



APPRAISER REPORT

Volume 26

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Number 2

RECENT BOARD APPOINTMENTS

Cory Gore, CDA of Wilmington was reappointed by Governor Pat McCrory for a three-year term ending June 30, 2019. Mr. Gore is the owner of Gore Properties and Appraisal Group, LLC and Partner of Wilmington Appraisal Group, LLC. He is a designated member and serves as a Board Member of the North Carolina Appraisers Coalition (NCPAC). He is past President of the Southeast Chapter of NCPAC and past Chair of the Wilmington Regional Appraisal Council. He is on the Real Estate Advisory Board of Cape Fear Community College. He holds a Bachelor of Science degree in Economics from the University of North Carolina – Wilmington. Mr. Gore has 35 years experience in real estate appraisal and banking. He is also a licensed real estate broker and general contractor. He resides in Wilmington with his wife, Jill Gore. He has two daughters; Lauren and Rachel.

David E. Reitzel was reappointed by Governor Pat McCrory for a three-year term ending June 30, 2019. Mr. Reitzel is a graduate of the University of North Carolina – Charlotte. He is a certified general appraiser and has been involved in the Appraisal/Financial industry since 1985. Mr. Reitzel is currently President of Real Estate Advisory Services, Inc., President of Community Bank Real Estate Solutions, Inc., and Senior Vice-President of Peoples Bank. He has served in various leadership roles with the North Carolina Association of Realtors Appraisal Section and is a member of the Catawba Valley Realtor Association and the Charlotte Regional Realtor Association. Mr. Reitzel serves as Chair of University Christian High School Board at Lenoir-Rhyne University, and is involved in various civic and community organizations. He and his wife, Mary, have two sons and reside in Conover, North Carolina.

Dwight C. Vinson was reappointed by Governor Pat McCrory for a three-year term ending June 30, 2019. Mr. Vinson is a graduate of Appalachian State University. He is a certified general appraiser and is currently owner and president of Vinson Appraisal Services. Mr. Vinson is affiliated with NCPAC and holds a CDA designation. He performs both residential and commercial valuations as well as consultation and expert witness services. He began his appraisal career in 1987 as a bank staff appraiser, opening a private practice in 1998. Mr. Vinson has also been involved in various civic organizations. He was founding president of the Delta Chi Fraternity at Appalachian State University. He is a founding member of Blue Ridge, a southern gospel quartet, who has performed in various parts of the United States and Canada and has had several charting songs in the recording industry. He also is currently part of the ministry staff at his home church where he is the music director. Mr. Vinson and his wife, Martha, make their home in Franklin and their daughter, Carmen, and her husband Shawn Mullen, reside in Boone, NC.

BOARD ELECTS OFFICERS

Charles L. McGill has been elected Chairman of the Appraisal Board for 2016-2017. House Speaker Thom Tillis appointed Mr. McGill to the Board in 2011.

Fern H. Shubert has been elected Vice-Chairman of the Appraisal Board for 2016-2017. President Pro Tempore of the Senate Phil Berger appointed Fern H. Shubert, CPA to the Appraisal Board in 2012.

APPRAISERREPORT

Published as a service to appraisers to promote a better understanding of the Appraiser's Act and Board rules, as well as proficiency in appraisal practice. Information in the articles published herein may be superseded by changes in law, rules, or USPAP. No part of this publication may be reprinted or reproduced in any other publication without specific reference being made to their original publication in the North Carolina Appraisal Board *Appraiserreport*.

NORTH CAROLINA APPRAISAL BOARD

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Pat McCrory, Governor

APPRAISAL BOARD MEMBERS

Charles L. McGill Chairman	Raleigh
Fern H. Shubert Vice-Chairman	Marshville
Samuel Cory Gore	Wilmington
Hector R.M. Ingram	Wilmington
David E. Reitzel	Conover
Christie L. Standish	Murphy
Timothy N. Tallent	Concord
Dwight C. Vinson	Franklin

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Jacqueline Kely, *Administrative Assistant*
Deborah C. Liggins, *Administrative Assistant*
Pam A. Privette, *Administrative Assistant*
Mindy M. Sealy, *Executive Assistant*

APPRAISER COUNT

(As of October 31, 2016)

Trainees	339
Licensed Residential	84
Certified Residential	1915
Certified General	1262
Total Number	3600

APPRAISER EXAMINATION RESULTS

May 1, 2016 – October 31, 2016

Examination	Total	Passed	Failed
Certified Residential	4	3	1
Certified General	8	6	2

