Board Studies Complaint Handling Process

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

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

Chairman’s Comments

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

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

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

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

Cooperation with other Agencies — The Board has established cooperative efforts with feder-
Chairman’s Comments

Continued from page 1

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 Appraiser Report.

NORTH CAROLINA
APPRaisal BOARD

Mailing Address:
P.O. Box 20500
Raleigh, North Carolina 27619-0500

Street Address:
3900 Barrett Drive, Suite 101
Raleigh, North Carolina 27609
Phone: 919/420-7920
Fax: 919/420-7925
Website: www.ncab.state.nc.us
Email Address: ncab@ncab.org

Michael F. Easley, Governor

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Vice-Chairman ......................................Salemburg

Charles G. Bass ....................................Raleigh

Bart Bryson .......................................Hendersonville

Bruce W. DesChamps .........................Wilmington

Jack O. Horton ................................Elizabeth City

E. Ossie Smith .................................Oxford

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John K. Weaver, Deputy Director
Matthew W. Green, Investigator
Donald T. Rodgers, Investigator
Lynn P. Crawford, Appraiser Secretary
Kim N. Giannattasio, Administrative Assistant
Elizabeth M. Caudill, Appraiser Clerk

APPRaiser COUNT

(As of May 14, 2001)
Trainees ..................................................1091
Licensed Residential ..................................231
Certified Residential ................................1613
Certified General .....................................867
Total Number ......................................3802

APPRaiser EXAMINATION RESULTS
November, December, 2000 & January 2001

Examination Total Passed Failed
Trainees 60 50 10
Licensed Residential 4 4 0
Certified Residential 24 17 7
Certified General 3 3 0
Examinations are administered by a national testing service. For information, please contact the North Carolina Appraisal Board in writing at Post Office Box 20500, Raleigh, North Carolina 27619-0500.

Board Studies Complaint Handling Process

Continued from page 1

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

A full description of each step of the process can be found at the “New Disciplinary Procedures” link on the Board’s website at http://www.ncab.state.nc.us.

Deputy Director

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

POSITION: Deputy Director, Salary commensurate with experience and qualifications

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

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

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

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

APPLICATION FORMAT: Individuals must apply using forms PD-107 and PD-107 A that are available on the Board’s website at www.ncab.state.nc.us or by contacting the Board office at:

North Carolina Appraisal Board
Post Office Box 20500
Raleigh, NC 27619-0500

Telephone: 919/420-7920
Fax: 919/420-7925
Email: ncab@ncab.org

EQUAl OPPORTUNITY EMPLOYER
Approved Continuing Education Courses
(As of May 21, 2001)

Listed below are the courses approved for appraiser continuing education credit as of date shown above. Course sponsors are listed alphabetically with their approved courses. Shown parenthetically beside each course title are sets of numbers [for example: (15/10)]. The first number indicates the number of actual classroom hours and the second number indicates the number of approved continuing education credit hours. You must contact the course sponsor at the address or telephone number provided to obtain information regarding course schedules and locations. NOTE: All courses expire June 30. Most sponsors will renew their course(s); some will not. Please call the Board office to verify approval for the 2001-2002 renewal year.

ALAMANCE COMMUNITY COLLEGE
P.O. Box 1000
Graham, NC 27253 (336)578-2002
Appraising Small Residential Income Prop (10/10)
Construction Methods I: Print Reading (5/5)
Ethical Principles of Appraisal (4/4)
Intro to Commercial Real Estate (4/4)
New Exstg Residential Codes Affecting RE Appr (10/10)
Real Estate Finance (4/4)

ALBEMARLE APPR & RE ACADEMY
605 E. Main Street
Elizabeth City, NC 27909 (919)335-5030
How to Read an Appraisal (4/4)
USPAP (10/10)

ALLSTATE HOME INSPECTION TRAINING INSTITUTE
Route 1, Box 130
Randolph Center, VT 05061 (800)245-9932
Environmental Awareness Seminar (8/8)
FHA Test Preparation (8/8)
Introduction to Home Inspection (8/8)
USPAP Refresher (8/8)

AM SOC FARM MANGRS & RURAL APPR
950 S. Cherry Street, Suite 508
Denver, CO 80222 (303)758-3513
A-12 (II) Nat USPAP (15/15)
A-12 Part 1 ASFMRA Code of Ethics (7/7)
Adv Appraisal Review A-35 (49/30)
Advanced Resource Appraisal A-34 (30/30)
Appraising Natural Resources (8/8)
Appraising Residential Property (8/8)
Appraising Rural Residential Property (8/8)
Appraising Specialized Topics (16/16)
Appraising Small Mix-Use Prop (15/15)
Appraising Small Mix-Use Prop (15/15)
Appraising Specialized Topics (16/16)
Appraising Specialized Topics (16/16)
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Appraising Specialized Topics (16/16)
Appraisal of Non-Conforming (7/7)
Appraising Small Mix-Use Prop (15/15)
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Approved Continuing Education Courses

