



APPRAISER REPORT

Volume 30

February 2020

Number 1

NEW BOARD APPOINTMENTS

Governor Roy Cooper has appointed Claire M. Aufrance to the Appraisal Board for a three-year term ending on June 30, 2022. Ms. Aufrance is a graduate of the University of North Carolina at Chapel Hill and began her appraisal career immediately following graduation in 2002. She is a Certified General Appraiser residing in Guilford County, and is a MAI and SRA, a member of the IRWA, PTCREW, and a Realtor. She was president of the NC Chapter of the Appraisal Institute in 2016 and is currently a member of the Appraisal Institute Board of Directors. She and her husband, Jeremy, have two children.

Governor Roy Cooper has appointed Lynn Carmichael to the Appraisal Board for a three-year term ending on June 30, 2022. Ms. Carmichael is a Certified General Appraiser based out of Buncombe County. She operates her own business called ACE Appraisals and does primarily commercial work, operating in the Western NC counties. She obtained her MAI designation in 2014, and her AI-GRS designation in 2019. Lynn and her three children reside in Buncombe County.

Governor Roy Cooper has reappointed David E. Reitzel as the Financial/AMC representative to the Appraisal Board for a three-year term ending on June 30, 2022. Mr. Reitzel is a graduate of the University of North Carolina-Charlotte, a Certified General Appraiser, and has been involved in the Financial/Appraisal industry since 1985. Mr. Reitzel is currently President of Real Estate Advisory Services, Inc., President of Community Bank Real Estate Solutions, Inc., and Senior Vice-President of Peoples Bank. He has served in various leadership roles with the North Carolina Association of Realtors, is a member of the North Carolina Bankers Association, and the Mortgage Bankers Association of the Carolinas. Mr. Reitzel is involved in various civic and community organizations. He and his wife, Mary, have two sons and reside in Conover, North Carolina.

CHANGE IN OFFICERS

During the January 2020 Board meeting, Charles L. McGill announced that he is stepping down as Chairman of the NC Appraisal Board due to a family illness. The Board voted that David E. Reitzel of Conover would serve as Chairman and Timothy N. Tallent of Concord would serve as Vice-Chairman the remainder of the Board's fiscal year.

APPRAISER REPORT

Published as a service to appraisers to promote a better understanding of the Appraiser's Act and Board rules, as well as proficiency in appraisal practice. Information in the articles published herein may be superseded by changes in laws, rules, or USPAP. No part of this publication may be reprinted or reproduced in any other publication without specific reference being made to their original publication in the North Carolina Appraisal Board *Appraisereport*.

NORTH CAROLINA APPRAISAL BOARD

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Website:

www.ncappraisalboard.org

Email Address:

ncab@ncab.org

Roy Cooper, Governor

APPRAISAL BOARD MEMBERS

David E. Reitzel	
Chairman	Conover
Timothy N. Tallent	
Vice-Chairman	Concord
Claire M. Aufrance	Greensboro
Sarah J. Burnham	Hickory
Lynn Carmichael	Arden
Charles L. McGill	Raleigh
Viviree Scotton	Chapel Hill
H. Clay Taylor, III	Raleigh
Mike Warren	Indian Beach

STAFF

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

APPRAISER COUNT (As of January 31, 2020)

Trainees	519
Licensed Residential	77
Certified Residential	1817
Certified General	1319
Total Number	3722

AMC COUNT 141

APPRAISER

EXAMINATION RESULTS

September 1, 2019 – January 31, 2020

Examination	Total	Passed	Failed
Licensed Residential	0	0	0
Certified Residential	22	13	9
Certified General	9	4	5

Examinations are administered by a national testing service. To apply for the examination, please submit an application which may be downloaded from the Appraisal Board's website at <http://www.ncappraisalboard.org/forms-html/forms.htm>.

REMINDER:

TRAINEES AND APPRAISERS MUST TAKE THE 2020-2021 7-HOUR USPAP UPDATE BY MAY 31, 2020 IN ORDER TO RENEW IN 2020.

APPRAISER RENEWAL INFORMATION

All registrations, licenses and certificates expire on June 30th and must be renewed before this date to maintain your current status. Renewals will be sent out in early May and payment cannot be made until renewal notices are received. If you do not renew by June 30th, your registration, license or certificate will expire. Any person who acts as a trainee, licensed or certified real estate appraiser while expired shall be subject to disciplinary action and penalties as prescribed by the Appraiser's Act.

