TENNESSEE
real estate appraiser REPORT
Department of Commerce and Insurance

VOLUME 1 / No. 2 Summer 2007

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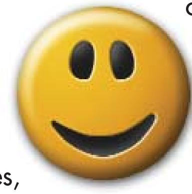
THE HITCHHIKER'S GUIDE to the 2008 Qualification Criteria Changes

DON'T PANIC!

by Nikole Urban, Administrative Director



If you have ever read the *Hitchhiker's Guide to the Galaxy* by Douglas Adams you know that the cover of the book comfortingly reads, "Don't Panic" and the information for planet earth reads simply, "mostly harmless". Due to numerous requests for more information on the 2008 Qualification Criteria Changes, I am pleased to submit "The Hitchhiker's Guide to the 2008 Qualifications Criteria Changes", with the pleasant reminder "don't panic". I am here to inform you that the Real Estate Appraiser Commission is "mostly harmless", at least as much so as the earth. So travelers, are you ready to navigate the 2008 changes?

First, if you are not registered as a trainee, do so immediately! Seventy-five hours of qualifying education are required which must include: a thirty hour principles course, a 15 hour National USPAP course, and a thirty hour procedures course. This will not change in 2008, but you must be registered as a trainee prior to 2008 if you want to attempt to complete any of the segments for qualification using the current requirements.

As of May 16, 2007, the Tennessee Real Estate Appraiser Commission has adopted the segmented approach to the 2008 AQB Qualification Criteria Changes. What does that mean to you? It means you have options.

There are three segments to getting an appraiser designation: education, experience, and examination. Each of the segments will be considered separately. This will mean, for example, that you do not have to complete the examination to complete the education segment.

In 2008, the most significant change to the qualification requirements will be the educational requirements. The licensed designation will go from 90 hours to 150 hours of qualifying education. The certified residential designation will go from the current 120 hours to 200 hours of education, plus either a two year associate's degree or very specific college courses. The certified general designation will go from 180 hours to 300 hours, plus a four year degree or very specific college courses. Alright, for those who have fainted, please remember "don't panic".

The segmented approach to the 2008 changes means that if you are registered as a trainee and you complete any one of the three segments (see above) on the current requirements, that *segment* will be considered completed. So, if you wish to become a certified residential appraiser, for example, you must complete the 120 hours of qualifying education prior to January 1, 2008 for that segment to be considered completed. The education must be from our approved course list and you must retain those education credit letters given to you by the course providers. If you lose those letters you are out of luck. Education letters will be accepted after 2008, excuses will not. So put those credit letters in a fire safe!

The experience segment is not changing significantly. The required experience hours for licensed real estate appraiser is 2,000 hours over at least 24 months, the required experience for certified residential will still be 2,500 hours over at least 24 months, and the certified general required experience will still be 3,000 hours over 30 months and at least 1,500 hours must be of non-residential properties. These requirements have not changed. The only changes are minor changes in how the experience hours will be calculated and the experience log form will change as well.

The three national AQB exams will change in 2008. The examinations will take longer to complete. Each examination is currently proposed to have 165 questions and the estimated time it will take to complete these exams will go up significantly as compared to the current exam times. The exams will have different cut scores based on their level of difficulty. The certified general examination may take as long as eight hours to complete.

Be prepared! The exams will be predominately practice based questions and have been developed to coincide with the increased education requirements. What does this mean to you? If you are going to try to have the education segment completed prior to 2008 but will be taking the new 2008 exam you may find the exam extra challenging because you will have less education than was encompassed during the development of the exam. Does this mean you won't pass it? Not necessarily. It does mean you will have to study, study, study!

Be advised that if you intend to take the exam prior to 2008 to complete that segment, a passing exam is only valid for 24 months. If you are not designated as an appraiser within 24 months, you will have to take the exam over again. Only applicants for licensed and certified residential can take the examination prior to completing the experience requirement.

That is it travelers! That is your guide to the 2008 changes. For those who are already designated appraisers and are considering upgrading prior to 2008 the above information applies to you as well. And finally, in the immortal words of Douglas Adams, "So long, and thanks for all the fish!"

THE EFFECT OF THE SUB-PRIME MARKET

— JASON WEST —

How will the sub-prime mortgage prices affect appraisers, appraisals and values?

