Applications (15/15)

O/L Feasibility, Mkt Value, Investment (7/7)  
O/L Internet Search Strategies for R (7/7)  
O/L Intro to GIS Apps for RE App (7/7)  
O/L Overview of RE Appr Princip (7/7)  
O/L Res Design & Functional Uti (7/7)  
O/L Res Property Construction & In (7/7)

O/L Scope of Work: Expanding Your Range of Services (7/7)  
O/L Sm Hotel/Motel Val: Lmtd S (7/7)  
O/L The Cost Approach to Commercial Appraising (7/7)

O/L The FHA and the Appr Proce (7/7)  
O/L Using Your HP12C Financial (7/7)  
O/L Val of Detrimental Conditions (7/7)  
Opportunities for Appraiser: Consultants Under the Brownsfield Act of 2002 (7/7)

Rd Less Traveled: Spcl Purpose Pr (7/7)  
RE Finance, Stats, Valuation M (14/14)  
RE Finance, Value, Invest Mode (7/7)  
Res Demo Appr Report Writing S (7/7)  
Res Market Analysis & Highest and Best Use (14/14)

Scope of Work: Expanding Range (7/7)  
Subdivision Valuation (7/7)  
The Professional's Guide to the URAR (7/7)  
What Clients Want Apprs to Know (7/7)

## APPRAISAL INSTITUTE, NC CHAPTER

2306 W. Meadowview Road, Suite 101  
Greensboro, NC 27407 (336) 297-9511

RE Development: How to Increase Profits (4/4)

## APPRAISALSCHOOLS BY M. CURTIS WEST

PO Box 947  
Zebulon, NC 27597 (919) 217-8040

National USPAP Update (7/7)

## ASHEVILLE-BUNCOMBE TECH CC

340 Victoria Road  
Asheville, NC 28801 (828) 254-1921

National USPAP Update (7/7)  
PDH RE - Basic Surveying (5/5)  
The UDO: Regulating RE Use & Dev (4/4)

## BOB IPOCK & ASSOCIATES, INC.

1218 Heatherloch Drive  
Gastonia, NC 28054 (704) 807-1985

Appraising In NC (4/4)  
Back to Basics (4/4)  
National USPAP Update (8/7)

## CAREER WEBSCHOOL

1395 S. Marietta Pkwy., Bldg. 400, Suite 107  
Marietta, GA 30067 (770) 919-9191

O/L Appraisal Methods (14/14)  
O/L FHA Single Family Appraisal (14/14)  
O/L Overview of Appr Process (14/14)  
O/L Uniform Resid Appr Rpt (14/14)

## CCIM INSTITUTE

430 N Michigan Avenue, 8th Floor  
Chicago, IL 60611-4092 (312) 321-4473

C1101 Fin Analysis Comm Invest (30/30)  
C1102 Market Analysis Comm In (30/30)  
C1103 User Decision Analysis Comm (30/30)  
C1104 Invest Analysis Comm Inv (30/30)  
Introduction to Com Investment RE An (12/12)

## DAN MOHR RE SCHOOLS

1400 Battleground Avenue, Suite 150  
Greensboro, NC 27408 (800) 639-9813

Depreciation Workshop (7/7)  
Environmental Hazards-Residential Prop (7/7)  
Extraction of Data from Market Res (7/7)  
HP 12C Course (7/7)  
Intro to Residential Construction (30/30)  
Mfg/Modular Homes & Real Property Appr Review (7/7)  
National USPAP Update (7/7)  
Res Appr & Conventional Underwriting Guide (7/7)  
Residential Construction Cost (7/7)  
Residential Construction Seminar (14/14)  
Rules & Regs FHA/HUD Requirements (14/14)  
Staying Out of Trouble - NC Ap (7/7)  
The Narrative Appraisal Report (7/7)

## DYNASTY SCHOOL

2373 S. Hacienda Boulevard  
Hacienda Heights, CA 91745 (800) 888-8827

O/L National USPAP Update (7/7)  
O/L Real Estate Appraisal (14/14)

## EDGECOMBE CC

225 Tarboro Street  
Rocky Mount, NC 27801 (252) 446-0436

Appraising Manufactured, Modular & Mobile (A) (7/7)  
Appraising Manufactured, Modular & Mobile (B) (7/7)  
Cost Appr Marshall & Swift Res & Co (7/7)  
Income Capitalization (14/14)  
Income Capitalization (A) (7/7)

# Approved Continuing Education Courses

Income Capitalization (B) (7/7)  
Manufactured, Modular & Mobile (4/4)  
Narrative Appraisal Report Writing (14/14)  
National USPAP Update 2005 (7/7)  
New FNMA Forms—Multifamily (7/7)  
New FNMA Forms—Single Family (7/7)  
Pricing Small Income Properties (4/4)  
Principles & Techniques Val 2-4 Units Res (14/14)  
Adjustments (7/7)  
Principles & Techniques Val 2-4 Units  
Prop. Res (14/14)  
Real Estate Finance for Appraisers (14/14)  
Rural Valuation Seminar (14/14)  
Single Family Residential Appraisal (14/14)  
Standards of Professional Practice (15/15)  
USPAP & NC Board Rules & Regs For (15/15)

## FOUNDATION OF RE APPRAISERS

283 N. Rampart Street, Suite C  
Orange, CA 92868 (714) 935-1161

National USPAP Update 2005 (7/7)

## HIGNITE TRAINING SERVICE

208 Gloria Street  
Greenville, NC 27858 (252) 756-7288

Fannie Mae Forms & Regulation (7/7)  
National USPAP Update (7/7)

## HONDROS COLLEGE

4140 Executive Parkway  
Westerville, OH 43081 (614) 508-7200

Sales Comparison Approach (3.5/3.5)

