



T E N N E S S E E

real estate appraiser

REPORT

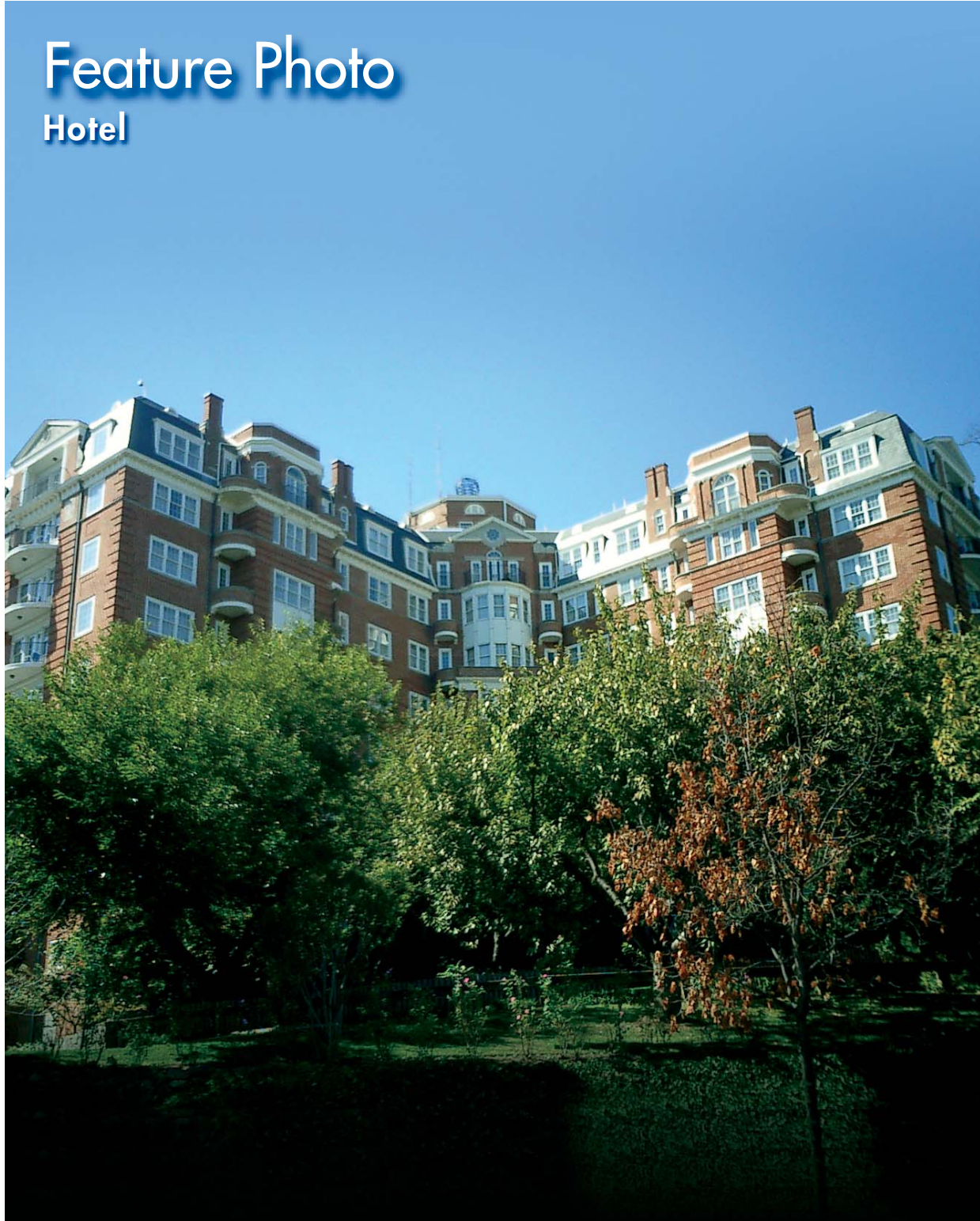
Department of Commerce and Insurance

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News and Stories of the Real Estate Appraiser Commission

Feature Photo Hotel



Letter from the Chair

by William R. Flowers, Jr.

News from TREAC

Significant Appraisal Assistance

by Nikole Avers

Limits for Appraisers

by Nikole Avers

What Is a Good Appraiser

by Ann O'Rourke

USPAP Q & A

Disciplinary Action Report

Commission Member Photo Page

Letter from the Chair by William R. Flowers, Jr.

I would like to thank and congratulate former chair, Marc Headden, for a job well done. His dedication, leadership and professionalism guided us through a very successful year.

I would also like to thank Lou Bratton, Sam Pipkin and Dr. Richard Evans for their six years of service on the commission.

We welcome three new members Herbert Phillips, Ken Woodford and Dr. Edward Baryla to the commission.

It is the mission of the Tennessee Real Estate Appraiser Commission to strive to protect the public welfare by insuring that only qualified persons are licensed or certified and that all licensees uphold the highest appropriate professional standard of practice, independence, and competence.

In order to accomplish this mission the Tennessee Real Estate Appraiser Commission regularly interviews each applicant as they apply to change their license or certification status. There are two reoccurring problems we find that affect many of the applicants. The first problem is large offsetting adjustments caused by lack of knowledge or understanding associated with depreciation. Along these lines we asked the Administrative Director to author an article in the winter 2007 newsletter describing the procedure for estimating depreciation from the market place.

Since that time, we have interviewed several applicants seeking to pass to a higher license level. We continue to see the same large inconsistent adjustments for condition or effective age without support for those adjustments. In short, it appears trainees are not being taught market extraction for depreciation or other acceptable methods. A trainee must be able to support an adjustment for condition or effective age. Please take time to revisit that newsletter on depreciation if additional education is needed in this area. Sponsors please work with your trainees on this very important issue.

The second problem that we are encountering on an increasing basis is sponsors that are not acknowledging the assistance of the trainee in the appraisal report. Again, along those lines, we have asked the Administrative Director to address this problem with an article in this newsletter. This is a serious USPAP violation which carries a substantial disciplinary and or monetary penalty for the violating sponsor and has even worse repercussions for the unwitting trainee; this practice is misleading.

A trainee that has spent 2,500 hours preparing to become a Certified Residential Appraiser and is then informed that those 2,500 hours have not been acknowledged properly and is not USPAP compliant is a devastating situation. These non-USPAP compliant experience hours will not count towards certification. Sponsors and trainees alike should become familiar with the required disclosure of significant real property appraisal assistance in the certification and make sure that the work performed by the trainee is also described in the appraisal report.

Remember, all commission meetings are open to the public. We hope you will try to attend.

William R. Flowers, Jr.



from the Real Estate Appraiser Commission

New Commission Members

Please join the Real Estate Appraiser Commission in welcoming our three new Commission members. Dr. Edward Baryla has been appointed as the new education member and is from East Tennessee. Ken Woodford is a certified general appraiser from East Tennessee. Herbert Phillips is a certified general appraiser from Middle Tennessee. Please see the "Commission Members" page for a short bio of our new members.

