

# The California Appraiser – Spring/Summer 2023

## Message from the Bureau



Figure 1 Chief Angela Jemmott with speakers and attendees at the Appraisal Diversity Initiative. From left to right: speaker Mel Black, attendee, speaker Scott Reuter, Chief Jemmott, speaker Joshua Walitt, attendee.

voluntary, we hope to get full participation. BREA appreciates your time in completing the survey, and we want to thank you in advance.

On May 19, 2023, Chief Jemmott testified in Washington D.C. for the second Appraisal Subcommittee's hearing on appraisal bias. The hearing explored the appraisal regulatory system focusing on appraisal standards, appraiser qualification criteria and barriers to entry into the profession, appraisal practice and state regulation. The hearing was intended to better understand the current challenges and explore opportunities to improve the appraisal profession, while combatting bias and promoting fair appraisals for all. A recording of the hearing can be viewed on BREA's website: [ASC Hearing, May 19, 2023](#).

In April 2023, Chief Angela Jemmott was honored to present at the Appraisal Diversity Initiative (ADI) in Sacramento. The ADI is designed to reach, educate, and provide the necessary resources to aspiring appraisers. Over 110 attendees and sponsorship from Fannie Mae, Freddie Mac and the National Urban League participated. A wide array of topics and experiences were covered, including ways to find a supervisor, networking, how to get involved in state and national associations, diversity and inclusion, appraisal reporting, and multiple topics on the positive intangibles of an appraiser. BREA is dedicated to assist aspiring appraisers and diversifying the industry.

One of BREA's goals is to understand our industry's demographics. Our newest endeavor is to reach all licensed appraisers with a demographic survey that will give BREA and the appraisal field a better understanding of who California appraisers are and the professional pathways they are on. To achieve this goal, we ask that everyone who receives the survey participates in order to make this endeavor successful. Because this survey is anonymous and appreciates your time in completing the survey, and



Figure 2 Chief Jemmott at the ASC hearing on appraisal bias.

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## Did You Know?

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### PAREA Approved by AQB

There is a new opportunity for acquiring the experiences to achieve the Residential and Certified Residential appraisal license. Practical Applications of Real Estate Appraisal (PAREA) is an online classroom/virtual environment that will combine real world appraisal problems with appraisal methodology and theory to provide aspiring appraisers an alternative to the supervisory/trainee model to gather the experience hours necessary for licensure of the Residential and Certified Residential License. The addition of PAREA means that those pursuing an appraisal license will be able to choose from either supervisor/trainee or the PAREA model to meet the requirements for the Licensed Residential and the Certified Residential license.

On May 18, 2023, both the Appraisal Institute and The Appraisal Foundation announced that the Appraiser Qualifications Board approved the Appraisal Institute's PAREA program for the Residential License.

Beginning September 2023, the Appraisal Institute is expected to open registration for PAREA with other educational organizations and programs to follow.

For more information on this announcement please visit:

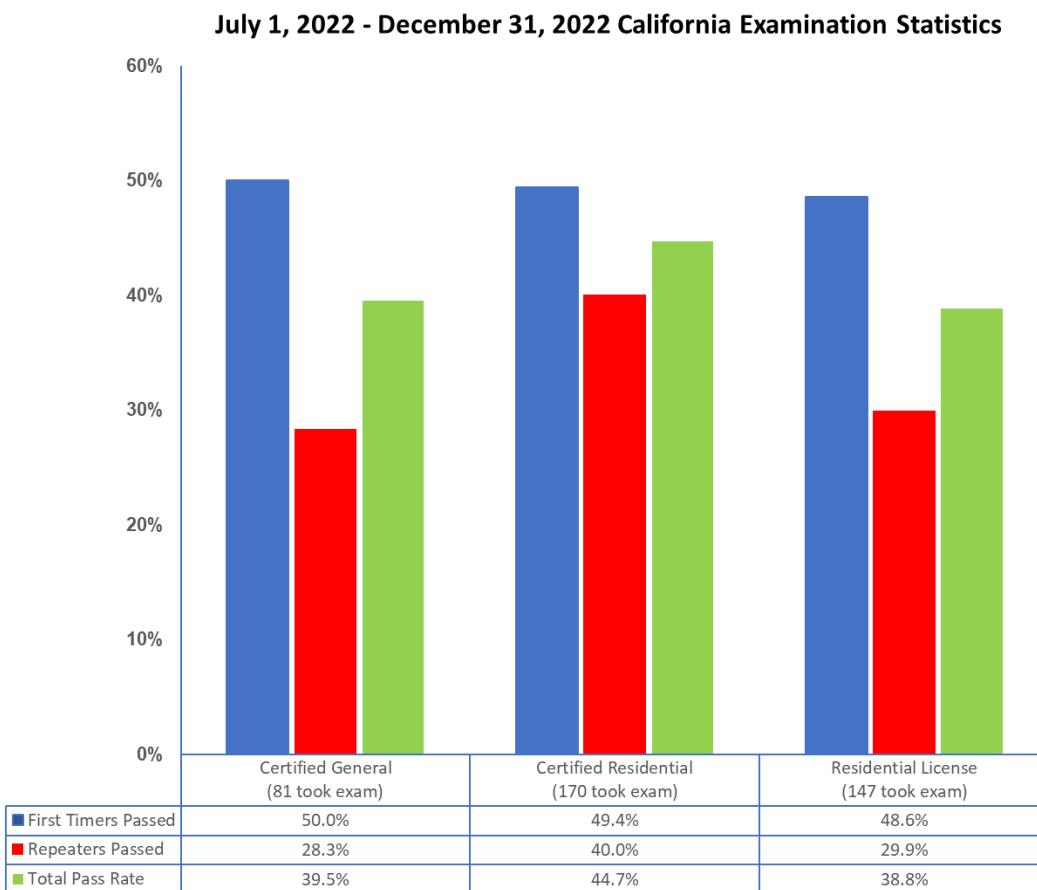
<https://www.appraisalinstitute.org/appraisal-institute-parea-program-receives-approval-from-appraiser-qualifications-board/>

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## CA Exam Results

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The following graph shows the California Appraisers Examination statistics from July 1, 2022 through December 31, 2022, as provided by PSI Services. The numbers indicate the pass rate by candidate and exam type.



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## Enforcement /Licensing Articles [Use Article Titles for Header]

### Common Experience Log Sheets Deficiencies

An essential part of the application process for the Residential, Certified Residential, and Certified General license is the Experience Log Sheet REA 3004 form.

We often see deficiencies that are avoidable and can delay the application process.

It is important to remember that all areas of the form must be filled out. A failure to fill out all fields correctly is the most common deficiency on the Experience Log Sheet REA 3004.

The most common fields that we identify as not being filled in correctly are as follows:

#### Not Completing the bottom of each page of the Experience Log Sheet

The image shows the bottom section of a REA 3004 form. On the left, there are fields for "Supervising Appraiser Initial \_\_\_\_\_" and "Date \_\_\_\_\_". Red arrows point from these fields to the right side of the form. On the right side, there is a column of boxes with red arrows pointing to them: "Total Hours this Page", "Hours from Previous Page", "Total Hours", and "Page \_\_\_\_\_ of \_\_\_\_\_. The "Page \_\_\_\_\_ of \_\_\_\_\_" field is circled in red.

The bottom of each log page must be initialed by Supervising Appraiser and the Total Hours for each page, Hours from Previous Page, Total Hours, and Page x of y are required.

#### Not Completing the Certification Page

The image shows two certification pages. The left page is titled "APPLICANT CERTIFICATION" and contains the text: "I, \_\_\_\_\_ (name), declare under penalty of perjury under the laws of the State of California that the foregoing information and information contained on the attached \_\_\_\_\_ (number) pages of the Log of Appraisal Experience (REA 3004) is true and correct and provided without any purpose of evasion or mental reservation." The right page is titled "SUPERVISING APPRAISER'S CERTIFICATION" and contains the text: "I, \_\_\_\_\_ (name), declare under penalty of perjury under the laws of the State of California that I have fully reviewed each appraisal listed on this Log of Appraisal Experience (REA 3004), and that I have initialed as the reviewing appraiser on the attached \_\_\_\_\_ (number) pages of this log. I attest to the accuracy of the information provided for each and every entry on this Log of Appraisal Experience (REA 3004)." Both pages have a small note at the bottom: "One each appraisal cannot exceed one thousand five hundred (1,500) hours."

