



# APPRAISER REPORT

Volume 30

October 2020

Number 2

## NEW BOARD APPOINTMENTS

House Speaker Tim Moore has appointed Jack C. (Cal) Morgan III to the Appraisal Board for a three-year term ending on June 30, 2023. Mr. Morgan is a graduate of the College of Charleston, in Charleston, SC. He is a Certified General Appraiser and holds the MAI, SRA and AI-GRS designations. Mr. Morgan is the owner of JC Morgan Co in Wilmington, a commercial appraisal firm. Mr. Morgan is a NC licensed general contractor and NC real estate broker. He served on the NC Property Tax Commission from 2013 to 2017 and currently serves as the Chairman of the Wilmington Zoning Board of Adjustment. Mr. Morgan lives in Wilmington with his wife Seanna and their three children.

President Pro Tempore of the Senate Phil Berger reappointed Sarah J. Burnham to the Appraisal Board for a three-year term ending June 30, 2023. Ms. Burnham is a CPA who specializes in software conversions, fulfilling outsourced controller functions, integration of manufacturing and point of sale software with QuickBooks, and in training clients and their employees. She is a graduate of the University of North Carolina at Chapel Hill, with a B.A. in Political Science, and Appalachian State University, with a Masters in Accounting. Following her graduate studies, she worked as an auditor for KPMG and Deloitte and Touche, focusing on the financial industry; as a controller in commercial real estate; and started her professional practice in 2002. She was born and raised in Asheville, NC, and since 1998 has lived in Hickory, NC.

House Speaker Tim Moore has reappointed Timothy N. Tallent to the Appraisal Board for a three-year term ending June 30, 2023. Mr. Tallent is a certified general appraiser and operates his own appraisal business. He specializes in commercial real estate in the Charlotte Metrolina area with over 20 years experience. Mr. Tallent spent 16 years in the North Carolina House of Representatives. Tim and his wife, Dianne, have a daughter and son. He makes his home in Concord. Mr. Tallent is an avid golfer and was a former PGA professional.

## BOARD ELECTS OFFICERS

David E. Reitzel of Conover has been elected Chairman of the Appraisal Board for 2020-2021. Governor Pat McCrory first appointed Mr. Reitzel to the Board in 2013 and he was reappointed by Governor Roy Cooper in 2020.

Timothy N. Tallent of Concord has been elected as Vice-Chairman of the Appraisal Board for 2020-2021. House Speaker Thom Tillis first appointed Mr. Tallent to the Board in 2011.

# APPRAISER REPORT

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 laws, 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 *Appraisereport*.

## NORTH CAROLINA APPRAISAL BOARD

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Roy Cooper, Governor

## APPRAISAL BOARD MEMBERS

David E. Reitzel	
Chairman	Conover
Timothy N. Tallent	
Vice-Chairman	Concord
Claire M. Aufrance	Greensboro
Sarah J. Burnham	Hickory
Lynn Carmichael	Arden
Jack C. (Cal) Morgan, III	Wilmington
Viviree Scotton	Chapel Hill
H. Clay Taylor, III	Raleigh
Mike Warren	Indian Beach

## STAFF

Donald T. Rodgers, *Executive Director*  
Sondra C. Panico, *Legal Counsel*  
Thomas W. Lewis, III, *Deputy Director*  
Jeffrey H. Davison, *Investigator*  
H. Eugene Jordan, *Investigator*  
Jacqueline Kelty, *License and Renewal Coordinator*  
Deborah C. Liggins, *Enforcement and AMC Specialist*  
Pam A. Privette, *Public Information Specialist*  
Mindy M. Sealy, *Office Manager*

## APPRAISER COUNT

(As of October 1, 2020)

Trainees	524
Licensed Residential	81
Certified Residential	1791
Certified General	1253
Total Number	3649

## AMC COUNT

142

## APPRAISER

### EXAMINATION RESULTS

February 1, 2020 – September 30, 2020

Examination	Total	Passed	Failed
Licensed Residential	10	5	5
Certified Residential	21	8	13
Certified General	7	2	5

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-html/forms.htm>.

