

The Scope

Volume 2, Issue 8

Nov / Dec 2006

NCPAC

North Carolina Professional Appraisers Coalition

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- 2006-2007 Officers:**
- President: [Darrell Hignite](#)
 - Vice President/President Elect: [Doug Winner](#)
 - Vice Pres: [Oscar Davis](#)
 - Secretary: [Lauriette West](#)
 - Treasurer: [Andy Ledford](#)
 - Past Presidents: [Baldy Williams](#) & [Curtis West](#)

Keeping in Touch by Robert J. Thomas

NC Appraisal Board meeting from November 14-15, 2006

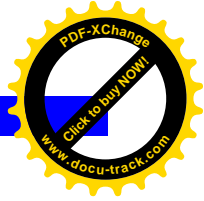
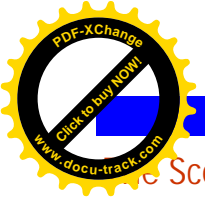
As background, I should say that Doug Winner, the current Vice President/ President-Elect of NCPAC invited me to attend the NCAB meeting as a representative of NCPAC. He said that the Board Members of NCPAC wanted to assure that we had several group members attend the Board meetings. I hadn't thought about it before, but at once it was clear that it would be a good learning experience. After all, I am an appraiser, but I had no idea how the Board that regulates my professional activity operates. Attending this meeting would begin to rectify this, so I gladly agreed to go.

When I arrived at the new NC Appraisal Board building on Six Forks Rd in Raleigh, I saw several familiar faces. Doug was there, as was Darrel Hignite (of course everyone reading this will already know that he is currently the President of NCPAC), Curtis West (Past President of NCPAC, and one of its founders), Baldy Williams (back from his brief sojourn in California -- I am VERY glad to report that he is his usual self, and showing plenty of energy), Lauriette West (NCPAC Secretary, recently back from her trip to Africa -- she had a wonderful time as always), and Jack Weaver (until he retired two years ago he was the Deputy Director of the Appraisal Board Staff -- he is still a general appraiser though and keeps his hand in). In the elevator ride up to the Board Room I met Phillip Humphries, the current Executive Director of the Appraisal Board Staff. Physically, he puts me in mind of a well groomed former college football center in the prime of life. His appearance before the Board later in the day would reveal that he is a slow-spoken thoughtful man with a firm grasp on an impressive range of data.

Since most of you are probably like me before I attended the meeting, in that you have not seen the NC Appraisal Board boardroom, I should give you a brief description so you'll have a feel for the place. The Board room reminds me of a courtroom, except that instead of a one judge bench at the focal point of the room, there is a dais with a sort of long connected judge type bench behind which the Board sits. This bench is convex when viewed from the front, which produces the effect of focusing the Board's eyes on the two tables--

-Continued on Page 2





Cont-Keeping in Touch by Robert J. Thomas

Continued from Page 1-

—separated slightly from each other in front of the board.. Think prosecution and defense tables. Behind these tables is the gallery with chairs (50 or so) for those who have business with the Board, and members of the public who wish to observe the Board in action. There were a few people in the gallery besides those I have just mentioned, and I will say more about them later.

The first item before the Board was to take comments from the public on draft legislation the Board will be submitting to the North Carolina Legislature. (As the draft is rather lengthy, I won't go into much detail on it here.) Three of our members spoke before the Board: Darrell Hignite, Baldy Williams, and Doug Winner.

Most of their comments dealt with the diminution of hours that a student would be able to take in a two week period, with how many hours an instructor could teach in a two week period, and with the appraiser's seal. Everyone in our organization talked about how reducing the number of hours that a student could take (and receive credit for) in a week did not make sense given the material that the professional student would be studying for appraising in the near future. The argument ran generally as follows: since prospective appraisers will soon be required to have either a four year college degree, or equivalent coursework in the field of appraising, it does make sense that they would be able to retain less information in a given period of time than any other full-time

student. The Board seemed to be responsive to this line of reasoning, and it agreed not to reduce the hours. There is also language in the draft legislation that addresses the size of the seal.

