

THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

Volume 22, Issue 1

Spring 2014

Best Practices - Best Appraisals

Day with Appraisers Seminar set for May 8, 2014 at Embassy Suites

This is an event you want to attend. The Arkansas Appraiser Licensing and Certification Board's Day with Appraisers seminar is less than two months away. On May 8, 2014, over two hundred appraisers will participate in this continuing education program - the largest annual gathering of appraisal professionals in Arkansas. The Day with Appraisers seminar offers seven hours of continuing education (CE) credit and the opportunity to interact with fellow appraisers. Because this is an even year, all renewing appraisers are required to report a total of 28 approved hours of CE.

The theme of this year's program is Best Practices - Best Appraisals: Avoiding mistakes, problems, and complaints. Dennis Badger is this year's featured speaker. As an active real property appraiser, Dennis is the President of Dennis Badger & Associates, which is a residential and commercial appraisal firm in Lexington, Kentucky. He is a Certified General Appraiser with more than 25 years of experience in appraisal and appraisal review services. Dennis has developed and conducted seminars on a variety of real estate valuation topics, including appraisal principles and procedures, appraisal review and real estate fraud.

Additionally, Dennis is Vice President of Collateral Risk Management and Chief Appraiser for Farm Credit Mid-America where he directs and supports the Association's collateral valuation functions.

Dennis also serves as a member of the Appraisal Foundation's Appraisal Standards Board. In 2013, Dennis led a highly regarded course for state licensing board complaint investigators.

Be sure to note that the location of the Day with Appraisers seminar has changed. Because of an expected increase in attendance, the program will be held at 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 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.



A packed room at the 2013 Day with Appraisers Seminar

For a solid appraisal: *Tell them*

Drew Vance, Board Chairman

Form reports can be a great tool, but they can also be an appraiser's worst enemy. Often we appraisers get stuck in a rut of simply checking boxes and providing limited dialogue about why the boxes were checked. What's worse is when the dialogue that is provided is a canned statement. The combination of these two practices is dangerous and typically results in a report that is not credible.

Having served on numerous probable cause and non-judicial panels during my time on the board, I've learned several ways to be a better appraiser. The primary lesson I've learned, however, can be summed up in two words: TELL THEM. In other words, simply explain to the reader whatever was in your head when you checked that box, made that adjustment, selected that value, etc. All markets are imperfect and, as a result, there is some amount of subjective reasoning required when we are analyzing data. The readers of our reports can't understand that reasoning unless they can read it.

I know what you're thinking right now: "This guy is crazy - I don't have time to write multiple essays in each report!" While there are times when multiple essays are needed to produce a credible report, that's not the point I'm trying to make. I'm a practicing appraiser with deadlines just like all of you, so I understand the time constraints we all work under. The plain truth is that it doesn't take that long to write something meaningful.

Lose the canned statements like, "The subject's land value was selected from area sales." This type of statement is meaningless and doesn't tell the reader a thing. Hopefully, some thought was actually put into how we selected that land value, so just put those thoughts on paper. This is just one example of many instances where some dialogue is needed for the reader to understand our reasoning.

"We must remember that the quality of our work is not dependent on our form's capabilities - it's dependent on us."

When discussing this issue with appraisers, a common response is, "There's no room for comments in my form report." We must remember that the quality of our work is not dependent on our form's capabilities - it's dependent on us. If there's not adequate space to get our thoughts on paper, we should simply add a comments page or pages. We cannot allow our form reports dictate how we handle our responsibilities as appraisers. Take a few more minutes and provide dialogue that actually tells the reader something meaningful. This will result in a more credible report, and hopefully allow the reader to understand the "hows and whys" of our conclusions.

Certification and License renewals

It is almost license and certification renewal time for Arkansas appraisers. Please remember that 28 hours



of continuing education (CE) must have been recorded this year. We will send notices in mid-May regarding renewals of licensed and certified appraisers. You will need 28 CE hours including the 7 hour

USPAP course in order to renew. The deadline for completing the renewal process is June 30th and this includes the submission of all documentation for CE. You may check the number of hours on file for you by going to the website, www.arkansas.gov/alcb, and clicking on the appraiser roster button.

Appraisal Subcommittee Compliance Review

As you may know, the Arkansas Appraisal Board is responsible for not only following Arkansas statues and regulations, but also for complying with federal standards set by the Appraisal Subcommittee (ASC) and the Appraisal Qualifications Board.

On March 3, 2014 our compliance review with the ASC was scheduled to begin. As most of you know, that was also the same time the weather decided not to cooperate and the result was ice and snow over much of state, including Little Rock. Despite getting a delayed start, the Subcommittee staff was able to complete its review in one day.