## Update on Renewal Deadlines and Late Fees for Appraisers and AMCs

On May 14, 2020, the Board voted to adopt deadline extensions under emergency rule 21 NCAC 57B .0615. If you did not renew by June 30, 2020, your expiration date was automatically extended to September 30<sup>th</sup>. If you did not renew by September 30, 2020, your license is now "lapsed".

On September 22, 2020, the Board voted to waive late fees through December 31, 2020.

Appraisers must have completed the 2020-2021 7 HR USPAP Update before renewing. Once you have completed the USPAP Update from a Board approved sponsor, please allow time for the course sponsor to report it to the Board – they have up to 15 days to do so. Please do not send in your course completion certificate, the roster must be submitted by the sponsor.

Out of State licensees are also required to show that they have completed the 2020- 2021 7 Hour USPAP Update. If the course is completed through a Board approved sponsor, you should have the sponsor report your course completion to the NC Appraisal Board. If the course was taken from a sponsor not on our approved list, you may submit the Affidavit form to the Board. Please email the Board at [ncab@ncab.org](mailto:ncab@ncab.org) to request the form.

AMCs who do not renew by December 31, 2020 will permanently expire. You will then have to file a new application for registration.

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](http://www.ncappraisalboard.org/education/contin_edu.htm).

All CE may be taken online or in class.

# Assignment Conditions and Business Practice

Client instructions and assignment conditions are essential considerations for appraisers when they consider accepting an assignment. Each assignment requires the appraiser to analyze and execute the appropriate scope of work that leads to credible results. Failure of the appraiser licensee to study and understand the terms of the engagement can often lead to the filing of a complaint.

USPAP defines scope of work as the type and extent of research and analysis in an appraisal or appraisal review assignment. Analysis of assignment elements guides the scope of work. The following are vital considerations in an assignment: who is the client and whether there are any other intended users; intended use of the appraiser's opinions and conclusions; type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions. Before agreeing to perform an appraisal, the expectation is that the appraiser licensee has thoroughly and thoughtfully analyzed the assignment elements.

The appraiser is always responsible for selecting the scope of work necessary for credible assignment results. When the client's assignment conditions are too restrictive, it is up to the appraiser to confer with the client and consider modifying the assignment conditions to allow for credible assignment results. Otherwise, if this is not possible, the appraiser should decline or withdraw from the assignment.

The acceptance of an assignment means the agreement or contract to perform services under an agreed set of conditions. Assignment conditions are assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work. Other requirements associated with the assignment are typically considered client instructions, which can be equally as significant as assignment conditions for an appraiser fulfilling an assignment. For example, if you have ever pursued financing to purchase a home or sold a property, you understand that the mortgage lending process can be multitiered and involve not only numerous steps but also multiple professionals. Each of these professional's efforts is linked to the information and services provided by other professionals to provide the most accurate information to the client. In most instances, the performance of all these tasks are under time restraints related to the loan origination and underwriting process.

Recently the Board Staff has received complaints and calls from various parties related to appraiser licensees that have failed to complete and deliver appraisal reports within the time specified as part of their engagement order. Other complaints that the Board has received concern the appraiser licensee suddenly becoming unresponsive to the client. While these types of allegations do not necessarily pertain to the actual development of an opinion of value, they relate to the appraiser's professional obligations. Failing to provide assignment results when agreed upon may create an undue hardship on the consumer by jeopardizing the loan closing and, in some cases, result in the payment of additional monies and fees. Furthermore, the Board may consider repeated complaints of delinquency to be improper or dishonest conduct by the appraiser licensee.

The Board Staff would recommend that appraiser licensee competently evaluate their engagement before acceptance. Also, remaining accessible to the client and their assigns and communicating potential delays in advance of a pending due date is professional business practice and may help defuse a situation that could lead to a complaint.

# ***Acceptable Appraisal Experience***

As a result of the global pandemic, more and more trainees are completing appraisal assignments under the supervision of their supervisors that do not include interior inspections. Appraisals, especially residential appraisals performed without a physical inspection, represent a considerable departure from the more traditional appraisal experience. Here is a series of Questions and Answers that can help Registered Trainees and their supervisors better understand the requirements.