Since the third quarter of 2006, sixty-three different mortgage companies that have specialized in sub-prime lending, have ceased operations. In April of 2007, New Century Financial, the largest provider of sub-prime mortgages in the United States, declared bankruptcy.

These problems in sub-prime lending have increased regulatory pressures as well as heightened mortgage lending standards. A recent survey of Senior Loan Officers conducted by the Federal Reserve Board indicated that credit standards are at their tightest levels since the second quarter of 1991. Additionally, large mortgage lenders such as Indy Mac and Countywide have announced the discontinuance of their riskier lending practices such as no income verification loan programs and 100% financing.

Because of this credit standard tightening, it is anticipated that investor demand could reduce by as much as 25-50%. While a healthier lending environment for the banking and mortgage industries would ultimately be created, this move will initially place added pressure on a housing market which has already shown signs of softening. Housing starts continue to fall and inventory levels continue to rise.

Many potential home-owners will find they no longer have access to the same credit as they did in the past. This credit tightening will have the potential to “price-out” over 1 million potential home-owners out of the market. The weakening of demand and rising inventories will definitely have an effect on value as well as marketability.

Additionally, an increase in foreclosure and delinquency rates could increase the supply of existing homes on the market, generating downward pressure on prices. Because of these two factors, it will be difficult to predict when the housing market will stabilize.

In light of these situations, fraud has also played a major role. Beazer Homes**, the nation’s sixth largest home builder is currently under investigation from the FBI, IRS, and the Justice Department over lending practices through their mortgage firm. It is anticipated this is not an isolated event and other homebuilders that have mortgage subsidiaries as part of their operations may also come under scrutiny. The Washington Post reported that according to the Financial Crimes Enforcement Network the number of fraudulent mortgage loans reported by federally regulated banks increased almost 50% in 2006 to a level over 37 million.

As part of this activity, appraisals have been shown to be severely flawed due to overly aggressive valuations.

Base Point Analytics, a research firm, released a new study showing that 70% of all early payment defaults are linked directly to misrepresentation in fraud on loan applications. One of the primary reasons was directly attributable to overly aggressive or fraudulent appraisals. Many appraisers have been coerced by either mortgage brokers or home builders to appraise home for much more than their true worth and thus artificially inflating the appreciation rates. GMAC has recently announced that they will no longer rely on appraisals or brokered opinions for foreclosed properties given the fraud or unrealistic values being assigned in 2006.

In light of this changing real estate market, we encourage all licensed and certified appraisers to ensure accuracy in your values.

Maintain your independence.

Do not fall victim to valuing property that automatically matches contracts.

Remember, you are establishing a value opinion upon which the lender will rely upon should the borrower not repay their loan.

Beazer Homes information from **USA Today *Copyright 2007 The Associated Press.*

Jason K. West is the President, Co-Founder, Organizer and a member of the Board of Directors of PrimeTrust Bank, an independent community bank formed in December of 2001 with seven present offices. He has over 19 years of banking experience in Middle Tennessee.

A Corporate Reviewer's Perspective

By Kathy Bashore

We've all been there...you are rushed to get the assignment done, you thought you did a pretty good job, you took the required pictures and those canned comments sure helped speed the job up; right? Wrong! While canned comments and minimal photos are often used in our profession, they can also be a detriment and end up generating a lot of call backs from the lender(s).

Let's go back to the days of our initial appraisal training. What were the first phrases you heard (or if you had a good teacher you should have heard)? "Location, location, location," and "Paint the picture!" These are two teachings that will never go away in the world of appraising and valuation.

You say, "I understand the location stuff, we've heard it all before." You may have heard this but do you truly apply it? Too many times the corporate reviewers (many of whom are appraisers) continue to see appraisers (and their trainees) ignore the fact that their subject's neighborhood predominantly lacks good maintenance levels or is predominantly foreclosure properties in the surrounding 3-5 blocks but go beyond that area, for various reasons, to obtain comparables in a more "typical" neighborhood to gain the "market" value. Well, think about this; does this practice actually paint the true picture of the subject within its own neighborhood? Do the comparables outside of the subject's immediate neighborhood actually represent an accurate value of the subject within its own neighborhood? What is a reasonable adjustment obtained from a market comparison of the two neighborhoods, when the circumstances have you forced to obtain comparables from a superior neighborhood? Have you done your homework to know or did you pull that number from the air or a "rule of thumb"?

