



THE WEST VIRGINIA APPRAISER

News from the West Virginia Real Estate Appraiser Licensing & Certification Board

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NEWEST EDITION OF USPAP ADOPTED

The 2020-2021 edition of USPAP has been adopted by the Appraisal Standards Board (ASB) and will be valid for two years, effective January 1, 2020 through December 31, 2021. As with the current edition of USPAP, the new edition includes guidance from the ASB in the form of the USPAP Advisory Opinions and the USPAP Frequently Asked Questions (FAQs).

This new edition of USPAP was available in October 2019, and the 2020-2021 7-hour USPAP update course is now available from several providers.

WVREALCB Board requires that apprentices and licensees must take the 2020-2021 version of the 7-hour USPAP update by August 30, 2020 in order to renew your credential. If you fail to take the course by that date, you will not be allowed to renew until you take the course, which may result in a late fee. The course is awarded seven (7) hours of the required 14 hours of CE.

MESSAGE FROM THE EXECUTIVE DIRECTOR

There is a lot of important news to share with you in this edition of our newsletter. Since the last one, we bid farewell with sincere gratitude to two members of the board. We renewed 91 AMCs and have a few more pending. Five hundred sixty-five (565) appraisers were renewed and we have 34 Apprentices permitted. See the breakdown on Page 2.

Legislation that would affect the appraisal profession was another matter the board dealt with recently with the WV Legislature on licensees' behalf. You'll want to read the article on Page 3. As other appraiser related matters arise during the legislative session, we'll keep you informed.

The Board is currently brainstorming on future events. Spotlighted at these events will be reoccurring problems the Standards and Upgrades Committees see during committee review of allegation related appraisals and upgrade applications respectively. A case study is being developed and will be presented, reviewed, and discussed.

Do you have something you'd like to contribute to the newsletter that is pertinent to the profession and would benefit all licensees? If so, please email it to wvappraiserboard@wv.gov with the subject line "Newsletter". It will be considered and may appear in a future edition. (Please note: No promotion or advertisements will be accepted.)

As always, please don't hesitate to contact us, either by phone or email, if you have a question or concern. We invite you to like and follow the WVREALCB on Facebook, too.

Patricia Rouse Pope, Executive Director

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The mission of the West Virginia Real Estate Appraiser Licensing and Certification Board is to protect the public interest by assuring that all consumers of real estate appraisal services receive such services from appraisers who are fully qualified in accordance with both Federal and State law and appraisal management companies who are registered and in compliance with State law.

THINGS TO KNOW

Check out the WV Appraiser Roster

The West Virginia Appraiser Roster is available at:
<https://appraiserboard.wv.gov/Reports?report=Appraiser%20Roster>

WV AMC Roster

The West Virginia Appraisal Management Company Roster is available at:
<https://appraiserboard.wv.gov/Reports?report=AMC%20Roster>

Appraisal Education

A complete list of Educational Offerings is available at:
<https://appraiserboard.wv.gov/Home/Education>

West Virginia State Code

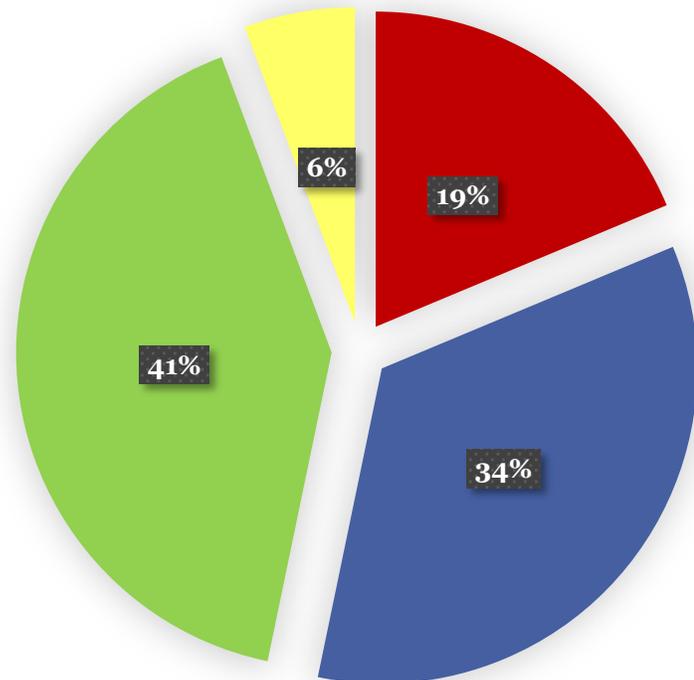
For copies of the complete legal framework of the West Virginia State Code pertaining to appraisal and AMC go to:
<https://appraiserboard.wv.gov/Home/LegalFramework>

LICENSING STATISTICS

January 2020 Active West Virginia Real Estate Appraisers Practice by Classification of License or Certification

As of January 9, the total of active West Virginia Real Estate Appraisers is 599. These appraisers can be broken into three categories – Licensed Residential, Certified Residential, and Certified General.

