CONTINUING EDUCATION DUE BY MAY 31, 2015

All appraisers and trainees must have 28 hours of continuing education credit in order to renew their licenses in 2015, including the 7 hour National USPAP Update course. All continuing education must be taken by May 31, 2015. **If you do not take your continuing education by this date, your renewal will not be processed by June 30, 2015.**

- Appraisal Board rules now allow you to take **all** of your continuing education on-line.
- If you take a qualifying course, you may use it for **both** continuing education and to upgrade.
- No continuing education credit was carried over from the 2011-2013 education cycle into the 2013-2015 cycle.
- If you reside in another state and are currently licensed by the appraiser certification board of that state, you may satisfy the continuing education requirement by providing a current letter of good standing from the other state showing that you have met all continuing education requirements in that state.
- If you were licensed in North Carolina by reciprocity and you now live in North Carolina, you must comply with the North Carolina continuing education rules. In other words, if you live here now, you cannot send in a letter of good standing from another state in order to avoid continuing education here.
- Trainees who initially registered on or after January 1, 2015 will not have to obtain continuing education to renew in 2015.
- **If you fail to take required continuing education before June 1, 2015, but you take your CE during the month of June 2015, your registration, license or certificate will expire on June 30, 2015. Your renewal may be processed on or after July 1, 2015 upon payment of the appropriate late fee ($10.00 per month).**

New Appraisal Board Database

The Appraisal Board is currently installing a new database that will create an online application process, course approvals, and better management of enforcement cases. There will also be more public information available from the website. The new database will allow Appraisers and Appraisal Management Companies to renew their licenses and registrations online. Initially, the plan was to have the database completed in time to have the online renewal process begin this year. Unfortunately, this will not happen. There has not been enough time to test the system to ensure that all continuing education is properly uploaded so that there is not a disruption in renewals or inclusion of appraisers on the National Registry. Delaying implementation until later in the summer will allow a full 24-month cycle to make sure the continuing education is being properly monitored. Information on how to utilize the new website and database will be sent to all licensees later this summer.
APPRAISER REPORT
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.

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APPRAISER COUNT
(As of March 31, 2015)
Trainees 415
Licensed Residential 96
Certified Residential 2040
Certified General 1341
Total Number 3892

APPRAISER EXAMINATION RESULTS
September 1, 2014 – March 31, 2015

<table>
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<tr>
<th>Examination</th>
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<tr>
<td>Certified General</td>
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Examinations are administered by a national testing service. To apply for the examination, please submit an application which may be downloaded from the Appraisal Board’s website at http://www.ncappraisalboard.org/forms/ApplicationForLicensure.pdf

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

APPRAISER RENEWAL INFORMATION
All registrations, licenses and certificates expire on June 30th and must be renewed before this date to maintain your current status. Renewal notice forms will be mailed in early May. Please access your record through the licensee login on our website and make sure we have your correct mailing address so the renewal notice will reach you. You may update your contact information through the licensee login section.

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, but absent any client requirements are allowed to work on any assignments their supervising appraiser is allowed to prepare. 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.

AMC Renewals
All Appraisal Management Company registrations expire June 30, 2015, and must be renewed before this date to maintain its current status. The Board will begin accepting renewal applications on May 1, 2015.

The renewal application is available on our website at: http://www.ncappraisalboard.org/forms/AMCFORMs/RenewalApplication.pdf.

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.

Appraisereport
April 2015
REPORTING ASSISTANCE FROM A TRAINEE

Board staff has seen repeated instances where trainees have performed the inspection of the subject property, but the supervising appraiser is the only one to sign the appraisal report. In many cases the trainee is simply noted as having provided assistance, and no mention is made in the report that the trainee was the only one to inspect the property. This is a violation of USPAP and Appraisal Board rules.

Standards Rule 2-3 of the Uniform Standards of Professional Appraisal Practice (USPAP) requires an appraiser to note whether anyone has provided “significant professional assistance” in the preparation of an appraisal. Standards Rules 2-2(a) or (b)(vii), as applicable, require that the signing appraiser must also state the extent of that assistance. North Carolina Appraisal Board Rule 57A .0405(a) requires that the appraisal report “shall identify any other person who assists in the appraisal process other than by providing clerical assistance.”

