



APPRAISER REPORT

BOARD APPOINTMENTS

Governor Roy Cooper reappointed Viviree P. Scotton to the N.C. Appraisal Board for a three-year term ending June 30, 2024. She is a graduate of North Carolina Central University receiving a Bachelor of Business Administration Degree with a Concentration in Accounting. Ms. Scotton is a Certified Residential Real Estate Appraiser and a Broker/Realtor. She was raised in Chatham County and currently resides in Chapel Hill with her husband, John. She is a member of NCPAC (North Carolina Professional Appraiser's Coalition).

President Pro Tempore of the Senate Phil Berger reappointed H. Clay Taylor III to the Appraisal Board for a three-year term ending June 30, 2024. Mr. Taylor is a retired Architect, whose offices in Raleigh specialized in commercial and government project architecture for over 40 years. He is a graduate of North Carolina State University with a B.A. in Architecture (1966). He served on the North Carolina Department of Administration's State Construction Coordinating Committee, as President of the North Carolina Chapter of the American Institute of Architecture (AIA), President of local chapters of AIA and Construction Specifications Institute. He has also served as President of the Raleigh Kiwanis Club (currently the fifth largest in the world) and was a (founding) Board member of Raleigh's ArtsPlosure, Inc. He resides in Raleigh with his wife, Nancy.

Governor Roy Cooper reappointed Michael R. Warren to the Appraisal Board for a three-year term ending June 30, 2024. Mr. Warren is a graduate of Western Carolina University and holds a Bachelor of Science in Business Administration degree with a major in Computer Information Systems. He is a Certified Residential real estate appraiser performing appraisal assignments in Craven, Carteret and Onslow counties. He is a member of the North Carolina Real Estate Appraiser Association (NCREAA). Mr. Warren resides in Indian Beach with his wife, Gail.

BOARD ELECTS OFFICERS

David E. Reitzel of Conover has been elected Chairman of the Appraisal Board for 2021-2022. Governor Pat McCrory first appointed Mr. Reitzel to the Board in 2013 and he was reappointed by Governor Roy Cooper in 2020.

Michael R. Warren of Indian Beach has been elected as Vice-Chairman of the Appraisal Board for 2021-2022. Governor Roy Cooper first appointed Mr. Warren to the Board in 2018.

APPRAISERREPORT

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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Roy Cooper, Governor

APPRAISAL BOARD MEMBERS

David E. Reitzel	
Chairman	Conover
Mike Warren	
Vice-Chairman	Indian Beach
Claire M. Aufrance	Greensboro
Sarah J. Burnham	Hickory
Lynn Carmichael	Arden
Jack C. (Cal) Morgan, III	Wilmington
Viviree Scotton	Chapel Hill
Timothy N. Tallent	Concord
H. Clay Taylor, III	Raleigh

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 December 31, 2021)

Trainees	744
Licensed Residential	97
Certified Residential	1798
Certified General	1308
Total Number	3947

AMC COUNT

141

APPRAISER

EXAMINATION RESULTS

April 1, 2021 – December 31, 2021

Examination	Total	Passed	Failed
Licensed Residential	22	16	6
Certified Residential	46	26	20
Certified General	6	3	3

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>.

APPRAISAL STANDARDS BOARD EXTENDS THE 2020-2021 EDITION OF USPAP

Even though the 2020-2021 edition of USPAP has been extended for another year, there is a new 7-Hour USPAP course. The new course is available now and requires each student to have a copy of the 2020-2021 USPAP book, the 2022-2023 7-Hour National USPAP Course Student Manual and the 2022 USPAP Reference Manual.

Since there is not a new edition of the USPAP Book, the Board is not selling books this year. Please check with your course provider to see if the required materials will be provided with the class or if they need to be acquired in advance from The Appraisal Foundation.

For further information on the extension, and the USPAP course, please click [here](#).

Appraisal Board rules require that trainees and appraisers must take the 2022-2023 version of the 7-Hour USPAP Update course by May 31, 2022 in order to renew your credential. If you fail to take the course by that date, you will not be allowed to renew until you take the course, and not until after July 1, 2022 (which will result in a late fee). The course may be taken online.

VIRTUAL (SYNCHRONOUS) COURSES ALLOWED TO CONTINUE IN 2022

The North Carolina Appraisal Board voted on November 2, 2021, to continue allowing course providers the ability to offer live classroom courses in a synchronous/virtual format. Such as Zoom, Webex, etc.

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.

WHEN, AS AN APPRAISER, MUST I COMPLY WITH USPAP?

