



# NORTH CAROLINA APPRAISAL BOARD

# APPRAISER REPORT

Volume 12

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## Changing the Name of the Client on an Appraisal Report

A homeowner contacts you to perform an appraisal on his home. The homeowner tells you he is looking to refinance his mortgage, and will be shopping for a lender. Before you complete the assignment, the homeowner tells you to put the name of Lender A on the appraisal report as the client.

What are your ethical obligations?

USPAP defines the client as “the party or parties who engage an appraiser (by employment or contract) in a specific assignment.” The homeowner is therefore your client on this assignment.

The definition of client in USPAP contains a comment that states “The client identified by the appraiser in an appraisal, appraisal review or appraisal consulting assignment (or in the assignment workfile) is the party or parties with whom the appraiser has an appraiser-client relationship in the related assignment, and may be an individual, group or entity.” Thus, USPAP states that when you put the name of Lender A on the client line in the appraisal report, you have established an appraiser-client relationship with Lender A.

The homeowner then contacts you and asks you to reissue the report, putting Lender B’s name on the client line. Can you do this?

The Appraisal Standards Board has addressed this issue in its publication, *Frequently Asked Questions*. The ASB states “When a party other than the client requests an appraisal report that identifies that party as the client, a subsequent appraiser-client relationship is being established; a second assignment is begun. The appraiser must protect the confidential nature of his/her relationship with the first client, in accordance with the Confidentiality section of the Ethics Rule. You should treat the request for a reassignment as a request for a new assignment.

You should obtain permission (preferably in writing) from the first client to proceed, and it must be understood by all parties that a second assignment with a different appraiser-client relationship is being established.

Advisory Opinion 10 states, “The appraiser has a personal obligation and a professional responsibility to avoid any action that could be considered misleading and to protect the confidential nature of the appraiser-client relationship. Simply changing the title page or transmittal letter of an appraisal report without full disclosure of the original appraiser-client relationship is misleading.”

The bottom line is that once you place a client name on the appraisal report, that person or company is your client, resulting in an appraiser-client relationship.

If the homeowner intends to shop your appraisal to several lenders, the best way to handle this situation is to put the homeowner’s name as the client on the appraisal report. Once the homeowner finds a lender, you can reissue the report with the lender identified as the client. You should also obtain the homeowner’s written permission to reissue the report. You should also inform the homeowner that once you do reissue the report, you cannot again reissue the report without obtaining the first lender’s written permission.

In sum, the Ethics Rule of USPAP requires that you protect the confidential nature of the appraiser-client relationship. You have a personal obligation and professional responsibility to avoid any action that could be considered misleading. Thus, you cannot change the title page of an appraisal performed for one client and provide it to another client without full disclosure of the existing relationship and without the written consent of the first client. □

## USPAP Amended Three-year sales history now required on residential appraisals

As of January 1, 2003, the 2003 version of the Uniform Standards of Professional Appraisal Practice (USPAP) will go into effect. A number of changes to the new version are summarized in the beginning of the new document and all appraisers should review and understand this summary of the “Key Features” of the 2003 USPAP. Among the changes is a modification to Standards Rule 1-5 that will likely affect residential appraisers on a regular basis.

The new Standards Rule 1-5 will require appraisers to analyze all prior sales of a subject property that occurred within the three (3) years prior to the effective date of the appraisal, if such information is available in the normal course of business. This three-year time frame applies to **all types of real property**. In the past, this rule required only a one-year minimum period for one-to-four-family residential properties and a three-year time frame for all other types of properties.