There are some clients who will not accept an appraisal report if a trainee signs it. Sometimes a client will request or demand that only the supervising appraiser’s name appear in the report, and that the contribution of a trainee or other appraiser not be reported. This often happens when only the supervising appraiser is on the client’s approved list. For example, if the trainee or appraiser who works on the preparation of the appraisal does not sign on the left side of a 1004 appraisal report, the supervising appraiser must make a full disclosure in the report as to who provided assistance and provide a detailed explanation of the extent of the assistance. This information can appear in an addendum, as long as the addendum is incorporated into the appraisal report and sent to the client.

Fannie Mae Guidelines define the appraiser as the individual who personally inspected the property being appraised, inspected the exterior of the comparables, performed the analysis, and prepared and signed the appraisal report as the appraiser. Fannie Mae allows a trainee who works under the supervision of a licensed or certified appraiser to perform a significant amount of the appraisal (or the entire appraisal if he or she is qualified to do so)—as long as the appraisal report is signed by a licensed or certified supervisory or review appraiser and is acceptable under state law. Fannie Mae guidelines make it clear that if a supervisory appraiser signs the appraisal report as the appraiser, the supervisory appraiser must have performed the inspection of the subject property.

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

THE NEW SUPERVISOR/TRAINEE COURSE

The Supervisor/Trainee course is now being taught by private providers as the Board no longer teaches the class. The minimum number of classroom hours is four, although some providers are teaching it as part of a seven hour class. Supervisors and trainees need to take the new class only once unless there are changes in the Appraiser’s Act or Board rules.

Trainee Applicants:

Beginning on January 1, 2015, trainee applicants must have taken the new Supervisor/Trainee course before their application will be granted. This requirement is a result of the 2015 AQB Criteria. Since the Supervisor/Trainee course must be taken before the application will be granted, applicants cannot receive continuing education credit for the class.

Current trainees:

Current trainees who have taken the Board’s Supervisor/Trainee class do not have to take the new class unless they add or change supervisors. Trainees are encouraged to take the new class as soon as possible in order to be prepared if the need to change supervisors. A current trainee may receive continuing education credit for the class.

Supervisors:

Certified appraisers who are currently supervising a trainee do not have to take the new class unless they add a new trainee. Supervisors adding a trainee must take the new class before they add the trainee. There is no longer a grace period in which they may supervise the trainee while waiting to take the class.
Assumptions, Extraordinary Assumptions and Hypothetical Conditions

Appraisers are often asked to appraise properties where they may not be able to verify every fact in an appraisal report. In order to complete the assignment, appraisers may make certain assumptions about the property. USPAP defines an assumption as "that which is taken to be true." A typical assumption might be that all mechanical, electrical and plumbing systems are in working order. Since the property is occupied, the appraiser is pretty sure that this is the case, but has not actually tested each and every electrical outlet. To make an assumption in this circumstance is reasonable, as the appraiser has no reason to doubt those conditions.

In some circumstances, the appraiser may be uncertain about some characteristic of the subject property that is necessary for the analysis. In that case, the appraiser may utilize an extraordinary assumption to complete the appraisal assignment. USPAP defines an extraordinary assumption as “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.” The comment to this definition states “Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.” The concept of the extraordinary assumption, and its definition, were added to USPAP in the 1999 edition, which was effective March 31, 1999.

An extraordinary assumption would be appropriate in a situation where, for example, the subject property is residential but currently vacant. If the utilities have been turned off, the appraiser cannot check to see if the plumbing or electrical systems work. If these systems do not work, it would have a significant effect of the appraiser’s opinions and conclusions. The appraiser can make an extraordinary assumption that these systems are functional and proceed with the assignment.

If an appraiser does a drive-by appraisal and is uncertain about some condition of the subject property (such as whether the electrical system works, for example), the appraiser should use an extraordinary assumption that the dwelling is in a certain condition, and appraise the property subject to that assumption. As another example, when doing a drive by appraisal, the appraiser does not generally measure the property or otherwise have direct knowledge of the size of the finished and unfinished areas of the home. The square footage is usually based on information obtained from another source, such as the owner, listing agent or tax office. If the appraiser does not have direct knowledge of the square footage, he should use an extraordinary assumption regarding the square footage. The appraiser must be careful to comply with Standards Rule 2-2 when using such an extraordinary assumption.