## INSTITUTE OF GOVERNMENT, UNC CHAPEL HILL

Knapp Building, CB#3330  
Chapel Hill, NC 27514 (919) 966-4157

Appr of Commercial Prop in a Declining  
Market (7.5/7)

Appraisal of Land (30/30)  
Assessment Administration (30/7)  
Fundamentals of Assessment Ratio  
Studies (16/16)

Fundamentals of Mass Appraisals (30/30)  
IAAO 101: Fundamentals of Real Prop (30/30)  
IAAO 102: Inc Approach to Valuation (30/30)  
Marshall & Swift – Commercial (13/13)  
Principles & Techniques of Cadestral  
Mapping (30/30)  
Residential Modeling Concepts (30/30)

## JVI

951 Market Promenade Avenue, Suite 2101  
Lake Mary, FL 32746 (407) 531-5333

Appraising REO Properties (7/7)

## LENOIR CC

P.O. Box 188  
Kinston, NC 28502-9946 (252) 527-6223

Appraising Manufactured, Modular, &  
Mobile (A) (7/7)

Appraising Manufactured, Modular, &  
Mobile (B) (7/7)

Cost Approach Marshall & Swift (7/7)

Income Capitalization (A) (7/7)

Income Capitalization (B) (7/7)

National USPAP Update 2005 (7/7)

NC Rules & Regulation Update (7/7)

Principles & Techniques for Determining  
Market Adjustments (7/7)

Principles/Techniques Val 2-4 Unit  
Residential (14/14)

USPAP & NC Rules & Regulations for App (15/15)

## McKISSOCK APPRAISAL SCHOOLS

P.O. Box 1673  
Warren, PA 26365 (800) 328-2008

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## MEL BLACK/NCREEI

P.O. Box 459  
Cherryville, NC 28021 (704) 435-0753

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Current Issues & Problem Solving in  
Residential Appraising (14/14)

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## MINGLE SCHOOL OF REAL ESTATE

P.O. Box 35511  
Charlotte, NC 28235 (704) 372-2984

Appraising in NC (4/4)

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## MOULTRIE B. WATTS

P.O. Box 447  
Cary, NC 27512 (919) 851-2100

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## NC RE EDUCATION FOUNDATION (NCAR)

4511 Weybridge Lane  
Greensboro, NC 27407 (800) 443-9956

Legal Issues in Real Estate (7/7)

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Tax Planning for the Real Estate Agent (7/7)

## NCDOT

1605 Westbrook Plaza Drive, Suite 301  
Winston-Salem, NC 27103 (336) 760-1925

Apply Marshall & Swift and Valuing Medical/  
Assisted Living Facilities (7/7)

Appraisal of Residue & Special Use  
Properties (7/7)

Sales Comp Grid/Appr of Trans (7/7)

Trending Via Demographics/Appraising  
Land for Development Potential (7/7)

## NCSU FORESTRY ED OUTREACH PROGRAM

Campus Box 8003  
Raleigh, NC 27695 (919) 515-3184

Accurate Forest Inventory (16/16)

Applied Intermediate GIS – Foresters (15/15)

Conservation Design: Greener Comm (14/7)

Dlntn of Pdmnt & Cstl Pln Jrstd (30/30)

Introduction to Applied GIS – Foresters (15/15)

Introduction to Applied GPS – Foresters (13/13)

## NCSU SOIL SCIENCE DEPT

Campus Box 7619  
Raleigh, NC 27695 (919) 513-1678

Basics of On-Site Sewage (7/7)

Getting the Dirt on Soils (7/7)

On-Site System Tech Refresh (7/7)

Septic System Options for Diff (14/14)

Wastewater in the Environment (7/7)

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## REALETECH.COM

4819 Drummond Drive  
Wilmington, NC 28409 (910) 352-9693

Appraisers and Residential Reviews (7/7)

Fannie Mae Guidelines for Appraises (7/7)

Introduction to Environmental Risk

Screenings (7/7)

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What the NC Appraisal Board Expects  
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## SAMARITAN'S HOUSE, INC.

PO Box 690608  
Charlotte, NC 28227 (704) 545-2340

Cost Approach (7/7)

Loan Office & Appr Relationship (7/7)

## SURRY CC

P.O. Box 304  
Dobson, NC 27017 (910) 386-8121

Fannie Mae Updated Prop & App (8/8)

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Is the Comparable Comparable (8/8)

Mobile Mfg Homes & Types of M (4/4)

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Testing Highest & Best Use (8/8)

## TRIANGLE APPRAISAL & REAL ESTATE SCHOOL

2801-3V Ward Boulevard  
Wilson, NC 27693 (252) 291-1200  
or (919) 971-1887

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National USPAP Update 2005 (7/7)

New FNMA Forms (7/7)

North Carolina Rules (7/7)

## WESTERN PIEDMOND COMMUNITY COLLEGE

1001 Burkemont Avenue  
Morganton, NC 28655 (828) 438-6104

Appraising Manufactured, Modular &  
Mobile (14/14)

Income Capitalization (A) (7/7)

Income Capitalization (B) (7/7)

Maximizing Value (4/4)

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Pricing Complex Properties (4/4)

Principles & Techniques for Determining

Market Adjustments (7/7)

USPAP & NC Rules and Regulations  
for App (15/15)

## WORLD SAVINGS

4101 Wiseman Boulevard  
San Antonio, TX 78251 (210) 543-5464

Appraisal Review 2 (8/8)

Appraising in a Changing Market (4/4)

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# Disciplinary Actions

The following is a summary of recent disciplinary actions taken by the Appraisal Board. This is only a summary; for brevity, some of the facts and conclusions may have not been included. Because these are summaries only, and because each case is unique, these summaries should not be relied on as precedent as to how similar cases may be handled.

