

# The CALIFORNIA Appraiser



## Director's Message

I would like to devote my message in this edition of *The California Appraiser* to the issue that has dominated the news for many months. Since January when the first rotating outages of electrical power occurred in the state, Californians have been abundantly aware of the electricity crisis. In the face of this challenge, the Governor and his administration have been working long hours to ensure that power continues to be available to all Californians with as little disruption as possible.

A reliable supply of electricity is the lifeblood of California's prosperity. Not only is Governor Davis working to keep electricity rates reasonable for consumers, but he is working hard to improve the capacity outlook by streamlining the process for bringing additional capacity online while maintaining California's commitment to clean air and water.

The Governor has also called upon all of us to reduce our demand for electricity to ensure that supplies continue to meet the needs of businesses and consumers. He has asked state employees to lead the way in energy conservation. State agencies and departments are cutting consumption by over 8 percent, and more than doubling that conservation effort during periods of energy alerts. The Office of Real Estate Appraisers has reduced its energy demand by approximately 16 percent.

As consumers and business people, you have an important role to play in conserving energy. Inside this edition of our newsletter, we have provided some valuable tips to help you reduce energy demand in your homes and offices. In addition, the Business, Transportation and Housing Agency has provided our readers with estimated savings for specific energy conservation measures. I urge you to review the energy-related articles inside and begin implementing these common sense energy saving measures as soon as possible.

Anthony F. Majewski

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# Assistance in the Preparation of an Appraisal

“What is the right way to acknowledge assistance?” “My client doesn’t want a trainee to sign on the report.” “How do I get credit toward a license for the appraisals I didn’t sign?” “Does this qualify for Category 1 or Category 10 work experience?” It seems so complicated.

These are some of the questions and statements that we frequently encounter at the Office of Real Estate Appraisers (OREA). These issues fall into two categories: 1) compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP), and 2) meeting OREA work experience documentation requirements.

USPAP covers the issue of assistance in several areas. *Standards Rule 2-3* requires that the appraiser include a signed certification, which states, in part, “no one provided significant real property appraisal assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)” The comment following this rule states that the assistant(s) must be named in the certification.

*Advisory Opinion 5* (AO5) states, in part, “If the principal appraiser signs the certification alone the contribution of the assistant must be acknowledged (*Standards Rule 2-3 or 8-3*) and the specific tasks performed by the assistant should be clearly stated as part of the scope of work disclosure required in *Standards Rule 2-2(a)(vii), (b)(vi), or (c)(vi)* ... as applicable.”

Many appraisers use Freddie Mac Form 439/Fannie Mae Form 1004B, which covers this issue in *Appraiser’s Certification Statement 9*. This certification begins by stating that the appraiser personally prepared all conclusions and opinions set forth in the appraisal report. It continues with a comment that if the appraiser relied on significant professional assistance, the appraiser has named the individual and disclosed the specific tasks performed by them in the reconciliation section of the appraisal report.

OK, now we know the official references, but how do we comply? It’s actually easy, just two or three steps:

- List the name of the assistant in the certification statement. If you are using the standard form 439/1004B, amend it so that it includes the assistant’s name;
- List the specific tasks performed by the assistant such as: defining the problem, preliminary analysis, data collection, inspection of the subject property, highest and best use analysis, land value estimate, application of the three approaches to value, final value conclusion, and report preparation, in your scope of work disclosure; and

(Continued on page 24)

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ACTING DIRECTOR



## Energy-Saving Tips for Your . . .

### Business

By the California Energy Commission

**R**unning a successful business means making every dollar count, and cutting back on unnecessary energy use is an easy way to keep your hard-earned money working for you. This guide is designed to help you target your energy-saving efforts for maximum value and impact.

*The savings numbers are based on your total summer electric bill. Equipment mentioned must be electric powered for estimates to be accurate.*

#### **FAST AND FREE**

Here are some suggestions you can put to work in minutes, and at absolutely no cost to you:

- √ **Turn up your thermostat**
  - During warm-weather months, set your thermostat to 78 degrees or higher . (Save 2 percent per degree above the old setting)
- √ **Eliminate wasted energy**
  - Close window blinds to shade interior spaces from direct sunlight. (Save 2 percent)
  - Put your computer, monitor, and printer on sleep mode when not in use. (Save 0.5 percent)
  - Turn off lights in unoccupied rooms. (Save 1-2 percent)
  - Keep exterior and freight doors closed as much as possible. (Save up to 2 percent)
  - Perform scheduled maintenance on air-conditioning units including cleaning condenser coils, replacing air filters, and checking ducts and pipe insulation for damage. (Save 2-5 percent)
  - Encourage employees to be energy conscious.
- √ **Optimize food service equipment**
  - Fully load cooking equipment in order to use energy more efficiently. (Save 1 percent)
  - Turn off backup fryers and ovens during low production periods. (Save 1 percent)
  - Make sure oven doors fit tightly and gaskets are in good condition. (Save 0.5 percent)

*(Continued on page 9)*

### Home

By the California Energy Commission

**T**hese tips are designed to help you choose effective ways to reduce your energy bills. Some measures may not be relevant depending on climate, the age of your home and appliances, and past improvements made to your home.

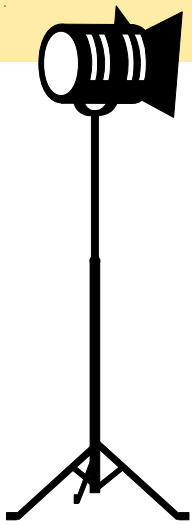
*The savings numbers are based on your total summer electric bill. Equipment mentioned must be electric powered for estimates to be accurate.*

#### **FAST AND FREE**

Cutting back unnecessary energy use is an easy way to reduce energy consumption while saving money. Here are some suggestions you can do at home, at absolutely no cost to you.

- √ **Turn up your Thermostat**
  - During warm-weather months, set your thermostat to 78 degrees when you are home and 85 degrees or off when you are away. Using ceiling or room fans allows you to set the thermostat higher because the air movement will cool the room. Always take into account health considerations and be sure to drink plenty of fluids in warm weather. (Save 1-3 percent per degree, for each degree the thermostat is set above 72 degrees)
- √ **Use your appliances wisely**
  - To help prevent electricity outages, avoid running your appliances during peak hours—**from 4 p.m. to 6 p.m.**—or anytime an electricity emergency is declared.
  - Do your laundry efficiently by using the warm or cold water setting for washing your clothes. Always use cold water to rinse clothes. (Save 4 percent).
  - Line dry clothes whenever you can. (Save up to 5 percent)
  - When you need to use the dryer, run full loads, use the moisture-sensing setting, and clean the clothes dryer lint trap after each use. (Save 0.5 percent)

*(Continued on page 11)*



# IN THE SPOTLIGHT



and provides guidance to the general public, specifically to individuals seeking to apply for a real estate appraiser license.

Anita has lived in the Sacramento area for 18 years and is originally from Redwood City, California. When away from OREA, Anita enjoys activities such as snowboarding and biking with family and friends.

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**A**nita Thomas is a Senior Licensing Technician in OREA's Licensing and Enforcement Division. Anita has been with OREA since April 1993. Her responsibilities involve reviewing various license applications to determine whether applicants meet the requirements for education and experience. In addition, Anita answers questions from

## CUSTOMER SERVICE SURVEY

One of the goals of OREA is to provide you with the best possible customer service. Your input is vital to OREA's success. Please help us serve you better by taking a few minutes to complete the survey on page 27 and mail it to the address indicated on the form, or fill out the survey found on our website and submit it automatically.



