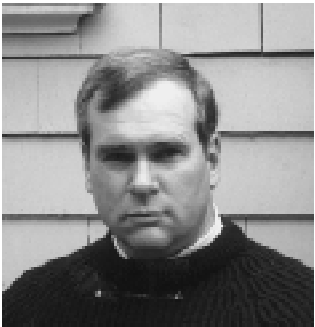


The USPAP Competency Rule: Conforming is not an option

By Terry Bernhardt, ACLB member



As a newly designated SRA, I took my first “standards of professional practice” class in 1981 — nearly a full decade before the adoption of the Uniform Standards of Professional Appraisal Practice. There, it was a voluntary option for members of professional appraisal organizations. Today, USPAP is the law of the land. Most of us have taken several rounds of update classes by now, and the material is as dry and complex as ever. Since being appointed to the ACLB a year ago, I’ve had the opportunity to review numerous complaint files culminating in the discipline of

some professional long-time appraisers and some out-and-out embarrassments to the profession. Since then, I’ve spent a few long evenings reviewing my software and responses for compliancy.

A recurring problem in reviewing complaints concerns the Competency Rule. Some violations are direct, others end up in review through collateral issues. A decent appraisal report requires background and experience in both the type of property being appraised and the subject’s geographical market area.

A typical example: Your best customer insists that you do an appraisal 200 miles up the freeway from your normal place of business before an end-of-the-month closing. You protest: “One: I’ve never been there. Two: I have no maps, property or flood data. Three: I have no sales, rental, or listing data.”

“No problem,” says the broker, “My secretary will fax it all over.”

Three months later, the ACLB requests copies of your workfile on this assignment pursuant to an investigation. A local appraiser’s review claims your value was \$100,000 over market, and there were numerous inconsistencies in your data.

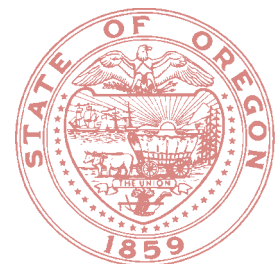
Instead of a bulging workfile with reams of data documenting what you did to disclose your lack of knowledge and the subsequent steps taken to complete the assignment properly, the ACLB field investigator frequently finds a couple of pages of notes more concerned with directions to the property than discussion and verification of market data. The analysis of neighborhood; site, zoning, and hazards; and cost, sales, and rental data need to be thoroughly documented and verified in the context of describing the subject market area and value parameters.

Sadly, we often find three sales doing triple duty as sales, rental, and listing comps; inadequate or erroneous sales history crucial to understanding the subject’s market; and mistakes locating sales, flood data, etc., that scream “this person doesn’t know anything about this property.” Letters of explanation will plead ignorance of the law, “new license — I’ll do better next time!,” or “I’m

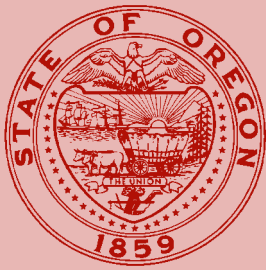
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Fast facts

By Linda Riddell, administrator

What goes in a workfile?

An appraiser must prepare a workfile for each appraisal assignment. In Oregon, the appraiser must retain the written records in a workfile for six years. Pursuant to the Ethics Rule of USPAP, the **written records of an assignment are the workfile.**

The workfile **must** include the name of the client and the identify, by name or type, of any other intended users; true copies of any written reports, documented on any type of media; summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; **all other data, information, and documentation necessary to support the appraiser's opinions and conclusions** and to show compliance with the Ethics Rule, Recordkeeping Section, and all other applicable standards, or references to the location(s) of such other documentation.

A photocopy or an electronic copy of the **entire actual written appraisal issued to a client** satisfies the requirement of a true copy. A workfile may also include information stored on electronic, magnetic, or other media as well as a reference indicating the location of other information utilized in the appraisal.

A workfile **must** be in existence prior to and contemporaneous with the issuance of a written or oral report.

A workfile must be made available by the appraiser when required by state enforcement agencies or due process of law. In addition, a workfile in support of a restricted use appraisal report must be available for inspection by the client in accordance with the Comment to Standards Rule 2-2(c)(ix).

"Exposure time" linked to market value

When the purpose of an appraisal assignment is to develop an opinion

of market value, the appraiser **must** also develop an opinion of reasonable exposure time linked to the value opinion. This is a binding requirement from which departure is **not** permitted. SR 1-2(c).

Reporting the condition of your subject

It has been brought to the attention of the ACLB by review appraisers and users of appraisal services that there are a few licensed or certified appraisers who are not truthfully reporting the condition of the subject property in their appraisal reports. In some cases, formal complaints have been filed against the appraisers and are being investigated.

As stated in the Conduct Section of the Ethics Rule "An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report."

Use caution in providing your appraisal services. Avoid requests from those asking you to omit or alter information regarding the subject's condition or physical characteristics or the subject's market area so they can "make their loan." The omission or alteration of such information is usually caught by review appraisers and often reported to the ACLB.

Such conduct is a serious ethics violation and grounds for disciplinary action. Protect yourself and your business by declining those requests.

Revised HUD VC sheets and the appraiser

At the October 19, 1999, meeting of the Construction Contractors Board (CCB), members reviewed and discussed the revised the HUD valuation condition (VC) sheets, which are part of HUD appraisal assignments. The purpose of the

discussion was to determine whether or not an appraiser licensed or certified with the ACLB violates the law by performing a HUD appraisal without first obtaining certification as a "home inspector." Kathleen Dahlin, assistant attorney general, concludes that the federal law most likely controls the scope of a HUD appraiser's review and report and supersedes conflicting state requirements.

After accepting public comment and at the advice of Dahlin, who is CCB's attorney, CCB passed a resolution consisting of the following points:

- That real estate appraisers do violate the law by completing HUD VC sheets as part of HUD appraisal assignments
- That federal law may pre-empt state law regarding this issue
- CCB will not sanction real estate appraisers who complete the HUD VC sheets as part of HUD appraisal assignments
- CCB will work with HUD to resolve this issue
- That the CCB administrator and the ACLB administrator will work together drafting legislation for the next session.

Appraiser Qualifications Board will consider requiring a college degree for appraisers

At its October meeting in San Diego, the Appraiser Qualifications Board (AQB) decided to create a task force to prepare a model appraiser licensing law and administrative code. The task force will look at appraiser qualifications and possibly requiring a college degree for future licensed and certified appraisers. The task force will also be charged with creating administrative forms, including applications for licensing and certification, reciprocal licenses, temporary practice, and others.

AQB's model licensing law will be presented to the states, who will be urged to adopt it.