A hypothetical condition is used in situations where the appraiser knows some condition is false, but the assignment calls for the appraiser to appraise a subject based on that existing condition. USPAP defines a hypothetical condition as “that which is contrary to what exists, but is supposed for the purpose of analysis.” The comment in USPAP states “Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.”

For example, appraisers are often asked to appraise a piece of land on which a home will be built. Since the appraiser knows that the home is not yet built, he cannot appraise it subject to an extraordinary assumption. He can, however, appraise it subject to a hypothetical condition. As another example, a client may ask the appraiser to appraise the subject as though it were zoned commercial, when in fact it is currently zoned residential. The difference in zoning will probably result in a different highest and best use. The appraiser knows the property is not zoned commercial, so he can use only a hypothetical condition. A hypothetical condition is a false condition. The appraiser must be careful to explain what facts are false and what conditions were used in the hypothetical. For a new single family residence, that can mean including a copy of the plans and specifications used by the appraiser in the assignment.

USPAP has special reporting requirements when an appraiser uses an extraordinary assumption or hypothetical condition. Rules 2-2(a)(viii), (b)(viii) and (c) (viii) each say the appraisal report must “state all assumptions, hypothetical conditions, and limiting conditions that affected the analyses, opinions, and conclusions.” The comment to these rules states, “Typical or ordinary assumptions and limiting conditions may be grouped together in an identified section of the report. An extraordinary
assumption or hypothetical condition must be disclosed in conjunction with statements of each opinion or conclusion that was
affected.”

An example of a proper disclosure of an extraordinary assumption utilized in a drive-by appraisal might state something like the
following:

“Since an interior inspection of the subject property was not performed, this appraisal assignment is based on the extraordinary
assumption that the subject property is in average condition. If it turns out that the subject property is not in average condition,
this appraiser’s opinions and conclusions may be different.”

FAQs on Licensing and Upgrades

When does my trainee qualifying education expire?
The four courses needed to become a trainee (Basic Appraisal Principles, Basic Appraisal Procedures, Residential
Market Analysis and Highest and Best Use or General Appraiser Market Analysis and Highest and Best Use, and the
15-hour National USPAP class) expire after five years. If you do not become registered as a trainee in North Carolina
within the five years, you will have to retake the classes.

How long can I remain a trainee?
There is no limit on how long you can remain a trainee. As long as you continue to take your continuing education and
renew your registration, you can remain a trainee for your entire career if you wish.

When does my upgrade education expire?
Previously, qualifying education courses needed to upgrade expired after five years. Board rules now state that any
qualifying education completed after January 1, 2008 does not expire.

When do my experience hours expire?
For many years, appraisal experience hours expired five years after the appraisal was performed. Recent changes in
board rules now state that experience hours are good for eight (8) years.

I am a Licensed Residential Appraiser in another state.
Can I become licensed in North Carolina by reciprocity?
No. North Carolina’s requirements to become Licensed Residential exceed those of any other state. You can, however,
apply for licensure in North Carolina. In order to do so, you must provide proof that you have:

1. Completed the following qualifying courses:
   a. Statistics, Modeling and Finance;
   b. Advanced Residential Applications and Case Studies; and
   c. At least twenty hours of appraisal subject matter electives.

2. Provide proof that you possess an Associate’s degree or higher from an accredited educational
   institution. The only acceptable proof is a college transcript.

3. Provide proof that you have 2500 hours of appraisal experience. At least 50 percent of this appraisal
   experience must have been of one to four family residential properties in which the sales comparison
   approach was utilized in the appraisal process.
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.

2014-07: APPRAISAL REPORTING – USE AND FORMAT ISSUES
Explaining the Exclusion of Approaches

Question: The Comments to Standards Rules 2-2, 8-2, and 10-2 state that the exclusion of any of the three approaches to value “must be explained.” In this context, what does “explained” mean?

If, for example, the cost approach is not developed:

- Is it sufficient to state that the cost approach was considered, but not developed?
- Is it sufficient to state that the appraiser does not consider the cost approach necessary for credible results, thus it has not been developed? If not, what should the appraiser do to comply with USPAP?

Response: Simply stating that an approach was not developed does not meet the USPAP requirement to explain why it was not developed.

Stating that an approach was not necessary, without providing some basis for that opinion, also fails to meet the definition of explain. The report must explain why an excluded approach is not necessary for credible results.

“Explained” is not a defined term in USPAP and therefore has no special meaning. A dictionary definition of explain is “to give the reason for or cause of.”

