



APPRAISER REPORT

2014 PROPOSED RULE CHANGES

The North Carolina Appraisal Board has commenced rulemaking for 2014. A public hearing on the proposed changes will be held at 9:00 am on May 6, 2014 at the Board's offices in Raleigh. Written comments will be accepted until May 6, 2014. Comments may be directed to the Board's legal counsel, Roberta Ouellette (Roberta@ncab.org). They may be faxed to 919-870-4859 or may be sent to 5830 Six Forks Road, Raleigh, NC 27609.

Most of the rules are based on H565, which adopted the new AQB criteria, added the Licensed Residential credential and added a surety bond requirement for AMCs. Some changes to the rules are made to reflect a nomenclature change from "prelicensing" or "precertification" education to "qualifying" education.

57A .0210 Temporary Practice

Adds the requirement that any appraisal report for an appraisal of property located in North Carolina must contain the temporary practice permit number for that assignment.

Removes the ability of a trainee to get a temporary practice permit. Instead, if a trainee does enter the state to inspect a property, the trainee must be accompanied by the trainee's supervising appraiser. The trainee's supervisor must be a North Carolina certified real estate appraiser or have received a temporary practice permit.

57A .0303 Re-examination

Changes the number of times an applicant may take the exam per application from three to five.

57A .0407 Supervision of Trainees

Removes the requirement that Board staff teach the course, and provides that only instructors approved by the Board can teach it.

Makes it clear that trainees must assure that the Appraisal Board has received the Supervisor Declaration Form on or before the day the trainee begins assisting the supervising appraiser.

57B .0104 Course Exemptions for Equivalent Education

Removes the rule that applicants may get an exemption from a qualifying course.

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APPRAISERREPORT

Published as a service to appraisers to promote a better understanding of the Law, Rules and Regulations, and proficiency in ethical appraisal practice. The articles published herein shall not be reprinted or reproduced in any other publication, without specific reference being made to their original publication in the **North Carolina Appraisal Board Appraisereport**.

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APPRAISER COUNT

(As of March 7, 2014)

Trainees	496
Licensed Residential	109
Certified Residential	2063
Certified General	1297
Total Number	3965

APPRAISER EXAMINATION RESULTS

September 1, 2013 – February 28, 2014

Examination	Total	Passed	Failed
Certified Residential	9	5	4
Certified General	5	4	1

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/ApplicationFormorLicensure.pdf>

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57B .0306 Instructor Requirements

Adds the requirement that to teach the residential appraiser courses, the instructor must be currently certified as a residential or general real estate appraiser.

57B .0605 Continuing Education Credit Hours

Clarifies that no continuing education credit shall be given for courses taken before the student was registered as a trainee or licensed or certified as an appraiser in this state or any other state.

57B .0614 (New rule)

Outlines the requirements for instructors for the trainee/supervisor class.

57C. 0101 Form of Complaints and Other Pleadings

Adds a section that makes it clear the Board will not accept a complaint if the applicable USPAP recordkeeping period for the appraisal involved in the complaint has expired.

APPRAISAL MANAGEMENT COMPANY RULES

57D .0202 Registration Renewal

Specifies that the renewal period for AMCs will be from May 1 through June 30 of each year.

57D .0303 Compliance Manager

Adds a requirement that if the Compliance Manager leaves, the AMC has 15 business days to obtain a new one.

57D .0310 Payment of Fees to Appraisers

Adds a provision outlining how AMCs must comply with the statute requiring payment of fees within 30 days.

REMINDER:

APPRAISERS MUST TAKE THE 2014-2015 7 HOUR USPAP UPDATE BY MAY 31, 2014 IN ORDER TO RENEW IN 2014.

The 2014-2015 edition of USPAP is now in effect. Appraisal Board rules require that trainees and appraisers must take the 2014 version of the 7 hour USPAP update by May 31, 2014 in order to renew your credential.

2014 APPRAISER RENEWAL INFORMATION

All registrations, licenses and certificates expire on June 30th and must be renewed before this date to maintain your current status. Renewal notice forms will be mailed in early May. Please access your record through the licensee login on our website and make sure we have your correct mailing address so the renewal notice will reach you. You may update your contact information through the licensee login section. You will only receive one renewal notice. If you do not renew by June 30th, your registration, license or certificate will expire. Any person who acts as a trainee, licensed or certified real estate appraiser while expired shall be subject to disciplinary action and penalties as prescribed by the Appraiser's Act. **You are required to have the 2014-2015 7-Hour National USPAP Update course completed by May 31, 2014 in order to renew on time.** The remaining 21 hours of continuing education is due by May 31, 2015 to renew next year. It is strongly suggested that you not wait until the last minute to obtain your required continuing education.

