

THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

Spring 2016

Volume 24, Issue 1

2016 Day with Appraisers event set for May 12

Three experts to share experience and knowledge

As Arkansas real estate appraisers review their continuing education status for this renewal cycle, the 2016 Day with Appraisers event offers special opportunities. In addition to providing seven hours of continuing education, the Arkansas Appraiser Board's Day with Appraisers event brings together approximately 250 appraisers for a resource rich experience and useful contact with real estate peers.

This year's Day with Appraisers seminar will be held on Thursday, May 12, at the Embassy Suites hotel in Little Rock. This is the third year for this location. All Arkansas credentialed appraisers were emailed a registration brochure in early March. Registration for this event is now open. Information is also available under "News/Events" at the AALCB website: www.arkansas.gov/alcb

In planning this year's event, the AALCB board and staff focused on developing a program that would have broad appeal and which would provide the attendees with a variety of appropriate topics.

"The Day with Appraisers event is the largest gathering of real estate appraisers in Arkansas," said Pete Prutzman, Board Chairman. "We work to find topics and speakers that Arkansas appraisers would not otherwise experience. One of the challenges of the appraisal field is the



potential for isolation. The topics for Day with Appraisers should always give Arkansas's appraisers information that will improve their skills and stimulate thinking about their profession."

The title of this year's seminar, "Appraiser Essentials," explores a variety of topics that are pertinent to the participants. Speakers with expertise on three different topics will provide solid information that can be applicable to all of Arkansas's appraisers.

The morning speaker will be **Dr. Thomas W. Hamilton**, who will cover the topic of highest and best use. Dr. Hamilton holds the Gerald Fogelson Distinguished Chair in Real Estate at the Heller College of Business, Roosevelt University in Chicago. Dr. Hamilton has a Ph.D in Business,

(continued on pg. 2)

Cont. from pg. 1, Day with Appraisers event

with Master's degrees in Real Estate and Urban Land Economics, University of Wisconsin-Madison School of Business. Dr. Hamilton, until recently, was a professor of real estate at the University of St. Thomas-Minnesota Opus College of Business, Shenehon Center for Real Estate.

In the afternoon, we are fortunate to have two primary speakers. First will be **John Brenan**, the Director of Appraisal Issues for the Appraisal Foundation (TAF). His topic will be, "After you've signed the appraisal . . ." There are too many unanswered questions about what appraisers may and may not do with respect to a completed and signed appraisal.

Mr. Brenan is senior staff contact regarding the work of the Appraisal Standards Board – including USPAP, the Appraiser Qualifications Board, and the Appraisal Practices Board. John, who travels extensively for the Appraisal Foundation, has spoken at a previous Day with Appraisers event.

In a shorter afternoon segment, the AALCB will provide a Hot Topics panel to provide the par-

ticipants with up to date information about a number of appraiser practice issues, credentialing changes, and other matters that will be useful for all members of the audience.

Finally, **Special Agent Rick McLain** of the Little Rock field office of the Federal Bureau of Investigation (FBI) will wrap up the day. His topic will be fraud, as defined and investigated by the FBI. Special Agent McLain graduated from Samford University with a Master's in Accounting and Master's in Business Administration in 2006. He worked for Pricewaterhouse-Coopers from 2006-2008. He became a Special Agent with the FBI in March 2008 working primarily securities fraud and public corruption matters. Special Agent McLain is a Certified Public Accountant and a Certified Fraud Examiner.

Be sure to register soon. We look forward to seeing you there.

INFO ON OUR NEXT SUPERVISOR/TRAINEE COURSE

Our next Supervisor/Trainee class will be June 16, 2016 from 9:00 am to 1:00 pm in the Basement Conference Room at the Main St. Mall Building in Little Rock, AR. The Registration form is on the website. We would be glad to have you join us!

Consumer representative appointed to Board

In January, Governor Hutchinson appointed a new member to the Arkansas Appraiser Licensing and Certification Board. Kay Lawrence was named to serve in the consumer representative position on the Board. This position has been vacant since July when Samantha Johnson, a realtor from Marion, resigned due to her move to the Dallas area.



