NEW BOARD APPOINTMENTS

Governor Roy Cooper has appointed Viviree P. Scotton to the N.C. Appraisal Board for a three-year term ending June 30, 2021. She is a graduate of North Carolina Central University receiving a Bachelor of Business Administration Degree with a Concentration in Accounting. Ms. Scotton is a Certified Residential Real Estate Appraiser and a Broker/Realtor. She was raised in Chatham County and currently resides in Chapel Hill with her husband, John. She is a member of NCPAC (North Carolina Professional Appraiser’s Coalition).

President Pro Tempore of the Senate Phil Berger appointed H. Clay Taylor III to the Appraisal Board for a three-year term ending June 30, 2021. Mr. Taylor is a retired Architect, whose offices in Raleigh specialized in commercial and government project architecture for over 40 years. He is a graduate of North Carolina State University with a B.A. in Architecture (1966). He served on the North Carolina Department of Administration’s State Construction Coordinating Committee, as President of the North Carolina Chapter of the American Institute of Architecture (AIA), President of local chapters of AIA and Construction Specifications Institute. He has also served as President of the Raleigh Kiwanis Club (currently the fifth largest in the world) and was a (founding) Board member of Raleigh’s ArtsPlosion, Inc. He resides in Raleigh with his wife, Nancy.

Governor Roy Cooper has appointed Michael R. Warren to the Appraisal Board for a three-year term ending June 30, 2021. Mr. Warren is a graduate of Western Carolina University and holds a Bachelor of Science in Business Administration degree with a major in Computer Information Systems. He is a Certified Residential real estate appraiser performing appraisal assignments in Carteret and Onslow counties. He is a member of the North Carolina Real Estate Appraiser Association (NCREAA). Mr. Warren resides in Indian Beach with his wife, Gail.

BOARD ELECTS OFFICERS

Charles L. McGill has been elected Chairman of the Appraisal Board for 2018-2019. House Speaker Thom Tillis appointed Mr. McGill to the Board in 2011.

David E. Reitzel has been elected as Vice-Chairman of the Appraisal Board for 2018-2019. Governor Pat McCrory appointed Mr. Reitzel to the Board in 2013.
Robert Ouellette retiring as Board’s Legal Counsel

Robert Ouellette has announced her retirement as the Board’s Legal Counsel at the end of December. Ms. Ouellette has been employed with the North Carolina Attorney General’s Office since November 1995. During this time she has served as the Board’s counsel, rulemaking coordinator as well as the prosecutor in cases brought against licensees.

It was recently announced that Ms. Ouellette has been appointed for a three year term on the Appraisal Standards Board through December 2021. The Board and Staff would like to thank her for her service and we wish her well in this new endeavor.

To view a current list of continuing education courses approved by the Board, please visit our website at http://www.ncappraisalboard.org/education/contin_edu.htm

NOTE:

Verify your education classes!

Before signing up for a qualifying or continuing education class, please check the Board’s website to make sure that the class is approved in North Carolina. If the class is not approved here, you may have to send in a request for equivalent approval and pay the $50 fee. An online course must have approval from the International Distance Education Certification Center (IDECC) in order for a student to receive credit.

Contact the Board staff if you have questions about a class.
CONTINUING EDUCATION REMINDER

You are required to complete 28 hours of CE, including the 7-Hour National USPAP Update (18/19 version) by May 31, 2019. The current CE cycle is June 1, 2017 – May 31, 2019.

If you have taken a course that is NOT Board approved, you may request equivalent approval, by sending in the Equivalent Approval Request form (http://www.ncappraisalboard.org/forms/equivalentce.pdf). The fee is $50 per course and must be a minimum of 7 hours.

Anyone who has taken a qualifying education course to upgrade their license may request those hours be applied toward their CE. To make the request, please send us your course completion certificate requesting we apply those hours toward your CE. Please note that you only need to show a total of 28 hours of CE; therefore, we do not need to record any equivalent courses above 28 hours.

RULE-MAKING 2019

The North Carolina Appraisal Board has commenced rulemaking for 2019. A public hearing on the proposed changes will be held at 9:00 am on March 26, 2019 at the Board’s offices in Raleigh. Written comments will be accepted until 9:00 am on that date. Comments may be directed to the Board’s Executive Director at don@ncab.org, may be faxed to 919-870-4859, or may be sent to 5830 Six Forks Road, Raleigh, NC 27609.