The USPAP requirement to include an explanation for the exclusion of an approach to value from the analysis is necessary to provide the client and other intended users with insight into the appraiser’s decision as to why the analysis was not performed.

2014-08: APPRAISAL DEVELOPMENT – SUBJECT PROPERTY SALES HISTORY
Value Conclusion Below Contract Price

Question: I recently submitted an appraisal report to an Appraisal Management Company (AMC). The value conclusion in the report was below the contract sale price. The AMC, acting on behalf of the client, sent me the following request:

“Discuss the lack of support for the contract price, considering the subject’s features, any changes in market conditions between the contract and effective dates, the details of the contract, etc., which you believe may have contributed to the issue. If there is no apparent reason for the lack of support of the contract price, state that within your report.”

Do I have to respond to this request to comply with USPAP?

Response: USPAP compliance does not specifically require the appraiser respond to this particular request, but it does require that the appraiser analyze the pending sale and summarize the results of that analysis in the appraisal report. An appraiser is not engaged for the purpose of supporting a contract price, but rather to form an opinion of, in this instance, the market value of the subject property. The appraiser must comply with the Conduct section of the ETHICS RULE, which states, in part:

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.
Standards Rule 1-5(a) requires the appraiser to analyze all agreements of sale (if available in the normal course of business). The Comments to Standards Rules 2-2(a)(viii) and 2- 2(b)(viii) state, in part:

When reporting an opinion of market value, a summary of the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standard Rule 1-5 is required.

If the above requirements have been met, the client’s request may already have been addressed.

If the appraiser has not met the requirements, then the client’s request is valid in terms of lack of disclosure of the analysis of the agreement of sale. As previously stated, the appraiser’s opinion of value should be supported, not the difference between the contract and the opinion of value.

2014-09: ETHICS RULE - MANAGEMENT
“USPAP Certified” Advertisement

Question: Recently I have seen numerous advertisements from individuals who may have completed a USPAP course, and describe themselves as “USPAP Certified Appraisers,” or their reports as “USPAP Certified Appraisals.” Is this an actual credential, and if not, is that wording misleading?

Response: There is no such credential. The use of the expression “USPAP Certified Appraiser” is misleading. Completing a USPAP course does not entitle one to call oneself a USPAP Certified Appraiser.

One requirement for an appraisal or appraisal review is that the report include the appraiser’s certification that to the best of his or her knowledge and belief the work was performed “in conformity with the Uniform Standards of Professional Appraisal Practice.” The use of language such as “USPAP Certified Appraisal” could be taken by intended users to mean that there was some independent certification of compliance. If that could be inferred from the language used, this would also be misleading.

In Memory of James David Brooks
Former Board member, James David Brooks, passed away February 6, 2015. He was appointed by Governor Easley and served from 2007 until 2011. He was a former Granville County Commissioner, a Trustee for Vance-Granville Community College and was currently serving as a State Board member of the North Carolina Farm Bureau. He is survived by his wife Melinda, daughter Caroline Higgs, son Dave Brooks and two grandchildren. The Board and Staff send their condolences to the Brooks family.

2015 Board Meeting Dates

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<td>April 14</td>
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<tr>
<td>June 9</td>
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<td>July 28</td>
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<td>September 22</td>
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<td>November 10</td>
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<td>December 15</td>
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All meetings are conducted at the North Carolina Appraisal Board building located at 5830 Six Forks Road, Raleigh.

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.
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.

Paul Myron Creson A6535 (Fletcher)
By consent, the Board accepted the voluntary surrender of Mr. Creson’s right to renew his residential certification.

Thomas E. Graves A5357 (Murphy)
By consent, Mr. Graves’ residential certification was suspended for a period of six months. The first month of the suspension is active and the remainder is stayed until March 1, 2015. If Mr. Graves completes the fifteen hour USPAP course and a 7 hour sales comparison class by that date, the remainder of the suspension will be inactive. Mr. Graves performed an appraisal of a property located in Hayesville, North Carolina in August 2012, finding an appraised value of $255,000. The subject is a proposed dwelling that will contain 1371 square feet. Mr. Graves did not report all of the features of the proposed dwelling in the appraisal report. He reported that the contract price for the subject was $319,000. This was derived by adding the construction price of $274,000 to $45,000. The borrower purchased the land in 2011 for $45,000. The site value in the cost approach was $50,000 and the $35,000 appeared to be the “as is” value of site improvements. There was no contract for $319,000. Although the certification states that he inspected the comparable sales from the street, he did not do so. He used MLS photos for his comparable sales, which was in violation of his assignment conditions that required him to take original, current photos of all comparables. Because he did not view the comparable sales, he did not note that one of his comparable sales had a view of a large lake.