The renewal fee is \$200.00 and if you want to be on the National Registry, there is an additional fee of \$60.00. You must be on the National Registry to prepare appraisals related to federally related transactions. Registered trainees are not permitted to be on the Registry. If you allow your license to lapse, you may late renew with late penalty fees for the first 12 month period and may reinstate in the second 12 month period by making a full application. After 24 months, you must start over and meet all the current education and experience requirements plus pass the exam.

Changes to the Supervisor/Trainee Class Requirements

The Appraiser's Act was recently changed to require that trainees as well as supervisors must take a Supervisor Class. Rulemaking is currently underway to implement this change. Once the new rule goes into effect (most likely July 1, 2014), private schools and sponsors will offer a new Supervisor/Trainee class, which is designed for both supervisors and trainees. This class will be somewhat similar to the one currently offered by the Board, with some additional material required by the Appraiser Qualifications Board of the Appraisal Foundation.

Effective January 1, 2015, any proposed supervisor who has not taken the Board's class will have to take the class offered by private schools and sponsors before they may associate a trainee. There will no longer be a 90 day grace period where a trainee may work until the supervisor takes the class. In addition, all trainees must take this course.

A supervisor who has already taken the Board's supervisor class and has declared a trainee before January 1 will be able to keep that trainee without taking the new class. If, however, the supervisor wishes to add another trainee, the supervisor must take the new course before adding that trainee. A trainee who has taken the Board's course and who stays with the same supervisor will not have to take the new class. If the trainee wishes to be associated with a new supervisor, the trainee will have to take the new course before such supervision may begin.

Note: If you are planning to add a trainee sometime this year, you should take the Board's last supervisor class that will be offered mid-year. It is unknown when the class will be offered after that date.

AMC Renewals

All Appraisal Management Company registrations expire June 30, 2014, and must be renewed before this date to maintain its current status. The renewal fee is \$2,000. Each renewal shall post with the Board a surety bond in the amount of \$25,000. Please see below for information regarding the surety bond. The renewal application and bond forms are available on our website under the forms section. All registrations reinstated after the expiration date are subject to a late filing fee of \$20.00 for each month or part thereof that the registration is lapsed, not to exceed \$120.00. In the event a registrant fails to reinstate the registration within six months after the expiration date, the registration shall expire and the registrant shall be required to file a new application for registration. Reinstatement of a registration shall not be retroactive.

AMC Surety Bond

In 2013, the North Carolina General Assembly amended N.C.G.S. 93E-2-4 to require that appraisal management companies post a \$25,000 bond. The law is effective January 1, 2014.

The law states:

- (g) Each applicant for registration or for a renewal of a registration shall post with the Board and maintain a surety bond in the amount of twenty-five thousand dollars (\$25,000).
 - (1) The bond shall be in a form satisfactory to the Board.
 - (2) The bond will accrue to the Board for the benefit of a claimant against the registrant to secure the faithful performance of the registrant's obligations under this Article and to a real estate appraiser who has performed an appraisal for the registrant for which the appraiser has not been paid.
 - (3) The aggregate liability of the surety shall not exceed the principal sum of the bond.
 - (4) A party having a claim against the registrant may bring suit directly on the surety bond, or the Board may bring suit on behalf of the party having a claim against the registrant, either in one action or in successive actions.
 - (5) A claim reducing the face amount of the bond shall be annually restored upon renewal of the registrant's registration.
 - (6) The bond shall remain in effect until cancellation, which may occur only after 90 days written notice to the Board. Cancellation shall not affect any liability incurred or accrued during that period.
 - (7) The surety bond shall remain in place for no less than two years after the registrant ceases operations in this State. However, notwithstanding this provision, the Board may permit the surety bond to be reduced or eliminated prior to that time to the extent that the amount of the registrant's outstanding obligations to appraisers is reduced.

The North Carolina Appraisal Board has posted the bond forms on its website. An AMC may obtain a bond at any time, but one will not be required until renewal in 2014.

