



# NORTH CAROLINA APPRAISAL BOARD

# APPRAISER REPORT

Volume 11

Spring 2001

Number 2

## Senate Bill 1066

Senator David Hoyle has sponsored Senate Bill 1066 that seeks to make changes to the state statutes that would affect real estate appraisers. The bill seeks to change a number of provisions of the North Carolina Appraisers Act. It also includes provisions that will prohibit mortgage bankers and mortgage brokers from influencing the outcome of an appraisal or from inducing an appraiser to violate the Uniform Standards of Professional Appraisal Practice. The bill also attempts to prohibit mortgage bankers and mortgage brokers from failing to pay for completed appraisals within 30 days of the delivery date.

The complete text of the bill can be found by searching the General Assembly's website at: <http://www.ncga.state.nc.us>

## Renewal Reminder

Renewal materials have been mailed. Please return your renewal form with correct fees and proof of continuing education so that it is received at the Board's office by June 30. Also, please remember that renewal is not retroactive to June 30, and if you choose not to renew your license that you must stop appraising.

## Board Studies Complaint Handling Process

In December 2000, Chairman J. Vance Thompson appointed a committee to study the Board's complaint handling policies and procedures. The committee was needed because there had not been a substantial review of the process for some time and because there were many suggestions about the process from the appraisal community. Many of these suggestions were made evident in the fall of 2000 through the written and oral comments that Board received with respect to a rulemaking petition that sought to change the Board's investigation process. These same comments also revealed serious misconceptions held by some appraisers about the Board and its processes.

The committee studied every step of the complaint handling process from the reception of the complaint to the final disposition (and publication, if applicable) of the matter. Key areas of the new policy include the reaffirmation of the importance of the application of the fundamental concepts of fairness and due process, the broadening of the level of investigation that will be con-

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## Chairman's Comments



*J. Vance Thompson*

In past articles I have tended to address one topic in detail, but in this one I am going to touch on several topics.

Open Forum — We've had an Open Forum at every Board meeting this year and have held our regular meeting outside of Raleigh twice so far in order to provide easier access to appraisers and the public across the state. We were pleased to have a number of appraisers sit in on and observe the February meeting in Charlotte and also address the Board at the Forum. The May meeting in Duck was also very successful with approximately fifteen appraisers attending over two days.

We were pleased to hold our May hearings and meeting in Duck in response to the repeated requests by appraisers in the northeast part of the state to hold a meeting in their area. Please write to the Board office if you would like us to hold a meeting

in your area.

Complaint Handling Committee — As reported in this newsletter, this committee has completed its work and made a report to the Board at the March meeting. The Board made some changes in its disciplinary process based on the committee's work. I want to thank the Board members and staff that served on this committee and congratulate them on a job well done.

Cooperation with other Agencies — The Board has established cooperative efforts with feder-

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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**.

## NORTH CAROLINA APPRAISAL BOARD

### Mailing Address:

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)

Michael F. Easley, 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

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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*  
Elizabeth M. Caudill, *Appraiser Clerk*

## APPRAISER COUNT

(As of May 14, 2001)

Trainees .....	1091
Licensed Residential .....	231
Certified Residential.....	1613
Certified General.....	867
Total Number .....	3802

## APPRAISER EXAMINATION RESULTS

November, December, 2000 & January 2001

Examination	Total	Passed	Failed
Trainees	60	50	10
Licensed Residential	4	4	0
Certified Residential	24	17	7
Certified General	3	3	0

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

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al and state regulatory agencies. In addition to regularly cooperating with the North Carolina Real Estate Commission on related matters, the Board is now working with the Commissioner of Banks to look at common enforcement areas and determine how we might work together. Also, the U.S. Department of Housing and Urban Development has been informing the Board when it removes an appraiser from its roster for violating USPAP.

AARO — Representatives from the Board recently participated in a conference and investigator training with the Association of Appraiser Regulatory Officials. We met and shared ideas with representatives from appraisal boards from various jurisdictions, federal appraisal regulatory bodies, and other appraisal-related entities. Our Board has made a commitment to participate in AARO activities and is also proud that Mel Black, our Executive Director, has been elected by the AARO membership to serve as its national President beginning in October of this year. □

# Board Studies Complaint Handling Process

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ducted to include appraisal reports in an appraiser's file that were not the subject of the complaint, the option of the Board's legal counsel to call for a review of an appraisal report by staff that complies with Standard 3 of USPAP, the option to involve a Board Member in the probable cause and settlement steps, the ability of the Board to contract with outside investigators when needed, and the creation of informal Character Conferences as one method to address the fitness for licensure of some candidates.