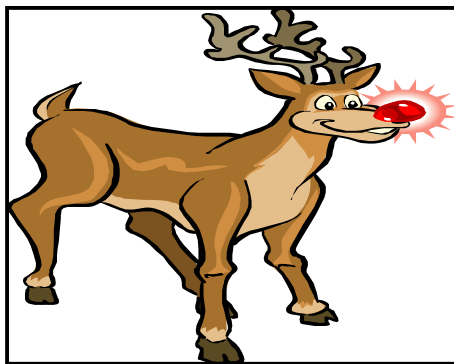
A couple of our members spoke about how almost every other state had gotten rid of the seal entirely, and that it was a holdover from a different era. The Board was less responsive to this. Based on their information, it was mentioned that less scrupulous non-appraisers who tried to alter legitimate appraisal reports were not having success if a seal was on the report. With their computers they could fudge everything else, but not the seal. So, although they had sort of hung onto the seal through benign neglect, they felt it actually had come to serve a useful purpose again.

After the period of commentary and discussion there was a quick break. I believe it was during this period that Darrell talked Jack in the lobby, and tried to recruit him for instruction. Our President, as always was attuned to opportunity, and he recognized in Jack an underutilized resource.

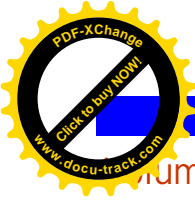
After the break, there were two hearings for prospective trainees who had been denied trainee status by the Board for cause. Since they will not have an opportunity to speak in this forum, I will not say anything about their cases, other than to talk about how the Board handled them. It is worth mentioning that neither was represented by counsel, and neither was successful. They were afforded an opportunity to call witnesses on their behalf, to present evidence, to examine and question evidence presented by the Appraisal Board Staff's able Legal Counsel, Roberta A. Ouellette, and to testify on their own behalf. Both did testify in their own behalf, and were closely questioned afterward by Ms. Ouellette and the individual Board members. The type of questions asked by the Board members demonstrated that the Board had paid close attention to their testimony and to the evidence.

When decisions on the hearing had been reached (the deliberations took place in a separate room out of the public eye) and when it was announced, the Board broke for lunch. Lauriette had to leave, but everyone else I mentioned earlier went out to lunch together and along with Charley Bass, an ole' time general appraiser who came to the meeting with Jack.

I had already met everyone except Curtis West and Charley. I was glad of the opportunity to get to know both of them, especially in this informal setting. As you might expect, Curtis retains his vision of what our organization is about. I was surprised to learn that — Continued on Page 3



Learning more about the NCAB



Cont-Keeping in Touch by Robert J. Thomas

Continued from page 2-

—he is transitioning his operation to the South Carolina coast. Even though I haven't had time to get to know him well, I can tell that he'll be missed if he stays away entirely. And Charley seems to be the kind of good ol' boy that you'd like to go fishing with, ironic since his last name is Bass.

After lunch the Board dealt with a few matters that had been referred to them for possible discipline. At this time Roberta was at one table, while Phillip Humphries and our old friend Don Rodgers, current Staff Deputy Director -- represented the Board (and spoke) at our last Conference, were at the other. The Board listened to Staff present the cases and their recommendation with regard to their disposition.

This was an active process. Any time that a NCAB Board Member

had questions, they asked them and followed up until everyone was satisfied that they had command of the pertinent information.


After this, the Board took reports both from the Staff (as represented by Mr. Humphries, Mr. Rodgers, and Ms. Ouellette), and from individual Board members each one representing a subcommittee. This covered a wide range of issues, among which were the proposed legislation, the NCAB Board's budget, improving their technology (as it relates to the services they will be providing appraisers online), and the status of completion of the new building. When this was completed they took another break. After the break they went into private session (I found this out the hard way when I went through closed doors into the boardroom and was politely but firmly informed that I needed to

vacate forthwith).

So that was the November 2006 Appraisal Board meeting. And in closing I would like to say that all the NCAB Board Members deserve to be there. I did not see one bump on a log. Everyone was engaged, everyone contributed. The Board was chaired by Earl Worsley, who kept things moving at a good pace, while at the same time allowing everyone enough time to say what they needed to say.

I would recommend the experience to any appraiser who wants to become more acquainted with a very critical aspect of our profession and the individuals who shape our future.

Robert J. Thomas
Durham, NC
bobthomas55@nc.rr.com

November 2006						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13 meeting	14 meeting	15 meeting	16	17	18
19	20	21	22	23 	24	25
26	27	28	29	30		

December 2006						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11 meeting	12 meeting	13 meeting	14	15	16
17	18	19	20	21	22	23
24	25 	26	27	28	29	30
31						

Coming this Month:
November 14-15 NCAB meeting
November 13th NCPAC meeting



Coming this Month:
NCPAC meeting Dec 11th
NCAB meeting Dec 12-13th

Q & A- DON'T ACCEPT UNLESS YOU CAN APPRAISE FOR...

