



# APPRAISER REPORT

Volume 24

September 2014

Number 2

## RECENT BOARD APPOINTMENTS

David B. Goldberg was reappointed by President Pro Tempore of the Senate Phil Berger for a three-year term ending June 30, 2017. Mr. Goldberg is currently pursuing both a law degree and a Master of Public Administration at the University of North Carolina at Chapel Hill. He moved to North Carolina in January 2011 after graduating with a degree in Emergency Management and Administration from the University of North Texas at Denton. He then worked at the North Carolina General Assembly as a Legislative Assistant and Clerk for the Senate Appropriations Committee on the Department of Transportation. Mr. Goldberg served five years in the Texas Army State Guard as a Civil Affairs Specialist. He, and his wife Shaina, reside in Chapel Hill. As a public member on the Board, Mr. Goldberg looks forward to learning about North Carolina's appraisal industry and protecting consumers of real estate services.

Charles L. McGill was reappointed by House Speaker Thom Tillis to a three-year term to expire June 30, 2017. Mr. McGill is a certified residential appraiser and has served on the Board since July 2011. He started appraising in 1997 and was certified in 2005. For eight years he worked at Capital Bank Corporation in Raleigh as VP-Senior Review Officer and more recently, as the Manager of the Appraisal Department. Chuck retired from the bank in 2013. He has been active at various times in the Boy Scouts (Bucktail Council) and in Little League Baseball. Additionally, he has been active in various musical groups, and is a member of NCPAC. He currently serves as a board member (Treasurer) of the Durham Highway Fire Department. He and his wife make their home in Raleigh.

Timothy N. Tallent was also reappointed by House Speaker Thom Tillis to a three year term to expire June 30, 2017. Mr. Tallent is a certified general appraiser located in Concord and has served on the Board since July 2011. 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. Mr. Tallent is an avid golfer and was a former PGA professional.

## BOARD ELECTS OFFICERS

Charles J. Moody, III has been elected Chairman of the Appraisal Board for 2014-2015. Governor Beverly Perdue appointed Mr. Moody to the Board in 2009.

Mr. Moody is a certified general appraiser and was one of the Founders of Realty Services of Eastern Carolina. He received a BS degree from Virginia Tech in Forest Management. Mr. Moody has the designation of MAI from the Appraisal Institute and is a Registered Forester. He has 34 years of experience with a special emphasis on the valuation of timberland, agricultural and conservation use properties. He and his wife, Anne, have two married sons, four grandchildren, and make their home in New Bern.

Charles L. McGill has been elected Vice-Chairman of the Appraisal Board for 2014-2015. House Speaker Thom Tillis appointed Mr. McGill to the Board in 2011 and has recently been reappointed to another three-year term to expire June 30, 2017.

# 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**.

## NORTH CAROLINA APPRAISAL BOARD

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Pat McCrory, Governor

### APPRAISAL BOARD MEMBERS

Charles J. Moody, III	Chairman	New Bern
Charles L. McGill	Vice-Chairman	Raleigh
Thomas A. Barton		New Bern
David B. Goldberg		Chapel Hill
Samuel Cory Gore		Wilmington
David E. Reitzel		Conover
Fern Shubert		Marshville
Timothy N. Tallent		Concord
Dwight C. Vinson		Franklin

### STAFF

Donald T. Rodgers, *Executive Director*  
Roberta A. Ouellette, *Legal Counsel*  
Thomas W. Lewis, III, *Deputy Director*  
Jeffrey H. Davison, *Investigator*  
Terri S. Haywood, *Investigator*  
H. Eugene Jordan, *Investigator*  
Jacqueline Kely, *Administrative Assistant*  
Deborah C. Liggins, *Administrative Assistant*  
Pam A. Privette, *Administrative Assistant*  
Mindy M. Sealy, *Executive Assistant*

### APPRAISER COUNT

(As of August 31, 2014)

Trainees	400
Licensed Residential	94
Certified Residential	1997
Certified General	1284
Total Number	3775

### APPRAISER EXAMINATION RESULTS

March 1, 2014 – August 31, 2014

Examination	Total	Passed	Failed
Certified Residential	10	6	4
Certified General	12	12	0

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/ApplicationForLicensure.pdf>

## CHANGES TO RULES REGARDING APPRAISAL MANAGEMENT COMPANIES EFFECTIVE JULY 1, 2014

There have been changes to two rules that Appraisal Management Companies should note.

