



# NORTH CAROLINA APPRAISAL BOARD

# APPRAISER REPORT

Volume 10

Fall 2000

Number 4

## STAFF UPDATE



*Rodgers Joins Board Staff*

Donald T. Rodgers has been employed as the Board's new Investigator. A native of Rutherfordton, Mr. Rodgers graduated

*Continued on page 2*



*Giannattasio Promoted*

Kim Giannattasio has been promoted to Administrative Assistant. Barbara S. Perryman, the Board's former Administrative Assistant, retired after nearly six years of service. Ms. Giannattasio worked four years as the Board's Appraisal Clerk. She received a bachelor's degree from North Carolina State University and is working on a Master's of Business Administration. □

## WHAT IS THE PURPOSE AND MISSION OF THE NORTH CAROLINA APPRAISAL BOARD?

The purpose of appraisal licensing boards is to protect the public interest in the licensing and regulation of trainees and appraisers. The North Carolina Appraisal Board sets the standards for entry into the appraisal profession, in accordance with federal guidelines, and assures that appraisers offering their services to the public meet those standards. This is done by requiring certain education, an examination, and experience of applicants. Continuing education is also required to assure that trainees and appraisers have current knowledge of the profession. The Board has a disciplinary program to deal with appraisers who fail to meet standards of practice or who are alleged to have violated state law, Board rules or the standards of practice.

The North Carolina Appraisal Board protects the public interest; it does not represent consumer interests. The Board does not represent the special interests of homeowners or even appraisers themselves. Appraisers, among others, have trade organizations to bring their concerns to the forefront. Certainly, appraisers are members of the public that licensing boards are designed to protect. Public protection includes the concerns of all, even though those concerns may be in conflict with each other.

As a licensing board, therefore, the Appraisal Board needs to make sure that its procedures and decisions encourage openness and accountability, increase the public's safety, and do not unnecessarily restrict choices available to consumers. □

# 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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P.O. Box 20500  
Raleigh, North Carolina 27619-0500

### Street Address:

3900 Barrett Drive, Suite 101  
Raleigh, North Carolina 27609  
Phone: 919/420-7920  
Fax: 919/420-7925

### Website:

[www.ncab.state.nc.us](http://www.ncab.state.nc.us)

### Email Address:

[ncab@ncab.org](mailto:ncab@ncab.org)

James B. Hunt, Jr., Governor

## APPRAISAL BOARD MEMBERS

J. Vance Thompson  
Chairman .....Elkin  
Henry E. Faircloth  
Vice-Chairman .....Salemberg  
Charles G. Bass .....Raleigh  
Bart Bryson .....Hendersonville  
Bruce W. DesChamps .....Wilmington  
Jack O. Horton .....Elizabeth City  
E. Ossie Smith .....Oxford

## STAFF

Mel Black, *Executive Director*  
Roberta A. Ouellette, *Legal Counsel*  
John K. Weaver, *Deputy Director*  
Matthew W. Green, *Investigator*  
Donald T. Rodgers, *Investigator*  
Lynn P. Crawford, *Appraiser Secretary*  
Kim N. Giannattasio, *Administrative Assistant*

## APPRAISER COUNT

(As of November 6, 2000)

Trainees .....	1002
Licensed Residential .....	228
Certified Residential.....	1567
Certified General.....	841
Total Number .....	3638

## APPRAISER EXAMINATION RESULTS

August, September, October, 2000

Examination	Total	Passed	Failed
Trainees	72	54	18
Licensed Residential	8	8	0
Certified Residential	35	23	12
Certified General	4	3	1

Examinations are administered by a national testing service. For information, please contact the North Carolina Appraisal Board in writing at Post Office Box 20500, Raleigh, North Carolina 27619-0500.

# Chairman's Comments



J. Vance Thompson

On October 17, 2000 the Board held a public hearing on a proposed rule that would require the Board's investigators to perform a Standard 3 review on all appraisal related complaints, and to make a determination of value if the investigator finds the appraisal report lacked credibility or was misleading in any manner.

Over 60 people attended the hearing, and there were 17 speakers in addition to the petitioner and the staff. The Board was very pleased with the number of appraisers and others who took time from their busy schedules to participate in this important matter. A few of those who attended the rule making hearing stayed to watch as the Board conducted its regularly scheduled meeting. In addition to those who spoke at the rulemaking hearing, there were 48 written comments received.

The Board appreciates the time and attention appraisers took in this matter. At the time this column was written, the Board was still studying the proposed rule and had not decided whether to adopt it.

We hope that all appraisers feel welcome to come to our Board meetings and watch the Board at work. Our December meeting will be on December 12, and our 2001 schedule is shown at the end of this article. If you have any questions or concerns about the Board, please let us know.

□

## 2001 Meeting Dates

January 16-17  
February 22-23  
March 20-21  
April 17-18  
May 15-16  
June 19-20  
July 17-18  
August 21-22  
September 25-26  
October 16-17  
November 13-14  
December 11-12

All meetings are held in the Board's office in Raleigh except the February meeting which will be held in Charlotte.

## Rodgers Joins Board Staff

*Continued from page 1*

from North Carolina State University with a bachelor's degree in textile management and a master's degree in operations management. He is a State-Certified General Appraiser.