Please direct any questions to Roberta@ncab.org

Evaluations, Value Findings, and Other Valuation Products

In the September 2013 edition of the *Appraisereport*, there was an article entitled “The Jurisdictional Exception Rule of USPAP”. Following publication of the article, staff received several questions regarding alternative valuation products, such as evaluations. Others have called to ask whether they, as independent fee appraisers, can complete a “Value Finding” report for the North Carolina Department of Transportation and not violate USPAP, the Appraiser’s Act or Board rules.

Is it an appraisal?

USPAP defines an appraisal as “an opinion of value”. 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.” Since North Carolina’s definition is broader, it takes precedence over the USPAP definition and is the one enforced in this state. If the valuation includes the words “value”, “worth” or “estimate”, it is an appraisal. If the valuation product refers to “price” rather than value, it is more likely a broker price opinion or comparative market analysis. These products may be performed only by real estate brokers and are regulated by the North Carolina Real Estate Commission

Evaluations

Evaluations are appraisals under state law and USPAP. As such, only a licensed or certified real estate appraiser may perform them in this state. An appraiser completing an evaluation must comply with Standards 1 and 2 of USPAP. For the 2014-2015 edition of USPAP, the Appraisal Standards Board adopted Advisory Opinion 13 (AO-13) that is entitled “Performing Evaluations of Real Property Collateral to Conform with USPAP”. AO-13 makes it clear that an appraiser can comply with USPAP when performing an evaluation.

To do so, the appraiser must first determine if the scope of work for the evaluation will allow the appraiser to develop credible assignment results. If so, the appraiser can complete the evaluation. Once the analysis is completed, the appraiser must make sure that the evaluation complies with USPAP reporting requirements. An evaluation may be reported as an Appraisal Report or as a Restricted Appraisal Report, and must comply with Standard 2 of USPAP. The report must have a signed certification in accordance with Standard Rule 2-3. In addition, the appraiser must maintain a work file that is sufficient to produce an Appraisal Report.

An evaluation assignment that requires compliance with the *Interagency Appraisal and Evaluation Guidelines* will result in additional appraisal development and reporting obligations. See AO-13 for the requirements.

“Value Findings”

Fee appraisers have been asked to perform an assignment in which they will complete a “Value Finding” form (FRM5-K) for the North Carolina Department of Transportation or other clients. This form is also considered to be an appraisal pursuant to USPAP and state law, and it, by itself, does not comply with either. If an appraiser is engaged to perform an assignment in which this form must be utilized, the appraiser must first determine if the scope of work for the evaluation will allow the appraiser to develop credible assignment results. Generally, a value finding requires the appraiser to value land area, improvements, easements, etc. There is no mention of which approaches to value should be used, although usually the client will want only the cost approach. For example, if a single family residence is 40 years old, the cost approach may not lead to credible results. If that is the case, the appraiser must either expand the scope of work or decline the assignment.

In order to comply with USPAP in performing this type of assignment, an appraiser would have to supplement the form. To comply with Standard 2, the appraiser will have to prepare at least a Restricted Appraisal Report, and include all items required in Standard 2-2. A certification that complies with Standard 2-3 must also be included. Essentially, the appraiser will have to

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perform an appraisal and attach the “Value Finding” form to the report. Any other use of this form will violate USPAP, the Appraiser’s Act and Appraisal Board rules.

Is there a jurisdictional exception for an evaluation or a “Value Finding”?

If a policy, rule or law that states you must do something *in addition* to USPAP, compliance with that law that is an assignment condition and is part of your Scope of Work. If the client *requires* you to produce an assignment result in a manner not compliant with USPAP, this could be a jurisdictional exception. For example, a state law could say that for estate purposes you may only do the cost approach and may not perform a sales comparison or income approach even though the property is an income-producing four unit property. In order to comply with USPAP in reporting your appraisal, you will need a statement similar to the following:

“North Carolina state law N.C.G.S. 40000(z)(z) states that for estate purposes, an appraiser must do only the cost approach and may not do the sales comparison or income approaches in any appraisal performed for

estate purposes. The appraiser is therefore invoking the Jurisdictional Exception Rule and has developed only the cost approach and not the sales or income approaches for the subject property.” (*Note: this is an example and not an actual law!*)

There are no known jurisdictional exceptions for evaluations or “Value Findings”. If your client tells you that there is a jurisdictional exception, you must ask them for the citation to the law, rule, or case that states you must refrain from doing something that USPAP requires. If your client continues to insist that there is such as exception, you should contact Board staff for guidance.

