



NORTH CAROLINA APPRAISAL BOARD

APPRAISER REPORT

Volume 11

Fall 2001

Number 4

CMA Notice

The General Assembly has amended the North Carolina Appraisers Act to define the role of real estate brokers and salespersons in performing comparative market analyses (CMAs).

The policy of the North Carolina Appraisal Board is now stated in the law; namely, that real estate brokers and salespersons may perform CMAs for compensation or other valuable consideration ONLY for their prospective or actual real estate clients or for real property involved in an employee relocation program. They may not perform CMAs for any other purpose—especially lending purposes.

A comparative market analysis is defined as “the analysis of sales of similar recently sold properties in order to derive an indication of the probable sales price of a particular property by a licensed real estate broker or salesperson.” Although the Act does not define the term “broker price opinion (BPO)”, a BPO is essentially a CMA if it is based upon recent sales of comparable properties. □

Rule Making Hearing

As announced in the last Appraisereport, the Board is currently undergoing procedures to make changes to its Administrative Rules.

A public hearing to receive comments on these proposed changes has been set for December 11, 2001 at 9:00 am at the Board’s offices in Raleigh. Written comments may be submitted to the Board any time up until that date.

For a copy of the proposed changes or to attend the hearing, please contact the Board. □

Thompson Reappointed



J. Vance Thompson

Governor Michael F. Easley has reappointed J. Vance Thompson to the Appraisal Board for a three-year term ending June 30, 2004.

Mr. Thompson was originally appointed by Governor James B. Hunt, Jr. in March 1998 to fill the balance of a vacated term and then was reappointed to a full three-year term that ended June 30, 2001. Mr. Thompson, a state-certified residential appraiser and licensed real estate broker, is President of Thompson’s Appraisal Service, Inc., in Elkin and has over 37 years of appraisal experience. □

Staff Update



Philip W. Humphries

Philip W. Humphries has been employed as a Deputy Director by the Board. Mr. Humphries is a native of Wake County; he and his wife Margaret live in Raleigh.

He graduated from Campbell University with a bachelor’s degree in business administration. He is a State Certified General Appraiser and has over thirty years of experience as a real estate appraiser.

Before becoming a member of the Board staff, Mr. Humphries was employed by the North Carolina Department of Transportation for over thirty-three years. He worked as a staff appraiser, review appraiser, area supervising appraiser and as State Appraiser. He has a great deal of experience in the appraisal of all types of property.

Mr. Humphries has a son, John, who attended UNC Wilmington and a daughter who attended Meredith College. Both children live and work in the Raleigh area. He is active in Knightdale Baptist Church.

In this position, he will work with the Board Attorney and Investigators in processing complaints, performing investigations, and conducting audits as well as other duties as assigned by the Executive Director. □

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 Appraisereport**.

NORTH CAROLINA APPRAISAL BOARD

Mailing Address:

P.O. Box 20500
Raleigh, North Carolina 27619-0500

Street Address:

3900 Barrett Drive, Suite 101
Raleigh, North Carolina 27609
Phone: 919/420-7920
Fax: 919/420-7925

Website:

www.ncappraisalboard.org

Email Address:

ncab@ncab.org

Michael F. Easley, Governor

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Philip W. Humphries, *Deputy Director*
Matthew W. Green, *Investigator*
Donald T. Rodgers, *Investigator*
Lynn P. Crawford, *Appraiser Secretary*
Kim N. Giannattasio, *Administrative Assistant*
Elizabeth M. Caudill, *Appraiser Clerk*

APPRAISER COUNT

(As of November 14, 2001)

Trainees	923
Licensed Residential	231
Certified Residential	1615
Certified General.....	838
Total Number	3607

APPRAISER EXAMINATION RESULTS

August, September, and October 2001

Examination	Total	Passed	Failed
Trainees	81	51	30
Licensed Residential	8	6	2
Certified Residential	23	13	10
Certified General	9	8	1

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

From the Boardroom: Trainee Supervision and Experience Credit

NOTE: Because this has been a recurring problem, the Board is publishing this article that originally appeared in the February 1998 edition of the Appraisereport.

Recently the Appraisal Board staff has encountered problems with appraisals submitted for experience credit. In several cases, applicants have sent in verification of supervised appraisal experience report forms signed by the supervising appraiser stating that the applicant has performed at least 75% of the work on the appraisal. Upon reading the appraisal report itself, the applicant's name does not appear anywhere in the report, the applicant has not signed the report, and the applicant's contribution was not mentioned in the certification or in an addendum.

The verification form is required by the Appraisal Board to document the percentage of the appraisal and types of duties performed by the applicant. It is not and cannot be a substitute for signing the report or having the professional assistance provided mentioned in an addendum.

Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice (USPAP) requires an appraiser to note whether anyone has provided "significant professional assistance" in the preparation of an appraisal. North Carolina Appraisal Board Rule 57A .0405 (a) requires that the appraisal report "shall identify any other person who assists in the appraisal process other than by providing clerical assistance." If the trainee or appraiser who works on the preparation of the appraisal does not sign on the left side of the appraisal report, the supervising appraiser must make a full disclosure **in the report** as to who provided assistance and provide a detailed explanation of the type and extent of the assistance. This information must appear in the body of the report and can appear in an addendum, as long as the addendum is incorporated into the appraisal report and sent to the client.