Appraising Modular, Land/Home Packages (7/7)
Appraising Mobile, Mfg, Modular (7/7)
Forms, Drive By, FHA, Fannie Mae (7/7)
New FHA Requirements, Fannie Mae & VA (14/14)
Special Appr-Eminent Domain (7/7)
Uniform Standards for 1999 (7/7)

FREDDIE F. STELL APPRAISAL SCHOOL
2121 Guest Road
Durham, NC 27705
(919)416-1117
Fannie Mae Underwriting Guidelines (7/7)
FMNA Guidelines Rural/Com Lending/USPAP (7/7)
Questions & Answers on Appr (7/7)
Res/Investment/Com/Indstf Forms (10.5/10.5)
The Site Inspection (7.5/7.5)

HALL INSTITUTE
P.O. Box 52214
Raleigh, NC 27612-0214
(919)481-2080
Researching and Buying Raw Land (4/4)

HISTORICAL PRESERVATION CONSULTING
22 Pan Will Road
Mineral Bluff, GA 30559
(706)492-7234
Marketing & Appraising Historic Property (14/14)

IAAO
130 East Randolph Street, Suite 850
Chicago, IL 60601
(312)819-6100
101 Fund of Real Prop Appr (30/30)
102 Inc Approach to Valuation (30/30)
252 Val Prop Aff Environmental Con (15/15)
311 Res Modeling Concepts (30/30)
312 Comm/Ind Modeling Concepts (30/30)
400 Assessment Administration (30/30)
500 Prop & Tech of Casadratal Mapping (30/15)
Appl of Mass Appr Fund (30/30)
Preparation for Litigation (7/7)

INSTITUTE OF GOVERNMENT
223 Knapp Building, CB#3330
Chapel Hill, NC 27599-3330
(919)966-4372
Basic House Construction (4/4)
Commercial RE Development (10/10)
Commercial RE Property Management (10/10)
Environmental Impact on Res RE (4/4)
NC Appr Act, Board Rules & USPAP #2 (15/15)
NC Appr Act, Board Rules & USPAP #3 (4/4)

MOULTRIE B WATTS
P.O. Box 447
Cary, NC 27512
(919)851-2100
FHA 2000 (14/14)

NAIFA
7501 Murdoch Avenue
St. Louis, MO 63119
(314)781-6688
1031 Like Kind Exchange (4/4)
11.8 Calc Gross Living Area Using (7/7)
2.0 Financial Analysis Inc Property (15/15)
3.5 Calculating Square Footage in Residential Prop (3.5/3.5)

NC RE EDUCATION FOUNDATION (NCAR)
2901 Seawell Road
Greensboro, NC 27406
(800)443-9956
Legal Issues in Real Estate (7/7)
Residential Construction (7/7)
Residential RE as an Investment (7/7)
Tax Planning for the RE Agent (7/7)

NCDOT (ATTN: B CRIST)
629-B Piers Creek Parkway
Winston-Salem, NC 27103
(336)761-2310

NC RE EDUCATION FOUNDATION (NCAR)
2901 Seawell Road
Greensboro, NC 27406
(800)443-9956
Legal Issues in Real Estate (7/7)
Residential Construction (7/7)
Residential RE as an Investment (7/7)
Tax Planning for the RE Agent (7/7)

OCTOBER  (10/10)

Randolph Regional Association of REALTORS
111 Realtors Way
Cary, NC 27513
(919)654-5400

NCUS AGRICULTURAL & RESOURCE ECONOMICS
Campus Box 8109
Raleigh, NC 27695-8190
(919)515-4670
Conservation Easements & Other Land Prs (8/8)

NCUS SOIL SCIENCE DEPT
Campus Box 7619
Raleigh, NC 27695
(919)513-1678
Basics of On-Site Sewage (6/6)
Getting the Dirt on Soils (6/6)
On-Site System Tech Refresh (6/6)
Wells & Septic Systems (4/4)

PIEDMONT LAND CONSERVANCY
629-B Peters Creek Parkway
Winston-Salem, NC 27103
(336)761-2310

RANDOLPH CC
Box 4023
Greensboro, NC 27404-4025
Conservation Easement: Pricin NC (4/4)