### 1. Compliance manager (21 NCAC 57D .0303)

If an appraisal management company intends to change its compliance manager, it must submit an application for approval of the new compliance manager at least 10 business days before the effective date of the change. The form may be accessed at the Board's website at [www.appraisalboard.org](http://www.appraisalboard.org).

If a compliance manager leaves the appraisal management company and the company is unable to give at least 10 days' notice of the change, the company has 15 business days from the date the compliance manager leaves to obtain a new compliance manager.

### 2. Payment of fees to appraisers (21 NCAC 57D .0310)

Appraisal management companies are required by law to pay fees to an appraiser within 30 days. The changes to this rule explain how fees are to be paid. Fees must be paid to an appraiser within 30 days of the date the appraisal is **first transmitted** by the real estate appraiser to the company as follows:

(1) If payment is made by electronic means, the funds for the fee shall be deposited into the appraiser's account so that they are available to the appraiser on the 31<sup>st</sup> day following the date the appraisal is first transmitted to the company.

(2) If payment is made by check, the check shall be postmarked no later than the 30<sup>th</sup> day following the date the appraisal is first transmitted to the company.

Please note that North Carolina law does NOT allow an AMC to pay fees as otherwise agreed to by the appraiser.

Also, please note that payment is NOT dependent upon whether you have received a W-9 from the appraiser. If you do not get one from the appraiser before the appraisal is transmitted, you will have to pay within 30 days regardless of whether you have a current W-9.

## REINSTATEMENT OF THE LICENSED RESIDENTIAL CATEGORY

As of July 1, 2014, the Appraisal Board has reinstated the category of licensed residential. It is important to note the following:

1. The requirements to become licensed residential in North Carolina are different than those of most other states. As a result, it is not likely that the Board will grant reciprocity to a licensed residential appraiser from another state except under very limited circumstances.
2. To become a licensed residential appraiser, the applicant must have the same qualifying courses, hours of experience, and months of experience as would be required to upgrade to certified residential. See the chart below for details
3. The only difference between the upgrade requirements for licensed residential and certified residential is that the licensed residential appraiser must have an associate's degree while the certified residential appraiser must have a bachelor's degree.
4. For the rest of 2014, applicants who meet the requirements for licensed residential also meet the requirements for certified residential. For that reason, the Board does not anticipate granting any applications for licensed residential this year.

<b>AQB Required Experience</b>	<b>NCAB Required Experience</b>	<b>AQB Qualifying Education Requirements</b>	<b>NCAB Qualifying Education Requirements</b>	<b>College Degree Requirement (Both)</b>
2000 hours over a minimum of 12 months	2500 hours over a minimum of 24 months	150 hours	200 hours	Associate's degree or higher

### **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.

For more information, see the March 2014 edition of the *Appraisereport* [here](#).

## **NCREC Residential Square Footage Guidelines (the “yellow book”) Has Been Revised**

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The North Carolina Real Estate Commission revised their Residential Square Footage Guidelines in November 2013. Most of the changes clarified existing guidelines, but there were some small changes.

The new Guidelines:

- clarify that to be a basement, the below grade area must be accessed via a full flight of stairs and have a ceiling height of at least 7 feet, except where ductwork allows clearance of at least 6’4”.
- specify that decks, balconies, porches, garages, and carports should not be included in any category of finished or unfinished area.
- specify that brokers should separately identify unpermitted additions or improvements when calculating square footage. Brokers must inform prospective purchasers that there is no permit for the addition.
- note that brokers may use electronic devices to calculate area and create sketches. Requires brokers to retain or be able to produce for at least three years all sketches, calculations, photos and other documentation used and/or relied upon to determine square footage.
- For proposed construction, the Guidelines specify that once the structure is complete, the broker should measure and report the actual square footage of the completed structure and not rely upon dimensions provided in the plans.