A full description of each step of the process can be found at the "New Disciplinary Procedures" link on the Board's website at <http://www.ncab.state.nc.us>. □

# Deputy Director

**EMPLOYER:** North Carolina Appraisal Board, a North Carolina agency responsible for the licensing and regulation of North Carolina real state appraisers under the North Carolina Appraisers Act.

**POSITION:** Deputy Director, Salary commensurate with experience and qualifications

**DUTIES:** Assist the Executive Director and cooperate with the other Deputy Director in administering Board operations, including evaluating applications for licensure, evaluating applications for education providers; coordinate license examination services; prepare and publish Board publications; coordinate and perform investigations of disciplinary cases and audits; respond to inquiries from licensees and the public; and perform other duties as assigned.

**QUALIFICATIONS:** Graduation from a four year college; be a North Carolina General Certified Real Estate Appraiser or eligible; minimum eight years experience in appraising commercial and residential real estate; or an equivalent combination of education and experience.

**OTHER REQUIREMENTS:** Must have a thorough knowledge of real estate appraisal laws, principles and practices and the Uniform Standards of Professional Appraisal Practice. Must also have demonstrated administrative leadership skills and superior written and verbal communication skills. Must reside in or be willing to relocate to the Raleigh area. The Board will not provide moving expenses.

**EMPLOYMENT SCHEDULE:** The position is available and the Board will accept applications immediately. The position is open until filled.

**APPLICATION FORMAT:** Individuals must apply using forms PD-107 and PD-107 A that are available at the Board's website([www.ncab.state.nc.us](http://www.ncab.state.nc.us)) or by contacting the Board office at:

North Carolina Appraisal Board	Telephone: 919/420-7920
Post Office Box 20500	Fax: 919/420-7925
Raleigh, NC 27619-0500	Email: <a href="mailto:ncab@ncab.org">ncab@ncab.org</a>

**EQUAL OPPORTUNITY EMPLOYER**

# Approved Continuing Education Courses

(As of May 21, 2001)

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. **NOTE: All courses expire June 30. Most sponsors will renew their course(s); some will not. Please call the Board office to verify approval for the 2001-2002 renewal year.**

## ALAMANCE COMMUNITY COLLEGE

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

Appraising Small Residential Income Prop (10/10)  
Construction Methods I: Print Reading (5/5)  
Construction Methods II: Foundations & Masonry (5/5)  
Ethical Principles of Appraisal I (4/4)  
Intro to Commercial Real Estate (4/4)  
New Exstg Residential Codes Affecting RE Appr (10/10)  
Real Estate Finance (4/4)

## ALBEMARLE APPR & RE ACADEMY

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

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

## ALLSTATE HOME INSPECTION TRAINING INSTITUTE

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

Environmental Awareness Seminar (8/8)  
FHA Test Preparation (8/8)  
Introduction to Home Inspection (8/8)  
USPAP Refresher (8/8)

## AM SOC FARM MANGRS & RURAL APPR

950 S. Cherry Street, 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 Residential Property (8/8)  
Appraising Rural Residential Property (16/14.5)  
Conservation Easement (16/16)  
Data Analysis Seminar (8/8)  
Fed Land Exchng & Acqstr: App (18.5/18.5)  
Fractional Interests (16/16)  
Highest & Best Use A-29 (15/15)  
Real Estate Statistics (8/8)  
Rural Business Valuation Seminar (16/16)  
Timber & Timberland Value (16/16)  
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 & Problem Solving (14/14)  
Today's Analysis of Residential 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 ACADEMY (THE)

3802 North University Street  
Peoria, IL 61614 (309)681-8100

Adj, The Appraisal & The Underwriter (4/4)  
Atmtd or Streamlined Underwriting (4/4)