What about appraisers on the staff of a lender?

Staff appraisers employed by lenders are exempt from licensure under North Carolina law. If these appraisers do not hold a credential issued by the Appraisal Board, state law does not require them to comply with USPAP. They can perform evaluations and appraisals consistent with their duties as employees. If, however, staff appraisers are credentialed by the Appraisal Board, they must comply with USPAP in their valuation services, and their reports must comply with USPAP. It does not matter who employs them.

Return of Licensed Residential Credential

As a result of the 2015 Real Property Appraiser Qualification Criteria which has been adopted by the Appraiser Qualifications Board, all applicants for Certified Residential or Certified General must have a four-year degree beginning January 1, 2015.

The North Carolina General Assembly was concerned that this requirement did not leave an avenue of entry into the appraisal profession for applicants with an Associate’s Degree. Beginning in 2015, the Appraisal Board will once again issue the Licensed Residential credential. The appraisal education and experience requirements will be the same as those for Certified Residential, but will allow applicants to qualify with an Associate’s Degree instead of a Bachelor’s Degree. Any applicant meeting these requirements prior to 2015 would qualify to apply for Certified Residential based on the current Qualification Criteria. Licensed Residential appraisers are allowed to work without a supervisor, but may not be accepted by all clients and are not permitted to supervise trainees.

2014 Board Meeting Dates

May 6
June 24
August 26
November 5

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

CHANGE IN CRITERIA TO UPGRADE TO CERTIFIED RESIDENTIAL AND CERTIFIED GENERAL

Beginning on January 1, 2015, applicants for upgrade to Certified Residential and Certified General will be required to have a bachelor's degree. There will no longer be any "in lieu of" education allowed for upgrade as of that date. There will be no segmented approach or "grandfathering", so applicants for Certified Residential who do not have a bachelor's degree must complete their education and experience, submit their application, pass the examination and have any character issues resolved prior to January 1, 2015. Applicants who do not meet the deadline will be required to have a bachelor's degree in order to upgrade to the certified level.

Anyone planning to upgrade this year using "in lieu of" education must file a complete application by **December 1, 2014**. This means that you have completed all required qualifying courses, have the requisite number of experience hours to upgrade, and have a four year college degree or the "in lieu of" education. Once your application is complete, you will be given a ticket to take the state examination. If you do not have a four year degree and you are applying for certification, you must pass the examination and the Board must receive your results on or before December 31, 2014. If you fail to do so, your application will be cancelled and you will have to have a four year degree to upgrade.

These deadlines are in place so that staff has sufficient time to evaluate your application, including samples of your work. Please note that you must send us the results of your examination. The testing center does not send it electronically to us.

Note: If you are planning to upgrade using "in lieu of" education, you should contact Board staff immediately to determine whether it is likely that you will be able to upgrade by the end of the year.

Questions for Applicants who do not have a four year degree:

Question 1:

I don't have a four year college degree but I completed the "in lieu of" courses. I will not have the required two years of experience until around December 15, 2014. May I submit my application on November 30?

Answer:

If you find yourself in this situation, you should consult with Appraisal Board staff well before the end of November to discuss how to handle your application.

Question 2:

I understand that I have to pass the exam by December 31. What if I fail it on December 20? Can I take it again on or before the 31st?

Answer:

Generally you have to wait 30 days to retake an exam. Given the unusual circumstances this year, staff may be able to grant a waiver from this requirement. Even if we waive the 30 day waiting period, any retakes of the examination would be subject to the availability of open time slots with the testing center. Contact the Appraisal Board staff immediately if you fail an examination for further guidance.

Question 3:

If I pass the exam on December 30, will the testing center send the results to you electronically? Or do I have to send them to you?

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Answer:

The testing center does not send results to us. They issue you a certificate that you must send or deliver to us. We must receive the certificate by December 31, 2014 or your application will be cancelled.

Question 4:

I have submitted my application and have passed the examination. Unfortunately I have a criminal charge pending that will not be heard or resolved until sometime in 2015. Will the Board still accept my application?

Answer:

No. The Appraisal Board does not have this option. Any application that contains a pending criminal matter, including someone who is currently on probation, is tabled until the charge is resolved or the applicant is released from probation. Since it is clear the matter will not be resolved by December 31, 2014, the application will be returned to you. Staff encourages you to try to resolve these actions as soon as possible so that they do not hold up your application.