- Licensed Residential – 112 ≈ 19%
- Certified Residential – 207 ≈ 34%
- Certified General – 246 ≈ 41%
- Apprentices – 34 ≈ 6%



■ Licensed Residential ■ Certified Residential
■ Certified General ■ Apprentices

AMC STATISTICS

As of January 2020, there are currently 91 AMCs in the state of West Virginia.

LEGISLATION REGARDING BPOS, EVALUATIONS AND HYBRIDS

Senate Bill 497 was introduced in the 2019 WV Legislative Session. The bill expanded exceptions to the Real Estate Appraiser Licensing and Certification Act. A summary at the end of bill states, “The purpose of this bill is to allow more individuals who are not licensed or certified as real estate appraisers to obtain payment when rendering an opinion, which is not an appraisal, for various purposes.”

As presented, bill language would allow non-licensed appraisers to perform a Broker Price Opinion (BPO), Evaluations, and Inspections for a fee. This creates services that fall outside of all the current regulatory environment. It caused the WV Real Estate Appraiser Licensing and Certification Board (WVREALCB) great concern.

The mission of the WVREALCB is to protect the public interest by assuring that all consumers of real estate appraisal services receive such services from appraisers fully qualified under both Federal and State law and appraisal management companies are registered and in compliance with State law.

Representatives of the WVREALCB and the West Virginia Real Estate Commission (REC) met multiple times over the last several months to discuss the three topics in Senate Bill 497. The topics are Broker Price Opinions (BPO), Evaluations, and Hybrid appraisals.

During those months of meetings between the Board and Commission, the Joint Committee of Government Organization changed the topic from SB497 to “A Discussion on Real Estate Broker Price Opinions”. Presenters at the September 25, 2019 interim Committee meeting included Dean Kelker, Senior VP-Chief Risk Officer, Single Source Property Solutions; Dean Dawson; Patricia Pope; and Jerry Forner, REC executive director. Dean, Patricia, and Jerry outlined to the committee members concerns, possible ramifications of such a bill, and how each board and its licensees would be affected.

The Joint Committee then requested our and the REC’s summary, notes, draft legislation, or ideas based on other state laws working to see what this policy should and might look like. The Joint Committee offered to share that information with its bill drafters to get the policy into a bill and suggested to both boards to use SB497 in its present form as a starting point.

A meeting convened by the Joint Committee staff and attended by some stakeholders occurred on November 1, 2019. Both licensing boards made it known to the Joint Committee before the meeting they could not attend and indicated they would meet on December 4, 2019 to finalize a position regarding the issue and suggested language for submission.

The Joint Committee’s counsel created and presented a draft bill at the November interims. Neither the WVREALCB nor the REC provided any suggestions about the initial draft promulgated that week.

The WVREALCB and Real Estate Commission researched and studied other state statutes and how their language ensures public protection. The wide differences in how the states address the issues is alarming, often demonstrating recklessness towards the public’s best interest. The WVREALCB and the Real Estate Commission intended its draft proposal to be logical, responsible, and have built-in accountability to protect the public, which is the charge of each board.

Additionally, the WVREALCB believed hybrids should be removed from consideration in the legislation until Dr. Mark Calabria, Director of the Federal Housing Finance Agency (FHFA), and that agency decides if hybrid appraisals will be permitted and in what form. Only the pilot programs are permitted now. With the FHFA on the fence, it would be irresponsible to write a law that may not apply later. If the hybrid recommendation moves forward, the WVREALCB will include the Fire Marshall in any further discussion as there is a good possibility the product enters their regulatory space.

The Joint Committee on Government Organization met on Monday, November 17, 2019. Agenda item #6 was “A Discussion of draft legislation regarding Real Estate Broker Price Opinions.” Presenters were Mark Atkins with Bowles Rice, Loren Allen with WV Bankers Association, and Jennifer Wagner, Co-director of Mountain State Justice.