The AQB is considering changing appraiser certification and licensing requirements. The board commented

that the model law project is appropriate as the AQB will be revising real-property appraiser-qualification content through 2003.

Temporary practice application form on line

The Association of Appraiser Regulatory Officials now has a standard temporary-practice application on line. You can find the forms at www.aaro.net.

The on-line application is a four-step process. First, appraisers must click on a temporary-practice forms button. Download and print forms. Complete and sign the two-page application form, the affidavit of application, and the consent form. The affidavit and consent forms must be notarized.

The next step involves selecting the state on the AARO Web page in which you wish to apply for a temporary-practice permit. Click on that state and the AARO site will link you to the Web page of the temporary-practice state where information on supplemental requirements and fees is available. Follow instructions carefully to fully comply with all supplemental requirements of the temporary-practice state, or approval of your permit could be delayed.

Step three is to mail the forms and fees to the state board of the temporary-practice state. The state will obtain a license history from the Appraisal Subcommittee's National Registry.

Finally, the temporary-practice state will issue the temporary-practice permit if all requirements have been met and fees have been paid by the applicant. ■

ACLB board vacancy

The governor's office is currently accepting applications for a **licensed** appraiser position on the board that will become available July 1, 2000. The member in this position serves a four-year term. If you are interested in being considered for this appointment, contact Linda Riddell, ACLB administrator, (503) 373-1505, or Lisa Howard, (503) 378-8471, in the Office of the Governor. ■



Thank you!

The members of the Appraiser Certification & Licensure Board and the staff thanks the members of the Appraisal Review & Advisory Committee (ARAC) for volunteering their time to review appraisals submitted with complaints or audits for USPAP compliance.

If you are a licensed or certified appraiser in Oregon and not a member of ARAC, but have an interest in serving on the committee, you may contact the ACLB office, (503) 373-1505 for further information. ■

Key features of the 2000 Uniform Standards of Professional Appraisal Practice (USPAP)

By the ASB of The
Appraisal Foundation

The 2000 edition of USPAP is the result of exposure drafts that occurred on April 27, April 28, June 25, and August 11, 1999. On the basis of written responses and substantial public testimony at Appraisal Standards Board (ASB) public hearings, the ASB formally adopted the 2000 USPAP on September 15, 1999. Based on the input of professional appraisal organizations, educators, regulators, and state enforcement agencies, the effective date of the 2000 USPAP is January 1, 2000.

Key features of the 2000 USPAP

Format: Consecutive line numbers have been added to the text beginning with the Preamble and concluding at the end of Statement 9 (SMT-9). Consecutive line numbers have also been added to each Advisory Opinion. The line numbers are intended to facilitate references to the document, including the identification of changes from the previous edition.

Ethics Rule: The Confidentiality section has been changed to include the appraiser's obligation to "act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results" (Lines 136-137). The term "confidential factual data" has been replaced with "confidential information" (Line 139). The comment in the Confidentiality section has been modified to clarify that the section does not apply when confidential elements have been removed through redaction or the process of aggregation (Line 146). The definition of confidential information was clarified by removing the reference to "publicly available" information.

The revised definition focuses on information received from and identified by the client as being confidential when given to the appraiser.

Competency Rule: The Competency Rule has been changed to acknowledge that different kinds of competency in addition to "geographic" competency may be necessary in an assignment. These include, but are not limited to, "an appraiser's familiarity with a specific type of property, a market, a geographic area, or an analytical method" (Lines 199-200). When these or potentially other forms of competency are necessary for developing credible results, appraisers are responsible for having the requisite competency to complete the assignment properly, or they must follow the steps outlined in the Rule.

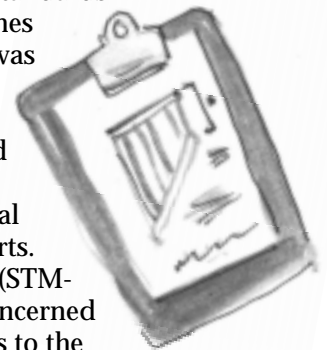
Definitions: Modifications were made to the definitions of Confidential Informatoin (Line 396), Personal Property (Line 440) and Report (Line 452). The definition of Review was replaced with a definition of Appraisal Review (Line 359). One new definition was added: Assignment Results (Line 368).

Standard 1: Standards Rule 1-2(f) was modified to identify more specifically the parties associated with the appraiser's scope of work obligations. Accordingly, the phrase "third party" was replaced with "the client, an intended user, or the appraiser's peers in the same or a similar assignment" (Line 622).

Standard 2: Standards Rule 2-4 was changed to clarify what compliance with the rule means and to permit departure when the appraiser is not able to comply (Line 1203-1212). References to "the extent that is both possible and appropriate" and "including expert testimony" have been deleted.

Standard 3: Changes to Standard 3 restructure the requirements for better organization, consistency, and understandability in appraisal review, clarify a number of concepts in the Standard, and incorporate personal property valuation into the Standard's text. As mentioned above, the term "review" was replaced with a definition of "appraisal review." Throughout the document, the terms "review," "review appraisal," and "review appraiser" have been updated to "appraisal review" or "reviewer" for consistency with the revisions to Standard 3. The Comment section of the Standard clarifies the nature of appraisal review and scope of work obligations (Lines 1233-1258). Standards Rules 3-1 and 3-2 (Lines 1260-1431) have been expanded to achieve better clarity and consistency with the other development and reporting standards. Standards Rule 3-3 (Lines 1433-1441) was added to clarify how the Standard applies to oral appraisal review reports. Statement I (STM-1), which concerned clarifications to the Comment on Standards Rule 3-1(g) in previous editions, was retired (see below).

Standards 7 and 8: With the exception of Standards Rule 8-5, Standards 7 and 8 were comprehensively updated to include terminology familiar to personal property appraisers to ensure consistency, where appropriate, with the structure and concepts adopted in other parts of the document, and to assist personal property appraisers and users of personal property appraisals in understanding and



applying the Standards in practice. Changes were made here to reflect the changes made in the Departure Rule.

NOTE: Administrative edits were made to all sections of this document for consistency.

Standards 9 and 10: With the exception of Standards Rules 10-1(c) and 10-5, Standards 9 and 10 were comprehensively updated to include terminology familiar to business appraisers, to ensure consistency where appropriate, with the structure and concepts adopted in other parts of the document, and to assist business appraisers and users of business and intangible asset appraisals in understanding and applying the Standards in practice.

Statement 1: As the subject matter of this Statement was incorporated into the changes associated with Standard 3, STM-I was retired. However, its number and place in the document have been retained for editorial consistency (Lines 3324-3330).

