

THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

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Solid Appraisals and Defensible Workfiles

Day with Appraisers Seminar set for May 14th at Embassy Suites

Real estate appraisers enjoy the independence and flexibility that their profession often provides. However, appraisers also have concerns about keeping up with the information and practices that are essential to developing solid, credible appraisals. The Arkansas Appraiser Licensing and Certification Board has arranged for two exceptional speakers to address these issues and provide participants with the opportunity to strengthen their professional skills.

This year's Day with Appraisers event will cover liability and workfile concerns in depth. This seminar will provide the participants with a continuing education program that goes to the core of knowledge necessary to succeed in this profession.

The Arkansas Appraiser Board's Day with Appraisers seminar is scheduled for Thursday, May 14, 2015 in Little Rock. We expect more than two hundred appraisers be in the room. Those who attend the entire, day-long seminar will earn seven hours of continuing education (CE) credit. Additionally, appraisers at all levels tell us that opportunity to interact with their peers is an additional benefit of this event.

The title of this year's event, "Solid Appraisals and Defensible Workfiles," was chosen because our two well-regarded and experienced



2014 Day with Appraisers Seminar at Embassy Suites

speakers spend much of their year sharing knowledge and insight on these matters. This seminar will be an opportunity to learn from and ask questions of two recognized national experts.

Peter T. Christensen is general counsel and attorney for LIA Administrators and Insurance Services in Santa Barbara, California. He earned a Juris Doctorate from the University of California at Berkeley. Mr. Christensen is a regular participant and frequent presenter at national meetings of the Association of Appraiser Regulatory Officials (AARO). Peter also speaks at venues across the country on a wide range of appraiser matters and is considered a national expert with respect to insurance issues and appraiser liability. Mr. Christensen has made more than 60 presentations at appraiser continuing education seminars across the country.

Timothy Andersen, MAI, is a practicing

"Day with Appraisers" cont. on page 2

Cont. from page 1, Day with Appraisers

Certified General real property appraiser in Florida. He holds a Master of Science in Real Estate Appraisal. Tim is actively appraises all types of residential, commercial, industrial property in southern Florida. Mr. Andersen is also an Appraisal Institute instructor and a Special Magistrate of the Palm Beach County Value Adjustment Board. In addition to having written a number of articles and provided training across the country, Tim recently published a popular book on appraisal practice. His book, *How to Raise Appraisal Quality and Minimize Risk: The Appraisers Guide to a Defensible Workfile*, offers specific guidance on the steps to take in developing a solid, professional workfile.

Following on last year's success, the 2015 Day with Appraisers seminar will return to the Embassy Suites Hotel, 11301 Financial Centre Parkway, Little Rock, Arkansas. The hotel is approximately three blocks west of the I-430/I-630 Big Rock interchange.

Registration forms for the Day with Appraisers event were e-mailed to all Arkansas appraisers about ten days ago. Information about the event is also available on our website: www.arkansas.gov/alcb. Please complete the form mailed to you and return it to the AALCB offices as soon as possible. The cost of this seven hour CE event is \$75.00 and includes lunch.

If you have questions or need more information, please call the AALCB office at 501-296-1843.

Appraiser Board provides supervisory/trainee appraiser class

In early February, the Arkansas Appraiser Board presented a four-hour class for Supervisory Appraisers and Trainee Appraisers. The course, now required by the Appraiser Qualifications Board (AQB), was presented by the Appraiser Board staff to 40 participants.

"This class improves the likelihood of success and advancement by trainee appraisers," said Lee Gordon, Executive Director. "The AQB outline for the course specifically covers the requirements and responsibilities of both Supervisory and Trainee appraisers." For Supervisors, the course helps them understand their responsibilities and the steps they can take to improve the relationship with a trainee.

"This course forces everyone to think about what is ahead and how the two people should work together."

In the past, there has been little or no preparation for the either the Supervisor or the Trainee. A new Supervisor simply agreed to "take on" a Trainee, allowing that person to learn the appraisal business by working under a certified residential or Certified General appraiser. Too often, these relationships have had little structure or planning, and both parties struggle to make it work. The new course sets the stage for the relationship and provides essential information about what is expected of both the Supervisor and the Trainee.

A number of the participants commented after the training session that they had a new and more positive perspective on the Trainee/Supervisor arrangement.