Since becoming a broker in 1978, Lawrence has been involved in nearly every aspect of real estate – sales, management, education, and association work.

In Arkansas, she has served as president of the Arkansas REALTORS Association and has chaired a number of association committees. In addition, she is a senior instructor for the Graduate of Realtor Institute (GRI) designation. At the national level, she has served on a number of National Association of Realtor committees.

As owner of *Kay Lawrence Seminars*, she continues to assist brokers in a consulting capacity, contracts with local boards as a mediation officer and offers skill enhancement training across the United States

Ms. Lawrence is the Chief Executive Officer for Pine Bluff Board of Realtors as well as for Southeast Arkansas Board of Realtors.

“I am honored to have been appointed by the Governor and I look forward to working with the other members of the Appraiser Board,” said Lawrence. Her first official Appraiser Board meeting was March 3.



Board leadership changes at AALCB

Prutzman is new Chairman

At the January 21 meeting of the Arkansas Appraiser Licensing and Certification Board, Pete Prutzman of Arkadelphia was elected as the new board Chairman. He succeeds Drew Vance of Lonoke who had been Chairman for the last two years.

Prutzman, beginning the second year of his second three-year term, is a Registered Forester and a Certified General appraiser. He was appointed by Governor Beebe and reappointed by Governor Hutchinson.

“The board has elected me as its new Chairman and I am humbled and honored to serve,” said Prutzman. “This is an excellent board. The members have a strong commitment to protecting the public and ensuring that real estate appraisers in Arkansas work professionally and with the proper training.”

While he has one more year to serve on the Board, Drew Vance said that two years was the appropriate length of time to serve as Chairman. He explained that he was happy to hand the gavel to Prutzman.

“Most of all,” said Vance, “I am grateful for all that I have learned in my various roles on the board. We are a working board with many duties. Participating in the required board member activities has made me a better and more effective appraiser.”

In addition to Prutzman’s election as Chairman, Cary Matthews of Jonesboro was elected as Vice Chair. Matthews is in his second year on the board. Thad Eckolls, the financial institution appointee to the board, was re-elected as Treasurer.

SAVE THE DATE!

The 2016 “Day with Appraisers” seminar is scheduled for May 12th, 2016 at the Embassy Suites Hotel in Little Rock. Additional information on the seminar is included in this newsletter and will be posted to the AALCB website.



SL, CR and CG education due June 30, 2016

The education cycle for SL, CR and CG appraisers is from June 1, 2014 to June 30, 2016. Your education must have been taken between those dates in order to count towards your renewal. You must have 28 hours in order to renew in 2016. We will send notices around the middle of May and you will be able to renew at that time. If you have any questions, please give us a call.



Check your education hours online!

Appraisers may confirm that they have the correct amount of hours turned in before renewal by going to the Appraiser Board's website at www.arkansas.gov/alcb and then going to the Appraiser Roster. You can enter your last name, and then click on it to view the number of hours you have submitted. You need 28 hours to renew. Anything over that is extra, but you must have at least 28. Your USPAP course must have been taken between July of 2014 and June of 2016.

WHEN THE UNIFORM RESIDENTIAL APPRAISAL REPORT (URAR) IS NOT THE RIGHT FORM

by Jim Jacobs*

URAR is the most commonly used appraisal report form in residential appraising. Most appraisers are familiar with it and feel comfortable in its use. However, it is not always the right form in a residential appraisal assignment.

2016-2017 USPAP states in Standard 2 the appraisal report must not be misleading and contain sufficient information to be properly understood. Additionally, as a regulatory attorney once observed: "If you say it in your appraisal report, the reader has the right to rely on your statements." So, care should be taken in communicating your appraisal results including the use of the appropriate report form.

The URAR was designed only for mortgage finance assignments in general, and with the specific needs/requirements of Fannie Mae/Freddie Mac ([FNMA](#)/[FHLMC](#)) in mind. Also, as promulgated by FNMA/FHLMC, the URAR does not fully comply with current USPAP requirements. As a result, in many assignments communicating the appraisal assignment results using the URAR may be problematic.