Statements 3, 4, 6, 7, and 9: These Statements have been edited to add references and/or text consistent with the terminology used in the context of Standard 8. For example, previous references to “real estate” have been eliminated and replaced with “property” or “appraisals.”

Advisory Opinions: Advisory Opinion 8 (AO-8) was updated to reflect current Financial Accounting Standards Board (FASB) references to “fair value.” Advisory Opinion 19 (AO-19), “Unacceptable Assignment Conditions in Real Property Appraisal Assignments,” was added.

NOTE: Administrative edits were made to all sections of the document to improve consistency.

ASB is a work in progress

Over the years USPAP has evolved as a document in content, form, and organizational structure. It is a work in progress, with an overall goal of Standards becoming more stable over time and guidance in the form of statements and advisory opinions appearing as required. Toward this end the ASB has developed an exposure draft process for developing both Standards and guidance text based on written comments submitted in response to exposure draft materials and oral testimony presented at public meetings. The exposure draft process requests input on proposed changes to USPAP from all interested parties, including professional appraisers and professional appraisal organizations, educators, regulators, and state enforcement agencies. In July 1998 the ASB established a mechanism for organizations to interact with the ASB and present official positions on USPAP topics during the research phase of the exposure draft process. Known as “work groups,” these entities, which are registered with the ASB, may develop exposure draft recommendations for consideration by the ASB prior to its dissemination of proposed changes through the exposure draft process. Information about registering a work group is available from The Appraisal Foundation. ■



The 2000 Uniform Standards of Professional Appraisal Practice can now be viewed on The Appraisal Foundation’s Web site under the ASB heading. There is a link to the table of contents on the Appraiser Certification and Licensure Board’s Web page: www.cbs.state.or.us/aclb. ■

Appraisers in Oregon (as of January 1, 2000)	
Certified general appraisers	474
Certified residential appraisers	115
Licensed appraisers	728
Appraiser assistants	284

Criminal background checks

The ACLB conducts criminal background checks of *all* applicants for new and renewal appraiser licenses and certificates and of appraiser assistants. Applications require that applicants disclose all convictions of misdemeanors and felonies. Applicants not reporting all convictions of misdemeanors and felonies face a delayed application process and possible disciplinary action or denied application. ■

The appraisal process from a banker's perspective

By Terry Morrison, ACLB member

In the 1980s I was working for a savings and loan company in Idaho. At that time, I was the in-house appraiser and was the one constantly being told by borrowers that my value was way too low and that they could get the loan they wanted down the street because that company had a better appraiser. I realized then that all appraisers are not the same and that not all were following the same rules on appraisals.

Lenders were eager to make loans — after all, that is how we make money — and appraisers were eager to put food on the table. As a result, some of the values presented were not supported by the market and were based on inaccurate or, in some cases, false information. Well, as it turned out, the borrowers got the loan they wanted.

The savings and loan crash followed and, in some cases, the lender down the street ended up owning the house because the borrowers could not sell it for the appraised value. As a result, we ended up with *Federal Financial Institutions Reform Recovery and Enforcement Act of 1989* (FFIRREA) and additional regulations to safeguard the public from the unscrupulous actions of a few individuals.

Today we are in a similar situation in that there is fierce competition for business from lenders. Lenders and secondary market sources are constantly trying to find ways to speed up the loan process. As a result, a new limited or “drive-by appraisal” has been developed for residential properties based on several factors associated mainly with the strength of the borrower and the loan-to-value ratio.

With the implementation of FFIRREA, regulated lenders had to follow certain procedures related to appraisals. The procedures apply only to loans above the \$250,000

threshold and therefore do not include the majority of residential appraisals.

Under FFIRREA, a lender is required to order the appraisal directly and is not supposed to allow the borrower to order the appraisal. The appraisers used by the lender are supposed to have been approved by the lender (although no specific requirements are given beyond the requirement that they be licensed or certified) and are to provide the written report directly to the lender. Again, this applies only to appraisals on properties with loan amounts over \$250,000 that are federally related transaction.

Under FFIRREA, the lender was given the option of ordering several types of appraisal reports ranging from a self-contained report to a restricted report. I'm sure that an appraiser is overjoyed to receive a request for a complete appraisal and self-contained report as this presents a wonderful challenge. A lender is supposed to determine the type of report required based on the perceived risk associated with the requested loan. A professional appraiser should consult with a lender prior to completing an assignment and discuss the specific lender's requirements. There is nothing as frustrating as getting an appraisal report and then realizing that it does not contain the necessary information to complete the loan transaction.

Regulated lenders will have an appraisal review process in place, which may be an internal administrative review of the report or a full review of the report by another appraiser. Again, this is a part of the federal requirement for regulated lenders and an important step in the loan process.

In some cases, I have had discussions with appraisers who felt that reviews were a “slap in the face” because it appeared that the bank did not trust their work. Professionals should realize that their work will be reviewed and that the final product should be such that it will stand up under any review when additional information or support is requested. The appraiser who works with the lender in addressing those issues will probably be the one the lender uses next time.

Regulated lenders are faced with issues ranging from discrimination in lending to quality control. For that reason, the appraiser must be honest and forthright in his or her assessment of the property being appraised. Lenders rely on the professional judgement of the appraiser in the loan process and therefore require a high degree of integrity. An appraiser who is willing to change the value at the request of a lender, knowing that the value is not supported, should not be in the business. USPAP is based on honesty and integrity and maintaining that high level of integrity in the appraisal process.

There is a country-western song with the following lines that should be part of every appraiser's daily routine:

*“You've got to stand for something
or you'll fall for anything”*

and

*“Remember that what you do today
you have to sleep with tonight.”*

I am happy to say that the vast majority of appraisers I have had the opportunity to deal with have been honest and professional. ■

ACLB changes requirements for acceptable appraisal experience

Beginning January 1, 2000, as a prerequisite to taking the examination for licensure, the applicant shall present evidence satisfactory to the administrator of the completion of acceptable appraisal experience. An hour of experience is defined as verifiable time spent performing tasks in accordance with acceptable appraisal experience, as defined in OAR 161-010-0020, and does not include travel time. There is no minimum number of hours that must be acquired in any one year. There is no time limit on when experience may be obtained. Education cannot be substituted for experience. Acceptable appraisal experience must meet the following criteria and one hour is equivalent to one point up to the maximum allowable points in the categories below:

PROPERTY	TYPES / CODES	ALLOWABLE POINTS
Single family residential	non-complex one unit	8
Single family residential	complex one unit	16
Residential multi-family	non-complex 2-4 units	20
Residential multi-family	complex 2-4 units	24
Residential multi-family	5-12 units	30
Residential multi-family	13 units or more	40
Residential lot		6
Subdivisions		40
Rural residential/land	improved 20 acres or less	16
Rural residential/land	vacant 20 acres or less	12
Agricultural/farm or forest land	improved	40 (non-complex) 80 (complex)
Agricultural/farm or forest land	vacant	40 (non-complex) 80 (complex)
Industrial	industrial park, business campus, warehousing, manufacturing plant, etc.	40 (non-complex) 80 (complex)
Industrial park or business campus land	vacant	24
Multi-family land	vacant	24
Commercial	improved - office bldg., retail store, restaurant, service station, bank, day care center, nursing home, etc.	40 (single tenant) 80 (mult. tenant)
Commercial land	vacant	24
Technical appraisal review	residential	25% desk, 50% field
Technical appraisal review	commercial	25% desk, 50% field
Technical appraisal review	ag/farm/forestland	25% desk, 50% field
Institutional & special purpose	hospital, school, church, government building, etc.	80
Vacant land	commercial, multi-family, business campus, industrial park, etc.	24
Other	dairies, orchards, dry farms, ranches, etc.	Case by case

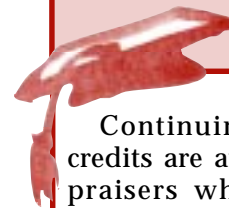


- Visa
- MasterCard

ACLB takes credit cards

The ACLB now accepts Visa and MasterCard credit card payments for fees. Credit card payments may be made by walk-in, phone, or mail. To use your credit card, provide the name of the cardholder as it appears on the credit card, the credit card number, and the expiration date. ■

Continuing education credit



Continuing education credits are awarded to appraisers who attend the Appraisal Review & Advisory Committee (ARAC) meetings. All meetings are open to the public. You need not be a member of the committee to attend. The next meeting will be September 28, 2000. The meeting offers three hours of continuing education credit. Please contact the ACLB office for times and locations of ARAC meetings, (503) 373-1505, or visit our Web site, www.cbs.state.or.us/aclb. ■

Questions & answers

From the Appraisal Standards Board
State Advisory Bulletin

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. It's issued to state and territory appraisal regulators to inform them of the ASB responses to questions raised by regulators and individuals, to illustrate the applicability of USPAP in specific situations, and to offer advice from the ASB for the resolution of appraisal issues and problems. It does not constitute a legal opinion.

Q I serve on my state's real estate appraiser board disciplinary committee. Recently, we received a complaint about an appraiser who had done an appraisal for an out-of-state investor. The appraiser did not inspect the interior of the subject property and his appraisal report did not include specific information about how he confirmed the comparable sales. In fact, his summary appraisal report was only five pages long! Worst of all, we have learned that the appraiser received a fee of \$10,000 for this so-called "appraisal." Can the ASB provide us with specific citations from USPAP so we can put an end to this kind of practice?

A Please note that the ASB does not have the power or authority to enforce USPAP. Further, state and federal laws, which sometimes contradict the content of USPAP, usually take precedence over USPAP. In addition, the ASB does not have adequate information about the situation you describe to comment on its specifics. In general, however, none of the facts you present, in and of themselves, necessarily evidence violations of USPAP.

The following comments should not be taken as an indication that what the appraiser did was appropriate or inappropriate. The judgment as to whether the assignment was completed in compliance with USPAP can only be made within the context

of the appraisal's purpose and intended use, considering whether the appraisal report's intended users would understand the rationale for the appraiser's opinions and conclusions.

While the appraiser's client is an "out-of-state investor," it is possible that this client is fully familiar with the type and location of the real estate under study. If an appraiser has properly identified the client, intended users, and the intended use for an appraisal, as required by Standards Rule 1-2(a) and (b) and Statement 9, he or she can then determine the level of information to provide in the appraisal report.

USPAP does not require that an appraiser always inspect a property. Rather, Standards Rule 1-2(e) states, in part, that an appraiser must:

Identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal, including: (i) its location and physical, legal, and economic attributes

The Comment to Standards Rule 1-2(e) describes what an appraiser must do if information about subject property necessary to complete the appraisal, in accordance with its purpose and intended use, is not available. The comment does not require that the appraiser decline the appraisal assignment.

USPAP also includes no specific requirements for the verification and reporting of comparable sales data. Standards Rule 1-2 (f) requires that an appraiser "identify the scope of work necessary to complete the assignment," consistent both with the market's expectations for such appraisal service and what the appraiser's peers would do in a similar situation. Standards Rule 1-1 (b) requires that an appraiser:

... be certain that the gathering of actual information is conducted in a manner that is sufficiently diligent, given the scope of work as identified according to Standards Rule 1-2 (f), to ensure that the data that would have a material or

significant effect on the resulting opinions or conclusions are identified and, where necessary, analyzed.

It is essential that the appraiser and client understand that what is "sufficiently diligent" in an assignment is shaped by the purpose, intended use, and intended users in that assignment. The appraiser must have sound reasons in support of the scope-of-work decision and must be prepared to support the decision to exclude any information that would appear to be relevant to the client, other intended users, or the appraiser's peers in the same or a similar assignment. In reporting relevant information, Standards Rule 2-2 (b) (ix) requires only that, in a summary appraisal report, an appraiser summarize the information analyzed in sufficient detail for the client and other intended users to understand the rationale for the appraiser's opinion and conclusions.

Standards Rule 2-2 (b) does not — nor does any other part of USPAP — specify how long an appraisal report must be. As long as the report's content is consistent with its intended use and includes all the elements required by USPAP for its specified report type, the report can be of any length.

USPAP addresses appraisal fees only to the extent of prohibiting appraisers from charging fees that are contingent on predetermined values, directions in value, amounts of value, attainment of stipulated results or the occurrence of events directly related to value opinions. (See the Management Section of the Ethics Rule.) Beyond those limitations, an appraisal fee is a business matter between an appraiser and his client. Many factors may cause an appraisal fee to appear "high" or "low" to someone unfamiliar with the circumstances of a particular appraisal assignment: the amount of a fee alone is not an indicator of any ethical or practical misconduct.

In summary, it is essential that an appraisal be judged within the context of its identified purpose, intended use and intended users, as stated in the appraisal report. In nearly all cases, enforcement authorities are not intended users of appraisals, so enforcement investigators should use extra care in understanding the circumstances under which an appraisal has been developed and reported.

Q I am a real estate investor who owns a small retail building in the city where I was born and raised. Though I now live in another state, my parents still live in that city and I visit them often. I recently asked an appraiser in that city to appraise my retail building so I can do some estate planning. I'm very knowledgeable about my building and its operation, and I've had other similar investments over the years. I told the appraiser that I don't need a big dissertation about my property and that I'm just interested in a rough opinion of its value for planning purposes. But, the appraiser told me that he couldn't do that kind of work because his professional standards won't allow him. He said he must do "all three approaches" and present his work in a report of more than 100 pages. Why does this appraiser have to do something that I don't need and don't want to pay for?