Appraisers who appraise residential property must make note of this modification and begin to comply with the new requirement as of January 1, 2003. □

## APPRAISAL BOARD WEBSITE

Please visit the Board’s  
website at:  
[www.ncappraisalboard.org](http://www.ncappraisalboard.org)

# 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**.

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## APPRAISER COUNT

(As of December 2, 2002)

Trainees .....	1023
Licensed Residential .....	267
Certified Residential .....	1689
Certified General.....	866
Total Number .....	3845

## APPRAISER EXAMINATION RESULTS

August, September, October 2002

Examination	Total	Passed	Failed
Trainees	61	47	14
Licensed Residential	18	18	0
Certified Residential	35	22	13
Certified General	5	3	2

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

## Minnesota and Tennessee - Newest Reciprocal States

North Carolina has entered into a formal reciprocity agreement with the Minnesota Department of Commerce and the Tennessee Real Estate Appraiser Commission.

These reciprocal agreements streamline the application and renewal processes in one jurisdiction for appraisers residing in the other. These agreements do not include trainees.

North Carolina now has reciprocity with seventeen states and commonwealths They are:

Alabama	Louisiana	Oregon
Arkansas	Maine	South Carolina
California	Minnesota	Tennessee
Colorado	Mississippi	Washington
Georgia	Missouri	West Virginia
Kentucky	New Hampshire	

## Modular Housing - What is an Appropriate Comprable Sale?

Modular housing is built to comply with North Carolina building codes. Modular homes are regulated by the Manufactured Building Division of the North Carolina Department of Insurance. The Department insures that the homes are built to the North Carolina State Uniform Residential Building Code. Because modular homes are built to the same code as stick-built homes, some believe that they can choose stick built homes as comparable sales for modular homes. This, however, is not always the case.

There are two types of modular homes: off-frame and on-frame. An off-frame house is built on a carrier, transported to a building site on the carrier, and then either craned or rolled onto a foundation. An on-frame modular home is built on a steel frame, towed to a job site, and then affixed to a foundation using the frame as part of the foundation. Both on-frame and off-frame modular homes are regulated by the Manufactured Building Division of the North Carolina Department of Insurance. Both types of modular homes have a silver label with red lettering, the seal of the State of North Carolina, and the words "State of North Carolina modular construction validating stamp." This Silver seal is usually located inside the home. Some manufacturers build the same floor plan with the same exterior elevations for both modular and manufactured homes. An appraiser can use the state modular seal and the HUD seal to verify whether a home is a modular home or a manufactured home.

Although modular homes are usually built to the same code as stick built homes, this does not mean that modular homes have the same appeal to the market as stick built homes. When appraising a modular home, appraisers should choose other modular home sales as comparables. If there are no other modular home sales, appraisers should use either manufactured homes or stick-built homes for comps. The appraiser should first determine the visual appeal of the subject - does it look more like a doublewide than a stick built home? In addition, the appraiser will have to determine if that particular market reacts differently to modular homes than to manufactured or stick built homes. If so, appropriate adjustments for quality or style should be made.

For example, if the modular home looks just like a doublewide manufactured home from the outside, and there are no similar modular home comps available, the appraiser should choose doublewide manufactured home sales as comps and make appropriate adjustments for quality. If the modular home looks more like a stick built home, stick built home sales can be used providing appropriate adjustments are made. The key issues for the choice of comparable sales are conformity to the neighborhood and appeal to that market. □

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# USPAP Q & A

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*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.*

## **Question #1:**

May an appraiser express his or her own opinion of value in an appraisal consulting assignment, or must the appraiser use an opinion of value developed and reported by another appraiser?

## **Response:**

In an appraisal consulting assignment, an appraiser may develop and report his or her own opinion of value as part of the appraisal consulting assignment. The Comment to STANDARD 4 states, in part:

*In some assignments, the opinion of value may originate from a source other than the consulting appraiser. In other assignments, the consulting appraiser may have to develop the opinion of value as a step in the analyses leading to the assignment results.*

*An opinion of value or an opinion as to the quality of another appraiser's work cannot be the purpose of an appraisal consulting assignment. Developing an assignment for those purposes is an appraisal or an appraisal review assignment, respectively. Misrepresenting the purpose of an assignment performed under this STANDARD is a violation of the ETHICS RULE.*