Examinations are administered by a national testing service. To apply for the examination, please submit an application which may be downloaded from the Appraisal Board's website at <http://www.ncappraisalboard.org/forms/ApplicationF orLicensure.pdf>

Customary and Reasonable Fee Bill Passed

The legislature has passed SB 600, which requires that appraisal management companies in North Carolina pay customary and reasonable fees to appraisers for certain assignments. The new law, which is effective January 1, 2017, states "For appraisal assignments of property secured by the principal dwelling of the consumer, an appraisal management company shall compensate appraisers in compliance with section 129E(i) of the federal Truth in Lending Act (15 U.S.C. §1601 et seq.) and regulations promulgated thereunder. The Board shall adopt rules necessary to enforce this subsection. Rules establishing customary and reasonable rates shall be based on objective third-party information, such as academic studies and independent private sector surveys." The bill may be found here:

<http://www.ncga.state.nc.us/Sessions/2015/Bills/Senate/PDF/S600v7.pdf>

It is believed that there will be a change to the law in the 2017 legislative session which may alter some of the wording. Keep an eye on our website for more information about the change when it happens. The Board plans to undergo rulemaking this spring. Our web site will contain information on how to provide input into the proposed rules.

Note to AMCs:

REMOVAL OF AN APPRAISER FROM AN APPRAISAL PANEL

Board rules state that if an appraisal management company decides to remove an appraiser from its panel, the AMC must notify the appraiser in writing of the reason for removal. The notice must state the reason for the removal. You can view the rule [here](#).

The Board reminds AMCs that **even if an appraiser requests removal from a panel, an AMC must still send a notice stating that the appraiser has been removed.** Failure to do so could result in disciplinary action against the AMC.

Payment of appraisal fees

Appraisal management companies are required to pay appraisal fees within 30 days of the date the appraisal is first transmitted to them. Board Rule 21 NCAC 57D .0310 states:

- (a) Appraisal management companies shall pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the real estate appraiser to the company as follows:
 - (1) If payment is made by electronic means, the funds for the fee shall be deposited into the appraiser's account so that they are available to the appraiser on the 31st day following the date the appraisal is first transmitted to the company.
 - (2) If payment is made by check, the check shall be postmarked no later than the 30th day following the date the appraisal is first transmitted to the company.

There are no North Carolina laws stating the deadline by which a lender or any other person must pay appraisal fees. This is a contract issue between the appraiser and the client. If a lender has not paid for an appraisal, the appraiser should contact the lender's regulator. For help on finding a regulator, see below.

North Carolina Commissioner of Banks: Regulates state-chartered banks, savings banks, savings and loan associations, trust companies, mortgage-lenders, servicers, brokers and mortgage loan originators.

<http://www.nccob.gov/Public/ConsumerInformation/Complaints/CIFileComplaint.aspx>

Office of the Comptroller of the Currency (OCC): Investigates complaints against national banks (banks with the words "national" or "national association" or the initials "N.A." in their names).

<http://www.helpwithmybank.gov/complaints/index-file-a-bank-complaint.html>

Federal Reserve Board (FRB): Investigates complaints against state-chartered banks which are members of the Federal Reserve System.

<https://forms.federalreserveconsumerhelp.gov/secure/complaint/complaintType>

Federal Deposit Insurance Corporation (FDIC): Investigates complaints against state-chartered banks which are not members of the Federal Reserve System.

<https://www.fdic.gov/consumers/assistance/filecomplaint.html>

National Credit Union Administration (NCUA): Investigates complaints against federally chartered credit unions.

<https://complaint.mycreditunion.gov/Complaint>

NCAB REFERENCE LIBRARY

At the Appraisal Board meeting on August 9th, the North Carolina Professional Appraisers Coalition donated over 700 appraisal books and periodicals to the North Carolina Appraisal Board to help establish a reference library at the Board offices in Raleigh. The library contains materials from a variety of sources including textbooks, journals, and past issues of USPAP. Donations of materials will continue to be accepted in the future as long as they are published books and periodicals.

The library is located in an office on the main floor of the Appraisal Board building and is accessible during the Board's normal operating hours. Materials may be checked out by individuals who have an appraiser registration, license, or certification.

The Board wishes to thank NCPAC for recommending the establishment of the library, and making the effort to collect a large initial donation of materials.