A The Uniform Standards of Professional Appraisal Practice (USPAP) are intended to "promote and maintain a high level of public trust in professional appraisal practice." USPAP does not specify which kinds of appraisal assignments appraisers may undertake. The standards were developed to allow appraisers to provide a wide variety of appraisal services, for many different types of clients with many different needs.

Under USPAP's Ethics Rule, Conduct Section, an appraiser must "perform assignments ethically and competently, with impartiality, objectivity, and independence, and without accommodation of personal interests." Competent practice requires that, in any assignment, an appraiser identify "intended use":

The use or uses of an appraiser's reported appraisal, consulting, or review opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Implicit within this definition is the idea that intended uses may vary. Having identified "intended use," an appraiser must then identify the appropriate "scope of work:"

The amount and type of information researched and the analysis applied in an assignment...

Thus an appraiser has significant latitude in the amount of work necessary to complete an assignment, depending on the purpose of that assignment, the assignment's intended use, and the need to ensure that any intended user is not misled. USPAP does not require appraisers to always perform to same amount of research and analysis to develop a value opinion, nor does USPAP require appraisers to always present assignment results in finely detailed reports.

An appraiser who declines an assignment because he believes USPAP always requires the greatest level of development and reporting necessary does not have a complete understanding of his professional standards. USPAP is designed to provide appraisers significant flexibility and should not, alone, prevent appraisers from doing work that is "outside the norm." Nonetheless, every appraiser is responsible for deciding which assignments to accept and which to decline. An appraiser who declines an assignment because he is not comfortable with its conditions is applying the ethical judgment and competence required by USPAP.

Q Recently, a reviewer downgraded an appraisal I completed on an existing single family residence property. The improvements more than 20 years old and, like many others in the market area, had been remodeled, repaired, and updated/upgraded over the years. I had several current sales of very similar properties to use as comparables, all with sale prices (unadjusted) within an eight-percent price range. I could not find any sales of open sites in the

mature and stable tract setting of the subject, or any sales of homes that had not been significantly altered from the original builder's plans.

The purpose of the assignment was to develop an opinion of market value. My value opinion was based on a sales comparison analysis. I did not complete a cost approach and reported the appraisal as a "complete appraisal." I stated that due to a lack of a reliable basis for identifying a site value and market extracted depreciation, the result of completing a cost approach would not be meaningful as an independent approach to value; therefore, a cost approach was not applicable.

The appraisal review report stated that since a cost approach would address factors and conditions that were present in the appraisal (i.e., the improvements), the absence of a cost approach made my appraisal a "limited appraisal" and not a "complete appraisal."

Was I wrong to call the appraisal "complete" in this case?

A The Comment to the Departure Rule states:

A specific requirement is not applicable when: it addresses factors or conditions that are not present in the given assignment, it addresses analysis that is typical practice in such an assignment, or it addresses analysis that would not provide meaningful results in the given assignment.

In the situation you describe, omitting a cost approach would not make the appraisal "limited" because omitting the cost approach in those circumstances would not be a departure from the specific requirements set forth in Standards Rule 14(b). Due to the lack of reliable ways to develop an opinion of site value [SR 14(b)(i)] or estimate accrued depreciation [SR 14(b)(iii)] in this situation, completing a cost approach would not provide a meaningful result.

Although omitting a cost approach under the circumstances you described would not be a departure from the specific requirements in USPAP, it is important to note that if a client's supplemental standards

Continued on next page

required a cost approach, and that supplemental requirement was a part of the assignment, you would be obligated to complete a cost approach. However, you would not be obligated to place reliance on its result as an indicator of market value because of the data deficiency.

Q Our local community public works department has declared a parcel of land surplus and asked me to appraise the real property at market value with a date of appraisal prior to its advertisement for sale. However, the public works director said there will be a covenant placed on the land immediately prior to the sale that will restrict its use to open space or recreation and the value in my appraisal is to reflect that title condition. Currently, the property is in use by the public works department and does not have such a use limitation.

Since I know the “as is” condition of the property title is not as the director described it, can I do the appraisal as if the covenant was in place?

If so, it appears that the covenant will be an extraordinary assumption in the appraisal. Is this correct?

A Given the purpose of the appraisal (market value, with the title conditioned as the director described), and intended use of the assignment results (provide the client with information for use in deciding an asking price), the appraisal must reflect an analysis as if the covenant was in place.

The appraisal of the property as though it had the covenant in place requires a hypothetical condition in the appraisal, because you know, as of the date of appraisal, that the property did not have the covenant in place. The covenant is “that which is contrary to what exists, but is supposed for purpose of analysis.

If you did not know whether the covenant was in place, but you based the appraisal on the covenant being in place, the appraisal would be based on an extraordinary assumption. This is because you would be presuming as fact otherwise uncertain information about the condition of title

which, if found false, could alter your opinions or conclusions.

If, instead of saying there would be a covenant recorded after the date of appraisal, the director provided a title document that said the covenant was already in place, the appraisal would not involve either a hypothetical condition or an extraordinary assumption about that land use limitation. This is because the title condition used in the appraisal is its actual condition.

Q What happened to Standards Rule 1-2(e) from the 1998 edition of USPAP? The following sentence was removed: “However, if the value of the whole is not considered, the appraisal must clearly reflect that the value of the property being appraised cannot be used to estimate the value of the whole by mathematical extension.”

A The cited rule from Standards Rule 1-2(e) in the 1998 edition of USPAP was misplaced because it related to reporting, rather than development, and contained a limitation on use of information in an appraisal report rather than an analysis action requirement.

Standards Rule 1-2(e) in the 1999 edition of USPAP is directed to identification actions to be completed in every assignment. Analysis actions are set forth in Standards Rules 1-3, 1-4, and 1-5(a) and (b).

The analysis action requirement involved in the cited text is addressed in Standards Rule 14(e) in the 1999 edition of USPAP, which states:

An appraiser must analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property, and refrain from valuing the whole solely by adding together the individual values of the various estates or component parts.

Comment: Although the value of the whole may be equal to the sum of the separate estates or parts, it also may be greater than or less than the sum of such estates or parts. Therefore, the value of the whole must be tested by reference to appropriate data and supported by appropriate analyses of such data.

A similar procedure must be followed when the value of the whole has been established and the appraiser seeks to value a part. The value of any such part must be tested by reference to appropriate data and supported by an appropriate analysis of such data.

Q I liked the word “consider” in the previous editions of USPAP, why was it taken out in so many places?