Before joining the Board staff, Mr. Rodgers was associated with Andy Blanton Agency, Inc. in Forest City, where he worked as a fee appraiser specializing in residential and small commercial appraisals. Prior to that, Mr. Rodgers was associated with Jerry Holt & Associates in Rougemont, as a residential appraiser in the Triangle area. He comes to the Board with nine years of full-time appraisal experience.

In his new position, Mr. Rodgers will be responsible for processing complaints against appraisers by examining data in appraisal reports and performing field investigations. He also will be conducting unannounced audits of appraisers and their files. □

# Approved Continuing Education Courses

(As of November 16, 2000)

Listed below are the courses approved for appraiser continuing education credit as of date shown above. Course sponsors are listed alphabetically with their approved courses. Shown parenthetically beside each course title are sets of numbers [for example: (15/10)]. The first number indicates the number of actual classroom hours and the second number indicates the number of approved continuing education credit hours. You must contact the course sponsor at the address or telephone number provided to obtain information regarding course schedules and locations.

## ALAMANCE CC

P.O. Box 8000  
Graham, NC 27253 (336)578-2002

Appraising Sm Res Income Prop (10/10)  
Cnstrctn Methods I: Print Rdnng (5/5)  
Cnstrctn Methods II: Fndtns & Msny (5/5)  
Ethical Principles of Appraisal I (4/4)  
Intro to Commercial Real Estate (4/4)  
New Exstg Res Cds Affing RE Appr (10/10)  
Real Estate Finance (4/4)

## ALBEMARLE APPR & RE ACADEMY

605 E. Main St.  
Elizabeth City, NC 27909 (919)335-5030

How to Read an Appraisal (4/4)  
USPAP (10/10)

## ALLSTATE HOME INSPECTION TRAINING INSTITUTE

Rt. 1, Box 130  
Randolph Center, VT 05061 (800)245-9932

FHA Test Preparation (8/8)  
Introduction to Home Inspection (8/8)

## AM SOC FARM MANGRS & RURAL APPR

950 S. Cherry St., Suite 508  
Denver, CO 80222 (303)758-3513

A-12 (II) Nat USPAP (15/15)  
A-12 Part I ASFMRA Code of Ethics (7/7)  
Adv Appraisal Review A-35 (49/30)  
Advanced Resource Appraisal A-34 (30/30)  
Appraising Natural Resources (8/8)  
Appraising Rural Res Prop (8/8)  
Appraising Rural Res Prop (16/14.5)  
Conservation Easement (16/16)  
Fed Lnd Exchg & Acqstn: App (18.5/18.5)  
Fractional Interests (16/16)  
Highest & Best Use A-29 (15/15)  
Rural Business Valuation Sem (16/16)  
Timber & Timberland Value (12/12)  
Uniform Agriculture App Report (15/15)

## AMERICAN SOCIETY OF APPR (THE)

535 Herndon Parkway, Suite 150  
Herndon, VA 22070 (703)478-2228

SE100: National USPAP (15/14)

## AM SOCIETY OF APPRAISERS NC CHAPTER

605 NC Highway 54 West  
Chapel Hill, NC 27516 (919)967-3338

SE100 USPAP (15/15)

## AMERICAN SCHOOL OF RE APPR

P.O. Box 275  
Cherryville, NC 28021 (704)435-1111

Current Issues & Prob Solving (14/14)  
Today's Analysis of Res Appr (10/10)  
USPAP (15/15)

## APPRAISAL FOUNDATION/ASB

1029 Vermont Ave. NW, Suite 900  
Washington, DC 20005 (202)347-7722

USPAP Update (7/7)

## APPRAISAL INSTITUTE

c/o AMA, 950 S. Cherry Street, Suite 508  
Denver, CO 80246 (303)758-3513

320 General Applications (39/30)  
410 National USPAP (16/16)  
430C Sndrds of Prof Prctc - Part C (15/15)  
500 Adv Res Form & Narrative Wrt (40/30)  
520 High & Best Use & Mkt Analysis (40/30)  
530 Adv Sales Comp & Cost Approach (40/30)  
600 Inc Val of Small Mixed-Use Prop (15/15)  
610 Cost Val of Small Mixed-Use Prop (15/15)

620 Sales Comp Val Sm Mixed-Use Prop (15/15)  
705 Ltgn Appr: Spclzd Topics (16/16)  
710 Condemnation Appr: Basic Prin & Apps (15/15)  
720 Condemnation Appr: Adv Topics & Apps (15/15)  
Appraisal of Local Retail Prop (7/7)  
Appr Rev Sem-General (7/7)  
Appr Rev Sem-Single Fam Res (7/7)  
Appraisal of Non-Conforming Uses (7/7)  
Appraising Manufactured Housing (7/7)  
Case Studies in Com Hghst & Bst use (7/7)  
Case Studies in Res Hghst & Bst Use (7/7)  
FHA Appr Insp From Ground Up (7/7)  
Gen Demo Appr Rpt Writing Sem (14/14)  
Partial Interest Valuation-Divided (7/7)  
Partial Interest Valuation-Undivided (7/7)  
RE Fraud: Appr's Responsibilities & L (7/7)  
Real Estate Disclosure (7/7)  
Reits & Role of the RE Pro (7/7)  
Res Demo Appr Rpt Writing Sem (14/14)  
Rgrssn Anly for Appr: Concepts & Apps (7/7)  
Residential Consulting (7/7)  
Residential Design & Functional Utility (7/7)  
Serving the Client (5/5)  
Small Hotel/Motel Valuation (7/7)  
The FHA and the Appraisal Process (7/7)  
Val of Detrimental Conditions in RE (7/7)