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

OUT-OF-STATE LICENSEES

You are also required to have the 2020-2021 7-Hour National USPAP Update course completed by May 31, 2020 in order to renew on time.

If you complete the USPAP Update through a **Board approved** course sponsor, the sponsor will report your course completion directly to the Board electronically; you DO NOT need to do so. *Please make sure to provide the course sponsor with your current NC license number.*

If you complete the USPAP Update class through a **non-Board approved** sponsor (any sponsor NOT listed on the Board website), you must sign the USPAP Affidavit form and return it to the Board. You may request a copy of this form by emailing the Board at ncab@ncab.org.

To view a current list of continuing education courses approved by the Board, please visit our website at:

http://www.ncappraisalboard.org/education/contin_edu.htm.

All CE may be taken online or in class.

AMC Renewals & National Registry Fees

All Appraisal Management Company registrations expire on June 30, 2020 and must be renewed before this date to maintain their current status. The renewal fee is \$2,000. Each renewal shall post with the Board a surety bond in the amount of \$25,000. The bond must not expire before June 30, 2021. A rider to a current bond is acceptable. The renewal application will be available on our website at the end of March. All registrations reinstated after the expiration date are subject to a late filing fee of \$20.00 for each month or part thereof that the registration is lapsed, not to exceed \$120.00. In the event a registrant fails to reinstate the registration within six months after the expiration date, the registration shall expire, and the registrant shall be required to file a new application for registration. Reinstatement of a registration shall not be retroactive.

The North Carolina Appraisal Board will begin collecting National Registry fees from AMCs registered in our State with this year's renewal applications. An annual registry fee is \$25 per appraiser working for or contracting with such AMC in our State. In order to qualify for the AMC National Registry, you must have at least 16 appraisers licensed or certified in North Carolina or 25 appraisers nationwide. Renewal forms will be accepted beginning April 1, 2020. Once your renewal is received, you will be placed on the National Registry with an effective date of July 1, 2020.

Changes to AMC Statute

The following changes have been made to the statute regarding the registration and regulation of Appraisal Management Companies (Session Law 2019-146):

- Federally Regulated AMC's are exempt from registration in this state.
- A Federally Regulated AMC is defined as an AMC that is a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency.
- Prohibits AMCs from requiring or attempting to require an appraiser to prepare an appraisal if the appraiser may have a direct or indirect interest, financial or otherwise, in the property or transaction.
- AMCs are prohibited from procuring or facilitating an appraisal in connection with a consumer credit transaction secured by the principal dwelling of a consumer, where the AMC may have a direct or indirect interest, financial or otherwise in the property or transaction.
- Federally regulated AMCs eligible to perform services in connection with federally related transactions are required to remit the annual registry fee of \$25 per appraiser working for or contracting with such AMC in our State.

National Registry worksheets will be accepted beginning April 1, 2020. Once your worksheet and payment are received, you will be placed on the National Registry with an effective date of July 1, 2020.

MAINTAINING YOUR APPRAISAL LOG

All appraisers must maintain a log of all appraisal assignments, regardless of whether the appraiser plans to upgrade. Board rule 57A.0405 states that the log must contain the appraiser's license or certificate number, the street address of the subject property, the date the report was signed, the name of anyone assisting in the preparation of the report, and the name of the client. These logs must be updated at least every 30 days. You may use the log form on our website or if your software can generate this log upon request from the Board, that is sufficient.

Hybrid Appraisals

Recently appraiser licensees have been bombarded with news about how appraisal practice is changing due to changes implemented by clients and the users of appraisal services. Much of this discussion and confusion centers on hybrid or bifurcated appraisals.

What is a hybrid or bifurcated appraisal? There are numerous variations of hybrid appraisals where the participation of the appraiser may vary. Most common is the inclusion of information supplied to the appraiser by a third party. This third party may not necessarily hold a credential as an appraiser. In some instances, the third party might be a licensed Real Estate Broker or hold some other type of credential or license. The appraisal profession is seeing more emphasis placed upon a third party providing a physical observation of the subject property and data. Generally, communication of this information is in the form of some type of report which is provided to the appraiser and once combined with the appraiser's analysis results in the formulation of an opinion of value. These individuals providing third-party observations and services are, in some cases, providing an opinion of the quality and condition of the subject as well as photographs. The scenarios vary as does the level of involvement and information supplied by the third party.