Additionally, if the appraiser develops an opinion of value as part of an appraisal consulting assignment, the appraisal component must be reported in conformance with the applicable sections of STANDARD 2. The Comment to Standards Rule 5-2(h) states, in part:

*If an opinion of value was developed by*

*the consulting appraiser, the appraisal consulting report must include the information required to comply with Standards Rule 2-2(a) or (b)(ii) through (xi). Standards Rule 2-2(c)(ii) through (xi) is also permitted if the client is the only intended user of the assignment results.*

## **Question #2:**

The Conduct section of the ETHICS RULE states, in part:

*An appraiser must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.*

Does this imply that relying on **supported** conclusions "relating to characteristics such as race, color, religion...is acceptable?"

## **Response:**

No. One cannot infer by logical extension that using **supported** conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, age..." is appropriate or acceptable. Additionally, USPAP clearly recognizes that there may be laws and/or regulations that apply to this issue. In such cases, Advisory Opinion 16 (AO-16) makes it very clear that an appraiser must be aware of, and must abide by applicable laws. Specifically, AO -16 states, in part:

*In some cases, even supported conclusions in assignments relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or group homogeneity cannot be used because they are precluded by applicable law.*

*An appraiser must ensure that his or her appraisal, appraisal review, or appraisal consulting opinions and conclusions are impartial and objective and do not illegally discriminate or contribute to illegal discrimination through subjective or stereotypical assumptions.*

## **Question #3:**

Section C-4 of STATEMENT 10 (SMT-10) appears to indicate that banking regulations require written consent before an appraiser may invoke departure and prepare a Limited Appraisal. Is this a USPAP requirement?

## **Response:**

No. According to an Interagency Work Group, comprised of the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and Office of the Comptroller of the Currency:

*The agencies' appraisal regulations incorporate USPAP by reference, but do not specifically address the Departure Rule or a limited appraisal. An institution's use of a limited appraisal is addressed in the agencies' "Interagency Appraisal and Evaluation Guidelines", dated October 27, 1994 (guidelines). As discussed in these guidelines, the agencies believe that institutions should be cautious in their use of a limited appraisal because it will be less thorough than a complete appraisal. An institution and appraiser must concur that invoking the Departure Rule is appropriate for the transaction. **While the guidelines do not require that there be written agreement between an institution and an appraiser on the applicability of the Departure Rule to a particular appraisal assignment, the agencies believe that it is a prudent business practice for an institution to document such an agreement in writing, before the appraiser commences the appraisal assignment.** (Bold added for emphasis)*

*In 2001, STATEMENT 10 (SMT-10) was adopted by the ASB for inclusion in USPAP. SMT-10 was a joint effort between the Appraisal Standards Board and an Interagency Work Group comprised of representatives from the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the Office of Thrift Supervision. Since its introduction, several questions have arisen. SMT-10 addresses banking regu-*

*Continued on page 4*

# USPAP Q & A

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*latory requirements, therefore the ASB posed several questions to the Interagency Work Group for the regulatory answer to these questions. The questions and answers are reprinted below.*

## **Question #4:**

STATEMENT 10 only applies to Federally Related Transactions. Can the Interagency Work Group provide guidance on how an appraiser can determine if a transaction is, or is not a Federally Related Transaction? More directly, what is a Federally Related Transaction and do certain entities (FHA, VA, Fannie Mae & Freddie Mac) have exemptions in this regard?

## **The Response from the Interagency Work Group:**

A real estate-related transaction and a federally related transaction are legal terms prescribed by law<sup>1</sup> and defined in the agencies' appraisal regulations. In general, our appraisal regulations apply to real estate-related financial transactions entered into by the agencies or by federally regulated financial institutions<sup>2</sup>. However, not all real estate-related transactions are considered federally related transactions. A real estate-related financial transaction is a federally related transaction unless the transaction is specifically exempted from the agencies' appraisal regulations.

1 The law refers to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

2 This includes commercial banks, savings and loan associations, credit unions, bank holding companies, and the nonbank subsidiaries of bank holding companies.