**Pamela Alexander (T2153; Jacksonville)**—By consent, the Board suspended Ms. Alexander's trainee registration. If she completes a sales comparison course and a USPAP course, the suspension will be inactive. The Board found that Ms. Alexander, while working under the supervision of a state-certified residential appraiser, performed three appraisals in Sampson County. In the first appraisal, Ms. Alexander appraised a home located in Roseboro, NC in December 2003, finding an appraised value of \$52,000. The sales price in the report was stated as \$24,900, and Ms. Alexander stated in the addendum that the subject was a foreclosure, suffered from major deferred maintenance and was being purchased "as is". The sales used in the report were from superior locations and no adjustments were made for this difference. There were other sales in the area that would have supported a lower value. Ms. Alexander also appraised a property located in Clinton, NC in February 2003 indicating a final value of \$100,000. The report stated that it was done for refinance purposes; however, there was a sales contract in the work file with a purchase price of \$85,000, dated February 13, 2003. The person stated on the sales contract as the buyer was stated as the current owner on the appraisal report. The third appraisal was of a property located in Clinton, NC in July 2003 indicating a final value of \$120,000. The sales price in the report was stated as

\$52,500, but there were no comments in the appraisal report in reference to the sales agreement. The sales did appear to be a foreclosure sale but the appraisal was made "as is". There were other sales in the area that would have supported a lower value. In all three of these appraisals, all of the sales information was obtained from the tax office. Ms. Alexander did not verify any of the information such as the conditions of sale, condition of improvements, effective age, utility, etc.

**Jeremy C. Bridges (A4449; Spartanburg, South Carolina)**—By consent, the Board accepted the voluntary surrender of Mr. Bridges' residential certification.

**Timothy Brinson (T2357; Jacksonville)**—By consent, the Board accepted the voluntary surrender of Mr. Brinson's trainee registration.

**Claudius M. Cecil, Jr. (Greensboro)**—By consent, the Board suspended Mr. Cecil's residential certification for a period of eight months. Mr. Cecil must also complete a course in appraiser liability and a course in the role of a supervisor. The Board found that a trainee working under his supervision completed an appraisal on property located at 532 Efird Street, Winston-Salem, NC with an effective date of February 1, 2000, indicating a final value of \$59,000. On the appraisal report, the trainee indicated that Comparable Sale No. 3 sold in August 1999 for \$63,000, when it actually sold in July 1999 for \$54,500. The trainee

received the information regarding the sales history for this third comparable sale from the client and did not verify the sales history information. The appraisal report stated that the client was the current owner of the subject property, yet on the date of the appraisal public records indicated a different owner of the subject property. The client purchased the subject property from the former owners on May 17, 2000 for \$27,000 and sold it the next day for \$59,000. The appraisal indicated the name of the borrower, but did not state a sales price, or mention or analyze the sales contract in the appraisal report. Other comparable sales were available that could indicate a lower value for the Efird Street property.

**James Chitty (A686; Shelby)**—By consent, the Board suspended Mr. Chitty's residential certification for a period of three months. If he takes a course in appraising manufactured housing, the suspension will be inactive. The Board found that Mr. Chitty performed an appraisal of a property located in Shelby, North Carolina in January 2004, finding an appraised value of \$94,000. The subject is a 7-year old doublewide manufactured dwelling containing 1,116 square feet and located on a 1/2-acre lot. The home had been previously acquired through foreclosure. Since that time, the home had been repaired and remodeled by the seller such that the home had a like new or remodeled appearance at inspection. In addition, a 12' X 16' detached stor-

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## **Disciplinary Actions**

age building was to be built on the site as part of the agreement of sale. Mr. Chitty used three doublewide manufactured home comparables in his report. The first and third sales were not market sales, but were land home package sales. There were few manufactured housing sales within the area. The area has experienced a great amount of foreclosures within the manufactured home market. A countywide search found that sales ranged from \$22,000 to \$101,000 with most sales in the lower range due to foreclosure.

**R. Dean Corbitt (A2859; Salisbury)**—Following a hearing, the Board revoked Mr. Corbitt's residential license. The Board found that Mr. Corbitt performed an appraisal of property located in Winston-Salem, North Carolina in August, 2003, finding an estimate of value of \$212,000. In October 2004, a complaint was filed against Mr. Corbitt, alleging that the appraised value was inflated. Mr. Corbitt was sent several letters notifying him of the complaint and asking him to respond. The letters also requested that he send a copy of the appraisal and the work file to the Appraisal Board. No response was received to those letters. On December 29, 2004, the Appraisal Board Deputy Director personally delivered both the October 25 and November 16 letters to Mr. Corbitt. In addition, the Deputy Director delivered to Mr. Corbitt a third letter dated December 15, 2004 informing him that failure to produce the appraisal and work file could result in disciplinary action against him, up to and including revocation of his appraisal

license. The Board never received those documents.

**Stephen Evans (A2640; Greenville)**—By consent, the Board issued a reprimand to Mr. Evans and ordered him to take a course in NC Board rules. Mr. Evans cannot supervise any trainees until May 2006. The Board found that Mr. Evans had two trainees who began working under his supervision in 2003. Mr. Evans did not send in the Supervisor Declaration Form on these trainees until March 2004, when he sent in the form disassociating the two trainees. He completed the Verification of Supervised Appraisal Experience forms on most of the appraisals performed by the trainees several days or weeks after the appraisals were completed, and he did not give copies to the trainees. Although most of the Verification forms indicated that Mr. Evans had inspected the subject properties, the trainee logs indicate that the supervisor did not do so.