The proposed rules may be found here:
The Board readopted some rules and amended others. Here is a brief summary. If you have any questions about these rules, you may view the revised rules on the Board’s website at [http://ncappraisalboard.org/rules/board_rules.pdf](http://ncapraisalboard.org/rules/board_rules.pdf) and may contact the staff at ncab@ncab.org.

A. **Rules amended effective July 1, 2018:**

1. Two rules were readopted without changes:
   a. 21 NCAC 57C .0101 - Forms of Complaints and Other Pleadings
   b. 21 NCAC 57D .0303 - Compliance Manager

2. One rule was readopted with a change:

   **21 NCAC 57D .0311 - Removal of an Appraiser from and Appraisal Panel**
   Paragraph (c) was added. It states “An appraisal management company shall not remove an appraiser from its panel in retaliation for the appraiser filing a complaint against the company.”

3. Three rules were amended:
   a. **21 NCAC 57A .0204 - Continuing Education**
      Made it clear that online courses submitted to equivalent approval must be IDECC approved.
   b. **21 NCAC 57B .0613 - Payment of Fee Required by G.S. 93E-7(c)**
      Requires a course sponsor to submit the required per-student fee within 30 days of course completion, instead of with the roster.
   c. **21 NCAC 57D .0202 - Registration Renewal**
      Added the requirement that AMCs pay the AMC National Registry fee in order to renew their registration.

B. **Rules with a delayed effective date:**

a. **21 NCAC 57B .0102 - Licensed Residential and Certified Residential Real Estate Appraiser Requirements**
   Allows the Residential Sales Comparison and Income Approach class to be taken online.

b. **21 NCAC 57B .0103 - Certified General Real Estate Appraiser Course Requirements**
   Allows the General Appraiser Income Approach class to be taken online.

Although the Board amended these rules effective July 1, 2018, letters of objection were sent to the Rules Review Commission. As a result, unless legislation is introduced to specifically disapprove these rules, they will become effective on the 31st legislative day of the next regular session of the General Assembly which starts in January 2019.

C. **Rule amended effective August 1, 2018:**

**21 NCAC 57A .00501 – Appraisal Standards**
Paragraph (a) was amended to state that the Board enforces Standards Rules 1, 2, 3, and 4 of USPAP. This reflected the 2018 changes to USPAP.
Common Deficiencies in Appraisal Assignments

The following article addresses some of the most common USPAP deficiencies that the Board Staff has encountered in recent months. This information is presented in order to provide appraiser licensees examples of deficiencies that can result in disciplinary action. Most recently, the Board has considered and addressed the following issues: highest and best use; excluding recognized approaches to value; failing to maintain an appropriate workfile; and failure to communicate an appraisal in compliance with USPAP.

Highest and Best Use

Recent appraisal cases involving the URAR have centered on the highest and best use of the subject property. The form contains a question that asks “Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use?” There is a box for “Yes” and a box for “No”.

Appraisers should carefully consider the highest and best use of the subject property. The staff would discourage the appraiser from neglecting this analysis just because the appraisal was ordered to be performed on the 1004 form. The appraiser’s highest and best use analysis should consider the property as it is improved.

If the use of comparable sales demonstrates that the improvements are compatible with market demand for the neighborhood, and the present improvements contribute to the value of the subject property so that its value is greater than the estimated vacant site value, the appraiser should consider the existing use as reasonable and report it as the highest and best use. If, however, the appraiser’s highest and best use analysis should determine that the current improvements clearly do not represent the highest and best use of the site as an improved site, it must be indicated.

Appraisers may be reluctant to check the “No” box on the URAR out of concern that the client or its AMC would insist that it be changed to “Yes” to pass through underwriting to meet Fannie Mae guidelines. Appraisers may also think that because they accepted a lower fee for the assignment or that it is “only a drive-by” they do not have to fully develop and report a highest and best use analysis. In both cases, appraisers should be aware that they are required to comply with USPAP regardless of the fee or instructions from the client.

Excluding a Recognized Approach to Value

Standards Rules 2-2(a)(viii) and 2-2(b)(viii) require an appraiser to explain why the Sales Comparison Approach, Cost Approach, or Income Approach was excluded in the appraisal.