Board Staff has prepared some frequently asked questions regarding hybrid or bifurcated appraisals.

Q: Are hybrid appraisals permitted in NC?

A: There is no NC statute or rule that specifically prohibits the performance of a hybrid appraisal. Appraisals known as hybrid appraisals, bifurcated appraisals, or even evaluations are all terms that describe an appraisal process that deviates from the traditional appraisal in that they relate to a more limited scope of work. In the case of the hybrid/bifurcated appraisal assignment that scope excludes the physical observation of the subject by the appraiser. Instead the physical observation is performed by a third party. Regardless of scope, these assignments are considered appraisals. In NC, appraiser licensees almost exclusively prepare appraisals and those appraisals must be compliant with the NC Appraisers Act, NC Appraisal Board Rules, and with applicable portions of the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP allows for considerable flexibility in the performance of an appraisal. Regardless of the process, what makes an analysis an appraisal is the application of an opinion of value.

An appraiser may perform an appraisal based upon information obtained and delivered by a third party. The appraiser is responsible for ensuring that the opinion is credible. USPAP measures credibility in the context of the intended use. The decision to rely upon the information provided by a third party is appropriate when the appraiser has a reasonable basis to believe that the information provided is reliable.

Q: Is the third party providing significant real property appraisal assistance?

A: It depends on the situation. According to USPAP, only real property appraisers may provide significant real property appraisal assistance. The Staff suggests that the appraiser understand the role of those providing this information. In order to constitute real property appraisal assistance, the assistance provided must be substantial enough to have affected the development of the assignment results. Considering this, appraisers should recognize that a non-appraiser might provide analyses or conclusions that could be significant to the appraisal assignment. In some cases, non-appraisers may provide information regarding their opinion of quality, condition, and even an opinion of whether the subject improvement fits in with surrounding properties and improvements. Appraisers, however, are the only individuals that are licensed to give value opinions. While some information, analyses, and opinions do not rise to the level of being significant real property appraisal assistance as it is information supplied by a non-appraiser it is, nonetheless, possibly significant to the assignment and affects the results.

The Staff would remind appraisers that they are responsible for not only developing and determining the appropriate scope of work necessary for credible assignment results but are also responsible for disclosing within the appraisal the research and analyses performed and not performed. Advisory Opinion 28 of USPAP provides the following:

An appraiser must disclose research and analyses not performed when such disclosure is necessary for intended users to understand the report properly and not be misled.

These disclosure requirements apply to the scope of work performed, rather than the scope of work initially planned by the appraiser. The appraiser must disclose the type and extent of research and analyses that were actually completed in the development process.

Additionally, the information required to allow intended users to understand the scope of work may include disclosure of research and analyses not performed.

Any research, analysis, and conclusions relied upon by the appraiser from a non-appraiser could potentially be significant to the assignment, and the communication of that fact to the intended user of the appraisal report would promote credibility. For this reason, the identification of that individual within the scope of work description and the extent of their involvement in the assignment would be critical in promoting the credibility of the assignment results. The omission of such information could detract from the credibility of the analysis.

Q: Can a licensed appraiser provide inspection services?

A: Yes. Individuals registered, licensed, and certified by the Board may provide property inspection services in the context that their observation of the subject is in conjunction with a potential real estate related transaction. Those who do so should not, however, misrepresent their role as home inspectors, unless licensed as such. Some appraiser licensees could be dually licensed as Real Estate Brokers or home inspectors and may perform related tasks that are outside of appraisal practice. Appraiser licensees should understand that while they may not be representing themselves as appraisers there could be a public perception that they are acting as an appraiser. The Board Staff would remind an appraiser licensee that while you are not providing an appraisal or appraisal review you remain under obligations to comply with USPAP, Board Rules, and State Law. AO 21 of USPAP notes that the portions of USPAP that apply generally to appraisal practice include the PREAMBLE, the DEFINITIONS, the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE.