Thank you

The Tennessee Real Estate Appraiser Commission wishes to thank our Commission members whose terms have recently come to an end, Mr. Sam Pipkin, Mr. Luther Bratton, and Dr. Richard Evans. We wish to thank these gentlemen for many years of dedicated service and outstanding leadership in giving voice and vision for the past, present and future. You have made an invaluable contribution to the Real Estate Appraisal profession.

Administrative Director

As many of you have noticed, the Administrative Director's last name has changed. Nikole Urban is now Nikole Avers, having gotten married at the end of last year. Please send all e-mail correspondence for Mrs. Avers to Nikole.Avers@state.tn.us

Methamphetamine Contaminated Properties Listing

A listing of properties where arrests occurred or labs were found is available from the Tennessee Department of Environment and Conservation at: <http://tennessee.gov/environment/dor/pdf/quarantined.pdf>
A Meth Offender Registry is available on the Tennessee Bureau of Investigation website at: www.tbi.state.tn

HUD/FHA Information

The Commission office has gotten a lot of calls regarding getting on the HUD/FHA panel. You can find information on getting on their approved list at www.hud.gov.

Education Credit Letters/Upgrading

A lot of people are trying to get their education completed prior to the changes in 2008. If you complete the education, please retain the credit letters in your education file. You should check the "Approved Course List" on our website to verify that all courses taken are approved courses. Do not send them to the Commission office until you are ready to upgrade. At that time, please send only photo copies of credit letters. The originals are yours to keep as verification of completion of these courses.

Trainees and Supervising Appraisers Identifying "Significant Real Property Appraisal Assistance"

By Nikole M. Avers, Administrative Director

Taking on the supervision of a registered trainee is a lot of responsibility for certified appraisers in Tennessee. A supervising appraiser is required to sign each written appraisal report prepared by their registered trainee and ensure that appraisal was prepared under their direct supervision. This supervisor must review the appraisal and sign the certification that the appraisal is USPAP compliant. Of course, trainees are required to comply with USPAP as well, but that is a lot of responsibility the supervisor has agreed to take on by becoming a supervising appraiser.

A trainee is not required to sign the appraisal report to gain experience credit; however, if the trainee does not sign the appraisal report, but does provide "significant real property appraisal assistance", then they must be identified in the certification as having contributed such assistance and, also, their contribution to the appraisal must be identified within the appraisal report. For appraisal forms where the certification pages cannot be altered, an addendum to the certification page containing this information is considered acceptable by the Tennessee Real Estate Appraiser Commission. USPAP does not specifically identify where the work performed by the trainee must be located in the appraisal report, but it must be included within the report. If the supervisor wishes to describe the work performed by the registered trainee in a letter of transmittal then they must ensure that the letter of transmittal was originally included as part of the appraisal report submitted to the client.

In order for a trainee to be granted experience credit toward licensure or certification their appraisal reports must be found to be USPAP compliant by the Tennessee Real Estate Appraiser Commission. In order to determine this, a sample of the total experience log is requested and those appraisal reports are reviewed by a



LIMITS FOR APPRAISERS

by License Classification



by Nikole Avers

The Real Estate Appraiser Commission office has gotten several calls recently pertaining to the limits on the different license level classifications, primarily concerning “transaction value” and trainee supervision.

Trainees may only work on appraisal assignments if they are under the direct supervision of their supervising appraiser(s) and only the property types their supervisor may appraise. They must be accompanied on all property inspection for the first 500 experience hours and then may only go alone on inspections when the supervising appraiser has sent in a notarized “Trainee Property Inspection Affidavit” which is available on our website. On any real property appraisal that is more than 50 miles from the supervising appraisers business address, the supervisor must accompany that trainee on the inspection even after the first 500 hours of experience.

A state licensed appraiser may perform appraisals of the following properties:

- (1) All properties with a **transaction value** of up to two hundred fifty thousand dollars (\$250,000);
- (2) Noncomplex residential properties (one (1) to four (4) units) with a **transaction value** up to, *but not including*, one million dollars (\$1,000,000); and
- (3) Agricultural properties, including agricultural properties with up to two (2) dwelling units, with a **value*** up to, *but not including*, one million dollars (\$1,000,000).

A state certified residential appraiser may perform appraisals of the following properties:

- (1) All properties with a **transaction value** of up to two hundred fifty thousand dollars (\$250,000);
- (2) **All** noncomplex residential properties (one (1) to four (4) units).
- (3) Agricultural properties, including agricultural properties with up to two (2) dwelling units, with a **value*** up to, **but not including**, one million dollars (\$1,000,000).

A state certified general appraiser shall have no transaction value limits on such appraiser's appraisal practice.

A definition of **transaction value** from the FDIC (12 CFR 323) states:

- (1) For loans or other extensions of credit, the amount of the loan or extension of credit;
- (2) For sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and
- (3) For the pooling of loans or interests in real property for resale or purchase, the amount of the loan or market value of the real property calculated with respect to each such loan or interest in real property.

Remember, the Competency Rule of USPAP applies to every appraiser, every license classification!

*Please note that for agricultural properties the requirement is not based on transaction value, but on value.

Trainees, Sponsorships, and Employment

By Marc Headden

Many complaints that are reviewed by the Commission involve trainees. In January of 2008, the new criteria to become a licensed or certified appraiser go into effect. This is an excellent time for a sponsor/supervising appraiser and trainee to completely refresh and update themselves on their respective roles and the new requirements.

In the State of Tennessee, you must be a Registered Trainee before you can begin working toward a licensed or certified status. To become a Registered Trainee, you must complete 75 hours of approved qualifying education. This will include 15 hours of USPAP, 30 hours of Appraisal Principals, and 30 hours of Appraisal Procedures. After this is completed, the trainee submits application to the State with sponsor form and fee. The trainee may have more than one sponsor/supervising appraiser. The trainee should keep an updated experience log. If they have more than one sponsor, they should keep separate experience logs. Once the trainee has acquired 500 experience hours, he or she may submit a form to the State signed by both the trainee and the sponsor/supervising appraiser certifying the 500 hours. Upon approval, the trainee may inspect properties alone. Until the 500 hours are submitted to the State and approval obtained, the trainee can not do any inspections alone.

A supervising appraiser has to have been certified as either residential or general for at least 2 years before being able to sponsor a trainee, or 5 years if recently upgraded from the licensed appraiser designation. A sponsor can have up to three trainees. The sponsor/supervising appraiser must accompany the trainee

on inspections until the 500 hours have been submitted and approved. Once the 500 hours have been approved, the sponsor/supervising appraiser must accompany the trainee if the property to be appraised is more than 50 miles from the sponsor's office. The sponsor/supervising appraiser must notify the commission in writing within 30 days if he or she will no longer be sponsoring the trainee. The supervising appraiser must allow reasonable access to the files the trainee worked on. The supervisor and the trainee are both responsible for compliance with the Workfile requirement of the Ethics Rule.