Todd E. McCall A410 (Greensboro)
By consent, Mr. McCall’s residential certification was suspended for a period of three months. The suspension is stayed until July 1, 2015. Respondent agrees to complete the 15 hour National USPAP class, a class in condemnation appraising of at least 7 hours, and the 15 hour Residential Report Writing & Case Studies class. If he fails to complete the classes by July 1, 2015, the suspension will become active on that date. Mr. McCall performed an appraisal of a property located in High Point, North Carolina effective April 8, 2013, valuing the property at $57,000. The subject property is a vacant 1.16 acre site located in a residential subdivision that is served by public water. The waste systems are private, consisting of mostly individual septic tanks. The subject property was involved in a lawsuit by the property owner against the County Health Department for the damages resulting from the Health Department’s revocation of an improvement permit for a low pressure pipe fill septic system in 2011. Mr. McCall was engaged by the property owner to perform an appraisal with the hypothetical condition that the site was permitted to have a septic system, and an appraisal that the site was not permitted to have a septic system permit, in order to estimate the damage caused by the Health Department’s revocation of the septic system permit. Mr. McCall stated that his first comparable sale had 1.5 acres when it actually had 3 acres. He did not note or adjust for the fact that his second comparable sale had improvements. His third comparable sale had sewer on the property; he made a positive $10,000 adjustment for sewer, when he should have made a negative adjustment of at least $5,000. He valued the subject after the taking as $0, although he had no support in his appraisal report for that value. The appraisal was reported on the Land Appraisal Report form. Given that this was an appraisal performed for litigation purposes, use of this form was misleading, and the report did not contain sufficient information.

B. Derek Parker A4185 (Smithfield)
By consent, the Board accepted the voluntary surrender of Mr. Parker’s residential certification.

Curtis E. Reid A3199 (Winston-Salem)
By consent, Mr. Reid’s residential certification was suspended for a period of twelve months. The first six months of the suspension are active and the remainder is stayed until April 1, 2015. If Mr. Reid completes the fifteen hour USPAP course and a class in sales comparison by that date, the remainder of the suspension will be
in addition, Mr. Reid agrees that he will have no more trainees. There were two cases against Mr. Reid. In the first case, Mr. Reid performed an appraisal of a property located in Mocksville, North Carolina in May 2013. The subject property is a split foyer dwelling built in 2004 with 1893 square feet, located on a 1.03 acre site in a residential neighborhood. There were four appraisal reports issued. The first three reports, signed on June 3, June 17, and June 19, 2013, valued the subject at $200,000. The final report, issued on June 24, valued the subject at $170,000. The range of adjusted values for his closed sales in the first three reports was $136,700 - $200,300. In the final report, it was $146,100 to $203,800. In the final report, he changed his method of calculating the square footage in the below grade area. There was no explanation in the final report as to why his value went down instead of up, as his adjusted values all increased. In his final report, he stated that he gave most weight to Sale #1, which adjusted to $203,800 in that report (up from $200,300 in the first report). Mr. Reid used three listings in his valuation. In the first three reports, they adjusted to $151,500 to $161,100. He changed one of the listing comparables in the final report; the one in the first report adjusted to $156,500, and the one in the final report adjusted to $190,000. He did not personally view the interior of the subject property, although he did perform an exterior inspection. A trainee performed the interior inspection, and the appraisal report stated that he had provided significant assistance in the preparation of the report. Mr. Reid signed all of the reports on the left, certifying that he performed a complete visual inspection of the interior and exterior areas of the subject property, which was incorrect. In the second case, Mr. Reid performed an appraisal of a property located in Walnut Cove, North Carolina in August 2013. He originally valued the subject at $101,000, but through a series of revisions he finally valued the subject at $83,000. The subject property is a one story on-frame modular home built in 2009 with 1232 square feet, situated on a 1 acre lot. Two of the comparable sales are stick built dwellings that do not resemble the subject in style or design, are in superior condition and are larger. Of his three modular sales, one was new, was 1000 square feet larger than the subject, and had a 1300 square foot walk up unfinished area for future expansion. It did not resemble the subject in style, location, or appeal. Another modular sale resembled the subject, but was located on 3.46 acres of land in a larger town. The third modular sale resembled the subject and was located on .85 acres in the same town. It was larger than the subject and sold through foreclosure for $56,900. There were other sales available that should have been used in the report that would have led to a lower value for the subject.