## ASHEVILLE-BUNCOMBE TECH CC

340 Victoria Rd.  
Asheville, NC 28801 (828)254-1921

USPAP (10/10)  
PDH RE - Basic Surveying (5/5)  
Res Bldg Code Changes in NC (5/5)  
The UDO: Rgltng RE Use & Dev (4/4)  
USPAP 2000 (15/15)

## CAROLINA MOUNTAIN LAND CONSERVANCY

P.O. Box 2822  
Hendersonville, NC 28793 (828)697-5777

Conservation Easements (6.25/6.25)

## CENTRAL PIEDMONT COMMUNITY COLLEGE

P.O. Box 35009  
Charlotte, NC 28235 (704)330-6493

Challenging the Appraisal (4/4)  
Maximizing Value (4/4)

## COLLEGE OF THE ALBEMARLE

P.O. Box 2327  
Elizabeth City, NC 27906-2327 (252)335-0821

The Tough Ones: Complex Residential Prop (14/14)  
The Uniform Standards Today (14/14)

## COMMERCIAL INVESTMENT RE INST

430 N Michigan Ave 8th Floor  
Chicago, IL 60611-4092 (312)321-4473

CI101 Fin Analysis Comm Inves (30/30)  
CI102 Market Analysis Com I (30/30)  
CI103 Lease Analysis Comm Inv (30/30)  
CI104 Invest Analysis Comm In (30/30)

## DAN MOHR RE SCHOOLS

1400 Battleground Ave., Suite 150  
Greensboro, NC 27408 (336)274-9994

Depreciation Workshop (7/7)  
Envrnmntl Hazards-Res Prop (7/7)  
Extraction of Data from Market Res (7/7)  
HP 12C Course (7/7)  
Intro to Residential Construction (30/30)  
Res Appr & Conv Undrwrtg Guide (7/7)  
Residential Construction Seminar (14/14)  
Rules & Regs FHA/HUD Rqrmnt (14/14)  
The Narrative Appraisal Report (7/7)  
Using Streamlined Appr Rpt Forms (7/7)

## DARRELL K. HIGNITE

300-B West Arlington Boulevard  
Greenville, NC 27834 (252)756-7288

2055 & 2065 Appraisal Reports (4/4)  
Marketing Appraisals in 2000+ (5/5)  
USPAP (5/5)

## EDGECOMBE CC

225 Tarboro Street  
Rocky Mount, NC 27801 (252)446-0436

Appr Mfg, Mod & Mobile (A) (7/7)  
Appr Mfg, Mod & Mobile (B) (7/7)  
Narrative Appr Report Writing (14/14)  
Prin & Tech Val 2-4 Units Res Prop (14/14)  
RE Finance for Appraisers (14/14)  
Rural Valuation Seminar (14/14)  
Single Fam Res App (14/14)  
Standards of Professional Practice (15/15)

## ELLIOTT & COMPANY APPRAISERS

7-C Oak Branch Drive  
Greensboro, NC 27407 (336)854-3075

Sharpening Your Appraisal Skills (14/14)

## ERICK LITTLE & CO.

P.O. Box 4267  
Cary, NC 27519 (919)460-8823

Appraising Mobile, Mfg, Modul (7/7)  
New FHA Reqmnts, Fannie Mae & VA (14/14)  
Special Appr-Eminent Domain (7/7)  
Uniform Standards for 1999 (7/7)

## FREDDIE F. STELL APPRAISAL SCHOOL

2121 Guess Road  
Durham, NC 27705 (919)416-1117

Fannie Mae Underwriting Guidelines (7/7)  
FMNA Gdlns Rural/Com Lndng/USPAP (7/7)  
Res/Invstmnt/Com/Indstl Forms (10.5/10.5)  
The Site Inspection (7.5/7.5)

## HALL INSTITUTE

PO Box 52214  
Raleigh, NC 27612-0214 (919)481-2080

Researching and Buying Raw Land (4/4)

## HISTORIC PRESERVATION CONSULTING

22 Pan Will Road  
Mineral Bluff, GA 30559 (706)492-7234

Marketing & Appraising Historic Property (14/14)

## IAAO

130 East Randolph Street, Suite 850  
Chicago, IL 60601 (312)819-6100

101 Fund of Real Prop Appr (30/30)  
102 Inc Approach to Valuation (30/30)  
252 Val Prop Aff Environmental Com (15/15)  
311 Res Modeling Concepts (30/30)  
312 Comm/Ind Modeling Concepts (30/30)  
400 Assessment Administration (30/30)  
500 Assessment of Personal Prop (30/30)  
600 Prin & Tech of Cadastral Mapping (30/15)  
App of Res Modeling Concepts (30/30)  
Applications of Mass Appr Fund (30/30)  
Appraisal of Land (30/30)  
Dev Capitalization Rates (7/7)  
Fundamentals of Mass Appraisal (30/30)  
Preparation for Litigation (7/7)

## INSTITUTE OF GOVERNMENT

223 Knapp Building, CB#3330  
Chapel Hill, NC 27599-3330 (919)966-4372

Standards of Practice & Pro Ethics (18.5/18.5)