Their findings were encouraging. In 2012, the ASC reported, in regard to approved education providers, the Arkansas Appraiser Board staff had not fully maintained the documents required by the ASC. We are pleased that in 2014, the preliminary findings of the ASC staff were positive and the files were considered complete.

We know the Appraisal Qualifications Board’s new requirements of appraisers and regulators create some challenges, but the Subcommittee expressed confidence in the Arkansas Appraisal Board and its ability to effectively serve the public good.

“We are pleased that in 2014, the preliminary findings of the ASC staff were positive and the files were considered complete.”



New leadership selected for Appraiser Board

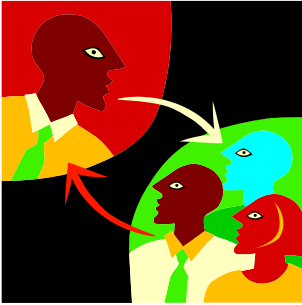
The Arkansas Appraiser Licensing and Certification Board selected new leadership at its January 30, 2014 board meeting. After serving as Vice Chair for the last two years, Drew Vance was elected Chair, replacing Rick Mahan. Additionally, board member Pete Prutzman was elected Vice Chair. Thad Eckolls, who is beginning his fourth year on the Board, will continue as Treasurer and chair of the Budget and Finance Committee.



At the board meeting, Vance thanked the board for their confidence and said he looked forward to the role of chairman and leading the board. He and the other members of the board thanked Rick Mahan for his two years of service as board chairman.

For 2014, Pete Prutzman will also serve as Chair of the Education Committee. Burney Lightle will continue as chair of the Rules, Regulations, and Policy committee.

Supervisory Appraiser and Trainee (State Registered) Appraiser course requirement



One of the upcoming 2015 Appraisal Qualifications Board (AQB) requirements pertains to the pairing of Supervisory Appraisers and their trainees (in Arkansas, these are State Registered appraisers). According to the summary provided by the AQB:

Both the Trainee Appraiser and Supervisory Appraiser shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB. The course will be oriented toward the requirements and responsibilities of Supervisory Appraisers and expectations for Trainee Appraisers. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee Appraiser (State Registered) credential, and completed by the Supervisory Appraiser prior to supervising a Trainee Appraiser. – AQB 2015 changes summary.

If a Supervisory Appraiser and a State Registered Appraiser pair up later in this calendar year (2014), they are not required to take this course. However, for those individuals who plan to apply as a state Registered Appraiser *after* December 31, 2014, it will be necessary for them to take this course.

A number of state appraiser licensing and certification boards have offered this kind of course for some time. They view this course as highly beneficial to all parties involved. The Arkansas Appraiser Licensing and Certification Board intends to offer this four-hour course in the fall of 2014 and again as needed in 2015 and beyond. We recommend that potential supervisory appraisers and trainees consider taking the course when it is offered this fall. Additional details regarding this course will be made available by summer on the AALCB website and in the next edition of this newsletter. If you have questions, please contact the AALCB office.

“In lieu of” education and the 2015 AQB changes

Current requirements to sit for the certified residential (CR) and certified general (CG) appraiser exams include a provision for “in lieu of” college education to fulfill the Associate or Bachelor Degree requirement. As a part of the 01/01/2015 changes to the *Real Property Appraiser Qualifications Criteria*, the “in lieu of” provision is eliminated for these credentials.

This means if you are using “in lieu of” college education to upgrade to CR or CG you must complete all of the requirements to upgrade your credential, pass the pre-testing interview and pass the appraiser examination by 12/31/2014.

If this applies to you, please give us a call at 501-296-1843. Don’t wait until the last minute to let us know your situation. We would like to help you avoid missing this important deadline.

“This means if you are using ‘in lieu of’ college education to upgrade to CR or CG you must complete all of the requirements to upgrade your credential, pass the pre-testing interview and pass the appraiser examination by 12/31/2014.”

Mueller and McIntosh appointed to Board

In January, Governor Mike Beebe appointed two new members to the Arkansas Appraiser Licensing and Certification Board. The new board members are Shannon Mueller and Alex McIntosh. They were each appointed for a three year term and may be reappointed to one additional term.



Shannon Mueller is a native of Springdale and an active Certified General appraiser. She has a Bachelor's degree in Finance and Real Estate from the University of Arkansas. After college, she gained banking and appraisal review experience with the First National Bank of Springdale and First Tennessee

Bank. Mueller has worked as an appraiser for Reed & Associates in Fayetteville since 2003 and became a Certified General Appraiser in 2006. Much of her appraisal work relates to right-of-way matters. She is married and has two children.