The NC Appraisers Act (GS 93E-1-4(1)) defines appraisal as "an analysis, opinion, or conclusion as to the value of identified real estate or specified interests therein performed for compensation or other valuable consideration." The service of providing an appraisal in NC requires licensure or certification by the NC Appraisal Board. The Act further states that "it is unlawful for any person in this State to act as a real estate appraiser, to directly or indirectly engage or assume to engage in the business of real estate appraisal, or to advertise or hold himself or herself out as engaging in or conducting the business of real estate appraisal without first obtaining a registration, license, or certificate issued by the Appraisal Board. " GS 93E-1-2.1

The Preamble of the Uniform Standards of Professional Appraisal Practice (USPAP) notes that an appraiser must comply with USPAP when either the service or the appraiser is required by law, regulation, or agreement with the client. A North Carolina Registered Trainee, Licensed Appraiser, and Certified Appraiser are required to comply with USPAP as a matter of regulation and law. 21 NCAC 57A .0501(a) states that:

Every registered trainee and licensed and certified real estate appraiser shall, in performing the acts and services of a registered trainee or licensed or certified real estate appraiser, comply with the following provisions of the 'Uniform Standards of Professional Appraisal Practice' (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, all of which are incorporated by reference including subsequent amendments and editions:

- (1) Definitions;
- (2) Preamble;
- (3) Ethics Rule;
- (4) Record Keeping Rule;
- (5) Competency Rule;
- (6) Scope of Work Rule;
- (7) Jurisdictional Exception Rule; and
- (8) Standards Rules 1, 2, 3, and 4.

The statute provides exemptions to compliance that allows for non-licensed individuals to provide certain valuation services under certain conditions, as indicated in GS 93E-1-3. The exemptions, however, only address non-licensed individuals. The exemptions do not apply to those individuals who are licensed or certified.

Recently, the Board has received questions from licenses concerning valuation services where there is possible confusion as to what is required.

Example #1

I am a NC Certified General Appraiser and recently I have been asked by my local bank to perform reviews of appraisals performed by other licensees as part of the bank's underwriting and collateral assessment program. My instructions are to review the appraisals for compliance only. Since I am not developing or reporting my own opinion of value, must I comply with USPAP, Board Rules, and the NC Appraisers Act?

Guidance and Rationale

Yes. USPAP (DEFINITIONS) and The NC Appraisers Act (GS 93E-2-2(3)) both consider a review the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal assignment. However, the Appraisers Act specifies that an examination of an appraisal for grammatical, typographical, or other similar errors is not an appraisal review.

In the above example, the appraiser is asked to examine the work performed by another appraiser for compliance. Such an assignment reasonably extends beyond the inspection of the appraisal for grammatical reasons and requires appraiser competency. For an appraiser licensee to provide such a service would require compliance with Standards 3 and 4 of USPAP.

Examining an appraisal report for completeness or eliminating grammatical errors does not constitute an appraisal review, as pointed out in the statute. This type of examination could be a function of underwriting and, in most cases, would utilize some sort of checklist of client requirements or could even be automated. Such an examination would not be an appraisal review as it would not require appraiser competency. While the term "review" might be used in this scenario, this type of examination would not be an appraisal review, as defined in the Appraisers Act, and communication of such findings would not require compliance with Standards 3 and 4 of USPAP.

Example #2

I am a Certified Residential Appraiser licensed in another state. I have been asked to perform reviews of appraisals performed in NC for a nationwide lender. I am a fee appraiser and not an employee of the bank. My engagement requires me to review the appraisals as presented and concur with the value opinion or provide my own opinion of value. Would I need to be licensed in NC to provide such a service?

Guidance and Rationale

Yes. An appraiser concurring with an opinion of value is the same as rendering an opinion of value or providing an appraisal. The NC Appraisers Act GS 93E-1-2.1 states that it is unlawful, with regard to any real property where any portion of that property is located within this State, for any person to perform any of the acts listed above without first being registered, licensed, or certified by the NC Appraisal Board. While the Appraisers Act GS 93E-1-3(f) (5) grants an exemption to bank employees, the Board would not consider a fee appraiser exempt unless they are a W2 employee of the lending institution. In all other instances, the out-of-state appraiser in this example would need to either obtain a license by reciprocity with North Carolina or obtain a temporary practice permit.

Example #3

I am a NC Certified General Appraiser and a client asked me to consult regarding a special use permit application. As part of my engagement, the client requests that I provide an opinion on whether the value of the properties adjoining the subject would be affected if the special use permit was granted. My client expects me to provide a brief letter explaining my results and does not believe an appraisal is required. Is my client correct?