Standard Rule 1-6 of USPAP requires an appraiser to reconcile the applicability and relevance of the approaches, method, and techniques used to arrive at the value conclusion. Recently Board staff has noted an issue with some appraisal reports where the appraiser has failed to explain why one or more of the recognized approaches to value were not developed.

The approaches to value utilized by an appraiser are a key component of the scope of work. The decision to develop or not develop an approach to value should be balanced with the actions of professional peers and the expectations of clients of same assignment type.

In some cases, a client may tell the appraiser not to complete an approach to value. Remember, it is up to the appraiser to determine the Scope of Work for an assignment. This includes a determination of which approaches to value are necessary for credible assignment results for the intended use of the appraisal. If an appraiser believes an approach to value is necessary, that approach must be utilized. It would not be appropriate to simply state that the client did not require an approach without explaining the lack of relevance of the approach to the intended use of the appraisal. Conversely, it is possible that a client would require an appraiser to complete an approach to value that is not necessary for the assignment. Sometimes this can be done for reasons in addition to the intended use of the report. This is an assignment condition, and if the appraiser accepts the assignment, this approach must then be utilized. To do this,
however, makes the necessity to reconcile the approaches to value all the more important for a credible appraisal report.

**Failing to Maintain an Appropriate Workfile**

USPAP’s Record Keeping Rule requires you to maintain a copy of the workfile for every appraisal assignment for at least five years after preparation or two years after court testimony, whichever period expires last. Workfile is defined as the documentation necessary to support an appraiser’s analyses, conclusions, and opinions. That definition could encompass a wide variety and combination of documents, notes, and other media. Regardless, the appraiser’s workfile should contain enough data, information, and documentation in order to show compliance with the RECORD KEEPING RULE.

A workfile may be kept in either a traditional or electronic format. USPAP does allow you to have a reference in the file as to where the information may be obtained, so some appraisers don’t keep a copy of MLS sheets, tax cards, and other data. Remember, that a workfile must be retrievable. A problem could arise when an MLS system purges its system, or a new tax valuation occurs. The old information is no longer available. If the information cannot be retrieved, then the workfile would be considered incomplete.

You must keep a copy of every version of the report that you send to a client, not just the last one. Staff often receives complaints that contain an original version of a report; being able to follow your work file through the revisions made after the original appraisal was sent will make the investigative process easier on you.

**Failing to Communicate an Appraisal in Compliance with USPAP**

The term appraisal is statutorily defined in NC as being, “an analysis, opinion, or conclusion as to the value of identified real estate or specified interests therein performed for compensation or other valuable consideration.” If an appraiser is asked to provide an opinion or estimate of value or worth, it is an appraisal; no matter what the valuation product is called, you must comply with USPAP. Some examples of this would be a letter opinion of value or an evaluation. The Board has had to discipline appraisers for providing opinions of value that appraisers thought were something less than an appraisal and therefore outside of USPAP. Again, any communication of a value opinion must comply with Standards 1 and 2 of USPAP.

**Conclusion**

If you have any questions about any of the above, feel free to contact the Board staff at ncab@ncab.org.

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**2019 Board Meeting Dates**

| January 29 | July 30 |
| March 26 | September 24 |
| June 4 | November 19 |

All meetings are conducted at the North Carolina Appraisal Board building located at 5830 Six Forks Road, Raleigh.
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.

2018-14: USPAP COMPOSITION, STRUCTURE, AND COMPLIANCE
At The Time Of The Assignment

Question: The phrase “at the time of the assignment” is used in a number of places in USPAP. Does this only mean at the very beginning of the engagement process or can it refer to other times during the development of the assignment results?

Response: “At the time of the assignment” refers to the time period commencing with the appraiser’s agreement to perform a valuation service and ending with the completion of the assignment.

2018-15: RECORD KEEPING RULE
Government Agency Workfile Retention

Question: I am a review appraiser employed by a federal government agency. The agency’s record retention policies for appraisal and appraisal review reports meet or exceed the requirements of the RECORD KEEPING RULE in USPAP. My workfile is considered a government record, which I have access to throughout the USPAP retention period. Am I required to keep a separate workfile in my personal custody?

Response: No. The RECORD KEEPING RULE states that an “appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.” Since your employer’s record retention policies meet or exceed the requirements of USPAP and you have access to the workfile during that retention period, you are not required to maintain a separate copy of your workfile.