## INTERNATIONAL RIGHT OF WAY ASSOCIATION

13650 S. Vermont Avenue, Suite 220  
Torrance, CA 90502-1144 (213)538-0233

103 Ethics & Right of Way Profession (8/8)

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# Approved Continuing Education Courses

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402 Intro to Inc Approach to Val (8/8)  
403 Easement Valuation (8/8)  
801 Land Titles (10/10)

**JACK A UNDERDOWN INC**  
920 N. Bridge Street  
Elkin, NC 28621 (336)835-2256

Mastering the HP-12C (10/10)

**JOHNSTON CC**  
P.O. Box 2350  
Smithfield, NC 27577 (919)934-3051

Appraisal 2000 (14/14)  
USPAP 2000 (14/14)

**LENOIR CC**  
P.O. Box 188  
Kinston, NC 28502-9946 (252)527-6223

Appr Mfg, Mod, & Mobile (A) (7/7)  
Appr Mfg, Mod, & Mobile (B) (7/7)  
Challenging the Appraisal (4/4)  
Manufactured, Modular & Mobile (4/4)  
Maximizing Value (4/4)  
Pricing Complex Properties (4/4)  
Pricing Sm Inc Properties (4/4)  
Prin/Tech Val 2-4 Unit Res (14/14)

**M CURTIS WEST**  
P.O. Box 947  
Zebulon, NC 27597 (919)217-8040

Inc Cap Approach-Pst, Pres, Fut (10.5/10.5)  
Property Tax Values & Appeals (6/6)

**MCKISSOCK DATA SYSTEMS**  
P.O. Box 1673  
Warren, PA 16365 (814)723-6979

Factory-Built Housing (14/14)  
Intro to Narrative Appr Report Wrt (7/7)  
USPAP (14/14)

**MINGLE SCHOOL OF RE**  
P.O. Box 35511  
Charlotte, NC 28235 (704)372-2984

Basic House Construction (4/4)  
Commercial RE Development (10/10)  
Commercial RE Property Management (10/10)  
Environmental Impact on Res RE (4/4)  
NC Appr Act, Board Rules & USPAP #2 (15/15)  
NC Appr Act, Board Rules & USPAP #3 (4/4)

**MOULTRIE B WATTS**  
P.O. Box 447  
Cary, NC 27512 (919)851-2100

FHA 2000 (14/14)

**NAIFA**  
7501 Murdoch Avenue  
St. Louis, MO 63119 (314)781-6688

1031 Like Kind Exchange (4/4)  
11.8 Calc Gross Liv Area Using (7/7)  
2.0 Financial Analysis Inc Property (15/15)  
2000 Roadmap Seminar (4/4)  
4.0 Marshall & Swift Valuation Guides (15/15)  
4.1 Marshall & Swift Res Cost M (8/8)  
5.0 Pro Standards of Practice (15/15)  
Basic Farm, Ranch & Rural Seminar (4/4)  
Blue Print Reading Seminar (4/4)  
Bridging the Gap Between Lend & (4/4)  
Calc Gross Living Area Using ANSI (4/4)  
Condemnation/Expert Witness (4/4)  
Environmental Concerns Seminar (4/4)  
Historic Appraising Seminar (4/4)  
Home Inspections: Common De (4/4)  
HUD Review Update (4/4)  
Internet & Appr Practice Seminar (4/4)  
Intro to Auto Val Mod Tech Seminar (4/4)  
Preparing Your Listing for F (4/4)  
Reading Financial Statement (4/4)  
Relocation Sem (4/4)  
Valuing Undivided Interest (4/4)

**NAMA/LINCOLN GRADUATE CENTER**  
P.O. Box 12528  
San Antonio, TX 78212 (800)531-5333

Environmental Site Assessment (15/15)  
HUD Appraisal Standards Update (7/7)  
Manufactured Housing Appraisal (15/15)  
Principles of Property Inspection (20/20)  
Principles of Appraisal Review (15/15)  
Real Estate Environmental Screening (7/7)  
Residential Environmental Screening (7/7)  
Residential Appraisal Review (7/7)  
Standards of Prof Appraisal Practice (15/15)  
USPAP Update (7/7)

**NC RE EDUCATION FOUNDATION (NCAR)**  
2901 Seawell Road  
Greensboro, NC 27406 (800)443-9956

Legal Issues in Real Estate (7/7)  
Residential Construction (7/7)  
Residential RE as an Investment (7/7)  
Tax Planning for the RE Agent (7/7)

**NCDOT (ATTN: B CRIST)**  
629-B Peters Creek Parkway  
Winston-Salem, NC 27103 (336)761-2310

Appr Review for Fed Aid Hwy Part A (14/14)  
Appr Review for Fed Aid Hwy Part B (14/14)  
Appr Foundation USPAP Update (3.5/3.5)  
Appr Guide & Legal Principle (10/10)  
Dist App for Manu Hous/Cons (7/7)  
Highest & Best Use (3.5/3.5)  
Matched Pairs & Market Extra (3.5/3.5)  
Most Common Errors Appraisers Make (7/7)  
NCDOT Seminar I-'99 (7/7)  
NCDOT Seminar II-'99 (7/7)  
Reviewing Appraiser's Seminar (14/14)  
Six Appraisal Reporting Options (3.5/3.5)