Guidance and Rationale

No. Key to the definition of appraisal in the statute (GS 93E-1-4(1)) is the requirement of identified real estate. The client requests a determination as to whether the permit impacts the value of the properties abutting the subject. In this instance, the client has specifically identified the real estate. An assignment that requires an appraiser to provide an opinion on whether the individual values of properties have been affected is a request for an opinion of value or an appraisal as identified in the statute and in USPAP.

Had the client asked for a general opinion as to whether a certain use would typically or in general impact a property then it would not constitute an appraisal in NC, as no specific real estate was defined.

Example #4

I am a NC Licensed Residential Appraiser. Our county Clerk of Court recently asked me to serve as a commissioner tasked with determining compensation related to a utility easement. The Clerk of Court indicated that he appointed me to the commission because of my appraisal experience and informed me that I would be working with two other non-appraiser commissioners.

The Clerk also indicated that as one of the commissioners, I would have the shared responsibility to provide appraisals of the properties affected by the utility easements. In these appraisals, the commission would collectively determine the compensation offered to the landowner to compensate them for taking a permanent easement. Must I comply with USPAP?

Guidance and Rationale

Yes, you are required to comply with portions of USPAP since you were appointed because you are an appraiser. As such, you are acting as an appraiser providing a valuation service, which would require you to comply with the PREAMBLE, the DEFINITIONS, the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE, as pointed out in Advisory Opinion 23 of USPAP.

While you are asked to provide an opinion of value, the opinion given does not represent your opinion alone but rather the opinion or conclusion of the commission. Therefore, considering that the assignment results provided are not yours alone but rather the conclusion of the commissioners of which you are only a part, it is not necessary for the commission to submit a USPAP compliant appraisal report.

In closing, appraiser licensees should remember that they may choose to comply with USPAP any time they perform a service as an appraiser. In other words, you as an appraiser may always comply even when it might not technically be required. Compliance with USPAP is always encouraged by the Board and is considered a way to limit potential misunderstandings between yourself and the client and other parties that might become involved.

The North Carolina Appraisal Board believes that the appraisal profession should reflect the diversity of our State. To further this mission, the Board is dedicated to expanding diversity and inclusivity in the profession by removing barriers that limit the opportunities of any qualified individual to become an appraiser.

Trainee's Corner

In October, the Board began having what we are referring to as Trainee Town Halls. These are sessions that are scheduled via WebEx to go over specific topics and answer questions that trainees may have on the rules and requirements necessary for them to upgrade to a licensed or certified appraiser. Beginning in January, we plan to have these sessions about every two months and will adjust if needed.

On our website we have added a tab for Supervisor/Trainee Info. Here you will find forms specific to trainees/supervisors (Log, Declaration Form, Request for 3rd Trainee) as well as instructions and frequently asked questions about the upgrade process.

We are also planning to add some instructional videos from staff on topics such as filling out the log, the qualification criteria for becoming licensed or certified, and rules concerning the supervision of trainees and experience requirements.

The next Trainee Town Hall is scheduled for January 25, 2022. Please email the board at ncab@ncab.org to register.

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:

Otis G. Culpepper A74 (Kitty Hawk)

By consent, the Board voted that effective December 31, 2021, Otis Culpepper's certification as a residential appraiser is voluntarily surrendered. No later than November 30, 2021, Respondent shall not accept any new appraisal assignments.

Respondent performed an appraisal of a single-family residential property to determine the fair market value for a purchase money mortgage. In Respondent's appraisal report he reported that the market activity was stable, when the Federal Housing Finance Agency reports that sales prices in the subject's metropolitan statistical area are increasing in value. Respondent compared the subject property to homes that were sixty-five to ninety percent larger than the subject and were not in the subject's subdivision. In addition, Respondent did not rely on two comparable sales from the subject property's immediate subdivision, which shared a higher degree of comparability to the subject than the larger comparable sales used by Respondent in the report. Respondent instead chose comparable sales based upon price, rather than relevance. These errors detracted from the credibility of the appraisal report and the reliability of Respondent's analysis. Respondent's conduct is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), the North Carolina Appraiser's Act, and Board Rules.

Hannah Dorsett T6113 (Star)

By consent, the Board voted that effective November 3, 2021, Hannah Dorsett's registration as a trainee shall be placed on probation for a period of six months during which she shall complete the following: She shall submit updated appraisal logs that accurately report only the appraisals performed while her registration was active and not lapsed with the Board. She shall complete two continuing education courses - an appraiser liability course and a supervisor-trainee course. If Respondent fails to successfully complete the courses by May 3, 2022, the probation shall become an active suspension and her registration shall remain actively suspended until she completes the above coursework.