RALEIGH REGIONAL ASSOCIATION OF REALTORS
111 Realtors Way
Cary, NC 27513
(919)654-5400

Appr Process & Val of Residential Prop (4/4)
Calculating Square Footage in Residential Prop (3.5/3.5)
Residential Construction (4/4)

RANOCC
Box 1009
Asheboro, NC 27204
(336)629-1471
Timber Appraisal Overview (10.5/10.5)

ROBERT M. PRATT
1522 Skyline Road
Charleston, WV 25314
(304)342-7253
Hwy Plan Reading for Appraisers (15/15)

SCHOOL OF REAL ESTATE APPRAISING
62 N. Chapel Street #204
Newark, DE 19711
(302)368-2855
Guide to Relocation Appraisal (7/7)
Review of USPAP (7/7)

Continued from page 5
Question #1:
If a home has sold more than once in the past year, am I required to analyze all of the sales, or just ownership is due to a foreclosure, or is between family members or other related parties?

Response:
Advisory Opinion 1 (AO-1) addresses the appraiser's obligations with respect to prior sales of the subject. It states in part: “USPAP Standards Rules 1-5(a) and (b) require an appraiser to analyze (1) any current Agreement of Sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business, and (2) any prior sales of the property being appraised that occurred within one year for a one-to-four family residential property or within three years for all other property types.

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

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

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

Question #2:
It is my understanding that lenders are required to provide borrowers with a copy of the appraisal performed in conjunction with their loan if the borrower requests the appraisal in writing within a certain time frame. Does this requirement mean that borrowers are also intended users of the appraisal report?

Response:
No, the fact that a borrower or anyone else receives a copy of the appraisal report does not make them an intended user. The concept of an “intended user” in USPAP is framed within the context of the appraiser-client relationship. An “intended user” is defined as follows: the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.”

There are several things to note in this definition. First, intended users of the appraisal report must be identified by the client. Secondly, this identification is made at the time of the engagement process so the appraiser can make a prudent judgment about the scope of work to apply in the assignment and the level of detail to include in the report. It is also worth noting that the concept of “intended use” and “intended users” are related to the purpose of the assignment.

Appraisals reports for loan transactions are typically used to substantiate real property value as underlying collateral for a particular loan. The fact that the lending institution is required by law or regulation to make certain disclosures, to the borrower about the loan and the basis for the loan decision, does not alter the purpose, the intended use or the intended users of the appraisal assignment.

Statement on Appraisal Standards No. 9 further clarifies this issue by stating, “A party receiving a report copy from the client does not, as a consequence, become a party to the appraiser-client relationship. Parties who receive a copy of an appraisal, appraisal review, or appraisal consulting report as a consequence of disclosure requirements applicable to an appraiser’s client do not become intended users of the report unless the client specifically
Question #3:
Is it a violation of USPAP to offer as a marketing tool for my services a coupon for a 10% discount off the cost of an appraisal to potential clients such as mortgage lenders and the general public?

Response:
The Management section of the ETHICS RULE states:

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

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

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

Question #4:
Frequently, the borrower in a lending transaction is provided with a copy of the appraisal report; and in some cases, the appraiser knows that the borrower will be receiving a copy of the appraisal report. When the appraiser is aware that the borrower or any other third party will receive a copy of the appraisal, does this make that third party an intended user?

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

Question #5:
What information must be retained in an appraiser’s workfile?

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

— the name of the client and the identity, by name or type, of any other intended users;
— true copies of any written reports, documented on any type of media;
— summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser’s signed and dated certification; and
documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with the Ethics Rule and all other applicable Standards, or references to the location(s) of such other documentation.

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

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

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

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

Deborah Easley (Columbia, Missouri) - By consent, the Board suspended Ms. Easley’s residential certification for two months. The suspension is stayed until May 1, 2001. Ms. Easley also agrees to successfully complete a standards (USPAP) course and a sales comparison course by May 1, 2001. If she does not complete both courses by that date, the suspension will begin on May 1, 2001. Ms. Easley also agrees that she will supervise no trainees in North Carolina. The Board found that a state-registered trainee, working under the supervision of Respondent, appraised a property located in Cary, NC in April 1999. There were several sales in the neighborhood that closed in the twelve months prior to the date of the appraisal. Those sales prices ranged from $283,000 to $350,000, yet the trainee valued the property at $450,000. Although Ms. Easley did not inspect the subject property, she did sign the appraisal report and therefore takes full responsibility for the report. Ms. Easley neither admitted nor denied the allegations contained in the consent order.

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

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

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

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

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

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Question #6:
What is the difference between Negligence and Incompetence?

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