Sometimes a client will request or demand that only the supervising appraiser's name appear in the report, and that the contribution of a trainee or other appraiser not be reported. This often happens when only the supervising appraiser is on the client's approved list. Regardless of what a client demands, the appraiser must comply with USPAP and Board rules and mention the professional assistance rendered by the trainee or appraiser.

If the Board receives an appraisal report in support of experience credit which is not signed by the applicant or which does not contain the appropriate information regarding the assistance provided by the applicant, **experience credit will be denied**. The Board may also pursue disciplinary action against the supervising appraiser for failure to comply with USPAP Rule 2-3 and Board Rule 57A .0405(a). □

COLORADO

- Newest Reciprocal State -

North Carolina has entered into a formal reciprocity agreement with the state of Colorado. This agreement became effective in early October and streamlines the application and renewal processes in one jurisdiction for licensed and certified appraisers residing in the other. This agreement does not include trainees.

With this agreement, North Carolina now has reciprocity with eleven states and commonwealths. They are:

Alabama	Kentucky	South Carolina
California	Louisiana	Washington State
Colorado	New Hampshire	West Virginia
Georgia	Oregon	

Approved Continuing Education Courses

(As of November 5, 2001)

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)
Construction Methods I: Print Reading (5/5)
Construction Methods II: Foundations & Masonry (5/5)
Ethical Principles of Appraisal I (4/4)
Intro to Commercial Real Estate (4/4)
New Extg Residential Codes Affecting RE Appr (10/10)
Real Estate Finance (4/4)

ALLSTATE HOME INSPECTION TRAINING INSTITUTE

Route 1, Box 130
Randolph Center, VT 05061 (800)245-9932

Environmental Awareness Seminar (8/8)
FHA Test Preparation (8/8)
Introduction to Home Inspection (8/8)
USPAP Refresher (8/8)

AM SOC FARM MANGRS & RURAL APPR

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

A-12 (II) National USPAP (15/15)
A-12 Part 1 ASFMRA Code of Ethics (7/7)
Advanced Appraisal Review A-35 (49/30)
Advanced Resource Appraisal A-34 (30/30)
Appraising Rural Residential Property (16/14.5)
Conservation Easement (16/16)
Eminent Domain (19/19)
Fed Land Exchng & Acqstn: App (18.5/18.5)
Fractional Interests (16/16)
Highest & Best Use A-29 (15/15)
Rural Business Valuation Seminar (16/16)
Timber & Timberland Value (16/16)
Uniform Agriculture Appraisal Report (15/15)

AMERICAN SOCIETY OF APPR (THE)

535 Herndon Parkway, Suite 150
Herndon, VA 22070 (703)478-2228

SE100: National USPAP (15/14)

AM SOCIETY OF APPRAISERS NC CHAPTER

605 NC Highway 54 West
Chapel Hill, NC 27516 (919)967-3338

SE100 USPAP (15/15)

AMERICAN SCHOOL OF RE APPR

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

Current Issues & Problem Solving (14/14)
Today's Analysis of Residential Appr (10/10)
USPAP (15/15)

APPRAISAL ACADEMY (THE)

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

Adj, The Appraisal & The Underwriter (4/4)
Atmtd or Streamlined Underwriting (4/4)
Onsite Observation & Reporting Requirements F (4/4)
Tough Residential Assignments (4/4)

APPRAISAL INSTITUTE

c/o AMA, 950 S. Cherry Street, Suite 508
Denver, CO 80246 (303)758-3513

320 General Applications (39/30)

410 National USPAP (16/16)
420 SPPB (7/7)
430C Standards of Professional Practice - Part C (15/15)
500 Adv Residential Form & Narrative Writing (40/30)
520 Highest & Best Use & Market Analysis (40/30)
530 Advanced Sales Comparison & Cost Approach (40/30)
600 Inc Valuation of Small Mixed-Use Properties (15/15)
610 Cost Valuation of Small Mixed-Use Properties (15/15)
620 Sales Comparison Val Small Mixed-Use Prop (15/15)
705 Litigation Appr: Specialized Topics (16/16)
710 Condemnation Appr: Basic Principles & Apps (15/15)
720 Condemnation Appr: Adv Topics & Apps (15/15)
Fundamentals of Relocation Appraising (7/7)
Gen Demo Appraisal Rpt Writing Seminar (14/14)
Residential Demo Appraisal Report Writing Seminar (14/14)

APPRAISAL INSTITUTE, NC CHAPTER

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

RE Fraud: Appr Responsibilities & Liabilities (7/7)
State of the Valuation Profession (4/4)

ASHEVILLE-BUNCOMBE TECH CC

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

PDH RE - Basic Surveying (5/5)
Residential Building Code Changes in NC (5/5)
The UDO: Regulating RE Use & Dev (4/4)
USPAP 2001 (15/15)

