



APPRAISER REPORT

Volume 29

Summer 2019

Number 1

BOARD ELECTS OFFICERS

Charles L. McGill has been elected Chairman of the Appraisal Board for 2019-2020. House Speaker Thom Tillis appointed Mr. McGill to the Board in 2011.

David E. Reitzel has been elected as Vice-Chairman of the Appraisal Board for 2019-2020. Governor Pat McCrory appointed Mr. Reitzel to the Board in 2013.

BOARD'S NEW LEGAL COUNSEL

Sondra C. Panico, Assistant Attorney General, began representing the Appraisal Board in January 2019. She received her law degree from Georgetown University Law Center and her undergraduate degree from the University of Michigan. Upon graduation from law school, Sondra began working in the North Carolina Attorney General's Office in the Citizens' Rights Division. Subsequent to working in that Division, she has represented the NC Division of Motor Vehicles, the NC Department of Health and Human Services, the NC Board of Licensed Professional Counselors and the NC Psychology Board. She has represented occupational licensing boards since 2000.

2019 Board Meeting Dates

September 24

November 19

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

In Memory of Jack O. Horton

The North Carolina Appraisal Board, with regret, announces the death of former member Jack O. Horton. Mr. Horton was appointed to the Appraisal Board, by Governor Hunt, in November 1997 and served on the Board for two terms ending in the 2003. A Certified General Appraiser and licensed real estate broker, Mr. Horton began his appraisal career 32 years ago when he retired from the U.S. Postal Service. He later opened his own appraisal and real estate office, as well as an appraisal and real estate school in Elizabeth City, NC. The members and staff of the Appraisal Board offer our deepest sympathy to his brother and four daughters.

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 Information in the articles published herein may be superseded by changes in laws, rules, or USPAP.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 *Appraiser Report*.

NORTH CAROLINA APPRAISAL BOARD

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Roy Cooper, Governor

APPRAISAL BOARD MEMBERS

Charles L. McGill	Chairman	Raleigh
David E. Reitzel	Vice-Chairman	Conover
Sarah J. Burnham		Hickory
Samuel Cory Gore		Wilmington
Viviree Scotton		Chapel Hill
Timothy N. Tallent		Concord
H. Clay Taylor, III		Raleigh
Dwight C. Vinson		Franklin
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, *Administrative Assistant*
Deborah C. Liggins, *Administrative Assistant*
Pam A. Privette, *Administrative Assistant*
Mindy M. Sealy, *Executive Assistant*

APPRAISER COUNT

(As of August 31, 2019)

Trainees	421
Licensed Residential	72
Certified Residential	1786
Certified General	1259
Total Number	3538

AMC COUNT

138

APPRAISER

EXAMINATION RESULTS

November 16, 2018 – August 31, 2019

Examination	Total	Passed	Failed
Licensed Residential	1	0	1
Certified Residential	13	9	4
Certified General	14	6	8

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/ApplicationFormLicensure.pdf>

NEW AQB CRITERIA EFFECTIVE OCTOBER 1, 2019

The new AQB criteria is available on our website at <http://www.ncappraisalboard.org/NewAQBCriteria2019.pdf>.

New applications will be available mid-September. Please continue to check our website for updated information over the next month!

NEW EDITION OF USPAP EFFECTIVE JANUARY 1, 2020

The 2020-2021 edition of USPAP has been adopted by the Appraisal Standards Board and will be valid for two years, effective January 1, 2020 through December 31, 2021. As with the current edition of USPAP, the new edition will include guidance from the ASB in the form of the USPAP Advisory Opinions and the USPAP Frequently Asked Questions (FAQs).

This new edition of USPAP will be available in October 2019, and the 2020-2021 7 hour USPAP update course should be available soon after. Appraisal Board rules require that trainees and appraisers must take the 2020-2021 version of the 7 hour USPAP update by May 31, 2020 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, 2020 (which will result in a late fee). The course may be taken online.

2020-2021 USPAP ORDERS

The Appraisal Board voted to purchase the 2020-2021 edition of USPAP for all licensees and AMC Compliance Managers. You will only have to pay the \$10 shipping & handling fee. Order forms will be emailed and will also be available on the website at

<http://www.ncappraisalboard.org/USPAPOrderForm.pdf>.

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.