"The relationship with a Trainee shouldn't be haphazard," said Cary Matthews of Jonesboro. "Both parties

Appraiser Class cont. on page 4

USPAP Frequently Asked Questions 2014-2015 Edition

by Jim Jacobs and Diana Piechocki



Most of us have been trained to use USPAP's Rules and Standards as references in our appraisal practice. Fewer of us utilize the USPAP Frequently Asked Questions (USPAP FAQs) that are included with your copy of USPAP. In this article we will examine how using the FAQs can assist you and we will look at one of the new FAQs found in 2014-2015 USPAP.

WHAT ARE USPAP FAQs?

USPAP Frequently Asked Questions offer the appraiser guidance via illustration of the application of USPAP. They are brief and to the point. Best of all, USPAP FAQs are the result of questions raised by appraisers, users of appraisals, and others, so they are real world and focused to address a narrowly framed question. If your question is similar to the one in the FAQs, you have your answer already researched.

WHAT ARE USPAP FAQs NOT.

As you learned in your USPAP classes, we should keep in mind what FAQs are not. USPAP FAQs are not part of USPAP. The Appraisal Standards Board (ASB) approves FAQs without public comment (unlike USPAP itself). Most importantly, they do not establish new standards or interpret existing standards.

HOW CURRENT ARE FAQs?

USPAP FAQs are updated and revised with each edition of USPAP. They are rewritten when necessary to conform to the current USPAP. Some may be removed and other new ones added from edition to edition. In the 2014-2015 Edition of USPAP there are 316 FAQs, of which 21 are new. Regardless of when the FAQ was originally added, in any edition of USPAP, the FAQs included in that edition of USPAP reflect the then current application of USPAP.

HOW TO USE USPAP FAQs

First, note that the FAQs included in USPAP are grouped by topic. Needing assistance with an appraisal review question? In the FAQ table of contents you will find all the FAQs related to appraisal review together under that title, identified by FAQ number, a descriptive title and the page number on which it may be found.

EXAMPLE OF A FAQ

Let's look at one of the new FAQs for 2014-2015.

FAQ 30: Does a request for a final inspection require disclosure of Prior Services (New)

Question: If I performed an appraisal that was subject to completion of repairs, and subsequently received a request to perform a final inspection confirming that the work had been completed, am I required to disclose that I previously appraised the property even if it is obvious to the client that I've done so?

Response: A Final Inspection is not an extension of the original assignment unless it is part of the original agreement for services. A subsequent request would be a *new assignment* and as such requires disclosure in accordance with the Conduct section of the Ethics Rule. This holds true even if it may be obvious to the client that you've already previously performed an appraisal on the property. Source: 2014-2015 Edition of USPAP, USPAP Frequently Asked Questions, FAQ 30, Page F-12

As you can see, the response is specific to the question. While general conclusions may be drawn from the response, this should be done with caution, as an FAQ is a limited illustration of the application of USPAP, under precisely defined circumstances, and not intended to be definitive. Additionally, with a change of only one or two facts, one might draw an entirely different conclusion related to the application of USPAP.

While it would be a good thing to go over the new FAQs as time allows, it may also be productive to revisit those questions you have referenced in the past as a refresher and to see if changes in USPAP have affected the now current response.

Jim Jacobs is a certified USPAP instructor and an Investigator with the Texas Appraiser Licensing and Certification Board
Diana Piechocki is the Chief Investigator with the Arkansas Appraiser Licensing and Certification Board

Cont. from page 2, Appraiser Class

need to give some thought to their expectations and responsibilities. This course forces everyone to think about what is ahead and how the two people should work together.”

In the same vein, John McAlpine of Monticello commented, “This kind of course was long overdue. The result will be better prepared Trainees and a more satisfactory experience for Supervisors. It is a win for everyone.”

The Supervisor/Trainee course will be offered again on Wednesday, March 25, 2015. Additional dates for 2015 will be posted on our website. All new Trainees must take this course. Additionally, all certified appraisers who enter into a supervisory relationship, but have not had this course, are also required to attend this class prior to beginning supervision.



Declining numbers of real estate appraisers is both a concern and an opportunity

by Rhona Weaver

One of the first concepts taught in any basic appraisal course is the Principle of Change. Land values change, market conditions change, and social, governmental, and economic factors are all subject to change over time. That same general principle applies to most other facets of our professional lives. During my two terms on the Arkansas Appraisal Licensing and Certification Board, I have witnessed significant changes in Arkansas' appraisal industry.