A The word “consider” was too broad a term for most USPAP applications. In a number of instances, the use of the word “consider” tended to confuse the expectation of the Standards Rules. For example, USPAP often used the term “consider and analyze” such as “consider and analyze the effect on value.” By removing the “consider” and having the rule state “analyze the effect on value” the rule clearly states the expectation for the appraiser to analyze the effect on value.

Q 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?

A USPAP does not specifically state that the appraiser must personally sign a report. It does state that the signature be “personalized evidence indicating authentication” and requires the appraiser to have “sole personalized control of affixing the signature.”

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

The Definitions section of USPAP, defines “signature” this way:

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 personalized identification number, or other media, where the appraiser has sole personalized 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 the other person to sign the appraiser's name and then write his or her own initials along-side the signature, preceded by the word "by" (for example, "by sbk").

Q What is the difference between a binding requirement and a specific requirement in USPAP?

A The difference is that binding requirements are absolute (i.e., compliance with the Standards Rule is required in every assignment), while specific requirements are conditional (i.e., compliance with the Standards Rule depends on specific assignment circumstances.)

In the Definitions section of USPAP, these terms are defined as follows:

Binding Requirements: all or part of a Standards Rule of USPAP from which departure is not permitted. (See Departure Rule.)

Binding requirements must always be complied with in performing an assignment. These requirements are labeled as binding because they are necessary to develop credible results or to communicate those results in a manner that is not misleading.

Q I have been asked by a client to prepare a restricted-use appraisal report that he plans to provide to another party. Does USPAP allow me to use this report option in such a circumstance?

A No. The Comment to Standards Rule SR 2-2 states: *When the intended users do not include parties other than the client, a Restricted Use Appraisal Report may be provided.*

In other words, this particular report option may only be used when the client is the only intended user.

The reason underlying this use restriction is that the client is assumed to have a sufficient level of knowledge about the subject property to enable him or her to understand a report of this type. If other intended users were to be given such an abbreviated report, they could easily misunderstand it and potentially be misled.

Q The real property that I am appraising is in a market that was affected by the major regional employer closing its facility three years ago. My client needs an opinion of value as of a date that preceded any knowledge of the facility being closed. Can't I include the fact that the facility closed in my retrospective appraisal?

A A thorough review of Statement on Appraisal Standards No. 3 (SMT-3) is necessary to properly deal with the problem the appraiser faces in this question. The most relevant information in SMT-3:

A retrospective appraisal is complicated by the fact that the appraiser already knows what occurred in the market after the effective date of the appraisal. Data subsequent to the effective date may be considered in developing a retrospective value as a confirmation of trends that would reasonably be considered by a buyer or seller as of that date. The appraiser should determine a logical cut-off because, at some point distant from the effective date, the subsequent data will not reflect the relevant market. This is a difficult determination to make. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where he or she should make this cut-off. In the absence of evidence in the market that data subsequent to the effective date were consistent with and confirmed market expectations as of the effective date, the effective date should be used as the cut-off date for data considered by the appraiser.

The appraiser cannot include in the analyses the fact that an event subsequent to the date of value in a retrospective appraisal changed the market conditions that existed as of the date of value. Using such information is not consistent with the purpose of the appraisal because buyers and sellers had no knowledge or expectation of that subsequent event as of the date of value.

However, an appraiser may disclose facts in an appraisal report about events that occurred subsequent to the date of value in an appraisal. Such a disclosure is particularly appropriate when the appraiser has reason to believe the intended users of the report could be misled by not knowing those facts in the time frame in which the appraisal is being used.

Continued on next page

The danger of *ex parte* communications

By Linda Riddell, administrator

Ex parte communications, which include instances of individual appraisers contacting members of the ACLB to get information about a pending or denied application; to discuss a pending complaint, supervisory audit or disciplinary action; or to attempt to influence a board decision, are improper and may be detrimental to the individual appraiser.

Ex parte communications are any oral or written communications received by ACLB members or the presiding officer, whether a hearings officer or an administrative law judge, when all parties are not present.

Such communications could cause a board member who may have voted in the individual appraiser's favor to abstain from voting on the application or disciplinary action in question when it comes before the ACLB.

Please address questions regarding applications, audits, and disciplinary matters to the ACLB staff. The staff will provide information and advice on procedures. ■



Visit our Web site!

The Appraiser Certification and Licensure Board Web site contains valuable information concerning real estate appraiser licensing:

- fees for services
- a search engine for a listing of approved education courses
- a search engine for a listing of Oregon appraisers
- link to The Appraisal Foundation
- links to other state appraiser boards
- appraiser application and renewal forms
- a list of ACLB members and staff
- a list of states with Oregon reciprocity, along with e-mail and Web addresses
- Q & A's on USPAP by the ASB
- newsletters from the ACLB and other state boards

Our Web site address:
www.cbs.state.or.us/aclb. ■

Questions & answers Continued from Page 11

Q The real property that I am appraising involves proposed improvements, and the client needs to know my opinion of market value as if the proposed improvements were complete, both as of the current date and as of a future date. I have two questions:

When the date of value is a current date, is my opinion developed on the basis of a hypothetical condition, or an extraordinary assumption?

When the date of value is in the future, when the proposed improvements will be complete, is my opinion developed on the basis of a hypothetical condition or an extraordinary assumption?

A In answer to your first question: When the date of value is a current date, and the appraisal is of a property with proposed improvements as if those improvements were complete on a current date of value, the value opinion is developed on the basis of a hypothetical condition.

This is because the appraiser knows the proposed improvements do not, in fact, exist on that current date of value. Completing an analysis on the condition that something the appraiser knows to be contrary to what exists, but is supposed for purposes of reasonable analysis, is using a hypothetical condition in that analysis. See Standards Rule 1-2(h).

Second question: When the date of value is a future date, and the appraisal is of a property with proposed improvements that are expected to be complete on or before that future date, the value opinion is developed on the basis of an extraordinary assumption.

This is because the appraiser presumes the proposed improvements will, in fact, exist as of that future date of value. Completing the analysis on the condition that something the appraiser reasonably believes will exist as of a future date is using an extraordinary assumption in that analysis. See Standards Rule 1-2(g).

In both situations, the appraiser is also making an extraordinary assumption about how the proposed improvements are completed. In the first instance (current date of value), the appraiser is presuming the proposed

improvements were completed in accordance with the documentation used to identify their characteristics. In the second instance (future date of value), the appraiser is presuming the proposed improvements will be completed in accordance with that documentation.

Note: The ASB is aware that the wording in the General Comments section of AO-17 needs to be updated to reflect contemporary definitions for "Hypothetical condition" and "Extraordinary assumption" in USPAP. That revision will appear in the 2000 edition of USPAP.

