

THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

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Arkansas Appraiser Board hosts Day with Appraisers 2014

With an attendance increase of almost 15% over the previous year, the 2014 Day with Appraisers (DWA) continuing education program was a success by several measures. The event was held at a new location, the Embassy Suites on Financial Centre Parkway in west Little Rock.

Dennis Badger, a Certified General appraiser and a member of the Appraisal Foundation's Appraisal Standards Board was the primary speaker. He covered a number of appraisal practice do's and don'ts. Dennis fielded a wide range of questions and generally guided both experienced and novice appraisers in practices that will benefit them on a daily basis.

In a shorter segment of the program, Ron Hughes, who is affiliated with Pulaski Technical College, spoke and presented a slide presentation on green building valuation and energy efficiency building techniques. Ron spoke about various home energy rating practices that are evolving in different parts of the U.S. and the impact they may have on the appraisal profession.

Finally, Diana Piechocki, Chief Investigator for the Arkansas Appraiser Board, along with Drew Vance and Lee Gordon, provided an explanation and insight into the way complaints are processed at the Board. Diana covered the specific steps that occur whenever complaints are filed and the roles that various parties play in a complaint's resolution. Vance and Gordon provided comments on this process and all three panelists responded to questions from the audience.

"Our goal with DWA is to provide a first rate, quality continuing education event for Arkansas's real property appraisers," said Vance, Chairman of the Arkansas Appraiser Board. "Successful appraisers are

those who are professional, competent, and well-informed about their field. We think that DWA enhances the skills of appraisers."

"The most frequent comment made on the DWA evaluation forms was, 'Best Day with Appraisers ever!'" said Gordon, executive director. "The Board and staff do all that they can to make this CE event beneficial to appraisers. We will work to get that same evaluation comment next year."

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2014 Day with Appraisers at Little Rock Embassy Suites



The faces and people of Day with Appraisers



A Day in the Life of the Chief Investigator

by: Diana Piechocki

Me, how time flies! I have been Chief Investigator for the AALCB for a little over two years now. That would be fourteen in dog years. I've loved every minute. Well, almost. The first two weeks I worked for the agency, I had a small panic attack outside the door each morning. And I was certain every time the mail arrived there were two complaints with my name on them!

I have been fortunate to meet or talk with many of you. And, I have met my counterpart in several other states. I'm sure I'm partial, but I am convinced that our agency and board are the best!

There are several different aspects of my job. I answer questions from consumers and appraisers, work with appraisers wanting to upgrade to a higher credential type, and audit education courses. This is in addition to complaints.

As with many jobs, there are misconceptions about what is actually required of an investigator at a licensing board, so I thought I would include examples of activity on a typical day.

I receive a phone call from an appraiser asking about the use of a Certification with Form 1004D/442. His client had requested that he include the statement regarding prior services within the past 36 months.

Appraiser: My client has asked me to update an appraisal that I completed for them six months ago and submit the report on the 1004D/442 Form. Do I need to disclose I have provided prior services within the past 36 months?

Me: Yes. Because an appraisal update is a new appraisal assignment, the report must include a certification disclosing whether you have provided a service regarding the subject property in the three years prior to accepting the new assignment. In fact, it should include all the certifications found in USPAP Standards Rule 2-3. If you turn to Advisory Opinion 3, page A-7 in your USPAP book it explains the update of a prior appraisal in greater detail.

I review a complaint file and my phone rings again. It is a Certified Residential appraiser asking about the limits on non-residential property he can appraise.

Appraiser: My client has asked me to appraise a non-residential property. I know there are limits on what I am certified to appraise. What are those limits again?

Me: Look at bottom of page 7 of the AALCB Rules and Regulations. They are found on our website. It tells you the monetary limits. My caution is that you make certain you are competent to appraise the property type. There is a lot more involved than just the transaction and property value limits.

My next phone call is from an appraiser asking how to report an extraordinary assumption.

Appraiser: Would you please help me with extraordinary assumptions?

Me: First let's talk about what USPAP says in regard to extraordinary assumptions. Get your USPAP book and turn with me to page U-18, line 555.

Appraiser: Ok, I know my USPAP book is here somewhere. Give me a second . . . found it! Page U-18, line 555.

Me: Yes, it says, "In developing a real property appraisal, an appraiser must: identify any extraordinary assumptions necessary in the assignment: Comment: An extraordinary assumption may be used in an assignment only if: it is required to properly develop credible opinions and conclusions; the appraiser has a reasonable basis for the extraordinary assumption; use of the extraordinary assumption results in a credible analysis, and the appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions." Does the extraordinary assumption you are making meet these test?

Appraiser: Yes.

Me: Then turn with me to page U-24, line 745. This tells us that, "The content of an Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum: clearly and conspicuously: state all extraordinary assumptions and hypothetical conditions, and state that their use might have affected the assignment results."

Appraiser: Thanks!

Just like you, no two days in my job are exactly the same. Sometimes, all I can tell you is that it is a business decision you will need to make. Other times, I can point you to USPAP. And sometimes I will tell you I need to research an answer. But, my goal is to be a resource wherever possible and appropriate. Please call our office if you have a question or need assistance.

The Appraiser

Pay attention to the competency rule

by Drew Vance, AALCB Chairman

As appraisers, we all have taken USPAP courses and are familiar with these two words: Competency Rule. Is competency something that you *really* think about before accepting an assignment? What about when you have already accepted an assignment, begun working on the assignment, and then realize you are not competent? The 2014-2015 edition of USPAP is very clear in addressing the issue of competency. It is a good practice to go back and review this section of USPAP periodically.

“Laziness, time constraints, and sometimes just not using common sense can lead appraisers to push the competency rule over to the side.”