**RALEIGH REGIONAL ASSOCIATION OF REAL-TORS**  
111 Realtors Way  
Cary, NC 27513 (919)654-5400

Appr Process & Val of Residential Prop (4/4)  
Calculating Square Footage in Residential Prop (3.5/3.5)  
Residential Construction (4/4)

**RANDOLPH CC**  
P.O. Box 1009  
Asheboro, NC 27204 (336)629-1471

Timber Appraisal Overview (10.5/10.5)

**SCHOOL OF REAL ESTATE APPRAISING**  
62 N. Chapel Street #204  
Newark, DE 19711 (302)368-2855

Guide to Relocation Appr (7/7)  
Review of USPAP (7/7)

**SOUTHEASTERN CC**  
P.O. Box 151  
Whiteville, NC 28472 (910)642-7141

Applied Sales Comp Approach (10/10)  
Mathematics of Finance (14/14)  
Rural Valuation Seminar (10.5/10.5)

**STACEY P. ANFINDSEN**  
1145-E Executive Circle  
Cary, NC 27511 (919)460-7993

Appr Process and Val of Residential Prop (4/4)

**SURRY CC**  
P.O. Box 304  
Dobson, NC 27017 (910)386-8121

Appr/Math Using HP12-C (15/15)  
USPAP 2000 (15/15)

**TRI-COUNTY CC**  
2300 Highway 64 East  
Murphy, NC 28906 (828)837-6810

The Inspection: On-Site Experience (14/14)

**WAKE TECH CC**  
9101 Fayetteville Road  
Raleigh, NC 27603-5696 (919)772-0551

Appr Mfg, Modular, & Mobile Part A (7/7)  
Appr Mfg, Modular, & Mobile Part B (7/7)  
Challenging the Appraisal (4/4)  
Manufactured, Modular, & M (4/4)  
Maximizing Value (4/4)  
Pricing Complex Properties (4/4)  
Pricing Small Income Properties (4/4)

**WENDELL HAHN & ASSOCIATES**  
P.O. Box 5313  
Columbia, SC 29250 (803)779-4721

Computers 2001 (7/7)  
FHA Guidelines 2001(7/7)  
The Modern Appr Office-Part A (7/7)  
The Modern Appr Office-Part B (7/7)  
USPAP 2001 (14/14)

**WILLIAMS APPRAISERS ED CENTER**  
PO Box 33786  
Raleigh, NC 27636 (919)424-1900

Applied Income Capitalization (14/14)  
Income Cap Techniques (8/8)

**YVONNE C. SHARP & ASSOCIATES**  
66 River Oak Court  
Temple, GA 30179 (770)562-1999

The Inspection (14/14)

## NEW "OPEN FORUM" ANNOUNCED

Beginning in 2001, the Appraisal Board will include an open forum in conjunction with every regularly scheduled monthly Board meeting. These fora will allow the Board to receive comments from individuals and representatives of entities on topics related to the Board's regulatory purpose. They will also promote more communication between the Board and licensees, consumers, users of appraisal services, trade organizations, government entities, and others.

Each forum will be held at 9:00 AM on the first day of the meeting. Please see page 2 of this newsletter for the 2001 meeting schedule. Persons wishing to speak are asked to make a written request (by letter, fax, or email) at least 7 days prior to the meeting date requested to identify their name, general topic, and number of minutes requested. Every effort will be made to accommodate requests for a particular meeting date, however, depending on the number of requests and the total length of time requested, a person may be scheduled for a subsequent meeting date that fits their schedule.



# DISCIPLINARY ACTIONS

**Calvin Boykin (Greensboro)** - By consent, the Board suspended Mr. Boykin's certification for one month. The suspension is stayed until March 1, 2001. The Board also ordered Mr. Boykin to take a course in standards (USPAP), and a sales comparison course by March 1, 2001. In the alternative, he may take the precicensing course known as R-3. If he fails to take the courses as agreed, the suspension will be activated on that date. The Board found that Mr. Boykin appraised a tract of land located in Greensboro, NC in March 2000, finding an appraised value of \$215,000. The property was listed for sale for \$205,000 at the time of the appraisal, yet Mr. Boykin did not consider and analyze the listing. The sales dates for all his comparable sales were incorrect. The sales prices were wrong on his first two comparable sales.

**A. Keith Bradley (Marion)** - By consent, the Board suspended Mr. Bradley's residential certificate for three months. The suspension is stayed until January 1, 2001. If Mr. Bradley successfully completes a standards (USPAP) course and a sales comparison course by that date, the suspension will be inactive. Mr. Bradley appraised a home located in Lenoir, NC for \$150,000 with an effective date of August 18, 1998. The Board alleged that: there was a manufacturing facility across the street from the subject property and another one adjacent to it, but this was not mentioned or adjusted for in the appraisal report; Mr. Bradley did not mention the fact that the subject had sold six months prior to the appraisal; he mismeasured the property; and he had the wrong photographs in the appraisal for two of his comparable sales. Mr. Bradley denied these facts but agreed to the consent order based on those facts.