Question 5:

I have passed the examination and submitted my results to the Board, but I was convicted of a serious crime in 2013. The Board has told me that I have to have a hearing to determine if I am fit to upgrade my status, but the hearing won't be until mid-January 2015. Can my application be held open until after that date?

Answer:

No. If your application is not granted by December 31, 2014, it will be cancelled. Applications cannot be held open for any reason.

Note for appraisers: We have heard that when appraisers have a complaint concerning a lender they often do not know whom they should contact. To find out who regulates a specific lender, use one of these links.

ASC hotline:

Refers complainants to appropriate State and/or Federal agencies to handle complaints of alleged violations of USPAP and/or appraisal independence requirements.

<http://refermyappraisalcomplaint.asc.gov/>

Consumer Financial Protections Bureau (CFPB):

Refers complainants to appropriate State and/or Federal agencies to handle complaints of violations of alleged appraisal independence requirements

<http://www.consumerfinance.gov/complaint/>

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>

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.

2014-01: ETHICS RULE – CONFIDENTIALITY

“Verifying” Completion of an Appraisal

Question: I have received inquiries from various companies regarding appraisals I have completed for others. Typically, I receive a letter that includes the address of a property I previously appraised, along with the effective date of my appraisal, and my appraised value. The letter asks me to confirm that the information agrees with my records, and also asks me to confirm that my appraisal was performed without violating any appraiser independence requirements. Since the company requesting the information was not my client, does USPAP allow me to comply with such requests for information?

Response: No. Unless you have received permission from your client, you may not communicate *assignment results* or *confidential information* (both, as defined in USPAP) to this third party (or any other entity that your client did not authorize).

The appraised value of a property is clearly part of an appraiser’s *assignment results*, as are any of the appraiser’s opinions or conclusions that are specific to that assignment. Additional examples of assignment results may include the appraiser’s opinion of highest and best use, condition of the property, and opinion of reasonable exposure time, just to name a few.

Acknowledging the fact that you performed an appraisal on a property is not prohibited by USPAP. However, in this instance, acknowledging assignment results or confidential information without permission from the client is prohibited. There are also instances where appraisers contractually agree with some clients to not disclose the fact that an appraisal was performed; in such cases the appraiser’s contractual obligation would preclude the appraiser from disclosing even the fact that an appraisal was performed.

2014-02: ETHICS RULE – CONFIDENTIALITY

Assignment Results

Question: The definition of *assignment results* in the 2014-15 edition of USPAP appears to have been expanded to include more than just the appraiser’s final opinion of value. Is this true and if so, what other items are considered part of an appraiser’s *assignment results*?

Response: No, the change in the definition of *assignment results* in the 2014-15 edition of USPAP is not intended to increase the types of things that qualify as *assignment results*. Some appraisers mistakenly believed the definition in the prior versions of USPAP was limited only to the final opinion of value (in an appraisal assignment). However, while it cited value as an example of assignment results, the definition included all of an appraiser’s opinions or conclusions specific to the assignment.

Other examples of assignment results include, but are not limited to, the appraiser’s: opinion of the quality of construction; opinion of reasonable exposure time; indicated value by the cost, sales comparison, or income approaches; and absorption or capitalization rate.

2014-03: APPRAISAL REPORTING – USE AND FORMAT ISSUES

Fannie Mae Form 1004

Question: I appraise residential properties and use the Fannie Mae 1004 (URAR) appraisal report form. I’m aware the 2014-

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15 USPAP requires me to label my reports as an “Appraisal Report” (or “Restricted Appraisal Report”). But my appraisal software program won’t let me change the report type from the old “Summary Appraisal Report” to the newly-required “Appraisal Report”. Does that mean my reports do not comply with USPAP?

Response: No. The Comment to Standards Rule 2-2 states, in part:

*An appraiser may use any other label **in addition to**, but not in place of, the label set forth in this Standard for the type of report provided. (Bold added for emphasis.)*

Therefore, use of the label “Summary Appraisal Report” does not violate USPAP, unless use of that label in a specific report results in that report being misleading.

2014-04: APPRAISAL REPORTING – CERTIFICATION AND SIGNATURES

Use of Certification with Form 1004D/442

Question: My client has asked me to update an appraisal that I completed for them eight months ago and submit the report on the Fannie Mae Form 1004D/Freddie Mac Form 442. Does this assignment require a certification regarding the prior service?