Secretary Maria Contreras-Sweet  
Business, Transportation and Housing Agency

# From the Secretary...

**R**unning a successful business means making every dollar count. Cutting back on unnecessary energy use is an easy way to keep your hard-earned money working for you. The following are some suggestions you can put to work in minutes and at absolutely no cost to you. These tips are designed to help you target your energy-saving efforts for maximum value and impact. (Please note that the savings numbers are based on your total warm weather electric bill. Equipment mentioned must be electric powered for estimates to be accurate).

## **FAST AND FREE**

- √ Turn up your thermostat. During warm-weather months, set your thermostat to 78 degrees or higher. (Save 2 percent per degree above the old setting).
- √ Eliminate wasted energy:
  - Close window blinds to shade interior spaces from direct sunlight. (Save 2 percent)
  - Put your computer, monitor, and printer on sleep mode when not in use. (Save 0.5 percent)
  - Turn off lights in unoccupied rooms. (Save 1-2 percent)
  - Keep exterior and freight doors closed as much as possible. (Save up to 2 percent)
  - Perform scheduled maintenance on air-conditioning units including cleaning condenser coils, replacing air filters, and checking ducts and pipe insulation for damage. (Save 2-5 percent)
  - Encourage employees to be energy conscious.
- √ Optimize food service equipment:
  - Fully load cooking equipment in order to use energy more efficiently. (Save 1 percent)
  - Turn off backup fryers and ovens during low production periods. (Save 1 percent)
  - Make sure oven doors fit tightly and gaskets are in good condition. (Save 0.5 percent)

## **INEXPENSIVE ENERGY SOLUTIONS**

- √ Make a quick trip to your local hardware store to purchase inexpensive energy saving tools and equipment.
- √ Provide the right light levels.
- √ Use bi-level switches to reduce lighting to the necessary light level. If workstations are equipped

with task lighting, consider disconnecting unnecessary lamps and fluorescent ballasts. Be sure to maintain safe lighting conditions. (Save up to 15 percent)

- √ Choose Energy Star® Lighting Products.
- √ Replace incandescent light bulbs with Energy Star® compact fluorescent light bulbs. (Save up to 10 percent)
- √ Install a programmable thermostat.
- √ Lowering your air conditioning when you are closed will avoid unnecessary cooling costs. (Save 1-4 percent)

## **GOOD ENERGY SAVING INVESTMENTS**

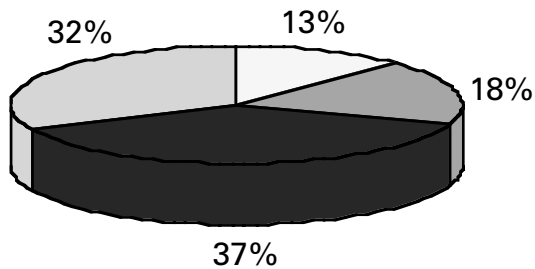
Planning to do some remodeling soon? When you are ready to replace equipment, consider these energy efficiency suggestions:

- √ Buy energy-efficient equipment
- √ When purchasing computers, monitors, printers, fax machines and copiers, choose Energy Star® models that “power down” after a user-specified period of inactivity. (Save 0.5 percent)
- √ Reduce your lighting costs:
  - Retrofit T12 lights and magnetic ballasts to T8 lights and electronic ballasts. (Save 10-15 percent)
  - Retrofit incandescent light bulbs with compact fluorescent lights. (Save 1-5 percent)
  - Remove excess fluorescent lamps. (Save up to 8 percent)
  - Install automatic room lighting controls to turn lights on or off, depending on occupancy or time of day. (Save 1-3 percent)
  - Retrofit incandescent or fluorescent exit signs with long-lasting, low-energy LED exit signs. (Save 0.2 percent)
- √ Improve the efficiency of your cooling and ventilation systems
  - Replace old package air conditioning systems with Energy Star® units, which are 20 to 30

(Continued on page 6)

# Did You Know . . .

The total number of active licensees in California by license level:\*



- ▣ Trainee
- ▣ Residential
- Certified Residential
- ▣ Certified General

Trainee (AT)	1,351 (13%)
Residential (AL)	1,944 (18%)
Certified Residential (AR)	4,051 (37%)
Certified General (AG)	<u>3,489</u> (32%)
Total:	10,835

\*As of April 16, 2001

## *From the Secretary* (continued)

percent more efficient than older models.  
(Save 2-8 percent)

- Install an energy management system to better control heating, ventilation, air conditioning equipment and lighting. (Save 2-8 percent)
  - Rewire restroom fans to operate with the lights. (Save up to 0.5 percent)
  - Install ceiling fans, which will enable you to raise the thermostat setting up to four degrees while maintaining the same comfort level. (Save up to 5 percent)
  - Install reflective window film, solar screens or awnings on south and west facing windows. (Save up to 5 percent)
  - Install an air conditioning economizer to bring in outside air when cool outside. (Save up to 5 percent)
  - When replacing roofing, install Energy Star® reflective roofing materials. (Save 1-8 percent)
- √ Tune up your refrigeration units
- Adjust door latches and replace worn door gaskets. (Save 0.5 percent)

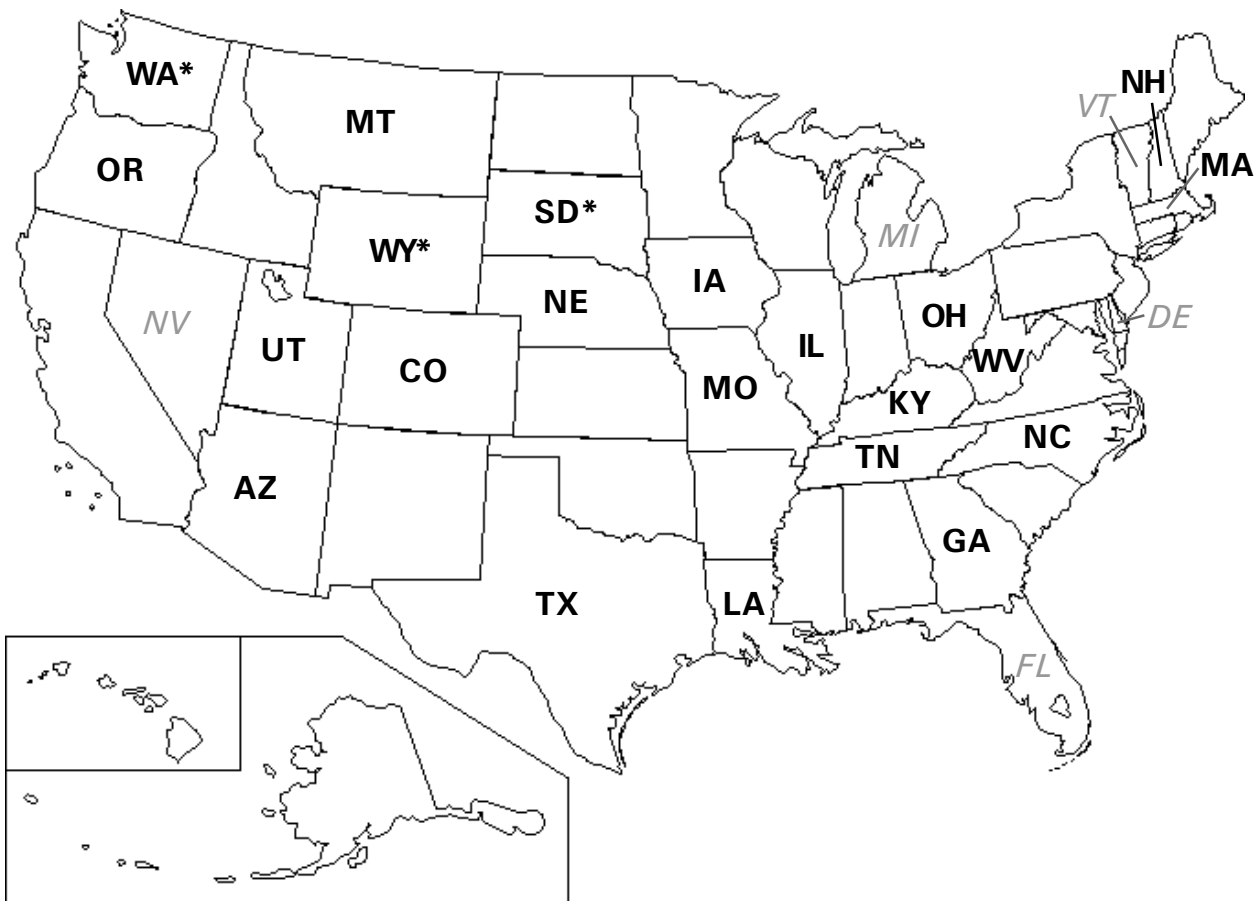
- Use insulated night covers on display cases. (Save 1 percent)
  - Install automatic door-closers and strip curtains on walk-in freezers or coolers. (Save up to 1 percent)
- √ Choose efficient food service equipment.
- √ Purchase insulated cooking equipment whenever possible (e.g., fryers, ovens, coffee machines). (Save up to 1 percent)