## **Q: Must a Registered Trainee sign the appraisal report to receive experience credit?**

A: Not necessarily. For a Registered Trainee to receive experience credit for an assignment, the Registered Trainee must:

- Sign the appraisal report; **or**
- Be identified in the appraisal report as having provided significant real property appraisal assistance with that assistance summarized or stated (depending on the reporting option).
- Be identified in the certification as having provided significant real property appraisal assistance when doing so is applicable.

## **Q: As a Registered Trainee, can I receive experience credit for assignments performed without inspection?**

A: Yes. Not every appraisal assignment requires an inspection. Assignment conditions and scope of work could determine that it could be completely acceptable for an assignment without a physical inspection, such as in the case of a "desktop appraisal." A Registered Trainee may receive experience credit for such an assignment. The trainee must participate in at least 75% of the assignment and under the supervision of their supervisor.

## **Q: As a Registered Trainee, am I required to be accompanied by my supervisor on my first 50 assignments?**

A: Your supervisor must accompany you on those first 50 assignments or your first 1500 hours of appraisal experience, whichever comes first. The requirement

that the supervisor accompanies their Registered Trainee applies only to those assignments that require a physical inspection.

## **Q: Does the Board consider a minimum or a maximum number of experience hours for each assignment type?**

A: No. The Board Staff does not recognize any minimum or a maximum number of hours for a particular assignment type. Experience credit is based upon actual hours spent researching, developing, and ultimately communicating an opinion of value or preparing an appraisal review under the supervisor's supervision. The workfile in support of your appraisal report should be documented and substantial enough to support the number of hours claimed for each assignment.

## **Q: As a Registered Trainee, may I receive experience credit for measuring houses or taking photographs?**

A: No. You may earn experience credit by performing appraisals and appraisal reviews under the supervision of your supervisor. Time spent measuring houses or taking photographs for some other purpose other than for the development and communication of an appraisal report or an appraisal review assignment under the supervision of your supervisor will not count toward your experience requirement.

## **Q: As a Registered Trainee, I cannot find a supervisor that can help me obtain all the hours I need to apply for an upgrade. Am I allowed to have more than one supervisor?**

A: Yes. As a Registered Trainee, you may have more than one supervisor. There are restrictions, however, to the number of trainees that a supervisor may supervise. Just remember that your supervisors are responsible for actively supervising you as a Registered Trainee. Active supervision means that the supervisor must be able to direct, guide, and support you. The supervising appraiser shall have input into and knowledge of the appraisal report before its completion and shall make any changes to the report before transmission to the client.

**Q: I am a Registered Trainee under the supervision of a supervisor that is licensed here and in a neighboring state. I occasionally work with my supervisor on assignments in the neighboring state. May I count those hours that I obtained working on those out of state assignments toward my experience credit here in NC?**

A: Possibly. It is the applicant's responsibility to demonstrate to the Board that they meet all the requirements for the upgrade of their credential. Experience obtained by a Registered Trainee in another jurisdiction may be acceptable for experience credit under the following criteria:

- The Registered Trainee must demonstrate that they are appropriately credentialed and or eligible to perform appraisal services under the supervision of their supervisor in the jurisdiction where the subject assignment is located
- The Registered Trainee must demonstrate that the appraisal is compliant with USPAP, state law, and the jurisdiction's administrative rules.
- The Registered Trainee must have signed the appraisal report **or**
  - be identified in the appraisal report as having provided significant real property appraisal assistance with that assistance summarized or stated (depending on the reporting option).
  - be identified in the certification as having provided significant real property appraisal assistance when doing so is applicable.

The Registered Trainee must submit a log of all assignments performed. The log must be appropriately completed following the NC Board's administrative Rules and signed by the trainee and their supervisor. The trainee must also be able to produce the reports and workfiles identified on the appraisal log. During the experience review, the Board Staff will request samples of the applicant's work.