Q: What is significant real property appraisal assistance?

A: While USPAP does not specifically define significant assistance, it provides the following guidance as to what constitutes significant assistance. FAQ 278 states the following:

First, the adjective significant means that the contribution must be of substance to the development of the assignment results. In other words, the individual must contribute to the valuation analysis in a noteworthy way. An individual who merely collects or provides data

for use in the analysis does not provide significant appraisal assistance.

Second, the reference to the term appraisal assistance means that the contribution is related to the appraisal process or requires appraiser competency. One misconception is that non-appraisers who provide assistance should be identified in the certification. This is incorrect because the certification requirements in USPAP apply only to appraisers. Thus, only appraisers sign the certification or are identified as providing significant appraisal assistance.

The staff would consider tasks that relate to appraiser competency and to the appraisal process that require analysis and the application of judgment to be significant. The following tasks are some examples of significant real property appraisal assistance.

- Identification of comparable properties and data
- Inspection of the subject property and comparable sales (see below)
- Estimating accrued depreciation
- Forecasting income and expenses

Reporting factual data does not equate to significant appraisal assistance nor do tasks that do not require judgment or appraiser competency. According to AO 31, the following tasks are some examples of actions associated with the appraisal process, but that are not considered to be significant appraisal assistance.

- Writing down measurements the appraiser provides when measuring a structure
- Providing sketch of subject
- Taking photographs of the subject property
- Providing clerical duties
- Collection of raw data

The appraiser is in the best position to determine whether the assistance that he received was significant. The Board Staff would consider assistance that resulted in conclusions or analysis that materially affected the assignment results to be significant. Appraisers are reminded that if such assistance is received from another appraiser licensee then that assistance must be described within the appraisal report and that individual appraiser licensee must be named in the certification.

Q: What should an appraiser do if they feel as if the information provided by the 3rd party is not credible or sufficient?

A: Scope of work is a dynamic process. Appraisers often will be required to modify the scope of work for an

assignment as they become more familiar with the subject and issues that pertain to the valuation of the subject. As such, appraisers will, at times have to determine whether the scope of work necessary to achieve credible results must change. The Board Staff would caution appraisers that there is a danger in accepting the client's pre-planned or static scope of work without question. The SCOPE OF WORK RULE of USPAP notes the following:

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

Comment: If relevant information is not available because of assignment conditions that limit research opportunities (such as conditions that place limitations on inspection or information gathering), an appraiser must withdraw from the assignment unless the appraiser can:

- modify the assignment conditions to expand the scope of work to include gathering the information; or
- use an extraordinary assumption about such information, if credible assignment results can still be developed.

Appraisers should consider the pre-planned scope of work that might accompany an appraisal assignment to be the minimum in some cases and possibly insufficient in others. Appraisers must be prepared to alter the scope of work when necessary if they believe that the scope of work offered by the client is insufficient or do not think that there is a reasonable basis to accept the information and or conclusions provided by a third party associated with the assignment. If the client is unwilling to allow the scope of work to be modified so that it would reasonably allow for credible results, the appraiser should withdraw from the assignment. As the appraiser it is your responsibility to convey credible results based upon supportable data and information regardless of source. If you as the appraiser do not consider the scope of work and assignment conditions adequate to produce credible results, then you should decline or withdraw from the assignment.

Q: What is a reasonable basis?

A: Standard 2 of USPAP notes the following:

When a signing appraiser(s) has relied on work done by appraisers and others who do not sign the certification the signing appraiser is responsible for the decision to

rely on their work. The signing appraiser(s) is required to have a reasonable basis for believing that those individuals performing the work are competent and have no reason to doubt that the work of those individuals is credible.

The above Standard specifies that the appraiser is responsible for the decision to rely on the work performed by others and that the appraiser must have a reasonable basis for believing that the individuals supplying the information are competent. Please note that that language in Standard 2 does not place the requirement on the appraiser that the information provided by the third party must be completely accurate. Instead, the Standard requires that the appraiser have a logical and reasonable basis to believe that the information is credible.

Board Staff would recommend to appraiser licensees that they carefully weigh their decision to rely on the work of a 3rd party inspector. Appraisers must be prepared to explain their decision to rely on such assistance. Indications within the subject report or notations in the workfile that the appraiser made reasonable attempts to answer the below questions would assist in demonstrating a reasonable basis.