Intro to Computer Gen Val & Adj (4/4)  
Onsite Observation & Reporting Req F (4/4)  
The Appr Pda's Pckt Computers & (4/4)  
The ERC Relocation (4/4)  
Tough Residential Assignments (4/4)

## 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 Standards of Prof Practice - Part C (15/15)  
500 Adv Residential Form & Narrative Writing (40/30)  
520 High & Best Use & Market 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 Small Mixed-Use Prop (15/15)  
705 Litigation Appr: Specialized 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 Seminar-General (7/7)  
Appr Rev Seminar-Single Family Residential (7/7)  
Appraisal of Non-Conforming Uses (7/7)  
Appraising Manufactured Housing (7/7)  
Case Studies in Commercial Highest & Best Use (7/7)  
Case Studies in Residential Highest & Best Use (7/7)  
Convincing Residential Appraisals (4/4)  
FHA Appraisal Inspection From Ground Up (7/7)  
Gen Demo Appraisal Rpt Writing Seminar (14/14)  
HUD Rent Comparability Stud (4/4)  
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)  
Residential Demo Appraisal Rpt Writing Seminar (14/14)  
Regression Analysis for Appr: Concepts & Apps (7/7)  
Residential Design & Functional Utility (7/7)  
Residential Consulting (7/7)  
Serving the Client (5/5)  
Small Hotel/Motel Valuation (7/7)  
State of the Profession (4/4)  
The FHA and the Appraisal Process (7/7)  
Understanding and Testing DCF Val (4/4)  
Val of Detrimental Conditions in RE (7/7)

## ASHEVILLE-BUNCOMBE TECH CC

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

USPAP (10/10)  
PDH RE - Basic Surveying (5/5)  
Residential Building Code Changes in NC (5/5)  
The UDO: Regulating RE Use & Dev (4/4)  
USPAP 2000 (15/15)  
USPAP 2001 (15/15)

## BRUNSWICK COMMUNITY COLLEGE

P.O. Box 30  
Supply, NC 28462 (910)754-6900

Appraisal 2001 (7/7)  
USPAP 2001 (7/7)

## 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

Residential Sales Comp Approach & Ef (14/14)  
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 Commercial Inves (30/30)  
CI102 Market Analysis Com I (30/30)  
CI103 Lease Analysis Commercial Inv (30/30)  
CI104 Invest Analysis Commercial In (30/30)

## DAN MOHR RE SCHOOLS

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

Depreciation Workshop (7/7)  
Environmental Hazards-Residential Prop (7/7)  
Extraction of Data from Market Res (7/7)  
HP 12C Course (7/7)  
Intro to Residential Construction (30/30)  
Res Appr & Conventional Underwriting Guide (7/7)  
Residential Construction Seminar (14/14)  
Rules & Regs FHA/HUD Requirements (14/14)  
The Narrative Appraisal Report (7/7)  
Using Streamlined Appraisal Report Forms (7/7)  
USPAP 2001 (15/15)

## 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)

## DENNIS BADGER & ASSOC., INC.

P.O. Box 23220  
Lexington, KY 40523 (859)252-3445

Mfg Housing Appraisal as Appls to RE (7/7)

## DUKE UNIVERSITY

A108B LSRC/Box 90328  
Durham, NC 27708 (919)684-2135

Forest Appraisal (36/30)

## EDGEcombe CC

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

Appraising Mfg, Mod & Mobile (A) (7/7)  
Appraising Mfg, Mod & Mobile (B) (7/7)  
Mfg Modular & Mobile (4/4)  
Narrative Appraisal Report Writing (14/14)  
Pricing Small Income Properties (4/4)  
Principles & Tech Val 2-4 Units Res Prop (14/14)  
RE Finance for Appraisers (14/14)  
Rural Valuation Seminar (14/14)  
Single Family Residential App (14/14)  
Standards of Professional Practice (15/15)  
USPAP & NC Board Rules & Regs Fo (15/15)

## ELLIOTT & COMPANY APPRAISERS

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

Sharpening Your Appraisal Skills (14/14)