Check out [www.flexyourpower.ca.gov](http://www.flexyourpower.ca.gov) for more information.

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# Reciprocal Agreements

OREA recently made regulatory changes that allow the office to enter into mutual agreements with other states so that it will be able to issue California licenses without additional testing of real estate appraisers who hold licenses in those states. As of April 16, 2001, twenty-two states had entered into reciprocal agreements with the state of California. States that have entered into agreements are indicated in bold face and those that have declined to do so in light-face italics. Typically, states that decline to enter into reciprocity agreements do not have the authority to do so. If you have any questions regarding a particular state's status, please contact the appropriate real estate appraiser office in that state.



\*Reciprocal agreement is valid at the certified level only.



We do appreciate hearing from you! Following are a few of the comments that OREA has recently received.

*Carlsbad*

[I] forgot to sign one of [the] renewal forms. [I] asked [I] if I was the only appraiser who did so. [The] reply was that I was not. [I] felt much better about not being [the] only one.

*Diamond Bar*

Would love to get my license upgraded to "certified." Are there organizations the OREA mostly recommends or

advises to use? Response: As a state agency, OREA cannot recommend the use of any specific organizations or schools. However, a list of OREA-approved course providers may be obtained from our website at [www.orea.ca.gov](http://www.orea.ca.gov). If you do not have access to our website, you may obtain a copy of the list by contacting our office at (916) 263-0722.

*Grass Valley*

Staff member went out of her way to be helpful.

*Irvine*

Keep up the good work!

*Lodi*

Thanks to Paul Ketchum on his prompt service. He called the lender immediately, which gave me great satisfaction knowing that we as appraisers have somewhere to turn.

*Orange*

John Brenan and Karen Estampa are always very helpful.

*Pico Rivera*

The recent increases in fees and reductions of license period amount to a 140% increase. This is unreasonable and unfair. It creates a genuine hardship on many licensees and needs to be addressed. Response: In 1999, the Legislative Analysts' Office noted that OREA's fee structure did not appear to generate enough revenue to fund the office's level of activities and recommended that a plan be developed to include expenditure and revenue levels sufficient to meet OREA's mission. Also, the Bureau of State Audits recommended that the term of licensure be reduced from four years to two years in order to even out the revenue stream

coming into the office. The Appraisal Institute sponsored AB 431 to address both of these recommendations. We realize that fees are high and we want to emphasize that OREA is committed to reducing costs and increasing operational efficiencies in the future. In fact, OREA has recently cut annual operating expenditures by \$458,000.

*San Clemente*

John Brenan has always been most helpful and informed on course approval matters.

*Santa Clara*

My application for renewal of my Certified General [license] was mailed October 27, 2000, from Santa Clara. . . . my renewal certificate arrived December 2, 2000. I appreciate the timely response by OREA! Thank you very much.

*Yuba City*

Marcia was very helpful in assisting me in getting my early renewal of my license, which I appreciated very much.

*Location Not Specified*

[OREA] responded to my e-mail with a phone call to answer my question. Much appreciated!

*Location Not Specified*

The checklist was incomplete. It did not clearly identify that proof of citizenship and the form for that were required. This resulted in delay of the renewal process. Response: A Statement of Citizenship, Alienage, and Immigration Status for State Public Benefits (REA 3030) and proof of legal presence in the United States is a relatively new federal requirement that OREA implemented in September 1998. By law, OREA's forms are part of its regulations, which must be changed through the public adoption process in order to update its forms. This process was completed in May 2000. The checklist is now correct.

*Location Not Specified*

I was very pleasantly surprised when I received my renewal license only after two weeks of submission! Thank you!

(Continued on page 12)



# Energy-Saving Tips for Your Business *(continued)*

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- √ **Provide the right light levels**
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- √ **Choose Energy Star® Lighting Products**
  - Replace incandescent light bulbs with Energy Star® compact fluorescent light bulbs. (Save up to 10 percent)
- √ **Install a programmable thermostat**
  - Lowering your air conditioning when you are closed will avoid unnecessary cooling costs. (Save 1-4 percent)

## **GOOD ENERGY SAVING INVESTMENTS**

Planning to do some remodeling soon? When you are ready to replace equipment, consider these energy efficiency suggestions:

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- √ **Reduce your lighting costs**
  - Retrofit T12 lights and magnetic ballasts to T8 lights and electronic ballasts. (Save 10-15 percent)
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  - Remove excess fluorescent lamps. (Save up to 8 percent)
  - Install automatic room lighting controls to turn lights on or off, depending on occupancy or time of day. (Save 1-3 percent)
  - Retrofit incandescent or fluorescent exit signs with long-lasting, low-energy LED exit signs. (Save 0.2 percent)
- √ **Improve the efficiency of your cooling and ventilation systems**
  - Replace old package air conditioning systems with Energy Star® units, which are 20 to 30

- percent more efficient than older models. (Save 2-8 percent)
- Install an energy management system to better control heating, ventilation, air conditioning equipment and lighting. (Save 2-8 percent)
- Rewire restroom fans to operate with the lights. (Save up to 0.5 percent)
- Install ceiling fans, which will enable you to raise the thermostat setting up to four degrees while maintaining the same comfort level. (Save up to 5 percent)
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- When replacing roofing, install Energy Star® reflective roofing materials. (Save 1-8 percent)
- √ **Tune up your refrigeration units**
  - Adjust door latches and replace worn door gaskets. (Save 0.5 percent)
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- √ **Choose efficient food service equipment**
  - Purchase insulated cooking equipment whenever possible (e.g., fryers, ovens, coffee machines). (Save up to 1 percent)

Check out [www.flexyourpower.ca.gov](http://www.flexyourpower.ca.gov) for more information.

## **FYI—**

All of OREA's forms and instructions, including the *Change Notification and Miscellaneous Requests* form (REA 3011), are available for downloading from our website. Our web page address is:

[www.orea.ca.gov](http://www.orea.ca.gov)



Your business may  
***NOW*** qualify for . . .

# “Small Business” Certification with the State of California!

**On January 1, 1999, the legal definition of “small business” changed, making it possible for more small businesses to qualify for this valuable certification.**

## **Does your firm have:**

- Annual receipts of \$10 million or less?
- One-hundred or fewer employees?
- Is your firm’s principal office located in California and its owners and officers living in California?
- Is it independently owned and operated?