The number of pages included with the certification page is a required field and must be filled out.

#### Logged Appraisal Assignments Inconsistent with the Appraisal Report

It is very important that the experience log sheets coincide with the work samples. Each appraisal listed on the log must properly identify the date of report (signature date on the appraisal report), the property address, the type of property, the scope of the Supervising Appraiser's review, the client and intended user, eight identified description of work categories for both the Supervising Appraiser and Applicant to check, and the number of applicant spent on the assignment.

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DEPARTMENT OF CONSUMER AFFAIRS • BUREAU OF REAL ESTATE APPRAISERS  
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## LOG OF APPRAISAL EXPERIENCE

*Read All Directions on Page 3 of This Form Prior to Completing*

Date of Report	Property Address (Include full address)	Type of Property	Scope of Supervising Appraiser's Review	Client and Intended User	S = Supervisor A = Applicant	1. On-Site Physical Inspection	2. Subject Property Analysis	3. Neighborhood Analysis	4. Highest and Best Use Analysis	5. Sales Comparison Analysis	6. Income Analysis	7. Cost Analysis	8. Final Reconciliation	Applicant Hours
					S									
					A									

BREA has found several deficiencies in the first category, “On-Site Inspection,” within the description of overall work categories.

A typical example of this deficiency is as follows:

The BREA Investigator performs a USPAP audit of a work sample in which the supervising appraiser’s name is the only signature that appears in the appraisal. The applicant is an initial application for a residential, or applying at the certified level and is unlicensed. The extent of applicant’s significant real property appraisal assistance has been summarized within the report.

However, a review of the experience log sheet reveals that the licensed supervising appraiser has indicated “no” on the “On-Site Inspection” category, and the applicant is the only individual who performed the on-site inspection of the property.

In the Appraiser Certification of the appraisal report, the signing licensed appraiser certifies that he/she inspected the interior and exterior of the subject. However, this is false and contrary to the experience log sheet because the supervising appraiser did not inspect the property.

In this instance, the supervising appraiser or the signing licensed appraiser **must** inspect the interior and exterior of the subject as stated in the Appraiser Certification. The applicant who performed the on-site inspection cannot sign the report because he/she is unlicensed.

The end result is a false certification, a misleading scope of work and a violation of USPAP by the supervising appraiser. This report cannot be counted towards the applicant’s work experience because of its non-compliance with USPAP.

If the applicant is a licensed trainee, this individual can inspect the property and can sign the report as the signing appraiser. This **must** be accompanied by the signing supervising appraiser who did or did not inspect the property to the right of the signature portion of the Appraiser Certification.

In other circumstances, the licensed trainee does not sign the reports. This is only referenced with assistance to the report, and the supervising appraiser is the sole signing appraiser. In these instances, the signing licensed appraiser **must** inspect the interior and exterior of the subject as stated in the Appraiser Certification.

In instances where the supervising appraiser believes the applicant is competent to inspect the property by themselves, the client requires the supervising appraiser’s signature, which is to be the only signing appraiser. Again, the signing licensed appraiser **must** inspect the interior and exterior of the subject as stated in the Appraiser Certification.

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BREA encourages all applicants, and their supervising appraisers to fill out the log of appraisal experience sheets carefully, thoughtfully, and accurately to avoid these circumstances. BREA understands that the application process can be challenging at times, and we encourage you to thoroughly read through the certifications for both the applicant and the supervisory appraiser certifications as well as the entire directions page.

## Using Your Technology Based Tools Responsibly

Real estate appraisers have access to a wide variety of technology-based tools to gather property information, support adjustments, gather cost data, assist with site extraction, etc. These tools help the modern appraiser collect and analyze data more accurately and efficiently.

Report writing software programs feature new and innovative technology that can further assist appraisers in data gathering, measuring properties, completing inspections, analytics, and much more. A few tips to consider when using these powerful tools:

- Do not just read what the Real Estate Agent has written in the public view of the MLS. Look at all the comments. You may find the property has owned solar, unpermitted additions, or maybe the sale was used for comparable purposes only.
- Analyze and reconcile differences found in MLS, public records, peer data, or personal inspections. For example, if a comparable property differs in gross living area between MLS and public records, the appraiser should do additional research such as research permit history or call the listing agent for additional information.
- Verify peer data before including it in your grid. Do not just assume it is correct.
- If using a technology tool to produce cost data, the appraiser must understand and be able to support the data being used. Remember to save all support in your work file.