Our appraisal regulations list specific categories of transactions that do not require the services of an appraiser and, therefore, are not considered to be federally related transactions. Under the agencies' appraisal regulations, federally regulated institutions have the responsibility to determine if a transaction meets the legal definition of a federally related transaction or is otherwise exempted. If a real estate-related transaction exceeds

\$250,000, the appraiser may presume that it is a federally related transaction, unless specifically notified by the institution that it is not a federally related transaction.

In response to the second part of your question as to whether certain entities are exempted from the regulations, the entities listed in your letter (FHA, VA, Fannie Mae or Freddie Mac) are not under our supervision and, therefore, are not subject to the agencies' appraisal regulations. Federally regulated financial institutions do engage in real estate-related transactions with these entities, such as the sale of loans. Under the agencies' regulations, transactions that qualify for sale to a United States government agency or United States government sponsored agency (e.g., FHA, VA, Fannie Mae, Freddie Mac, Farmer Mac, and Sallie Mae) are exempted and as such are not federally related transactions. Our regulations also contain an exemption for transactions that involve a residential real estate transaction in which a regulated institution's appraisal conforms to the appraisal conforms to the appraisal standards of Fannie Mae or Freddie Mac.

## **Question #5:**

Appraisers are receiving conflicting advice regarding the requirements to provide an "as is" value. Can the Interagency Work Group provide guidance on exactly when an "as is" value is required and when it is not?

## **The Response from the Interagency Work Group:**

The requirement for an "as is" value is an implied element in the minimum appraisal standards listed in the agencies' appraisal regulations. Under these standards, an institution must analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.

The agencies' appraisal regulations require an appraisal report to include an .as is. current market value when an institution finances:

- The proposed construction or renovation of an existing property.
- A property that has not met its leasing goals (non-stabilized).

- A property with non-market lease terms (concessions that impact cash flow).
- A subdivision or tract development with unsold units.

If a transaction does not include any of these types of financing situations, then an "as is" value is not required. For example, in financing the purchase of an existing home, there typically would be no need to apply deductions or discounts to arrive at the market value of the property since the institution's financing of the purchase does not depend on events such as further development of the property or the sale of units in a tract development.

## **Question #6:**

Lines 3921-3933 of SMT-10 appear to indicate that banking regulations require written consent before an appraiser may invoke departure and prepare a limited appraisal. However, within that same section the text seems to indicate that while written consent is a good business practice, it is not a requirement. For an appraisal in an FRT, is an appraiser required to obtain written permission before invoking departure?

## **The Response From the Interagency Work Group:**

The agencies' appraisal regulations incorporate USPAP by reference, but do not specifically address the Departure Rule or a limited appraisal. An institution's use of a limited appraisal is addressed in the agencies'. Interagency Appraisal and Evaluation Guidelines., dated October 27, 1994 (guidelines). As discussed in these guidelines, the agencies believe that institutions should be cautious in their use of a limited appraisal because it will be less thorough than a complete appraisal. An institution and appraiser must concur that invoking the Departure Rule is appropriate for the transaction. While the guidelines do not require that there be a written agreement between an institution and an appraiser on the applicability of the Departure Rule to a particular appraisal assignment, the agencies believe that it is a prudent business practice for an institution to document such an agreement in writing, before the appraiser commences the appraisal assignment. □

# Approved Continuing Education Courses

(As of December 6, 2002)

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 Exstg 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)

## AMERICAN SCHOOL OF REAL ESTATE APPRAISERS

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

USPAP (15/15)

## AM SOC FARM MANAGRS & RURAL APPRAISERS

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-25 (49/30)  
Advanced Resource Appraisal A-34 (30/30)  
Eminent Domain (19/19)  
Highest & Best Use A-29 (15/15)  
Rural Business Valuation (16/16)  
Uniform Agriculture Appraisal Report (15/15)