If so, your firm might be eligible for the benefits that small business certification offers.

## **Certification Benefits**

As a certified small business, you:

- Qualify for a 5% bid preference on applicable state contracts.
- Are eligible for benefits under the Prompt Payment Act, including higher interest penalties for late, undisputed invoice payments.
- Are listed in the state’s Internet Certified Firm Listing giving your firm more visibility and expanded business networking opportunities.

*Contact us to find out more at:*

Office of Real Estate Appraisers  
Business Services Branch  
Small Business Advocate  
1775 Creekside Oaks Drive, Suite 190  
Sacramento, California 95833

Peggy Okabayashi,  
Small Business Advocate: (916) 263-0777  
Fax: (916) 263-0880  
E-mail: pokabayashi@orea.ca.gov  
Website: www.orea.ca.gov

# Energy-Saving Tips for Your Home *(continued)*

- Conserve energy by running your dishwasher only when it is fully loaded, and turn off the dry cycle and air dry dishes instead. (Save 1 percent)
- √ **Operate swimming pool filters and cleaning sweeps efficiently**
  - Reduce the operating time of your pool filter and automatic cleaning sweep to 4 to 5 hours, and only during off-peak time. (Save 1-2 percent per hour of reduction)
- √ **Eliminate wasted energy**
  - Turn off appliances, lights and equipment when not in use. (Save 2 percent)
  - Unplug electronic devices and chargers when they aren't in use—most new electronics use electricity even when switched “off”. Turn computers and printers off at the power strip. (Save 1-2 percent)
  - Unplug or recycle that spare refrigerator in the garage if you don't really need it. This will save you \$150 per year! (Save 10–20 percent)

## **INEXPENSIVE ENERGY SOLUTIONS**

Make a quick trip to your local hardware store to purchase inexpensive energy saving tools and equipment.

- √ **Replace air conditioner filters**
  - Dirty filters restrict airflow and can cause the system to run longer, increasing energy use. Replace filters monthly for maximum benefit. (Save 1-2 percent)
- √ **Plug your home's leaks**
  - Weather-strip, seal, and caulk leaky doors and windows, and install foam gaskets behind outlet covers. (Save up to 2 percent)
- √ **Choose Energy Star® products**
  - Buy Energy Star® certified table lamps and light fixtures, and replace your incandescent light bulbs that are used more than two hours per day with Energy Star® compact fluorescent bulbs. For example, install compact fluorescent bulbs in your porch light if you leave it on overnight. (For each bulb you'll save 0.2 percent for each hour the bulb operates on a typical day. Therefore, replacing an incandescent bulb that burns 10 hours per day will save 2 percent)
  - Buy Energy Star® certified torchieres. (Save up to 1 percent for each hour/day that it's on)
  - Install an Energy Star® programmable thermostat. (Save 1-3 percent)

## **GOOD ENERGY SAVING INVESTMENTS**

Planning to do some remodeling soon? Time to replace old appliances? Consider these energy efficiency suggestions when you make purchases.

- √ **Install a whole house fan**
  - A whole house fan is permanently installed in your attic and draws cool air into your home through the windows while forcing hot air out through your attic vents. Use after sundown when the outside temperature drops below 80 degrees, and in the early morning to cool your house and help reduce your air conditioning use. (Save up to 5 percent)
- √ **Install window shading**
  - Install patio covers, awnings, and solar window screens to shade your home from the sun. For additional future savings, use strategically planted trees, shrubs and vines to shade your home. (Save 5 percent)
- √ **Invest in a new air conditioner unit**
  - If your air conditioner is on the way out, buy an Energy Star® air conditioner. (Save up to 10 percent)
- √ **Seal your ducts**
  - Leaking ductwork accounts for 25 percent of cooling costs in an average home, so have your ducts tested and have any leaks or restrictions repaired by a qualified contractor. Note: duct cleaning is not the same as duct sealing. (Save 10 -20 percent)
- √ **Replace your refrigerator with an Energy Star® model**
  - Refrigerators with a top or bottom freezer design can save you an additional 2-3 percent on your bill compared to a side-by-side design. (Save 10 percent)
- √ **Increase attic insulation**
  - If existing insulation level is R-19 or less, consider insulating your attic to at least R-30. (Save 10 percent)
- √ **Install Energy Star® windows**
  - If your windows are due for replacement, Energy Star® windows can make your house more comfortable year-round. (Save up to 10 percent)

Check out [www.flexyourpower.ca.gov](http://www.flexyourpower.ca.gov) for more information.

### *Location Not Specified*

I contacted OREA by e-mail with a question regarding USPAP. The information provided was clear and precise. This type of communication is helpful in avoiding confusion and potential problems. Thank you.

### *Location Not Specified*

When publishing disciplinary actions, the person's city should also be given to avoid confusion. *Response: We think this is a good idea for public disciplinary actions and we have implemented it! See Enforcement Actions on page 14 and thank you!*

## Remember, USPAP Is On-Line!

The 2001 Uniform Standards of Professional Appraisal Practice can be viewed on The Appraisal Foundation's website under the heading "Appraisal Standards Board." There is a link to their website through OREA's web page under the heading "Related Sites."

For your information, the address of our website is:

[www.orea.ca.gov](http://www.orea.ca.gov)

## THE CALIFORNIA APPRAISER WANTS YOU!

OREA continues to invite its readers to submit articles for consideration for publication in *The California Appraiser*. Authors need not be appraisers; however, articles should address issues of interest to the appraisal industry.

OREA will review the information submitted and, if appropriate, publish the article in a future edition of *The California Appraiser* newsletter. All articles are subject to editing for length and content. Articles submitted cannot be returned.

Submit your articles to:

Tom Morrison, Legislative &  
External Affairs Coordinator  
Office of Real Estate Appraisers  
1755 Creekside Oaks Drive, Suite 190  
Sacramento, California 95833

# Basic Education vs. Continuing Education

It is important to know the education requirements for the type of license you are applying for in order to ensure that you pay for and complete the correct classes. Basic education is required for an initial or upgrade license. Continuing education is required for license renewal.

Basic education requirements are as follows:

<u>Trainee License</u>	<u>Residential License</u>	<u>Certified Residential License</u>	<u>Certified General License</u>
A minimum of 90 hours of appraisal related education covering the specific topics required by the Appraiser Qualifications Board (AQB), with at least 15 hours on the Uniform Standards of Professional Appraisal Practice (USPAP).	A minimum of 90 hours of appraisal related education covering the specific topics required by AQB, with at least 15 hours on USPAP.	A minimum of 120 hours of appraisal related education covering the specific topics required by AQB, with at least 15 hours on USPAP.	A minimum of 180 hours of appraisal related education covering the specific topics required by AQB, with at least 15 hours on USPAP.

For specific basic education topics, refer to OREA's *Licensing Requirements Handbook*.

Continuing education requirements must be taken during a licensee's "continuing education cycle." The continuing education cycle is a **four-year cycle**. An average of fourteen hours of approved continuing education is required for each year in which a license is valid for six months or more. Any continuing education taken prior to the continuing education cycle start date or after the cycle end date cannot be counted toward the required continuing education hours for that particular cycle.

Since new licenses are valid for two years and proof of completion of continuing education is only required once every four years, confusion may exist as to the continuing education cycle start date. Keeping in mind that continuing education must be submitted once every four years (or every other renewal), the continuing education cycle start date will be the last issuance date of a license that was renewed based on submitting proof of continuing education.

The two-year license that does not require proof of continuing education, in which only renewal fees are submitted to OREA, does not impact the continuing education cycle start date. In addition, if a license is upgraded the continuing education cycle start date will not be impacted.

