

The California Appraiser

Spring 2021

News From The California Bureau Of Real Estate Appraisers

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

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Seven-Hour National USPAP Update Course

The Appraisal Standards Board extended the effective date of the 2020–21 Uniform Standards of Professional Appraisal Practice (USPAP) for one year. As a result, the Appraiser Qualifications Board (AQB) decided the seven-hour national USPAP Update Course will continue to be effective for two years, keeping it the same as it has been since the AQB introduced this requirement in 2003. The next version of the seven-hour course will be released October 1, 2021, and offered through December 31, 2023. Therefore, anyone who has taken the seven-hour course between January 2020 and December 2021 will need to take newest seven-hour course prior to December 31, 2023.

Did You Know?

Our online renewal service is the most effective and expedient way to get your license! To use the online renewal service, go to www.brea.ca.gov, hover over “Online Services,” and then click on “Online Renewal Application.”

Please note the following requirements: The existing license must be current and in good standing. The online renewal system may not be used more than six months prior to the existing license expiration date.

This renewal system is not for licensees:

- With an out-of-state address.
- Who were licensed through reciprocity.
- Who have a temporary license.
- Whose license has been suspended or resigned.
- Who are subject to BREa Enforcement monitoring.

Licensing Stats

The following chart shows the breakdown of the licensed appraiser population by license level type. As of April 29, 2021, there are 9,461 active appraisers. Seven percent are Trainee level, 10% are Residential level, 53% are Certified Residential level, and 30% are Certified General level.

BREA Licensing Stats for April 29, 2021

Active Licensees: **9,461**

Trainee 7%

Residential 10%

Certified Residential 53%

Certified General 30%

CA Exam Results

The following graph shows the California Appraisers Examination statistics from July 1, 2020, through December 31, 2020, as provided by PSI Services, Inc. The numbers indicate the pass rate by candidate and exam type.

	Certified General (79 took exam)	Certified Residential (155 took exam)	Residential License (91 took exam)
First-Timers Passed	64%	79%	52%
Repeaters Passed	52%	36%	23%
Total Pass Rate	51%	52%	32%

Professionalism Reduces the Likelihood of Complaints

On personal and professional levels, 2020 and 2021 have presented unprecedented challenges. Regardless of the challenges, appraisers are required to maintain professionalism. The appraiser must maintain a clear understanding of, and comply with, their professional obligations.

Anyone can file a complaint at any time. The Bureau receives complaints from a variety of sources. In general, complaints come from appraisal management companies, lenders, real estate agents/brokers, homeowners, appraisers, and even parties unrelated to the subject property.

When the Bureau receives a complaint, it determines if the appraiser met minimum standards, regardless of the initial allegations. All licensees must comply with Uniform Standards of Professional Appraisal Practice (USPAP), the Real Estate Appraisers' Licensing and Certification Law, and Title 10, Chapter 6.5 of the California Code of Regulations.

So what can help an appraiser avoid a complaint? Comply with USPAP and maintain professionalism.

Here are a few tips to consider:

- Analyze and report clear information about the subject property. Avoid over generalized "boilerplate" language that does not appropriately document relevant property characteristics or analysis. For example, if extraction was used to determine site value, know what it is and cite the property(ies) you analyzed (hint: it's usually not the properties in your sales comparison analysis).
- Support your opinions and conclusions within the Appraisal Report (or the workfile if it's a Restricted Appraisal Report). Adequate due diligence and verification are essential for supporting opinions and conclusions. Use primary data sources when possible. For example, third-party data sources, commonly referred to as "tax records," often contain stale data regarding zoning, gross living area, and lot size. Additionally, they often only identify the actual use, which may or may not be the best use or even a legal use.
- Thoroughly read the engagement document to determine if meeting the client's requirements is possible. Being a professional means knowing your limits, including knowing when to withdraw from, or decline, an assignment.
- If using a preprinted appraisal form, read the certifications and understand the requirements associated with the form. Know what you are signing. Adhere to third-party guidelines when they are an assignment condition and stay abreast of changes to those guidelines.

- Address concerns in a timely and professional manner. If a mistake is made, correct it. Remember to maintain copies of all reports transmitted to the client in compliance with the Record Keeping Rule.
- Maintain a professional demeanor when interacting with all parties. A response in a professional manner will initiate better listening and overall communication. It may also prevent a complaint from being filed.

Appraisal Management Company National Registry Fee

The Bureau will begin collecting and transmitting the Appraisal Subcommittee's (ASC) Appraisal Management Company (AMC) National Registry fee beginning on June 1, 2021. Notices will be mailed to the AMC's address of record one month prior to the fee due date. Be sure your AMC address of record is correct in order to receive the notice and maintain compliance with Bureau law.