## AMERICAN SOCIETY OF APPR (THE)

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

Current Status & Future of Appraising (4/4)  
Employee Relocation Appraising (4/4)  
Going Concern Valuations (8/8)  
SE100: National USPAP (14/14)  
The Residential Appraiser: The Future is Yours (3.5/3.5)

## AM SOCIETY OF APPRAISERS NC CHAPTER

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

SE100 USPAP (15/15)  
Using Marshall & Swift/Res Prop (7/7)

## APPRAISAL ACADEMY (THE)

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

Adj, The Appraisal & The Underwriter (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)  
330 Apartment Appr: Concepts & (14/14)  
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)  
700 Appraisers As Expert Witness (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)  
800 Separating Real & Personal (15/15)  
Appraising Environmentally Contaminated Props (7/7)  
Crossing the Line: Home Mortgage Fraud (7/7)  
Fundamentals of Relocation Appraising (7/7)  
Gen Demo Appraisal Rpt Writing Seminar (14/14)  
Gen Demo Appraisal Rpt Writing Seminar (7/7)  
Intro to Env Issues for RE Appr (7/7)  
Residential Demo Appraisal Report Writing Seminar (14/14)

## APPRAISAL INSTITUTE, NC CHAPTER

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

How to Recognize & Eval the Ugly (4/4)

## ASHEVILLE-BUNCOMBE TECH CC

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

PDH RE - Basic Surveying (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)

## CLE INTERNATIONAL

1620 Gaylord Street  
Denver, CO 80206 (303)377-6600

Eminent Domain (12/12)

## 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)

## DUKE UNIVERSITY

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

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

## 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)

Income Capitalization (14/14)  
Income Capitalization (A) (7/7)  
Income Capitalization (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)

## EDUCATIONAL SEMINARS, INC.

P.O. Box 84  
Cary, NC 27512 (919)481-3942

Mold & Allergens in Home Envr (14/14)

## HALL INSTITUTE

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

Researching and Buying Raw Land (4/4)

## HIGNITE TRAINING SERVICE

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

Building the ERC, 1073, 1025, & 1004 (7/7)  
Know the Board Laws (7/7)

## 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 (919)819-6100

201 Appraisal of Land (30/30)  
311 Residential Modeling Concepts (30/30)  
452 Fundamentals of Assessment Ratio Studies (30/30)  
Fund of Real Property Appraisal (30/30)  
Marshall & Swift - Commercial (18.5/18.5)  
Principles & Techniques of Cadastral Mapping (30/30)

## INSTITUTE OF GOVERNMENT

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

Appraisal of Land (30/30)  
Fundamentals of Assessment Ratio Studies (16/16)  
IAAO 101: Fundamentals of Real Prop (30/30)  
IAAO 102: Inc Approach to Valuation (30/30)  
Marshall & Swift - Commercial (13/13)  
Principles & Techniques of Cadastral Mapping (30/30)  
Residential Modeling Concepts (30/30)  
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)

# Approved Continuing Education Courses

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Challenging the Appraisal (4/4)  
 Income Capitalization (A) (7/7)  
 Income Capitalization (B) (7/7)  
 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)  
 RE Damages: Assessment & Testi (7/7)  
 Real Estate Fraud & Appraiser's Role (7/7)  
 The Appraiser as Expert Witness (7/7)

## MINGLE SCHOOL OF REAL ESTATE

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

Is This A Commercial Appraisal? (4/4)  
 NC RE Appr Act & Appraisal Board Rules (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

Appr Liability-Knowldg to Mnmz (8/8)  
 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)

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

Appraising a Single-Unit Condo (7/7)  
 Fundamentals of HP-12C in Appraisal Work (7/7)  
 Income Capitalization for Small Com Props (7/7)  
 Land Use Regs Effect on Market Value (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)  
 USPAP (7/7)

## NCDOT

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

Appraisal of Residue & Special Use Properties (7/7)  
 NC Rules & Regulations - USPAP Update/Avd Ltg (7/7)  
 Revisiting the Cost Approach & Recurring Errors (7/7)  
 Sales Comp Grid/Appr of Trans (7/7)