Appraisers must have a thorough understanding of their technology-based tools and verify their accuracy to avoid errors in their reports which could cause misleading information. Ultimately, it is the appraiser's responsibility to provide the most accurate data possible.

## Trainees Lose Work Experience Hours

### TRAINEES BEWARE: IT'S YOUR RESPONSIBILITY TO ENSURE YOUR WORK EXPERIENCE COUNTS

Every year, the Bureau receives upgrade applications and initial applications for trainees at all levels, licensed and unlicensed, who do not receive work experience credit for the following reasons:

1. Supervisor did not take the Supervisor/Trainee Training prior to the supervision
2. Appraisal work proficiency did not meet required level of skill
3. False certification on appraisals

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## **1. Supervisor did not take the Supervisor/Trainee Training prior to the supervision**

A Licensed Trainee (AT) will not get the work experience hours when the Supervisor did not take the Supervisor Training:

The Supervisor and Trainee **MUST** take the course for the hours to be credited for experience.

Hours of work experience **only counts after** the supervisor has taken the training. Any hours/appraisal prepared prior to the supervisor taking the course will not count. However, this requirement **only applies to the AT level licensed appraiser**.

The Supervisor Appraiser and Trainee Appraiser training would benefit if supervisors who are training licensed and unlicensed appraisers understand and are aware of all requirements. CHECK ON THE BUREAU WEBSITE ONLINE SERVICES – SEARCH FOR AN APPRAISER TO SEE IF THE COURSE IS LISTED OR ASK SUPERVISOR TO SEE THE CERTIFICATE OF COMPLETION OF THE COURSE IF IT IS NOT LISTED (the Bureau does not always receive a copy of the supervisor's certificate of completion).

## **2. Appraisal work proficiency did not meet required level of skill**

Another instance where an applicant's work experience for upgrade or initial license is at risk is the proficiency of the work performed by the applicant on the appraisal. Applicants will not get work experience hours for work that does not demonstrate proficiency in appraisal principles, methodology, procedures, and reporting conclusions. The Proficiency of Work Experience applies to all applicants no matter their license level and no matter whether they are licensed or unlicensed trainees.

For example, can an applicant claim experience credit for the time they spent inspecting a property?

If the scope of the applicant's participation in that assignment included using and performing appraisal principles, methodology, procedures, and reporting conclusions, then "yes."

If an applicant's participation in the assignment did not include analysis and valuation of the subject property, then "no." In that case, the applicant's participation in the assignment did not involve anything that would demonstrate the aforementioned items.

## **3. False Certification on appraisals**

False Certification causes applicants to be at risk as well. False Certification occurs when signing the appraisal report. The Licensed Trainees, other licensed level appraisers, and/or unlicensed trainees only receive credit when the trainee has been properly named in the appraisal report and/or has signed the appraisal in the appropriate location.

The supervisors must properly identify their own contribution to the appraisal. The location of the signatures (left side) of most forms generally have specific meaning/intent, such as indicating that the signatory person certifies they inspected the property.

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**Every appraiser** NEEDS to read the certification requirements before signing to ensure trainees receive proper credit, and to ensure the supervisor is conforming to USPAP requirements.

If the Trainee wants to ensure that their experience will qualify towards a license, the trainee can protect their work experience by ensuring certifications in each appraisal report on the log are true and valid.

For example, the individual who signs as “APPRAISER” on the left side of page 6 of a URAR (Fannie Mae form 1004 March 2005) certifies the following:

2. *“I performed a complete visual inspection of the interior and exterior areas of the subject property...”*

In summary, the appraiser who signs on the left side of a URAR must perform a complete visual inspection of the interior and exterior areas of the subject property or they are not in compliance with their certification. The URAR does allow the supervisor to sign the report without having performed an inspection on the right side of page 6, but only if the “did not inspect” box is checked and only if the client is agreeable.

It is imperative for those under supervision for training to ensure that the supervisor knows and complies with all requirements to ensure trainees gain credit for their time. It’s up to YOU to ensure that you receive the credit for your work experience hours.

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## FAQs

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**Q:** I am a licensed trainee and just found a supervisor willing to train me. What do I need to know prior to training with the supervisor?