Q The property I am appraising is land without improvements, to be valued "as is" without foreseeable change in zoning or use. Does Standards Rule 1-4(b)(i) mean that I must complete a cost approach to develop my market value opinion?

A In the assignment you describe, the land is the "subject" of the appraisal. Because there are no improvements, and testing the economic feasibility of a change in use is not part of the appraisal problem, a cost approach is not relevant in this assignment. The methods and techniques that are applicable in solving the appraisal problem will depend on the purpose and intended use of the appraisal and on the characteristics of the property.

As required by Standards Rule 1-1(a), an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

An appraiser's decision about which methods and techniques are necessary to solve the appraisal problem is largely shaped by the information gathered in response to Standards Rule 1-2(e), which requires appraisers to "identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal."

In an appraisal where market value is the purpose, Standards Rule 1-3 requires an appraiser to identify and analyze the effect on use and value of existing land use regulations, reasonably probably modifications of such

land use regulations, economic demand, the physical adaptability of the real estate and market area trends, and develop an opinion of the highest and best use of the real estate.

Having completed the actions required by Standards Rule 1-2 and, when applicable, Standards Rule 1-3, an appraiser can reasonably determine which methods and techniques are applicable in solving the appraisal problem. While there are exceptions, land without improvements is often appraised by use of a sales comparison approach or an income approach, or both.

Q What is a hypothetical condition? Can you give me some examples that might apply in a real property appraisal?

A A hypothetical condition is defined in USPAP as that which is contrary to what exists, but is supposed for the purpose of analysis.

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Examples of hypothetical conditions that might be necessary in a real property appraisal assignment include:

- Appraising proposed improvements such as new construction or additions, as of a current date.
- Appraising a property as if it were free of any contamination when it is known to be contaminated
- Appraising a site as if sewer were available when the sewer is not available.
- Appraising a site as if the zoning were changed
- Appraising irrigated farmland on the premise that the water supply is adequate for irrigated crop production, knowing that the existing developed supply is not adequate.

Q How does an extraordinary assumption differ from a hypothetical condition? Can you give some examples that might apply in a real property appraisal?

A An extraordinary assumption is defined in USPAP as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

A hypothetical condition is defined in USPAP as that which is contrary to what exists, but is supposed for the purpose of analysis.

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in an analysis.

Appraisers may need to use extraordinary assumptions or hypothetical conditions in performing an assignment. When used in an assignment they become part of the "givens" in an assignment and have a significant effect on the appraiser's opinions and conclusions.

The difference between whether a condition is an extraordinary assumption or a hypothetical condition rests on what the appraiser knows about the condition in question.

If an appraiser cannot verify a certain condition that is critical to the valuation but which he believes is true and has no reason to doubt is true, then the condition is an extraordinary assumption and the appraiser must comply with appropriate standards having to do with both the development and reporting of the condition.

If, on the other hand, an appraiser is asked to use a condition which he knows to be false but which is necessary for the analysis, then two things are required; the appraiser can use the condition as long as it meets the criteria in USPAP and the appraiser must not confuse the information with the known facts.

Appraisers must clearly distinguish "false conditions" from those other assumptions or conditions which are believed or taken to be true. To properly distinguish these two, the false conditions are called hypothetical conditions. The best way to distinguish the two is to ask yourself whether the condition in question is known to be false. If, as of the date of value the condition in question is known to be false, then it is a hypothetical condition. If, as of the date of value, the fact of the condition is unknown and it is reasonable to believe that the condition is true, then the condition is an extraordinary assumption.

The following assumptions would be extraordinary if their use has a significant affect on the appraiser's opinions and conclusions:

- 1) Appraising proposed improvements, such as new construction or additions, as of the date of completion (a prospective date of value).
- 2) Appraising a property as if it were free of environmental contamination when it is not known to be contaminated.
- 3) Appraising a site as if sewer were available when the fact is unknown and there is no apparent evidence that the sewer is not available.
- 4) Appraising a site under an assumed zoning when the zoning is not known and there is no evidence that the assumed zoning is not possible.
- 5) Appraising irrigated farmland on the premise that the water supply is adequate for irrigated crop production, absent any evidence that the supply is not adequate. ■

Meeting dates for 2000

Sun	Mon
1	2
8	9

January 10

Quarterly board meeting

April 10

Quarterly board meeting

July 17

Quarterly board meeting

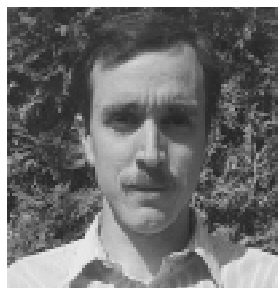
October 16

Quarterly board meeting

All meetings are open to the public. Auxiliary aids for those with disabilities are available with advance requests. Contact the ACLB office for specific times and locations of meetings, (503) 373-1505, or visit our Web site, www.cbs.state.or.us/aclb. ■

Appraisal Foundation fall meeting report

By Robert Keith, former ACLB member



The Appraisal Foundation and its associated task forces and committees met in November in Washington, D.C. The

foundation's board of trustees elected three new at-large members and appointed officers for 2000. The board of trustees also appointed one new member to the Appraiser Standards Board and one to the Appraiser Qualifications Board. Ken Kaiser was re-appointed chair of the ASB and Arlen Mills was appointed the new chair of the AQB.

The board of trustees approved changes to its bylaws to permit an individual to be removed from the ASB or AQB by a majority vote of the board. In addition, the board of trustees adopted a bylaw change that allows greater flexibility in the staggering of ASB and AQB terms.

The board of trustees voted to establish an independent fund-raising organization known as the Appraisal Foundation Trust. The trust will be a nonprofit corporation operated exclusively for charitable and educational purposes for the benefit of the foundation.

Another significant board of trustee action was designating the Education Coalition of Appraisal Foundation Sponsors (ECAFS) as an official foundation task force. Formerly, ECAFS was an ad hoc committee charged with the responsibility of developing the foundation's national USPAP course to promote consistency of USPAP instruction throughout the country. Most recently, ECAFS has been updating the national USPAP course to reflect changes contained in the 2000 USPAP. Other ECAFS projects include development of a seven-hour USPAP update course and development of USPAP instructor criteria.

One significant development from the Appraisal Foundation Advisory Council was a report from its Emerging Issues Committee regarding the results of a study of appraisal-software vendors whose digital-signature security was easily breached. This committee is sending reports to the software providers. The vendors will be asked to respond to the foundation. The expectation is that software vendors will move quickly to protect the integrity of digital signatures.

The board's Publications Committee was authorized to develop three new publications: the compilation of court cases citing USPAP, a guide to understanding the regulation of real property appraisers, and frequently asked questions and answers about USPAP. The foundation anticipates that these publications will be published in 2000.