## 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)  
 DIntn of Pdmnt & Cstl Pln Jrsd (30/30)  
 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)

## 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. ANFINDSEN

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

Home Inspections & Common De (4/4)  
 Is the Comparable Comparable (8/8)  
 Mobile Mfg Homes & Types of M (4/4)  
 Reviewing a Residential Appraisal (8/8)  
 Testing Highest & Best Use (8/8)

## WENDELL HAHN & ASSOCIATES

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

FHA Guidelines 2001 (7/7)  
 New for 2002 (7/7)  
 Nuts & Bolts (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)  
 Income Capitalization (A) (7/7)  
 Income Capitalization (B) (7/7)  
 Maximizing Value (4/4)  
 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)

# 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.

**Jeremy Bridges (Shelby)** - By consent, the Board suspended Mr. Bridges' residential certification for six months. The suspension is stayed until March 1, 2003. Mr. Bridges also agrees to take a course in manufactured housing and a 14-hour course in standards (USPAP) by March 1, 2003. If he fails to take the courses as agreed, the suspension will be activated on that date. The Board found that a trainee working under the supervision of Mr. Bridges appraised a proposed manufactured home to be located in Kings Mountain, NC in October 2001, finding an appraised value of \$122,000. The neighborhood is a manufactured home subdivision, which includes mostly double-wide manufactured homes. The appraisal showed the customer as the current owner, when at the time the developer was the owner of record. Although the property appeared to be under contract for sale at the time of the appraisal report for \$137,500, Mr. Bridges did not mention the contract in the appraisal report as he doubted its validity. The subject site had transferred back to the developer approximately 5 months prior to the date of the appraisal, yet this transfer was not disclosed in the report. Mr. Bridges' first comparable sale was purchased on May 8, 2001 for \$82,000 and then transferred on the same day for \$113,000. Mr. Bridges relied on the closing statement for the sales price of this sale; that statement stated that this property sold for \$122,000. His second comparable sale does not appear to be an arms length transaction as it was a purchase by the lender at a foreclosure sale.

**Edwin Britt (Fayetteville)** - Following a hearing, the Board suspended Mr. Britt's residential certification for one year effective September 1, 2002. The Board found that in October 2001, a complaint was received against Mr. Britt regarding an appraisal he had performed. Despite several letters, telephone calls and personal visits to Mr. Britt's office, Mr. Britt did not produce the appraisal report and workfile as required by state law. Mr. Britt acknowledged that he received the requests, and admitted that he did not respond.

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# Disciplinary Actions

*Continued from page 6*

**Jeannette Ford (Clayton)** - By consent, the Board issued a reprimand to Ms. Ford. The Board found that Ms. Ford Respondent appraised a home located in Rocky Mount, NC in June 2000, finding an appraised value of \$125,000. The subject fronts on a two lane one-way road. Two sales used by the Ms. Ford are located on two-way residential streets with less traffic flow than the subject. The area of those two sales appears to be more appealing due to less traffic, the presence of well-maintained dwellings in the neighborhood and a higher neighborhood price range. Ms. Ford did not make any location or lot adjustment to those sales. Ms. Ford stated in the Sales Comparison grid that she used tax records to obtain and verify sales. In the appraisal report, she also stated that she had done a thorough search of the local MLS system. Tax records have Sale No. 1 selling on 3/20/00 for \$110,000 as stated in the Respondent's report; however, MLS records indicate that this property sold for \$97,000 on 3/17/00. The comparable sales photo addendum was incorrect.