John H. Walker A2711 (Charlotte)

By consent, the Board suspended Mr. Walker’s residential certification for a period of six months. The suspension is stayed until March 1, 2015. If Mr. Walker completes the 15 hour National USPAP course and a class in sales comparison by that date, the suspension will be inactive. There were two cases against Mr. Walker. In the first case, Mr. Walker performed an appraisal of a property located in Cornelius, North Carolina, valuing the property at $238,000 effective May 3, 2013. The subject property is a condominium unit containing 2660 square feet. Mr. Walker originally stated in his appraisal report that the second floor of the subject property contained 976 square feet. He revised his report to state that the second floor had 1180 square feet. Despite the increase in GLA of the subject property, he did not change the value in the revised report. Instead, he decreased his square foot adjustment from $10.00 per square foot to $8.00, with no explanation. In the second case, Mr. Walker performed an appraisal of a property located in Charlotte, North Carolina, valuing the property at $183,000 effective June 28, 2013. The subject is a traditional two story containing 2458 square feet. Although there were sales inside the subject's subdivision, Mr. Walker chose sales from other neighborhoods. The average price of sales in the neighborhood of the comparables was approximately 20% higher than the average price of the sales in the subject subdivision. Mr. Walker should have made a location adjustment to his comparable sales. There were several sales in the subject subdivision that were located within .5 mile of the subject. Sales prices ranged from $144,000 to $162,500. The engagement letter specified that Mr. Walker must take original photos of the comparable sales. He used MLS photos for all of his comparables and did not note in the report that these were MLS photos, giving the impressions that he took the photos himself.

Hugh S. Wallace, III A3650 (Wilmington)

By consent, the Board issued a reprimand to Mr. Wallace. Mr. Wallace also agrees to complete a class in sales comparison or a UAD class by December 1, 2014. If he fails to complete the class by December 1, 2014, the reprimand will be vacated and a one month active suspension will be imposed on that date. Mr. Wallace performed an appraisal of a property located in Kure Beach, North Carolina in April 2014, finding an appraised value of $187,500. The subject is a 975 square foot beach house located on a 5,000 square foot lot two blocks from a beach access. Mr. Wallace provided a report that indicated “C3: No updates in the...
prior 15 years.” In fact, the home had been renovated and updated within the past 3 years. As a result of failing to note the updates to the subject property, he made inadequate adjustments to his comparable sales for condition. Mr. Wallace cited “Exterior inspection” as the verification source for the sales data in the sales comparison grid, as exterior inspection is not a verification source for sales data.

Glenn D. Wilson A7378 (Raleigh)

By consent, the Board issued a reprimand to Mr. Wilson. Mr. Wilson also agrees to complete the 15 hour Residential Market Analysis and Highest & Best Use class and the 15 hour USPAP class by June 1, 2015. If he fails to complete both classes by that date, this reprimand shall be vacated and a one month suspension activated on that date. Mr. Wilson performed several appraisals of a property located in Durham, North Carolina in 2013. The opinions of value were $250,000, $268,000, $290,000, and $282,500. The subject is a 2 story traditional containing 3110 square feet located on a 13,373 square foot lot in a large residential neighborhood. In the first report, Mr. Wilson utilized one REO sale from the subject subdivision and three closed sales from three different subdivisions. He revised his report after the client submitted three closed sales to him, using a new effective date. One of these sales was located on a lake, which was not noted or analyzed. Soon after, Mr. Wilson received a notice that a desk review had been performed and that the comparables selected for the appraisal report were unacceptable. The reviewer provided five comparable sales that were all from newer subdivisions of higher priced homes. Mr. Wilson removed some of the comparables, re-ordered the others, and added two comparable sales from the review. After this report was submitted, the lender obtained a field review, which indicated that adjustments made for brick fronts, age, and kitchen updates were inadequate. After receiving and considering the reviewer comments, Mr. Wilson revised his report, kept an effective date of August 29, 2013, and decreased the appraised value to $282,500. In this report, the Respondent stated that he agreed with the field reviewer regarding siding, age, and kitchen adjustments. None of the comparable sales Mr. Wilson was requested to consider were more appropriate than the ones he included in the first report. Most were from different subdivisions of new and higher priced properties. Although Mr. Wilson’s certification indicated that he had viewed all of his comparable sales from the street, he did not do so for at least one of his comparable sales and used an MLS photo in the report. As a result, he missed the fact that the property had a water feature.