Response: Yes. Because an appraisal update is a new appraisal assignment, regardless of the form used to report the results, the report must include a certification disclosing whether you have provided a service regarding the subject property in the three years prior to accepting the new assignment.

Each real property appraisal report, including those for update assignments, must include a signed certification that, at a minimum, addresses the items specified in Standards Rule 2-3. The certification in the prior report cannot be incorporated by reference, since it would not be possible to have certified in the past that the work done in the present meets all of the requirements to which the appraiser must certify.

2014-05: APPRAISAL REPORTING – CERTIFICATION AND SIGNATURES

Use of Certification with Form 1004D/442

Question: My client has asked me to re-inspect the property and provide them with a certification of completion for an appraisal that I completed for them eight months ago and submit the report on the Fannie Mae Form 1004D/Freddie Mac Form 442. The assignment does not include an updated value opinion. Does this assignment require a certification regarding the prior service?

Response: No. Because this is neither an appraisal nor appraisal review assignment, USPAP does not require a certification. Although a disclosure of the prior service is required at the time of accepting this assignment, no certification is required. The Conduct section of the ETHICS RULE states in part:
In assignments in which there is no appraisal or appraisal review report, only the initial disclosure to the client is required.

2014-06: USPAP COMPOSITION STRUCTURE AND COMPLIANCE

Applicable Edition of USPAP

Question: The new edition of USPAP became effective on January 1, 2014. I prepared an appraisal with an effective date in December 2013; however, my date of report was in January 2014. Which edition of USPAP applies – the 2012-13 edition or the 2014-15 edition?

Response: The 2014-15 edition applies, because the date of the report was on or after January 1, 2014. The effective date of the appraisal has no bearing on which edition of USPAP applies.

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.

Jeffrey Cashion A2168 (Sanford)

By consent, the Board suspended Mr. Cashion's residential certification for a period of six months. The first month of the suspension is active and the remainder is stayed until July 1, 2014. If Mr. Cashion completes the 15-hour National USPAP course and a course in residential report writing by that date, the remainder of the suspension will be inactive. Mr. Cashion appraised a 1464 square foot residential property located in Pinehurst, North Carolina effective December 31, 2012, finding a value of \$336,000. Mr. Cashion did not personally view the interior of the subject property, although he did perform an exterior inspection. A trainee performed the interior inspection, and the appraisal report stated that he had provided significant assistance in the preparation of the report. In the original report and in the first three revisions of the report, Mr. Cashion's certification indicated that he had personally inspected the interior and exterior of the property. The final two versions of the report correctly indicated that he had inspected only the exterior of the subject property and that he had not inspected the interior. All of the six reports had a signature date of January 2, 2013. It does appear that a corrected report was sent to and received by the client.

William Todd Darnell A3250 (Lexington)

By consent, the Board issued a reprimand to Mr. Darnell. Mr.

Darnell shall be required to complete the thirty hour Residential Sales Comparison & Income Approaches by July 1, 2014. If he does not complete this course by July 1, 2014, then on that date the reprimand will be vacated and a three-month active suspension will be enforced. In addition, He will be required to take and pass the Certified Residential national examination by July 1, 2014. If he fails to pass the examination by that date, the three-month suspension will be activated. There will be no extensions given to pass the examination. Mr. Darnell performed an appraisal of a property located in Lexington, North Carolina in November 2011, finding an appraised value of \$170,000. The subject is a doublewide manufactured home with a stick-built attached double garage. The subject also has a detached guest house that contains approximately 1600 square feet and was formerly a tractor shed. It has been renovated to include 2 bedrooms, 1.5 baths, kitchen, dining area, and a living room/party room. Mr. Darnell described the subject's guest house in the appraisal and gave no value for it as there were not any closed comparable properties with a similar guest house. There was information in the market that would have given adequate support for value for this feature. There was also information in the market that would have given adequate support for giving the guest house no value. However, this information was produced by Mr. Darnell during the investigation, was not part of the work file and was not summarized in the report. The subject

property has 31.4 acres. Mr. Darnell stated in the report that the present use as a single family residence was the highest and best use for the subject. Although he explained his support for this statement during the investigation, there was no language in the report to summarize the support and rationale for the opinion of highest and best use.