Okay, you say, "I get it, but what's this paint the picture thing? I take pictures." What is meant by "paint the picture" is to accurately and adequately provide all information necessary so that the client and intended users of this report (possibly from a totally different state or city) can know and understand what type of property the subject is, what condition the subject is in, what the neighborhood is like and all views around the subject. Example: Your subject is an average bungalow in a mixed use neighborhood. The house is an above average home for the neighborhood and has had recent siding and windows, but there are one or two shingles missing. One street scene shows residential houses, the other street scene shows intersection 3 houses down and a large gas station at that intersection. You chose to take the residential shot and neglected to portray the mixed use neighborhood because the subject lies in the residential portion. From the front room of the house your view is another residential house, from the rear deck you view a tree buffer that separates the subject site from the railroad tracks or industrial site. What do you say, what do you do? What you should do, and what many appraisers do not do, is you should take photos from all views and explain in your commentary the distance and location of possible external obsolescence which may affect value and marketability. Did you mention the roof or think it's too minor and you saw no leaks so why cause trouble? Far too many corporate reviewers have to place a black mark on an appraiser's record with the lender because the field review came back disclosing all these undisclosed factors that were not mentioned or adjusted for within the original report. The "picture" may need to be painted by both words and photos, to be sufficient for the intended use and intended user. Consider including details in both word detail and photo detail so the client can understand the whole picture. Full details will reflect well on your record within the corporate community and may create fewer callbacks which can be more time consuming than including it the first time.

Always remember, especially now in the tightening economy and sub-prime loans, that your report has a higher chance of review, especially if you are in a market where foreclosures are on the rise. As more and more people are finding loans from the sub-prime market, these loans are reviewed by appraisers from the desk and in the field. As these loans are pooled together and sold to Wall Street, private investors, and other participants in the secondary market, they are additionally scrutinized by the investor who often orders local reviews which include photos of the subject and all street views. If the field review exposes health, safety, external obsolescence, deferred maintenance or neighborhood conditions that were not noted in your report; you have just earned another black mark on your record.

The more you provide explicit details and a good comparable analysis, the less likely you are to hear from us, corporate reviewers, and the better your standing with the lender(s) will remain.

As I close, think about this: You may know what you meant to say and what you have seen but does the client understand what you have said or, in some cases, not said?

This article is an abridged version of Kathy's original article located in the 2006 REV Magazine. *Kathy Bashore has been in the Real Estate industry for 20+ years and has worked for 4 major corporations, done review work for government agencies and FNMA.*

APPRAISAL STANDARDS BOARD
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USPAP Q&A

Vol. 9, No. 4 **April 2007**

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Record Keeping Requirements for Oral Reports and Testimony

Question:
Does the expectation to have a transcript or a summary apply only in assignments when an appraiser provides an oral report?

Response:
No. The requirements identified in the Record Keeping section of the ETHICS RULE apply to both oral reports and testimony in an appraisal, appraisal review, or appraisal consulting assignment.

Is a Transcript Required for Oral Report and Testimony?

Question:
Is a transcript of an oral report or testimony required for the workfile when an appraiser testifies about an appraisal assignment?

Response:
No. There is no absolute requirement to have a transcript of the appraisal oral report testimony. The Record Keeping section of the ETHICS RULE requirement is for the workfile to contain summaries (which are typically prepared by the appraiser) or a transcript. In cases where summaries are retained, a transcript is not required.

Is a Transcript Required if a Written Appraisal Report was Prepared?

Question:
Does the expectation to have a transcript or summary of testimony apply if the appraiser has a written appraisal report and testifies only to the information contained in that report?

Response:
Yes. A transcript or summary of the testimony must be included in the workfile when the appraiser testifies about a written report. While the report that is the subject of the appraiser's testimony must also be included in the assignment workfile, it does not replace a summary of the testimony.

Is a Separate Certification Required if a Written Appraisal Report was Prepared?

Question:
If an appraiser prepares a written appraisal report, is the workfile required to contain a separate signed certification for any testimony the appraiser provided in support of that report?

Response:
In cases where testimony is provided about information contained in a written appraisal, appraisal review, or appraisal consulting report, a signed certification is required to be included in the written report. The requirement to include a signed certification is satisfied by including a true copy of the report in the workfile, consistent with the Record Keeping section of the ETHICS RULE.