For more information and to order a copy of the revised guidelines you should check the NC Real Estate Commission’s website at

<http://www.ncrec.gov/Publications/Pubs> .

The revised Residential Square Footage Guidelines may be found here:

<http://www.ncrec.gov/Brochures/Measurement%20booklet%202013.pdf>

## **Update to Fannie Mae Guidelines Effective April 14, 2014**

On April 15, 2014 Fannie Mae published an update to their Selling Guide. The updated guidelines:

- clarified that certain property types are not eligible for sale to Fannie Mae, including on-frame modular housing.
- clarified photograph requirements when completing the update portion of the Appraisal Update and/or Completion Report Form. Fannie considers a photograph of the exterior of the subject dwelling to be photo evidence that the appraiser has conducted an exterior observation for the update. An MLS photo will not suffice in this instance.
- state that when an update is required it must be performed on the Appraisal Update and /or Completion Report Form. (Form 1004D)
- explain that in certain circumstances Fannie will allow the origination appraisal to be utilized for subsequent transactions if certain requirements are met
- now allow certain types of unique properties to be accepted for funding
- provide a specific definition and characteristics for accessory dwelling units
- clarify the requirements regarding non-permitted additions
- explained their policy and requirements when utilizing comparable sales that are older than 6 months, and explained when it is appropriate to use older sales versus more recent but dissimilar properties for comparison

In addition, Fannie Mae provided additional explanation and examples regarding how the Gross Living Area (GLA) should be calculated and reported. The updated Selling Guide also gives an example of when it might be appropriate to deviate from their prescribed method and also stressed the requirement to be consistent from report to report.

For specifics you can access the Selling Guide Update Announcement at:

<https://www.fanniemae.com/content/announcement/sell1403.pdf>

For a summary or the complete 2014 Selling Guide, see: <https://www.fanniemae.com/content/guide/sel041514.pdf>

# Communication of Preliminary Assignment Results

Appraisers often ask Board staff whether they can transmit all or part of an appraisal report before they have finished the assignment. Some appraisers term these as “draft” reports, while others consider it as simply part of their ongoing scope of work discussion with their client. Usually, these drafts or preliminary reports are not signed or stamped. Some appraisers believe that USPAP, state laws, and Board rules do not apply to such an assignment. In most instances, this is not the case.

State law 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.” An appraisal report is defined as any communication, written or oral, of an appraisal. Once you transmit an analysis, opinion or conclusion of a value to your client, you have transmitted an appraisal report and must comply with Standard 2 of USPAP. It does not matter if the value is considered to be preliminary or final.

Once an appraiser places a value on a piece of identified real estate, it is an appraisal. Some appraisers believe that if they do not sign the transmittal of this value to a client, it is not an appraisal and they cannot be held accountable for it. This is untrue. In fact, USPAP requires that appraisers attach and sign a certification, and Appraisal Board rules require that an appraiser sign an appraisal report, so transmitting an unsigned report or a report without a certification is a violation of USPAP and Board rules.

Some appraisers have asked if they can place a watermark with the word “draft” on each page of the report when sending preliminary assignment results to a client. The Comment to Standards Rule 2-2 states in part that an appraiser may use any other label in addition to, but not in place of, the label for the type of report provided. Using the word “draft” as a watermark is not prohibited by USPAP, state law or Board rules. It does not, however, relieve the appraiser of responsibility for complying with USPAP, state law and Board rules.

If you are transmitting part of your analysis that does not include a value opinion, it is not considered an appraisal report. For example, your client may want to see your property description to make sure

it is accurate. Another client may want to see your conclusion as to highest and best use. As long as what you send does not include a value for the property, you do not have to comply with Standard 2.

There is nothing in USPAP, state law, or Board rules that prohibits an appraiser from sending preliminary assignment results to a client. When doing so, however, the report must comply with Standards 1 and 2 of USPAP in all respects. The appraiser must attach a signed certification and must sign the report. Copies of any such information sent to the client must remain in the work file, even after the final appraisal is sent to the client.