Continuing education **cannot** be used for basic education. However, basic education may be used for **both** continuing and basic education.

If disciplinary education is required, the final disposition will define the requirement of basic education. Be sure to tell the course provider whether you need basic or continuing education. If you are not sure what is required, please contact OREA at (916) 263-0722.

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# ENFORCEMENT ACTIONS

Enforcement actions are based upon 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 their face yet warrant different sanctions. For a description of the criteria followed by OREA in enforcement matters, please refer to Title 10, Article 12 (commencing with section 3721) of the California Code of Regulations. The following actions do not include letters of warning.

## **Public Disciplinary Actions**

### *Revocations*

Adams, Richard J.  
AR022862  
Union City  
10/26/00. Director adopted Administrative Law Judge's proposed decision revoking appraiser license. \$2,500 fine. Violations of USPAP S.R. 1 and 2 and the Conduct Section of the Ethics Rule: misrepresentation of the comparable sales used in the Sales Comparison Approach; commission of gross overvaluations of the subject properties.

Compton, Tara L.  
AR017422  
Grand Terrace  
11/15/00. Settlement Agreement revoking right to renew license. Alleged violations of USPAP S.R. 1 and 2, Competency Provision: incorrectly reported key physical characteristics of the subject property's site; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach and Income Approach; commissions of gross overvaluations of the subject properties.

Klofkorn, Alan F.  
AG003099  
Irvine  
03/12/01. Accusation/Default Decision revoking right to renew license. Violation of Business and Professions Code Section 11321(d): signing an appraisal report as a state certified real estate appraiser (general) while not holding a valid license; failure to comply with previous disciplinary action.

Lair, Sherman  
AG020218  
Claremont  
2/7/01. Accusation/Default Decision revoking appraiser license: \$5,000 fine, \$9,567 enforcement costs. Violations of USPAP S.R. 1 & 2, Conduct Section of the Ethics Rule: commission of a series of errors in describing the physical characteristics of the subject properties, failure to disclose and analyze recent sales within one year of the effective date of the appraisal; failure to disclose and analyze current agreements of sale and/or recent listing histories of the subject properties; commission of a series of errors in the Sales Comparison Approach to value for multiple properties resulting in gross overvaluations.

Mazurier, Dennis L.  
AR005183  
Placentia  
1/22/01. Accusation/Default Decision revoking right to renew appraiser license. Failure to complete terms of previous disciplinary action imposed 6/22/99.

Rock, Edward L.  
AR023411  
West Covina  
10/26/00. Accusation/Default Decision revoking appraiser license. Violations of USPAP S.R. 1 & 2, Ethics Rule, and Competency Rule: commission of a significant overvaluation of a residential property; failure to accurately describe the actual condition of the subject property's improvements; failure to disclose an Extraordinary Assumption and Limiting Condition.

### *Resignations*

Buehler, Scott H.  
AT022819  
Brea  
2/15/01. Resigned license while under investigation. Convicted of misdemeanor violation of Penal Code Section 602(1).

<p>Del Rosario, Edgardo D. AL027343 Torrance</p>	<p>04/01/01: Settlement Agreement, resigned license, \$1,000 Enforcement Costs. Alleged violations of USPAP S.R. 1 &amp; 2 and Ethics Provision: misrepresented physical descriptions of comparable sales and intentionally photographed a property that was not the comparable sale; falsely certified a trainee's appraisal experience log.</p>
<p>Orton, Kevin L. AR018598 San Juan</p>	<p>12/7/00. Settlement Agreement, resigned license. \$2,500 Enforcement Costs. Alleged violations of USPAP S.R. 1 &amp; 2 and Ethics Provision: incorrectly performed the Sales Comparison Approach by utilizing comparable sales significantly superior to the subject properties; failed to correctly analyze and disclose pending sale agreements for the subject properties; commission of gross overvaluations for the subject properties; convicted of misdemeanor violation of Penal Code section 240.</p>
<p>Reinke, Randall E. AG009910 Ontario</p>	<p>12/26/00. Settlement Agreement, resigned license while under investigation, public reproof. Alleged violations of USPAP S.R. 1 and 2: incorrectly reported key physical characteristics of the subject property's site; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach and Income Approach to value.</p>
<p>Schiefer, Charles W. AR012066 Riverside</p>	<p>2/28/01. Settlement Agreement, resigned license before Administrative Hearing, \$3,000 fine and enforcement costs. Violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Rule: fraudulently misrepresented the physical descriptions of comparable sales and intentionally photographed properties that were not the comparable sales in the commission of an overvaluation; misrepresentation of key physical characteristics of the subject property; failure to analyze a current agreement of sale.</p>
<p>Shen, Michael Y. AG010257 Walnut</p>	<p>02/15/01. Resigned license while under investigation. Violations of USPAP S.R. 1 and 2, Conduct section of the Ethics Rule, Competency Rule, and California Code of Regulations section 3568(g): commission of a series of significant errors in the preparation of appraisal reports resulting in misleading reports, failure to adequately supervise a trainee.</p>
<i>Suspensions</i>	
<p>Altenburg, Fred AR008010 Chino</p>	<p>4/13/01. License suspended due to failure to comply with terms of prior disciplinary action.</p>
<p>Fong, Lee AG006520 Sacramento</p>	<p>3/28/01. License suspended due to failure to comply with terms of prior disciplinary action.</p>
<p>Novak, David E AL012793 Santa Ana</p>	<p>10/19/00. Settlement agreement, \$1,500 fine, 30 day suspension. Alleged violations of USPAP, Conduct Section of Ethics Rule and CCR 3721(a)(2) and 3702 (a): intentionally misled investigators to give impression that he had given permission for someone to use his signature on appraisal reports.</p>
<p>Wilson, Jimmy R. AR007192 Tustin</p>	<p>2/7/01. License suspended due to failure to comply with terms of prior disciplinary action.</p>

*(Continued on page 16)*

# ENFORCEMENT ACTIONS *(continued)*

## *Public Reprovals/Fines*

Berner, David D. AL019517 Palm Desert	4/12/01. Amended Decision. \$2,000 fine, 15 hrs. USPAP, 45 hrs. of basic education, public reproof. Violations of USPAP S.R. 1 and 2, Record Keeping Section of the Ethics Rule: failure to maintain an adequate workfile; commission of a series of errors in the Income Approach of a multi-family property; commission of a significant overvaluation.
Cessna, Phil A. AL018334 Willits	11/20/00. Settlement Agreement, \$4,000 fine, 15 hrs. USPAP, 40 hrs. basic education, public reproof. Alleged violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Rule: incorrectly reported key physical characteristics of the subject property's site and improvements; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Chang, Keisei C. AL010760 Rowland Heights	12/14/00. Settlement Agreement, \$2,000, public reproof. Alleged violations of USPAP S.R. 1 and 2: incorrectly reported key legal and physical characteristics of the subject property; failure to report and analyze a pending agreement of sale and a previous transfer of the subject property within the last 12 months; failure to employ correct methodology in the Sales Comparison Approach.
Gleason, Seth P. AL021136 Tustin	12/19/00. Settlement Agreement, \$1,500 fine, 15 hrs. USPAP, 45 hrs. basic education, public reproof, one year appraisal log for monitoring, license restriction requiring that all appraisals on 2-4 unit properties to be co-signed by a Certified Residential or Certified General licensee in good standing with OREA. Alleged violations of USPAP S.R. 1 and 2, Record Keeping Section of the Ethics Rule, Competency Rule: incorrectly reported key physical characteristics of the subject property's site; commission of errors in the Sales Comparison Approach and Income Approach; failure to maintain a copy of an appraisal report and associated workfile.
Helgeson, Steven K. AL014932 Upland	12/18/00. Settlement Agreement, \$3,000 fine, 15 hrs. USPAP, 45 hrs. basic education, public reproof, two year license restriction requiring all 2-4 unit appraisals to be co-signed by a Certified Residential or Certified General licensee in good standing with OREA,. Alleged violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Provision, Competency Provision: failure to employ proper methodology in the Income Approach; failure to employ proper methodology in the Sales Comparison Approach to value; commission of significant overvaluations on multiple properties.
McEwen, Timothy D. AG008887 Sonora	2/8/01. Citation/Final Order, \$2,000 fine, public reproof. Violation of Business and Professions Code Section 11321(a); referencing a state certification number without being licensed.
Odle, Page Y. AL015734 Oxnard	11/1/00. Settlement Agreement, \$4,000 fine, 15 hrs. USPAP, 60 hrs. basic education, public reproof. Alleged violations of USPAP S.R. 1 and 2: failure to report previous sales of subject properties; misrepresented the comparable sales used in the analysis; commission of significant overvaluations of multiple properties.
Ricevuto, Vincent P. AR001925 Lafayette	11/28/00. Settlement agreement, \$4,000 fine, license downgraded from Certified General to Certified Residential, public reproof. Alleged violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Rule: misrepresentation of key physical and income data of rental comparables employed in the Income Approach; misrepresentation of key physical characteristics and income and expense data of the



