



THE CALIFORNIA APPRAISER

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Our Mission: Safeguard public trust by promoting professionalism in the real estate appraisal industry through licensing, education, and enforcement.

Message from the Chief

New Laws Affecting the Appraisal Business

The Bureau was successful in amending the California Business and Professions Code during the 2017 Legislative Session. The Legislature passed and the Governor signed Senate Bill 547, which makes changes to the Real Estate Appraisers Licensing and Certification Law. This new law took effect January 1, 2018.

The primary focus of the Bureau’s effort was to align California law with federal law regarding the registration and oversight of appraisal management companies (AMCs). I encourage everyone to review all the changes in Senate Bill 547 by going to the Bureau’s **News and Announcements** page of the website, under the Forms and Publications tab. A few changes of note are mentioned below.

The definition of AMC was changed to be consistent with the federal definition. As of January 1, 2018, an AMC will include companies that provide appraisal management services in connection with valuing a consumer’s principle dwelling, and oversees an appraiser panel of more than 15 licensed appraisers in one state, or 25 or more appraisers in two or more states. This requirement applies only to independent contractors. Employee appraisers are not included in a count of AMC panel members. The definition of

“appraisal management services,” “appraiser panel,” and “covered transaction” all were added to the statute. These additions further clarify the AMC/panel member relationship.

As of 2018, AMCs must engage appraisal panel members with an engagement letter. The letter must include terms of payment and the AMC must keep a copy in their records. Terms of payment should include matters such as how much and when the appraiser will be paid. Last year, the statute changed to require the appraiser to keep a copy of the engagement letter. Beginning this year, an AMC will have that same responsibility.

The Bureau has finished the website upgrade required by Assembly Bill 1381. There is now an online tool within the appraiser search results page of the Bureau’s website displaying an appraiser’s continuing education course history. This enhancement can be used by appraisers to demonstrate their commitment to professionalism by taking focused and/or challenging courses to fulfill their continuing education requirement. It can also be used by clients, employers, and AMCs to validate an appraiser’s ongoing training and education history.

James S. Martin, *Bureau Chief*

Did You Know?

Fingerprinting Fees

Are you getting fingerprinted for your Bureau license or AMC certification? You should only be paying a “rolling fee” for the entity that is rolling your fingerprints. Rolling fees vary from location to location, but are typically \$15–\$30. The DOJ/FBI check (\$49) gets billed to the Bureau and is part of the application fees you pay to the Bureau. Check out the list of Live Scan facilities available near you: <https://oag.ca.gov/fingerprints/locations>.

The Bureau’s billing code is on the Live Scan form available to download at our website (www.brea.ca.gov). Results cannot be shared with other state agencies, i.e. if you were fingerprinted for your CalBRE license, you would still need to be fingerprinted for your Bureau license. The state Department of Justice regulates background checks and Live Scan service providers. For more information, visit its website: <https://oag.ca.gov/fingerprints>.

Continuing Education Posted on Website

Information on continuing education courses, provided by the licensee, taken after December 31, 2013, is now posted to the Bureau website. Going forward, the Bureau will post all continuing education submitted with renewal applications.

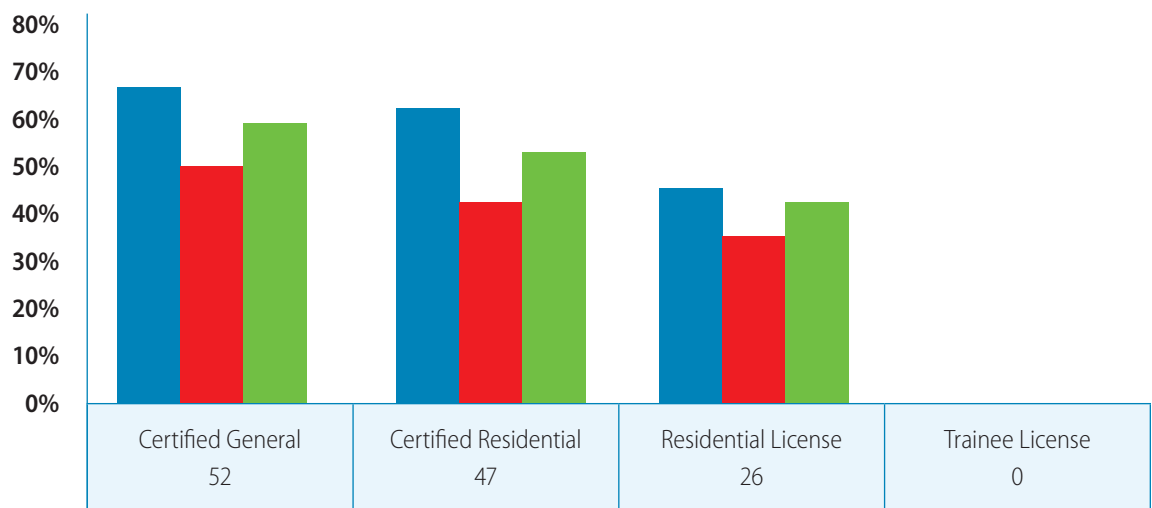
To see the education courses for an appraiser, go to: <http://www.brea.ca.gov/html/SearchAppraisers.asp>.