In early 2009, the year that I was first appointed to the Board, Arkansas had a total of 1,234 appraisers in all classifications. As of March 2015, our state has only 1,032 appraisers – a decline of over 16% during that six year period. This is consistent with the national decline of about 3% annually for the last several years.

We all know that the sharp recession that existed from 2007 through at least 2011 caused a reduction in work for many appraisers. Numerous individuals

left our industry as a result of that downturn in the economy. The emergence of Appraisal Management Companies caused fees to decline in some markets and also led to a reduction in the numbers of appraisers within the state.

However, one of the biggest factors in our declining appraiser numbers during the last several years has simply been the retirement of older appraisers. The average age of a real estate appraiser in Arkansas in 2014 was over 55 years and the average age of Certified General Appraisers was even higher. Our industry is aging – or at least our appraisers are aging and we aren't replacing retiring appraisers at a very fast clip. Just look around at any gathering of appraisers and you're guaranteed to see a lot of gray hair! The maturing of an industry isn't necessarily a bad thing as long as we are also adding sufficient numbers of new professionals into the business.

Real estate appraisers are privileged to be a part

Declining numbers, cont. on page 5

Cont. from page 4, Declining numbers

of a profession that rewards hard work, dedication to advanced learning, and self-motivation. It is a profession that offers avenues of work ranging from corporate and governmental jobs to financial and sole proprietor enterprises. Being a sole proprietor has allowed me the opportunity to work outdoors, manage my own time, and interact with wonderful clients and colleagues. There aren't many professions that allow that type of flexibility while providing ample financial rewards.

If you believe that our profession has been good to you, I would ask you to encourage others to follow a career path in real estate appraising. We can all tell other people about the very real benefits that our industry offers. We can help new appraisers to become more successful in their practices. There was no Supervisor/Trainee System in place when I established my appraisal company over 30 years ago, but I can assure you that I would not have been successful in starting or maintaining my business without the help and encouragement of numerous older appraisers who were willing to answer questions, explain methodology, and suggest new or better technologies.

In addition to young people, we have a potential pool of new appraisers who have retired from or left careers in real estate, banking, finance, or other en-

deavors who would make outstanding members of our profession. We have a trained a talented staff at the Arkansas Appraiser Licensing and Certification Board who are eager to assist anyone interested in becoming an appraiser. Let's all do our part to welcome and encourage new members into the profession and know that we have made a difference in effecting positive change in the industry.

Rhona Weaver is a member of the Arkansas Appraiser Licensing and Certification Board

It is time to register for 2015 Day with Appraisers

The registration form/brochure is located on our website at

www.arkansas.gov/alcb under the link for appraisers.

Don't miss out!

Make sure to get your registrations in soon.



----- **B.A. “Mac” McIntosh** -----

In early January, the Arkansas Appraiser Licensing and Certification Board was saddened to learn of the death of B.A. “Mac” McIntosh. After experience in both banking and insurance, Mac entered the appraiser field and later became Pulaski County Assessor. Appointed by Governor Beebe, Mac had completed his six-year term on the Arkansas Appraiser Board in January of 2014.

The Board extends its sympathy to his wife, Beverly, and to his son, Alex, who currently serves on the Arkansas Appraiser Board. Mac will be missed by all who knew him.



Renewal Notice

Renewal notices for licensed and certified appraisers will be sent on May 15th. You may renew your license online beginning May 19th. We will no longer send pocket cards if you renew online, unless it is requested. You may now print a copy of your pocket card via the online portal once you have renewed. If you have any questions, please call the Appraiser Board office at 501-296-1843

AALCB

101 E. Capitol
Suite 430
Little Rock, AR 72201
Phone: 501-296-1843
Fax: 501-296-1844
Email: alcb@arkansas.gov

Staff:

Lee Gordon, Executive Director

Diana Piechocki, Chief Investigator

Kelli Black, Executive Assistant

Laurie Welch, Admin. Assistant

License Type	*Number
State Registered	143
State Licensed	49
Certified Residential	374
Certified General	466
Total:	1032 <small>*does not include temporary</small>

Board Members

Drew Vance, Chairman
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Bob Costner
Thad Eckolls
Samantha Johnson
Burney Lightle
Rick Mahan
Alex McIntosh
Shannon Mueller
Rhona Weaver

www.arkansas.gov/alcb

Arkansas Appraiser Licensing and Certification Board Comparison of Complaints

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	35	29	19
Non-Residential	7	14	12
Total	42	43	31