These are only a few of the requirements for trainees and sponsors. I encourage all trainees and sponsors to get a copy of the State rules as it pertains to this matter in order to be fully educated.

Another important issue you may want to carefully consider if you are a sponsor/supervising appraiser is the question of whether your trainee will be considered an employee or independent contractor for tax purposes. Remember that when you pay a trainee, you are creating tax implications.

I bring this to your attention, because there have recently been some appraisers that have had to go back and pay employment taxes to the State. The State can also impose fines. I urge everyone to check with a competent tax advisor or contact the Tennessee Department of Labor yourself if you are unsure about employment status. This could save you a lot of time and money in the long run.

F. Marc Headden

What Is a “Good” Appraiser?

Reprinted with permission of Appraisal Today – Ann O'Rourke

Everyone has a different opinion of a good appraiser – clients, review appraisers, other appraisers, regulators, etc.

Who do you call when you have an appraisal question? I bet it's a name from a short list. This article focuses on what makes those appraisers the people you call on when you have a problem (and the appraisers you would like to hire).

Form fillers and boiler platers

I'm sure you have met clueless appraisers, who you would never call for advice.

In residential, I call them form fillers. They just know how to fill out a form to satisfy underwriters. They have a great difficulty doing an appraisal unless they are given a value to “come up with.” Then they try to do one without a “target” value, they can be way off.

I refer to clueless commercial appraisers as boilerplaters. The boilerplaters have thick appraisal reports that are empty of any meaningful, relevant analysis. They use spreadsheet templates or black box programs such as Argus or Project and have no idea about how spreadsheets work, or how investors evaluate cash flows.

Characteristics of a good appraiser

- Personal and professional integrity.
- Has a career, not just a job.
- Objective, can overlook personal biases.
- Talented. Is able to take conflicting information and pieces of a puzzle, and make a reconciliation. Get “hunches” that something isn't quite right, and are able to find out what's really happening (or at least make a very good effort to find out).
- Doesn't use a “cookbook” or pull out a form, previous appraisal, seminar notebook, or textbook and fills in the numbers without considering if it is the best approach.
- Very good interviewer, able to get people to talk.
- Talks with commercial tenants to find out about their businesses, information on the subject property, why they are leasing that space, etc. Requires signed leases and likes to get estoppel certificates.

- Reconciler, not just an accountant.
- When traveling, reads the real estate section of the local paper first.
- Listens when someone at a party starts talking about a deal, local politics affecting real estate, etc.
- Curious and wants to find out the real story. Asks questions.
- Looks beyond the comps. Analyzes and considers the current and future markets, not just the past (comps).
- Not a perfectionist or over-analyzer. Realizes no appraisal report is perfect. There is always another piece of the information that could be obtained. Knows when to stop obsessing and get the report out the door.
- Wants to figure out what a property is worth, not just whether it has enough equity to qualify for a loan.
- Can get “out of the box.” Flexible, willing to try new ways of analyzing, researching, or reporting.
- Easily bored. Likes new challenges.
- Always learning.

A career, not just a job or business

Think of the people you know who dropped out of the appraisal field. Except for the recent downturn and cutbacks, they were often people who really didn't see themselves as professional appraisers.

They just had a business or a job. They could have been doing anything else, such as accounting, photography, or managing a restaurant. When they left appraising, they usually left real estate.

Talent counts

Can you learn to be a good appraiser? Yes, to some extent. But just like being a good baseball player, you have to have talent, be willing to learn, and take the time to develop your skills.

Some people have talent and don't really use it, some try hard, but will never be really good, and some will never get

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What Is a Good Appraiser...cont.

it. It doesn't mean that you are a bad person, just that you don't have the talent for appraising.

You must be able to deal with uncertainty, have a sixth sense or hunches when something isn't right, never stop learning more about the real estate market, and can make decisions when faced with uncertainty.

Verifying sales

Many appraisers, particularly commercial appraisers, focus on sales verification as identifying good appraisers.

The formfiller/boilerplater confirms the price and terms and hangs up. The good appraiser wants to know "why". Why did the buyer purchase this property rather than another one, why did the seller sell, how was the asking price determined, etc.

Commercial appraisers ask such questions as which income and expense items were actual and projected, what was the "upside" that the buyer saw, was the buyer or seller in a 1031 exchange position and desperate for a property?

The purchase contract

When the subject property has a purchase contract, the good appraiser wants to know the listing history, how many offers were received, how it was marketed, why the buyer picked this property, why the seller was selling, etc. The good appraiser carefully reviews the sales contract, including terms, date, etc.

The formfiller/boilerplater just asks what the price is, and maybe reads the sales contract. They don't have the ability or interest to analyze the contract.

Changing markets

When markets are changing quickly, up, down, or stabilizing, the good appraiser can "feel" when this is happening. The good appraiser doesn't rely on comps, which are the past, but researches listings and expirations.

The good appraiser attends local meetings of appraisal associations to keep up on the latest trends.

The good appraiser keeps track of the pulse of the market by talking with buyers, sellers, and real estate agents.

The good appraiser makes some clients upset by considering changes in the market conditions when evaluating comps.

I started in appraising in the "old days" when you started in residential then moved into commercial appraising.

Now, appraisers are typically "tracked" into one or the other. Market factors are much easier to see and understand in the residential market. You can develop your "feel" for the

market much easier. You don't get bogged down in spreadsheets and numbers when you first start appraising. You do many more appraisals in a month than in commercial appraising.

Local market factors

The good appraiser reads the local newspaper and knows about zoning changes, controversial developments, and environmental problems. The good appraiser goes to the Web sites of the local newspapers looking for relevant information.

If the good appraiser gets a hunch that something is happening, he or she makes the calls to find out.

Open to new information and ideas

The good appraiser is not rigid and is willing to change a value or market opinion based on new information.

Willingness to learn new ways of appraising and reporting, use of new data sources and scrap outdated ones, and always looking to expand his or her appraisal knowledge are characteristics of a good appraiser.

Why should you hire a good appraiser?

Good appraisers stay in the appraisal field. After spending all the time to train someone they won't change careers.

Good appraisers love what they are doing. You don't have to worry about a lot of whining.

Good appraisers are a lower liability risk to your firm. They take the extra step to make sure they are not missing something. They let you know when they are over their heads on an assignment.

Good appraisers get their work done on time and don't obsess over the perfect appraisal.

Good appraisers are fun to work with. You can bounce ideas off each other. They can keep you up when you are bogged down in a difficult assignment or a business hassle such as a collection problem.