After selecting the appraiser from the search results, select the “Show Course History” button at the bottom of the licensee details page.

California Exam Results

The following graph shows the California Appraisers Examination statistics from January through June 2017, as provided by Applied Measurement Professionals, Inc.

January 1–June 30, 2017 California Examination Statistics



■ First-Timers	66.7%	62.5%	50.0%	0.0%
■ Repeaters	50.0%	43.5%	35.7%	0.0%
■ Total Number Passed	59.6%	53.2%	42.3%	0.0%

Enforcement/Licensing

Fee Change for Fiscal Year 2018–19

The Bureau was established in the early 1990s to be funded by licensing fees only, and remains so. The 1994 licensing fees shown below were based on operational costs for that period. In 1999, the Legislative Analyst’s Office prepared a report indicating the fee structure did not generate sufficient revenue to fund the Bureau’s mandate as a regulatory agency. Additionally, the term of licensure was reduced from four years to two years. Effective in 2000, the license fees and term of licensure adjustments were as indicated in the chart below:

Year	License Level	Application Fee	Issuance Fee	Total Fee	Yearly Cost
1994 CCR § 3526 (Every 4 Years)	Trainee and Residential	\$200	\$400	\$600	\$150
	Certified	\$200	\$500	\$700	\$175
2000 CCR § 3526 (Every 2 Years)	Trainee and Residential	\$150	\$300	\$450	\$225
	Certified	\$150	\$375	\$525	\$262.50

While in 2000 the Bureau increased the renewal license issuance fees by 50 percent, this increase equates to \$75 annually. These figures do not include other fees, such as National Registry.

In Fiscal Year 2006–07, the licensed appraiser population peaked at 20,080 licensed appraisers, and as a result, the Bureau gained surplus funds. In an effort to revert the surplus funds to licensees, the Bureau developed the 2006 California Code of Regulations (CCR) § 3583, Temporary Reduction in Issuance Fees.

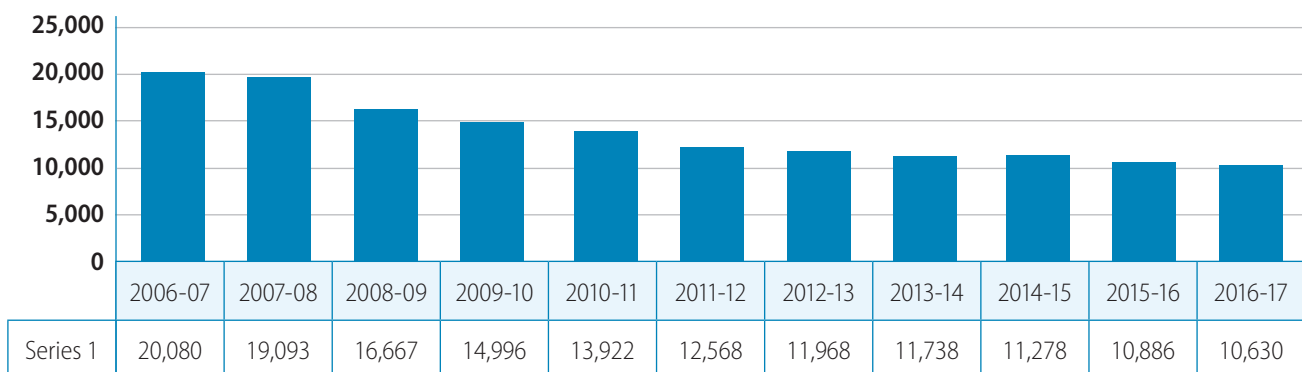
The 2006 regulation temporarily lowered the license issuance fees to \$150 for Trainee/Residential and \$200 for Certified. These reductions took the licensing fees back to 1994 rates. With the fee reductions, the cost for renewal was as follows:

Year	License Level	Application Fee	Issuance Fee	Total Fee	Yearly Cost
2006 CCR § 3583 (Every 2 Years)	Trainee and Residential	\$150	\$150	\$300	\$150*
	Certified	\$150	\$200	\$350	\$175

* \$150 x 4 Years = \$600

Then in 2010, the Bureau extended CCR § 3583 Temporary Reduction in Issuance Fees. The temporary issuance fee reduction was effective through June 30, 2014. Furthermore, the Bureau continued to maintain the lower fees beyond the 2014 temporary reduction expiration date.

However, over the last 10 years the population of licensed appraisers has dropped to 10,630:



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The reduction in Bureau revenue due to the lower licensee population, together with the increasing costs of doing business over the last 20-plus years, requires that the Bureau return to the 2006 issuance fee rates. Beginning July 1, 2018, the Bureau's issuance fees are as follows:

- Trainee Level—\$300
- Residential Level—\$300
- Certified Level—\$375

Individuals with an expiration date on or after July 1, 2018, will see the fees below reflected on their license renewal notices:

- Trainee Renewal Fee—\$485
- Residential Renewal Fee—\$565
- Certified Level Renewal Fee—\$640

Note: Payment prior to the license expiration will not impact the fees due.

What is the Appraisal Subcommittee?

For California licensed appraisers and registered AMCs, it is important to understand the laws and regulations that govern them as well as where the legal authority originated. While California, as well as the other 49 states, has established its own laws, regulations, and policies, the foundation for these were made by the federal oversight of the Appraisal Subcommittee (ASC).

In 1979, the Federal Financial Institutions Examination Council (FFIEC²) was established because of Title X. "The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions³." Five banking regulators⁴ make up the Council, and it is responsible for providing a uniform structure of the federal banking system.

Licensing requirements were established in 1989 when Congress enacted Title XI. The ASC was established as a subcommittee of the Council to develop and oversee a uniform structure to appraisals. Title XI is more commonly known within the appraisal industry as the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). FIRREA provides protection of federal financial and public policy interests in real estate transactions. It requires that real estate appraisals utilized in connection with federally related transactions (FRT) be performed in writing, in accordance with uniform standards; as well as be performed

by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision. Title XI mandates states to license and certify real estate appraisers who appraise property for FRTs. In general, the ASC oversees the national real estate appraisal process as it relates to FRTs; more specifically, the ASC is responsible for administering the appraisal process for FRTs by:

- Providing federal oversight of state appraiser regulatory programs.
- Providing a monitoring framework for the Appraisal Foundation⁵.
- Monitoring the requirements of appraisal standards for federal financial institutions.
- Maintaining a database of state licensed, state-certified residential, and state-certified general appraisers who are eligible to perform appraisals in connection with federally related transactions that is known as the National Registry.

Each year, the ASC presents and publishes an annual report to Congress, which includes information gathered by audits of state regulatory programs, such as the Bureau.

Below in the annotations is information regarding other federal entities that have an impact on real estate appraising nationwide:

¹ **The Appraisal Subcommittee's (ASC) Mission Statement:** To provide federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

² Federal Financial Institutions Examination Council was established on March 10, 1979, pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA), Public Law 95-630.

³ <https://www.ffiec.gov/about.htm>

⁴ **The Federal Reserve Board of Governors (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB).**

⁵ The Appraisal Foundation is a not-for-profit corporation formed in 1987. It sets the standards and qualifications for real estate appraisers. The Appraisal Foundation is the parent organization for **three boards:** the Appraisal Standards Board (ASB), which is responsible for promulgating and maintaining the Uniform Standards of Professional Appraisal Practice (USPAP); the Appraiser Qualifications Board (AQB), which establishes minimum credential criteria for appraisers performing work for federally related transactions (AQB Criteria); and the Appraisal Practices Board (APB), which was developing voluntary guidance related to recognized valuation methods and techniques.

Legal Corner

Appraiser Licensing Qualifications Changes

The Appraisal Qualifications Board (AQB) has adopted changes to the minimum licensing requirements. For those unfamiliar with AQB, it sets the minimum licensing requirements for appraisers nationwide. States can impose licensing requirements in addition to those set by AQB, but must, at a minimum, meet AQB's minimum licensing requirements.