One very interesting development was the announcement by ASB Chair Ken Kaiser that the ASB is moving toward separating USPAP into documents for each appraisal discipline (e.g. real property, personal property, business valuation, etc.)

I am very pleased to report that the foundation and its associated committees and task forces are working effectively and efficiently toward improving the appraisal profession. The individuals serving in leadership positions are extremely capable, knowledgeable, and highly committed to serving members of the appraisal community.

Mr. Keith is currently the president of the National Association of Master Appraisers and serves on the foundation's Sponsor Organizations Task Force and the Education Coalition of Appraisal Foundation Sponsors Task Force. He served a two-year term (1991-'93) on the Oregon Appraisal Certification and Licensure Board and presently serves on the ACLB's Appraisal Review and Advisory Committee. ■

Enforcement actions



At the September 21, 1998, quarterly meeting, the Appraiser Certification & Licensure Board voted to publish all enforcement actions regarding complaints filed on or after January 1, 1998, in *The Oregon Appraiser*.

May 1, 1999 through December 31, 1999

Sullivan, Joseph P. - L000381 (State-licensed appraiser): Default Final Order issued July 6, 1999, reprimanding Sullivan and assessing a civil penalty of \$7,000 for being an accessory to violations of ORS 674.100. Sullivan was an accessory to unlicensed appraisal activity when an employee under his direct supervision conducted real estate appraisal activity in Oregon without being licensed or certified, specifically, an appraiser assistant signing and issuing appraisal reports on Oregon properties, wherein Sullivan co-signed as supervisory appraiser.

Wilhite, Cynthia J. - C000500 (State-certified general appraiser): Default Final Order issued July 13, 1999, revoking Wilhite's real estate appraiser license and assessing a civil penalty in the amount of \$5,000 for violations of ORS 674.130 and 674.310. Wilhite knowingly made false and misleading statements in order to procure appraisal assignments, issued an update of an appraisal report that did not comply with USPAP, made false and misleading statements regarding the compliance of another appraiser's report, issued a letter opinion of value that did not comply with USPAP, refused or failed to refund an appraisal fee when appraisal services were not provided as agreed, knowingly authorized

publication of false statements regarding her professional qualifications, and failed to maintain records of appraisal assignments.

Miller, Raymond E. - AA01019 (Registered appraiser assistant): Stipulated Final Order entered October 6, 1999, assessing a civil penalty of \$5,000 for violations of ORS 674.100. Miller unlawfully conducted real estate appraisal activity in Oregon without first being licensed or certified as an appraiser with the ACLB.

Freeman, Dennis (Certified general appraiser in Washington): Default Final Order issued November 29, 1999, assessing a civil penalty of \$500 for violation of ORS 674.100. Freeman unlawfully conducted real estate appraisal activity in Oregon without first being licensed or certified as an appraiser with the ACLB, or obtain a temporary non-resident registration.

Wilhite, Cynthia J. - C000500 (State-certified general appraiser): Default Final Order issued December 14, 1999, assessing a civil penalty of \$5,500 for violations of ORS 674.100. Wilhite unlawfully conducted real estate appraisal activity in Oregon after her license expired.

Skelton, David S. - AA01245 (Registered appraiser assistant): Stipulated Final Order entered December 22, 1999, waiving assessment of a civil penalty for violation of ORS 674.100. Skelton unlawfully advertised or purported to engage in or carry on real estate appraisal activity in Oregon without first being licensed or certified as an appraiser with the ACLB. ■

Conforming is not an option

Continued from Page 1

really busy and overlooked some obvious data," and "You know how hard it is to verify data via long distance calls."

Unfortunately, ignorance or unawareness of USPAP is no defense. Like the law, USPAP is both a sword and a shield: A "sword of Damocles" hanging over the heads of all appraisers and a shield to those who strive to understand it and conform their work to it. Just about any appraisal, even by the most respected and experienced appraisers, can be put under a microscope and found in violation of some rule. A diligent professional doesn't make lame excuses, but corrects the error and moves forward.

Current law requires two days of USPAP refresher training every five years. With ongoing changes, that is hardly enough exposure to this multidimensional living, breathing document that dictates the parameters of our professional lives. We have some excellent nationally-recognized USPAP instructors in Oregon who will make your attendance well worthwhile. Seek them out and sign up. Pull your current copy of USPAP out on a slow afternoon and read through the rules and advisory opinions. The really good appraisers among us do, and it is reflected throughout their reports. ■

Change of address?

Don't forget that all appraisers, appraiser assistants, and applicants are required to notify the ACLB in **writing** of changes of address within 10 days of the change. You may send postal mail, faxes, or e-mail to:

Appraiser Certification
and Licensure Board
350 Winter St. NE
Salem, Oregon 97301-3878
Phone: (503) 373-1505
Fax: (503) 378-6576
E-mail: linda.c.riddell@state.or.us

This newsletter is published by the Oregon Appraiser Certification and Licensure Board for professionals licensed by the board.

440-3221 (1/00/COM)

Appraiser reciprocal agreements

Listed below are states with which the ACLB has reciprocity for real estate appraiser licensing and certification. You may contact the ACLB or any listed state for information and an application packet for reciprocal licensing or certification.

State	Phone	E-mail
Alabama	(334) 242-8747	N/A
Arizona	(602) 542-1539	N/A
Arkansas	(501) 296-1843	ALCB@mail.state.ar.us
Illinois	(217) 785-9634	N/A
Kentucky	(606) 246-2011	N/A
Louisiana	(504) 925-4783	N/A
Maine	(207) 624-8520	carol.j.leighton@state.me.us
Massachusetts	(617) 727-3055	N/A
Missouri	(573) 751-0038	jkolb01@mail.state.mo.us
Montana	(406) 444-3561	pbragg@state.mt.gov
Nebraska	(402) 471-9015	mjhass@nrcdec.dec.state.ne.us
New Hampshire	(603) 271-6186	NHREAB@juno.com
New York	(212) 220-1682	N/A
North Carolina	(919) 420-7920	NCAB@NTWRKS.COM
North Dakota	(701) 222-8083	ndapprbd@btigate.com
Ohio	(216) 787-3100	N/A
Oklahoma	(405) 521-6636	N/A
South Dakota	(605) 773-4608	sherryb@cpr1.state.sd.us
Tennessee	(615) 741-1831	N/A
Texas	(512) 465-3950	rcliner@mail.capnet.state.tx.us
Washington	(360) 753-1062	RealEstate@dol.wa.gov
West Virginia	(304) 558-3919	wvappbd@wvnm.wvnet.edu
Wyoming	(307) 777-7141	cander2@misc.state.wy.us