Question:

I received an appraisal order that says: “If you can't appraise the property for \$xxx,000, you must not accept the appraisal assignment.” How should I respond to this appraisal order?

Response:

Accepting such an assignment would violate the Management section of the ETHICS RULE, which states, in part:

It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:

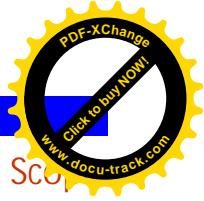
- 1. the reporting of a predetermined result (e.g., opinion of value);*
- 2. a direction in assignment results that favors the cause of the client;*
- 3. the amount of a value opinion;*
- 4. the attainment of a stipulated result; or*
- 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.*

(**Bold** added for emphasis)

You could respond to this request with the following statement: “I cannot accept the assignment with this condition because it violates professional ethics. You should be aware that I must develop the appraisal before I will know the results. I can only accept the assignment if you remove the predetermined value requirement.”

Please refer to Advisory Opinion 19 *Unacceptable Assignment Conditions in Real Property Appraisal Assignments* for additional guidance on appraisal requests with conditions.





NCPAC would like to welcome our latest new members!

William Davis	Buncombe	Caroline Coulter	Pamlico
Donald Gagnon	Onslow	Fabian Jones	Mecklenburg
Mike Moore	Buncombe	Maneke Snowden	Wake
Henry Simpson	Cumberland	Robert Sink	New Hanover
Mark Strickland	Cumberland	William Graves	Pamlico
Betsy Abare	Pamlico	Walter Chapman	Wake

Triangle Chapter of NCPAC

Mark your Calendar !!

What: TCNCPAC December Meeting

When: December 14, 2006 (Thursday) at 12:00 noon (as previously scheduled)

Where: Golden Corral Buffet and Grill, 5008 NC Highway 55, Durham, NC. 27713

Approx. 0.5 miles south of Interstate 40 Hwy 55 intersection on right side of 55 coming from 40.

A lunch meeting as usual. Meeting content will not be " as usual ".

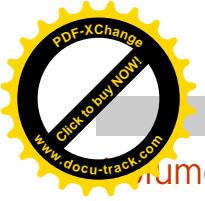
Guest speaker is Doug Winner, Vice Pres. and Pres elect of NCPAC. He is the " go to guy " in NCPAC on what's going on with the proposed legislative bill to put appraisers " front and center " with loan officers and closing attorneys on deed documents. He will update us as well as discuss some important aspects of our coalition.

You have made an investment in NCPAC. All of \$60. Now follow up on your investment with a little time and a \$10 (+/-) lunch. Back up your bet, if you will. See where your profession is going in NC. Be a part of the decision to control your own profession. Be informed.

Let me know if you will be there. Call me @ 919-477-6404. e-mail me: olfos@aol.com. Fax me: 919-477-6406 . Tell me you will be there.

Carl Foster, Pres, TCNCPAC
Durham, NC.





November—Questions and Answers

“Discounted” Appraisal Fees

Question:

Is it a violation of USPAP to offer reduced appraisal fees for clients that send me a large volume of business? Could I also offer a discount for the method of payment, such as collecting the fee from the borrower at the time of inspection?

Response:

An appraiser may establish his or her fees based on a number of factors, including the amount of business received, business relationships, method of payment, client-specific requirements, etc. However, appraisers must ensure that they comply with the Management section of the ETHICS RULE.

Client Approval for Future Assignments

Question:

Some of my clients include a condition in engagement correspondence that addresses future assignments for the same subject property. Specifically, my acceptance of the assignment requires that I agree to obtain client approval before I accept future assignments related to the subject from another party. Advisory Opinion 27, *Appraising the Same Property for a New Client*, states that USPAP does not require a release to accept the new assignment. Can I accept assignments where the client requires a release for future assignments related to the subject?

Response:

Yes. Appraisers are often subject to agreements that exceed the requirements of USPAP. These additional client requirements are permissible so long as they do not conflict with the requirements of USPAP. Although USPAP does not require obtaining approval from a prior client before accepting an assignment to appraise the same property for a new client, a client can establish such a requirement.