- Who is supplying the information?
- What qualifies them to provide such information?
- Is the individual licensed or credentialed by any regulatory body?
- When was the information collected?
- What was the method of information collection?
- Was the information verified?

Developing answers to the above questions would represent the minimal considerations that the appraiser should weigh as part of his decision to rely upon information supplied to him by a third party. The Staff understands that primarily the appraiser will be presented with the third-party information along with the assignment. Appraisers remain responsible for their decision to accept the data as credible.

Q: Who decides if it is appropriate to rely upon the information provided by the third party?

A: The decision to rely upon the information provided by the third party is solely the appraiser's decision and ultimately the appraiser's responsibility. Regardless of the source of information, it is the appraiser's decision as to whether he will rely upon it. While scope of work is the appraiser's decision, it is a decision made in consideration of what the client requires and the

intended use of the analysis. Advisory Opinion 28 of USPAP notes the following:

Determining the appropriate scope of work requires judgment. This judgment rests on the appraiser's identification of the assignment elements and understanding of what is required to solve the identified problem. In many assignments, experienced appraisers are able to make this judgment about the appropriate scope of work quickly because they have performed many assignments addressing a similar problem to be solved (assignment with similar assignment elements). In other assignments, the determination of the appropriate scope of work may require more analysis by the appraiser because the problem to be solved has certain unusual characteristics. In yet other assignments, the appraiser may begin with a planned scope of work but in the course of the assignment finds that the planned scope of work must be modified in order to produce credible assignment results.

The appraiser's decision to rely upon third party information rests in the appraiser's judgment as to whether the scope of work necessary to achieve credible results can be obtained by relying on the information and possible conclusions supplied by the third party.

Q: Is it reasonable to use an extraordinary assumption?

A: It depends on the circumstances. As the SCOPE OF WORK RULE notes, an extraordinary assumption is appropriate when the assignment conditions put restrictions on the scope of work that limit the amount of research or observation that an appraiser can perform. Using an extraordinary assumption requires that regardless of the restrictions in place; credible assignment results are possible. USPAP indicates that an extraordinary assumption is an assignment-specific assumption. Extraordinary assumptions related to an assignment where information that is collected by a third-party and relied upon by the appraiser might include physical, legal, or economic characteristics of the subject property; or conditions external to the property,

such as market conditions or trends; or the integrity of data used in an analysis.

In those cases where the appraiser receives an assignment where assignment conditions are too restrictive or where the appraiser is appraising under a scope of work that requires the appraiser to rely upon information provided by a third-party there could be uncertainty regarding the integrity of the data provided. The appraiser should consider the use of an extraordinary assumption. The Board Staff would caution the appraiser to remember that the use of an extraordinary assumption requires the appraiser to clearly state the assumption(s) made and furthermore indicate that the assumptions have affected the assignment results. Just as in your scope of work analysis, the appraiser should consider and ultimately be prepared to defend the decision to employ an extraordinary assumption.

It is important to understand that regardless of who provided this information, the appraiser who signs the appraisal report is ultimately responsible for the assignment results and the opinion communicated. **Board staff would caution appraiser licensees to understand that no appraisal form, format, or communication is compliant on its own.** It is completely up to the appraiser to communicate assignment results in a method compliant with USPAP, Board Rules, and the NC Appraisers Act. It would be a mistake for an appraiser licensee to always assume that an appraisal assignment that includes a reduced scope of work has a reduced responsibility for the appraiser.

In other words, the appraiser must ensure that the analysis and assignment results are credible and communicated in a way that is compliant. There are no provisions, assumptions, or reporting formats that relieve the appraiser of that professional responsibility. The Board Staff would recommend to any licensee that every assignment, the assignment conditions, and the client instructions be examined critically by the appraiser before acceptance of the assignment.

Mission Statement

The mission of the North Carolina Appraisal Board is to protect consumers of real estate services provided by its licensees by assuring that these licensees are sufficiently trained and tested to assure competency and independent judgment. In addition, the Board will protect the public interest by enforcing state law and Appraisal Board rules to assure that its licensees act in accordance with professional standards and ethics.