comparable sales employed in the Sales Comparison Approach; failure to provide a true and accurate copy of the appraisal report that was the subject of the investigation.

### **Private Reprovals**

Certified General licensee	2/20/01. Settlement Agreement, \$1,500 fine, private reapproval. Alleged violations of USPAP S.R. 1 and 2, Competency Rule: incorrectly reported key physical characteristics of the subject property's site and the condition of the improvements; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Certified Residential licensee	12/19/00. Citation/Final Order. \$750 fine, 15 hrs. USPAP, 20 hrs. basic education, private reapproval. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze the sales data used in the Sales Comparison Approach; failure to accurately describe the subject property's key legal and physical characteristics.
Certified Residential licensee	11/30/00. Settlement agreement, \$750 fine, 15 hrs. USPAP, private reapproval. Alleged violations of USPAP S.R. 1 and 2: failure to analyze the previous sale of the subject property within one year of the effective date of the appraisal; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Certified General licensee	11/1/00. Settlement agreement, \$2,000 enforcement costs, private reapproval. Alleged violations of USPAP S.R. 1 and 2: failure to provide adequate support for conclusion of value in the Sales Comparison Approach for multiple properties; failure to provide adequate disclosure and reasoning to support analysis for conclusions in the Income Approach for multiple properties.
Residential licensee	3/23/01. Citation/Final Order, \$750 fine, 15 hrs. USPAP, private reapproval. Violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Rule: falsely certifying an interior inspection of the subject property; failure to identify recent upgrades to the subject property's improvements.
Certified Residential licensee	12/5/00. Citation/Final Order, \$750 fine, 15 hrs. USPAP, 15 hrs. basic education, private reapproval. Violations of USPAP S.R. 1 and 3 and Competency Rule: commission of a series of errors in the review of the Sales Comparison Approach; commission of a significant overvaluation of the subject property through a review report.
Certified General licensee	3/2/01. Citation/Final Order, 15 hrs. USPAP, 20 hrs. basic education, private reapproval. Violations of USPAP S.R. 1 and 2: failure to provide adequate support for all conclusions in the Sales Comparison Approach; failure to accurately describe all of the subject property's key physical characteristics.
Certified Residential licensee	4/13/01. Citation/Final Order. \$1,000 fine, 15 hrs. USPAP, 20 hrs. basic education, private reapproval. Violations of USPAP S.R. 1 and 2, Record Keeping Section of the Ethics Rule, Competency Rule: failure to accurately define and analyze the subject property's neighborhood; failure to select appropriate sales data in the Sales Comparison Approach.

*(Continued on page 18)*

# ENFORCEMENT ACTIONS *(continued)*

Applicant for AT license	3/13/2001. Settlement Agreement. Requirement that licensee adhere to terms of court ordered probation. Any violations will result in automatic revocation of license. Convicted of misdemeanor violations of Penal Code Section 166 (1), disobeying court orders.
Certified Residential licensee	10/20/00. Citation/Final Order, \$750 fine, 15 hrs. USPAP, 30 hrs. basic education. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze the sales data used in the Sales Comparison Approach; failure to accurately describe the subject property's site and improvements.
Certified Residential licensee	11/3/2000 Citation/Final Order, \$2,500 fine, 15 hrs. USPAP, 45 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Competency Rule: failure to accurately report all physical characteristics of the subject property, failure to accurately verify and analyze the actual transfer data of the sales used in the Sales Comparison Approach.
Certified General licensee	01/11/2001. Citation/Order, \$500 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to provide adequate support for the value estimate in the Sales Comparison Approach.
Certified Residential license	3/26/01. Settlement Agreement, \$2,000 fine, 90 day suspension stayed, 15 hrs. USPAP, and 20 hrs. basic education, four month appraisal log with appropriate review fees. Alleged violations of USPAP S.R. 1 and 2: failure to disclose current agreements of sale and listings on properties being appraised; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach and Income Approach.
Certified Residential licensee	11/7/00. Citation/Final Order, \$250 fine, 15 hrs. USPAP, private reproof. Violations of USPAP S.R. 1 and 2: commission of a series of reporting errors throughout the appraisal; failure to disclose and analyze the previous sale for the subject property.
Residential licensee	4/10/01. Citation/Final Order. \$500 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to analyze a current agreement of sale and a previous sale that occurred during the past 12 months prior to the effective date of the appraisal; failure to adequately account for all "cost to cure" items in the estimate of an "as-is" value.
Certified Residential licensee	11/27/00. Settlement Agreement. \$3,000 fine, 15 hrs. USPAP, 45 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2 and Competency Provision: failure to report previous sales of subject properties; misrepresented the comparable sales used in the analysis; commission of significant overvaluations of multiple properties.
Certified Residential licensee	01/11/2001 Citation/Final Order, \$750 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: commission of a series of errors in the Sales Comparison Approach; failure to provide adequate support for the value estimate in the Income Approach.
Certified Residential licensee	12/11/00. Settlement Agreement, \$250 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe key physical characteristics of the subject property's site and improvements; failure to select comparable sales similar to the subject property.

Certified Residential licensee	1/11/01. Citation/Final Order, \$500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to analyze a current agreement of sale for the subject property; failure to provide adequate support for adjustments and conclusions in the Sales Comparison Approach.
Residential licensee	3/12/01. Citation/Final Order. \$500 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze key site and physical characteristics of the subject property; commission of a series of errors in the Sales Comparison Approach.
Certified General licensee	3/23/01. Citation/Final Order. \$1,000 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Competency Rule: failure to accurately describe and analyze key locational and legal characteristics of the subject property; failure to provide adequate analysis and support for conclusions in the Sales Comparison Approach resulting in an overvaluation.
Certified Residential licensee	11/7/00. Settlement Agreement, \$2,000 fine, 15 hrs. USPAP, private reproof. Alleged violations of USPAP S.R. 1 and 2: failure to disclose the actual condition of the subject property that was in the process of renovation on the effective date of the appraisal, misrepresentation of key amenities of the comparable sales utilized in the Sales Comparison Approach.
Residential licensee	11/7/00. Citation/Final Order, \$500 fine, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze the subject property's neighborhood and market area; omitted relevant comparable sales within the immediate neighborhood.
Certified Residential licensee	2/8/01. Citation/Final Order. \$250 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze the sales data used in the Sales Comparison Approach; failure to accurately describe the subject property's key physical characteristics.
Certified Residential licensee	11/29/00. Citation/Final Order, \$250 fine, 15 hrs. USPAP, private reproof. Violations of USPAP S.R. 1 and 3: failure to employ correct methodology in a review assignment resulting in an overvaluation.
Certified Residential licensee	3/28/01. Citation/Final Order. \$500 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze key legal and physical characteristics of the subject property; failure to provide adequate support for conclusions in the Sales Comparison Approach.
Certified Residential licensee	12/13/00. Settlement agreement, \$1,000 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2, Competency Rule: failure to adequately inspect, describe and analyze the subject property; failure to employ correct methodology in the Sales Comparison Approach.
Certified General licensee	11/1/00. Settlement agreement, \$1,500 enforcement costs, private reproof. Alleged violations of USPAP S.R. 1 and 2: failure to provide adequate support for conclusion of value in the Sales Comparison Approach for multiple properties; failure to provide