AARO Conference Update by Doug Winner

October 21, 2006

NCPAC attended the AARO Conference in Washington, DC Friday, October the 13th thru Tuesday the 16th. While there, as NCPAC's representative, I attended the SRAG (State Regulator Advisory Group) meeting Friday and, by invitation sat in on the IAC (Industry Advisory Council) meeting Friday afternoon.

During the SRAG meeting open mike session I informed the group of NCPAC's concern about the proposed Draft Bill to put the appraiser's name (and closing agent, lender etc) on the front page of every Deed of Trust in NC before recording. The ASC, AF, ASB, AQB, TAFAC, IAC chairs and representatives at the head table were appreciative of our concerns but offered little direct help with the issue. Danny Wiley, Chair of the ASB said that if the bill were to pass the legislature and become law in NC then it would not be a violation of the confidentiality section of USPAP as it would then be a Jurisdictional Exception to USPAP.

However, several of the attendees were notably concerned. Several member representatives requested more details and a lively discussion took place during the break. The Bank of America IAC representative was very concerned about the disclosure and wide dissemination of this confidential information and believed their commercial clients would object as well. I was then invited to the IAC luncheon and to sit in on the IAC meeting Friday Afternoon as an observer. During lunch we discussed the issue at length. Wednesday, after I had returned to my office in Raleigh, BOFA followed up by calling me to



NCPAC IN ACTION

request additional information which I emailed to them Thursday.

Several attendees had informed me of Maryland's effort to defeat similar legislation. Saturday, the day after the SRAG meeting, the ASC representative went out of her way to obtain and deliver to me the printed instructions to appraisers on how to comply with the new law. The appraisers are required to go to a secure website and log in with a unique PIN and then upload quarterly the pdfs of every residential appraisal done for lending purposes in Baltimore City MD. Provision is made for mailing the reports directly if necessary. Only the Baltimore City residential loans are targeted for this information.

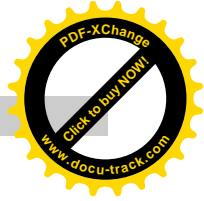
At every function and event during the conference NCPAC was acknowledged and appreciation expressed for our continued sponsorship and affiliation with AARO. Philip Humphries, the director of the North Carolina Appraisal Board, was inducted as president of AARO. During his acceptance speech, he expressed his appreciation of NCPAC and said many kind words about our organization.

During the conference several TAFAC (The Appraisal Foundation Advisory Council) representatives expressed their opinion that NCPAC should consider making application to join TAFAC. Bob Keith, President Elect of AARO, and its representative to TAFAC asked that I sit in on the TAFAC meeting as an observer Friday October 20th in DC.

I returned to DC and attended the TAFAC meeting Friday. NCPAC was recognized by many and I was well received. During the breaks, I talked to the TAFAC representatives of FNMA, FHA, VA and others about the Draft Bill issue and gave each of them a copy of the Draft Bill and the Agenda from the September 19th House Select Committee on Home Foreclosures meeting. Each expressed concern and wanted their legal department to study the issue.

The hope is that there will be enough buzz about the issue that the Commissioner of Banks will consider an alternative solution to the problem. The solution NCPAC proposes is to have the closing agent give the COB the closing statement and closing instructions (or the specific data they need) upon closing by going to a secure web site and uploading the forms (or filling in the blanks of an online form) directly or simply forwarding the documents to the COB for their filing in a secure manner. It is my hope that the closing agent will be tasked to provide this information as many loans close without a professional appraisal, as in the case where BOPs, CMAs, AVMs, desktop valuations, and occasionally forged documents are used.

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Cont- Update on AARO Conference by Doug Winner

Continued from page 7—

NCPAC is not against the COB having this information but it should be provided and maintained in a secure and non public manner. All such data should be purged after it ages for 5 years as that is the extent of record retention as stipulated in USPAP and state law. Of course, cases open for investigation would not be purged providing the appraiser is given notice to retain their work file for an extended period of 5 years following any court action as stipulated in USPAP or in the case where notice is given of alleged fraud as there is no statute of limitation for fraud.