## ERICK LITTLE & COMPANY

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

# Approved Continuing Education Courses

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Appraising Modular, Land/Home Packages (7/7)  
Appraising Mobile, Mfg, Modular (7/7)  
Forms, Drive By, FHA, Fannie Mae (7/7)  
New FHA Requirements, 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 Guidelines Rural/Com Lndng/USPAP (7/7)  
Questions & Answers on Appr (7/7)  
Res/Instmnt/Com/Indstrl Forms (10.5/10.5)  
The Site Inspection (7.5/7.5)

**HALL INSTITUTE**  
P.O. 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 Con (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)  
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)  
Appraisal 2001 (7/7)  
USPAP 2000 (14/14)  
USPAP 2001 (7/7)

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

Appraising Mfg, Mod, & Mobile (A) (7/7)  
Appraising 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 Small Income Properties (4/4)  
Principles/Techniques Val 2-4 Unit Residential (14/14)  
USPAP & NC Rules & Regs for App (15/15)

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

Inc Cap Approach - Past, Present, Future (10.5/10.5)  
Property Tax Values & Appeals (6/6)

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

Automated Valuation Model (7/7)  
Factory-Built Housing (14/14)  
Info Tech & the Appraiser (7/7)  
Intro to Narrative Appraisal Report Writing (7/7)  
Intro to Review Appraisal (7/7)  
RE Fraud & Appr's Role (7/7)  
The Appraiser as Expert Witness (7/7)  
USPAP (14/14)  
Vacant Land Appraisal (7/7)

**MINGLE SCHOOL OF REAL ESTATE**  
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 Living 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 Residential 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)  
Commercial Report Writing (15/15)  
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 & Appraisal 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 Seminar (4/4)  
Residential Report Writing (15/15)  
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)  
Rural Appraising - Why a Problem (7/7)  
Six Appraisal Reporting Options (3.5/3.5)  
The After Value Appraisal (7/7)

**NCSU AGRICULTURAL & RESOURCE ECONOMICS**  
Campus Box 8109  
Raleigh, NC 27695-8190 (919)515-4670

Conservation Easements & Other Land Prs (8/8)

**NCSU SOIL SCIENCE DEPT**  
Campus Box 7619  
Raleigh, NC 27695 (919)513-1678

Basics of On-Site Sewage (6/6)  
Getting the Dirt on Soils (6/6)  
On-Site System Tech Refresh (6/6)  
Wells & Septic Systems (4/4)

**PIEDMONT LAND CONSERVANCY**  
P.O. Box 4025  
Greensboro, NC 27404-4025

Conservation Easement: Prtctng NC (4/4)

**RALEIGH REGIONAL ASSOCIATION OF REALTORS**  
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)

**ROBERT M. PRATT**  
1522 Skyline Road  
Charleston, WV 25314 (304)342-7253

Hwy Plan Reading for Appraisers (15/15)

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

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

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# Approved Continuing Education Courses

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## 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

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

## SURRY CC

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USPAP 2000 (15/15)

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The Inspection (14/14)

# USPAP Q & A

## Question #1:

If a home has sold more than once in the past year, am I required to analyze all of the sales, or just ownership is due to a foreclosure, or is between family members or other related parties?

## Response:

Advisory Opinion 1 (AO-1) addresses the appraiser's obligations with respect to prior sales of the subject. It states in part:

“USPAP Standards Rules 1-5(a) and (b) require an appraiser to analyze (1) any current Agreement of Sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business, and (2) any prior sales of the property being appraised that occurred within one year for a one-to-four family residential property or within three years for all other property types.

In any case, USPAP Standards Rules 2-2(a)(ix), (b)(ix), and (c)(ix) call for the written appraisal report to contain sufficient information to indicate compliance with the sales history requirement. Standards Rules 2-2(a)(ix), (b)(ix), and (c)(ix) further require that, if sales history information is unobtainable, the written appraisal report must include a commentary on the efforts taken by the appraiser to obtain the information.”

Therefore, you must report and analyze **all** of the sales, not just the most recent one. This would also include any type of sale, whether it was arm's length or not. If a sale was between family members, or otherwise related parties, or involved a foreclosure, the appraiser is still obligated to report it and analyze it.

In addition, if sales, listings, etc. from prior periods (i.e. beyond the one or three year periods) are known and considered relevant to the appraisal of the subject property, they should also be reported and analyzed.