A large percentage of the complaints received by the board revolve around the issue of competency. There is nothing wrong with accepting an assignment that challenges the appraiser and moves him/her into a geographic area or property type that is unfamiliar. After all, you have to experience something in order to gain experience. There is, however, something inherently wrong with accepting an assignment and not going through the proper steps to acquire the necessary competency to perform the assignment. Laziness, time constraints, and sometimes just not using common sense can lead appraisers to push the competency rule over to the side.



I could fill this entire page with examples of how appraisers have violated the Competency Rule, but instead I will summarize with a few thoughts. Not fulfilling the competency requirement typically results in a series of Standard 1 and 2 violations and is a disservice to both the appraiser’s client and to the appraiser. Take the time and make the effort to perform competently when completing each appraisal assignment. Doing so will better serve your client and prepare you for future assignments that will enhance your practice.

Green Homes a Growth Sector in Housing Market*

Green construction is a growth sector in the recovering housing market, McGraw Hill Construction reported June 5 when it released its report “Green Multifamily & Single Family Homes: Growth in a Recovering Market.”

The report noted that single- and multifamily housing account for around 45 percent of the value of all construction projects in the U.S., and green housing construction is showing a particular boom.

The report revealed that 62 percent of firms building new single-family homes are employing green construction techniques on at least 15 percent of them. By 2018, 84 percent of building firms expect to achieve that level of green construction activity.

For firms engaged in multifamily projects, 54 percent said that at least 15 percent of their projects are green and 79 percent of the firms said they anticipate reaching that level of green activity by 2018.

In the single-family home market, more than 19 percent of builders reported that most (90 percent) of their homes are green and the number of builders so focused on green is expected to double by 2018.

*Partial article reprinted by permission from *Appraisal News Online*, June 2014.



Appraiser Board to offer class for supervisory appraisers and trainees

by Lee Gordon

One of the upcoming 2015 Appraiser Qualifications Board (AQB) requirements is a four-hour course for all new trainee appraisers (State Registered in Arkansas) and supervisory appraisers. This requirement has been welcomed by state licensing and certification boards because it addresses some basic, long-standing problems with the development of appraiser trainees. In simple terms, this course will improve the prospects for trainees and supervisors to make this multi-year experience successful.

The AQB has established specific course objectives that pertain to both trainees and supervisors. For the supervisor, the course must provide adequate information to ensure that the Supervisory Appraiser understands the qualification and responsibilities of that role, including (1) minimum qualifications for becoming and remaining a supervisory appraiser, (2) specific Arkansas credentialing requirements, (3) expectations and responsibilities of being a supervisory appraiser, including maintaining and signing all appropriate experience logs, and (4) the expectations and responsibilities of the trainee appraisers.

For the Trainee appraiser, the objectives of the course are similar, but are adjusted to fit the trainee's perspective.

As one state licensing and certification board member described the new supervisor/trainee course, "It is an opportunity wrapped in a requirement." Everyone wants new trainees to succeed. If Arkansas and other states are to have an adequate number of quali-

fied, competent real property appraisers, new State Registered appraisers must regularly enter the field. However, for many who have been down this road in the past, both the supervisor and the trainee experience have been less than ideal. The difficulties and weaknesses of these experiences appear to stem from inadequate preparation and understanding of expectations for both the trainee and the supervisor.

This new course, which will be offered directly by the Arkansas Appraiser Licensing and Certification Board (AALCB), will provide important information and training that will better prepare both the supervisor and trainee for their roles. The AALCB, using the AQB approved course outline, will provide pertinent, practical information and guidance for the participants.

The Arkansas version of this course is now in development and will be available to trainees and supervisors in the months to come. Beginning January 1, 2015, all new trainees and their supervisors must complete this course.

The fall issue (mid-November) of *The Appraiser* will have full details about the course, the requirements, and the scheduled dates. If you have any questions in the interim, please contact the Appraiser Board office.



Want to supervise a State Registered (trainee) appraiser?

Our office is aware of a number of new or potential State Registered appraisers who are looking for a supervisor. As you know, supervising appraisers are necessary for trainees who intend to move to a higher appraiser classification.

We will be establishing a list of certified appraisers in Arkansas who are willing to consider assuming the important role of Supervising Appraiser for new State Registered (SR) appraisers. Agreeing to be included in this list does not require you to accept a SR as your trainee. It only implies that you are willing to consider a SR as a potential trainee under your supervision.

With slowly decreasing numbers of real estate appraisers in Arkansas, the appraisal profession needs new appraisers and it needs qualified, experienced trainee appraiser supervisors. You can make a contribution to the profession and help a new appraiser make a good start.

If you are interested, please contact Diana Piechocki or Lee Gordon at the Arkansas Appraiser Board for more information.

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**AALCB All Active Registered, Licensed
 and Certified Appraisers**

License Type	*Number
State Registered	164
State Licensed	53
Certified Residential	356
Certified General	469
Total:	1042 <small>*does not include temporary</small>

Arkansas appraiser status change:

O. Brown Hardman, CR-0490, voluntarily surrendered his appraiser credential effective June 30, 2014.

Board Members

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



State Registered appraiser renewal education

We want to remind all State Registered appraisers about their upcoming renewal with respect to continuing education (CE). Please know that if you have not taken CE courses in 2014, you must have 14 hours completed before you can renew your registration in December. There is no longer a “carry over” provision for hours, so you must take 14 hours every year. This does not change the two year cycle for your USPAP course. If you have questions, please contact the Arkansas Appraiser Board office.

“In lieu of” college education deadline

If you are using “in lieu of” college education in order to upgrade your appraiser credential, please contact our office. We need to get your name on the list so that no one inadvertently misses the December 31, 2014 deadline. Thank you!