**Q: Recently, the Appraiser Qualification Board of The Appraisal Foundation has published information about an alternative method for gaining appraisal experience that could allow a Registered Trainee to acquire all or some of their experience in the classroom. Is this possible in NC?**

A: Not presently. There is no current course approved in NC that would satisfy the non-traditional client experience requirement. The program referred to above is known as Practical Applications for Real Estate Appraisal (PAREA). PAREA is only a concept at this point. If PAREA were to be adopted by the AQB, it would include the generally applicable methods of appraisal practice. Content could require the student to produce credible appraisals that utilize an actual subject property, performing market research containing sales analysis, and applying and reporting the applicable appraisal approaches in conformity with USPAP.

Should the AQB adopt and implement PAREA, it could affect requirements here in North Carolina, making it possible to obtain appraisal experience in different ways from the traditional method. It is important to note, however, that it is unknown if any such significant change will be implemented here in NC until the Board has considered the matter.

**Q: As a Registered Trainee, am I allowed to prepare demonstration appraisals for experience credit?**

A: Yes. A demonstration appraisal differs from the traditional appraisal assignment in that there is no client. A Registered Trainee may develop and prepare a written appraisal report of an actual property or real property interest without a traditional assignment from a client to obtain experience hours. For such an appraisal to count for experience credit, the Registered Trainee must have prepared and produced the appraisal report under the supervision of their supervisor. Also, the appraisal must be compliant with all applicable laws, rules, and the Uniform Standards of Professional Appraisal Practice. Demonstration reports should be identified on the trainee's log, and the applicant must have a workfile in support of the demonstration appraisal. An applicant may claim no more than 25% of their experience from demonstration appraisals.

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.

## **2020-01: APPRAISAL DEVELOPMENT – INSPECTIONS**

### **Interior Inspections during a National Health Emergency**

**Question:** Are appraisers required to perform interior inspections of real property during a national health emergency?

**Response:** Appraisers and users of appraisal services should remember that USPAP does not require an inspection unless necessary to produce credible assignment results. (Please refer to USPAP Standards Rule 1-2, Standards Rule 2-2, and Advisory Opinion 2 for further guidance.) When an interior inspection would customarily be part of the scope of work, a health or other emergency condition may require an appraiser to make an extraordinary assumption about the interior of a property. This is permitted by USPAP as long as the appraiser has a reasonable basis for the extraordinary assumption and as long as its use still results in a credible analysis. Neither the Appraisal Standards Board (ASB) nor The Appraisal Foundation has the authority to suspend interior inspections. Appraisers are encouraged to communicate with their clients and follow public health recommendations (such as those issued by the CDC and World Health Organization), as well as national, state, and local government orders when performing appraisal assignments. The ASB and The Appraisal Foundation encourage lenders, regulators, government agencies and Government Sponsored Enterprises (GSEs) to consider suspending or relaxing requirements for interior inspections during a national health emergency.

## **2020-02: APPRAISAL REPORTING – CERTIFICATION AND SIGNATURES**

### **Modification of a “Standard” Appraisal Form with a Fixed Certification and Scope of Work**

**Question:** In response to the COVID-19 outbreak, I have been asked to complete a desktop or exterior-only appraisal, but to report the results using a GSE form designed for an appraisal with an interior and exterior inspection. Although the Government Sponsored Enterprise (GSE) forms indicate that modifications to the scope of work and statement of assumptions and limiting conditions is not allowed, I have been asked to modify those portions of the report and have been provided with a suggested replacement. Can I do this? Would this result in a misleading appraisal report?

**Response:** In and of itself, with proper disclosure, the modification of a “standard” appraisal report form does not result in a misleading appraisal report; but this is only true if the modifications do not create a conflict that cannot be properly understood. In response to the COVID-19 outbreak, the GSEs have temporarily rescinded their policies that prohibit revising or amending the scope of work and statement of assumptions and limiting conditions. The GSEs have also authorized the use of specific replacement language, which can be found on their websites. Lenders who work with GSEs have been made aware of these policy changes. So, use of the GSE-authorized replacement wording in these specific circumstances would not be misleading to the client or other intended users. Regardless of any instruction provided by the GSEs or any other users of appraisal services, appraisers are reminded that it is up to the appraiser to determine that adequate information is available to produce credible results. If adequate information is not available about the property, and/or if extraordinary assumptions cannot be made in accordance with USPAP requirements, then the appraiser may not perform the appraisal.

