

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:

Robert J. Blackburn A3520 (Henderson)

By consent, the Board suspended Mr. Blackburn's residential certification for a period of three months. The suspension is stayed until December 31, 2018. If Mr. Blackburn completes the 15 hour National USPAP class by that date, the suspension will be inactive. If he fails to complete the class by that date, suspension shall begin on January 1, 2019. Mr. Blackburn provided an opinion of value regarding a property located in Durham, North Carolina by way of a letter dated January 6, 2018. The county was acquiring property interests from the owner of the subject property. These interests were 752 square feet in fee simple, 489 square feet as a Permanent Drainage Easement, and 3166 square feet of Temporary Construction Easement. The acquisition was necessary to pave the gravel road and install curbs and gutters. Mr. Blackburn's letter indicated a final value range for the subject of \$4,800-\$5,000. His work file also contained a more detailed letter dated February 7, 2018 that was labeled a Restricted Appraisal Report. He determined the estimate of value solely on the city's assessment as of October 24, 2107 of \$45.00 per front foot. Although there were sales available that he could have used in his appraisal, he did not do so. There was no support or data in the work file for the development of the appraisal. There was insufficient data in the workfile to produce an appraisal report. The report did not address the value of the easements. None of the three approaches to value were utilized, and the report did not discuss their exclusion. Mr. Blackburn had appraised the subject property in 2017 when the owner was seeking to refinance. Despite this fact, he stated in the report that he had not provided any services as an appraiser regarding the subject property. Mr. Blackburn stated that this did not start out as an appraisal assignment as he thought he could help the owner by giving him some general advice; however, it turned into an appraisal assignment at the last minute. He was not paid for the assignment.

Joseph Burke A4803 (Kure Beach)

By consent, the Board issued a reprimand to Mr. Burke. Mr. Burke also agrees to complete the 15 hour National USPAP class before July 1, 2018. If he fails to complete the class, this reprimand will be vacated and a one month active suspension imposed as of that date. Mr. Burke performed an appraisal of a property located in Carolina Shores, North Carolina in March 2017, finding a value of \$197,500. The subject property is a one story townhome that contains 1921 square feet and was constructed in 2006. Mr. Burke stated in his report that his first comparable

sale did not have a garage, when it had a detached two car garage. The Respondent stated in the report that his second comparable sale had 1568 square feet when it actually had 1921 square feet. The subject has a view of a small pond from one window; the second comparable was a waterfront lot, but there was no adjustment for this fact. The appraisal report did not cite an exposure time for the subject.

Jeannette Ford A3602 (Benson)

By consent, the Board suspended Ms. Ford's residential certification for a period of six months effective May 15, 2018. The first two months are active. If Ms. Ford completes the 30 hour precertification class in Residential Sales Comparison and Income Approaches and a class in appraiser liability by September 1, 2018, the remaining four months of the suspension shall be inactive. If she does not complete the courses by that date, the remainder of the suspension shall be imposed and her certification shall remain suspended until the courses are completed. There were two cases against Ms. Ford. In the first case, Ms. Ford prepared several appraisal reports of a property located in Clayton, North Carolina, all effective September 17, 2016. The subject property is a new construction two story home. In her original report, Ms. Ford stated that the subject contained 2304 square feet. She initially valued the property at \$189,900, but she appraised the wrong subject. The square footage, room count, and subject photographs were all incorrect. The photographs for all of her comparable sales and the listing were incorrect. She did not include her own measurements for the subject property, but instead used a builder's cut sheet for her information. The cut sheet was for a different subject property and did not match the subject photo in the report. Ms. Ford later revised the report to address lender concerns. In the revision, she inserted the correct photographs for Comparable #3 and the listing. The subject photograph, square footage, and room count were still incorrect. When she went to perform the final inspection, she noted that she had appraised the wrong property. She again revised the appraisal, reducing the value to \$175,900. In this appraisal, she measured the property at 2087 square feet, but she measured the wrong house. Her sketch does not match the photo of the subject property. In the second case, Ms. Ford appraised a property located in Apex, North Carolina effective July 26, 2016, valuing the subject at \$832,000. The subject property is a 2 ½ story single family home that contains 5605 square feet above grade and 2573 square feet below grade, of which 1570 square feet are finished. On the effective date of the appraisal, the subject was under contract for \$740,000. The comparable sales in the original appraisal were located in another subdivision located several miles from the subject. There were sales in the subject subdivision that indicated a lower value for the subject property.