How to find and keep good experienced appraisers

Good appraisers are usually frustrated when working for a formfiller/boilerplater firm. They really want to analyze real estate, but are forced into providing a "vanilla" appraisal product. You may be able to recruit them.

See if your associate appraisers (registered trainee in TN) know anyone who may be available. They are usually much more aware of the market for appraisers than principals. Offer a hiring bonus of \$1,000 to \$2,000 to the associate



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APPRAISAL STANDARDS BOARD

USPAP Q&A

Vol. 9, No. 6

June 2007

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to inform appraisers, regulators, and users of appraisal services of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems.

Is an AVM an Appraisal?

Question:

Are the results from an Automated Valuation Model (AVM) an appraisal?

Response:

No. Advisory Opinion 18, *Use of an Automated Valuation Model (AVM)*, states:

An AVM's output is not, by itself, an appraisal, and communication of an AVM's output is not, in itself, an appraisal report.

An AVM is a tool that delivers an estimation or calculation, whereas an appraiser arrives at a value opinion by applying his or her judgment and experience. An appraisal is defined as "an opinion of value," which is distinctly different from an estimate or calculation of value. An AVM uses automated processes and cannot produce an opinion of value because only individuals can exercise judgment and form opinions. An AVM is just one tool among many that an appraiser might use to arrive at an opinion of value.

Appraisers are cautioned that this response is based on the USPAP definition of "appraisal." Jurisdictions that use a different definition of "appraisal" may reach a different conclusion.

Appraiser's USPAP Obligations When Using an AVM

Question:

What are an appraiser's USPAP obligations when using an Automated Valuation Model (AVM)?

Vol. 9, No. 6

June 2007

Response:

Many appraisers use calculators, spreadsheets, analytic software, and similar tools to analyze market data and calculate assignment results. The nature of the appraiser's service and how these tools are used are important factors in recognizing USPAP obligations. When appraisers use an AVM it can be as part of an appraisal assignment that provides value opinions to the client, or it may be for an assignment to run the AVM and provide the output to the client.

Advisory Opinion 18, *Use of an Automated Valuation Model (AVM)*, provides advice to help appraisers properly distinguish among the uses of an AVM.

An appraiser who uses an AVM for any purpose is subject to the requirements of USPAP that apply to all appraisal practice: the DEFINITIONS, the PREAMBLE, the Conduct, Management, and Confidentiality sections of the ETHICS RULE, the COMPETENCY RULE, the JURISDICTIONAL EXCEPTION RULE and the SUPPLEMENTAL STANDARDS RULE.

When the assignment includes providing an opinion of value for real property, the assignment is an appraisal and STANDARDS 1 and 2 also apply.

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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APPRAISAL STANDARDS BOARD

USPAP Q&A

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Appropriate Workfile Retention and Access Arrangements

Question:

USPAP requires an appraiser who is not in custody of his or her workfile to make “appropriate” retention and access arrangements; what does this mean?

Response:

The Record Keeping section of the ETHICS RULE states, in part:

*An appraiser must have custody of his or her workfile, or **make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.** (Bold added for emphasis)*

There are a number of ways an appraiser who works for or with another party can ensure that the assignment workfile is retained so that the appraiser may access the workfile. The following is a common example: an appraiser and his employer or colleague agree that the workfile will remain in the employer’s or colleague’s custody for the duration of the requisite retention period and that the appraiser will have access to the workfile. In practice, having such an agreement in writing could prove beneficial to all parties if access and retrieval arrangements are subsequently called into question.

Can Access to a Workfile Be Denied?

Question:

Two appraisers perform an appraisal assignment together. Appraiser A retains the workfile and Appraiser B has made access and retrieval arrangements. Are there any conditions under which USPAP allows Appraiser A to deny Appraiser B access to the workfile?

Vol. 9, No. 7

July 2007

Response:

No. USPAP does not set conditions for workfile access and retrieval. USPAP does not address the intent or reasons of the appraiser seeking access as conditions for allowing or disallowing workfile access and retrieval.

Proper Analysis of Agreement of Sale**Question:**

I understand that Standards Rule 1-5(a) requires the appraiser to analyze an agreement of sale (if available in the normal course of business). What constitutes proper “analysis?”

Response:

The term “analyze” is not defined in USPAP because it does not have a special meaning within the document or in Standards Rule 1-5. The term is used based on its English language meaning as found in common dictionaries.

The extent of the analysis performed to comply with the requirements of Standards Rule 1-5(a) is part of the scope of work decision. The acceptability of the appraiser’s analysis is judged in the same way that any other scope of work decision is judged. For more information, please see the SCOPE OF WORK RULE, Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

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APPRAISAL STANDARDS BOARD

USPAP Q&A

Vol. 9, No. 8**August 2007**

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

Requirement for Signing Reports

Question:

What is the USPAP requirement regarding signing a report?

Response:

USPAP requires that each written report include a signed certification. Although most written reports include the appraiser's signature on the report or a letter of transmittal, this is not required by USPAP. However, an appraiser who signs any part of the report must also sign the certification. For an oral report, USPAP requires that a signed and dated certification be part of the workfile.

Signing Digital (Electronic) Reports

Question:

What is the USPAP requirement for signing a digitally created (electronic) report?

Response:

The requirement for paper (hard copy) and digital (electronic) reports is the same. The appraiser must include a signed certification with each report.

Changing the Certification

Question:

Must the certification be exactly the same as that presented in USPAP? May an appraiser add items to the certification?

Response:

USPAP states that the report must contain a signed certification that is **similar** in content to the form provided in the Rules related to reporting. An appraiser may modify or add to the certification as necessary. For example, the names of appraisers providing significant appraisal assistance who do not sign the certification should be stated in the certification. There are also certification requirements in some jurisdictions for real property appraisal certifications and licenses as well as requirements related to membership in a professional association. Clients, intended users, and the intended use may also require additional certification items.

Appraisers using preprinted appraisal forms should be aware that clients and client groups may prohibit altering the preprinted certification used in assignments performed for them, but any such prohibition is not contained in USPAP.

Competency Statement in the Report

Question:

Does USPAP require an appraiser to include a “competency statement” in all reports?

Response:

No. USPAP does not require that an appraiser provide a statement of competency in all reports. Only when the appraiser accepts an assignment with a lack of knowledge and/or experience does the COMPETENCY RULE require the appraiser to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

The USPAP Q&A is posted each month on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the monthly USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the "Foundation Store" page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).

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APPRAISAL STANDARDS BOARD

USPAP Q&A

Vol. 9, No. 9**September 2007**

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Note: The first USPAP Q&A appears in the 2006 USPAP Frequently Asked Questions. It has been reprinted here because it is relevant to the new questions that follow.

Signature Authorization

Question:

Can I authorize someone else to sign an appraisal report for me, using my signature? If so, could you identify what steps I must take to do this correctly?

