

THE APPRAISER



Arkansas Appraiser Licensing and Certification Board

Fall 2014

Volume 22, Issue 3

Arkansas Appraiser Board implements rule changes to comply with AQB requirements

Appraiser education qualifications and supervisory appraiser/trainee class top list

A change in the college level education requirements for new licensed and certified appraisers is just a few weeks away. There are revised percentages for appraisal experience hours allowed for different types of USPAP compliant appraisal reports. Additionally, supervisory appraisers and trainees must take a four-hour course prior to beginning a supervisor/trainee relationship.

The Appraiser Qualifications Board (AQB) of The Appraisal Foundation is charged with establishing the minimum education, experience, and examination requirements for real property appraisers to obtain a state license or certification. Changes to these qualifications occur from time to time. In 2013, changes were mandated with respect to the qualifications of supervising appraisers and in regard to the pre-application requirements for trainee (State Registered) appraisers.

This article deals with the AQB qualifications criteria that will become effective on January 1, 2015. The Arkansas Appraiser Licensing and Certification Board has completed the rule change process to implement these new requirements. A complete copy of the revised rules is available on the AALCB website.

[Education and report-type changes for new licensed and certified appraisers.](#)

Beginning January, 2015, the formal education requirement to become a State Licensed Appraiser will be 30 semester credit hours of college level education from an accredited college, junior college, or community college OR an Associate's Degree or higher (in any field).

Also beginning January, 2015, the formal education requirement to become a Certified Residential or Certified General Appraiser is a bachelor's degree or higher (in any field) from an accredited college or university.

Additionally, there is a change in the percentage of appraisal experience hours that can be submitted in an appraisal report format. Similarly, there are limitations to the number of hours that can be submitted as a Standard 3 review and restricted appraisal report.



"Rule Changes" Cont. on page 4

The Appraiser

Facts and Figures

by: Diana Piechocki

As we enter the holiday season and the end of the year, I thought I'd take this opportunity to review complaint numbers.

In 2012 the Arkansas Appraiser Licensing & Certification Board (AALCB) received a total of 42 complaints. 35 were residential complaints, with 7 non-residential. The total number of complaints in 2013 remained steady with 43 complaints in total. Of these, 29 were residential and 14 non-residential. So far in 2014 there have been 27 complaints filed. At this point in 2013 the AALCB had received 39 complaints. Although it appears the total number of complaints is lower this year, 16 are residential and 11 non-residential. This reflects the recent trend upward in non-residential complaints.

One apparent reason for the increase in the number of non-residential complaints is the condemnation projects currently underway in the State. Northwest Arkansas has an electrical transmission line project and several Arkansas Highway Department road projects in process. These have increased the number of non-residential complaints filed in this area. Other than the recent increase in Northwest Arkansas, there is no definitive pattern for the increase in non-residential complaints.

It bears repeating that on any given day, any appraiser can have a complaint filed against him or her. But, more often than not, it is the report the appraiser did not take enough time to adequately proofread that

finds its way to our office. Common weaknesses include cloning, canned comments and no support for the adjustments made in the report.

When you clone a previous report make sure the necessary changes are made in the current report. It's easy to miss changes in the description of the property. Leaving incorrect and unnecessary comments and description in the report weakens the credibility of the report.

Reread your comments and be sure they are applicable to the current assignment. A few canned comments may be necessary.

That's ok. But don't bury important information in boilerplate. Indicate

that information clearly in the report. By the same token, don't include unnecessary information.

It is amazing that in almost every market the vacancy rate is 5%. Make certain you have market data support for the adjustments made in your appraisal report.

Perfection is impossible to attain. The Uniform Standards of Professional Appraisal Practice (USPAP) recognizes that. But, read the report one last time looking for inconsistencies and comments that don't belong.

"It bears repeating that on any given day, any appraiser can have a complaint filed against him or her."

Five traits for professional appraisers

And ways to stay out of trouble

by Lee Gordon

As executive director of the Arkansas Appraiser Board, I have had considerable exposure to the real estate appraisal profession over the last two years. I have attended almost every appraiser interview, complaint probable cause review, and complaint related non-judicial hearing. I've watched board members lead the process and I have modestly participated in the disposition of almost 80 complaints.

These experiences have led me to five clear characteristics or practices that appraisers should have if they are to legitimately view themselves as professional. I cannot independently take credit for this list. These topics are consistently addressed as Arkansas Appraiser Board members review complaints and counsel appraisers who have gone astray.

Additionally, I suspect that appraisers who adopt these five characteristics or practices reduce the likelihood of having a complaint against them.

Understand that these are the conclusions of an observer, but I have tested these comments on a number of experienced real estate appraisers and they all agreed with these characteristics.

With that introduction, it is my observation that genuinely professional appraisers are:

Ethical. You do what is right, honest, and fair. You deliver your professional, uncompromised, informed opinion every time. This is a simple one. If you are not ethical, the other suggestions I am about to make fall apart. You must be ethical if you are a professional.