Charles R. George A5296 (Wake Forest)

By consent, the Board suspended Mr. George's residential certification for a period of six months. The first two months of the suspension are active. If Mr. George completes the 15 hour National USPAP class including passing the examination, and a class in Board rules by May 1, 2019, the remaining suspension shall be inactive. Mr. George performed an appraisal of a townhome located in Creedmoor, North Carolina in July 2017, valuing the subject at \$120,000. The complaint was received on July 21, 2017, and a letter was sent to Mr. George on July 26, 2017 asking for a response. When one was not received, staff sent him a certified letter. That letter was returned undelivered. The Board's deputy director personally visited Mr. George's

address of record in order to give him notice of the complaint. A family member told the investigator that he was not home, but she promised to deliver the materials to him. The following day the investigator received a telephone call from Mr. George, who acknowledged receipt of the complaint and indicated that he would provide the required documents within 15 days. When the response was not received, staff sent him an email asking him to contact the office. No response was received. On June 19, 2018, Mr. George visited the Board's office to inquire about the renewal of his certification. During that visit, Board staff met with him to inquire about his response to this complaint. Mr. George acknowledged that he had received the complaint, and assured staff that he would have his response in the mail to the Board by the end of June 2018. He did not do so. A Notice of Hearing was issued and sent to Mr. George. He dropped off his response to the complaint a few days later, and emailed his appraisals a few weeks after that. The investigation indicated that there were no issues with the appraisal report.

Michael S. Obenshain A2020 (Myrtle Beach, SC)

By consent, the Board suspended Mr. Obenshain's general certification for a period of six months. The suspension is stayed until December 31, 2018. If Mr. Obenshain completes the 15 hour National USPAP class by that date, the suspension will be inactive. Mr. Obenshain provided an opinion of value of the subject property by way of a letter dated May 28, 2017. The letter valued the property at \$600,000. The subject is a pawn shop located in Supply, NC that has approximately 11,326 square feet and is located on .26 acres. The client had originally requested an oral appraisal report, which was provided, but she then requested a written report. The work file contained a draft appraisal report that was labeled "work file not a completed report". That report was incomplete and unsigned. There was no signed certification or memorandum regarding the oral report in the work file. There was an invoice in the work file for what was labeled as a "full appraisal", noting a fee of \$500. The letter provided to the client did not refer to or have an appraisal report attached to it. The letter did not comply with the provisions of STANDARDS RULE 2 of USPAP.

Bruce Porter Stokes A3845 (Winterville)

By consent, the Board suspended Mr. Stokes' general certification for a period of for a period of one year. The suspension is stayed until November 1, 2018. If he completes 15 hour Residential Market Analysis and Highest & Best Use course and the 30 hour Residential Sales Comparison & Income Approaches course and takes and passes the certified general examination by November 1, 2018, the suspension shall be inactive. If he fails to take both classes and pass the examination by that date, the suspension shall become active on that date and shall continue until everything is complete. There were two cases against Mr. Stokes. In the first case, Mr. Stokes appraised a residential property located in Stokes, North Carolina effective June 13, 2016, finding a value of \$104,000. The subject property is a 1355 square foot three bedroom 2 bath frame dwelling located on a .87 acre site in a rural area. The comparable sales were located on much smaller sites and in some cases more densely developed subdivisions. There is no comment in the report about the difference in appeal as a result of the subject being located on a larger site and in such a rural setting, and there were no adjustments made for site size. The subject had received several updates within the last 10 years that included remodeled kitchen and

baths, and Mr. Stokes noted it as being in C3 condition. His comparable sales were all noted as being in a C4 condition, and he applied a positive \$2,500 adjustment to each comparable for conditions. There was no explanation or support for this adjustment in the report or work file. One of the rooms that Mr. Stokes stated was a bedroom was accessed only from a hallway that serves as a closet to the master bedroom suite. This was not explained or addressed in the report. He developed only the sales comparison approach, and he noted in the report that the income approach was omitted due to lack of rental data. He did not state in the report why he omitted the cost approach. The original report stated that the subject was a 1.5 story home with a fireplace, when it is actually a 1 story home with no fireplace. This report states that the subject is located on a site of 33,441 square feet, while public records indicate the subject site has 37,897 square feet. Although the original report was revised, these items were not corrected. The revised report kept the same value and same effective date. Although the revised report was produced days after the original, it contained the same signature date. The work file contained only the revised appraisal report. Mr. Stokes did not keep a copy of the original report in his work file. In the second case, Mr. Stokes appraised a residential property located New Bern, North Carolina effective February 15, 2017, valuing the property at \$155,000. The subject property was built in 1994 and contains 2816 square feet. It is located on a 1.15 acre site in a subdivision. In 2016, a 1616 square foot addition contained a sun room, utility room, master bedroom, and bathroom was built, yet he stated in the report that there were no updates in the prior 15 years. The subject had well water and also had public water hooked up to the property, but in the report Mr. Stokes stated that the subject had only well water. The subject has 2816 square feet, but the comparable sales ranged in size from 1025 to 1224 square feet. There were at least five sales of properties with 1900 to 2500 square feet in the market area, most of which sold for over \$100,000 more than the sales used in the report. The public road to the subject ends before reaching the subject. The dirt road that continues is private, and there is no formal road maintenance agreement. The appraisal was for a VA loan, and the property may not have been eligible for VA funding, but this was not addressed in the report.