**Jerry Gooden (A3777; Raleigh)**—Following a hearing, the Board voted to suspend Mr. Gooden's residential certification for a period of 2 years. If Mr. Gooden completes courses in NC Board rules, sales comparison and USPAP by February 1, 2006, only the first nine months of the suspension will be active. In addition, Mr. Gooden may no longer supervise any trainees. There were seven complaints against Mr. Gooden. A trainee working under Respondent's supervision performed all the appraisals involved in these complaints. One of these appraisals was of a property located at 8730

Cleveland School Road, in Clayton, N.C. The effective date of the report was December 19, 2000, and the property was valued at \$325,000. The subject property was initially listed for sale on March 21, 2000 for a price of \$314,900. The price was reduced to \$264,900 on June 9, 2000. The listing price was further reduced to \$249,000 on October 1, 2000. The subject property sold twice by deeds dated December 22, 2000 and recorded on December 27, 2000. The appraisal report listed an incorrect owner. Another such appraisal report was for a property located at 23 Boardwalk Place, Benson, NC. The effective date of the report was November 13, 2000, and the property was valued at \$130,500. The appraisal report listed the wrong owner of the subject property. The property transferred twice on December 5, 2003, first with tax stamps of \$190, and then with tax stamps of \$262. The workfile provided by Respondent as that used in the preparation of the appraisal included an MLS listing for the subject property in which the owner was identified as Autumn Homes, Inc. and a listing price of \$107,900. The workfile also included information identifying the owner as a company, and a value of \$96,900 as re-valued on October 19, 2000. Another such appraisal report was for a property located at 112 Christopher Drive, Clayton in which the property was valued at \$315,000 effective December 11, 2000. The mortgage company supplied the Respondent with a sales agreement in which the seller was identified as a company and the buyer as an individual. The sales agreement was signed by the par-



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## **Disciplinary Actions**

ties on December 6, 2000. The appraisal report indicated that the MLS showed the property currently for sale at a listing price of \$310,000 and indicated that it had been offered for sale within the past 30 days at a price of \$234,900. The MLS sheet for the subject property that was included in Respondent's workfile shows that on March 2, 2000, the subject property was owned by a couple. The couple transferred the property to the company by deed signed on December 6, 2000 and recorded on December 18, 2000. A second deed transferring the property to another party was made on December 14, 2000 and was recorded on December 18, 2000. The second sales price for the property was \$310,000. Another such appraisal report was for a property located at 108 Susan Drive, Garner, NC in which the property was valued at \$333,000 effective April 2, 2001. At the time of the appraisal, the property was under a sales contract, with a contract price of \$333,000. The appraisal report indicated that the subject property was currently offered for sale for \$333,000, when it was actually listed for sale as of the effective date of the appraisal at a list price of \$289,900, which was the maximum price ever shown for the property in the MLS. A deed reflecting a purchase of the subject property by the borrower named in the appraisal was recorded on April 18, 2001 and indicated that the property was purchased for \$333,000. A subsequent deed was made on April 18, 2001 and recorded on May 7, 2001. Another such appraisal report was of a property located at 306 Normandy Road, Louisburg, NC in which the property

was valued at \$318,000 as of June 27, 2000. Although the appraisal report indicated that there was an offer to purchase the property for \$315,000, the workfile contained a copy of the MLS sheet of the subject property that indicated that it had a list price of \$249,000 and that it had been withdrawn from the market. The property was first listed at \$249,000 on April 14, 2000. It was withdrawn from the market on May 31, 2000 and reactivated on August 3, 2000 at a list price of \$274,900. It was reduced on October 15, 2002 to \$254,900. The report stated the sales price as \$315,000. The property sold twice on June 30, 2000, first for \$230,000 and then for \$315,000. The wrong owner was stated in the appraisal report. Another such report was of a property located at 144 Oklahoma Dr., in Louisburg, NC in which the property was valued at \$120,000 as of September 1, 2000. The appraisal report incorrectly identified the property owner even though the workfile contained information that correctly identified the property owner. Also in the workfile was a copy of an MLS sheet indicating that the subject property was currently listed on the market at a price of \$99,900. Deeds reflecting two transfers of ownership of the subject property were signed on September 13, 2000 and recorded on September 14, 2000. The first deed was for a transfer in which the sale price was \$84,000. The second deed was for a transfer of the property in which the sales price was \$120,000. Only the second transfer of property was referenced in the appraisal report. Another such report was of a property located at 405 Broadmoor Way in Clayton, NC in

which the property was valued at \$205,000 as of January 25, 2001. At the time of the appraisal, the owner was a company in Clayton. Although the tax card in the workfile that reported the correct owner of the property, the owner was incorrectly identified in the appraisal report. The appraisal indicated that the property was currently offered in the MLS for \$203,000. The subject property was listed for sale in the MLS at a listing price of \$194,900 on January 28, 2000. The property was withdrawn, re-listed, withdrawn, re-listed and eventually reduced the listing price to \$189,900. The property was withdrawn again, re-listed at \$189,900 and withdrawn on December 21, 2000. Deeds reflecting two transfers of the subject property were signed and recorded on February 12, 2001. The first deed indicated a sales price of \$162,000, and the second indicated a sales price of \$203,000. Respondent admitted all of the above allegations at the hearing. He also admitted that all of the above properties were significantly overvalued. At the time these appraisals were done, the trainee had already performed hundreds of appraisals under the immediate and direct supervision of Respondent. Respondent had reviewed most of those appraisals and found no major problems with her work. Respondent allowed her to complete the above-mentioned appraisals without adequate supervision because he believed she possessed the necessary skills and abilities to perform them. Respondent did not thoroughly review the above-mentioned appraisal reports nor did he review the workfiles before signing the reports. The trainee up-

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## **Disciplinary Actions**

graded to a state-certified residential appraiser in September 2001. Her residential certification was revoked by the North Carolina Appraisal Board after a hearing in November 2003. The trainee has pleaded guilty to federal criminal fraud charges involving these appraisals and others, and is now waiting sentencing. Mr. Gooden failed to supervise his trainee.