Response:

USPAP does not specifically state that the appraiser can only personally sign a report. It does state, in the definition of signature, that the signature be “*personalized evidence indicating authentication*” and requires the appraiser to have “*sole personal control of affixing the signature.*”

Standard Rule 2-3 states: *Each written real property appraisal report must contain a signed certification...*

In the DEFINITIONS section, a “Signature” is defined as:

personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and the conclusions in the report.

Comment: A signature can be represented by a handwritten mark, a digitized image controlled by a personal identification number, or other media, where the appraiser has sole personal control of affixing the signature.

Unless specifically contrary to the law of a particular jurisdiction, USPAP allows another person to sign for an appraiser, as long as it is with the appraiser's specific authorization and is clear. One solution would be for that other person to sign the appraiser's name and then write their own initials along side the signature, preceded by the word "by" (for example, "by sbk").

Authentication of an Appraiser's Digital Signature

Question:

Is an appraiser required to use software or other means that allows for the user to authenticate or verify the validity of the appraiser's digital signature?

Response:

No. However, appraisers are required to maintain sole personal control of affixing the signature. Once the report has been completed, the appraiser is not required by USPAP to have a process to authenticate or verify the validity of the appraiser's signature. This applies to both handwritten and digital signatures.

Approving the Use of Your Digital Signature

Question:

I am in a situation where I need to authorize someone to apply my digital signature for me. This would require me to reveal my current Personal Identification Number (PIN) or password to that person. If I approve this use of my digital signature have I given up "sole personal control?"

Response:

No. Such action does not constitute a relinquishment of your digital signature or personal control, and is not a violation of USPAP.

Providing Signature to Create a Signature File

Question:

I am a residential appraiser and I use software to generate my appraisal reports. The software company requires me to provide a copy of my signature to create an electronic signature file for use with the software. Under USPAP does this represent giving up "sole personal control" of my signature and violate USPAP?

Response:

No. This situation is analogous to providing a copy of your signature to a rubber stamp company for purposes of creating a signature stamp. Common business agreements in these situations limit use of the signature to creating the signature image. In providing a signature to a software company or rubber stamp company, the appraiser is not authorizing use of the signature.

Losing Control of a Digital Signature**Question:**

If my digital signature is stolen, am I in violation of USPAP for failing to have “sole personal control” of my signature?

Response:

No. Unauthorized use of the appraiser’s signature is not a violation of USPAP. If the appraiser’s digital signature is stolen, the appraiser is the victim of a crime. Any use of the signature is not authorized and beyond the appraiser’s control.

This is analogous to a party who uses an appraiser’s rubber signature stamp without permission from the appraiser, or a party who simply puts pen and ink to paper and forges an appraiser’s signature. In these cases the appraiser did not give permission to use his or her signature.

Client Altering the Report**Question:**

When I transmit my residential form report electronically I have heard that some of my clients are opening the appraisal file and removing my signature file, reformatting the data, and in other ways altering my appraisal report for the client’s use. What are my responsibilities under USPAP if I know or believe such actions are occurring after my report is delivered to the client?

Response:

USPAP does not specifically address who “owns” an appraisal report, the research necessary to produce that report or the report’s supporting documentation. Once an appraisal report is delivered to a client, a client may do a variety of things, including redacting or removing the appraiser’s signature, or converting data from the report into a format more functional to the client, etc. Once the appraisal report has been transmitted to the client, USPAP does not place further responsibility on the appraiser for the client’s use of that report.

The USPAP Q&A is posted each month on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the monthly USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the "Foundation Store" page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).

For further information regarding USPAP Q&A, please contact:

John S. Brennan, Director of Research and Technical Issues

The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

(202) 624-3044
(202) 347-7727 fax
john@appraisalfoundation.org

TENNESSEE REAL ESTATE APPRAISER COMMISSION

– June 2007 Through October 2007 DISCIPLINARY ACTION REPORT –

Respondent: H. Jeff Collins, Kodak, TN

Violation: In an appraisal completed in 2004, violated USPAP Standard Rule 1-1(b) by reporting incorrect distances of comparables and inaccurately describing the neighborhood, effective age, and amenities of the subject. The Respondent also violated the Ethics Rule, Record Keeping section by not properly retaining his workfile regarding an appraisal. In an appraisal completed in 2005, the Respondent violated USPAP Standard Rule 1-1(b) by reporting incorrect data in the report regarding the garage, number of fireplaces and access to a lake.

Action: Respondent agreed to a civil penalty of \$1,500 and to take a fifteen (15) hour USPAP course within ninety (90) days and provide proof of completion of an Advanced Report Writing course.

Respondent: Mickey Manis, Hermitage, TN

Violation: Violated Uniform Standards of Professional Appraisal Practice Rule 1-1, 1-4 (b), 2-1, the Ethics Rule; Conduct, Management and Record Keeping sections in the following ways:

- Standards Rule 1-1 and 1-4 (b) -- by inadequately applying depreciation in the cost approach;
- Standards Rule 1-1 and 2-1 (a) – due to reporting errors found in the appraisal report.

Action: Respondent agreed to a civil penalty of \$300 and a course in Single Family Residential Appraisal within 90 days of executing the consent order.

Respondent: Reginald Howard, Memphis, TN

Violation: Violated the Ethics Rule, Competency Rule, Scope of Work Rule, and Standard Rules 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 2-2, and 2-3 (most notably) by communicating an appraisal in a misleading manner, failing to perform the appraisal competently, failing to identify and report the scope of work, failure to correctly employ recognized methods and techniques that are necessary to produce a credible appraisal, committing substantial errors of omission or commission that affected the assignment results, rendering appraisal services in a careless or negligent manner, and failure to apply the sales comparison approach to value vacant land, and failure to include a signed certification in the appraisal report.

Action: Respondent agreed to successfully complete a thirty (30) hour Single Family Residential Appraisal course, a fifteen (15) hours USPAP course; a course in Advanced Report Writing and to submit two (2) appraisal reports after completing the above-referenced courses in order to demonstrate USPAP proficiency to the Appraiser Commission.

Respondent: J. Everett Aycock, Johnson City, TN

Violation: The respondent violated, most notably, the Competency Rule of USPAP in performing appraisals on a two-unit residence and 20 acres of vacant land.

Action: Respondent agreed to Voluntarily Surrender his State of Tennessee real estate appraiser license effective June 11, 2007.

Respondent: Larry M. Cameron, Talbot, TN

Violation: Violated Uniform Standards of Professional Appraisal Practice Rule 1-6, 1-5, and 2-2 in the following ways:

- Standards Rule 1-6 -- 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;
- Standards Rule 1-5 – by failing to analyze the current agreement and the sales history;
- Standards Rule 2-2 – by not stating the intended use of the appraisal, and not adequately reconciling the data, elements of comparison and reasoning used to develop the opinions of value;

Action: Respondent has agreed to a thirty (30) hour course in Basic Appraisal

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TENNESSEE REAL ESTATE APPRAISER COMMISSION

— June 2007 Through October 2007 DISCIPLINARY ACTION REPORT —

Procedures with successful completion of the exam and a fifteen (15) hour Residential Cost Approach and Site Valuation course with successful completion of the exam within 90 days of executing the consent order.