A Compliant Work File

An appraiser must prepare a work file for each appraisal or appraisal review assignment. The work file serves several purposes. A work file aids the appraiser in handling questions from the client or an intended user. It preserves evidence of the appraiser's consideration of all applicable data and statements required by USPAP and other information as may be required to support the appraiser's opinions and conclusions. It enables an appraiser to defend an enforcement action or law suit.

The RECORD KEEPING RULE of USPAP requires that workfile must be maintained for at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever expires last. According to the RECORD KEEPING RULE, the work file must include:

- the name of the client and the identity, by name or type, of any other intended users;
- true copies of all written reports, documented on any type of media;
- summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification;
- all other data, information, and documentation necessary to support the appraiser's opinions and conclusions, and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentations; and
- a workfile in support of a Restricted Appraisal Report must be sufficient for the appraiser to produce an Appraisal Report.

An appraisal or appraisal review is an opinion, not a product. An appraiser uses information learned in qualifying and continuing education classes, through mentoring, and through experience with similar types of appraisal assignments. It is not possible for an appraiser to keep documentation of all of the information he or

she uses to develop assignment results. The type of information needed to be maintained in a workfile depends upon the assignment, including the scope of work.

Board staff has been asked whether an appraiser must keep copies of the tax card or of all MLS sheets or data obtained from the MLS, or whether a simple reference to the location of these documents is sufficient. If an appraiser is confident that this information will remain available on the MLS site or at the tax office for the duration of the record keeping requirement, there is no need to keep copies. If, for example, the county is due for revaluation in a couple of years, an appraiser should keep a copy of the tax card that was current on the effective date of the appraisal. An appraiser may run, for example, a list of past sales and current listings in a subdivision, and use that data to complete the 1004 MC addendum. It may be difficult for an appraiser to reproduce this data 4 years later; if so, the appraiser should maintain a copy of the list used to obtain this data.

Lately Board staff has seen an increase in work files that do not contain copies of all reports sent to the client. Sometimes an appraiser will revise a report and keep only the most recent version. **This is a clear violation of the RECORD KEEPING RULE.** As noted in FAQ 85, "A true copy of a report 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 work file."

Note that the Appraiser's Act defines an appraisal "as an analysis, opinion, or conclusion as to the value of identified real estate or specified interests therein performed for compensation or other valuable consideration." Once an appraiser transmits his or her analysis, opinion or conclusion regarding value, that transmittal is an appraisal and a copy of it must be maintained in the work file.

Change in Sales Price after the Effective Date of an Appraisal Report

Board staff has received many calls from appraisers seeking guidance regarding what to do if a sales price changes after the effective date of an appraisal that is reported on a URAR. Usually the sales price is reduced to reflect the appraised value. Clients often ask appraisers to simply change the first page of the URAR to reflect a new contract date and price, but to keep the same effective date.

FAQ 137 in the 2016-2017 edition of the USPAP book discusses whether changing the sales price results in a new assignment. The response in that FAQ states: “Because the new purchase agreement was obtained *after* the date of the first report, the revised report would need a new date of report that is the same or later than the date the new purchase agreement was obtained by the appraiser.” (Emphasis in original) Changing the effective date of a report, the FAQ states, requires treating the request as a new assignment. This is based on FAQ 134, which states that the effective date is an assignment element, so changing it results in a new assignment.

If a sales price is changed after the effective date of report, an appraiser may not simply revise the report and put the new sales price in the contract section of the URAR while keeping the same effective date. This would result in a misleading report, as the subject was not under contract for that amount on the effective date of the report.

If the contract is amended or the price is lowered after the effective date of the report, there are four ways to approach the issue. You could”

1. Do a new appraisal with a new effective date, using the revised contract information. You would have to note your analysis of the prior sales contract in this new report. Your scope of work might change since you had already seen the property.
2. Add a note to an addendum onto the existing appraisal simply noting that the contract was amended and stating the terms of the new contract.
3. Issue a new appraisal with the original effective date and with the new contract terms on the first page of the URAR, using a hypothetical condition that the new contract was in effect on the effective date of the report.
4. Issue a new appraisal with a new effective date and the new contract terms on the first page of the URAR, using an extraordinary assumption that the subject is in the same condition on the effective date of the new report as it was on the date of inspection (which was probably the effective date in the prior report).

Mission Statement

The mission of the North Carolina Appraisal Board is to protect consumers of real estate services provided by its licensees by assuring that these licensees are sufficiently trained and tested to assure competency and independent judgment. In addition, the Board will protect the public interest by enforcing state law and Appraisal Board rules to assure that its licensees act in accordance with professional standards and ethics.