**Joseph Harding (A3846; Candler)**—By consent, the Board suspended Mr. Harding’s residential certification for a period of three months. If Mr. Harding takes a course in appraising manufactured housing, the suspension will be inactive. The Board found that Mr. Harding appraised a home located in Canton, NC in October 2003, finding an appraised value of \$117,500. The subject property is a 1404 square foot double wide manufactured home that is located on the side of a hill, with a mountain view from the front. The subject had two 4' x 4' stoops as a means of ingress and egress. Although the comparable sales had porches and/or covered decks, Mr. Harding made no adjustments for the differences. His sales grid also showed only one of the comparables as having a fireplace, while the MLS data indicated that four of his five sales had fireplaces. He incorrectly indicated “none” for fireplaces, on three of his sales. One of the comparables has a full-unfinished basement, but Mr. Harding did not make any adjustment for that. There were other sales in the area that would have supported a lower value.

**Austin Hatcher, Jr. (A1237; Ocean Isle Beach)**—By con-

sent, the Board suspended Mr. Hatcher’s residential certification for a period of six months. If Mr. Hatcher takes three courses, appraising complex properties, the cost approach and the sales comparison approach by December 1, 2005, the suspension shall be inactive. The Board found that Mr. Hatcher and a trainee completed an appraisal on a property located in Ocean Isle Beach, North Carolina in June 2004, indicating a final value of \$1,657,000. In the cost approach, Mr. Hatcher indicated a site value of \$2,000,000, and a final value of \$2,427,201. Lot sales in the subject area do not support a site value of \$2,000,000, but were closer to \$1,400,000 to \$1,600,000. In the sales comparison approach, Mr. Hatcher valued the property at \$1,657,000. Mr. Hatcher failed to make a positive adjustment for location to their three comparable sales. Had he done so, his value in the sales comparison approach would have been closer to \$2,000,000. The subject site sold in February 2002 for \$690,000, but Mr. Hatcher did not disclose this sale in the report. Although Mr. Hatcher stated in the report that all three approaches were considered and weighted, he did not perform an income approach and their value in the cost approach was \$2,427,201. Mr. Hatcher did not adequately support the final value of \$1,657,000 in his final reconciliation. Mr. Hatcher overvalued the subject property.

**Vonn Isenhour (A1247; Gastonia)**—By consent, the Board issued a reprimand to Mr. Isenhour after he completed courses in complex properties and factory built housing. The

Board found that Mr. Isenhour performed an appraisal of a property located in Kings Mountain, North Carolina in September 2002, finding an appraised value of \$350,000. The subject was a modular home located on a 10-acre tract. Mr. Isenhour used three sales in his appraisal. All are located on a recreational lake, and are all lakefront properties. These homes appear to have superior appeal to the subject property, yet no adjustment was made in the appraisal report for that difference. The subject property has 10 acres while the comparable sales sites are much smaller, yet Mr. Isenhour made no adjustment for this difference in the appraisal report as the value of the subject site was the same as the site value of his comparable sales. The subject property was listed for sale for \$415,000 on the effective date of the appraisal report, yet Respondent did not mention that listing in his appraisal report.

**J. D. Joyner (T2662; Shalotte)**—By consent, the Board suspended Mr. Joyner’s trainee registration certification for a period of six months. If Mr. Joyner takes three courses, appraising complex properties, the cost approach and the sales comparison approach by December 1, 2005, the suspension shall be inactive. The Board found that Mr. Joyner and his supervisor completed an appraisal on a property located in Ocean Isle Beach, North Carolina in June 2004, indicating a final value of \$1,657,000. In the cost approach, Mr. Joyner indicated a site value of \$2,000,000, and a final value of \$2,427,201. Lot sales in the subject area do not sup-

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## **Disciplinary Actions**

port a site value of \$2,000,000, but were closer to \$1,400,000 to \$1,600,000. In the sales comparison approach, Mr. Joyner valued the property at \$1,657,000. Mr. Joyner failed to make a positive adjustment for location to their three comparable sales. Had he done so, his value in the sales comparison approach would have been closer to \$2,000,000. The subject site sold in February 2002 for \$690,000, but Mr. Joyner did not disclose this sale in the report. Although Mr. Joyner stated in the report that all three approaches were considered and weighted, he did not perform an income approach and their value in the cost approach was \$2,427,201. Mr. Joyner did not adequately support the final value of \$1,657,000 in his final reconciliation. Mr. Joyner overvalued the subject property.

**David Brian Kendall (A3413; Rockingham)**—By consent, the Board suspended Mr. Kendall's residential certification for a period of three months. The suspension is stayed until October 1, 2005. If Mr. Kendall takes a course in sales comparison by December 1, 2005, the remainder of the suspension shall be inactive. The Board found that Mr. Kendall appraised a property located in Rockingham, North Carolina dated November 10, 2003, arriving at an estimated value of \$35,250. He also appraised the subject on April 14, 2004, arriving at an estimated value of \$69,000. In the first appraisal, Mr. Kendall made no mention of any deferred maintenance needed at the time of his inspection and gave the subject an effective age of 20 years. He valued the site at \$8,500. In the

second appraisal, he stated that the only deferred maintenance was the brickwork around the steps of the two stoops that was in need of repair, and gave an estimated cost to cure of \$500. He gave the subject an effective age of 15 years, and valued the site at \$15,000. In the first report, Mr. Kendall stated that the property had only two bedrooms, and he chose as comparable sales lower priced three bedroom homes in similar condition. In the second report, he stated that subject had 3 bedrooms and he chose higher priced comparable sales that had 3 bedrooms. The only change between the two appraisal reports was that the owner started using a living room as a bedroom. There were other sales available that would have led to a higher appraised value for the subject at the time of the first report.