**A:** There is criteria the supervisor must meet that are detailed in Section 3568 of the California Code of Regulations. In part, trainees must make sure their supervisors complete an AQB approved supervisory/trainee course and are licensed at the Certified level for a minimum of three years in good standing.

**Q:** What continuing education is required with my four-year renewal?

**A:** Approved courses in the following:

- 7-hour National USPAP Update Course (one is required for each two-year cycle)
- 4-hour course titled Federal and State Laws and Regulations
- 3-hour course titled Cultural Competency and Elimination of Bias
- 35 hours of additional BREB approved continuing education courses

**Q:** What continuing education is required with my two-year renewal?

**A:** An approved 7-hour National USPAP Update Course

**Q:** Will the 15-hour National USPAP Course satisfy the 7-hour National USPAP Update Course requirement?

**A:** No, the 15-hour National USPAP course is set up to help new appraisers learn the basics of USPAP and does not fulfill the mandatory 7-hour National USPAP update course required every two years. The mandatory 7-hour National USPAP update course is designed to keep licensed appraisers informed of most current changes to USPAP.

**Q:** What if my renewal is late?

**A:** Applications are considered late if postmarked after the expiration date of the license OR if any of the required continuing education (CE) is completed after the expiration date of the license. Licensees must pay late renewal fees and submit proof of completion of seven additional hours of CE for each six-month period the application is received after the expiration of the CE cycle. Late renewal is limited to 2 years after the expiration of the license. Per California Code of Regulation § 3682: Late Renewals, (a) If an appraiser fails to renew his or her license prior to its expiration, the appraiser may renew the license within two years after expiration of the previously held license by satisfying all of the requirements for renewal of the license and by the payment of all applicable fees.

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## Legal Corner

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### **Changes to USPAP's Ethics Rule Take Effect January 1, 2024**

On May 5, 2023, the Appraisal Standards Board (ASB) voted to adopt the Fifth Exposure Draft of proposed changes to USPAP, which most notably, makes changes to the Ethics Rule based on recent discrimination concerns. The new changes will become effective on January 1, 2024.

Appraisal Standards Board Chair, Michelle Czekalski Bradley, commented:

"The Board was pleased by the results of this process and feels that this new edition of USPAP will be an asset to appraisers and the public alike who are seeking to gain a better understanding of an appraiser's ethical obligations and requirements under fair housing laws and regulations. Bias and discrimination have never been permitted by our standards, and now that is clear to all who read them."

### **Changes to the Ethics Rule and Two New Advisory Opinions**

Beginning January 1, 2024:

- A new section within the Ethics Rule titled "Nondiscrimination"
- Two New Advisory Opinions 39 and 40

### **Nondiscrimination Section**

Some of the highlights of the new Nondiscrimination section of the Ethics Rule include:

- Requires an appraiser comply with federal, state, and local antidiscrimination laws and regulations, including expressly naming Fair Housing Act (FHAct), the Equal Credit Opportunity Act (ECOA), and the Civil Rights Act of 1866;
- Requires an appraiser have knowledge of antidiscrimination laws and regulations;
- Requires an appraiser not base their opinion of value on any of the characteristics protected under relevant law during assignments for residential real property or intended use connected with a credit transaction, with a clarifying comment discussing disparate treatment and disparate impact;
- Four additional prohibitions that apply across appraisal disciplines, regardless of whether antidiscrimination laws regulations also apply; and
- A limited exception where the use or reliance upon a protected characteristic in an assignment is permissible when the use or reliance is not prohibited by antidiscrimination laws and regulations and is essential to the assignment and necessary for credible assignment results.

### **Advisory Opinions 39 and 40**

New Advisory Opinions 39 and 40 are summarized as:

#### **Advisory Opinion 39**

- Clarifies when an appraiser can violate or contribute to a violation of applicable antidiscrimination law;

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- Provides additional background on the FHAct, ECOA, and the Civil Rights Act of 1866;
- Explains the concepts of disparate treatment and disparate impact; and
- Provides guidance regarding the narrow circumstances in which use of or reliance upon protected characteristics is permitted under the proposed Nondiscrimination section.