Assignments where the URAR may not be the optimum form include:

- Litigation;
- Partial interests;
- Replacement cost for insurance purposes;
- Listing price services;
- Foreclosure/REO assignments;
- Property tax protests; and
- Probate and estate planning.

To comply with USPAP in the above and other appraisal assignments, it may be necessary for the appraiser to adapt or modify the URAR form to comply with USPAP and/or meet client needs. The specialization built into the form may

make this a thankless task.

As mentioned, the URAR was designed for FNMA/FHLMC purposes only and therefore reflects their particular needs and requirements. Examples of this include: emphasis being placed on the neighborhood without addressing the market area; a highest and best use section which assumes the current use, as improved, will be the highest and best use; and an improvement description section that does not lend itself to detailed descriptions of accrued depreciation or any related analysis. Additionally, the certifications (there are 25 incorporated in the form, USPAP requires only 10) reflect specific FNMA/FHLMC requirements that restrict/limit the appraiser's flexibility. Furthermore, there is language in the form specifically forbidding or restricting changes or modifications of the intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications.

When a non-finance residential assignment calls for the use of a form summarizing the appraiser's findings, what are the options?

While in the past there were not many options, that is no longer the case. Alternatives available include:

Narrative Format: Creating a narrative report has always been an alternative, but it negates many of the advantages of a form. However, some appraisers have created template report formats for use in lieu of the URAR, but these are typically not created to any particular standard or format and may meet client resistance.

General Purpose Forms: Software vendors offer suites of general purpose residential forms. All the major providers of software offer versions of non-FNMA/FHLMC specific forms. While retaining the general layout and "feel" of the

URAR, the specifics related to mortgage lending and secondary mortgage market requirements have been removed or changed. An added advantage of these general purpose forms includes their being updating more frequently than the URAR.



AI Reports: The Appraisal Institute created a family of residential appraisal forms/addendums to handle a wide range of non-mortgage lending appraisal assignments. Unlike other forms, the AI Reports are a hybrid form/narrative report, using a modular format. This allows the appraiser to have more control and flexibility, and the ability to pick and choose only those elements germane to the assignment.

June, 1993 URAR: The "old" version of the URAR has been a choice for many appraisers, especially in the past when there were few alternatives. Problems with using this form include it having many of the same mortgage finance specific limitations of the current form, and also being 23 years "out of date." Much in the way of modification/changes would be required to properly use this form today.

So, there you have it. The current URAR may not be the proper form for every residential assignment. However, today there are a number of alternatives which preserve the advantages of a form report without requiring extensive changes or modifications.

Remember, whichever form you choose, the appraiser has the ultimate responsibility for compliance with USPAP. Happy appraising!

***Jim Jacobs** is an investigator with the Texas Appraiser Board.

**Arkansas Appraiser
Licensing and Certification
Board**

101 E. Capitol
Suite 430
Little Rock, AR 72201

Phone: 501-296-1843
Fax: 501-296-1844
Email: alcb@arkansas.gov

Staff:

Lee Gordon, Executive Director

Diana Piechocki, Chief Investigator

Kelli Black, Executive Assistant

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

License Type	
State Registered	167
State Licensed	52
Certified Residential	398
Certified General	401
Total: *does not include temporary	1018

Board Members

Pete Prutzman, Chairman
Cary Matthews, Vice-Chair
Thad Eckolls
Tom Ferstl
Brian Hester
Kay Lawrence
Alex McIntosh
Scott McKennon
Shannon Mueller
Drew Vance



Appraisal Experience Log Spreadsheet

Please join us in saying “Thank you” to **Aaron Rice** (the spouse of a State Registered Appraiser) for his time and assistance with the improved Appraisal Experience Log spreadsheet now available on our website, www.arkansas.gov/alcb.

Aaron’s help with this log is greatly appreciated and will make tracking appraisal experience hours easier for both trainee appraisers and AALCB office staff. The experience log has an extensive level of detail and will be beneficial to all appraisers wanting to upgrade their credential.

“Thanks, Aaron!”