## **2020-03: APPRAISAL DEVELOPMENT – PERSONAL PROPERTY INSPECTIONS**

### **Personal Inspections during a National Health Emergency**

**Question:** Do personal property appraisers need to perform personal inspections during a national health or other emergency?

**Response:** Appraisers and users of appraisal services should remember that USPAP does not require an inspection unless necessary to produce credible assignment results. (Please refer to USPAP Standards Rules 7-2 and 8-2 and Advisory Opinion 2 for further guidance.) When a personal inspection would customarily be part of the scope of work, a health or other emergency condition may require an appraiser to make an extraordinary assumption about the identification, relative quality, etc. of the subject property. This is permitted by USPAP as long as the appraiser has a reasonable basis for the extraordinary assumption, as long as its use still results in a credible analysis, and as long as the appraiser complies with the reporting requirements in Standards Rule 8-2(a)(xiii) or (b)(xv). Thus, if appraisers rely on photographs, purchase receipts, inventories, maintenance logs, etc. to identify the subject property, they must reasonably believe the sources are reliable. Appraisers must also reasonably believe the sources are adequate for identifying the other characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, as specified in Standards Rule 7-2(e)(i-vi). Personal property appraisers are cautioned to use great care in the use of an extraordinary assumption in lieu of a personal inspection. It may not be possible to identify relevant characteristics of some assets or to perform certain assignments without actually performing a personal inspection of the subject property. Some examples include, but are not limited to, when the scope of work makes it necessary for the appraiser to: determine whether the subject is

a painting or a giclée print on canvas; obtain technical information about a diamond; ascertain a property's current condition; or confirm its very existence. In these cases, the appraiser cannot provide a credible appraisal without conducting a personal inspection.

#### **2020-04: APPRAISAL DEVELOPMENT–INSPECTIONS**

##### **Personal Inspection of Exterior plus Remote or Virtual Inspection of Interior**

**Question:** If an appraiser makes a personal inspection of the exterior of a property as part of a mortgage finance transaction (or in any other assignment) and then receives interior photos, video, or other technology-based view(s) of the subject, can the appraiser state that they performed an interior inspection?

**Response:** No. A personal inspection of the interior of the property by the appraiser is not the same as viewing the interior virtually or remotely. It would be misleading for an appraiser to indicate that an interior inspection of the subject property was performed, when, in fact, the appraiser only viewed interior photos, video, or other data from technological solutions. (See Conduct section of the ETHICS RULE, Disclosure Obligations of the SCOPE OF WORK RULE, and Advisory Opinion 2, Inspection of Subject Property.)

### **In Memory of Charles G. Bass, Sr.**

The North Carolina Appraisal Board, with regret, announces the death of former Board member Charles G. Bass, Sr. He was appointed to the Appraisal Board by Governor James B. Hunt in 1995 and served on the Board until 2001. A Certified General Appraiser, Mr. Bass worked 12 years with the Highway Department. He retired after 30 years as Sr. Vice President with First Citizens Bank. He was a Member of the Appraisal Institute holding the MAI and SRPA designations. Upon his retirement from the bank in 1991 he formed The Bass Corporation where he continued to work as a real estate appraiser with his daughter, Melanie, who joined him there in 1992. He retired from appraising in 2015 and is survived by his wife, Shirley, and daughter, Melanie. The members and staff of the Appraisal Board offer our deepest sympathy to the Bass family.

### **Remaining 2020 Board Meeting Dates**

November 17

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

### **REMINDER:**

The Board is allowing sponsors the opportunity to offer, in class CE courses virtually, through December 31, 2020! Online Qualifying education courses, for becoming a registered trainee, are also being allowed through this date. Please note that if you register for the online qualifying education courses by December 31, 2020, they can still be completed online according to the course sponsor's policy to complete the course.

# 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.*

## Appraisers:

### **Donald Brady A3798 (Scotland Neck)**

By consent, the Board voted that effective March 25, 2020, Donald Brady's certification as a general appraiser shall be Suspended for a period of one year, all of which shall be an inactive suspension. Respondent shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam and he shall complete a 7-hour course in appraiser liability or common errors no later than September 25, 2020. In addition, Respondent shall not conduct any appraisal reviews until he completes a 4-hour course in reviewing residential appraisals. If Respondent fails to successfully complete the USPAP and appraiser liability/common errors course work by September 25, 2020, the inactive suspension shall become active for the remainder of the suspension. The hours from the above courses shall not be used for the Respondent's continuing education requirements, as set forth in Board rules.