Respondent: Gary Paschall, Trenton, TN

Violation: In an appraisal completed in 2003, the Respondent violated USPAP Standard Rule 1-1 (a), (b), (c) and 1-4 (a) by not sufficiently describing or analyzing the unusual characteristics of the property.

Action: Respondent agreed to a civil penalty of \$1,000 and to successfully complete a forty-five (45) hour course in Appraisal Report Writing and submit three (3) appraisals that show improvement which are to be dated after March 12, 2007.

Respondent: Frank Paschall, Trenton, TN

Violation: In an appraisal completed in 2003, the Respondent violated USPAP Standard Rule 1-1 (a), (b), (c) and 1-4 (a) by not sufficiently describing or analyzing the unusual characteristics of the property.

Action: Respondent agreed to a civil penalty of \$5,000 and to successfully complete a forty-five (45) hour course in Appraisal Report Writing.

Respondent: Robert T. Cole, Woodstock, GA

Violation: Signed a Consent Order admitting he violated the Ethics Rule, Competency Rule, Scope of Work Rule, and Standard Rules 1-1 (b) and (c), 2, 2-1 by misreporting the size of the subject, misreporting the age of comparable one, failing to list the basement and fireplace of comparable one, misreporting the size of comparable two and not reporting the garage and waterfront location, and misreporting the gross living area of comparable three and its lot size. These mistakes affected the market value opinion of the subject property.

Action: Respondent has agreed to a civil penalty of \$1,000.00 and to complete a thirty (30) hour course in Report Writing within ninety (90) days and to complete a seven (7) hour USPAP course within ninety (90) days (or send verification of completion of a 7 hr. USPAP course taken within the past two (2) years).

Respondent: Sandy Miller, Dandridge, TN

Violation: Signed a Consent Order admitting he violated USPAP by providing incorrect information on the subject and on the comparables provided in the report, and by not analyzing the purchase agreement. These mistakes affected the value opinions of the subject property in the sales comparison and cost approaches.

Action: Respondent has agreed to a civil penalty of \$2,000.00 and to complete a thirty (30) hour course in Report Writing and a fifteen (15) hour USPAP course, both within ninety (90) days.

Respondent: J.B. Barnett, Bartlett, TN

Violation: Signed a Consent Order admitting he violated USPAP by inaccurately describing the subject, a church building, by not including the year built for the comparables and reporting two different estimated land values for the property in the Sales Comparison Approach, and by not reporting the previous sale of the subject property, which occurred on November 5, 1997, for Three Hundred Fifty Thousand Dollars (\$350,000.00).

Action: Respondent has agreed to surrender his real estate appraisal license as of August 1, 2007.

Respondent: Douglas Smith, Nashville, TN

Violation: Signed a Consent Order admitting he violated Uniform Standards of Professional Appraisal Practice Rule 2-1(b) by failure to support adjustments in the Sales Comparison Approach and failure to support cost approach value indications.

TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2005-2006 DISCIPLINARY ACTION REPORT —

- Action:** Respondent agreed to take a seven (7) hour Marshall and Swift course (not for continuing education) and a course entitled: Supporting Adjustments in the Sales Comparison Approach. Both Courses shall be completed within 3 months.
-
- Respondent:** Duane Harris, Antioch, TN
- Violation:** Signed a Consent Order admitting he violated Uniform Standards of Professional Appraisal Practice Rules 1-4(a) & (b) and 1-2(e)(i) by using superior comparables in the report and misreporting the quality of construction of the subject property in the report.
- Action:** Respondent agreed to take a seven (7) hour cost approach course (which may be taken online) and which may not count toward continuing education (individual application would be needed) and 30 hours in a Single Family Residential Cost Approach course, which will count towards continuing education credits. Both Courses shall be completed within 3 months. Respondent also has paid a civil penalty of \$1,000.00.
-
- Respondent:** Richard D. Hyatt, Pulaski, TN
- Violation:** Signed a Consent Order, which disposes of three open legal files, admitting he violated USPAP Rule 1-1(c) and the Ethics Rule Conduct Section by releasing misleading appraisal reports.
- Action:** Respondent agreed to take forty-five (45) hours in Case Study Courses on Residential Report Writing, which will count toward his continuing education credits. Respondent also agreed to a civil penalty of \$1,000.00 and agreed to submit a demonstration report to the Commission dated after 7-9-07 in order to show improved appraisal report communications. Respondent agreed to submit a response to the 2007067041 complaint, as well as a copy of the complete appraisal, to the Commission Office. All of the above shall be completed by December 31, 2007.
-
- Respondent:** Jess Pritchard, Humbolt, TN
- Violation:** In an appraisal completed in 2003, the Respondent violated USPAP by misreporting property characteristics, omitting information, and creating a misleading appraisal report.
- Action:** Respondent agreed to a Voluntary Surrender of his State of Tennessee real estate appraiser license.
-
- Respondent:** Dwinn Terry, Livingston, TN
- Violation:** Violated Rule 1255-1-.13(4)(c) by submitting an appraisal report to the client from her home computer, and using her supervisor's electronic signature without review or authorization from her supervisor.
- Action:** Respondent agreed to have her current supervising appraiser certify by notarization all appraisals performed by Respondent while she is working as a trainee. Respondent also agreed to wait for one year from the date of this acceptance of this consent order to re-apply for licensure upgrade.
-
- Respondent:** James Passons, McMinnville
- Violation:**
1. Tenn. Code Ann. §62-39-326 states in pertinent part that the rights of any applicant or holder under a certificate as a state licensed or certified real estate appraiser may be revoked, suspended, or restricted, or the owner of the certificate may be assessed a civil penalty of up to one thousand dollars (\$1,000.00) per violation, or otherwise disciplined in accordance with the provisions of this chapter, upon any of the following grounds:
 - (4) An action or omission involving dishonesty, fraud or misrepresentation; or
 - (5) A violation of any of the standards for appraisals and appraisal practice as set forth in this chapter and the rules and regulations promulgated by the commission.

TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2005-2006 DISCIPLINARY ACTION REPORT —

The State has met its burden of proof by a preponderance of the evidence that Respondent committed “an action or omission involving dishonesty, fraud or misrepresentation or a violation of any of the standards for appraisals and appraisal practice as set forth in this chapter and the rules and regulations promulgated by the commission” by including a railroad spur in the appraisal when in fact there was no railroad spur.