**Trevor Hanson (Charlotte)** - By consent, the Board suspended Mr. Hanson's trainee registration for five years. The first two years of the suspension shall begin on November 1, 2000. Mr. Hanson must also successfully complete the precicensing course known as R-3 by November 1, 2002. If the course is not completed by that date, the remaining

term of the suspension will become active. The Board found that Mr. Hanson, working under the supervision of a state-certified residential appraiser, appraised five separate properties located in Albemarle and New London, NC. In all five reports, the properties were listed for sale at the time of the appraisal, yet that fact was not mentioned in the appraisal reports. The sales dates of most of the comparable sales in the reports were incorrect. There were other comparable sales available to Mr. Hanson that would have supported lower appraised values for all the subject property. On one report, Mr. Hanson stated the wrong owner of the property. These transactions were all flip loans. On all five appraisal reports, Mr. Hanson failed to verify his comparable sales data, the appraised values were the same as the amounts requested by the client, and the values of the subject property were inflated.

**Michelle Reinhold (Raleigh)** - By consent, the Board reprimanded Ms. Reinhold and ordered her to take a standards (USPAP) course and a course in sales comparison by December 1, 2000. If Ms. Reinhold does not complete the courses by December 1, 2000, the reprimand will be vacated and a one month suspension imposed as of that date. The Board found that an appraiser, working under the supervision of Ms. Reinhold, appraised a property located in Franklinton, NC, finding an appraised value of \$106,500. The other appraiser measured the property correctly, but misread one of her measurements and therefore incorrectly calculated the square footage of the subject property by 171 square feet. Ms. Reinhold did not inspect the subject property. The adjustments made for the comparable sales in the sales comparison analysis were inadequate.

**Barbara Watts (Raleigh)** - By consent, Ms. Watts voluntarily surrendered her residential certificate. The Board dismissed charges against Ms. Watts.

## Assistance from a trainee: If the trainee does not sign the appraisal report, there must be an addendum in the appraisal report that discloses who provided assistance.

Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice (USPAP) requires an appraiser to note whether anyone has provided "significant professional assistance" in the preparation of an appraisal. North Carolina Appraisal Board Rule 57A .0405 (a) requires that the appraisal report "shall identify any other person who assists in the appraisal process other than by providing clerical assistance."

There are some clients who will not accept an appraisal report if a trainee signs it. Sometimes a client will request or demand that only the supervising appraiser's name appear in the report, and that the contribution of a trainee or other appraiser not be reported. This often happens when only the supervising appraiser is on the client's approved list. If the trainee or appraiser who works on the preparation of the appraisal does not sign on the left side of the appraisal report, the supervising appraiser must make a full disclosure in the report as to who provided assistance and provide a detailed explanation of the type and extent of the assistance. This information can appear in an addendum, as long as the addendum is incorporated into the appraisal report and sent to the client.

Please note that the verification form required by the Appraisal Board to document the percentage of the appraisal and types of duties performed by a trainee is not and cannot be a substitute for signing the report or having the professional assistance provided mentioned in an addendum.

If the Board receives an appraisal report in support of experience credit that is not signed by the trainee or appraiser, or does not contain the appropriate information regarding the assistance provided by the trainee or appraiser, experience credit will be denied. The Board may also pursue disciplinary action against the supervising appraiser for failure to comply with USPAP Rule 2-3 and Board Rule 57A .0405(a). □

# USPAP Q & A

**Question:** I have an assignment to prepare a complete appraisal of a proposed subdivision with 20 single-family homes and communicate it in a self-contained appraisal report. The client has asked me to include, within the self-contained appraisal report, an appraisal of each of the homes using the Uniform Residential Appraisal Report (URAR) form to document those appraisals. The URAR form is considered by many to be a summary appraisal report. Can I complete the assignment in this manner and still call the overall report self-contained?

**Answer:** Yes you can, if you follow the applicable requirements of USPAP. Standards Rule (SR) 2-2 requires that: "Each written real property appraisal report must be prepared under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report".

The Comment to SR 2-2 further states that: "*The essential difference among these three options is in the content and level of information provided*" and that "*The report content and level of information requirements set forth in this Standard are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements set forth in this Standards Rule*".

Guidance is found in Advisory Opinion (AO) 11, which advises:

*"The Self-Contained Appraisal Report should contain all information significant to the solution of the appraisal problem. Describe is the distinguishing term related to the Self-Contained Appraisal Report. Standards Rules 2-2 and 8-2(a)(vii) require only a description of sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal. The reader of the Self-Contained Appraisal Report should expect to find all significant data reported in comprehensive detail."*

AO 11 also includes examples of the application of the terms "describe", "summarize" and "state" in the context of a real property appraisal report, which should also be reviewed.

When providing a self-contained appraisal report under the circumstances you

describe, an appraiser is obligated to ensure the URAR forms are appropriately supplemented to meet the test of a self-contained report. For example, descriptions, adjustments and analyses should be expanded to the extent necessary to meet the test of the term "describe".

**Question:** My client's attorney has told me to invoke the JURISDICTIONAL EXCEPTION RULE in USPAP to avoid mentioning in my appraisal report an underground storage tank (UST) that I know exists in the property. The attorney did not provide any reference or citation of law or public policy justifying this action. Can I follow the instruction from this attorney, who is representing my client?