2018-16: APPRAISAL REPORTING – CERTIFICATION AND SIGNATURES
Prior Service and Professional Assistance Disclosures – Part 1

Question: I work for “Large National Appraisal Firm,” which has multiple offices. In situations where appraisers on staff have valued properties within the prior three years, the firm’s management recommends its appraisers utilize the following language in the certification to disclose prior services: “Large National Appraisal Firm has provided a prior service, as appraisers, but has provided no other services, as appraisers or in any other capacity.” Is this a proper disclosure under USPAP?

Response: No. Firms do not sign certifications. Appraisers sign certifications. The disclosure in the certification must clarify whether the individual appraiser who signs the certification has provided prior services. The same requirements apply if the certification is signed by appraisers who have different records of prior services. The certification must indicate which appraisers provided prior services (and what services) and which appraisers have not provided any services, as an appraiser or in any other capacity, during the three-year period immediately preceding engagement to complete the assignment.

2018-17: APPRAISAL REPORTING – CERTIFICATION AND SIGNATURES
Prior Service and Professional Assistance Disclosures – Part 2

Question: I work for the multi-office “Large National Appraisal Firm.” The firm’s management recommends staff appraisers include the following generic disclosure language in the certification to identify instances where staff members have provided significant real property appraisal assistance: “Staff members of Large National Appraisal Firm have provided significant professional appraisal assistance to the persons signing this certification.” Is this a proper disclosure under USPAP?
Response: No, this is not a proper disclosure. The names of individuals providing significant appraisal assistance must be stated in the certification. It is not required that the description of their assistance be contained in the certification, but the extent of their assistance must be stated or summarized within the appraisal report in accordance with Standards Rule 2-2(a)(vii) or 2-2(b)(vii) as applicable.

2018-18: RECORD KEEPING RULE
Testimony and Deposition

Question: I completed an appraisal report that was used by my client in litigation. My report was entered into evidence, but I did not provide a deposition and did not testify at the trial. How long must I retain my workfile since there was a judicial proceeding?

Response: The RECORD KEEPING RULE states:
“An appraiser must retain the workfile for a period of 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 period expires last.” (Bold added for emphasis)
In this scenario, the appraiser did not provide testimony, therefore the workfile must be retained for a minimum of five years after preparation.

2018-19: RECORD KEEPING RULE
Retention Requirements for Preliminary Communications after Completion of the Assignment

Question: During the course of the assignment, my client has asked me to provide the sale comparables I plan to use, as well as information on my rent and expense conclusions, prior to the completion of my Appraisal Report. If I subsequently provide an Appraisal Report, does my workfile need to contain a written copy or summary of the communication previously transmitted to the client?

Response: No. Upon completion of the assignment, the assignment results are communicated to the client within the Appraisal Report. The RECORD KEEPING RULE requires the workfile to contain a true copy of the report as well as all data, other information and documentation necessary to support the appraiser’s opinions, and conclusions. State requirements may add to USPAP obligations, therefore, appraisers should check with their state to see if additional requirements apply.

The USPAP Q&A is posted on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the “Foundation Store” page on The Appraisal Foundation website.

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.
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.

Robert J. Blackburn A3520 (Henderson)

By consent, the Board suspended Mr. Blackburn’s residential certification for a period of three months. The suspension is stayed until December 31, 2018. If Mr. Blackburn completes the 15 hour National USPAP class by that date, the suspension will be inactive. If he fails to complete the class by that date, the suspension shall begin on January 1, 2019.

Mr. Blackburn provided an opinion of value regarding a property located in Durham, North Carolina by way of a letter dated January 6, 2018. The county was acquiring property interests from the owner of the subject property. These interests were 752 square feet in fee simple, 489 square feet as a Permanent Drainage Easement, and 3166 square feet of Temporary Construction Easement. The acquisition was necessary to pave the gravel road and install curbs and gutters. Mr. Blackburn’s letter indicated a final value range for the subject of $4,800-$5,000. His work file also contained a more detailed letter dated February 7, 2018, that was labeled a Restricted Appraisal Report. He determined the estimate of value solely on the city’s assessment as of October 24, 2107, of $45.00 per front foot. Although there were sales available that he could have used in his appraisal, he did not do so.