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)

CENTRAL PIEDMONT COMMUNITY COLLEGE

P.O. Box 35009
Charlotte, NC 28235 (704)330-6493

Challenging the Appraisal (4/4)
Maximizing Value (4/4)

COLLEGE OF THE ALBEMARLE

P.O. Box 2327
Elizabeth City, NC 27906-2327 (252)335-0821

Residential Sales Comp Approach & Ef (14/14)
The Tough Ones: Complex Residential Prop (14/14)
The Uniform Standards Today (14/14)

DAN MOHR RE SCHOOLS

1400 Battleground Avenue, Suite 150
Greensboro, NC 27408 (336)274-9994

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)
Res Appr & Conventional Underwriting Guide (7/7)
Residential Construction Seminar (14/14)

Rules & Regs FHA/HUD Requirements (14/14)
The Narrative Appraisal Report (7/7)
Using Streamlined Appraisal Report Forms (7/7)
USPAP 2001 (15/15)

DENNIS BADGER & ASSOC., INC.

P.O. Box 23220
Lexington, KY 40523 (859)252-3445

Mfg Housing Appraisal as Appls to RE (7/7)

DUKE UNIVERSITY

A108B LSRC/Box 90328
Durham, NC 27708 (919)684-2135

What's it Worth - Forest Appraisal (36/30)

EAST CAROLINA UNIVERSITY

School of Business 1200 Gen Classroom
Greenville, NC 27858-4353 (252)328-6377

Appraisal 2001 (7/7)
USPAP 2001 (7/7)

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)
Manufactured, Modular & Mobile (4/4)
Narrative Appraisal Report Writing (14/14)
Pricing Small Income Properties (4/4)
Principles & Techniques Val 2-4 Units Res Prop (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 Fo (15/15)

FREDDIE F. STELL APPRAISAL SCHOOL

2121 Guess Road
Durham, NC 27705 (919)416-1117

Fannie Mae Underwriting Guidelines (7/7)
Questions & Answers on Appr (7/7)
Res/Invstmnt/Com/Indstrl Forms (10.5/10.5)
The Site Inspection (7.5/7.5)

FYI SEMINARS LLC

P.O. Box 50201
Columbia, SC 29250 (803)787-7075

Square Footage Calculation (8/8)
USPAP (15/15)

HALL INSTITUTE

P.O. Box 52214
Raleigh, NC 27612-0214 (919)481-2080

Researching and Buying Raw Land (4/4)

HISTORIC PRESERVATION CONSULTING

22 Pan Will Road
Mineral Bluff, GA 30559 (706)492-7234

Marketing & Appraising Historic Property (14/14)

IAAO

130 East Randolph Street, Suite 850
Chicago, IL 60601 (312)819-6100

101 Fund of Real Property Appraisal (30/30)

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Approved Continuing Education Courses

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102 Income Approach to Valuation (30/30)
Marshall & Swift - Commercial (18.5/18.5)
Multiple Regression Analysis (24/24)
600 Principles & Techniques of Cadastral Mapping (30/15)
Valuation of Assisted Living Care Facilities (7/7)
Valuation of Commercial Retail Prop (7/7)

INSTITUTE OF GOVERNMENT

223 Knapp Building, CB#3330
Chapel Hill, NC 27599-3330 (919)966-4372

Standards of Practice & Professional Ethics (18.5/18.5)

INTERNATIONAL RIGHT OF WAY ASSOCIATION

13650 S. Vermont Avenue, Suite 220
Torrance, CA 90502-1144 (213)538-0233

103 Ethics & Right of Way Profession (8/8)
402 Introduction to Income Approach to Valuation (8/8)
403 Easement Valuation (8/8)
801 Land Titles (10/10)

JOHNSTON CC

P.O. Box 2350
Smithfield, NC 27577 (919)934-3051

Appraisal 2001 (7/7)
USPAP 2001 (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)
Challenging the Appraisal (4/4)
Manufactured, Modular & Mobile (4/4)
Maximizing Value (4/4)
Pricing Complex Properties (4/4)
Pricing Small Income Properties (4/4)
Principles/Techniques Val 2-4 Unit Residential (14/14)
USPAP & NC Rules & Regulations for App (15/15)

M CURTIS WEST

P.O. Box 947
Zebulon, NC 27597 (919)217-8040

Income Cap Approach - Past, Present, Future (10.5/10.5)
Property Tax Values & Appeals (6/6)

MCKISSOCK DATA SYSTEMS

P.O. Box 1673
Warren, PA 16365 (814)723-6979

Appraiser Liability (7/7)

Appraising the Oddball (7/7)
Real Estate Fraud & Appraiser's Role (7/7)
The Appraiser as Expert Witness (7/7)
Vacant Land Appraisal (7/7)

MINGLE SCHOOL OF REAL ESTATE

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

Commercial Real Estate Development (10/10)
Is This A Commercial Appraisal? (4/4)
NC RE Appraiser Act & Appraisal Board Rules (10/10)
Role of the Supervisory Appraiser (4/4)