2020 RULE CHANGES

The North Carolina Appraisal Board has commenced rulemaking for 2020. A public hearing on the proposed changes was held at 9:00 am on January 28, 2020 at the Board's offices at 5830 Six Forks Road in Raleigh. Written comments will be accepted until March 2, 2020. Comments may be directed to the Board's Executive Director, Don Rodgers (ncab@ncab.org), may be faxed to 919-870-4859 or may be sent to 5830 Six Forks Road, Raleigh, NC 27609. The text of the rule changes can be found on our website at <http://www.ncappraisalboard.org/RuleMaking.pdf?rulemaking=Proposed+Rules>.

57A .0201 Qualifications for Trainee Registration and Appraiser Licensure and Certification

Removes all the old criteria and adds the requirement that applicants shall meet the Real Property Appraiser Qualification Criteria as implemented by The Appraisal Foundation's Appraiser Qualifications Board.

57A. 0210 Temporary Practice

Removes the requirement of a notarized application and identifies what the application includes. Removes how the fee shall be paid, so that an electronic option may be added in the future.

57A .0211 Applicants Certified In Another State

Adds language in for licensed residential in other states and provides an option to apply without a letter of good standing if an applicant is active on the National Registry.

57A .0301 Time and Place

Changes the reference from 57A .0201 to G.S. § 93E-1-6, which is the AQB criteria.

57A .0302 Subject Matter and Passing Scores

Repeal. This is no longer applicable due to adoption of the AQB criteria.

57A .0306 Examination Review

Repeal. This is no longer applicable due to the adoption of the AQB criteria.

57A .0404 Change of Name or Address

Sets out the requirements for a name change.

57A .0407 Supervision of Trainees

Changes the reference from 57A .0201 to G.S. § 93E-1-6, which is the AQB criteria. Adds in the requirements of the experience log.

57A .0410 Appraisal Management Companies

Adds in the authority for exemptions from registration, as set forth in G.S. § 93E-2-2.

57A .0601 Experience Credit to Upgrade

Changes the reference from 57A .0201 to G.S. § 93E-1-6, which is the AQB criteria. Removes all the old criteria and adds the requirement that applicants shall meet the Real Property Appraiser Qualification Criteria as implemented by The Appraisal Foundation's Appraiser Qualifications Board.

57B .0101 Registered Trainee Course Requirements

Removes all the old criteria and adds the requirement that applicants shall meet the Real Property Appraiser Qualification Criteria as implemented by The Appraisal Foundation's Appraiser Qualifications Board. Removes the requirement of taking Basic Appraisal Procedures before Residential or General Market Analysis and Highest and Best Use since these courses will no longer be required to become a trainee.

57B .0102 Licensed Residential and Certified Residential Real Estate Appraiser Course Requirements

Repeal. This is no longer applicable due to adoption of the AQB criteria.

57B .0103 Certified General Real Estate Appraiser Course Requirements

Repeal. This is no longer applicable due to adoption of the AQB criteria.

57B .0302 Course Content

Changes the reference from Rules .0101, .0102, and .0103 to G.S. § 93E-1-6, which is the AQB criteria

57B .0304 Course Scheduling

Changes the reference from Rules .0101, .0102, and .0103 to G.S. § 93E-1-6, which is the AQB criteria.

57B .0306 Instructor Requirements

Makes it clear that all certified appraisers have the ability to become instructors if they have the required experience.

57B .0307 Criteria for Course Recognition

Corrects the spelling of the website and adds in the application requirements. Removes the requirement that Residential Sales Comparison and Income Approach and the General Appraiser Income Approach class be completed in person in class. Corrects the rule references.

57B .0606 Course Operational Requirements

Changes the time period and manner of notification to the Board of a course offering.

57B .0613 Payment of Fee Required by G.S. 93E-1-7(b1)

Removes the requirement that sponsors have 30 days to remit payment.

57B .0614 Instructors for the Trainee/Supervisor Course Required by G.S. 93E-1-6.1

Adds the option to take the course from the Board or another approved sponsor and changes the renewal date to be consistent with all other sponsor and instructor renewals.

57C .0101 Form of Complaints and other pleadings

Adds an additional step in the complaint process.