During the TAFAC meeting the Jurisdictional Exception rule and the Supplemental Standards Rule were thoroughly debated. Due to the non public nature of their findings and in light of information revealed by Danny Wiley at the IAC meeting, the only thing I can say is that the presentation I made to the ASB meeting on behalf of NCPAC in Charlotte in April appears to have resonated in a positive way. Continued from page 7—

You can expect to see an exposure draft in December concerning the issue. At the AARO conference in DC last week, the VAIO representative did a presentation of their product (process) and it was most

impressive. In essence, VAIO intends to offer a service of pre-appraising every property in every metropolitan area where 90% of all single family loans are made. This would be done by their local associated appraiser. The lender or mortgage broker could then simply go on line and access the pre-appraisal whenever they needed it such as when their customer is making the loan application rather than days or weeks later. VAIO is based in Canada and the number crunching and data management would be done there. It would be a massive project, similar to county assessing. They claim to be in total compliance with USPAP and their process avoids lender pressure, comp checks, loan delays etc.

I met with many industry leaders and regulators at the AARO conference. One such industry leader was George Van of LSI who is from NC and still is licensed here. We talked about NCPAC and I pointed out to him the ease of locating an appraiser in NC by going to NCPAC.org and clicking on Appraiser Directory and then the county where an appraiser is needed. There his company would find the best appraisers in NC. He asked why they were the best and I explained that NCPAC has a set of bylaws that requires members to be in good standing; that the leadership of NCPAC has many AQB approved USPAP instructors and is very active in promoting professionalism, education and standards compliance. George noted that since he is still licensed in NC that he should consider joining NCPAC. He made note of our website ncpac.org and we talked further as did others in our conversation circle.

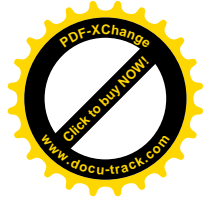
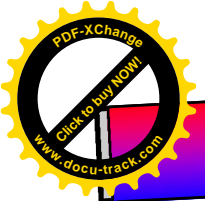
As in the past, this was a good conference and I am honored to have represented NCPAC at these events.



AARO CONFERENCE UPDATE

Doug Winner, NCPAC VP-PE
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Our Contributors
 Amanda Rivera—Publisher
 Bob Reeves— Editor
 Andy Ledford— Minutes
 Roberta Malone—Reviewer
 Sandy Johnson— Website
 And Guest Contributors

Official Newsletter for the
 North Carolina
 Professional Appraisers

Check us out online
www.ncpac.org



2006-2007 At-Large Board Members

Curtis West— Past President

Baldy Williams— Past President

Ben Atkins

Bob Reeves

Leonard Breedlove

Amanda Rivera

Dale Smathers

Doug Winner

Mike Smith

Please note that articles featured and opinions expressed here may not be construed as the opinion of NCPAC or the Publisher but are articles that are provided by individuals and members of NCPAC. To the best of our ability we will provide factual, interesting, and accurate information, but we will remain unbiased to support a free press and interactive dialog among the appraisers.

Can you believe it? Editorial by Amanda Rivera

Another year has come and gone... Where does the time go? This year my family has decided to try a new tradition, we are not buying gifts for Christmas.

Can you believe it?

Before anyone calls or emails and says we aren't in the "spirit" of the holidays, lets take a minute to reflect.

Anyone who is an appraiser knows that time is money. If you have to spend time reworking an appraisal it costs you money. That is why at our company we try and cover all the contingencies before the appraisal goes out. We spend a little more time to get it as bullet-proof as possible, to save a lot of time on the back end to see that the report goes through the first time.

So what I am really referring to when I say we aren't buying gifts for each other this year, is that instead, we

are giving each other the gift of time. And that is something I can never have enough of, how about you?

So instead of me having to run around buying gifts and likewise my family have to spend time finding "just the right gift", we are giving each other time. Time to bake cookies or trim the tree, time to reflect on the reason for the season not the booty from Mr. Sooty.

I am sure Santa won't mind if we just take this year off. I am sure he could



use a break too. If we don't have to fight the holiday crowds at the mall, we have more time to spend with our family and friends.

So if you come by to visit us, please don't bring us a gift. Save yourself the time and aggravation and just "say no" to gifts this year.

It may take awhile for this idea to sink in and it will be tough for the little ones, so if you must buy something, then buy something for them. Just not for us. We appreciate the thought, and value your time as much as our own.

If you do stop by and have been "NICE" this year we will probably have cookies and cocoa to share, baked in our 'free time'. But if you have been "NAUGHTY" this year, perhaps you should take a 'time out' and reflect on the true meaning of the Holiday Season.

Holiday Wishes To You and Yours

Comments? Please email me at amanda@ncpac.org