Is a Transcript of the Entire Proceeding Required?

Question:
Must the workfile contain a transcript or summary of an appraiser's testimony for the entire proceeding, or only for that portion that contains the appraiser's testimony?

Response:
The appraiser's workfile must contain a summary or a transcript of the appraiser's testimony in an appraisal, appraisal review, or appraisal consulting assignment. The appraiser is not obligated to retain summaries or transcripts for other segments of the proceedings in which testimony was provided by individuals other than the appraiser.

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USPAP Q&A

Vol. 9, No. 2 **February 2007**

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Appraisal versus Appraisal Consulting Assignment

Question:
What is the difference between an appraisal assignment and an appraisal consulting assignment?

Response:
Appraisal assignments are those where the purpose is to provide an opinion of value. Appraisal consulting assignments are those where the purpose is to provide an analysis, recommendation or opinion to solve a problem where an opinion of value is a component of the analysis. USPAP defines appraisal consulting as:

> *the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.*
>
> > *Comment: An appraisal consulting assignment involves an opinion of value but does not have an appraisal or an appraisal review as its primary purpose.*

Also, the Comment to STANDARD 4 (Real Property Appraisal Consulting, Development) states, in part:

> *...the purpose of an assignment under this Standard is always to develop, without advocacy, an analysis, recommendation, or opinion where at least one opinion of value is a component of the analysis leading to the assignment results.*
>
> *...An opinion of value or an opinion as to the quality of another appraiser's work cannot be the purpose of an appraisal consulting assignment. Developing an*

assignment for those purposes is an appraisal or an appraisal review assignment, respectively.

An example of a real property appraisal consulting assignment is a feasibility study where the client is seeking advice regarding most profitable development strategies. In the feasibility study, opinions of value would be used to test different scenarios. Those opinions of value may be provided by the appraiser doing the consulting assignment (feasibility study) or by another appraiser.

Market Rent Opinion

Question:
I was asked by a client to provide an opinion of the market rental rate for a commercial property. Is such an assignment considered an appraisal?

Response:
Yes. USPAP defines an appraisal as "an opinion of value," and market rent is an expression of value for the right to use a property. Therefore, to comply with USPAP in this assignment, an appraiser would have to follow STANDARD 1 to develop the opinion of the market rent, and STANDARD 2 to report the assignment results.

Income and Expense Analyses

Question:
I was asked by a client to prepare a five-year market-based forecast of income and expenses for a specific commercial property. Is such a request an appraisal assignment or an appraisal consulting assignment?

Response:
The request is an appraisal consulting assignment, which includes an appraisal. The market-based income and expense forecast is an *analysis* by the appraiser that includes an opinion of market rent, which is an opinion of value. The process of developing an opinion of market rent *to be used* in the analysis is an appraisal, since USPAP defines an appraisal as "an opinion of value." Therefore, to comply with USPAP an appraiser would have to follow STANDARD 1 to develop the opinion of the market rent (value), and STANDARD 4 to develop the income and expense analysis. The appraisal consulting report would have to comply with STANDARD 5.

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USPAP Q&A

Vol. 9, No. 1 **January 2007**

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“Effective Date” of USPAP

Question:
Does the 2006 USPAP apply in 2007?

Response:
Yes. The 2006 edition of USPAP became effective on July 1, 2006 and remains in effect until a new edition of USPAP is adopted.

Changes to 2006 USPAP

Question:
Is the Appraisal Standards Board considering changes to the 2006 edition of USPAP?

Response:
Yes. The Appraisal Standards Board (ASB) regularly receives comments and suggestions for improving USPAP. The ASB has released for public comment an Exposure Draft that presents proposed changes for the next edition of USPAP. The Exposure Draft can be accessed at The Appraisal Foundation website: www.appraisalfoundation.org. The deadline for written comments is January 25, 2007. Comments are also invited at the ASB Public Meeting on February 2, 2007 in San Francisco, California.

Next Edition of USPAP

Question:
When will the next edition of USPAP be available?

Response:
The next edition of USPAP is planned for 2008 and is currently scheduled to be available in the fall of 2007. The 2008 edition of USPAP is scheduled to be effective on January 1,

2008 and is planned to remain in effect through the end of 2009. This is consistent with the ASB's goal of changing USPAP less often and moving to a two-year cycle publication schedule.