### **Advisory Opinion 40**

- Provides detail on the requirements of antidiscrimination laws and USPAP as related to residential assignments;
- Provides guidance related to the prohibitions on using particular protected characteristics in developing an opinion of value for residential real property assignments and in the research, analysis, and reporting of location-related data, including demographics, for these types of assignments;
- Discusses the relationship between the USPAP prohibition on pretext and “code words” that can indicate discrimination.

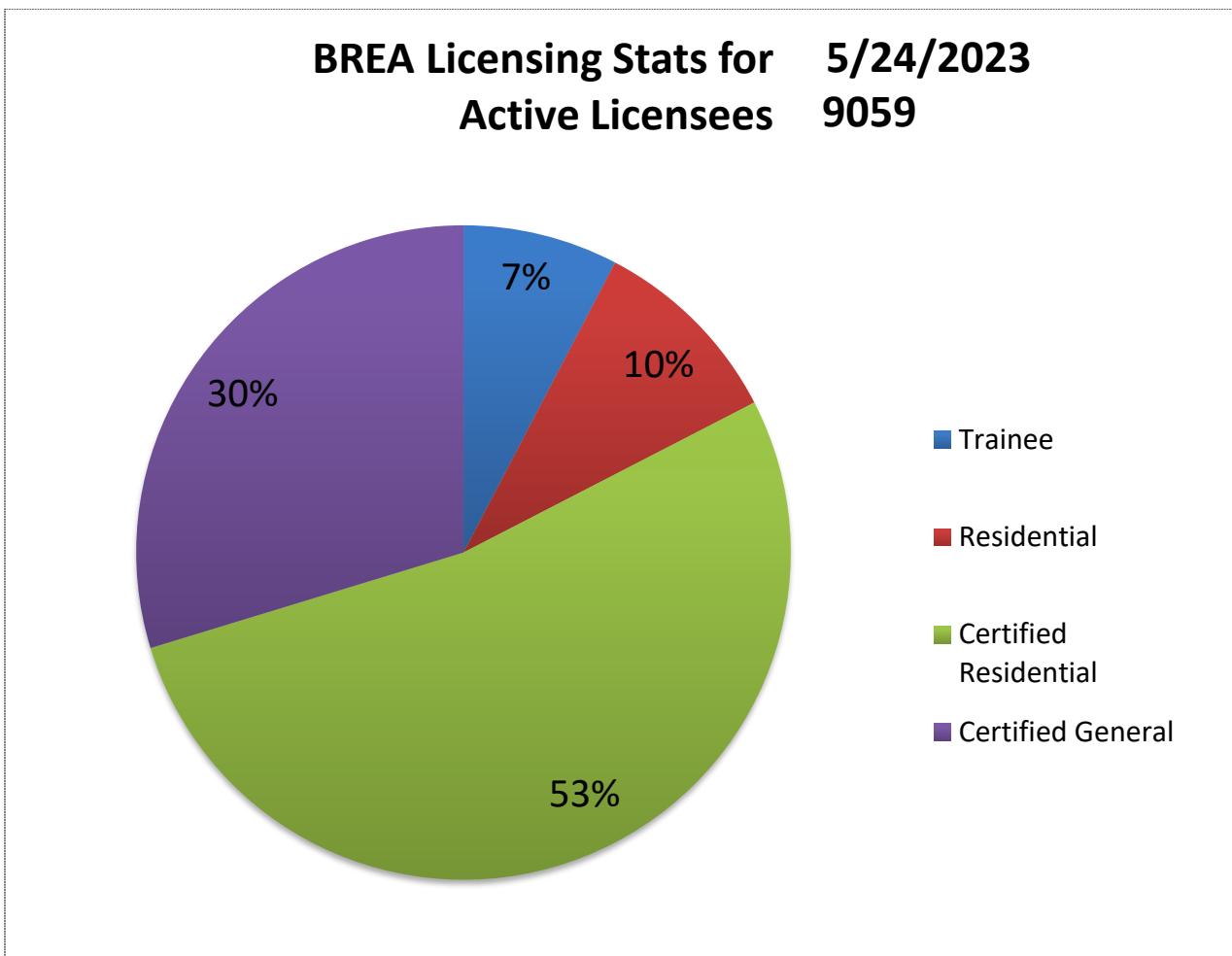
To learn more about the new USPAP changes, check out the [Appraisal Foundation website](#).