Thorough. You take the time to produce your best work. We all know about the pressures on real property appraisers to deliver. I can't help you much with that, other than to say no matter how much pressure you are under or how anxious you are to do appraisals quickly so that you can make more money, thoroughness in your work is the best protection you can have for staying in business. Take the time to develop good, solid, complete appraisals. Be skeptical of shortcuts.

Competent. Work in the territory you know. That's no surprise, but the point here is that you should only accept and complete assignments in real estate areas with which you are familiar. You *all* know this rule, but it is clear

that not all of you practice this rule. If you are *not* competent to perform a credible, defensible appraisal, but you'd like to develop competency, find another appraiser who is and, in whatever amount of time is required, learn from him or her and become genuinely competent. And, if you ultimately conclude that nursing homes or chicken houses are not your strength, don't appraise them.

Explainers. In every appraisal you develop, explain what you did and why you did it. USPAP allows all kinds of things if you simply provide a convincing and reasoned explanation. You would be surprised at the number of times we are told by appraisers in complaint hearings: "Well, I had that explanation/information in my work file. I just didn't take the time to put it into the report." The message here is don't be constrained by an appraisal form's limitations. The appraisal is your opinion – deliver it in whatever format or detail is required to be clear. Expand the text box where needed. Add a supplemental sheet. Similarly, if you are writing narrative reports, assume the reader knows little and needs considerable detail to fully understand your conclusion.

Active learners. Take continuing education seriously. Don't view continuing education as a drudgery. Don't focus on just getting by. Consider continuing education to be essential to the stability and growth of your practice as an appraiser. *Invest in yourself with good continuing education.* Take the best continuing education courses available, not necessarily the quickest or most convenient. Take the most challenging courses. And, one more idea: *take more continuing education than the minimum.* Repeat courses if you need to. Make yourself the smartest, best informed appraiser on the block!

A simplified version of the five recommendations above would be: Set high standards for yourself and act on them.



State Registered Appraiser December Renewal

State Registered (SR) Appraiser renewals have begun! The notice was sent as a postcard and gave directions on how to renew either online or by mail. If you did not receive the notice, please contact us to make sure your mailing information is correct.

You may now renew online, provided that your 14 hours of continuing education have been reported to the board office. If you need a paper renewal form, you can print one from the AALCB website by going to the link for appraisers. The form is at the top of the page.

The deadline for State Registered Appraiser renewals is December 31, 2014.



“Rule Changes” Cont. from page 1

Supervising appraiser and trainee class

The other notable change in our rules for 2015 pertains to trainee appraisers and their supervisors. To keep Arkansas aligned with national standards as established by the Appraisal Qualifications Board, there are now specific training requirements for both new State Registered Appraisers – the people who are trainees – and for their supervisory appraisers.

Beginning January 1, 2015, both trainee appraisers and their proposed supervisors (certified appraisers) must complete an approved four-hour course that, at a minimum, complies with the specifications established by the AQB and the Arkansas Appraiser Board. The AQB criteria state that this course is “to orient and prepare both the trainee and the Supervisory Appraiser with respect to their obligations and responsibilities during the entire period of trainee supervision.”

The course must be completed by the trainee appraiser prior to obtaining State Registered credential.

Initially, this four-hour trainee and supervisor course will be offered only by the Arkansas Appraiser Board. The first supervisor/trainee course is scheduled to be held in Little Rock on February 5, 2015. In early December, there will be information on the AALCB website regarding the course and registration. [See related article on page 8]

Finally, the AQB requirement for background checks on new real property appraisers has been postponed until January 1, 2017. We will have more on that topic in future issues of *The Appraiser*.

Sales Verification

Getting it done correctly

by Drew Vance, Board Chairman

With each newsletter, I am asked to fill this space with my thoughts. My intentions are always to relay some of what I've learned while serving on the board, not to lecture. With that being said, let's discuss one of the root causes of misleading appraisal reports.

Take a minute and think about this: "Sales verification." What do those two words mean to you? Right now I am certain that there is an array of responses ranging from "an exciting challenge" to "I don't know what that means." We all know that sales data is the cornerstone of appraisal work, but how and to what extent, we attain that sales data is paramount.

Proper sales verification varies in source and level of detail with different property types, but it should always involve more than taking MLS records, assessment records, and deed stamps as the gospel. Contacting the buyer and/or seller of a transaction is the best way to verify a sale, but in a realtor-driven market contacting the agent(s) involved in the transaction can be also a way to obtain accurate data. If the appraiser is unable to get the sale verified through these sources, perhaps it's best not to include that sale. If it's the best sale, or a much needed sale due to lack of sales, simply explain to the reader the steps you took in attempting

to verify the sale and explain why you're still using it.

Instead of continuing a lecture about the importance of proper sales verification, I will list some examples of how/why poor sales verification resulted in appraisal reports that were not credible. In all of the instances below, public records did not reveal important factors surrounding each sale.



A strong sales price was indicated by public records, but the sale was owner-financed at well below market terms.

A strong sales price was indicated by public records, but the seller agreed to lease the property back an above market rent for three years.

A low sales price was indicated by public records, but the tenant had four years remaining on a below market lease.