SENATE BILL 462 BECOMES LAW

Senate Bill 462 passed the General Assembly and was signed by Governor Cooper on July 22nd. The primary purpose of the legislation was to accept the criteria, established by the Appraisal Qualifications Board, for registration, licensure and certification as a real estate appraiser or appraiser trainee. The new law also requires that all applicants have a high school diploma or equivalent. The AQB criteria will become effective on October 1, 2019.

The law states that the Board may collect fees as may be required pursuant to 12 U.S.C. 3338 to render North Carolina registered appraisal management companies and federally regulated appraisal management companies eligible to perform services in connection with federally related transactions and shall remit those fees to the Appraisal Management Company (AMC) National Registry of the Appraisal Subcommittee. The legislation exempts Federally Regulated AMC's from having to register 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. The new law 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. It also prohibits AMCs 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.

Verifying AMC Registration

The Board Staff has recently received multiple phone calls from appraiser licensees throughout the state regarding companies that are possibly operating as AMCs but are not registered as such with the NC Appraisal Board. Appraiser licensees have expressed concerns about taking assignments from these companies and remaining in compliance with the Board's administrative rules and state law.

According to Rule 21 NCAC 57A .0410 appraiser licensees shall assure that the Appraisal Management Company that wishes to engage them is properly registered with the North Carolina Appraisal Board before accepting the assignment. Considering this, accepting an appraisal assignment from a company that provides appraisal management services and is not registered with the Board could potentially be a violation for the appraiser licensee. The Board Staff recommends that appraiser licensees that are approached by a company that indicates that they are not required to register with the Board to proceed with extreme caution. Accepting such an order could place you in a position where you have possibly violated a Board Rule. The Board Staff would recommend the following in this situation:

- When approached by an AMC who indicates they are not required to register with the Board, the appraiser should do the following:
 - ⊖ Go to the NCAB website and click the link "Search for AMC"
 - ⊖ Then go the line titled "Companies not required to register at this time" and click on "View All"
- If the company in question is not listed under this Tab then contact the Board for clarification.

Understand that in most cases the potential client might not be required to register which can be confirmed by the Board Staff. A company may actually be a lending institution, government entity, or as outlined in Senate Bill 462 an appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency.

Accepting the assignment from a company providing appraisal management company services that is not registered with the Board and does not fall under the exceptions to registration above could have consequences that might be detrimental to your licensing status and place you in a position where you are providing your services to an entity that is not regulated by the Board. Performing appraisal services for an unregistered AMC would prevent the Board from being able to assist you in payment disputes and possibly investigating issues related to appraiser independence.

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:

Gary Bish A5457 (Myrtle Beach, SC)

By consent, the Board voted to issue a Reprimand to Mr. Bish. Mr. Bish agrees to complete a continuing education course in appraiser liability by February 1, 2020. If Mr. Bish fails to complete the class, the reprimand will be vacated, and a one-month suspension activated in its place on March 1, 2020. The hours from this course may not be used for Mr. Bish's continuing education requirement. The class may be taken online. Mr. Bish performed an appraisal of a property located in Calabash, North Carolina in November 2018, finding a value of \$151,000. The subject property is a 1400 square foot home built in 2001. Mr. Bish's appraisal report contained numerous omissions, misstatements, and inconsistencies, which detracted from its credibility. Mr. Bish's appraisal report did not list gutters, downspouts, and a concrete patio, and failed to describe an enclosed porch. Numerous statements in Mr. Bish's addendum were not applicable to the subject property but were merely "boiler plate" language that were misleading when applied to the subject property. Mr. Bish reported that the cost approach was not applicable in one section of his report but in another section stated that "the cost approach is mutually supportive". Mr. Bish failed to reconcile the approaches to value developed in the subject report. The subject report noted a \$93,199 value derived from the cost approach and the \$151,000 derived from the sales comparison approach. The report was absent any analysis or explanation as to the differences in the value opinions or their reliability. Mr. Bish's appraisal report contained an addendum which included other conflicting statements, including one sentence stating that no condition adjustments were made and then in a subsequent sentence that condition adjustments were made. In addition, Mr. Bish's workfile did not contain sufficient information to support his adjustments.