On June 10, 2019, Respondent accepted an assignment to complete a field review of a property located in Roanoke Rapids, North Carolina. The assignment was required to be completed on FNMA Field Review Form 2000 and was due on June 12, 2019. On June 24, 2019, Respondent sent in the appraisal report, after being contacted several times about when he would submit it. Respondent did not complete the assignment as ordered. He completed a FNMA 2055 Exterior, which was not the correct form. Respondent did not execute the appropriate scope of work for the assignment. As a result, he did not perform the assignment that was requested by the client. The report that was submitted contained numerous errors and inconsistencies. The client subsequently cancelled the assignment, as the analysis could not be used, and the report was very late. In response to the complaint, Respondent did not submit the appraisal report or his workfiles, as requested by Board. Respondent's conduct

constitutes violations of N.C. Gen. Stat. § 93E-1-12(a)(6) and (a)(9).

### **Claud Clark, III A7692 (Magnolia Springs, AL)**

By consent, the Board voted that effective June 2, 2020, Claud Clark's certification as a general appraisal shall be suspended for a period of eight months; of which the first two months shall be an active suspension and the remaining six months shall an inactive suspension. Once the active suspension has been completed, Respondent may renew his license in North Carolina and will not be charged a late penalty.

The North Carolina Appraisal Board received information that Respondent's certified general real estate appraiser credential was voluntarily revoked in Alabama, effective on May 16, 2019. Respondent was required to report the voluntary revocation of his license in Alabama to the North Carolina Appraisal Board within 60 days of the revocation. Respondent failed to report the voluntary revocation to the North Carolina Appraisal Board. The conduct described above constitutes violations of N.C. Gen. Stat. §§ 93E-1-12(a)(9), (b)(4), & (b1) and 21 NCAC 57A .0409.

### **Joel Cline A7708 (Vancouver, WA)**

By consent the Board voted that effective June 3, 2020, Joel Cline's certification as a general appraiser is placed on probation for a period of one year; during which he shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam, no later than December 3, 2020. The continuing education hours for the above course shall not be used for Respondent's continuing education requirements, as set forth in Board rules. In addition, Respondent shall submit appraisal logs to the Board office of all appraisals completed in North Carolina during the probationary period. In reviewing any



appraisal report, if there are violations of the Board statutes, rules, or USPAP uncovered, further disciplinary action may be taken by the Board, after notice and an opportunity for a hearing has been provided.

Respondent accepted an assignment to complete an appraisal of a medical office building in North Carolina. Respondent substantially relied on a Broker Price Opinion (BPO) prepared by a NC licensed real estate broker for the factual information and data in the completion of his appraisal. Respondent did not reconfirm the factual data supplied within the BPO, instead he invoked an extraordinary assumption that the information contained in the BPO was credible and factual. Even though Respondent relied on an extraordinary assumption, he was required to verify and analyze the information to formulate his opinion of value, which he did not do. Respondent was required to make reasonable attempts to verify the information provided to him in the BPO that formulated the basis for his sale comparison approach and for the appraised value, which he did not do. Even though the scope of work for the appraisal states that the client has requested the cost approach be omitted from this report and that the income approach may or may not be included per client request, Respondent did not explain in his appraisal report why the cost approach and income approach were not developed, nor did he explain why they were not necessary for credible results, which he was required to do. Respondent did not affix the required seal to the appraisal report, as required by Board rules. Respondent's conduct as set forth above constitutes violations of N.C. Appraisers Act and Board rules and/or the Uniform Standards of Professional Appraisal Practice (USPAP).