Each year the ASB compiles the monthly USPAP Q&A into a publication entitled Frequently Asked Questions, or FAQ's. In addition to compiling the new FAQ's for the year, all of the FAQ's in the publication are reviewed and updated, if necessary, to ensure they represent the most recent guidance from the Board. Frequently Asked Questions is published as an adjunct to each edition of USPAP, and has become a valuable reference for appraisers, users of appraisal services, and regulators. The Frequently Asked Questions publication can be purchased for $20.00 by visiting the "Foundation Store" page on The Appraisal Foundation website (https://commerce.appraisalfoundation.org).

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USPAP Q&A

Vol. 9, No. 3 **March 2007**

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Sales or Financing Concessions

Question:
The real estate market I appraise in has slowed down over the last 12 to 18 months, and it is now extremely common to see seller concessions as part of a purchase transaction. What are the USPAP requirements regarding proper treatment of sales/financing concessions?

Response:
Sales or financing concessions may have an effect on the price paid for a property. As such, it is important for the appraiser to recognize this and analyze their impact.

Sales or financing concessions should be considered in light of the type and definition of value used in an assignment. If the value opinion to be developed in a real property appraisal assignment is market value, then Standards Rule 1-2(c) requires the appraiser to ascertain whether the value is to be the most probable price:

(i) *in terms of cash; or*

(ii) *in terms of financial arrangements equivalent to cash; or*

(iii) *in other precisely defined terms; and*

(iv) ***if the opinion of value is to be based on non-market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly identified and the appraiser's opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data;*** *(Bold added for emphasis)*

It should be noted that some client groups, such as Fannie Mae, specify how sales or financing concessions are to be addressed in assignments that are subject to their guidelines. Appraisers performing assignments of this type should become familiar with all applicable guidelines in order to satisfy the requirements of the COMPETENCY RULE.

The following two USPAP Q&A's appear in our 2006 Frequently Asked Questions publication. They have been reprinted here because they are questions which continue to be asked on a regular basis. Additional questions may be reprinted in future months.

Obligation to Analyze Prior Listings of Subject Property

Question:
I know that Standards Rule 1-5(a) requires an appraiser to analyze all current listings of the subject property. Does it also require analysis of *prior* listings of the subject property?

Response:
No. Similar to sales history requirements for comparable sales, this Standards Rule does not require an appraiser to analyze a prior listing history for the subject property. However, in the development of an appraisal, an appraiser is required under Standards Rule 1-1(b), to *not commit a substantial error of omission or commission that significantly affects an appraisal*. If information about a prior listing is known by the appraiser, and that information is relevant to the appraisal problem, it must be considered.

An analysis of the subject's prior listing history may be required by applicable supplemental standards in some assignments.

Obligation to Analyze Withdrawn or Expired Listings

Question:
I was asked to appraise a single-family residence for refinancing. I am aware that the property had been previously listed but did not sell. During my data investigation and analysis, I noted that the owner's "estimate of value" was $375,000. When I looked up the listing history, I found it had been withdrawn from the market at the asking price of $325,000. What are my obligations under USPAP regarding a withdrawn or expired listing of the subject property?

Response:
Standards Rule 1-5(a) states:

> *When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:*
>
> *(a) analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal.*

Therefore, there is not a specific requirement in Standards Rule 1-5(a) to consider and analyze a withdrawn or expired listing of the subject property, prior to the date of the appraisal.

However, any prior listing of the subject property (as of the effective date of the appraisal) might be significant in that it indicates the property's availability in the market and the market reaction to that availability. Likewise, agreements of sale and options are generally significant to the appraisal problem in that they involve a "meeting of the minds," relating to the property's value, of the potential buyer and seller.

In the development of an appraisal, an appraiser is required under Standards Rule 1-1(b), to *not commit a substantial error of omission or commission that significantly affects an appraisal*. <u>If information about a withdrawn or expired listing is known by the appraiser and that information is relevant to the appraisal problem, it must be considered.</u>

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APPRAISAL STANDARDS BOARD

USPAP Q&A

Vol. 9, No. 5 **May 2007**

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Confidentiality and Intended Users

Question:
I recently performed an appraisal. Yesterday, an intended user who is not the client contacted me to discuss the appraisal. Do I need the client's authorization to discuss the appraisal with this intended user?