NAIFA

7501 Murdoch Avenue
St. Louis, MO 63119 (314)781-6688

1031 Like Kind Exchange (4/4)
11.8 Calculating Gross Living Area Using (7/7)
2.0 Financial Analysis Inc Property (15/15)
4.0 Marshall & Swift Valuation Guides (15/15)

4.1 Marshall & Swift Residential Cost M (8/8)
5.0 Professional Standards of Practice (15/15)
5.0A Standards Review (8/8)
Blue Print Reading Seminar (4/4)
Bridging the Gap Between Lend & (4/4)
Calc Gross Living Area Using ANSI (4/4)
Commercial Report Writing (15/15)
Environmental Concerns Seminar (4/4)
HUD Review Update (4/4)
Internet & Appraisal Practice Seminar (4/4)
Intro to Automated Valuation Model Tech Seminar (4/4)
Preparing Your Listing for FHA (4/4)
Relocation Seminar (4/4)
Valuing Undivided Interest (4/4)

NAMA/LINCOLN GRADUATE CENTER

P.O. Box 12528
San Antonio, TX 78212 (800)531-5333

Environmental Site Assessment (15/15)
HUD Appraisal Standards Update (7/7)
Manufactured Housing Appraisal (15/15)
National USPAP Course (15/15)
Principles of Property Inspection (20/20)
Principles of Appraisal Review (15/15)
Real Estate Environmental Screening (7/7)
Residential Environmental Screening (7/7)
Residential Appraisal Review (7/7)
USPAP Update (7/7)

NC RE EDUCATION FOUNDATION (NCAR)

2901 Seawell Road
Greensboro, NC 27406 (800)443-9956

Fundamentals of HP-12C in Appraisal Work (7/7)
Income Capitalization for Small Com Props (7/7)
Legal Issues in Real Estate (7/7)
Residential Construction (7/7)
Residential Real Estate as an Investment (7/7)
Tax Planning for the Real Estate Agent (7/7)

NCDOT

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

NC Rules & Regulations - USPAP Update/Avd Ltg (7/7)
Sales Comp Grid/Appr of Trans (7/7)

NCSU AGRICULTURAL & RESOURCE

ECONOMICS
Campus Box 8109
Raleigh, NC 27695-8190 (919)515-4670

(B) Conservation Easements & Other Land Prsr (7/7)
Conservation Easements & Other Land Prsr (8/8)

NCSU FORESTRY ED OUTREACH PROGRAM

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

Accurate Forest Inventory (12.5/12.5)
Applied Intermediate GIS - Foresters (15/15)
Introduction to Applied GIS - Foresters (15/15)
Introduction to Applied GIS - Foresters (13/13)

NCSU SOIL SCIENCE DEPT

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

Basics of On-Site Sewage (6/6)
Getting the Dirt on Soils (6/6)
On-Site System Tech Refresh (6/6)
Wells & Septic Systems (4/4)

RANDOLPH CC

P.O. Box 1009
Asheboro, NC 27204 (336)629-1471

Timber Appraisal Overview (10.5/10.5)

SCHOOL OF REAL ESTATE APPRAISING

62 N. Chapel Street #204
Newark, DE 19711 (302)368-2855

Guide to Relocation Appraisal (7/7)
Review of USPAP (7/7)

SOUTHEASTERN CC

P.O. Box 151
Whiteville, NC 28472 (910)642-7141

Applied Sales Comparison Approach (10/10)
Mathematics of Finance (14/14)
Rural Valuation Seminar (10.5/10.5)

STACEY P. ANFINSDEN

1145-E Executive Circle
Cary, NC 27511 (919)460-7993

Appraisal Process and Val of Residential Prop (4/4)

SURRY CC

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

Appr/Math Using HP12-C (15/15)
Reviewing a Residential Appraisal (8/8)
Testing Highest & Best Use (8/8)
USPAP 2000 (15/15)

TRIANGLE APPRAISAL & RE SCHOOL

4525 Falls of Neuse Road
Raleigh, NC 27609 (919)876-9596

Overview of FNMA (14/14)

WAKE TECH CC

9101 Fayetteville Road
Raleigh, NC 27603-5696 (919)772-0551

Appraising Mfg, Modular, & Mobile Part A (7/7)
Appraising Mfg, Modular, & Mobile Part B (7/7)
Challenging the Appraisal (4/4)
Manufactured, Modular, & Mobile (4/4)
Maximizing Value (4/4)
Pricing Complex Properties (4/4)

WENDELL HAHN & ASSOCIATES

P.O. Box 5313
Columbia, SC 29250 (803)779-4721

Appraisal Update 2001 (7/7)
Computers 2001 (7/7)
FHA Guidelines 2001(7/7)
The Modern Appraisal Office - Part I (7/7)
The Modern Appraisal Office - Part II (7/7)
USPAP 2001 (14/14)

WESTERN PIEDMOND COMMUNITY COLLEGE

1001 Burkemont Avenue
Morganton, NC 28655 (828)738-6104

Appraising Manufactured, Modular & Mobile (14/14)
Manufactured, Modular & Mobile (4/4)
Pricing Complex Properties (4/4)
USPAP & NC Rules and Regulations for App (15/15)

WILLIAMS APPRAISERS ED CENTER

P.O. Box 33786
Raleigh, NC 27636 (919)424-1900

Applied Income Capitalization (14/14)
Income Capitalization Techniques (8/8)
Introduction to GIS in Real Estate (8/8)

YVONNE C. SHARP & ASSOCIATES

66 River Oak Court
Temple, GA 30179 (770)562-1999

The Inspection (14/14)

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.