2. Tenn. Code Ann. §62-39-329 [Appraisal standards] states in pertinent part that it is the intent of this chapter that real estate appraisals be performed in accordance with generally accepted appraisal standards. Therefore, state licensed and/or certified real estate appraisers must comply with the Uniform Standards of Professional Appraisal Practice. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Tenn. Code Ann. §62-39-329 by not complying with the Uniform Standards of Professional Appraisal Practice, 1998 Edition. Respondent violated the Uniform Standards of Professional Appraisal Practice Ethics Rule, Conduct Section, by including a railroad spur in the appraisal when in fact there was no railroad spur.
3. Tenn. Comp. R & Regs. Rule 1255-5-.01(8) states that failure to comply with the Uniform Standards of Professional Appraisal Practice constitutes grounds for the revocation, suspension or restriction of any license or certificate issued by the commission and/or imposition of civil penalties pursuant to Tenn. Code Ann. §62-39-326 and the Uniform Standards of Professional Appraisal Practice Ethics Rule. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Rule 1255-5-.01(8) by violating the Uniform Standards of Professional Appraisal Practice because he included a railroad spur in the appraisal when in fact there was no railroad spur.
4. The Preamble of USPAP states in pertinent part that it is essential that a professional appraiser arrive at and communicate his or her analyses, opinions, and advice in a manner that will be meaningful to the client and will not be misleading in the marketplace. These Uniform Standards of Professional Appraisal Practice reflect the current standards of the appraisal profession. The importance of the role of the appraiser places ethical obligations on those who serve in this capacity. These Standards include explanatory Comments and begin with an ETHICS PROVISION setting forth the requirements for integrity, objectivity, independent judgment, and ethical conduct. Those limited conditions do not include departure from the PREAMBLE, ETHICS PROVISION, and DEFINITIONS section. The State has met its burden of proof by a preponderance of the evidence that Respondent violated the Preamble of USPAP by rendering an appraisal that was misleading in the marketplace due to the fact that Respondent included a railroad spur in the appraisal when the railroad spur did not exist and Respondent reported inaccurate ownership within the appraisal.
5. The Uniform Standards of Professional Appraisal Practice Ethics Provision states in pertinent part that because of the fiduciary responsibilities inherent in professional appraisal practice, the appraiser must observe the highest fiduciary standards of professional ethics. The State has met its burden of proof by a preponderance of the evidence that Respondent violated the Ethics Provision of USPAP because he did not observe the highest standards of professional ethics because he included a railroad spur in the appraisal when that railroad spur did not exist.
6. The Uniform Standards of Professional Appraisal Practice, Ethics Provision, Conduct Section, states in part as follows: an appraiser must perform ethically and competently in accordance with these standards and not engage in conduct that is unlawful, unethical, or improper. An appraiser who could reasonably be perceived to act as a disinterested third party in rendering an unbiased appraisal, review, or consulting service must perform assignments with impartiality, objectivity, and independence and without accommodation of personal interests. An appraiser is required to avoid any action that could be considered misleading or fraudulent. In particular, it is unethical for an appraiser to use or communicate a misleading or fraudulent report. The development of an appraisal, review, or consulting service based on a hypothetical condition is unethical unless: 1) the use of the hypothesis is clearly disclosed; 2) the assumption of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison and would not be misleading; and 3) the report clearly describes the rationale for this

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TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2005-2006 DISCIPLINARY ACTION REPORT —

assumption, the nature of the hypothetical condition, and its effect on the result of the appraisal, review, or consulting service. The Competency Provision requires an appraiser to have both the knowledge and the experience required to perform a specific appraisal service competently. The State has met its burden of proof by a preponderance of the evidence that Respondent violated the Ethics Provision, Conduct Section, and the Competency Provision of USPAP because the Respondent's conduct was unethical and incompetent because he included a railroad spur in the appraisal when that railroad spur did not exist and based on incompetency and inconsistency in the appraisal report.

7. The Uniform Standards of Professional Appraisal Practice, Standards Rule 1-1 states that in developing a real property appraisal, an appraiser must (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal; (b) not commit a substantial error of omission or commission that significantly affects an appraisal; (c) not render appraisal services in a careless or negligent manner, such as a series of errors that, considered individually, may not significantly affect the results of an appraisal, but which, when considered in the aggregate, would be misleading. The State has met its burden of proof by a preponderance of the evidence that Respondent violated the Standards Rule 1-1 of USPAP by creating a misleading report because Respondent included a railroad spur in the appraisal when that railroad spur did not exist.
8. The Uniform Standards of Professional Appraisal Practice Standards Rule 1-2(a) and (c) state that in developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines: (a) adequately identify the real estate, identify the real property interest, consider the purpose and intended use of the appraisal, consider the extent of the data collection process, identify any special limiting conditions, and identify the effective date of the appraisal; (c) consider easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 1-2(a) and (c) of USPAP due to the fact that Respondent included a railroad spur in the appraisal when that railroad spur did not exist.
9. The Uniform Standards of Professional Appraisal Practice Standards Rule 1-3(a) states that in developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines: (a) consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, market area trends, and the highest and best use of the real estate. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 1-3(a) of USPAP by not considering the effect of the highest and best use of the real estate by including a railroad spur in the appraisal when that railroad spur did not exist.
10. The Uniform Standards of Professional Appraisal Practice Standards Rule 1-4(f), (g) and (h) state that in developing a real property appraisal, an appraiser must observe the following specific appraisal guidelines, when applicable: (f) consider and analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date; (g) identify and consider the appropriate procedures and market information required to perform the appraisal, including all physical, functional, and external market factors as they may affect the appraisal; (h) appraise proposed improvements only after examining and having available for future examination: (i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements; (ii) evidence indicating the probable time of completion of the proposed improvements; and (iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections, and the anticipated competition at the time of completion. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 1-4(f) and (g) by creating a misleading appraisal report because Respondent included a railroad spur in the appraisal when that railroad spur did not exist. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 1-4(h)(i) because Respondent was privy to plans and

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TENNESSEE REAL ESTATE APPRAISER COMMISSION

— 2005-2006 DISCIPLINARY ACTION REPORT —

other documentation as it concerned the railroad spur, but Respondent did not include those plans as a hypothetical condition in the appraisal report.

11. The Uniform Standards of Professional Appraisal Practice Standard 2 states that in reporting the results of a real property appraisal an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading, and specifically Standards Rule 2-1, which states that each written or oral real property appraisal report must: (a) clearly and accurately set forth the appraisal in a manner that will not be misleading; (b) contain sufficient information to enable the person(s) who are expected to receive or rely on the report to understand it properly; (c) clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects the appraisal and indicate its impact on value. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 2-1 of USPAP because in reporting the results for a real property appraisal, Respondent's communication and his analysis opinion and conclusion was in a misleading manner in that he included a railroad spur in his appraisal report when in fact a railroad spur did not exist, and that there were several inconsistencies throughout the report.
12. The Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(b)(i), (ii) and (iii) state that the Summary Appraisal Report must: (i) identify and provide a summary description of the real estate being appraised; (ii) state the real property interest being appraised; (iii) state the purpose and intended use of the appraisal. The State has met its burden of proof by a preponderance of the evidence that Respondent violated Standards Rule 2-2(b) of USPAP because Respondent failed to provide an accurate summary description of the real estate being appraised, and due to the fact that the Respondent failed to state the purpose and intended use of the appraisal in that he indicated a railroad spur was in his report when in fact the railroad spur did not exist, due to the fact that he had inconsistencies on the ownership of the property, and due to the fact that there were inconsistencies of the purpose and intended use of the appraisal throughout the report.