**Answer:** Not under the conditions described. The JURISDICTIONAL EXCEPTION RULE is the "savings clause" in USPAP, available when a part or parts of USPAP are contrary to law or public policy. The JURISDICTIONAL EXCEPTION RULE states,

*"If any part of these standards is contrary to law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction."*

The first sentence of the Comment to the Rule states,

*"The purpose of the JURISDICTIONAL EXCEPTION RULE is strictly limited to providing a savings clause intended to preserve the balance of USPAP if one or more of its parts are determined to be contrary to law or public policy of a jurisdiction."*

The second paragraph in the Comment also provides explicit descriptions of "law", "public policy", and "jurisdiction" that appraisers can use to determine whether a client's instruction to invoke jurisdictional exception is acceptable. It is important to note that the parameters described in the Comment apply whether the assignment is an appraisal, appraisal review, or an appraisal consulting assignment, for the purpose of any type of value, not just market value, and for any intended use.

An attorney's instruction, without specific citation of law or public policy, is not the equivalent of law or public policy. Attorneys may offer legal opinions, but legislative bodies and courts make law, and public bodies, such as regulators, make public policy. While an attorney is an expert in

the practice of law, it is the court that decides if the facts in a matter support an attorney's representation of how established law applies to a specific set of facts.

Absent the citation of law or public policy, which should be identified in the report together with the part or parts of USPAP disregarded in the assignment, the attorney's instruction is not acceptable as a basis to disregard a part or parts of USPAP applicable in an assignment.

**Question:** My client, a bank in another city, has asked me to email them a copy of my appraisal report when I have completed the appraisal. Can I do this and comply with USPAP?

**Answer:** Yes you can transmit an appraisal report by any electronic means, as long as you comply with the requirements of Statement on Appraisal Standards No. 8 (SMT-8), which addresses the Electronic Transmission of Reports. These requirements are summarized at the end of SMT-8, as follows (from the 2000 edition of USPAP\*):

## CONCLUSIONS:

— *An electronically transmitted report is a written report and must meet USPAP reporting requirements.*

— *Appraisers must take reasonable steps to protect the data integrity of transmitted reports.*

— *Any software program used to transfer a report electronically must provide, at a minimum, a digital signature security feature for all appraisers signing a report. (\*)*

— *Electronically affixing a signature to a report carries the same level of authenticity and responsibility as an ink signature on a paper copy report. (\*)*

— *The Record Keeping section of the ETHICS RULE applies to all reports and permits storage on electronic, magnetic, or other media. A true electronic and/or paper copy of the transmission must be retained by the appraiser.*

(\*) Note that the 2001 edition of USPAP will contain language in Standards Rules 2-3, 3-2(f), 5-3, 8-3 and 10-3 to clarify that it is the appraiser's certification that the appraiser must sign, which certification is required within each appraisal, appraisal review, or appraisal consulting report. Also remember that the entire report must

*Continued on page 7*

# USPAP Q & A

*Continued from page 6*

be transmitted, including all addenda or attachments. A complete reading of SMT-8 is recommended.

**Question:** I heard that the ASB is revising the SUPPLEMENTAL STANDARDS RULE of USPAP in such a way as to make it a violation of the ETHICS RULE if I do not comply with every condition in an assignment that I accept. How can this be? I can't control every possible factor in performing an appraisal. Please explain why the revision was necessary, and exactly what it means.

**Answer:** The ASB adopted a revision to the SUPPLEMENTAL STANDARDS RULE on July 10, 2000, to become effective January 1, 2001. The revision was necessary to ensure appraisers recognize their USPAP-related obligations when accepting an assignment that includes Supplemental Standards. These obligations were implicit, but not explicit, in the Rule in the 2000 edition of USPAP, and that lack of clarity was causing confusion and disparate interpretations of the Rule.

It is essential for readers of USPAP to recognize that the ASB's revision to the SUPPLEMENTAL STANDARDS RULE in USPAP does not make every requirement in an assignment a Supplemental Standard. Further, even when a requirement that is a Supplemental Standard is not met, that failure to comply is not necessarily a violation of the ETHICS RULE.

If an appraiser accepts an assignment involving Supplemental Standards that the appraiser knows he or she cannot meet, that action is a violation of the ETHICS RULE because the appraiser misrepresented his or her ability. If, instead, an appraiser fails to meet a Supplemental Standard due to an inadvertent error, such action may be a violation of, for example in a real property appraisal, Standards Rule 1-1(b), but it is not a violation of the ETHICS RULE.

Further, appraisers should use care not to extend the SUPPLEMENTAL STANDARDS RULE beyond its intended subject matter. Readers of the Rule should note that:

1. Public agencies or client groups must first issue the requirements that might become Supplemental Standards in the context of USPAP. Requirements imposed by a client

do not rise to the level of Supplemental Standards without first having those two characteristics – *issued* (as in “published”) by a *public agency or a client group*.

As examples, without limitation; appraisal, appraisal review, or appraisal consulting requirements issued by the federal financial institution's regulatory agencies (Federal Deposit Insurance Corporation, Federal Reserve Board, Office of the Comptroller of the Currency, Office of Thrift Supervision, National Credit Union Administration), secondary mortgage market entities (e.g., Fannie Mae, Freddie Mac, etc.), members of the Employee Relocation Council (ERC), the Department of Housing and Urban Development/Federal Housing Administration (HUD/FHA), or agencies subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, where the published requirements are common to all similar assignments for that agency or client group.