Robert L. Harlan A392 (Winston-Salem)

By consent, Mr. Harlan surrendered his right to renew his general certification.

Stanley Harrell A723 (Morehead City)

By consent, the Board issued a reprimand to Mr. Harrell. Mr. Harrell also agrees to complete a class in sales comparison by March 1, 2014. If he fails to complete the class, the reprimand will be vacated and a one month suspension imposed as of that date. Mr. Harrell performed an appraisal of a property located at Atlantic Beach, North Carolina in June 2012, finding an appraised value of \$295,000. The subject property is a two story beach house that is located on a corner lot. Mr. Harrell stated that the dwelling had 2056 square feet when it actually had 1536 square feet. He stated that the side of the dwelling was 42.3 feet when it was actually 32 feet.

**Amanda Monk Hendren A6483
(Stanley)**

By consent, the Board suspended Ms. Hendren's residential certification for a period of six months. The first month of the suspension is active and the remainder is stayed until June 1, 2014. If Ms. Hendren completes the 15 hour National USPAP course and a course in sales comparison by that date, the remainder of the suspension will be inactive. There were two cases against Ms. Hendren. In the first case, she appraised a property in Charlotte, North Carolina in January 2012, finding a value of \$240,000. The subject is a 2-story detached home containing 3082 square feet. Another certified appraiser did the inspection of the subject property, chose the comparable sales and took photographs. This appraiser's assistance was not noted in the appraisal report, nor did he sign the report. Ms. Hendren signed a certification that she had inspected the interior and exterior of the subject property, when she did not do so. In the second case, Ms. Hendren appraised a property located in Newton, North Carolina in November 2012, finding a value of \$292,999. The subject is a 2 story detached home. In the original report, she stated that the subject dwelling had 3220 square feet. After the review report was received, she revised the report to state that the subject had 2795 square feet. Despite the correction in size and changes in adjusted sales prices, the final value remained the same as in the first report.

Jill T. Hensley A3665 (Black Mountain)

By consent, the Board issued a reprimand to Ms. Hensley. Ms. Hensley also agrees to complete the fifteen hour USPAP course by June 1, 2014. Ms. Hensley performed an appraisal of a property located in Maggie Valley, North Carolina in

November 2012, finding an appraised value of \$241,500. The subject property is a ranch style home. Ms. Hensley stated that it had 2015 square feet, but it actually had 2128 square feet. The appraisal submitted with the response was a revision of an earlier report. The work file for the assignment did not contain a copy of the original appraisal that was transmitted to the client. Ms. Hensley stated that the subject contained 2015 square feet when it actually contains 2128 square feet. She did not account for the pantry area of the kitchen that extended into the garage. The comparables used in the appraisal were reasonable substitutes for the subject property, especially as there were limited sales in the subject market area and the county.

Dale M. Holland A5462 (Charlotte)

By consent, the Board issued a reprimand to Mr. Holland. Mr. Holland also agrees to complete a class in sales comparison by May 1, 2014. If he fails to do so, the reprimand will be withdrawn and a one month suspension imposed as of that date. Mr. Holland performed an appraisal of a property located in Charlotte, North Carolina in June 2013, finding an appraised value of \$298,000. The subject is a frame ranch built in 1972 with 2188 square feet located on a 14,810 square lot in a neighborhood of similar homes. He used three comparable sales in his report that indicated a range of value for the subject ranging from \$298,000 to \$366,700. Mr. Holland subsequently revised his report to include a sale that he had used as a listing in his original report. The sale actually closed four days prior to the effective date of the report, but the Multiple Listing Service was not updated to reflect the sale until after the report was submitted. Mr. Holland revised the report changing this listing to a closed sale as Sale #4. This property sold for \$411,600. The Respondent determined that a time

adjustment was warranted and adjusted the other sales \$40,500 to \$81,500 for this factor. The range of value changed to \$338,500 to \$447,200, and the appraised value in the revised report increased to \$408,500. There were other sales that indicated that the market was increasing on the effective date of the appraisal. He should have recognized this when he first completed the appraisal.