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## Licensing Stats

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The following chart shows the breakdown of the licensed appraiser population by license level type. As of **5/24/2023**, there are **9,059** active appraisers. **7%** are Trainee level, **10%** are Residential level, **53%** are Certified Residential level, and **30%** are Certified General level



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## Education

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**California continues to be a leader in the appraisal industry in addressing bias with approved course providers offering Cultural Competency and Elimination of Bias Courses:**

As of May 2023, California has approved seven course providers for Elimination of Bias and Cultural Competency for continuing education. We look forward to continued submission of course providers.

This list of course providers can also be found on our website: [www.brea.ca.gov](http://www.brea.ca.gov) select “Online Services,” then “Course Provider Search,” then click (“Search”).

**As of May 2023:**

<b>Available Cultural Competency &amp; Elimination of Bias Courses</b>	<b>Course Providers</b>	<b>Phone Number</b>
Elimination of Bias and Cultural Competency	Affiliated Appraisers Workshop	(866) 944-8583
Elimination of Bias and Developing Cultural Competency-with Real World Relevance	Appraiser eLearning	(615) 965-5705
Elimination of Bias and Developing Cultural Competency-with Real World Relevance	Collateral Risk Network, Inc.	(513) 490-0226
Elimination of Bias and Cultural Competency	Dynasty School	(800) 888-8827
California Elimination of Bias and Cultural Competency for Appraisers	McKissock, LLC	(800) 328-2008
Cultural Competency & Elimination of Bias in Appraisals	Real Estate Appraisers Association	(916) 988-9442
Elimination of Bias and Developing Cultural Competency-with Real World Relevance	Valuation Education, LLC	(805) 696-2600

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## Enforcement Actions

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Enforcement actions are based on supported findings with consideration of mitigating and aggravating factors. Violation descriptions may be partial and summarized. For a description of the criteria followed by the Bureau in enforcement matters, refer to Title 10, Article 12 (commencing with section 3721) of the California Code of Regulations. Additional information on the individual actions is also available on the Bureau's website, [www.brea.ca.gov](http://www.brea.ca.gov).

Disciplinary Actions				
Licensee/Registrant	License No. Certificate of Registration No.	City of Business	Order Effective	Discipline
HAS AMC, LLC	3008017	Los Angeles	10/31/2022	Stayed Revocation, Probation, & Monetary Fine
Robert LaBrot	027881	Ventura	02/17/2023	Revoked
Andrew Fisher	039450	Costa Mesa	03/17/2023	Revoked
Mark Sloane	042442	San Jose	03/24/2023	Stayed Revocation, Probation, Monetary Fine, & Education

[For the back page of the newsletter:]

**Reminders: Failure to Timely Notify the Bureau May Result in License Discipline**

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### 1. Notify the Bureau of Real Estate Appraisers (Bureau) of any changes to your contact information.

California Code of Regulations section 3527 requires written notification to the Bureau within 10 days of any change to:

- (1) name;
- (2) residence or business phone number;
- (3) residence, business, or mailing address; or
- (4) out of state address;7

#### (a) Changes to an out of state address requires a *Consent to Service of Process* form (REA 3006)

Use the *Change Notification and Miscellaneous Requests* form (REA 3011) available on our website, [www.brea.ca.gov](http://www.brea.ca.gov); click on “Forms.” Submit by mail the completed and signed form, the required fee, and any necessary documentation to:

Bureau of Real Estate Appraisers  
3075 Prospect Park Drive, Suite 190  
Rancho Cordova, CA 95670

*Note:* Although not a requirement, you can also use form REA 3011 to provide or update your e-mail address, which will allow the Bureau to send you newsletters and other important information.

### 2. Notify the Bureau of any convictions, felony charges, or other license discipline.

Business and Professions Code section 11318 requires all licensees, applicants, and course providers report to BREA in writing within 30 days any of the following:

- (1) felony charges;
- (2) misdemeanor or felony convictions (including pleas); or
- (3) the cancellation, revocation, or suspension of a license, other authority to practice, or refusal to renew a license or other authority to practice as an occupational or professional license or course provider, by any other regulatory agency.

If you have questions about these notification requirements, contact the Bureau at (916) 552-9000.

## **The California Appraiser – Spring/Summer 2023**

- 1. List of links and full URLs for DCA Reference**