APPRAISAL MANAGEMENT COMPANY RULES

57D .0101 Form

Revises the information needed to be consistent with federal AMC requirements.

USPAP Q&A

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

2020-01: APPRAISAL DEVELOPMENT – SUBJECT PROPERTY SALES HISTORY

Non-Monetary Transfers

Question: I am completing a real property appraisal, and my scope of work includes developing a market value opinion. I am uncertain about whether I am required to analyze a type of property transfer. The subject property was transferred within three years prior to the effective date from the existing owner of record into a trust for this same owner. Is this non-monetary transfer part of the sales history of the property, and does Standards Rule 1-5(b) apply?

Response: Yes, this transfer is part of the sales history, and Standards Rule 1-5(b) applies. When the value opinion to be developed is market value, an appraiser is required to “analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.” (Bold added for emphasis) The results of the analysis must be reported in accordance with Standards Rule 2- 2(a)(x)(3) or 2- 2(b)(xii)(3). Refer to Advisory Opinion 1, Sales History for additional guidance.

2020-02: APPRAISAL REPORTING – USE AND FORMAT ISSUES

Anticipated Sales Price

Question: I have been engaged in an assignment for a relocation company, and the report they use is labeled as a Summary Appraisal Report. The assignment is to provide an “Opinion of Anticipated Sales Price” with a stipulated marketing time not to exceed 120 days after the effective date. Is this really an appraisal?

Response: Yes, this assignment is an appraisal. The appraiser’s opinion of an anticipated sales price is “an opinion of the worth of a property at a given time.” (See USPAP definition of value.) This opinion is not a statement of the amount that “has been asked, offered or paid.” (See USPAP definition of price.)

2020 Board Meeting Dates

March 5 (Conference Call for Rule Making at 1:00 p.m.)

March 24

June 2

August 4

September 22

November 5 (Thursday)

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

Office Hours

Effective February 1, 2020, the Appraisal Board office hours will be from 8 am until 4 pm. Anyone that needs to come by the office between the hours of 4-5pm, should make an appointment by calling our office at (919) 870-4854.

Disciplinary Actions:

The following is a summary of recent disciplinary actions taken by the Appraisal Board. This is only a summary; for brevity, some of the facts and conclusions may have not been included. Because these are summaries only, and because each case is unique, these summaries should not be relied on as precedent as to how similar cases may be handled.

In many cases, appraisers are required to complete additional education as part of a consent order. Please check with the Board office if you have questions regarding an individual's current license status.

Appraisers:

Chad Danner A6576 (Charlotte)

By consent, the Board voted that effective January 1, 2020, Mr. Danner's certification as a residential appraiser be suspended for a period of one year. Three months of the suspension shall be active, nine months inactive suspension. During the inactive suspension Respondent shall undergo a mental health evaluation by a licensed mental health professional designated by the Board. This evaluation shall be submitted to the Board and shall remain confidential. Following the completion of the evaluation, if the Board determines that Respondent is fit to practice as an appraiser based upon the evaluation, then Respondent may resume practice after the three-month active suspension under the conditions specified below. Should the Board determine that Respondent is not fit to practice, based upon the fitness for practice evaluation, then Respondent's license to practice may be revoked, after an opportunity for a hearing. During the inactive suspension, Respondent shall be accompanied on all appraisals by another certified appraiser in North Carolina. If the evaluator recommends additional conditions be placed on Respondent, Respondent shall comply with those during the inactive

suspension. If at any point in the future, Respondent engages in any type of misconduct or violates the Consent Order, he may be subject to further disciplinary action by this Board, up to and including revocation of his certification as an appraiser. Mr. Danner obtained access to a property unaccompanied because of his licensure as an appraiser. The homeowner was informed that Respondent was an appraiser when he sought to access the property and for that reason, she allowed him to view the property unaccompanied. Respondent entered the property, which was a residential home, and opened a dresser drawer and extended his hand into the drawer while looking into the drawer, he did not remove any items. The dresser contained jewelry, lingerie, and other personal property. The homeowner had a surveillance camera inside the drawer and the entire incident was video recorded. Respondent's conduct constitutes violations of N.C. Gen. Stat. § 93E-1-12(a)(8) and (a)(10).