Respondent's registration with the Board as a trainee had lapsed at the time of the appraisal that resulted in the complaint in this matter. Once this was brought to her supervisor's attention, he renewed her registration with the Board. Respondent's registration as a trainee had lapsed on two occasions for failure to timely renew since her initial registration with the Board in May 2018. In Respondent's appraisal logs required as a trainee, which she signed, Respondent claimed experience hours for approximately thirty-seven appraisal assignments that were performed during the time her registration was lapsed. Respondent provided appraisal services without being appropriately registered, as required by Board Rules and the NC Appraisers Act. Respondent's conduct constitutes violations of the Appraisers Act and Board Rules.

Danny Goodwin A2269 (Durham)

By consent, the Board voted that effective August 11, 2021, Danny Goodwin's certification as a residential appraiser is reprimanded. No later than March 1, 2022, he shall complete a 15 USPAP course, including the exam. If Respondent fails to successfully complete the course, the reprimand will be vacated, and a suspension shall be activated in its place on March 2, 2022.

Respondent performed an appraisal of a residential property located in North Carolina to determine the fair market value in order to settle an estate between two siblings. Respondent delivered his assignment results on the Fannie Mae Form 1004 Uniform Residential Appraisal Report (FNMA 1004 URAR). The form is not intended for the communication of a market value other than to communicate a market value opinion for a residential mortgage transaction. The use of this form in this matter resulted in misstatements and contradictions regarding the purpose and intended use of the appraisal. In at least one instance, Respondent selected a sale for comparison with the subject that transferred approximately six months after the appraisal report's effective date. The inclusion of this sale without any adjustment to address the time that had elapsed resulted in a misleading analysis and detracted from the credibility of the appraisal report. Respondent also included a second opinion of value for a different date other than the effective date of the report.

Respondent did not include more recent sales or data that would support this conclusion, and there is no analysis to support such an opinion in the appraisal report or within the workfile, which detracts from the credibility of the assignment results and appraisal. Respondent also failed to explain why the income approach to value was not developed in his appraisal report as required by the Uniform Standards of Professional Appraisal Practice. Respondent's conduct as set forth above is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), the North Carolina Appraiser's Act, and Board Rules.

Alton R. Green A4423 (Raleigh)

By consent, the Board voted that effective September 29, 2021, Alton R. Green's certification as a residential appraiser is reprimanded. No later than March 1, 2022, he shall complete two continuing education courses, one in sales comparison and one in appraiser liability. If Respondent fails to successfully complete the courses, the reprimand will be vacated, and a suspension shall be activated in its place on March 2, 2022.

Respondent performed an appraisal of a single-family residential property located in North Carolina to determine the fair market value for a purchase money mortgage. Respondent relied on comparable sales in his appraisal report that were not the most appropriate sales. Respondent's determination to singularly focus on the gross living area (GLA) of the subject caused him not to use more approximate sales that shared more common attributes with the subject property. Respondent's failure to consider these sales detracted from the credibility of the appraisal report and the reliability of Respondent's analysis. Respondent's appraisal report contained a series of errors that were the result of cloning a prior report and then failing to adequately proofread the report prior to submission to the client. The errors were not material to the value opinion, but they detracted from the credibility of the appraisal report. Respondent failed to make a time adjustment within his appraisal report, even though, based on the data from the local multiple listing service (MLS), national data bases, and Respondent's own workfile, values were increasing in the subject's immediate market area. Failure to adjust for market conditions also detracted from the credibility of Respondent's assignment results. Respondent's conduct as set forth above is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), the North Carolina Appraiser's Act, and Board Rules.

Paul J. Link A3655 (Frisco, TX)

By consent, the Board voted that effective August 11, 2021, Paul J. Link's certification as a residential appraiser is reprimanded. No later than December 11, 2021, he shall

complete a continuing education course in verifying data or sales comparison approach. If Respondent fails to successfully complete the course, the reprimand will be vacated, and a suspension shall be activated in its place on December 12, 2021.