Response:
Yes. Although intended users have an important role in the appraiser's decisions about the appropriate scope of work and the content of the report, the appraiser cannot discuss the appraisal with an intended user without the client's authorization. The Confidentiality section of the ETHICS RULE states:

> *An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client…*

The appraiser-client relationship is distinct from the appraiser's relationship to intended users.

Significant Appraisal Assistance

Question:
In preparing an appraisal assignment, I talk with many different people. I know the report certification must identify individuals who provide "significant real property appraisal assistance." What is significant appraisal assistance?

Response:
USPAP does not include a definition of significant appraisal assistance. However, aspects of this phrase can be explored to clarify its meaning.

First, the term "significant" means that the contribution must be of substance to the development of the assignment results. In other words, the individual must contribute to the valuation analysis in a noteworthy way. An individual who merely collects or provides data for use in the analysis does not provide significant appraisal assistance.

Secondly, the reference to "appraisal assistance" means that the contribution is related to the appraisal process or requires appraiser competency. One misconception is that non-appraisers who provide assistance should be identified in the certification. This is incorrect because the certification requirements in USPAP apply only to appraisers. Thus, only appraisers sign the certification or are identified as providing significant appraisal assistance. For example, the use of an environmental expert to determine wetland boundaries would not be considered significant real property appraisal assistance.

Examples of contributions made by appraisers that constitute significant real property appraisal assistance include the identification of comparable properties and data, inspection of the subject property and comparables, estimating accrued depreciation, or forecasting income and expenses.

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TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2007 DISCIPLINARY ACTION REPORT —

January 2007 through May 2007 Disciplinary Action Report

Respondent: Thomas A. Bivens, Talbott, TN
Violation: Violation of the Ethics Rule-conduction section by valuing the same property on different occasions using different cost figures and including inappropriate comparables and omitting property characteristics of the comparables.
Action: $300 civil penalty

Respondent: Martin Shaver, Dayton, TN
Violation: Violation of the Competency Rule in performing an appraisal assignment.
Action: $2,500 Civil Penalty

Respondent: Tena Bosworth, Brentwood, TN
Violation: Failure to disclose neighborhood factors influencing the value of the subject property. Violation of Standards Rule 1-1.
Action: Consent order included a 30 hour procedures course with exam within 90 days of executing consent order.

Respondent: Thomas Etheridge, Old Hickory, TN
Violation: Violation of the Competency Rule in performing an appraisal assignment on a golf course. Failure to disclose scope of work and failure to disclose in the certification another who provided significant real property appraisal assistance to the person signing the certification.
Action: $7,500 civil penalty.

Respondent: William R. Parrish, Mount Juliet, TN
Violation: Violations of Standards Rules 1-1 (a), (b), (c); 1-2 (h); 1-4 (f); and 2-1 (a); and the Ethics Rule. Failure to disclose that the water source to the subject property was a hypothetical condition.
Action: $2000 civil penalty

Respondent: Donald W. Ellis, Knoxville, TN
Violation: Violations of Standards Rules 1-1 (b) by providing incorrect information on the five included comparables. Mistakes were also found in the cost approach and the sales comparison approach adjustments.
Action: $1000 civil penalty

Respondent: James Abernathy, Gallatin, TN
Violation: Violations of Competency Rule and the Ethics Rule, Conduct section and Standard Rule 1-1 by rendering an appraisal report that, when considered in its entirety showed a lack of competency to perform the appraisal assignment and by misreporting the zoning and the status in the contract section and the age and effective age of the subject and other errors which were found to be violations of USPAP.
Action: $2,500 civil penalty and a 30 hour procedures course with an exam and a 15 hour USPAP course with an exam. These courses are not to count toward continuing education. Three demonstration reports are to be provided to the Commission of different property types showing competency in the cost, sales, and income approaches.