Atkins, who represents the bankers, and Allen both stated they reviewed SB497 as presented during the 2019 legislative session and have no opposition to it. Mr. Atkins said it has no direct impact on the banking industry. Further, he stated when appraisals aren’t required, BPOs have been issued. The bill would codify what is already practiced.

Ms. Wagner framed her presentation with an overview of the fraud and predatory lending practices that plagued the late 2000s. To this day, she said, her office sees the impact and people are still coming in for assistance.

She stressed the need for regulatory standards and preventing unlicensed, unregulated, and unsupervised individuals from performing BPOs. The public shouldn’t be forced to pay for something that has no oversight or value, per her statement.

With the Real Estate Commission’s Executive Director and Chair in attendance at the December 4, 2019 WVREALC Board meeting, the WVREALCB and REC concurred on proposed legislative language. It was submitted to the Joint Committee on Government Organization the very next day, ahead of the December interim meetings as requested of the Committee.

On January 6, 2020, the proposed BPO legislation was on the Joint Committee’s meeting agenda for discussion and vote. An amendment that stated the fee for the BPO would not be passed on to the consumer was voted on and approved. However, the motion by the Joint Committee Co-Chair to adopt the bill and introduce it during the regular session for passage was defeated by voice vote.

Patricia Rouse Pope, Executive Director

THE APPRAISER BOARD’S NEW LEGAL COUNSEL

Anthony D. Eates, II, Deputy WV Attorney General, began representing the Appraisal Board in November of 2019. He received his law degree from WVU School of Law.

He has been legal counsel to various state agencies since January 1, 2000 including The Office of Governor Bob Wise, DHHR, and the WV Supreme Court of Appeals. He is now with the WV Attorney General’s office where his largest concentration is on licensing boards. The Board welcomes Anthony and his many years of legal expertise.

USPAP – THREE YEAR PRIOR SERVICES HISTORY

The WVREALCB Standards and Upgrades Committees have been tracking the frequency of violation in certain USPAP requirements for the past several years. An area of deficiency that needs to be addressed is some misunderstanding of the fourth Standards Rule 2-3 Certification requirement. USPAP 2020-2021, page 23, lines 701 and 702 state: “I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.”

A common misconception in the reporting process is that all certifications cover this requirement. The pre-printed form certifications do not. An appraiser must include a supplemental certification within the form report that contains the statement, or something similar. Many appraisers include this information within the body of the report. This does not fulfill the USPAP requirement. Standards Rule 2-3 on page 24, lines 737 and 739, states that “When an assignment requires the use of a certification that does not include all of the certification elements in this Standards Rule, the appraisal report must contain a supplemental certification, which includes the remaining required certification elements.” Lines 701 and 702 make the prior services statement within the certification. Thus, the statement must be signed and certified either in the certification or supplemental certification.

Advisory Opinion 27 on page 133 of the current USPAP states:

SUBJECT: Appraising the Same Property for a New Client

APPLICATION: Real Property, Personal Property, and Intangible Property

THE ISSUE: Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property. In some instances this request arises very soon after the first appraisal; in others, it may be months or years later. Under what circumstances can an appraiser accept an assignment to appraise a property for a prospective client when that appraiser has previously completed an appraisal of the same property for another client? The same implications apply if the request is from the same (previous) client.

The part of the Conduct section of the ETHICS RULE that is pertinent to this matter includes the following:

If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in the subsequent report certification:

any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

While these are excerpts from AO 27, it is recommended that the full Advisory Opinion be read to gain a complete understanding of all of the three year prior services requirements and to insure that they are fulfilled. Bottom line, if the property has been appraised within the three-years prior to acceptance of the next assignment, the disclosure must be made, and **certified** in the subsequent report.

Joseph A. Chico, III - WV Certified General Real Estate Appraiser
#CG139

IS YOUR CONTACT INFORMATION UP TO DATE?

As you have probably noticed, the Appraiser Board has been communicating via email more frequently. We find this is the best way to share information and contact appraisers. If you have not received a notice from the WVREALCB via email, please let the Board office know.

How to update? Apprentice and AMC instructions are as follows:

APPRAISERS: If, at any time, you change your physical or email address, roster address, and/or telephone number(s), please complete the Miscellaneous Request Form and send to the Board office. There is no charge to submit this form.