**Louis O. Frazier, Jr. (Henderson)** - By consent, the Board reprimanded Mr. Frazier and ordered him to take a class in the role of a supervisor by December 1, 2002. If he fails to take the class, a three-month suspension will be activated on that date. It was alleged that Mr. Frazier and a trainee appraised a proposed manufactured home to be located in Henderson, NC, finding an appraised value of \$103,000, subject to plans and specifications. On the effective date of the appraisal report, the subject property was owned by a different owner than that stated on the appraisal report. Although Mr. Frazier had a copy of the sales agreement for the subject in their workfile, he did not address or analyze that agreement in the appraisal report. Mr. Frazier used three comparable sales in the appraisal report. The revenue stamps on the deed for one of those sales indicated that the sale was a land only sale.

**William Hall (Gastonia)** - By consent, the Board suspended Mr. Hall's residential certification for six months. The first month of the suspension will be active and begins on January 1, 2003. The remainder of the suspension is stayed until April 1, 2003. If Mr. Hall completes a course in sales comparison or market analysis by that date, the remainder of the suspension will be inactive. The Board found that Mr. Hall Respondent appraised a home located in Gastonia, NC

in July 2000, finding an appraised value of \$170,000. The subject is a modular home that was to be disassembled and removed from the sales center and placed on the subject site. The street in front of the subject is unpaved, although it was shown as asphalt in the appraisal report. The three sales used in the appraisal all appear to be in superior locations, with curb and gutter, streetlights and asphalt paved roads. Only one of these sales had an adjustment for superior location. All three of the sales are brick veneer or brick front and the subject has vinyl siding. Hall adjusted two of the sales by \$2500 for brick veneer, and the third \$500 for brick trim. There were no other adjustments for quality or for design and appeal. There were other sales available in the area that were more similar to the subject property that Mr. Hall could have used; those sales would indicate a much lower value for the subject property.

**Teri Hoke (Mount Holly)** - By consent, the Board suspended Ms. Hoke's residential certification for a period of six months. The suspension is stayed until December 1, 2002. Ms. Hoke also agrees to take a course in manufactured housing by December 1, 2002. If she takes the course by that date, the suspension will be inactive. If she fails to take the course as agreed, the suspension will be activated on that date. It was alleged that Ms. Hoke appraised a proposed home to be located in Denver, NC in February 1999, finding an appraised value of \$220,500. The appraisal was made "subject to" completion per plans and specifications, and was a modular home with only a front and side entry. Two of Ms. Hoke's comparable sales were located in subdivisions on Lake Norman, and the other was located on a golf course in a country club community. Although the quality, design and appeal of the three sales appear to have been superior to the subject, Ms. Hoke made adjustments to only one of her comparable sales for these differences. Ms. Hoke stated an incorrect sales price for her first comparable sale. The distances to all the sales were substantially larger than was stated in the report.

**Elberta Jones (Henderson)** - By consent, the Board reprimanded Ms. Jones and ordered her to take a manufactured housing class and a 14-hour standards (USPAP) class by December 1, 2002. If she fails to take the class, a three-month suspension will be activated on that date. It was alleged that Ms. Jones and her supervisor appraised a proposed manufactured home to be located in Henderson, NC, finding an appraised value of \$103,000, subject to plans and specifications. On the effective date of the

appraisal report, the subject property was owned by a different owner than that stated on the appraisal report. Although Ms. Jones had a copy of the sales agreement for the subject in their workfile, she did not address or analyze that agreement in the appraisal report. Ms. Jones used three comparable sales in the appraisal report. The revenue stamps on the deed for one of those sales indicated that the sale was a land only sale.

**Jack Ragan (Raleigh)** - By consent, the Board suspended Mr. Ragan's certification for one month. The suspension is stayed until July 1, 2002. Mr. Ragan also agrees to take a course in standards (USPAP), consisting of at least 14 hours, by July 1, 2002. If he fails to take the course as agreed, the suspension will be activated on that date. The Board found that Mr. Ragan and another appraiser appraised a proposed on frame modular home to be located in Timberlake, NC in July 2000, finding an appraised value of \$228,000. The subject site contained approximately 19.73 acres. The appraisal was made "subject to" completion per plans and specifications, with a hypothetical condition that the subject site contained only 5 acres. The subject tract sold 21 days the effective date of the appraisal for \$35,000. Respondent only used five acres of the subject 19+-acre tract in the appraisal report and indicated the value of the five acres to be \$35,000. Mr. Ragan knew that the subject site was under contract for \$35,000, but did not mention this in his appraisal. He also did not explain in the appraisal the use of a portion of the total tract as a hypothetical condition. The owner listed on the tax card in the work file did not match the current owner listed in the appraisal. Mr. Ragan did not state the type of reporting format utilized.