Richard Berrier (Winston-Salem) - By consent, the Board issued a reprimand to Mr. Berrier and ordered him to take two courses; one in appraising manufactured housing and one in USPAP by January 1, 2002. If Mr. Berrier fails to take the courses as agreed, a one-month suspension will be activated on that date. The Board found that Mr. Berrier appraised a proposed mobile home and a tract of land located in Harmony, NC in October 2000, subject to completion per plans and specifications. Mr. Berrier used two sales as comparables in his sales comparison approach that appeared from public records to be land/home package sales. The appraisal report did not state the reporting option of the report. Mr. Berrier denied the allegations in the complaint.

Jeffrey Burns (Fayetteville) - By consent, the Board suspended Mr. Burns' trainee registration for a period of three months. The suspension is stayed until January 1, 2002. If Mr. Burns takes a course in standards (USPAP) and a sales comparison class by January 1, 2002, the suspension will be inactive. The Board found that Mr. Burns and his supervisor appraised four properties. On all four reports, the owners stated on the reports were not the owners of record, yet Mr. Burns did not address or analyze any current agreements of sale. In the first two appraisals, of a proposed manufactured home to be located in Lumberton, NC and a single family residence located in St. Paul's NC, the value indicated in the cost approach was significantly lower than that of the sales comparison approach, yet Mr. Burns failed to appropriately address the reconciliation of these two approaches to value. On the second report, Mr. Burns stated in the report that the sale information was not available to them, yet the sale was reported on the deed reference and tax ID in the report that indicated a different owner than stated in the report. On the third report, of a proposed manufactured home to be located in Lumberton, NC, Mr. Burns did state the subject lot had sold in the past 12 months; however, he stated an incorrect sales date and sales price for the lot. The fourth report involved a proposed manufactured home to be located in Lumberton.

Richard Chapman (Emerald Isle) - By consent, the Board issued a reprimand to Mr. Chapman. The Board found that a company known as Emerald Coast Mortgage Company (ECM) employed Mr. Chapman. ECM was registered as a mortgage broker and a table funding mortgage banker in the State of North Carolina. Based on written complaints of consumers and third party vendors, the Office of the Commissioner of Banks (OCOB) initiated an investigation into the practices of ECM. As a result of that investigation, Mr. Chapman entered into a consent order with the OCOB. The consent order provided that ECM, its owner and Mr. Chapman must "cease directly, or indirectly through counsel or other agents, any collection demands and shall take no further legal action for the payment of any fees, loan charges or other sums they or it allege are due from consumers in connections with an application, negotiation, processing, placing or the making of a residential mortgage loan." After the effective date of the order, ECM took action to receive payment for fees due from consumers, in violation of the consent order. Specifically, Mr. Chapman submitted an invoice to a lender for his fees as a mortgage broker. Another closing was held after the effective date of the order in which a check was paid to Emerald Coast Mortgage in the amount of \$1009.00 as a loan origination fee. Mr. Chapman denied the allegations in this consent order.

Jerry Gooden (Raleigh) - By consent, the Board reprimanded Mr. Gooden and ordered him to take a standards (USPAP) course, consisting of at least 15 hours, and a course in North Carolina Board Rules, consisting of at least 4 hours, by July 1, 2002. If Mr. Gooden does not complete the courses by July 1, 2002, the reprimand will be vacated and a one-month suspension will be imposed as of that date. The Board found that Mr. Gooden was the supervisor for a trainee, who performed more than 75% of the work on several appraisals under his supervision. On many of those appraisals, the trainee did not sign the appraisal reports, and none of those reports mentioned the professional assistance of the trainee. Mr. Gooden signed a certification on each of those appraisals stating that no one provided significant professional assistance on the appraisals. Mr. Gooden did sign a verification form on each appraisal stating that the trainee had performed 75% of the work to complete the appraisals.

William Hall (Gastonia) - By consent, the Board issued a reprimand to Mr. Hall and ordered him to complete a standards (USPAP) course of at least 14 hours by June 30, 2002. If he does not complete

the course, he will not be allowed to renew his certification until he does. The Board found that Mr. Hall, when he was a trainee and working under the supervision of a state-certified residential appraiser, appraised a property located in Belmont, North Carolina in April 1998, finding an appraised value of \$90,000. The subject property was a double wide manufactured house. The appraisal report stated that the square footage of the subject property was 1568 square feet when it was actually 1344 square feet. Mr. Hall failed to verify the information on two of their comparable sales.