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Notes:

In 2007, the Appraisal Board published an article regarding draft appraisal reports. The material in this article supersedes that article.

The Appraisal Standards Board has issued a draft of proposed changes to the 2016 – 2017 edition of USPAP that would address draft reports. If the ASB does adopt these changes, the advice in this article may change.

**THE APPRAISAL BOARD NO LONGER ACCEPTS A COMPLAINT IF THE APPLICABLE USPAP RECORD KEEPING PERIOD FOR THE APPRAISAL INVOLVED IN THE COMPLAINT HAS EXPIRED\***

As of July 1, 2014, the Appraisal Board will not accept a complaint if the appraisal involved is no longer subject to the Recordkeeping Rule of USPAP. It has often been difficult to investigate complaints on appraisals over 5 years old, especially in instances where the appraiser has discarded the work file. By tying the opening of a complaint to the record keeping requirement of USPAP, the Board is allowing for flexibility if the Appraisal Standards Board chooses to either expand or decrease the record keeping requirement.

It is important to note that this is NOT a Statute of Limitations. Trainees and appraisers may still be sued by private parties or other agencies, or subject to criminal prosecution. The Appraisal Board will continue to make referrals to other agencies, such as Consumer Protection, the District Attorney's office, the North Carolina Real Estate Commission, and others if the situation warrants.

The Appraisal Board has also expanded the time limit for experience credit to eight years. If a trainee or appraiser expects to file an application to upgrade, the applicant must have retained copies of all appraisals and work files listed on the log. Failure to retain the appraisals and work files will result in loss of credit of those experience credits.

It is strongly advised that appraisers check with their Errors and Omissions insurance provider as well any client requirements before destroying appraisal files.

**\*Please note the following exceptions to the five year limit:**

1. If the appraisal has been revised and the revision is still subject to the Record Keeping Rule, the entire workfile, including the original appraisal, may be examined as part of the investigation.
2. If a trainee or appraiser is sued regarding an appraisal and a final civil judgment has been entered against the trainee or appraiser on grounds of fraud, misrepresentation, or deceit in the making of that appraisal, there is no time limit.
3. If the complaint does not involve an appraisal, there is no time limit. For example, a complaint may be opened at any time if:
  - a. it is discovered that a trainee or appraiser procured registration, licensure, or certification by making a false or fraudulent representation on an application.
  - b. an appraiser fails to actively and personally supervise any person not licensed or certified under this Chapter, such as trainees.
  - c. a trainee or appraiser acted in an unworthy or incompetent manner as to endanger the interest of the public.
  - d. a trainee or appraiser performed any other act which constitutes improper, fraudulent, or other dishonest conduct.
  - e. a trainee or appraiser performs any of the duties of a real estate appraiser, including, but not limited to, site inspection and public records checks, while impaired by alcohol or drugs.

4. There is no time limit on opening a complaint if:
    - a. The trainee or appraiser has been convicted of or has entered a plea of guilty or no contest to an offense which involves moral turpitude, in which an essential element is dishonesty, fraud, or deceit, or which, in the discretion of the Board, would reasonably affect the performance of the trainee or appraiser in the real estate appraisal business;
    - b. The trainee or appraiser has had a trainee registration or appraisal license or certification suspended, revoked, or denied, by a real estate licensing board in another state; or
    - c. The trainee or appraiser has had any disciplinary action taken against any other professional license in North Carolina or any other state.
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**In Memory  
of  
J. Vance Thompson & Bruce W. DesChamps**

The North Carolina Appraisal Board, with regret, announces the death of former Board members J. Vance Thompson and Bruce W. Deschamps.

Mr. Thompson, from Elkin, NC passed away on April 13, 2014. He was appointed to the Appraisal Board by Governor James B. Hunt in 1998, and served on the Board until 2011. During that time, he served as Chairman on two separate occasions. A Certified Residential Appraiser, Mr. Thompson was retired from BB&T where he worked as a city executive for many years. After his retirement, he became the owner and operator of Thompson's Appraisal Services, Inc. He is survived by his wife Betty, son Dexter Thompson, daughter Jill Young, and three grandchildren.