**Garry Martin (A3694; Greensboro)**—Following a hearing, the Board suspended Mr. Martin's residential certification for a period of two years. The Board found that Mr. Martin appraised a property located in Oak Ridge, North Carolina with an effective date of January 11, 2002, finding an appraised value of \$875,000. Mr. Martin stated on the first page of the appraisal report that the appraisal was performed "as is" and the age listed as 6 months. On the second page of the appraisal report, he stated that the subject was under construction at the time of inspection. Mr. Martin had previously appraised the subject property while it was under construction. In the appraisal report Mr. Martin performed in January 2002, the subject site contains 1.04 acres, and Mr. Martin stated that his site

value was \$80,000. The site had previously sold on November 20, 2000 for \$43,640. There were eleven lot sales within the subject subdivision that occurred between February 4, 1999 and July 11, 2003. Those lots ranged in size from 0.92 to 1.04 acres, and sales prices ranged from \$43,184 to \$46,640. Mr. Martin overvalued the site in his Cost Approach. Mr. Martin stated in his appraisal report that the subject dwelling contains 5,919 square feet of gross living area. He states that the first level contains 4,152 square feet and the second level contains 1,767 square feet. Although the second level of the dwelling is finished to a similar degree and quality as the lower level, there is only one entrance from the first floor to the second level. The second level contains no windows or other exterior access. It is heated and cooled. Although the ceiling height on the second level is 8-9 feet at its tallest point, the roofline is sharply slanted, and two of the walls have ceiling heights of approximately 5 feet. Mr. Martin considered that all of the square footage on the second floor was gross living area, and he gave it all equal value in both his cost approach and sales comparison approach. He took no depreciation in his cost approach for the lack of windows on the second floor and for the lack of exterior access. Mr. Martin referred to one of the rooms on the second floor as a bedroom. That room could not be a bedroom, as it had no exterior access. Mr. Martin referred to this upstairs level as an attic in his written appraisal report and in his testimony at the hearing. Another appraiser testified at the hearing that he ap-

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## **Disciplinary Actions**

praised the subject property in September 2003. That appraiser valued the subject property as a one-story dwelling, containing 3839 square feet on the first level, with a finished attic containing 1440 square feet. That appraiser gave the second story area less value in his cost approach, and he valued the property at \$510,000. That appraiser also performed a review of Respondent's appraisal in 2003 in which he stated that the comparable sales chosen by Respondent were not comparable to the subject property. The reviewer valued the subject property at \$425,000 as of the same date of Respondent's appraisal report. Mr. Martin should not have included any of the second floor living area in his gross living area because there were no windows. In addition, some of the walls were less than five feet high. Because he did include this area in his gross living area, Mr. Martin chose comparable sales that were not comparable to the subject property. No adjustments were taken for the difference in lot values, the existence of amenities or for the superior location of the sales. All of the sales used by Mr. Martin have windows on the upper level and have the appearance of two story homes. All are superior in location and design and appeal to the subject, yet Mr. Martin made either no adjustments or inadequate adjustments for the differences. None of these sales were comparable to the subject property, and none of them should have been used as comparable sales. There were two sales within the subject subdivision within a year of the appraisal report. Both sales were

smaller in size at 2,800 square feet and 3,245 square feet; they sold for \$250,000 and \$323,500. There were twelve sales in the subject subdivision between September 30, 1999 and March 2, 2004 that ranged in size from 2,689 square feet to 3,506 square feet and sold for \$250,000 to \$323,500.

**Todd E. McCall (A410; Greensboro)**—By consent, the Board issued a reprimand to Mr. McCall. He must also complete a course in manufactured housing by June 1, 2005 or the reprimand will be vacated and a one-month suspension imposed. The Board found that Mr. McCall performed an appraisal of a property located in Greensboro, North Carolina in February 1999, finding an appraised value of \$83,000.

The subject was an eleven-year-old singlewide manufactured home that contained 918 square feet. At the time of the appraisal report, the tongue of the mobile home was still in place and the axle and wheels were still attached. Mr. McCall did the appraisal by valuing the mobile home as part of the real estate when he should have done the appraisal either by valuing the land with personal property or "subject to" the mobile home being affixed. He used two modular home sales and one double wide home sale as comparable sales, but he made no adjustments or comments made for any differences in design/appeal or quality of construction.

**Benjamin D. McCubbins, III (A2794; Cornelius)**—By consent, the Board suspended Mr. McCubbins' residential certifica-

tion for a period of six months. Mr. McCubbins also agreed to successfully complete a course in appraiser liability by June 1, 2005. If he completes the course by that date, only the first three months of the suspension shall be active. There were two cases pending against Mr. McCubbins. In the first case, a trainee working under the supervision of Mr. McCubbins appraised a home located in Charlotte, NC in November 2000, finding an appraised value of \$177,000. The subject was a new home and the appraisal was completed "as is". The appraisal report stated an incorrect owner name. The appraisal report also stated that the sales price of the subject property was \$177,000, but there was no analysis of the sales contract. Mr. McCubbins signed the appraisal report prepared by the trainee without independently verifying the correct identity of the owner of the subject property, and without independently analyzing the sales contract. The subject subsequently sold on November 21, 2000 for \$119,000. Within six months of the sale, two other professional opinions were rendered valuing the property at approximately \$145,000. Although there were no sales in the subject subdivision that could have been used as comparable sales, there were other sales in the subject market area that may have indicated a lower value for the subject property. In the second case, Mr. McCubbins appraised a home located in Albemarle, NC in March 2000, finding an appraised value of \$76,000. He stated an incorrect owner on the appraisal report. The appraisal report stated that