## Question #2:

It is my understanding that lenders are required to provide borrowers with a copy of the appraisal performed in conjunction with their loan if the borrower requests

the appraisal in writing within a certain time frame. Does this requirement mean that borrowers are also intended users of the appraisal report?

## Response:

No, the fact that a borrower or anyone else receives a copy of the appraisal report does not make them an intended user. The concept of an “intended user” in USPAP is framed within the context of the appraiser-client relationship. An “intended user” is defined as follows:

the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.”

There are several things to note in this definition. First, intended users of the appraisal report must be identified by the client. Secondly, this identification is made at the time of the engagement process so the appraiser can make a prudent judgment about the scope of work to apply in the assignment and the level of detail to include in the report. It is also worth noting that the concept of “intended use” and “intended users” are related to the purpose of the assignment. Appraisals reports for loan transactions are typically used to substantiate real property value as underlying collateral for a particular loan. The fact that the lending institution is required by law or regulation to make certain disclosures, to the borrower about the loan and the basis for the loan decision, does not alter the purpose, the intended use or the intended users of the appraisal assignment.

Statement on Appraisal Standards No. 9 further clarifies this issue by stating,

“A party receiving a report copy from the client does not, as a consequence, become a party to the appraiser-client relationship.

Parties who receive a copy of an appraisal, appraisal review, or appraisal consulting report as a consequence of disclosure requirements applicable to an appraiser's client do not become intended users of the report unless the client specifically

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# USPAP Q & A

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identifies them at the time of the assignment.”

## Question #3:

Is it a violation of USPAP to offer as a marketing tool for my services a coupon for a 10% discount off the cost of an appraisal to potential clients such as mortgage lenders and the general public?

## Response:

The Management section of the ETHICS RULE states:

“The payment of **undisclosed** fees, commissions, or **things of value** in connection with the procurement of an assignment is unethical. (**emphasis added**)

Comment: Disclosure of fees, commissions, or things of value connected to the procurement of an assignment must appear in the certification of the written report and in any transmittal letter in which conclusions are stated.”

The use of a coupon as a marketing tool would not be a violation of the ETHICS RULE. However, a coupon for a reduced fee would be a thing of value connected to the procurement of an assignment. Therefore, proper disclosure must be made in the certification of the written report and in any transmittal letter in which value conclusions are stated.

## Question #4:

Frequently, the borrower in a lending transaction is provided with a copy of the appraisal report; and in some cases, the appraiser knows that the borrower will be receiving a copy of the appraisal report. When the appraiser is aware that the borrower or any other third party will receive a copy of the appraisal, does this make that third party an intended user?

## Response:

Not necessarily - USPAP defines the Intended User as: “*the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.*” The intended use of an

appraisal, appraisal review, or appraisal consulting assignment conclusions and opinions is **established by the client and agreed to by the appraiser**. It is crucial for the appraiser to know the identity of all intended users and of their requirements in order to correctly understand the intended use of the report. Statement No. 9 (SMT-9) in USPAP provides further guidance on this issue, including in part: “*A party receiving a report copy from the client does not, as a consequence, become a party to the appraiser-client relationship. Parties who receive a copy of an appraisal, appraisal review, or appraisal consulting report as a consequence of disclosure requirements applicable to an appraiser’s client do not become intended users of the report unless the client specifically identifies them at the time of the assignment.*”

## Question #5:

What information must be retained in an appraiser’s workfile?

## Response:

An appraiser must prepare a work file for each appraisal, appraisal review, or appraisal consulting assignment. The appraiser’s assignment work file serves several purposes. As in many other professions, the discipline of enforcement by public agencies and peer review, together with one’s self-discipline and dedication of effort, serves to ensure performance of assignments in compliance with professional standards. In addition to facilitating enforcement, a work file aids the appraiser in handling questions from the client or an intended user subsequent to the date of the report. An appraiser’s assignment work file preserves evidence of the appraiser’s consideration of all applicable data and statements required by USPAP and other information as may be required to support the appraiser’s opinions, conclusions, and, in the case of an appraisal consulting assignment, recommendations. *The work file must include -*

- *the name of the client and the identity, by name or type, of any other intended users;*
- *true copies of any written reports, documented on any type of media;*
- *summaries of any oral reports or testimony, or a transcript of testimony, includ-*