Mr. DesChamps, from Wilmington, NC, passed away on June 22, 2014. He was appointed to the Appraisal Board by Governor James B. Hunt in 1998, and served on the Board until 2003. A Certified Residential Appraiser, Mr. DesChamps entered the real estate field in 1958 as co-founder of a Wilmington real estate firm and had well over 30 years of appraisal experience. He is survived by his son David DesChamps, daughter Margaret Seitter, and two grandchildren.

The members and staff of the Appraisal Board offer our deepest sympathy to the Thompson and DesChamps families.

## **APPRAISING A BUILDING WITH AN ILLEGAL ADDITION**

On occasion an appraiser will receive an assignment to appraise a property and then discovers that there is an upgrade or addition to the building for which a permit was never received. Often this is ascertained by finding a discrepancy between the tax card and physical inspection of the property. Or, the property owner may inform the appraiser of the upgrade.

The North Carolina Real Estate Commission takes the position that the square footage of unpermitted additions or improvements may not be included in gross living area, but must be separately identified when stating square footage. In addition, the NCREC requires brokers to inform prospective purchasers that there is not permit for the addition. As a result of their position, the gross living area in an MLS listing may not include unpermitted areas. Appraisers are cautioned to verify the square footage with the listing, selling or buying broker.

For appraisers, if the additional square footage still results in zoning compliance, this area may be included in gross living area. If, for example, the tax card indicates a much smaller GLA for the subject, does not reflect a screened porch, or fails to mention a finished area, this should alert you that more research is necessary. An appraiser should exercise due diligence in ascertaining whether there has been a permit issued for this area.

### Mission Statement

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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.

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## **APPRAISAL MANAGEMENT COMPANY DISCIPLINARY ACTIONS**

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### **NADLAN VALUATION, INC. NC-1159**

By consent, the Board accepted the voluntary surrender of Nadlan Valuation, Inc's registration effective June 24, 2014. The Board previously suspended the company registration effective April 1, 2014 after a complaint was received and it failed to respond to the Board's inquiries.



# 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.

## **William Bartley A5755 (Charlotte)**

By consent, the Board suspended Mr. Bartley's residential certification for a period of six months. The first month of the suspension is active and the remainder is stayed until December 31, 2014. If Mr. Bartley completes the fifteen hour USPAP course and a 7 hour sales comparison class by December 31, 2014, the remainder of the suspension will be inactive. Mr. Bartley performed an appraisal of a property located in Mint Hill, North Carolina in November 2012, finding an appraised value of \$380,000. The subject is a 1.5 story transitional dwelling that has 3627 square feet. None of the comparable sales are located in the subject neighborhood. The recent resales in the subdivision were not selected for analysis as they do not compare to the subject. This should have been explained in the report. Although the certification states that he inspected the comparable sales from the street, he did not do so. He used MLS photos for his comparable sales, which was in violation of his assignment conditions that required him to take original, current photos of all comparables. Because he did not view the comparable sales, Mr. Bartley made inadequate adjustments for the differences in location and amenities between his comparable sales and the subject property.

## **R. Jared Bonner A7012 (Kernersville)**

By consent, the Board issued a reprimand to Mr. Bonner. Mr. Bonner also agrees to complete a class in appraisal report writing and a class in sales comparison by September 1, 2014. If he fails to complete the classes, the reprimand will be vacated and a one month suspension will be imposed as of that date. Mr. Bonner performed appraisals of properties located in Eden, Winston-Salem and Mocksville, North Carolina. The first property, located in Eden, was appraised at \$125,000 effective June 23, 2011. The report stated that Comparable Sale #2 had .7 acres and sold for \$127,000 when public records indicate that it actually transferred with two lots, totaling 2 acres. Mr. Bonner did not verify the conditions of this sale. He also did not report a prior sale of the subject on October 17, 2008. The second property, located in Winston-Salem, was appraised at \$367,000 effective December 27, 2012. The subject is a one and a half story dwelling with 3319 square feet situated on a .38 acre lot in a residential development. On page one of the report a 2-car garage was indicated; on page 2 in the grid a 3-car garage was indicated. The sale to list price ratio developed in Market Conditions Addendum is 3-6%, but the listings shown as