Use the Appraiser/Apprentice Information Change Request Form available on the website, www.appraiserboard.wv.gov; click on “Forms” and then “Appraiser Forms”. Mail the completed form to the board office address 405 Capitol St. Suite 906, Charleston, WV 25301 or email it to wvappraiserboard@wv.gov. Note: Renewal Notices are sent to the contact information on file. If your contact information changes throughout the license year, let the Board office know so your information is kept current.

AMCs may use the Appraisal Management Company Miscellaneous Form to update the Board office of any changes to its contact information. Some fees are required for various requests and are listed on the form that may be found on the website, www.appraiserboard.wv.gov. Click on “Forms” then “Appraisal Management Company Forms” and then “AMC Miscellaneous Requests Form”.

If a fee is required, please send the form and payment to WVAB, PO Box 40267, Charleston, WV 25364. If no fee is required for the request, mail the form to 405 Capitol St. Suite 906, Charleston, WV 25301 or email it to wvappraiserboard@wv.gov.

REAL PROPERTY APPRAISAL - INSPECTIONS DONE BY OTHERS

The Appraisal Foundation and the Federal Housing Finance Agency (FHFA) have each provided written clarification regarding use of an inspection of the subject property done by a third party.

While neither the Uniform Standards of Professional Appraisal Practice (USPAP) nor West Virginia laws and regulations specifically address the level of inspection that must be performed by the appraiser or who must perform the inspection, there are elements of USPAP that must be considered.

The 2020–2021 edition of USPAP has a revised report certification requirement, Standards Rule 2-3(c), which reads as follows: “When a signing appraiser has relied on work done by appraisers and others who do not sign the certification, the signing appraiser is responsible for the decision to rely on their work. The signing appraiser is required to have a reasonable basis for believing that those individuals performing the work are competent; and the signing appraiser must have no reason to doubt that the work of those individuals is credible.”

Additional clarification and advice from the 2020–2021 edition of USPAP can be found in several areas, including:

- Definitions including Personal Inspection (new), Physical Characteristics (new), and Relevant Characteristics (new).
- Scope of Work Rule.
- Standards Rules 1-2(e)(i), 1-2(h), 2-2(a)(viii), 2-2(b)(x), and 2-3.
- Advisory Opinions 2, 23, 28, and 31.
- Numerous Frequently Asked Questions, including #189 (new) and #190 (new).

In brief, USPAP does not require the signing appraiser(s) to inspect the subject; however, it does require:

- An understanding of assignment conditions associated with the assignment and/or if said assignment conditions will produce credible assignment results.
- The appraiser(s) to identify the problem to be solved and identify the extent to which the property should be inspected.
- A signed certification that includes the extent of, or lack of, physical inspection of the subject property, and an acknowledgment significant real property appraisal assistance was, or was not, provided.
- A certification that complies with Standards Rule 2-3(c).
- A summary or statement of the extent of any significant real property appraisal assistance and the name of the person.

By addressing all these elements, a clear picture of the work that was performed can be understood. Not including all the pieces necessary to produce a clear picture of the work that was performed in an appraisal leads to confusion by those who read the report (and, in some instances, the filing of a complaint to the state).

Fannie Mae has offered clarification about relying and correctly employing the use of assumptions regarding inspection reports completed by a third party. This information is available in the September 2019 edition of the Fannie Mae Appraiser Update newsletter.

The Board has not seen an increase in allegations related to appraisal reports when the inspection of the subject property was completed by someone other than the signing appraiser(s). However, it is likely an increase will occur due to a combination of:

- Evolving assignment conditions.
- Acceptance of unacceptable assignment conditions.
- Not performing due diligence on facts provided by others.

Dean Dawson – WV Certified General Real Estate Appraiser #CG402

USPAP Q&A

2020-01: APPRAISAL DEVELOPMENT– SUBJECT PROPERTY SALES HISTORY Non-Monetary Transfers

Question: I am completing a real property appraisal, and my scope of work includes developing a market value opinion. I am uncertain about whether I am required to analyze a type of property transfer. The subject property was transferred within three years prior to the effective date from the existing owner of record into a trust for this same owner. Is this non-monetary transfer part of the sales history of the property, and does Standards Rule 1-5(b) apply?

Response: Yes, this transfer is part of the sales history, and Standards Rule 1-5(b) applies. When the value opinion to be developed is market value, an appraiser is required to “analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.” The results of the analysis must be reported in accordance with Standards Rule 2-2(a)(x)(3) or 2-2(b)(xii)(3). Refer to Advisory Opinion 1, Sales History for additional guidance.