Charles Holloway (Franklinton) - By consent, the Board suspended Mr. Holloway's residential certification for a period of one year effective November 1, 2001. The Board also ordered Mr. Holloway to successfully complete a standards (USPAP) course and the precicensing course known as R-3 before May 1, 2002. If the courses are completed by that date, the remainder of the suspension will be inactive. There were two cases against Mr. Holloway. In the first case, Mr. Holloway appraised a 15-year-old modular home located in Franklinton, NC, finding a value of \$108,000. He stated that his third comparable sale was a modular home when it was actually a double wide, and he misstated the lot size of his fourth sale. His third comparable sale had a double carport that was not mentioned in the report. He stated the subject was modular but checked no in the manufactured house section on the first page of the URAR form. He compared the subject to two new home sales and made no adjustment. There was a home on the same street as the subject that sold in January 2000 for \$69,900 that Mr. Holloway did not utilize in his report. In the second case, Mr. Holloway appraised a proposed manufactured home to be located on land located at William Charles Drive in Roxboro, NC. The manufactured home was actually going to be placed on land located at 42 Poindexter Road in Roxboro. The directions from the client were confusing and led Mr. Holloway to appraise the wrong site. He referred to the first sale as a ranch style manufactured home, when it is actually a stick built home.

The third sale is a modular home, yet he did not explain why no adjustment was made for quality.

James Jarrell (Salisbury) - By consent, the Board suspended Mr. Jarrell's residential certification for a period of one year effective December 1, 2001. The first month of the suspension shall be active, and the remainder will be stayed until June

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30, 2002. Mr. Jarrell also agrees to complete a course in NC Board Rules and a 14-hour USPAP course. If he completes the courses by July 1, 2002, the remainder of the suspension will be inactive. The Board found that Mr. Jarrell appraised a property located at 7346 Wingstone Lane in Charlotte, North Carolina, finding an appraised value of \$137,000. He used comparable sales that were from superior subdivisions located several miles from the subject. There were numerous homes in the subject subdivision that sold within one year prior to the effective date of the appraisal; the sales prices of those properties ranged from \$115,000 to \$118,000. In addition, Mr. Jarrell did not mention or analyze the pending contract of the subject property, nor did he state the type of reporting format used in the appraisal report. Finally, Mr. Jarrell was repeatedly asked by Board staff to send a complete copy of the appraisal report and his workfile on the subject property, but he failed or refused to do so until eleven months after the staff's request.

Thomas McDowell (Fayetteville) - By consent, the Board suspended Mr. McDowell's residential certification for a period of three months. The suspension is stayed until January 1, 2002. If Mr. McDowell takes a course in standards (USPAP) and a sales comparison class by January 1, 2002, the suspension will be inactive. The Board found that Mr. McDowell and a trainee appraised four properties. On all four reports, the owners stated on the reports were not the owners of record, yet Mr. McDowell did not address or analyze any current agreements of sale. In the first two appraisals, of a proposed manufactured home to be located in Lumberton, NC and a single family residence located in St. Paul's NC, the value indicated in the cost approach was significantly lower than that of the sales comparison approach, yet Mr. McDowell failed to appropriately report how they reconciled these two approaches to value. On the second report, Mr. McDowell stated in the report that the sale information was not available to them, yet the sale was reported on the deed reference and tax ID in the report that indicated a different owner than stated in the report. On the third report, of a proposed manufactured home to be located in Lumberton, NC, Mr. McDowell did state the subject lot had sold in the past 12 months; however, he stated an incorrect sales date and sales price for the lot. The fourth report involved a proposed manufactured home to be located in Lumberton.

Thomas R. T. McIntosh (Durham) - By consent, the Board suspended Mr. McIntosh's residential certification for a

period of one year effective December 1, 2001. In addition, Mr. McIntosh will no longer supervise any trainees. The Board found that Mr. McIntosh's certification was suspended by the Board for three months effective August 1, 2000. There were several appraisal reports issued after that date that bore his signature and seal. The signatures and seals affixed to those appraisal reports were electronically generated. Mr. McIntosh denied having performed any appraisal work during the time of the active suspension. Other people in Mr. McIntosh's office or who worked for the parent company of his office had access to his password and could have electronically affixed his signature and seal to appraisal reports. Mr. McIntosh did not protect the integrity of his electronic signature and seal, a violation of USPAP Statement 8. The trainees in Mr. McIntosh's office continued submitting work to him during the time of his suspension, as they were not informed of his suspension. Mr. McIntosh did not properly supervise the trainees in his office.

Darrell Odum (Burlington) - By consent, the Board issued a reprimand to Mr. Odum and ordered him to take a standards (USPAP) course, consisting of at least 15 hours, and a course in North Carolina Board Rules, consisting of at least 4 hours, by July 1, 2002. If Mr. Odum does not complete the courses by July 1, 2002, the reprimand will be vacated and a one-month suspension will be imposed as of that date. The Board found that Mr. Odum was the supervisor for a trainee who performed more than 75% of the work on at least 2 appraisals under his supervision. The trainee did not sign the appraisal reports, and neither of those reports mentioned the professional assistance of the trainee. Mr. Odum signed a certification on each of those appraisals stating that no one provided significant professional assistance on the appraisals. He did sign a verification form on each appraisal stating that the trainee had performed 75% of the work to complete the appraisals.