Sale #4 and Sale #5 were adjusted downward 2% for list price. The third property, located in Mocksville, was appraised at \$159,000 effective January 24, 2013. The subject is a log cabin built in 2005 with 1219 square feet on the two above grade levels, and 864 finished square feet in the basement level. The sales selected for the analysis were 22+ miles from the subject in different counties and different types of neighborhoods. One is located in a rural area mixed with farmland and one is located in a neighborhood that borders a portion of a large lake (this property does not border the lake). In each of the above reports, the built up rate noted in the report was inconsistent with the present land use percentage. There were no weighting statements to how the final values were obtained.

## **Christopher Breaux A7575 (Virginia Beach, VA)**

By consent, the Board suspended Mr. Breaux's residential certification for a period of six months. The suspension is stayed until September 1, 2014. If Mr. Breaux completes a class in North Carolina Appraisal Board rules and the 15 hour National USPAP class, with exam, by that date, the suspension will be inactive. Mr. Breaux performed an appraisal of a property located in Nags Head, North Carolina, valuing the property at \$1,226,000 effective

November 9, 2012. The subject is a 3 story 4579 square foot beach house built in 2002 and located on an oceanfront lot. The appraisal report sent to the client did not contain Mr. Breaux's seal. Mr. Breaux's copy did have the seal. His third comparable was a land/home sale that was not exposed to the market. Although the MLS indicated that the property sold for \$1,600,000, public records indicated that it actually sold for \$650,000. Although the certification stated that he had viewed this comparable from the street, he used the MLS photograph and did not personally view the sale. On the effective date of the report, construction of the dwelling had not been completed.

**Phyllis Davis A7436  
(Huntersville)**

By consent, the Board issued a reprimand to Ms. Davis. She also agrees to complete a class in sales comparison by July 1, 2014. If she fails to complete the class, the reprimand will be vacated and a one month suspension imposed as of that date. Ms. Davis performed an appraisal of a property located in Davidson, North Carolina, valuing the property at \$307,000 effective April 27, 2013. The subject is a 2-story detached home containing 2699 square feet and an attached two-car garage. Ms. Davis indicated in the report that the subject was on a golf course, which it is not. In addition, she made some mistakes in measurement of the subject property. The sold comparable sales had a sales price range from \$277,500 to \$325,000. All comparable sales were between 3.01 miles and 4.17 miles from the

subject. There were other sales that were not on the golf course in the subject's neighborhood that sold in the past year for \$360,000 to \$490,000. There were also other sales outside the subject's neighborhood that were closer than the sales used by Ms. Davis, which would have supported a higher value for the subject. Although Ms. Davis is an experienced certified appraiser, she had just moved to the area and did not know the nuances of the different subdivisions in the subject's area.

**Thomas Devos A5601  
(Wilmington)**

By consent, the Board suspended Mr. Devos' residential certification for a period of three months. The suspension is stayed until December 31, 2014. If Mr. Devos completes a class in appraising multifamily properties by that date, the suspension will be inactive. Mr. Devos performed an appraisal of a property located in Wilmington, North Carolina in September 2013. The original appraisal came in at \$400,000; through a series of revisions, the final value was \$250,000. The subject is a four unit two story dwelling built in 1903, located in a historic area.

Mr. Devos originally used all single family closed sales as comparables, and valued the subject at \$400,000. When he used more appropriate comparables that were sales of multiple family buildings, the value was reduced to \$250,000. The single family sales used in the first two reports were not appropriate to compare to a multi-family property. There were many multifamily properties

that had sold for him to use as comparable sales.