2020-02: APPRAISAL REPORTING – USE AND FORMAT ISSUES Anticipated Sales Price

Question: I have been engaged in an assignment for a relocation company, and the report they use is labeled as a Summary Appraisal Report. The assignment is to provide an “Opinion of Anticipated Sales Price” with a stipulated marketing time not to exceed 120 days after the effective date. Is this really an appraisal?

Response: Yes, this assignment is an appraisal. The appraiser’s opinion of an anticipated sales price is “an opinion of the worth of a property at a given time.” (See USPAP definition of value.) This opinion is not a statement of the amount that “has been asked, offered or paid.” (See USPAP definition of price.)

WITH GRATITUDE TO OUTGOING MEMBERS

The WVREALCB bid a fond farewell to two outgoing board members at the end of June.

Glenn Summers served on the board for 15 years, the last four as chair. He is a volunteer firefighter for the Town of Clendenin and his wife was recently elected as mayor. He is a Certified Residential Appraiser and represented WV's 2nd Congressional District on the board.

Ann Wilson Worley served as Secretary on the board from January 1, 2017 through June 30, 2019 as a member representing the General Public. She continues her public service as a member of the Beckley, WV City Council, Beckley Rotary, and with her church.

Both were presented with plaques of appreciation. Letters, signed by fellow board members, legal counsel, and staff, expressed gratitude for each of their countless hours of dedication and hard work as a member of the WVREALCB.

INTRODUCING ROBERT (TYKE) WILSON, JR.

Robert G. (Tyke) Wilson, Jr. graduated with a master's degree in Industrial Relations from WVU in 1979 and played on the varsity tennis team. He began his career in Real Estate Appraising in 1980 working for Harbor Federal Savings and Loan in Ft. Pierce, Florida specializing in single family residential appraising. While in Ft. Pierce, he along with four other appraisers, were instrumental in forming one of the earliest independent appraisal firms in South Florida specializing in all aspects of real estate appraising. During this time, he completed extensive appraisal courses affiliated with the Appraisal Institute at Baylor University and the University of Florida. In 1990, he obtained the SRA designation from the Appraisal Institute.

In 1993, Tyke and his family moved to Beckley where he formed Wilson and Associates, Inc. Appraisal Services. He has been involved not only with all aspects of real estate appraisals, but also has performed specialized assignments for banks, attorneys, and other clients dealing with both prospective and retrospective valuations, review appraising, property damage estimations, flood damaged litigation, and contested real estate condemnation.

During his career, he has trained over eight apprentices and volunteered his time with local appraisers to assist those struggling with specific types of appraisal assignments. He is a past member of the Beckley Planning Commission and the Raleigh County Board of Zoning Appeals. Tyke is a Past President of the Appraisal Institute and earned a national award for recruitment accomplishments.

Tyke is a Certified Residential Appraiser and represents WV's 3rd Congressional District. He and his wife Denise, reside in Raleigh County where they enjoy a variety of activities such as shag dancing and spending time with their adult children and two granddaughters.

CHECK US OUT!

The WVREALCB website continues to be a work in progress. We look forward to announcing completion of the project in the near future. In the meantime, here's an update:

Licenseses can now...

Create your own account, View license history, Access your pocket card. (Newly licensed and renewed appraisers will receive an email with a pdf of your pocket card.)

Once the website development is complete, appraisers will be able to...

View continuing education history from 2019 on, Search education courses alphabetically by title or provider, Renew on-line.

On the home page, the following will be posted...

Notification of when USPAP update course is due with year, Notification of when the W. Va. Law course is due with year.

<https://appraiserboard.wv.gov/aboutus/Pages/default.aspx>

MESSAGE FROM THE UPGRADES COMMITTEE

Are you a Certified Residential or Certified General appraiser who would be interested in taking on an apprentice? If so, we want to hear from you!

WVREALCB members and staff are often asked if we know of anyone willing to take on an apprentice, and we receive calls from would-be apprentices saying they can't find anyone to be their supervisor.

Help us match would-be apprentices in your area with a mentor. Your name will be added to a list of those willing to work with those who are anxious to enter the appraisal profession. Thank you!

Please refer to 190CSR2 11.8.a. for Qualifications of a Supervisor.

BOARD MEMBERS

Dean Dawson, Board Chair

Rachel Phillips, Vice Chair

The Honorable Anthony J. Julian, Member

Joseph A. Chico III, Member

Nathan Nibert, Member

Darlene Dunn, Member

Frank DeChiazza, Member

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& Certification Board**