*ing the appraiser’s signed and dated certification; and*

— *all other data, information, or documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with the Ethics Rule and all other applicable Standards, or references to the location(s) of such other documentation.*

Although the content and level of information detail required in the communication of assignment results is set forth in USPAP for written and oral reports, neither category of report is designed to provide all of the documentation necessary to comply with the work file requirements in the Record Keeping section of the ETHICS RULE. This is because the appraisal, appraisal review, or appraisal consulting assignment results are opinions and conclusions, which are a form of intellectual services, not a product, per se. Given this, complete documentation of the information an appraiser uses to develop assignment results would require replication of the appraiser’s life experience and education in work file documentation; a practical impossibility. It is for this reason that the Record Keeping section of the Ethics Rule contains the phrase “...; and all other data, information, and documentation *necessary* to support the appraisers opinions and conclusions and to show compliance with this rule ...” (Emphasis by italics added). The level of documentation in a work file will differ from assignment to assignment, and by the category of report (oral or written) used to communicate the assignment results. As the level of information detail in a written report diminishes, the amount of other documentation in the work file must increase to ensure the work file content, in total, meets the USPAP requirements. For example, the Self-Contained Appraisal Report option for a real or personal property appraisal will contain a comprehensive level of information detail, but cannot, as a practical matter, contain the sum total of an appraiser’s experience that went into making the judgments required in the assignment. However, taken together, the Self-Contained Appraisal Report and the other documentation required in the work file can provide support to show that those judgments were sound and resulted in compliance with USPAP.

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# DISCIPLINARY ACTIONS

**William D. Brooks (Winston-Salem)** - Following a hearing, the Board revoked Mr. Brooks' right to reinstate his trainee registration that had lapsed on July 1, 2000. The Board found that Mr. Brooks, a state-registered trainee, had worked for a state-certified residential appraiser as an independent contractor. In May 2000, Mr. Brooks prepared an appraisal report on a property located in Greensboro, NC. Mr. Brooks was listed as the borrower on the appraisal report. None of the comparable sales in the appraisal report could be confirmed. Mr. Brooks signed the report with the name of the state-certified residential appraiser and affixed the appraiser's seal to the report, all without the knowledge or consent of the appraiser.

**William J. Carren (Cary)** - Following a hearing, the Board authorized legal counsel to enter into a consent agreement with Mr. Carren that suspends his residential certification for a period of nine months effective April 1, 2001. The first month of the suspension will be active, and the remainder is stayed until July 1, 2001. If Mr. Carren completes a standards (USPAP) course and a course in advanced residential forms and narratives by June 30, 2001, the remainder of the suspension will be inactive. The Board found that a trainee working under the supervision of Mr. Carren appraised a property located in Rocky Mount, North Carolina in March 2000. He stated that subject contained 1169 square feet when it actually contained 957 square feet. The comparable sales location map in the appraisal report was incorrect. There were sales available to the trainee that were not used in the appraisal process and that would have indicated a lower value for the subject property. The trainee had been registered for less than six months at the time of the appraisal, and Mr. Carren did not inspect the subject property.

**William R. Dellinger (Statesville)** - By consent, the Board reprimanded

Mr. Dellinger and ordered him to take a course in standards (USPAP), and a manufactured housing course by July 1, 2001. If he does not take the courses as agreed, this reprimand will be vacated and a one month suspension will be imposed on July 1, 2001. The Board found that Mr. Dellinger appraised a property located in Hamptonville, NC in September 2000. Although there were sales located in the subject's county (Yadkin county), Mr. Dellinger used comparable sales from Iredell County in his appraisal report. Those sales might have indicated a slightly lower value for the subject property. In the appraisal report, Mr. Dellinger stated incorrect distances between the comparable sales and the subject property. He indicated that the property was proposed construction on the first page of the URAR and in the Conditions of the Appraisal section, but he checked the as-is box on the second page of the URAR.