Respondent: Billy H. Whitfield, Murfreesboro, TN
Violation: Violations of Standards Rules 1-1 (a), (c); 1-4 (b)(ii) by not documenting analysis of the comparable cost data, by communicating a misleading report in violation of the

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TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2007 DISCIPLINARY ACTION REPORT —

	Ethics Rule, Conduct section, and by reporting incorrect square footage of Comparable One.
Action:	Cost approach class of at least 7 hours.
Respondent:	Richard D. Hyatt, Pulaski, TN
Violation:	Violations of the Ethics Rule, Conduct section by attaching the electronic signature of a former employee without authorization and documenting an incorrect date on the appraisal.
Action:	15 hour USPAP course, with an exam.
Respondent:	John Slickmeyer, Jr., Cookeville, TN
Violation:	Violated Standards Rule 1-1 (c) by misreporting property characteristics.
Action:	$300 civil penalty
Respondent:	Elizabeth Norris, Chattanooga, TN
Violation:	Violations of Standards Rules 1-1 (a), (b), (c); and Standards Rule 2-1 (a), (b) (iii) by failing to report and analyze the subject property's sale history, overstating the square footage of the subject dwelling, and not adequately reconciling data used to develop opinion of value.
Action:	$500 civil penalty and a course in Supporting Sales Comparison Adjustments
Respondent:	Gwendolyn Lanford, Loudon, TN
Violation:	Violations of Competency Rule; Supplemental Standards Rule; Ethics Rule, Record Keeping section; and Standard Rule 1-4 (b), 1-5 (a) by not maintaining the cost approach in the workfile as indicated in the appraisal report, failing to use forms required by Supplemental Standards, not competently performing the appraisal process in an assignment, and not reporting and analyzing the listing history of the subject property.
Action:	30 hour Report Writing or Procedures course with an exam, a 15 hour USPAP course with an exam, 7 hour Scope of Work course. An appraisal experience log will be submitted after completion of these courses and five appraisals will be chosen for review for USPAP compliance.
Respondent:	John Trice, Lebanon, TN
Violation:	Violations of Standards Rules 1-6 and 2-2 by not reconciling the data used to determine the market value of the subject property and the credibility of the cost approach in the appraisal report and by not stating the intended use of the appraisal, not adequately reconciling the data, elements of comparison and reasoning used to develop the opinions of value, and by not identifying an extraordinary assumption or hypothetical condition that may have been needed due to access restrictions to the site, and also the use of the second house on the site and its condition was not described in the appraisal report.
Action:	$1,000 civil penalty and a Marshall and Swift cost approach course.
Respondent:	Marjorie Lane, Antioch, TN
Violation:	Violations of the Ethics Rule, Conduct section and Management section by invoicing a lender for "Services Rendered" which were for payment of football tickets given to a loan officer and not for appraisal services.
Action:	$1,000 civil penalty and a USPAP course.
Respondent:	Michael E. Williamson, Cleveland, TN
Violation:	Violations of the Ethics Rule, Conduct section by failing to supervise his trainee, by not inspection the subject property and reporting on the appraisal that he had inspected the property.
Action:	$1,000 civil penalty and USPAP course.

TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2007 DISCIPLINARY ACTION REPORT —

Respondent: Rebecca Snyder, Cleveland, TN
Violation: Violated Rule 1255-1-.13(4)(g) by conducting a property inspection alone (without being accompanied by the supervising appraiser) prior to gaining 500 hours of acceptable appraisal experience and turning in the property inspection affidavit.
Action: Respondent has agreed to take a fifteen (15) hour USPAP course and a thirty (30) hour Report Writing course within three months.

Respondent: Timothy Towner, Antioch, TN
Violation: Violated Uniform Standards of Professional Appraisal Practice Rule 1-4, 2-1, 2-2, the Ethics Rule; Conduct, Management and Record Keeping sections in the following ways:

- Conduct section (Ethics) -- by communicating a report with a misleading value opinion supported by using Comparables that were of superior quality and superior locations;
- Management section (Ethics) -- by favoring the cause of the client and borrower by providing an appraised value directed to favor the cause of the client and accepting an assignment with compensation that was contingent on an unethical assignment condition;
- Record Keeping section (Ethics) -- by failing to retain a true copy of the written report that he issued to the client;
- Standard Rule 1-4 -- by including inappropriate Comparables in the sales comparison approach and using inappropriate adjustments to the elements of comparison;
- Standard Rule 2-1 -- by altering the report and using Comparables that were of superior quality, condition and location without making adjustments or reporting on these elements; and
- Standard Rule 2-2 (b)(ix) by not adequately reconciling the data and reasoning used in the report to develop the opinions of value.