Further, professional appraisal organizations issue requirements for appraisal practice by their members that add to the requirements in USPAP, and can be Supplemental Standards in the context of USPAP because those requirements are publicized and apply uniformly to the work of those practitioners.

2. In order for a client's requirement to become a Supplemental Standard in an assignment, the requirement must add to the requirements set forth in USPAP, and must not diminish the purpose, intent, or content of USPAP. The requirements applicable in an *assignment*, as that term is used in USPAP, relate to the development and communication of an *appraisal*, *appraisal review*, or *appraisal consulting assignment*. Standards Rules 1-1, 4-1, 6-1, 7-1 and 9-1(b) and (c), and the Comment to STANDARD 3, establish standards of due diligence and care, with the intent of ensuring any error of omission or commission, or as a result of carelessness, does not significantly affect the result of an appraisal, appraisal review, or appraisal consulting assignment.

A client's requirements that extend beyond this purpose, intent, and content framework, such as the number of copies of a report, the kind of exhibits, or the time frame for assignment completion, might be legitimate service contract requirements, *but are not Supplemental Standards* applicable to an appraisal, appraisal review, or appraisal consulting assignment in the context of the

SUPPLEMENTAL STANDARDS RULE.

However, it is important for appraisers to note that a client's assignment contract-related requirements might become an ETHICS RULE issue if an appraiser misrepresents his or her capacity to provide the service, as is the case when an appraiser advertises for or solicits an assignment in a manner that is false, misleading, or exaggerated (see the Management section of the ETHICS RULE).

**Question:** A client has included a requirement in an assignment for me to not complete an analysis step that USPAP requires in that assignment. The client told me his requirement is a Supplemental Standard that takes the place of USPAP. Is this correct?

**Answer:** No, it is not correct, for two reasons.

First, a client's requirements cannot diminish the purpose, intent, or content of USPAP. Your client's requirement would diminish the content of USPAP applicable in the assignment.

Second, the SUPPLEMENTAL STANDARDS RULE applies only to requirements issued by public agencies and certain client groups — e.g., regulatory agencies, eminent domain authorities, asset managers and financial institutions, and professional appraisal organizations. These requirements are, in at least some sense, published and apply in the same way to all similar assignments.

The particular requirements of a specific client, such as the number of copies of a report they require, the number and kind of photographs or exhibits, the time frame for delivery of the report, etc., might be a matter to address in your decision to engage in an assignment, but those are not what the SUPPLEMENTAL STANDARDS RULE in USPAP is addressing.

The client in this situation appears to be confused about the intent of the SUPPLEMENTAL STANDARDS RULE and the JURISDICTIONAL EXCEPTION RULE. Supplemental Standards add to the appraisal, appraisal review, or appraisal consulting assignment requirements in USPAP, while applying a Jurisdictional Exception removes a requirement in USPAP that is contrary to law or public policy of a specific jurisdiction. Except when the client in an assignment is a legal authority (e.g., a court of law or a public agency), clients are not jurisdictions. □

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# DUE PROCESS - THE RIGHT OF EVERY LICENSEE - What Is Due Process?

One of the most important functions the Appraisal Board performs is to discipline appraisers who violate The Appraisers Act, Board rules or USPAP. In doing so, the Board must comply with the elements of due process, which is a system designed to insure fairness. Basically, appraisers faced with disciplinary actions have the right to notice, being informed of the charges against them. They also have the right to be heard on those charges. This includes the right to submit evidence, to have a lawyer, to have a fair and impartial hearing, to cross-examine witnesses and to have a written decision rendered by the Board.

The North Carolina Appraisal Board firmly believes in the concept of due process, and has designed its enforcement program to be fair to all participants.

When a complaint is received by the Board, a letter is sent to the complainant, if known, acknowledging the complaint. A letter of inquiry (and a copy of the complaint) is sent to the respondent requesting a response. Usually copies of the appraisal and the workfile are requested. Upon receipt of the response, the complaint is thoroughly investigated.

During the investigation, documents are gathered, appraisals are reviewed and witnesses interviewed. Often a trip is made to the area where the subject property is located in order to obtain tax cards, sales data and to view the property. Respondents have a right to look at any documents in their file at the Appraisal Board office, with the exception of the Board counsel's personal notes.

The results of the investigation are presented to the Board at a regularly scheduled meeting for a determination as to whether the investigation should end and the case dismissed, or whether there is enough cause to indicate that the appraiser has violated the Appraiser Act. At this probable cause hearing, the Board can dismiss the case, dismiss with a letter of warning, ask the attorney to do more investigation or find probable cause and request a hearing. The appraiser and complainant are notified of the outcome.

If the case is not dismissed, additional investigation takes place, records are subpoenaed and witnesses interviewed. Depositions may be taken. Board counsel attempts to settle each case, often meeting with respondent (and counsel).

A Notice of Hearing, outlining the facts and charges, is sent to the respondent at least fifteen days before the hearing. A copy of the exhibits planned to be introduced into evidence by Board counsel is sent to the respondent at least a week before the hearing, along with a witness list.

At the hearing, which is recorded by a court reporter, each side presents their case to the Board. The appraiser may be represented by an attorney. Board members may ask questions of the witnesses. A decision on the case is usually made on the day of the hearing, and a written decision follows within a few days.

These steps make sure that the appraiser has the full benefit of his due process rights, while also assuring that the Board fulfills its mission, that of protecting the public interest. □

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