Shannon Lancaster A7553 (Concord)

By consent, the Board voted that effective March 1, 2020, Shannon Lancaster's certification as a residential appraiser shall be suspended for a period of one year.

One month of the suspension shall be active, eleven months inactive suspension. Within six months of the effective date of this Consent Order, Respondent shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course, including the exam and she shall complete a 7-hour course in appraiser liability or common errors. If Respondent fails to successfully complete these by September 1, 2020, the eleven-month inactive suspension shall become an eleven-month active suspension. The continuing education hours for the above courses shall not be used for Respondent's continuing education requirements, as set forth in Board rules.

Respondent signed the certification on the FNMA 1004 form certifying that she performed a complete visual inspection of the interior and exterior of the subject property. Respondent's spouse/business partner, who is a licensed appraiser and not on the FHA approved appraiser roster to perform FHA assignments, personally inspected the property. Respondent did not personally perform the interior and exterior inspection of the property. Respondent contends that she was under the mistaken belief, based on faulty guidance she had received, that this notice in the report was sufficient when another appraiser

performed the inspection. Respondent contends that she did not independently review the Scope of Work or the Certifications in the FNMA 1004 form prior to signing the report. Respondent kept logs of her appraisals but not in a manner that was in compliance with Appraisal Board Rule 57A .0405(e), because the logs did not identify the appraiser, the appraiser's certification number, or the name of anyone assisting in the preparation of the report, or the date that the report was signed. Respondent's conduct, if proven, would constitute a violation of The Appraisers Act, Board Rule, and the Uniform Standards of Professional Appraisal Practice.

Continuing Education Sponsor:

Triangle Appraisal & Real Estate School (Wilson)

By consent, the Board voted that effective January 29, 2020, for all courses offered by Triangle Appraisal and Real Estate School to appraisers in North Carolina for qualifying or continuing education credit in North Carolina, Triangle Appraisal and Real Estate School agrees and is Ordered to comply with the following conditions: (1) Respondent shall not exceed eight hours of classroom time in any given day and shall provide breaks at a rate of 10 minutes per hour. Respondent shall not accumulate breaks in order to end the class earlier than the hourly requirement for the course, in accordance with

21 NCAC 57B .0606(1) and 21 NCAC 57B .0304. A course that begins at 8am shall end no earlier than 4 pm. (2) The provision in Rule .0606(5) which requires that students attend at least 90 percent of the scheduled classroom hours in order to complete the course, does not mean that the instructor is permitted to only instruct for 90 percent of the classroom hours. The instructor is required to instruct for 100 percent of the scheduled classroom hours. (3) Respondent shall conduct classes in facilities that comply with Rule .0606(4) and under no circumstance shall any portion of a class be held in a personal residence. (4) Respondent shall under no circumstance hold a course with less than 5 students enrolled in the course, as set forth in Rule .0606(12) and Rule .0304 (e) and shall have at least 3 students physically in the class in order to complete it. (5) Respondent shall maintain an up-to-date website with all course offerings, including locations, 30 days prior to the course taking place. If Respondent cannot maintain a current website then Respondent shall submit all course offerings and locations 30 days prior to the course taking place, as required by Rule .0606(9). If circumstances arise such that that Respondent needs to modify a course offering, he shall update the Board as to the offering and location no later than 48 hours prior to offering, at the latest. The Board shall provide Respondent a telephone contact in case there are

urgent issues that arise during the class.

If Respondent violates any of the terms of this Consent Order, the approval of Respondent to offer qualifying and continuing education courses in North Carolina shall be revoked and he may apply to be approved by the Board to offer qualifying and continuing education courses after the passage of 3 years from the date of the violation.

Respondent has dismissed classes early without providing the required hours for courses, Respondent believes that he was instructing for the required hours. Respondent finished conducting a course in a private residence, in violation of Rule .0606(4). Respondent explains that he did this because one of the students had a medical issue and was not able to leave her home on the second day of the course, so he chose to accommodate her needs and meet at her home in order to complete the class. Respondent has not notified the Board of locations of all classes 30 calendar days or at any point prior to offering courses, in violation of Board Rule .0606(9). Respondent explains that this occurred due to problems with maintenance of his website. The continuing education courses that have been determined to violate the Board rules were not credited by the Board.

NORTH CAROLINA APPRAISAL BOARD

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