USPAP Q&A

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

2016-11: APPRAISAL DEVELOPMENT - SCOPE OF WORK ISSUES

Inspection Using a Drone

Question: I specialize in eminent domain and right-of-way appraisal assignments. My subject properties are typically very large, wooded, and sometimes have rugged topography. I have begun to use a camera mounted on a drone to view more of the subject property than is practical on foot. Drones even help me view the comparable sales. The certification required by Standards Rule 2-3 requires me to disclose whether or not I personally inspected the subject property. Do aerial viewings using a drone constitute a “personal inspection”?

Response: Yes, provided the use of a drone was in conjunction with your visitation of the property. Unmanned aerial vehicles, or drones are a tool, not unlike binoculars. Tools such as these facilitate a much more thorough inspection than possible by the naked eye. Use of a drone or similar tool *without* a visitation to the subject property (i.e., remotely) would not constitute a personal inspection. USPAP does not require that you inspect the property being appraised. The SCOPE OF WORK RULE requires that you disclose the extent to which you inspected the property. Therefore, just as you would disclose whether or not you entered the property, or that you relied upon surveys and topographical maps, you would disclose that a drone allowed you to view additional areas of the subject property. Conversely, if somebody provided you with footage filmed by a drone or a manned aircraft, it would be misleading to represent this as a personal inspection. Because this is a rapidly evolving technology, regulations by government agencies, such as the Federal Aviation Administration, are also rapidly evolving. Make sure you are familiar with all relevant federal, state, and local laws, requirements and restrictions. This may be of particular importance if you use aerial technology to view comparable properties or those with access restrictions.

2016-12: APPRAISAL REPORTING - USE AND FORMAT ISSUES

Restricted Appraisal Report for Multiple Parties

Question: I received an inquiry about performing an appraisal assignment. The caller stated the assignment would have two intended users: 1) himself (as the client); and 2) his business partner. Both parties are very familiar with the property and are frequent users of appraisal services. Therefore, I was asked to produce a Restricted Appraisal Report. However, USPAP prohibits issuing a Restricted Appraisal Report when there are any intended users other than the client. Is there a way I can produce a Restricted Appraisal Report for multiple parties under USPAP?

Response: Yes. Although USPAP does not permit a Restricted Appraisal Report when there are additional intended users beyond the client, USPAP does allow multiple parties to engage an appraiser in an assignment. In this case, if both parties engage the appraiser as co-clients, there would be no intended users besides the client(s), and a Restricted Appraisal Report would be permitted under USPAP.

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.

In many cases appraisers are required to complete additional education as part of a consent order. Please check with the Board office if you have questions regarding an individual's current license status.

Joseph T. Abron A4142 (Raleigh)

By consent, the Board suspended Mr. Abron's residential certification effective August 1, 2016. The first six months of the suspension are active and the remainder is stayed until March 1, 2017. Mr. Abron also agrees to complete the 15 hour National USPAP course, the North Carolina supervisor/trainee class, and a course in appraiser liability, and to take and pass the certified residential examination. If he completes these classes and passes the exam by that date, the remainder of the suspension shall be inactive. Mr. Abron performed an appraisal of a property located in Raleigh, North Carolina on July 31, 2015, finding a value of \$264,000. The subject is a 2,388 square foot home located on a 7,400 square foot site. Mr. Abron signed the report as the appraiser and certified that he had inspected the interior of the subject property when he did not do so. A trainee working under his supervision inspected the property on his own. In looking at logs from his trainee, it was discovered that on many assignments the trainees inspected the property on their own, but the appraisal reports contained Mr. Abron's certification that he had inspected the interior of the subject property.

Edwin G. Bell, Jr. A6332 (Leland)

By consent, the Board suspended Mr. Bell's residential license for a period of six months. The suspension is stayed until December 31, 2016. If Mr. Bell completes the 15 hour National USPAP class and a class in sales comparison by that date, the suspension shall be inactive. If he fails to complete both classes by that date, the suspension shall be activated on that date. Mr. Bell performed an appraisal of a property located in Hampstead, North Carolina effective March 21, 2015 finding a value of \$611,000. He revised the report two times, each time keeping the same effective date and value. The subject was a proposed 2,897 square foot 2 1/2 story frame dwelling located on a 28,500 square foot site. On his original report, Mr. Bell made a transposing error by stating that the sales price of Comparable Sale #1 was \$688,000 when it was actually \$868,000. In his first revised report, he made a mistake while attempting to

correct the report by stating that the sales price of this comparable was \$898,000. He also then added a \$175,000 adjustment for condition. In his third report, he still noted an incorrect sales price of \$898,000 for this comparable but removed the condition adjustment. He did not provide any reconciliation in his sales comparison approach in any of the reports. Mr. Bell performed the cost approach but there was no reconciliation of the two approaches to value.