Marvin E Coleman A3474 (Jackson)

By consent, the Board voted to issue a Reprimand to Mr. Coleman. He agrees to complete a 15-hour National USPAP class and a class in measuring residential properties by June 1, 2019. Mr. Coleman performed an appraisal of a property located in Rocky Mount, North Carolina in August 2017, finding a value of \$210,000. The subject is a 78-year-old two-story frame dwelling that contains 2938 square feet of gross

living area. Mr. Coleman stated in the appraisal report that the subject contained 2509 square feet. The photographs included in the report clearly indicated that his square footage was incorrect. After he transmitted the report, Mr. Coleman was contacted by his client to ask about his measurement of the subject property. Mr. Coleman checked his calculations but did not verify his measurements for the subject or correct the report at that time. The property owner contacted the real estate broker for the seller, Mr. Coleman, and Mr. Coleman's client in March 2018, regarding the measurement of the subject property. The client then contacted Mr. Coleman again regarding the measurement of the subject property. After receiving the request from the client in March 2018, Mr. Coleman revisited the subject property and revised the report, seven months after the original report, to reflect the correct square footage. This resulted in a value increase to \$235,000.

Rodney Qualls A6213 (Troy)

By consent, the Board voted to issue a Reprimand to Mr. Qualls. Mr. Qualls agrees to complete the 15-hour National USPAP class by June 1, 2019. If he fails to complete the class, the reprimand will be vacated, and a one-month suspension activated in its place in June 1, 2019. Mr. Qualls performed an appraisal of a property located in Pinehurst, North Carolina in September 2017. The subject property is a 2261 square foot one-story home with a full basement. The comparable sales used in this report had sales prices of \$765,000, \$700,000, \$745,000, and \$950,000. Mr. Qualls gave the most weight in the Sales Comparison Approach to the property that sold for \$950,000, as it was located on the same lake as the subject. The value in Mr. Qualls's Cost Approach was \$681,769. Mr. Qualls issued a revised appraisal report which kept the value of \$765,000. He had intended to change the value to \$790,000. The value in his Cost Approach in the revised report remained the same. The revised report contained the same signature date as the original report. Both reports stated that he viewed the comparable sales from the street when he did not do so. Mr. Qualls failed to reconcile his approaches to value in both reports. He did not maintain a copy of the original appraisal report in the work file for the assignment.

Appraisal Management Companies:

American Valuation Corporation NC1087 (Chicago, IL)

By consent, the Board voted to Reprimand American Valuation Corporation AMC. American Valuation Corporation has failed to pay appraisal fees owed to appraisers with thirty days of the transmission of the appraisal in 29% of the assignments performed in North Carolina. The Board further required that, in the future, American Valuation Corporation must pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the appraiser to American Valuation Corporation 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 American Valuation Corporation; (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 American Valuation Corporation. In addition, for two years beginning June 5, 2019, within 10 business days after the end of each calendar quarter, American Valuation Corporation shall send to the Appraisal Board a spreadsheet of all appraisal orders in North Carolina including the date the appraisal was first transmitted and the date the appraiser was paid. If American Valuation Corporation fails to comply with the terms of the consent order, they understand that they may be subject to further disciplinary action, including a civil penalty of up to \$25,000 for each violation.

CoesterVMS.com, Inc. NC1080 (Gaithersburg, MD)

The Board voted to summarily suspend the registration of CoesterVMS. Coester has failed to respond to seven

complaints filed against it and has failed to maintain a surety bond after its surety bond was cancelled. Effective March 1, 2019, Coester's registration is suspended and they shall cease all activities which constitute appraisal management services in North Carolina. The suspension shall remain in effect until the Board issues a Final Decision in this matter or until the parties enter into a Consent Order that is a final determination in this matter.

Schaeffer AMC, Inc. NC1136 (Novi, MI)

By consent, the Board voted to Reprimand Schaeffer AMC. Schaeffer failed to pay an appraisal fee owed to an appraiser with thirty days of the transmission of the appraisal. In addition, there were other instances of payment outside the thirty-day requirement to appraisers. The Board further required that, in the future, Schaeffer must pay fees to an appraiser within 30 days of the date the appraisal is first transmitted by the appraiser to Schaeffer 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 Schaeffer; (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 Schaeffer. In addition, for two years beginning June 5, 2019, within 10 business days after the end of each calendar quarter, Schaeffer shall send to the Appraisal Board a spreadsheet of all appraisal orders in North Carolina including the date the appraisal was first transmitted and the date the appraiser was paid. If Schaeffer fails to comply with the terms of the consent order, they understand that they may be subject to further disciplinary action, including a civil penalty of up to \$25,000 for each violation.

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