In 2015, AQB increased the education requirements for applicants seeking a residential license to a minimum of 30 college semester units or an Associate's degree, and applicants seeking a certified residential or certified general license, to a Bachelor's degree or higher. Beginning May 1, 2018, AQB will change these requirements to the following: 1) remove the college-level education requirements for the residential license; and 2) provide alternatives to the Bachelor's degree requirement for the certified residential license. Individuals will be able to

apply to the Bureau under the new AQB education requirements on or after May 1, 2018. Final administrative language may vary; we will announce any changes or updates to these requirements.

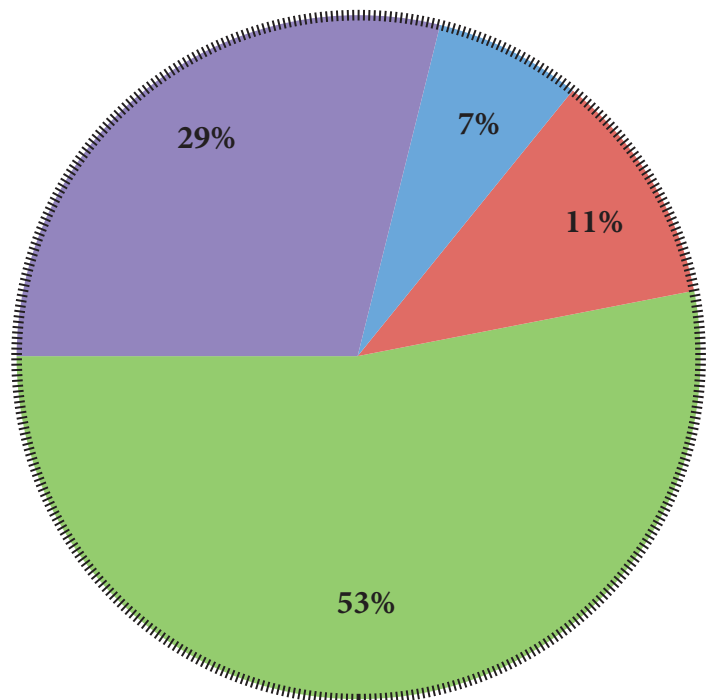
AQB also adopted a reduction to the amount of experience required to receive or upgrade a license to the following: 1) residential appraiser to 1,000 hours in no fewer than six months; 2) certified residential appraiser to 1,500 hours in no fewer than 12 months; and 3) certified general appraiser to 3,000 hours in no fewer than 18 months. The Bureau is now evaluating whether it should reduce its experience hour requirements. If so, the Bureau will propose to amend its regulations. This process takes time and will not be completed by May 1, 2018. Therefore, the experience hours currently required will remain the same until the Bureau adopts regulations on this issue.

We highly encourage our licensees, appraisal management companies, and other stakeholders to share this information with others in the industry. The Bureau uses multiple avenues to share updates and announcements, including email blasts and social media pages.

Licensing Stats

This chart shows the breakdown of appraisers by license level type.

BREA Licensing Stats for 12/19/2017 Active Licensees: 10,608



Education

The Bureau has continued to work with the California Community Colleges Real Estate Education Center to provide information to potential instructors on how to establish real estate appraisal courses and get them approved with the Bureau. Building this type of curriculum in the community college system affords more opportunities for face-to-face classes, as well as allowing students to explore the real estate appraisal world as a possible career. Please contact the Bureau at (916) 552-9000 to request additional information.

Enforcement Actions

Enforcement actions are based on the totality of the circumstances and the merits of each matter on a case-by-case basis, including the nature and severity of the offenses involved, prior disciplinary actions (if any), and circumstances that support a finding that the offender has been rehabilitated. Violation descriptions may be partial and summarized due to space limitations. For these reasons, cases may appear similar on the face yet warrant different sanctions.

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.