**Deborah Easley (Columbia, Missouri)** - By consent, the Board suspended Ms. Easley's residential certification for two months. The suspension is stayed until May 1, 2001. Ms. Easley also agrees to successfully complete a standards (USPAP) course and a sales comparison course by May 1, 2001. If she does not complete both courses by that date, the suspension will begin on May 1, 2001. Ms. Easley also agrees that she will supervise no trainees in North Carolina. The Board found that a state-registered trainee, working under the supervision of Respondent, appraised a property located in Cary, NC in April 1999. There were several sales in the neighborhood that closed in the twelve months prior to the date of the appraisal. Those sales prices ranged from \$283,000 to \$350,000, yet the trainee valued the property at \$450,000. Although Ms. Easley did not inspect the subject property, she did sign the appraisal report and therefore takes full responsibility for the report.

Ms. Easley neither admitted nor

denied the allegations contained in the consent order.

**Kevin Hinch (Raleigh)** - By consent, the Board suspended Mr. Hinch's residential certification for a period of one month. The suspension is stayed until July 1, 2001. Mr. Hinch also agrees to successfully complete a standards (USPAP) course, consisting of at least 14 hours, and a sales comparison course by June 30, 2001. If the courses are not completed by that date, the suspension will become active. If he does complete the courses by that date, the suspension will be inactive. The Board found that Mr. Hinch appraised a property located in Wake Forest, North Carolina in August 1999, finding an appraised value of \$122,000. The effective date of the appraisal was September 1998. Mr. Hinch misstated some of the amenities of the subject property and made positive age adjustments to two comparable sales when he should have made negative age adjustments in the sales comparison approach. He also misstated the square footage of the subject property, although he did make correct adjustments in the sales comparison analysis for the correct square footage. When the errors in the appraisal report were called to his attention, he issued a corrected appraisal report in November 1999 that still misstated some of the subject's amenities and again made incorrect positive adjustments. After the mistakes were brought to his attention, Mr. Hinch made the correct adjustments and issued a corrected second page for the appraisal, showing an appraised value of \$118,000. The errors in the reports were caused by software problems and Respondent's failure to adequately proofread the appraisal reports.

**Jeffrey P. Johnson (Raleigh)** - Following a hearing, the Board authorized legal counsel to enter into a consent agreement with Mr. Johnson that suspends his trainee registration for a

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# Disciplinary Actions

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period of nine months. The suspension is stayed until July 1, 2001. If Mr. Johnson completes a standards (USPAP) course and a course in advanced residential forms and narratives by June 30, 2001, the suspension will be inactive. The Board found that Mr. Johnson appraised a property located in Rocky Mount, North Carolina in March 2000. He stated that subject contained 1169 square feet when it actually contained 957 square feet. The comparable sales location map in the appraisal report was incorrect. There were sales available to Mr. Johnson that were not used in the appraisal process and that would have indicated a lower value for the subject property. Mr. Johnson had been a trainee for less than six months at the time of the appraisal, and his supervisor did not inspect the subject property.

**Ricky McClure (Asheville)** - By consent, the Board suspended Mr. McClure's residential certification for one month. The suspension is stayed until July 1, 2001. Mr. McClure also

agreed to take a standards (USPAP) course and a sales comparison course. If he completes the courses by June 30, 2001, the suspension will be inactive. If he does not complete the courses by that date, the suspension will begin on July 1, 2001. The Board found that Mr. McClure appraised a condominium located in Asheville, NC in October, 1999. He did not use an available sale from the subject neighborhood in his appraisal, but instead chose sales from nearby developments. The one sale available from the subject neighborhood was comparable to the subject property and would have indicated a lower appraised value. Mr. McClure's first and second comparable sales were detached units, yet he made no mention of these facts nor did he make adjustments for them.

**D. Dale Strigo (Raleigh)** - By consent, Ms. Strigo voluntarily surrendered her trainee registration. The Board dismissed the charges against her.

# USPAP Q & A

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## Question #6:

What is the difference between Negligence and Incompetence?

## Response:

Negligence is defined as a type of failure relative to a standard of care 1. It does not, by itself, imply incompetence but rather a lack of performance. Incompetence 2, on the other hand, implies a lack of knowledge and ability. In appraisal practice, incompetence is illustrated by a lack of judgment and an inability to distinguish what is relevant from what is irrelevant. It is often exhibited in scope of work decisions where the level of research and analysis in a given assignment either exceeds or falls short of what is required for credible results.

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APPRAISAL BOARD**  
P.O. Box 20500  
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