*(Continued on page 20)*

# ENFORCEMENT ACTIONS *(continued)*

	adequate disclosure and reasoning to support analysis for conclusions in the Income Approach for multiple properties.
Residential licensee	11/3/00. Citation/Final Order, \$1,500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to accurately describe and analyze the value level and marketing conditions in the subject property's neighborhood; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Certified Residential licensee	3/13/01. Citation/Final Order. \$1,500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Competency Rule: failure to accurately describe and analyze key locational and physical characteristics of the subject properties, commission of a series of errors in the Sales Comparison Approaches.
Residential licensee	12/5/00. Citation/Final Order, \$2,000 fine, 15 hrs. USPAP, private reproof. Violations of USPAP S.R. 1 and 2; commission of a series of errors in the Sales Comparison Approach; commission of a series of errors in the Income Approach.
Residential licensee	1/22/01. Citation/Final Order, \$500 fine, 15 hrs. USPAP, private reproof. Violations of USPAP S.R. 2, Conduct Section of the Ethics Rule: falsely certified that inspection of the property had been completed when inspection was completed by another appraiser.
Certified General licensee	12/05/2000 Citation/Final Order, \$1,000 fine, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to provide adequate support for the subject property's estimated absorption period; failure to correctly analyze the impact of the subject property's bonded indebtedness in comparison to the comparable properties utilized in the Sales Comparison Approach.
Certified Residential licensee	12/28/00. Citation/Final Order, \$1,500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Provision, Competency Provision: failure to accurately describe key physical attributes of the subject property; failure to disclose and analyze a pending sale of the subject property; commission of a significant overvaluation of the subject property.
Residential license	11/7/00. Settlement Agreement, \$750 fine, 15 hrs. USPAP, private reproof. Alleged violations of USPAP S.R. 1 and 2: falsely certified interior inspection of the subject property; commission of a misleading appraisal report.
Certified Residential licensee	1/4/01. Citation/Final Order, \$1,000 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to provide an accurate description of the subject property's key site and improvement characteristics; failure to correctly employ the Sales Comparison Approach.
Certified Residential licensee	12/7/00. Citation/Final Order, \$250 fine, 15 hrs. USPAP, private reproof. Violations of USPAP S.R. 1 and 2: commission of a series of errors in the Sales Comparison Approach; failure to accurately describe the subject property's improvements.

Residential licensee	11/9/00. Citation/Final Order, \$1,500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: misrepresentation of key physical characteristics of the subject property's site and improvements; incorrectly selected comparable sales with superior site amenities while excluding comparable sales similar to the subject property; commission of a significant overvaluation of the subject property.
Certified Residential licensee	12/4/00. Citation/Final Order, \$1,500 fine, 15 hrs. USPAP, 30 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: commission of a series of errors in the Sales Comparison Approach; commission of a significant overvaluation of the subject property.
Certified Residential licensee	3/21/01. Default Decision: \$2,000 fine, 15 hrs. USPAP, 45 hrs. of basic education, private reproof, maintenance of a one year appraisal log with corresponding review fees. Violations of USPAP S.R. 1 & 2, Conduct Section of the Ethics Rule: commission of a series of errors in describing the physical and legal characteristics of the subject property, failure to analyze a current agreement of sale for the subject property, misrepresentation of key attributes of the comparable sales used in the Sales Comparison Approach.
Residential licensee	1/17/01. Citation/Final Order, \$500 fine, private reproof. Violations of USPAP S.R. 1 and 2; commission of a series of errors in the Sales Comparison Approach; failure to accurately report key physical and legal characteristics of the subject property.
Certified General licensee	1/8/01. Settlement Agreement, \$500 fine, 15 hrs. USPAP, 25 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2: failure to accurately describe the actual condition of the subject property and report appropriate depreciation estimates in the Cost Approach; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Residential licensee	12/26/00. Citation/Final Order. \$1,000 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Conduct Section of the Ethics Rule: failure to accurately describe and analyze the sales and rental data used in the Sales Comparison Approach and Income Approach; failure to analyze the prior sale of the subject property within one year of the date of the appraisal.
Residential licensee	12/13/00. Settlement Agreement, \$1,200 fine, 15 hrs. USPAP, 45 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2: failure to disclose and analyze a previous sale of the subject property that occurred within one year of the appraisal date; failure to employ correct methodology in the Sales Comparison Approach.
Residential licensee	11/15/00. Settlement agreement, \$750 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2: incorrectly reported key physical characteristics of the subject property's site and improvements; failure to provide supporting analysis for the conclusions in the Sales Comparison Approach.
Certified Residential licensee	3/6/01. Settlement Agreement, \$2,400 fine, 15 hrs. USPAP, 40 hrs. basic education, private reproof. Alleged violations of USPAP S.R. 1 and 2, Conduct Section of the

*(Continued on page 22)*

Ethics Rule, and the Competency Rule: failure to analyze a current agreement of sale and previous sale within one year of the subject property; failure to provide sufficient supporting analysis for the conclusions in the Sales Comparison Approach and Income Approach; misrepresentation of key physical characteristics of the subject property.

Certified Residential licensee 01/11/2001 Citation/Order, \$500 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2: failure to provide adequate support for the value estimate in the Sales Comparison Approach.

Residential licensee 3/19/01. Citation/Final Order. \$1,000 fine, 15 hrs. USPAP, 20 hrs. basic education, private reproof. Violations of USPAP S.R. 1 and 2, Competency Provision: failure to properly analyze the personal property included in the subject property's purchase price; failure to select recent comparable sales in the subject property's condominium project resulting in a significant overvaluation; failure to provide adequate support for the conclusions of market rent and GRM.

### **Criminal Prosecutions (referred by OREA)**

Olea, Robert N.  
Montclair 12/11/00 Action handled by Los Angeles County DA.. Convicted of violation of Business and Professions Code Section 11320: appraising without a license. Sentenced to 20 days jail and 3 years probation. License expired 12/25/1997.

### **Child Support Actions**

Mudgett, Kenneth  
AL008628 10/23/00: License Reinstated. 6/13/00: License suspended: Violation of Family Code Section 17520.

Winters, David G.  
AR011216 10/24/00: License Reinstated. 8/1/00: License suspended: Violation of Family Code Section 17520.

Taylor, John J.  
AL014025 3/6/01: License Reinstated. 1/30/01: License suspended: Violation of Family Code Section 17520.

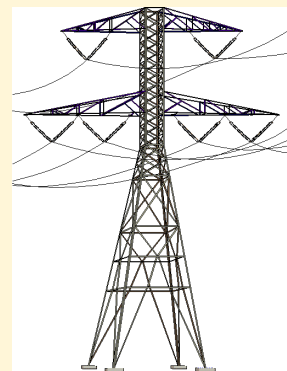
Tran, Son N.  
AR016264 3/9/01: License Reinstated. 11/3/00: License suspended: Violation of Family Code Section 17520.