Respondent performed two appraisals of residential properties located in North Carolina to determine the fair market value of the properties for the purpose of refinancing the properties. In Respondent's first appraisal report he relied on a comparable sale, which had not been listed in the local Multiple Listing Service (MLS) or advertised in any of the national data bases. This comparable sale was never exposed to the market and Respondent did not fully verify information regarding this sale. Respondent's workfile was absent any evidence of efforts to verify the conditions of any of the sales beyond reporting what was available via the public record. In the second appraisal report, Respondent did not use the most similar and qualified comparable sales. Respondent relied on at least one sale in which he did not verify the conditions of the sale. This sale was not exposed to the market and represented something less than an arms-length transaction. Without adjustment for condition of sale, inclusion of this property in the analysis was inappropriate and counter to the definition of value applicable to the assignment. Respondent did not execute an appropriate scope of work necessary to reach credible results. Respondent's conduct as set forth above is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), the North Carolina Appraiser's Act, and Board Rules.

Rodney Qualls A6213 (Troy)

By consent, the Board voted that effective January 1, 2022, Rodney Qualls's certification as a residential appraiser is suspended for a period of six months, of which the first month shall be an active suspension and the remaining five months shall be an inactive suspension. Within six months after the effective date of this Consent Order, Respondent shall complete two continuing education courses - a course in appraiser liability and the supervisor-trainee course. If Respondent fails to successfully complete the courses by July 1, 2022, Respondent's license shall be actively suspended until Respondent completes the coursework. Respondent shall not supervise any trainees during the active suspension of his license. Pursuant to the requirements of the Appraisal Qualifications Board (AQB), Respondent shall not supervise a registered trainee until three years after this matter is closed by the Board.

Respondent was supervising a trainee whose registration with the Board had lapsed at the time of the appraisal that resulted in the complaint in this matter. As his trainee's supervisor, Respondent was responsible for ensuring that his trainee was appropriately registered when performing any appraisals

under his supervision. When Respondent was notified by the Board that his trainee's registration had lapsed, he renewed her registration. Respondent's trainee's registration has lapsed for failure to timely renew on two occasions since her initial registration with the Board in May 2018. In Respondent's trainee's appraisal logs, which were signed by Respondent, his trainee claimed experience hours for approximately thirty-seven appraisal assignments that were performed during the time her registration was lapsed. Respondent failed to properly supervise his trainee and submitted inaccurate and false information to the Board. Respondent's conduct constitutes violations of the Appraisers Act, Board Rules, and the Uniform Standards of Professional Appraisal Practice.

Marcus W. Thompson A3259 (Wendell)

By consent, the Board voted that effective June 9, 2021, Marcus W. Thompson's certification as a residential appraiser is Reprimanded. No later than December 9, 2021, he shall complete a 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course and a continuing education course in making and/or supporting adjustments. If Respondent fails to successfully complete these courses, the reprimand will be vacated, and a suspension shall be activated in its place on December 10, 2021. The above courses shall not be used for Respondent's continuing education requirements, as set forth in Board rules.

Respondent performed an appraisal of a residential property located in North Carolina to determine the fair market value of the property after one appraisal was done that was not satisfactory to the seller of the property. Respondent delivered his assignment results on the Fannie Mae Form 1004 Uniform Residential Appraisal Report (FNMA 1004 URAR), which is not intended to be used for this purpose and resulted in contradictions regarding the purpose and intended use of the appraisal. In Respondent's appraisal report, he made an adjustment for condition to all of the comparable sales, which was not supported or explained and detracted from the credibility of the subject report. After selecting and evaluating different comparable sales, Respondent communicated to the seller this value opinion. This communication was inappropriate and represented the communication of an oral appraisal report. According to the Record Keeping Rule of USPAP, a workfile must be in existence prior to the issuance of any report and a written summary of the oral report must be added to the workfile within a reasonable time after issuance. Respondent's workfile only contained the written appraisal report and was absent all other data, information, and documentation necessary to support the appraiser's opinions and conclusions. Respondent also did not analyze the current contract for the subject property, in violation of Standards Rule 2-2(a)(x)(3) of USPAP. Respondent's conduct as set forth above is in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), the North Carolina Appraiser's Act, and Board Rules.

2022 Board Meeting Dates

January 18 (Virtual)	July 19 (Virtual)
March 3 (Live)	September 13 (Live)
April 19 (Virtual)	November 1 (Virtual)
June 7 (Live)	December 13 (Live)

All board meetings begin at 9:00 am unless otherwise posted. Meetings currently scheduled for virtual are limited to enforcement and/or time sensitive matters.

NORTH CAROLINA APPRAISAL BOARD

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Our office is open for deliveries and to drop off applications/correspondence only.
Please use the basket located on the second floor for drop offs.

Anyone needing to arrange a meeting with a member of the staff should call or preferably send an email to ncab@ncab.org.