Fabian Jones A6977 (Charlotte)

By consent, the Board issued a reprimand to Mr. Jones. He agrees to complete 15 hour National USPAP class and a class in appraising small income properties. If he does not complete the classes by March 1, 2017, the reprimand will be vacated and a one month active suspension imposed on that date. Mr. Jones performed an appraisal of a property located in Charlotte, North Carolina effective August 15, 2015 finding a value of \$349,000. He revised the report four times, each time keeping the same effective date and value. The subject is a two story four unit property. On each of his rental comparables, only one rental unit was listed in the MLS, yet he applied the rental data on that one unit to all the units in the building without utilizing an extraordinary assumption. The comparable sales and rentals that were selected were not appropriately analyzed, and differences in room counts and locations were not adequately addressed. The rental properties were all noted to be similar to the subject, and the report stated that he gave most weight to the rental with monthly rents at \$1,195. This statement did not support Mr. Jones' rental estimate of \$762 in the report. In his fourth report, he added an operating income statement. There was no support in his report or workfile for the vacancy/rent loss of 3%. The initial sales contract for the subject was dated February 25, 2015 with a sales price of \$255,000. The buyer in this contract was not the borrower. There was an addendum to the contract dated July 1, 2015 that specified that the buyer was assigning the contract to the borrower noted in the appraisal report for \$279,000 and that the original buyer was to pay \$9,000 in closing costs. Mr. Jones reported that the subject went under contract on July 1 for \$279,000

without analyzing the initial contract.

Clark Johnson A6749 (Pine Level)

By consent, the Board suspended Mr. Johnson's residential certification for a period of six months. The suspension is stayed until December 1, 2016. If Mr. Johnson completes the 15 hour Residential Market Analysis and Highest & Best Use class, the 30 hour Sales Comparison and Income Approaches class, and a class in appraisal report writing by that date, the suspension shall be inactive. If he fails to complete all three classes by that date, the suspension shall be activated on that date. Mr. Johnson performed an appraisal of a property located in Willow Spring, North Carolina effective February 21, 2013. He appraised the property in as-is condition for \$250,000, and as-repaired for \$280,000, with both values given in the same appraisal report. The subject is a 2 story detached home containing 2668 square feet. On the effective date of the appraisal, electrical wires and plumbing pipes in the property had been cut, components of the HVAC system such as the air handlers had been removed, and the property suffered significant deferred maintenance. Mr. Johnson issued one appraisal report that stated it was performed as-is, valuing the subject at \$250,000. The subject was given a condition rating of C-5, while the comparable sales were C4 and C3, and Mr. Johnson made a \$4000 adjustment for condition. He made a positive adjustment of \$5000 for heating and cooling to all of his comparable sales. Since the subject did not have a functioning HVAC system on the effective date of the appraisal, it should have been a negative adjustment. There was no support for that adjustment. The appraisal report stated that the indicated value in the Income Approach was \$249,000. There was no information in the report or work file to indicate how this figure was derived. The report contained a "Repair and Maintenance Addendum" in which Mr. Johnson stated it would cost \$7,700 to repair the subject, which was inaccurate given the condition of the property. This addendum also reported that the estimated value of the subject as-repaired was \$280,000. There was no explanation given as to how he derived that value and there was no support for it in the report or work file.

Anthony Kennedy A3305 (Kinston)

By consent, the Board issued a reprimand to Mr. Kennedy. He agrees to complete the 15 hour National USPAP class, a class in highest and best use, and a class in land valuation by March 1, 2017. If he fails to take the classes, the reprimand will be vacated and a one month active suspension imposed on that date. Mr. Kennedy

performed an appraisal of a 159.73 acre vacant tract of land located in Riegelwood, North Carolina in April 2015, finding an appraised value of \$35,000. He stated in the appraisal report that none of his comparable sales had sold within the previous three years, when one of them did actually transfer during this time. One of his comparable sales was not a valid sale; it sold with another tract of land for twice the amount shown in the MLS and the report. The report sent to the client stated the wrong owner for the subject property. It was reported on the Land Appraisal Report Form, which does not contain a preprinted scope of work, definition of market value, disclosure of prior services on the subject property, or exposure time. There were no verification sources noted for the data regarding comparable sales, and there was no certification attached to the copy in the work file. Mr. Kennedy had prepared an addendum that contained this information but it was not transmitted to his client. Although Mr. Kennedy did not actually view the subject property, he stated in his report that the subject was wetland or swampland based on conversations he had with the tax office and the property owner. He failed to perform an adequate highest and best use determination.