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## **Disciplinary Actions**

the subject “had recently transferred for an unknown amount,” was “currently under agreement for purchase,” and that Mr. McCubbins had not been given a copy of the contract. The subject property sold on April 28, 2000 for \$55,000. It sold a minute later for \$76,000. The person stated on the appraisal report as the owner was actually was the purchaser in the first transaction, and the seller on the second transaction. There were limited sales in the subject market area, including few having been as extensively remodeled as the subject property. Other sales in the subject market area may have indicated a lower value for the subject property.

**James P. McGowan (A2015; Troutman)**—By consent, the Board suspended Mr. McGowan’s general certification for six months. If he completes a course in manufactured housing by March 1, 2005, only the first month of the suspension shall be active. The Board found that Mr. McGowan performed an appraisal of a property located in Mooresville, North Carolina in June 2004, finding an appraised value of \$415,000. The subject was a singlewide manufactured home that had a two-story addition completed several years ago. The subject site consists of one acre located on a lake. Mr. McGowan stated in the appraisal report that the subject property was not a manufactured home. The tax card contained in the work file indicated that the dwelling is a singlewide manufactured home. Although Mr. McGowan indicated the subject age as approximately 10 years with an effective age of 10 years,

he took no depreciation in his cost approach. The singlewide portion of the subject also contained functional depreciation which was not taken in the cost approach.

Mr. McGowan used three sales in his sales comparison approach. All three sales are located outside of the subject neighborhood in other lake front areas and all are site built homes that appear to be superior in quality to the subject, yet he made no adjustments for these differences. There were two sales on the subject street that sold within the past year that would indicate a lower value for the subject property.

**Janice R. Neal (T881; Kernersville)**—By consent, the Board suspended Ms. Neal’s trainee registration for a period of six months, and required her to take a course in appraiser liability. The Board found that Ms. Neal, while working under the supervision a state-certified appraiser, completed an appraisal on property located in Winston-Salem, NC in February 2000, indicating a final value of \$59,000. The appraisal report indicated that Comparable Sale No. 3 sold in August 1999 for \$63,000, when it actually sold in July 1999 for \$54,500. The appraisal report stated that the client was the current owner of the subject property, yet on the date of the appraisal public records indicated a different owner of the subject property. The client purchased the subject property from the former owners on May 17, 2000 for \$27,000 and sold it the next day for \$59,000. The appraisal indicated the name of the borrower, but

did not state a sales price, or mention or analyze the sales contract in the appraisal report. Other comparable sales were available that could indicate a lower value for the Efird Street property.

**Faye Overly (A4303; Greensboro)**—By consent, the Board suspended Ms. Overly’s residential certification for a period of three months. If Ms. Overly takes a course in the role of a supervisor, the suspension will be inactive. The Board found that a trainee working under her supervision performed an appraisal of a property located in High Point, North Carolina in October 2001, finding an appraised value of \$229,000. The subject property is a 2-story dwelling situated on 1.43 acres with 2025 square feet of heated area and an unfinished basement of 1033 square feet. The trainee had previously appraised the subject property during construction, while under the supervision of another appraiser. The plans for the house included a garage. In the appraisal supervised by Ms. Overly, the report indicates that there is a two-car garage on the front page of the report, and values the garage at \$12,500 in the cost approach. In the sales comparison approach, however, the appraisal states that there is no garage, and a positive \$5000 adjustment is made to the sales that have garages. The trainee used the same sale as Comparable No. 2 in the first and second appraisals. Comparable 2 first sold in August 2000, which was properly reported in the first appraisal. It sold again in January 2001, which was properly reported on the second appraisal, but

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## **Disciplinary Actions**

the August 2000 sale was not reported on the second appraisal report in the sales history section. Ms. Overly did not inspect the subject property. There were other sales available that could have indicated a lower value for the subject property.

**Joseph Rasberry III (A274; Kinston)**—By consent, the Board issued a reprimand to Mr. Rasberry. He must complete a course in the role of a supervisor by July 1, 2005, or the reprimand will be vacated and a one-month suspension imposed. The Board found that a trainee working under the supervision of the Mr. Rasberry performed two appraisals of properties located more than 100 miles from Mr. Rasberry's place of business. These two appraisals were performed after August 1, 2002. Mr. Rasberry did not accompany the trainee on his inspection of these two properties. Mr. Rasberry mistakenly believed that since his trainees were in his employ prior to August 1, 2002, the employees were "grandfathered" and this rule did not apply to those trainees.

**Clifford Reaves (A4002; Wilmington)**—By consent, the Board suspended Mr. Reaves' residential certification for a period of six months. Mr. Reaves must also complete a sales comparison course and a USPAP course. The Board found that Mr. Reaves and a trainee performed three appraisals in Sampson County. In the first appraisal, Mr. Reaves appraised a home located in Roseboro, NC in December 2003, finding an appraised value of \$52,000. The sales price in the report was stated as \$24,900, and

Mr. Reaves stated in the addendum that the subject was a foreclosure, suffered from major deferred maintenance and was being purchased "as is". The sales used in the report were from superior locations and no adjustments were made for this difference. There were other sales in the area that would have supported a lower value. Mr. Reaves also appraised a property located in Clinton, NC in February 2003 indicating a final value of \$100,000. The report stated that it was done for refinance purposes; however, there was a sales contract in the work file with a purchase price of \$85,000, dated February 13, 2003. The person stated on the sales contract as the buyer was stated as the current owner on the appraisal report. The third appraisal was of a property located in Clinton, NC in July 2003 indicating a final value of \$120,000. The sales price in the report was stated as \$52,500, but there were no comments in the appraisal report in reference to the sales agreement. The sales did appear to be a foreclosure sale but the appraisal was made "as is". There were other sales in the area that would have supported a lower value. In all three of these appraisals, all of the sales information was obtained from the tax office. Mr. Reaves did not verify any of the information such as the conditions of sale, condition of improvements, effective age, utility, etc.