Published Disciplinary Actions					
Licensee	License No.	Business City	Order Effective	Outcome	
Munoz, Carlos	AL 030887	Santa Ana	04/16/2017	Monetary Fine, Revocation	
Steele, Kristie	AR 041261	Port Hueneme	04/17/2017	Monetary Fine, Probation	
Tomich, Gregory	AG 034490	Beverly Hills	04/24/2017	Additional Education, Monetary Fine, Probation	
Moore, Derwin	AL 016902	Riverside	04/25/2017	Additional Education, Monetary Fine, Probation	
Riggs, Jeff	AL 027849	Palos Verdes Estates	05/30/2017	Additional Education, Monetary Fine, Probation, Suspension	
Ribacchi, Richard	AG 003669	Sacramento	07/21/2017	Voluntary Surrender	
Hand, Jeffrey	AG 039606	Placerville	08/04/2017	Voluntary Surrender	
Broyles, Ronald	AR 003280	San Rafael	08/10/2017	Monetary Fine, Revocation	
Ross, Sharolyn	AL 033413	Thousand Oaks	08/14/2017	Monetary Fine	
Bernard, Laura	AR 018973	Oakland	08/29/2017	Revocation	
Bryan, Kenneth	AR 035160	El Dorado Hills	09/22/2017	Additional Education, Monetary Fine, Probation	
Tuttle, Winfield	AR 006215	Riverside	09/25/2017	Voluntary Surrender	
Thor, Curt	AR009814	Bellingham, WA	10/18/2017	Voluntary Surrender	
Danial, Kameel	AG026848	Azusa	10/20/2017	Probation	
Smith, Scott	AR014337	Huntington Beach	10/25/2017	Probation	

Citations

Licensee	Fine	Violation
Residential Licensee	\$1,000 fine, 15 hours Residential Report Writing and Case Studies, 4 hours Report Certifications: What am I Signing and Why?, and 4 hours Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2, Scope of Work Rule, Record Keeping Rule, and Conduct Section of the Ethics Rule: reported contradictory market trend information, failed to accurately report the condition of the subject, failed to report the correct zoning and zoning compliance for the subject, failed to comply with the stated scope of work, and failed to maintain copies of all reports transmitted to the client.
Residential Licensee	15 hours Report Writing and Case Studies, 4 hours Scope of Work: Appraisals and Inspections, and 4 hours Report Certifications: What Am I Signing and Why?	Violations of USPAP Standards 1 and 2, and the Competency Rule: failed to adequately describe the impact on value or marketability of the soil erosion, failed to report the correct zoning, described increasing property values while making a downward adjustment in the Sales Comparison Approach for date of sale/market conditions, failed to identify the type and definition of value, failed to include a signed certification, and failed to disclose the use of third-party photographs.
Certified General Licensee	30 hours Residential Sales Comparison and Income Approaches, 4 hours Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2: failed to correctly identify property characteristics, failed to prepare a credible Sales Comparison Approach due to reporting errors and omissions, reported gross income for properties that were vacant, statements regarding adjustments were inconsistent with the analysis, failed to prepare a credible Cost Approach by grossly underestimating depreciation, and failed to prepare a credible Income Approach by representing dated comparable rentals as current and not adequately reconciling a GRM range of over 240%.
Certified Residential Licensee	\$2,500 fine, 15-hour USPAP, 4 hours Scope of Work: Appraisals and Inspections, and 4 hours Report Certifications: What Am I Signing and Why?	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Conduct section of the Ethics Rule: falsely certified inspection of the interior of the subject property when such an inspection was not completed, and failed to disclose and summarize the extent of significant real property appraisal assistance.
Certified Residential Licensee	\$1,500 fine, 15 hours Advanced Residential Applications and Case Studies, and 4 hours Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2: failed to disclose and analyze the subject's recent prior MLS listing history, failed to reconcile the recent asking price with the significantly higher opinion of market value, failed to discuss and analyze the subject's proximity to a freeway, and failed to appropriately discuss and analyze the relevant characteristics of the comparable sales used resulting in an appraisal that was not credible.
Certified Residential Licensee	\$1,500 fine.	Violations of the California Code of Regulations: Respondent acted in an unprofessional and unethical manner by sending an inappropriate text message to the homeowner of the subject property. Additionally, Respondent provided false documentation to BREa during the investigation.

Reminders: Failure to Notify BREA in a Timely Manner Can Result in License Discipline

1. **Notify BREA of any changes to your contact information.** California Code of Regulations section 3527 requires written notification to BREA within 10 days of any change to:

- (1) Name
- (2) Residence or business phone number
- (3) Residence, business, or mailing address

Use the Change Notification and Miscellaneous Requests form (REA 3011) available on our website, 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
Attention: Licensing
1102 Q Street, Suite 4100
Sacramento, CA 95811

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

2. **Notify BREA of any convictions, felony charges, or other license discipline.** Business and Professions Code Section 11318 requires that 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)
- (3) 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 BREA at (916) 552-9000.



Department of Consumer Affairs
Bureau of Real Estate Appraisers
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WWW.BREA.CA.GOV