There was no support or data in the work file for the development of the appraisal. There was insufficient data in the workfile to produce an appraisal report. The report did not address the value of the easements. None of the three approaches to value were utilized, and the report did not discuss their exclusion. Mr. Blackburn had appraised the subject property in 2017 when the owner was seeking to refinance. Despite this fact, he stated in the report that he had not provided any services as an appraiser regarding the subject property. Mr. Blackburn stated that this did not start out as an appraisal assignment as he thought he could help the owner by giving him some general advice; however, it turned into an appraisal assignment at the last minute. He was not paid for the assignment.

Joseph Burke A4803 (Kure Beach)

By consent, the Board issued a reprimand to Mr. Burke. Mr. Burke also agrees to complete the 15 hour National USPAP class before July 1, 2018. If he fails to complete the class, this reprimand will be vacated and a one month active suspension imposed as of that date. Mr. Burke performed an appraisal of a property located in Carolina Shores, North Carolina in March 2017, finding a value of $197,500. The subject property is a one story townhome that contains 1921 square feet and was constructed in 2006. Mr. Burke stated in his report that his first comparable sale did not have a garage when it had a detached two car garage. The Respondent stated in the report that his second comparable sale had 1568 square feet when it actually had 1921 square feet. The subject has a view of a small pond from one window; the second comparable was a waterfront lot, but there was no adjustment for this fact. The appraisal report did not cite an exposure time for the subject.

Jeannette Ford A3602 (Benson)

By consent, the Board suspended Ms. Ford’s residential certification for a period of six months effective May 15, 2018. The first two months are active. If Ms. Ford completes the 30 hour precertification class in Residential Sales Comparison and Income Approaches and a class in appraiser liability by September 1, 2018, the remaining four months of the suspension shall be inactive. If she does not complete the courses by that date, the remainder of the suspension shall be imposed and her certification shall remain suspended until the courses are completed. There were two cases against Ms. Ford. In the first case, Ms. Ford prepared several appraisal reports of a property located in Clayton, North
Carolinas, all effective September 17, 2016. The subject property is a new construction two story home. In her original report, Ms. Ford stated that the subject contained 2304 square feet. She initially valued the property at $189,900, but she appraised the wrong subject. The square footage, room count, and subject photographs were all incorrect. The photographs for all of her comparable sales and the listing were incorrect. She did not include her own measurements for the subject property but instead used a builder’s cut sheet for her information. The cut sheet was for a different subject property and did not match the subject photo in the report. Ms. Ford later revised the report to address lender concerns. In the revision, she inserted the correct photographs for Comparable #3 and the listing. The subject photograph, square footage, and room count were still incorrect. When she went to perform the final inspection, she noted that she had appraised the wrong property. She again revised the appraisal, reducing the value to $175,900. In this appraisal, she measured the property at 2087 square feet, but she measured the wrong house. Her sketch does not match the photo of the subject property. In the second case, Ms. Ford appraised a property located in Apex, North Carolina effective July 26, 2016, valuing the subject at $832,000. The subject property is a 2 ½ story single family home that contains 5605 square feet above grade and 2573 square feet below grade, of which 1570 square feet are finished. On the effective date of the appraisal, the subject was under contract for $740,000. The comparable sales in the original appraisal were located in another subdivision located several miles from the subject. There were sales in the subject subdivision that indicated a lower value for the subject property.

Charles R. George A5296 (Wake Forest)

By consent, the Board suspended Mr. George’s residential certification for a period of six months. The first two months of the suspension are active. If Mr. George completes the 15 hour National USPAP class including passing the examination, and a class in Board rules by May 1, 2019, the remaining suspension shall be inactive. Mr. George performed an appraisal of a townhome located in Creedmoor, North Carolina in July 2017, valuing the subject at $120,000. The complaint was received on July 21, 2017, and a letter was sent to Mr. George on July 26, 2017, asking for a response. When one was not received, staff sent him a certified letter. That letter was returned undelivered. The Board’s deputy director personally visited Mr. George’s address of record in order to give him notice of the complaint. A family member told the investigator that he was not home, but she promised to deliver the materials to him. The following day the investigator received a telephone call from Mr. George, who acknowledged receipt of the complaint and indicated that he would provide the required documents within 15 days. When the response was not received, staff sent him an email asking him to contact the office. No response was received. On June 19, 2018, Mr. George visited the Board’s office to inquire about the renewal of his certification. During that visit, Board staff met with him to inquire about his response to this complaint. Mr. George acknowledged that he had received the complaint, and assured staff that he would have his response in the mail to the Board by the end of June 2018. He did not do so. A Notice of Hearing was issued and sent to Mr. George. He dropped off his response to the complaint a few days later and emailed his appraisals a few weeks after that. The investigation indicated that there were no issues with the appraisal report.