Law, J. Douglas  
AR013328 4/6/01: License suspended: Violation of Family Code Section 17520. 11/30/00: License Reinstated. 4/13/00: License suspended: Violation of Family Code Section 17520.

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**If you've got a question,  
we've got the answer:**

**E-mail OREA**



**at [www.orea.ca.gov](http://www.orea.ca.gov)  
“Contact Us”**

**OREA will make every effort to respond to your questions  
and concerns within twenty-four hours.**

# Assistance in the Preparation of an Appraisal *(continued)*

- If using the 439/1004B form, ensure that the report is consistent with preprinted statement 9, by including a list of specific tasks performed by the assistant in the reconciliation section or amending statement 9 to correctly reflect the location of this information.

Write clear, precise statements. Avoid comments such as, “Professional assistance *may* have been provided” or “John Smith assisted in the following areas.” The first comment provides no meaningful information to the user of the report. The second comment is unclear. Did the assistant complete this portion of the appraisal or only assist in that portion? If they “assisted” how much assistance did they provide in that task? Statements that clearly disclose the level of assistance, such as “John Smith completed the following tasks” are more precise.

Great, now we are in compliance with USPAP, but how does this tie in with OREA’s licensing requirements?

The two most common categories of work experience for license applicants are Category 1 (*Fee and Staff Appraisal*) and Category 10 (*Assisting in the Preparation of Appraisals*).

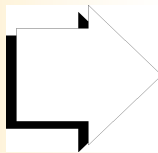
Category 1 appraisals must have been completed by the applicant, including 100 percent of the analysis and appraisal process. These appraisals must either be signed by the applicant or include a statement in the appraisal, acknowledging that the applicant completed all of the professional work in this appraisal.

Appraisals in which the applicant has completed at least 75 percent of the professional work may qualify for Category 10. Again, the acknowledgement in the appraisal should clearly describe the tasks completed by the applicant and these tasks should be equal to at least 75 percent of the professional work. Please keep in mind that applicants may only claim up to 400 hours experience under Category 10. As you can see, once you have complied with USPAP requirements, the Category 1 vs. Category 10 issue is more easily resolved.

*Sources of Information: USPAP Standards Rules 2-2 (a), (b), or (c)(vii); 2-3; Advisory Opinion AO-5; USPAP Frequently Asked Questions (FAQs) 79 and 80; and OREA’s Licensing Requirements Handbook, pages 12-15.*

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**Many borrowers do not understand why appraisers will not provide them with copies of appraisals performed for lenders. We have drafted the following notice to assist you in educating them. Please feel free to photocopy or reproduce the notice on your own letterhead, and provide it to the borrowers at the time you inspect their properties.**





# Notice to Borrowers and Homeowners

**ALTHOUGH YOU MAY HAVE PAID A FEE FOR YOUR APPRAISAL (EVEN IF YOU PAID THE APPRAISER DIRECTLY), THE LAW PROHIBITS THE APPRAISER FROM PROVIDING YOU WITH A COPY OF THE APPRAISAL REPORT WITHOUT THE CONSENT OF THE LENDER.**

**HOWEVER, IF YOU PAID A FEE FOR THE APPRAISAL, YOU ARE ENTITLED TO A COPY OF IT FROM YOUR LENDER.**

**When an appraisal is performed for a lender, the borrower/homeowner is NOT entitled to a copy of the appraisal report from the appraiser.** This is because the appraiser's client is the lender, not the borrower, even though the borrower pays the appraisal fee. A client is defined as the party who directly engages the appraiser to perform the assignment. The client is most commonly a mortgage broker, mortgage banker, or direct lender if the purpose of the appraisal assignment is for a loan transaction secured by 1-4 unit residential real property (for purchase or refinancing purposes).

Appraisers receive and accept many appraisal assignments from clients specifically instructing them to collect the appraisal fee at the door (or "C.O.D.") from the borrower. It is considered a common and generally accepted practice for the appraiser to collect this payment directly from the borrower on behalf of the client to compensate for the appraisal service. However, this does not render the borrower as the client or entitle them to a copy of the appraisal from the appraiser.

The appraiser is required to protect the confidential nature of the appraiser-client relationship, and thus is prohibited by law to provide a copy, or disclose the contents of his or her appraisal report to anyone other than the client. Any licensed appraiser violating this portion of the Uniform Standards of Professional Appraisal Practice may be subject to disciplinary action by the Office of Real Estate Appraisers (OREA).

Although the appraiser cannot provide the borrower with a copy of the appraisal without the client's permission, the borrower has every right to receive a copy of the appraisal from the lender, provided he or she has paid for the appraisal and the loan involves 1-4 unit residential property. According to California Business and Professions Code Section 11423, a borrower has up to 90 days after the lender has provided notice of their lending decision to submit a written request for a copy of the appraisal.





STATE OF CALIFORNIA  
 GRAY DAVIS  
 GOVERNOR

MARIA CONTRERAS-SWEET  
 SECRETARY, BUSINESS, TRANSPORTATION AND HOUSING AGENCY

## OFFICE OF REAL ESTATE APPRAISERS CUSTOMER SERVICE SURVEY

Since our goal is to provide you with the best possible service, your input is vital to our success. Please help us serve you better by taking a few minutes to answer the questions below. Please return the completed survey to: Office of Real Estate Appraisers, 1755 Creekside Oaks Drive, Suite 190, Sacramento, California 95833. Thank you for responding.

(Optional)

Name:

Address:

Telephone:

What was the nature of your most recent (within the past 6 months) contact with us? (Please check, as appropriate)

- |  |  |
|--|--|
| <input type="checkbox"/> Licensing assistance<br><input type="checkbox"/> Initial/Upgrade<br><input type="checkbox"/> Renewal<br><input type="checkbox"/> Course Approval<br><input type="checkbox"/> Other: (please explain) _____<br><input type="checkbox"/> Enforcement assistance | <input type="checkbox"/> General information<br><input type="checkbox"/> Other: (please explain) _____<br><br><input type="checkbox"/> By phone<br><input type="checkbox"/> In person<br>Month/Year: _____ |
|--|--|

Statements	Check As Appropriate					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Not Applicable
Staff was courteous and helpful						
Staff provided complete and accurate information						
A timely response was provided						
My overall experience was positive						
<b>In addition, please complete the section below if your contact with us involved licensing assistance</b>						
The application forms were understandable						
The application forms were easy to use						
The Real Estate Appraiser Licensing Handbook was understandable						

Please indicate your type of employment (check only one):

- \_\_\_ Independent fee appraiser
- \_\_\_ Employee of bank or savings and loan
- \_\_\_ Government employee as an appraiser
- \_\_\_ Employee of fee shop of consulting firm
- \_\_\_ Real estate appraiser employee or accounting firm
- \_\_\_ Review appraiser for one of the above
- \_\_\_ Other (please explain) \_\_\_\_\_

Please state license level:

- \_\_\_ Certified General (AG)
- \_\_\_ Certified Residential (AR)
- \_\_\_ Residential License (AL)
- \_\_\_ Trainee License (AT)

Other Comments:

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**OREA**

**State of California**

**GRAY DAVIS**

*Governor*

**Business, Transportation and Housing Agency**

**MARIA CONTRERAS-SWEET**

*Secretary*

**Office of Real Estate Appraisers**

**ANTHONY F. MAJEWSKI**

*Acting Director*

**Office of Real Estate Appraisers  
1755 Creekside Oaks Drive, Suite 190  
Sacramento, CA 95833**

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