Leon Whichard, Jr. A1799 (Weldon)

By consent, the Board issued a reprimand to Mr. Whichard. Mr. Whichard also agrees to complete the 15 hour Residential Market Analysis and Highest & Best Use class and the 15 hour Residential Report Writing & Case Studies by March 1, 2015. If he fails to complete both classes by that date, this reprimand shall be vacated and a one month suspension activated on that date. Mr. Whichard performed an appraisal of a property located in Point Harbor, North Carolina in September 2013. The subject is comprised of several buildings, including a 900 square foot two bedroom 1.5 bath cinderblock house, a 750 square foot storage building, and a 1200 square foot garage/shop. It was originally built as a bridge maintenance facility for the state. The improvements are situated on a 1.14 acre sound-view lot. Mr. Whichard valued the subject at $410,000 effective August 26, 2010. The subject site is divided by a state road that separates the improved portion of the site from the waterfront section, which was not mentioned in the report. Client guidelines would not allow him to combine the two sections into one for valuation as they were not contiguous. In the report, Mr. Whichard did not describe or value the storage building or the garage/shop. They were, however, noted in the sketch. He also did not mention a large wooden building on the sound portion of the lot. The comparable sales are located on the barrier island, not on the mainland, and do not resemble the subject dwelling. They are located directly on the sound with direct boating access. They are superior in amenity appeal, but no adjustments were made for that fact.

David P. Witcher A7200 (Wilmington)

By consent, the Board suspended Mr. Witcher’s residential certification for a period of two years. The first three months of the suspension are active and the remainder is stayed until March 1, 2015. If Mr. Witcher completes the 15 hour National USPAP course and a course in appraiser liability and takes and passes the state certified residential real estate appraiser examination before that date, the remainder of the suspension shall be inactive. If he fails to complete a course or pass the examination by that date, the full suspension will be activated. Mr. Witcher also agrees that he will have no more trainees. Mr. Witcher is the supervisor for two trainees in North Carolina. During a field audit, it was discovered that his trainee had performed property inspections unaccompanied by Mr. Witcher. Mr. Witcher was signing those reports, on pre-printed report forms, certifying that he had personally inspected the property when he had not done so. Once informed of his mistake, he corrected his supervision process.
COESTER GROUP, INC. NC-1080

By consent, Coester Group, Inc.’s AMC registration was suspended for a period of six months. The suspension is stayed until February 1, 2015. They are also ordered to pay a civil penalty of $10,000 by February 1, 2015. They were also ordered to, in the future, pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the appraiser to the Respondent as follows:

(a) If payment is made by electronic means, the funds for the fee shall be deposited into the appraiser’s account so that they are available to the appraiser on the 31st day following the date the appraisal is first transmitted to the Respondent.

(b) If payment is made by check, the check shall be postmarked no later than the 30th day following the date the appraisal is first transmitted to the Respondent.

The fine was paid.

ELECTRONIC APPRAISAL SOLUTIONS, INC. NC-1095

By consent, Electronic Appraisal Solutions, Inc. was ordered to pay a civil penalty of $1,000 by May 1, 2015. If they fail to pay the fine by May 1, 2015, a one month active suspension shall be imposed on that date. The fine was paid.

RESIDENTIAL REAL ESTATE REVIEW, INC. NC-1113

By consent, Residential Real Estate Review, Inc. was ordered to pay a civil penalty of $1,000 by December 1, 2014. They were also ordered to, in the future, pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the appraiser to them as follows:

(a) If payment is made by electronic means, the funds for the fee shall be deposited into the appraiser’s account so that they are available to the appraiser on the 31st day following the date the appraisal is first transmitted to them.

(b) If payment is made by check, the check shall be postmarked no later than the 30th day following the date the appraisal is first transmitted to them.

If they fail to comply, they understand that they may be subject to a civil penalty of up to $25,000 for each violation. The fine was paid.