#### **Nathan Hamilton A7441 (Charlotte)**

By consent, the Board voted that effective March 25, 2020, Nathan Hamilton's certification as a residential appraiser shall be Reprimanded. Respondent shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam and he shall complete a course in scope of work no later than September 25, 2020. If Respondent fails to successfully complete these courses by September 25, 2020, the Reprimand will be vacated, and a one-month suspension activated in its place on October 1, 2020. The hours from these courses shall not be used for Respondent's continuing education requirements, as set forth in Board rules. These classes may be taken online.

Respondent performed an appraisal of a property located in Matthews, North Carolina in February 2019, finding a value of \$205,000. Respondent's appraisal report failed to indicate a reasonable exposure time for the subject property. The development and communication of an opinion of exposure time for the subject property is necessary. Respondent failed to address that the predominate market activity within the subject neighborhood relates to sales activity not recorded or acknowledged through the Multiple Listing Service (MLS). Predominately properties that have transferred in the subject neighborhood were marketed as For Sale By Owners (FSBOs) and were sold rapidly, with minimal marketing time. Respondent's failure to analyze and consider the transfers that were not posted through the MLS detracted from the credibility of Respondent's analysis. One of the comparable sales used by Respondent was a duplex, which shared a common wall with an adjacent unit. Respondent did not explain why he relied on an attached dwelling as a comparison with the subject, which is a detached dwelling. Respondent did not address or analyze whether the market recognized a difference between detached and attached housing within the subject subdivision. Respondent also did not indicate the prior sale of the subject, which took place in October 2016, which was 2 1/2 years prior to Respondent's appraisal. Respondent's errors and omissions in his appraisal report were significant and detracted from the credibility of the report. Respondent has received three prior conditional dismissals of complaints with the Board in 2009, 2012, and 2013, all which required the completion of coursework, which Respondent successfully completed. Respondent's conduct constitutes violations of the North Carolina Appraiser's Act and USPAP Competency Rule, Scope of Work Rule and Standards 1 and 2.

#### **Stephen Lee Lawson A7086 (Winston-Salem)**

By consent, the Board voted that effective August 1, 2020, Stephen Lee Lawson's certification as a residential appraisal shall be suspended for a period of one year; of which the first month shall be an active suspension and the remaining eleven months shall be an inactive suspension. No later than December 2, 2020, Respondent shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam, and a 7-hour course in the sales comparison approach. If Respondent fails to successfully complete the courses by December 2, 2020, the eleven-month inactive suspension shall become an eleven-

month active suspension. The continuing education hours for the above courses shall not be used for Respondent's continuing education requirements, as set forth in Board rules. Pursuant to the requirements of the Appraisal Qualifications Board (AQB), Respondent shall not supervise a registered trainee until three years after this matter is closed by the Board.

Respondent received an appraisal order to conduct an appraisal of a one-story condominium in a three-story building consisting of approximately 1310 sq. ft. of living area, 2 bedrooms and 2 baths. The appraisal order stated that the appraisal was for a purchase-money mortgage that was to be performed on the FNMA Form 1073. The appraisal order required that the appraisal must be completed by a state licensed or certified appraiser and that only the signature of the assigned appraiser was acceptable on the appraisal report. Respondent signed the certification on the FNMA 1073 form and on the USPAP compliance addendum certifying that he personally inspected the subject property, when he had not done so. Respondent's registered trainee personally inspected the property. Respondent overlooked a deeded interior assigned garage space as a relevant characteristic. The assigned garage space should have been considered in the appraisal process. If proven, Respondent's conduct as set forth above would constitute a violation of the NC Appraisers Act, Board Rules, and the Uniform Standards of Professional Appraisal Practice.

### **James A. Nance A2720 (Lexington)**

By consent, the Board voted that effective October 1, 2020, James Nance's certification as a residential appraiser is Reprimanded. No later than April 1, 2021, he shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam, and a continuing education course in appraiser liability. He shall also complete the prelicensure 15-hour Residential Site Valuation and Cost Approach course, including the exam. If Respondent fails to successfully complete these courses, the reprimand will be vacated, and a one-month suspension shall be activated in its place on April 2, 2021. The above courses shall not be used for Respondent's continuing education requirements, as set forth in Board rules.