**Amanda Fry A7316 (Middlesex)**

By consent, the Board suspended Ms. Fry's residential certification for a period of one year. The first six months of the suspension is active and the remainder is stayed until June 1, 2015. If Ms. Fry completes the following courses before that date, the remainder of the suspension will be inactive: the 15-hour National USPAP course, with examination, business practices and ethics, and residential appraisal report writing. Ms. Fry also agrees that she will have no trainees in North Carolina. Ms. Fry appraised a property located in Clayton, North Carolina in February 2013, finding a value of \$190,000. The subject property is a 1966 square foot dwelling located on a 30,000 square foot lot. A trainee working under her supervision performed the interior inspection of the subject property while unaccompanied by her supervisor. The engagement order specifically stated that the approved appraiser, Freddy Narron, was required to inspect the interior and exterior of the subject property. The original appraisal report noted Mr. Narron as the appraiser and contained only his signature. A revised report was issued in which Ms. Fry signed as the appraiser and Mr. Narron signed as the supervising appraiser. The revised report did not indicate whether Mr. Narron had inspected the subject property. The assignment was for an FHA appraisal. Only the assigned appraiser may perform an FHA assignment, which was clear in the engagement order. Ms. Fry was

not the approved appraiser for the assignment. The trainee's assistance was noted in the original and revised reports. Ms. Fry revised the report and sent it directly to the property owner without the knowledge of or consent from the client, which is a violation of the Confidentiality Section of the Ethics Rule of USPAP. During the time period that this appraisal was performed, Mr. Narron had been ill. Ms. Fry had applied Mr. Narron's signature on at least six occasions during this time when Mr. Narron did not perform any work on those appraisals.

**Tracy Hawkins A6698  
(Statesville)**

By consent, the Board suspended Ms. Hawkins' residential certification for a period of two months. The suspension is stayed until November 1, 2014. If Ms. Hawkins completes a class in manufactured housing and the 15 hour National USPAP class, with exam, by that date, the suspension will be inactive. Ms. Hawkins performed an appraisal of a property located in Statesville, North Carolina, valuing the property at \$102,000 effective June 17, 2013. The subject is a 1 story detached home containing 2168 square feet, 7 rooms, 4 bedrooms, and 2 baths. The original portion of the home is an on-frame modular with a conventional foundation under an addition. Ms. Hawkins reported that the subject was of modular construction but did not state that it was an on-frame modular home. According to Fannie Mae guidelines, an on-frame modular property must be treated as a manufactured property when

being appraised. Although Ms. Hawkins' certification stated that she had viewed all of her comparable sales from the street, she used an MLS photograph for one of the sales and did not personally view the sale.

**Herman A. Lester, Jr. A5072  
(Keeling, VA)**

By consent, the Board issued a reprimand to Mr. Lester. Mr. Lester also agrees to complete a class in sales comparison and a class in the income approach by November 1, 2014. If he fails to do so by that date, the reprimand will be vacated and a one month active suspension imposed on that date. Mr. Lester performed an appraisal of a property located in Timberlake, North Carolina in March 2012, finding an appraised value of \$287,000. The subject is a one story detached home containing 1793 square feet. Mr. Lester used three comparable sales in his appraisal, all of which were at least 18 miles from the subject property. All three are located in a different county, in areas that are much closer to employment and population centers, and have closer access to interstate highways. The engagement order allowed him to go up to 30 miles from the subject property and back as far as 24 months to choose comparable sales. Mr. Lester failed to explain or document appropriate location adjustments to his comparable sales. Although the lot sizes were smaller, there were other sales that are closer to the subject property that Mr. Lester did not use in the appraisal.