Kenneth Smith (Belmont) - By consent, the Board suspended Mr. Hall's residential certification for a period of two years. The suspension is stayed until October 1, 2001. Mr. Smith also agrees to take a course in standards (USPAP) and the prelicensing course known as R-3 by March 31, 2002. If he completes both courses by that date, the active portion of the suspension will end on March 31, 2002. If he does not complete both courses by then, the suspension will continue until the courses are completed. In addition, Mr. Smith agrees that he will not supervise any more trainees. There were 4 cases against Mr. Smith. In the first case, Mr. Smith appraised a property located in Charlotte, North Carolina in March 2000, finding an appraised value of \$114,000. Mr. Smith

chose comparable sales from neighborhoods that are superior in appeal to the subject even though there were lower priced sales in the area that were not used. In the second case, Mr. Smith appraised a property located in Kings Mountain, North Carolina in June 2000, finding an appraised value of \$80,000. The appraisal report stated that subject is on a public street although it appears to be located on a private dirt road. In the report, the subject was labeled as average quality and condition when, at the time of the appraisal, the subject property had boarded windows and an above ground drainage pipe, neither of which were mentioned in the appraisal report. The report failed to mention that there were mobile homes and abandoned cars located on the subject site. Finally, the report contained incorrect comparable sales photographs. In the third case, Mr. Smith appraised a property located in Charlotte, North Carolina in June 2000, finding an appraised value of \$104,000. The report stated that the subject is in average condition although the fascia boards were rotten around much of the perimeter of the subject. The report failed to mention that there were junk cars located in the rear of the subject site. The appraisal report stated that the subject has central air conditioning, but in fact it had only a window unit in the front window of the subject. Mr. Smith included in the gross living area a storage closet on the back of the subject that is not finished and does not have access into the interior of the subject property. That closet had damage to the door and the fascia boards. Mr. Smith chose comparable sales that were in superior condition and from superior areas. Finally, Mr. Smith did not properly identify which reporting option was used for the report. In the fourth case, a trainee working under the supervision of Mr. Smith appraised a property located in Belmont, North Carolina in April 1998, finding an appraised value of \$90,000. The subject property was a double wide manufactured house. The appraisal report stated that the square footage of the subject property was 1568 square feet when it was actually 1344 square feet. Mr. Smith failed to verify the information on two of their comparable sales.

Brian Weaver (Durham) - By consent, the Board suspended Mr. Weaver's trainee registration for a period of two months. The suspensions are stayed until January 1, 2002. The Board also ordered him to take a course in standards (USPAP) and a sales comparison class by January 1, 2002. If he fails to take the courses as agreed, the suspension will be activated on that date. The Board found that Mr. Weaver and his supervisor appraised a single-family residence located in Creedmoor, NC, finding an appraised

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value of \$262,000. The sales he chose for comparables were all located at least 12 miles from the subject property. The second comparable sale was fifteen months old and approximately 1,200 square feet larger than the subject property. Mr. Weaver stated that the sales were the best and closest available; however, a positive \$10,000 adjustment was made on all three sales for inferior location. There were other comparable sales available that would have indicated a lower value for the subject property.

Herman Weaver (Creedmoor) - By consent, the Board suspended Mr. Weaver's residential certification for a period of two months. The suspensions are stayed until January 1, 2002. The Board also ordered him to take a course in standards (USPAP) and a sales comparison class by January 1, 2002. If he fails to take the courses as agreed, the suspension will be activated on that date. The Board found that Mr. Weaver and a trainee appraised a single-family residence located in Creedmoor, NC, finding an appraised value of \$262,000. The sales he chose for comparables were all located at least 12 miles from the subject property. The second comparable sale was fifteen months old and approximately 1,200 square feet larger than the subject property. Mr. Weaver stated that the sales were the best and closest available; however, a positive \$10,000 adjustment was made on all three sales for inferior location. There were other comparable sales available that would have indicated a lower value for the subject property.

Edgar Woodliff (Charlotte) - By consent, the Board issued a reprimand to Mr. Woodliff and ordered him to take a sales comparison course by June 30, 2002. If Mr. Woodliff fails to take the course as agreed, a one-month suspension will be activated on that date. The Board found that Mr. Woodliff appraised a property located in Monroe, NC with an effective date of October 27, 1999, finding an appraised value of \$105,000. He used \$10.00 a square foot as an adjustment figure when he should have used a much larger adjustment. One of the comparable sales is approximately 800 feet larger than the subject property, thus the increased square footage adjustment would have had an impact on the final opinion of value. Two of the sales are brick front and vinyl, and two other sales appear to be all brick, thus a quality adjustment should have been made for those sales. If the appropriate adjustments had been made, these comparable sales would indicate a value significantly less than that estimated by Mr. Woodliff. There were other sales available that were more comparable to the subject property, and that would have indicated a lower value. □

USPAP Q & A

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. The ASB USPAP Q&A do not constitute a legal opinion of the ASB.