Action: Respondent has agreed to a civil penalty of $2,000 and a suspension of this license to begin on the date that the consent order is fully executed. At the end of the eight month suspension the Respondent's license will be reinstated without further action necessary by the Respondent (however, all licensure fees and continuing education requirements shall still apply during the suspension period).

Respondent: Michael Douglas Webb, Knoxville, TN
Violation: Violated the Ethics Rule, Conduct Section by failing to provide trainee with access to work files and failing to identify person who provided significant appraisal assistance in the development of the appraisal assignment.
Action: Respondent agreed to a $3,000 civil penalty and to complete a 16 hour USPAP course within 90 days of execution of signing the consent order.

Respondent: Burchette McFarland, Somerville, TN
Violation: The respondent performed an appraisal on or about May 19, 2003 subsequent to his license expiring on April 30, 2003.
Action: Respondent states in the consent order that he understands his civil penalty has been especially waived by the Commission due to his inability to pay said penalty and that he understands that if he should engage in any other unlicensed appraiser actions, the Commission has the authority in this case to re-open this case and, in addition, bring charges on the new case, and will also refer both cases to the local district attorney for misdemeanor prosecution for unlicensed conduct. The Respondent further agrees to cease and desist his activities of preparing appraisals and/or soliciting appraisal assignments without a valid license.

TENNESSEE REAL ESTATE COMMISSION **MEMBERS**

COMMISSION MEMBERS

Mr. Jason West is a public member representing Middle Tennessee. Mr. West is the Presidential and member of PrimeTrust Bank. He has over 19 years banking experience in Middle Tennessee.

Mr. Marc Headden is a certified general appraiser representing Middle Tennessee. Mr. Headden is our current Chairman of the Real Estate Appraiser Commission. He is an affiliate real estate broker and has owned, developed, and managed property in the Middle and West Tennessee areas.

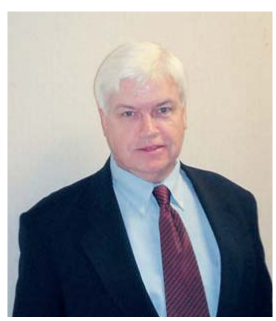
Mr. Lou Bratton is a certified residential appraiser representing Middle Tennessee.

Mr. John Bullington is a certified general appraiser representing East Tennessee. Mr. Bullington has served the Real Estate Appraiser Commission since 2002. He is the Commission's current Vice Chair and served as Chairman from 2004-2005. He is a member of the State Regulatory Advisory Group to the Appraisal Foundation and is a member of the Appraisal Foundation and is also a member of the Appraisal Institute.

Mr. William R. Flowers, Jr. is a certified general appraiser representing West Tennessee. Mr. Flowers has 28 years experience in real estate, which includes eight years as a broker, appraiser, builder and developer. The past twenty years Mr. Flowers has been involved in market studies, feasibility studies and appraisals. Mr. Flowers is an associate member of the Appraisal Institute and International Right of Way Association and has a SRWA designation.

Dr. Richard Evans is our educator member representing West Tennessee. Dr. Evans is a professor at the University of Memphis, teaching real estate and economics courses. He is director of real estate research for the University's center for real estate research and director of forecasting for the University's Sparks Bureau of Business and Economics Research.

Mr. James Wade, Jr. is a certified general appraiser representing West Tennessee. Mr. Wade has been a licensed real estate broker since 1973. He is a designated SRWA member of the International Right-of-Way Association, a designated RAA/GAA member of the National Association of Realtors, an associate member of the Appraisal Institute, and a broker member of the Central West Tennessee Association of Realtors.



STAFF MEMBER

Nikole Urban is the new Administrative Director for the Real Estate Appraiser Commission. She is a certified residential appraiser, has instructed appraisal courses, and is an AQB approved USPAP instructor. Please feel free to contact her with any appraisal questions or licensing concerns.

Mr. Sam Pipkin is a certified general appraiser representing East Tennessee. He is a partner in the firm of Pipkin and Associates, LLC. He is a graduate of the University of Tennessee with a MS in Agricultural Economics. He has been an appraiser for over 35 years and has taught real estate appraisal courses at the University of Tennessee, Roane State Community College, and East Tennessee State University for the Appraisal Institute and the Society of Real Estate Appraisers.