**Edward Robinson (Florence, South Carolina)** - By consent, the Board ordered Mr. Robinson to cease performing appraisals in North Carolina without first being licensed to do so, either by obtaining a temporary practice permit for each assignment or by becoming licensed in North Carolina by the North Carolina Appraisal Board. If he should do any more appraisal work in North Carolina without a license, the Board will seek an injunction against him. If that should occur, and the Board is successful in obtaining an injunction, Mr. Robinson agreed to pay all costs and attorney's fees incurred by the Board in that action. The Board will also refer that matter to the District Attorney's office for criminal prosecution. The Board found that Mr. Robinson is licensed as a real estate appraiser in South Carolina. He is not

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# Disciplinary Actions

*Continued from page 7*

licensed in North Carolina as a real estate appraiser. On at least three occasions, Mr. Robinson appraisals in the State of North Carolina when he was not licensed by the North Carolina Appraisal Board to perform appraisals in this state. G.S.β93E-1-2.1 provides that it is unlawful for any person to perform appraisals of real property located in North Carolina without first being licensed by the Appraisal Board.

**Dan Allen Wesson (Boiling Springs, South Carolina)** - By consent, the Board suspended the trainee registration of Mr. Wesson for six months. The suspension is stayed until March 1, 2003. Mr. Wesson also agrees to take a course in manufactured housing and a 14-hour course in standards (USPAP) by March 1, 2003. If he fails to take the courses as agreed, the suspension will be activated on that date. The Board found that Mr. Wesson and his supervisor appraised a proposed manufactured home to be located in Kings Mountain, NC in October 2001, finding an appraised

value of \$122,000. The neighborhood is a manufactured home subdivision, which includes mostly doublewide manufactured homes. The appraisal showed the customer as the current owner, when at the time the developer was the owner of record. Although the property appeared to be under contract for sale at the time of the appraisal report for \$137,500, Mr. Wesson did not mention the contract in the appraisal report as he doubted its validity. The subject site had transferred back to the developer approximately 5 months prior to the date of the appraisal, yet this transfer was not disclosed in the report. Mr. Wesson's first comparable sale was purchased on May 8, 2001 for \$82,000 and then transferred on the same day for \$113,000. Mr. Wesson relied on the closing statement for the sales price of this sale; that statement stated that this property sold for \$122,000. His second comparable sale does not appear to be an arms length transaction as it was a purchase by the lender at a foreclosure sale.

**Wanda Whitfield (Fayetteville)** - By consent, the Board suspended Ms. Whitfield's residential certification for six months. The suspension is stayed until April

1, 2003. Ms. Whitfield also agreed to take R-3 and the 15-hour National USPAP class by April 1, 2003. If she fails to take the courses as agreed, the suspension will be activated on that date. The Board found that Ms. Whitfield appraised a home located in Cameron, NC in October 2001, finding an appraised value of \$260,000. The subject property has 2,172 square feet of gross living area. When Ms. Whitfield searched the subject subdivision for comparable sales, she looked only for resale homes, and did not include new homes in her search. As a result, she found only six sales in the subject subdivision, but did not use any them because of the large difference in square footage. She therefore went to other subdivisions where the homes were more similar in square footage to the subject. Although the other subdivisions appeared to be in more desirable areas, she made no adjustments for location. There were four new home sales available in the subject subdivision that ranged in square footage from 2,019 to 2,181, and ranged in sale prices from \$152,000 to \$161,000. □

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