Question #1:

The Record Keeping section of the ETHICS RULE states, in part: The workfile must include...true copies of any written reports...

Does a true copy have to include a signature on the certification?

Response:

Yes, a true copy is a replica of the report sent to the client. Any signatures that were affixed to the original report must also exist on the copy for the workfile.

Question #2:

What is the difference between a client and an intended user?

Response:

The term "Client" is defined in the DEFINITIONS section of USPAP as "*the party or parties who engage an appraiser (by employment or contract) in a specific assignment.*"

The term "Intended User" is defined as "*the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.*"

Eventual receipt of a copy of an appraisal, appraisal review, or appraisal consulting report does not make the recipient an **intended user**. To be an intended user the recipient must have been **identified** as such by the **appraiser**.

Question #3

Is it a violation of USPAP to use a recent sale of the subject property as a comparable in the sales comparison approach to value?

Response:

No. Standards Rule 1-4 states:

In developing a real property appraisal, an appraiser must collect, verify, and analyze all information applicable to the appraisal problem, given the scope of work identified in accordance with Standards Rule 1-2(f).

(a) *When a sales comparison approach is applicable, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.*

Additionally, Standards Rule 1-5 states: *In developing a real property appraisal, an appraiser must...*

(b) *analyze any prior sales of the property that occurred within the following minimum time periods: one year for one-to-four-family residential properties; and three years for all other property types; and...*

Therefore, not only could the subject property potentially be used as a comparable sale, an analysis of the prior sale must be made in accordance with Standards Rule 1-5. However, appraisers must be aware of any supplemental standards that require minimum numbers of comparable sales to be reported in addition to the sale of the subject property.

Question #4:

Does USPAP require that an address for the subject property be reported in every summary real property appraisal report?

Response:

No, it does not. Standards Rule 1-2(e) is a binding requirement that states, in part:

In developing a real property appraisal, an appraiser must...identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal, including:

(i) *its location and physical, legal, and economic attributes.*

Additionally, Standards Rule 2-2(b), which is also a binding requirement, states;

The content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

(iii) *summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;*

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USPAP Q & A

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Comment: The real estate involved in the appraisal can be specified, for example, by a legal description, address, map reference, copy of a survey or map, property sketch, and/or photographs or the like. The summarized information can include a property sketch and photographs in addition to written comments about the legal, physical, and economic attributes of the real estate relevant to the purpose and intended use of the appraisal.

The appraiser must provide information sufficient to "identify the real estate involved in the appraisal." In some cases an address, particularly a post office box or other rural address may be misleading if no other identifying information such as a legal description is provided. In other cases an address is sufficient to meet USPAP requirements.

Question #5:

Which Standards and Standards Rules apply to developing an appraisal?

Response:

Standard 1 and Standards Rules 1-1 through 1-5 apply to developing a real property appraisal. Standard 6 and Standards Rules 6-1 through 6-6 apply to developing a mass appraisal. Standard 7 and Standards Rules 7-1 through 7-5 apply to developing a personal property appraisal. Standard 9 and Standards Rules 9-1 through 9-5 apply to developing a business appraisal.

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Question #6:

Which Standards and Standards Rules apply to reporting an appraisal?

Response:

Standard 2 and Standards Rules 2-1 through 2-4 apply to reporting a real property appraisal. Standards Rules 6-7 and 6-8 apply to reporting a mass appraisal. Standard 8 and Standards Rules 8-1 through 8-4 apply to reporting a personal property appraisal. Standard 10 and Standards Rules 10-1 through 10-4 apply to reporting a business appraisal.

Question #7:

I was recently asked to review the income approach to value in a real property appraisal report. The client did not ask me to comment on the final value conclusion. He simply requested that I review the income approach and advise him regarding its credibility. Since it only involves reviewing a part of an appraisal report, does USPAP apply?

Response:

Yes. This would be an appraisal review assignment subject to STANDARD 3. USPAP defines appraisal review as:

the act or process of developing and communicating an opinion about the quality of another appraiser's work.

Comment: The subject of an appraisal review assignment may be all **or part of** an appraisal report, workfile, or a combination of these. (Bold added for emphasis)

Question #8:

Is it ethical to disclose confidential information to a duly authorized professional peer review committee?

Response:

Yes. However, the appraiser must be aware of and comply with applicable laws or regulations that would prevent such disclosure. The Confidentiality section of the ETHICS RULE states, in part;

An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.

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; state enforcement agencies and such third parties as may be authorized by due process of law; and a duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation. It is unethical for a member of a duly authorized professional peer review committee to disclose confidential information presented to the committee.

Comment: When all confidential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.

It should be noted that the ASB modified the Confidentiality section of USPAP, as stated above, effective July 1, 2001. □

**NORTH CAROLINA
APPRAISAL BOARD**
P.O. Box 20500
Raleigh, NC 27619-0500

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