Barbara Meyer A991 (Emerald Isle)

By consent, the Board suspended Ms. Meyer's residential certification for a period of two years. The first nine months of the suspension are active and the remainder is stayed until August 31, 2017. If Ms. Meyer completes the 15 hour National USPAP class and the Residential Sales Comparison & Income Approaches, including the examinations in both classes, by August 31, 2017, the remainder of the suspension shall be inactive. Ms. Meyer performed an appraisal of a property located in Emerald Isle, North Carolina effective June 15, 2015. The subject property is an ocean front one-story, third level condominium that contains 1008 square feet. There were two reports completed by Ms. Meyer which indicated different values, both effective June 15, 2015. She indicated that she received an appraisal order with an attached contract indicating a purchase price of \$132,500, which was in error. She issued an appraisal report that valued the subject at \$133,000. After she received the corrected contract that indicated a contract price of \$189,000, she changed the value in the report to \$189,000. In the first report, Ms. Meyer's comparable sales ranged in sales price from \$139,500 to \$180,000. In the second report, she added two new sales that sold for \$240,000 and \$241,000. She made changes in adjustments to the common comparable sales, in each case increasing the adjusted value. There was no explanation in the revised report addressing these differences. Ms. Meyer's work file

did not contain a copy of the original appraisal report that valued the subject at \$133,000.

Matthew G. Swedburg A7933 (Jacksonville)

By consent, the Board issued a reprimand to Mr. Swedberg. He agrees to complete a class in appraising new residential construction by December 1, 2016. If he fails to take the class, the reprimand will be vacated and a one month active suspension imposed on that date. Mr. Swedberg performed an appraisal of a property located in

Jacksonville, North Carolina in August 2015, finding an appraised value of \$409,000. The subject is a proposed, traditional style ranch dwelling that has 3171 square feet. Four closed sales were selected for the analysis with a price range of \$355,000 to \$510,000. One was a pre-sale where the buyer owned the lot and the purchase price could not be verified. Two other sales were also pre-sales and were not exposed to the market. There was at least one other sale of a comparable property that could have been used in the analysis.

Appraisal Management Companies:

AppraisalPro, LLC NC1126 (Kernersville, NC)

By consent, the Board ordered this company to pay a civil penalty of \$1000 by October 1, 2016. In addition, the company must pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the appraiser to the company as follows:

- (a) If payment is made by electronic means, the funds for the fee shall be deposited into the appraiser's account so that they are available to the appraiser on the 31st day following the date the appraisal is first transmitted to the AMC.
- (b) If payment is made by check, the check shall be postmarked no later than the 30th day following the date the appraisal is first transmitted to the AMC.

For two years beginning July 2016, within 10 business days after the end of each calendar quarter, the AMC shall send to the Appraisal Board a spreadsheet of all appraisal orders in North Carolina including the date the appraisal was first transmitted and the date the appraiser was paid. If the company fails to comply, the AMC understands that it may be subject to a civil penalty of up to \$25,000 for each violation. On May 4, 2015, the Board received a complaint against the company filed by an appraiser. The Complainant alleged that the AMC failed to pay him for an invoice that was submitted to them 37 days prior to the complaint. The AMC's software program for payment of appraisers was flawed in that it allowed for the check to be cut within 30 days, but it did not allow for the check to be mailed in a timely manner. Upon notice of this complaint they initiated a new process that will insure payment within the required 30 day period. The Complainant was paid in full for this invoice. Board staff requested a spreadsheet of all appraisal orders processed by the AMC in North Carolina for calendar year 2014 and for the four months after the complaint was received. An examination of the 2014 records indicated that out of approximately 227 appraisal assignments, the company paid appraisers within 30 days only 69 times. Most of the late payments were made within 35 days. An examination of the 2015 records indicated that in all of the 100 appraisal assignments, the appraiser was paid within 30 days.

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