Public records indicated a strong sales price, but the transaction included a significant amount of personal property that transferred to the buyer.

There are many more examples, but the ones provided above should give you an idea of how dangerous it can be to use sales that are verified through public records only. Misleading sales data

"Sales" Cont. on page 6

Last day set for credential upgrade submissions

As you are aware, the Appraiser Qualifications Board (AQB) has adopted changes effective January 1, 2015 regarding college level education requirements. The current “in lieu of” an Associate or Bachelor Degree options are eliminated for Certified Residential and Certified General credentials.

In order to process the necessary paperwork for any upgrades to be completed in 2014, a cutoff date for the submission of an application to upgrade your credential has been established. All applications must be received in the Board office by **4:30 pm, Friday, December 5, 2014**. Please note that this is a receipt date, not a postmark date. A final interview day will be held as soon as possible after this date.

All requirements to upgrade your credential, including passing the exam, must be completed by December 31, 2014. This notice applies to state registered, licensed and certified appraisers wishing to upgrade who do not have any college credits, a degree, or do not plan to have a degree. Please give us a call at 501-296-1843 if you have any questions.



“Sales” Cont. from page 5

results in a misleading appraisal report. We are blessed to work in a “disclosure state,” but please don’t allow this to make you a lazy appraiser. It can be a challenging, and even intimidating, task to verify a sale properly, but it is required to produce credible appraisals. It is also one of the most rewarding aspects of appraisal practice when you succeed in verifying that sale you really need.

Here are some tips to help in verifying sales the correct way:

Some appraisal organizations offer courses in sales verification. Take one.

Make a checklist of what to ask when verifying a sale. Modify the list to fit different property types.

Develop a network of peers and share verified sales data.

Practice/rehearse before making the call or approaching someone.

Think outside the box. Take a few extra minutes to verify your sales and strengthen the credibility of your report.

Inform the Appraiser Board about email address changes

As you have probably noticed, the Appraiser Board has been communicating via e-mail more frequently. We find this is the best way to share information and contact appraisers. If you have not received a notice from us via e-mail, please contact the office to ensure your information is current.

If, at any time, you change your email address, please let us know.

Please be aware that we do not always have the ability to separate license types in some mass emails. If you receive an e-mail and feel it does not apply to you, please understand that it may be primarily intended for another certification level. As always, if you have questions, contact us.



www.arkansas.gov/alcb

2015 Day with Appraisers meeting date set

The date and speakers for the 2015 Day with Appraisers (DWA) has been set. This annual event will be held on Thursday, May 14th in Little Rock. The location will be the Embassy Suites Hotel in west Little Rock. We have made arrangements for two outstanding speakers to make presentations.

Attendance over the last two years has been good. We hope you will encourage your fellow appraisers who have not attended in recent years to register for the 2015 DWA. In addition to outstanding presentations, DWA is an important opportunity to meet and talk with fellow appraisers.



Be sure to mark May 14th in your 2015 calendar. More details will be provided in our next newsletter and in the direct registration notice that will be sent to you.

Trainee and supervising appraiser course date set

The front page article of this *Appraiser* newsletter covers the variety of recent changes to the Arkansas Appraiser Board rules that are a result of the Appraiser Qualifications Board's (AQB) new criteria. One of the requirements that becomes effective on January 1, 2015, pertains to a specific course which must be taken by both supervising appraisers and their intended trainees.

Please note that this course is not required for existing supervisor/trainee relationships. It only applies to those that begin after January 1, 2015. If you are currently a supervising appraiser with one or two State Registered appraisers as trainees, and choose to supervise a third (the limit) trainee after January 1, 2015, you must take the course along with your new trainee.

For those who wish to apply as a state registered appraiser after January 1, 2015, those individuals must take the supervisor/trainee course prior to obtaining a State Registered credential. This course is in addition to the prerequisite 75 creditable hours of qualifying education as specified in the AQB criteria.

Initially, the Arkansas Appraiser Licensing and Certification Board (AALCB) will be the single source for this course. Because much of the material for the four hour course will pertain to practices, requirements, and expectations for State Registered appraisers in Arkansas, it is important that this content be fully developed and modeled. At a later time, the AALCB may consider requests by other education providers to deliver this course.

Details regarding the first supervisory appraiser/trainee course in Arkansas are below.

Date: Thursday, February 5, 2015
Time: 8:30 a.m. to 12:30 p.m.
Location: Mainstreet Mall
Downstairs Basement Conference Room
101 E. Capitol
Little Rock, Arkansas 72201
Fee: \$50.00 per person



Space will be limited for this first course, so we recommend that you register soon. The deadline for registration will be January 22, 2015.

The form for registration will be posted to our website, www.arkansas.gov/alcb, under the link for Education on December 5, 2014. At this time, online registration is not available so you must fill out the form and send a check to register by January 22, 2015.

If you have any questions about this course, please call the AALCB office.

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

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

License Type	*Number
State Registered	170
State Licensed	52
Certified Residential	365
Certified General	465
Total:	1052 <small>*does not include temporary</small>

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