Action: The Final Order states that Respondent will be DOWNGRADED from a certified general appraiser to a certified residential appraiser, that he will complete a 15 hour USPAP course, and will pay \$12,000.00 in civil penalties. Respondent will not be allowed to re-apply for CG status for at least 24 months and would have to present a new experience log and pass the new exam.

Respondent: Michael Hooks, Sr., Memphis

Violation: Convicted of a felony after pleading guilty to charges that he accepted approximately \$20,000.00 in bribe money from an undercover FBI agent involved in the E-Cycle sting.

Action: Voluntary Surrender of his certified residential real estate appraiser certification.

Respondent: William Chandler, Memphis

Violation: Failed to disclose a potential future interest in the subject property, that he inadequately described the deferred maintenance, and that he thereafter purchased the home. Respondent admits he violated USPAP Rule 1-2, 1-1, 2-2, 2-3 and the Ethics Rule, Conduct Section.

Action: Agreed order which included a civil penalty of \$4,000.00.

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. 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 a member of the Appraisal Institute and International Right of Way Association and has a SRWA designation.



Mr. John Bullington a certified general appraiser representing Middle Tennessee, has 30 years experience appraising residential and commercial properties, including right-of-way acquisitions, property assessment for the Comptroller of the Treasury, and commercial market and feasibility studies. He served as Vice President and Director of the commercial appraisal division of Adkins & Associates for 17 years, and is now President of Adkins, Phillips & Associates, LLC. Mr. Phillips is also an Associate Member of the Appraisal Institute.



Dr. Edward Baryla, Jr. Ph.D is an associate professor of finance in the College of Business and Technology at East Tennessee State University. In 2004 he was appointed chair of the Department of Economics, Finance, Geography, and Urban Studies and currently serves in that capacity. He earned a Ph.D. in finance from the University of Alabama in 1995. Dr. Baryla teaches courses in finance and real estate finance. His research publications have appeared in Finance Research Letters, Education Economics, Real Estate Economics, The Journal of Real Estate Research, and The Journal of Real Estate Finance and Economics.



Mr. Herbert E. Phillips, a certified general appraiser representing Middle Tennessee, has 30 years experience appraising residential and commercial properties, including right-of-way acquisitions, property assessment for the Comptroller of the Treasury, and commercial market and feasibility studies. He served as Vice President and Director of the commercial appraisal division of Adkins & Associates for 17 years, and is now President of Adkins, Phillips & Associates, LLC. Mr. Phillips is also an Associate Member of the Appraisal Institute.



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.



Mr. Kenneth Woodford, MAI, SRA is the owner of Woodford & Associates, a real estate appraisal and consulting firm in Knoxville, TN and has been involved in the appraisal business for 37 years. Mr. Woodford received his bachelor's degree from Carson Newman College in Jefferson City, TN in 1970. Mr. Woodford holds the MAI and SRA designations from the Appraisal Institute and has served the Greater Tennessee Chapter as well as the national organization on many levels throughout his career. Mr. Woodford looks forward to his service on the Tennessee Real Estate Appraisal Commission.



STAFF MEMBERS

Nikole Avers 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.



Angie Stephens is the new Administrative Assistant for the Real Estate Appraiser Commission.



Trainees and Supervising Appraisers...cont.

Commission member. To claim credit, a trainee must have completed at least fifty percent (50%) of the work associated with an appraisal (including preparation and development of the appraisal report) and they must be identified in the appraisal as having provided "significant real property appraisal assistance", per the requirement of USPAP. If the trainee is not identified in the appraisal reports selected for review then that trainee may lose credit for the entire experience log hours. It is very important for trainees and supervisors to recognize their responsibilities to comply with USPAP requirements and those of the laws and rules of Tennessee.

Tenn. Comp. R. & Regs. Rule 1255-5-.01. Uniform Standards of Appraisal Practice.

- (5) *An appraiser shall identify all persons providing material assistance in the appraisal report in compliance with the Uniform Standards of Professional Appraisal Practice.*
- (6) *An appraiser shall sign each written appraisal report relating to real property in this state that he or she prepares, in accordance with the Uniform Standards of Professional Appraisal Practice. The appraiser shall not affix his or her signature to any written appraisal report relating to real property in this state which was not prepared under the appraiser's direct supervision.*

"Standards Rule 2-3 (of USPAP) requires the name of anyone providing significant real property appraisal assistance to appear in the certification; there is no exception to this rule. SR 2-3 does not require that the *tasks performed* be identified in the certification, but that information must appear in the report as required by SR 2-2(a)(vii), (b)(vii), or (c)(vii)." - **John Brenan, Director of Research and Technical Issues, The Appraisal Foundation**

For further information on the following related topics visit the Appraisal Foundation's website at:

www.appraisalfoundation.org and click on the "USPAP Q & A" link on the left side of the webpage: Requirement for Signing Reports; Changing the Certification; Significant Appraisal Assistance.

What Is a Good Appraiser...cont.

appraiser who recruits the new hire.

When interviewing, ask the applicant questions to test their appraisal talent.

How to find a good trainee appraiser

Everybody hates to hire a trainee who just doesn't "get it" and will never be a good appraiser. You can waste months of your time.

You can easily tell a good appraiser from a formfiller/boilerplater by reviewing their work and giving them sample appraisal problems when interviewing them. But trainees have no appraisal experience.

Ask about previous employment. Which jobs did they like and dislike and why? Go back in the past to jobs they had in college.

When researching references, ask questions relating to characteristics of a good appraiser, such as curiosity, tenacity, non-perfectionism, etc.

See if the applicant is interested in real estate. Ask what the person thinks about the local real estate market. Or, if there have been any homes near their house that have sold (if the person is a homeowner). Or, how the apartment rents are doing (if the person is a renter).

Where to get more information

I have never seen anything written on the topic of what makes a good appraiser. However, there are books on recruiting and interviewing that can help if you're hiring an appraiser.

Ann O'Rourke, MAI, SRA, a *practicing fee appraiser (commercial and residential) in Alameda California*. I have been appraising for over 25 years. For the past 12 years, I have also been publishing appraisal newsletters, speaking, and giving seminars to appraisers all over the country.