R. Andrew Moore A7217 (Wake Forest)

By consent, the Board suspended Mr. Moore's residential certification for a period of six months. The suspension is stayed until June 1, 2014. If Mr. Moore completes the thirty hour Residential Sales Comparison and Income Approaches, with exam, by June 1, 2014, the suspension will be inactive. Mr. Moore performed an appraisal of a property located in Raleigh, North Carolina in May 2013, finding a value of \$180,000. The subject is a one story dwelling with 1310 square feet situated on a .26 acre lot in a residential neighborhood. Mr. Moore failed to make appropriate adjustments for location for his comparable sales. He also did not properly describe the subject property, which had been updated. None of the comparable sales were selected from the subject neighborhood. There were sales from the neighborhood that should have been used in the report. These sales would have led to a higher value for the subject.

Clarence "Skip" Swicegood A800 (Raleigh)

By consent, the Board issued a reprimand to Mr. Swicegood. Mr. Swicegood also agrees to complete a class in appraisal report writing, a class in appraising complex properties and the 15 hour National USPAP course, including passing the examination. If he fails to complete

both classes by September 1, 2014, this reprimand will be vacated and a three month active suspension will be imposed on that date. In addition, Mr. Swicegood also agrees not to perform any assignments of properties other than residential one to four family dwellings, vacant lots and unimproved parcels of land. Mr. Swicegood performed an appraisal of a property located in Raleigh, North Carolina in May 2007, finding an appraised value of \$634,000. The subject is a small church that contains approximately 2,900 square feet of building area. The church was under construction at the time of the appraisal. The appraisal apparently was reported using a vacant land form in combination with addenda demonstrating a sales comparison approach and cost estimates that were utilized to reconcile the estimated value of the improvements. The work file for the assignment was not available as Mr. Swicegood disposed of it after the requisite five year retention period. Without the work file, it was difficult to determine the scope of work, data used in the assignment and methodology. The report contained no discussion of highest and best use. It appeared from the report that Mr. Swicegood

appraised a “value in use” rather than market value. The report gave no indication that Mr. Swicegood invoked the extraordinary assumption that his analysis was based on the completion of the church in accordance with plans and specifications. It did not appear that he had the necessary competence for this type of appraisal assignment.

**Michael L. Wagoner A6344
(Sneads Ferry)**

By consent, the Board suspended Mr. Wagoner’s residential certification for a period of six months. The suspension is stayed until June 1, 2014. If Mr. Moore completes the thirty hour Residential Sales Comparison and Income Approaches, with exam, by June 1, 2014, the suspension will be inactive. Mr. Wagoner performed appraisals of three properties. The first subject property is located in Swansboro, North Carolina. Mr. Wagoner valued this property at \$235,000 effective November 1, 2011. This property is a 2916 square foot ranch built in 2003 that is situated on a 21,209 square foot lot. The comparable sales are all located in superior areas, yet no adjustment was made for this fact.

There was another sale that could have been used in the appraisal that sold for \$220,000 in July 2010. The second subject property is located in Newport, North Carolina. Mr. Wagoner valued the subject at \$528,000 effective January 7, 2013. This property is a 1615 square foot dwelling on pilings with two bedrooms and 2.5 baths and a 903 square foot lower level with a separate entrance. None of the comparable sales resemble the subject in style, location, or layout, and no adjustments were made to mitigate these factors. There was another sale that should have been included in the analysis that sold for \$365,000 in January 2012. The third subject property is located in Gloucester, North Carolina. This property is a 2 story dwelling built in 1917 that has 2560 square feet and is located on 1.79 acres in a rural area. The Respondent valued the subject at \$170,000 effective January 7, 2013. Mr. Wagoner stated in the report that there had been no updates within the past 15 years, but he stated in addendum that the subject had undergone much remodeling. Inappropriate adjustments were made for condition.

NADLAN VALUATION, INC. (AMC) SUSPENDED

The North Carolina Appraisal Board has suspended the registration of Nadlan Valuation, Inc. (NC 1159) effective April 1, 2014. The company was suspended after a complaint was received and it failed to respond to the Board’s inquiries.

Appraisers have contacted the Board to ask what assistance we can provide in collecting unpaid fees owed by this and other AMCs that are no longer registered in North Carolina. All AMCs are required to file a Consent to Service of Process form with the Appraisal Board, and to have a North Carolina registered agent for service. Appraisers may consider contacting a private attorney about filing a law suit in North Carolina.

AMCs are required to pay appraisers within 30 days of the original transmittal of the appraisal. If an AMC does not do so, appraisers should file a complaint with the Board. The Board has no way of knowing which companies are not paying their invoices unless a complaint is filed.