Michael S. Obenshain A2020 (Myrtle Beach, SC)

By consent, the Board suspended Mr. Obenshain’s general certification for a period of six months. The suspension is stayed until December 31, 2018. If Mr. Obenshain completes the 15 hour National USPAP class by that date, the suspension will be inactive. Mr. Obenshain provided an opinion of value of the subject property by way of a letter dated May 28, 2017. The letter valued the property at $600,000. The subject is a pawn shop located in Supply, NC that has approximately 11,326 square feet and is located on .26 acres. The client had originally requested an oral appraisal report, which was provided, but she then requested a written report. The work file contained a draft appraisal report that was labeled “work file not a completed report”. That report was incomplete and unsigned. There was no signed certification or memorandum regarding the oral report in the work file. There was an invoice in the work file for
what was labeled as a “full appraisal”, noting a fee of $500. The letter provided to the client did not refer to or have an appraisal report attached to it. The letter did not comply with the provisions of STANDARDS RULE 2 of USPAP.

Bruce Porter Stokes A3845 (Winterville)

By consent, the Board suspended Mr. Stokes’ general certification for a period of one year. The suspension is stayed until November 1, 2018. If he completes 15 hour Residential Market Analysis and Highest & Best Use course and the 30 hour Residential Sales Comparison & Income Approaches course and takes and passes the certified general examination by November 1, 2018, the suspension shall be inactive. If he fails to take both classes and pass the examination by that date, the suspension shall become active on that date and shall continue until everything is complete. There were two cases against Mr. Stokes. In the first case, Mr. Stokes appraised a residential property located in Stokes, North Carolina effective June 13, 2016, finding a value of $104,000. The subject property is a 1355 square foot three bedroom 2 bath frame dwelling located on a .87 acre site in a rural area. The comparable sales were located on much smaller sites and in some cases more densely developed subdivisions. There is no comment in the report about the difference in appeal as a result of the subject being located on a larger site and in such a rural setting, and there were no adjustments made for site size. The subject had received several updates within the last 10 years that included remodeled kitchen and baths, and Mr. Stokes noted it as being in C3 condition. His comparable sales were all noted as being in a C4 condition, and he applied a positive $2,500 adjustment to each comparable for conditions. There was no explanation or support for this adjustment in the report or work file. One of the rooms that Mr. Stokes stated was a bedroom was accessed only from a hallway that serves as a closet to the master bedroom suite. This was not explained or addressed in the report. He developed only the sales comparison approach, and he noted in the report that the income approach was omitted due to lack of rental data. He did not state in the report why he omitted the cost approach. The original report stated that the subject was a 1.5 story home with a fireplace when it is actually a 1 story home with no fireplace. This report states that the subject is located on a site of 33,441 square feet, while public records indicate the subject site has 37,897 square feet. Although the original report was revised, these items were not corrected.

The revised report kept the same signature date. The work file contained only the revised appraisal report. Mr. Stokes did not keep a copy of the original report in his work file. In the second case, Mr. Stokes appraised a residential property located New Bern, North Carolina effective February 15, 2017, valuing the property at $155,000. The subject property was built in 1994 and contains 2816 square feet. It is located on a 1.15 acre site in a subdivision. In 2016, a 1616 square foot addition contained a sun room, utility room, master bedroom, and bathroom was built, yet he stated in the report that there were no updates in the prior 15 years. The subject had well water and also had public water hooked up to the property but in the report, Mr. Stokes stated that the subject had only well water. The subject has 2816 square feet, but the comparable sales ranged in size from 1025 to 1224 square feet. There were at least five sales of properties with 1900 to 2500 square feet in the market area, most of which sold for over $100,000 more than the sales used in the report. The public road to the subject ends before reaching the subject. The dirt road that continues is private, and there is no formal road maintenance agreement. The appraisal was for a VA loan, and the property may not have been eligible for VA funding, but this was not addressed in the report.