**Paul Marchisotto, Jr. A5580  
(Greensboro)**

By consent, the Board suspended Mr. Marchisotto's residential certification for a period of six months. The first month of the suspension is active and the remainder is stayed until November 1, 2014. If Mr. Marchisotto completes a class in sales comparison and the 15 hour National USPAP class, with exam, by that date, the remainder of the suspension will be inactive. Mr. Marchisotto performed an appraisal of a property located in Winston-Salem, North Carolina in June 2013, finding a value of \$2,350,000. The subject is a 76 year old house with 6749 square feet, a 1446 square foot finished basement, and a pool, and a pool house. It is located on a 1.7 acre lot. Two of the comparable sales are located 26 miles away, in a different city and county. They sold for \$2,600,000 each. One of the sales had millions of dollars of updates, but was adjusted downward only \$150,000 for upgrades. Lot values in this neighborhood were significantly higher than that of the subject, but no adjustments were made for location or site. The third comparable sale is located on a 22.83 acre lot in a rural area and was not an appropriate substitute for the subject due to lot size. There were sales located on the same street as the subject and within 1.3 miles of it that sold for \$1,049,000 and \$1,228,825. These sales and others located much closer to the subject were not used in the report. Had they been used, the appraised value would have been lower.

**Freddy W. Narron A6705  
(Middlesex)**

By consent, the Board accepted the voluntary surrender of Mr. Narron's residential certification.

**Ronald L. Pendleton A5716  
(Asheboro)**

By consent, the Board voted to suspend Mr. Pendleton's residential certification for a period of six months. The first month of the suspension is active and the remainder is stayed until November 1, 2014. If Mr. Pendleton completes the 15-hour National USPAP course by that date, the remainder of the suspension will be inactive. Mr. Pendleton also agrees that he will have no more trainees. Mr. Pendleton prepared an appraisal of a property located in Siler City, North Carolina in May 2013, finding a value of \$108,000. The subject is a one story detached home containing 1216 square feet. A trainee working under the supervision of Mr. Pendleton performed the interior and exterior inspection of the subject property, and measured it. Mr. Pendleton viewed the subject from the street earlier on the date of inspection. He signed the appraisal report and noted that the trainee provided significant assistance. His certification indicated that he had inspected the subject from the interior and exterior, which was incorrect.

**Gerald L. Powell A5795  
(Knightdale)**

By consent, the Board suspended Mr. Powell's residential license for a period of one month. The suspension is stayed until September 1, 2014. If Mr. Powell completes the 15-hour National USPAP course by that date, the remainder of the suspension will be inactive. Mr. Powell also agrees that he will have no more trainees. Mr. Powell prepared an appraisal of a property located in Chapel Hill, North Carolina in June 2013, finding a value of \$380,000. The subject is a split level style dwelling built in 1964 that has 2594 square feet of finished area. Mr. Powell accompanied his trainee to the property but did not view the interior of the subject dwelling. Both the trainee and Mr. Powell measured the subject from the exterior. The trainee did the interior inspection of the dwelling while Mr. Powell inspected the garage. Mr. Powell signed the appraisal report and noted that the trainee provided significant assistance, including the onsite inspection. His scope of work and certifications indicated that he had inspected the subject from the interior and exterior, which was incorrect.

**Linda Smith A1296  
(Morganton)**

By consent, the Board issued a reprimand to Ms. Smith. She also agrees to complete a class in complex properties by May 1, 2014. If she fails to complete the class, the reprimand will be

vacated and a one month suspension imposed as of that date. Ms. Smith performed an appraisal of a property located in Morganton, North Carolina in December 2012, finding an appraised value of \$145,000. The subject is a 1 story detached home containing 1810 square feet and a 1602 square foot finished basement. It is adjacent to a commercial property that houses an HVAC company, several apartments upstairs from the business and a duplex in the back yard. The subject's shed and carport are partially located on the adjacent commercial lot, and the carport is accessible only by entering from the adjacent commercial lot. While on the inspection, the property owner indicated an incorrect lot line to her for the subject property. Ms. Smith did not verify the lot line with another source. She did note in the report that the subject adjoins a commercial property. She did not, however, utilize an extraordinary assumption that all structures were located inside the lot's boundary lines. Her comparable sales appeared to be reasonable physical substitutes for the subject property. None of them, however, had similar issues with lot lines, a shared driveway partially on another property, the inaccessible carport and the large commercial shed on the back of the subject property that was used by an abutting commercial business. Ms. Smith did not address any of these issues in the appraisal report.