**Richard Simmons (A180; Charlotte)**—By consent, the Board accepted the voluntary surrender of Mr. Simmons' residential certification.

**Thomas Stephenson (A4905; Raleigh)**—By consent, the Board accepted the voluntary surrender of Mr. Stephenson's residential certification.

**Scott Thomas (A2918; Greensboro)**—By consent, the Board suspended Mr. Thomas' residential certification for a period of three months. If Mr. Thomas takes a course in sales comparison and a course in the role of a supervisor, the suspension will be inactive. The Board found that a trainee working under his supervision performed an appraisal of a property located in High Point, North Carolina in November 2000, finding an appraised value of \$231,000. Mr. Thomas did not inspect the subject property. The subject property was a 1.43-acre tract of land. The appraisal was performed subject to the construction of a two story dwelling on the land. According to the plans and specifications, the dwelling was to contain 2025 square feet of heated area and 1033 square feet of unfinished basement area. The plans also included a two car attached garage. The appraisal report used three comparable sales that ranged from \$220,000 to \$237,000. Those sales were superior to the subject in location, design and appeal, but no adjustments were made for those differences. There were other sales available that would have indicated a lower value for the subject property.

**Dan Allen Wesson (T2004; Boiling Springs, South Carolina)**—By consent, the Board accepted the voluntary surrender of Mr. Wesson's trainee registration. □

# Forms

Recently the Appraisal Board staff has received many inquiries regarding various forms sent to them by clients, especially the new Fannie Mae forms. The Appraisal Board's position is, and always has been, that it does not approve or disapprove any forms. Appraisers are responsible for

deciding whether a form complies with USPAP, and should review Standards Rule 2 and Advisory Opinions 11 and 12 for guidance.

The format of the form and the types of blanks to fill in do not determine USPAP compliance. Any form can

be completed in a manner that does not meet USPAP, and any form, along with an addendum, can be completed in a manner that does meet USPAP. When in doubt, rely on your professional ability to follow Standard 2 to dictate how you report your assignment results. □

## When Can A Person Who Has Completed Prelicensing Courses Begin Performing Appraisals?

There appears to be some confusion in this state regarding when a person who has completed the residential level prelicensing courses may begin working as a trainee. Appraisal work may **not** be performed as soon as the person completes the courses, or even after the examination is passed. People who have successfully completed the courses and passed the examination

may perform appraisal work **only** after the trainee registration has been issued and the pocket card and license are in their possession. Any appraisal work performed before that time, even if under the supervision of a licensed or certified appraiser, is in violation of state law.

If evidence is presented to the Board that a trainee performed ap-

praisal work before being properly registered, those appraisals will not be credited towards the trainee's experience requirement to upgrade, and in addition, the application to upgrade may be denied. Such activity may also result in disciplinary action against the trainee, as well as the supervisor who allows an unlicensed person to perform appraisal work. □

## Board to Offer Required Supervisor Course in N.C.

The Board staff will be offering the new required course in trainee supervision across the state during the remainder of this year. Locations for this course will be Asheville, Charlotte, Winston-Salem, Wilmington and Raleigh. Information will be posted on the Board website of specific dates and sites. The course will be required to register a new trainee after January 1, 2006. This course will last for four hours and the cost will be \$50.00 with four hours of continuing education credit for attendees.

The Asheville course will be on September 27th at the Carroll-Phillips-Cumbie Real Estate Institute which is located on Highway 25 South (Hendersonville Road) three miles south of I-40 at the Walmart Center. Go to CPCREI.com and click under FAQ for directions.

The Charlotte course will be on September 28th at the West Campus of Central Piedmont Community College which is located off Morris Field Drive

just to the east of Billy Graham Parkway. The course will be held on campus in the Auditorium (Room 1120). Go to CPCC.edu and click on locations/parking for a map of directions to the West Campus.

The Winston-Salem course will be on September 29th at the North Carolina Department of Transportation Training Center which is located at 1605 Westbrook Plaza Drive, Suite 301, just off Stratford Road and I-40.

The Wilmington course location will be published on the Board website. Additional courses will be scheduled depending on the demand, but you are encouraged to register early due to limited space. Check with the Board website for updated information on course offerings.

All courses are scheduled for 9:00 a.m. to 1:00 p.m. with registration beginning at 8:00 a.m. See the back cover for a registration form which applies for all courses. □

### 2005 Board Meeting Dates

August 16-17

September 20-21

October 18-19

November 15-16

December 13-14

**NORTH CAROLINA APPRAISAL BOARD  
Supervisor Course Registration**

**Name:** \_\_\_\_\_

**Appraiser Number:** \_\_\_\_\_

**Address: Company Name:** \_\_\_\_\_

**Street:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Location: Check one location**    **Raleigh, August 25**   

**Asheville, September 27**   

**Fee: \$50**    **Charlotte, September 28**   

**Winston-Salem, September 29**   

**Please complete the information above and mail with your \$50 check payable to NC Appraisal Board to:**

**NC Appraisal Board  
PO Box 20500  
Raleigh, NC 27619-0500**

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