Alex McIntosh has a Bachelor's degree in Finance from the University of Arkansas and entered the appraisal field immediately after completing college. As a Certified General Appraiser since 2006, McIntosh develops appraisals in a variety of areas, including residential, commer-



cial, industrial, and special purpose properties. He is a designated member of the Appraisal Institute and is currently Vice President of the Arkansas Chapter of the Appraisal Institute. McIntosh is married and lives in Little Rock with his wife Jessica.

Our new board members attended their first Arkansas Appraiser Board meeting on March 5 and were welcomed by the rest of the board. The two new board members, along with Samantha Johnson who joined the board in May of 2013, also recently participated in a two-hour board member orientation meeting.



A special thank you

As pleased as the board and staff are about our new board members, we will miss the two board members they replaced. B.A. McIntosh and Tom Rife have completed their two three-year terms and have ended their tenure on the Board. Their service to the Board and the public over the last six years was exemplary. We will miss seeing them at board meetings and other events, but will not hesitate to call on them for wisdom and insight.

Thank you, B.A. and Tom, for your time, effort, and dedication as members of the Arkansas Appraiser Board.



Changes to license and certification renewal practices

The Arkansas Appraiser Licensing and Certification Board (AALCB) has made a few changes to the renewal process for all future renewals. We will send one paper copy to remind you of your renewal. This notice will not include your number of hours. You may view the hours we have on file for you via the appraiser roster on the AALCB website. The notice will, however, list the steps to renew your license online and/or how to request a paper renewal.

If you renew online, please be aware that we no longer accept checks via the online renewal link. Payment is made by credit/debit cards only. You must have all of your 28 hours of continuing education reported to the Board office 24 hours prior to attempting to renew online. Also, if you renew your license online, a pocket card will not be mailed unless requested. You may now print your pocket card from your computer immediately following renewal of your license online. You may print this on any medium you wish, as this will be your card for the 2015 cycle.

If you have any questions, please contact the Board office.

The Arkansas Appraiser Licensing and Certification Board (AALCB) has made a few changes to the renewal process for all future renewals.



Individual education approval requests deadline

Please note that the next Arkansas Appraiser Licensing and Certification Board meeting will be May 7th, which is the day before the Day with Appraisers seminar. This board meeting will be the last time, prior to June 30th that the board will meet to review continuing education. *If you take a course that is not on the approved list between May 7th and your renewal date of June 30th, it will not be reviewed for individual credit and therefore will not count towards your 28 hours of CE. If you wish to have any individual education requests reviewed at the May 7th meeting, please have those requests submitted the office no later than Wednesday, April 30th.* This will allow the staff to include those requests on the board meeting agenda.



Real Property Appraiser Qualifications Changes for 2015

You have been hearing about these changes from the Appraisal Qualification Board (AQB) for a long time. They have been discussed and debated for years. Now they are about nine months away from implementation (January 1, 2015). Below is an abbreviated version of the most significant items:



- ✓ Education and experience must be completed prior to taking the AQB-approved National Uniform Licensing and Certification Exam.
- ✓ All candidates for a real property appraiser credential must undergo a background screening, including fingerprint submission. NOTE: The AQB is *considering* revising and postponing this requirement till 2017. More information is available at the Appraisal Foundation website and we will provide updates in our summer newsletter.
- ✓ Credit toward qualifying education requirements may be obtained via the completion of a degree program in Real Estate from an accredited college or university approved by the AQB.
- ✓ A written (or computer based) examination is required for all qualifying distance education courses.
- ✓ Candidates for Licensed Residential Appraiser must have 30 semester credit hours of college level education from an accredited institution or an Associate's Degree.
- ✓ Candidates for Certified Residential or Certified General Appraiser must have a Bachelor's degree from an accredited college or university.
- ✓ Both the Trainee Appraiser (State Registered) and Supervisory Appraiser shall be required to complete a four-hour course that, at a minimum, complies with the specifications for course content established by the AQB.

AND, previously approved and implemented:

- ✓ A supervisory appraiser shall be in good standing in his/her state and not subject to any disciplinary action within the last three years that affects the supervisory appraiser's legal ability to practice.
- ✓ A supervisory appraiser may not supervise more than three trainee appraisers at one time. (Note: this is specific and not subject to a "loose" interpretation.)
- ✓ As a pre-requisite for application as a State Registered appraiser, an applicant must have completed 75 creditable hours of qualifying education as specified by the AQB.

For detailed information on the 2015 requirements, please refer to *The Real Property Appraiser Qualification Criteria* and/or the AQB portion of The Appraisal Foundation website. www.appraisalfoundation.org

AALCB

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

Staff:

Lee Gordon, Executive Director
 Diana Piechocki, Chief Investigator
 Kelli Black, Executive Assistant
 Laurie Welch, Admin. Assistant

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

License Type	*Number
State Registered	154
State Licensed	57
Certified Residential	380
Certified General	480
Total:	1071 <i>*does not include temporary</i>

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