The Respondent performed an appraisal of a commercial garage located in Lexington, North Carolina, in April 2019, finding a value of \$180,000. Respondent's

appraisal report failed to provide sufficient information or support to any of its approaches to value. The appraisal and the appraisal report included the following omissions. 1) Respondent did not identify that the appraisal was premised upon the extraordinary assumption that the highest and best use was limited due to the presence of underground storage tanks. 2) Respondent did not demonstrate support for the subject's vacant land value in the appraisal report, nor was there any support for Respondent's land value present in the workfile. 3) Respondent did not provide any evidence of support for cost estimates to reproduce the subject improvements as part of the cost approach, nor was any information present in the workfile to support Respondent's cost estimates. 4) Respondent adjusted the subject's vacant land value by -10% to address what Respondent considered to be external obsolescence. An examination of the report and workfile did not demonstrate any explanation or support for this adjustment. 5) Respondent did not adequately develop, explain, or support his income approach to value. The subject report and workfile were absent any information to explain how Respondent determined any of the substantial factors necessary to reasonably develop this approach to value. 6) The final value opinion was made by Respondent averaging the two adjusted sales prices of the only two comparable sales that were provided within the analysis in Respondent's sales comparison approach. Respondent's appraised value was not reasonably supported, and the scope of work was insufficient to produce credible results. As a result of Respondent's errors and omissions, he did not provide sufficient information and explanations to support his conclusions. Respondent's conduct as set forth above constitutes violations of the North Carolina Appraiser's Act, Board Rules, and the Uniform Standards of Professional Appraisal Practice (USPAP).

### **Damien Owens A7877 (Winston-Salem)**

By consent, the Board voted that effective June 8, 2020, Damien Owen's certification as a residential appraiser shall be suspended for a period of one year; of which the first two months shall be an active suspension and the remained ten months shall be inactive suspension. No later than September 3, 2020, Respondent shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam and he shall complete a 7-hour course in appraiser liability or common errors. The hours from the above courses shall not be used for the Respondent's continuing education

requirements, as set forth in Board rules. If Respondent fails to successfully complete the courses by September 3, 2020, the remaining nine-month inactive suspension shall become a nine-month active suspension. During the inactive suspension of Respondent's license, he shall submit appraisal logs to the Board office of all appraisals completed during the inactive suspension. In reviewing any appraisal report, if there are violations of the Board statutes, rules, or USPAP uncovered, further disciplinary action may be taken by the Board, after notice and an opportunity for a hearing has been provided.

Respondent received an order to conduct an appraisal on a single-family residential dwelling. Respondent's appraisal report indicated a final value of \$224,000 with an effective date of October 13, 2019. Respondent received a sales contract for a property, which was not the subject property, for which the sales price was listed as \$222,000. Respondent relied on the sales contract for the other property in conducting his appraisal of the subject property. When Respondent submitted his appraisal report it contained the incorrect buyer's name, incorrect owner of public record, incorrect contract sales price and incorrect date of sales contract. The comparable sales relied on by Respondent in his appraisal report were not reasonable substitutes for the

subject property. These properties were in an inferior subdivision consisting of homes that did not display the same quality of construction as the subject property. There were three other properties that had sold within the subject property's subdivision within the 12 months prior to the effective date of the appraisal report. These properties were not only more approximate to the subject property but represented more appropriate sales for comparison. While information pertinent to these sales was present in Respondent's workfile, Respondent did not rely on these sales for valuation in his appraisal report. If Respondent had considered these sales it would have led to a more credible opinion of value. Respondent did not realize that the sales contract that he received was for a different property. Respondent's conduct in this appraisal demonstrated a lack of competency and a failure to verify pertinent factors necessary to produce a credible appraisal report. Respondent later revised his appraisal report and submitted two subsequent revisions, the third version being the most credible report supported by appropriate data. Respondent's conduct as set forth above constitutes violations of N.C. Gen. Stat. § 93E-1-12(a)(9), Rule 21 NCAC 57A .0501 and Uniform Standards of Professional Appraisal Practice Standard 1.



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#### **NORTH CAROLINA APPRAISAL BOARD**

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**\*Our office continues to remain closed to the public during this time\***  
If you need to contact the Board, please send an email to [ncab@ncab.org](mailto:ncab@ncab.org).