AMCs will be required to submit the AMC National Registry fee form (REA 5030) and fees to the Bureau every year. A copy of the form and instructions on how to calculate the amount due may be found on our website, www.brea.ca.gov, under "Forms & Publications" and then "All Forms." As this is a federal requirement through the ASC, failure to submit the form and payment will result in automatic suspension until the form is submitted.

The first notices will be sent to those AMCs who were issued an initial or renewal registration on June 1, 2020. Those AMCs must submit the REA 5030 within 30 days from June 1, 2021, and every year thereafter. Subsequent notices will be sent based on the date of registration issuance thereafter.

FAQ: What education do I need to renew my license?

Depending on where in the renewal cycle your license is will determine what is due to renew it. The first two years of your renewal cycle only require the seven-hour USPAP update course to be completed; we call this cycle the USPAP renewal. (Note: The USPAP course must be taken on/after the license's effective date and on/before the expiration date.)

The second two-year cycle is when the bulk of the continuing education (CE) is due; we call this cycle the full CE renewal. This is when the additional 49 hours of CE are due, which includes the four hours of Laws and Regulations course and another seven-hour USPAP update course. The Laws and Regulations course, along with the additional 38 hours of CE, may be taken throughout both the USPAP and full CE renewal cycles. The second seven-hour USPAP update course must be taken during this current two-year full CE cycle.

Legal Corner

Legislative Activity—AB 948

Assembly Bill 948 (Holden) would require all contracts for the sale of real property to contain a notice stating the buyer is entitled to an unbiased appraisal of the property, and that an appraisal is required to be objective and not influenced by improper or illegal considerations. The bill would require the notice to include information regarding reporting biased appraisals to the financial institution or mortgage broker that hired the appraiser and the ability to file a complaint with the Bureau.

This bill would also require the Bureau to place a check box on its complaint where complainants can select whether they believe the opinion of value is below market value. The Bureau's complaint would also have a place for sellers, those seeking to refinance, buyers, and their representatives to voluntarily provide their demographic information. The bill would require the Bureau to compile the demographic information and report it to the Legislature on or before July 1, 2024.

This bill would prohibit a licensee from basing their appraisal of the market value of a property on the basis of race, color, religion, gender, gender expression, age, national origin, disability, marital status, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act.

This bill would require, beginning January 1, 2023, applicants for licensure to complete at least one hour of instruction in cultural competency. The bill would require licensees to complete at least two hours of elimination of bias training and one hour of instruction in cultural competency every four years.

This bill would make it unlawful for any person or other entity whose business includes performing appraisals of residential real property to discriminate against any person in making available those services, or in the performance of those services, because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, source of income, disability, genetic information, veteran or military status, or national origin.

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

License	License Number	City of Business	Effective Date	Outcome
Darrell Gordon	006484	Cardiff by the Sea	10/28/2020	Voluntary surrender
Stanley Tish	012697	Tracy	11/1/2020	Additional education, monetary fine, suspension
Bonaventure Ugonwa	040685	Lancaster	11/6/2020	Probation
Sydney Warburton	014765	Newport Beach	12/31/2020	Voluntary surrender
Anthony Blackburn	002124	Martinez	01/08/2021	Monetary fine, probation
Robert Stewart	010111	Santa Clarita	01/25/2021	Monetary fine, revocation
Logan Ferstl	3004278	Rohnert Park	03/22/2021	Additional education, monetary fine, probation, suspension

Citations

Licensee	Discipline	Violation(s)
Certified Residential Licensee	\$2,000 fine, 15 hours Residential Site Valuation and Cost Approach, 30 hours Residential Sales Comparison and Income Approaches, 4 hours Appraiser Self-Protection: Documentation and Record Keeping	Violations of USPAP Standards 1 and 2, Scope of Work Rule, Conduct section of the Ethics Rule, and Record Keeping Rule: failed to accurately report the subject's zoning, failed to accurately report comparable rents, failed to accurately depict the comparable sales

		including sale prices, failed to reconcile disparate adjusted values, failed to provide a credible income analysis, failed to report a credible site value, used altered MLS photos instead of original photos per engagement, and failed to maintain a copy of all reports transmitted to the client.
Certified Residential Licensee	\$2,000 Fine, 15 hours Residential Market Analysis and Highest and Best Use, and 4 hours Residential Report Writing vs. Form Filling	Violations of USPAP Standards 1 and 2, Conduct section of the Ethics Rule, and Scope of Work Rule: failed to analyze the subject's leased solar, failed to report and analyze correct zoning of subject, failed to support opined market conditions, failed to report and analyze characteristics of comparables, failed to support adjustments, failed to support cost of construction, grossly changed cost of construction between report versions while citing the same source of construction costs, failed to analyze subject's sales contract, failed to reconcile the estimate of exposure time with the grossly dissimilar actual marketing time, failed to reconcile the three

		disparate approaches to value, falsely certified having inspected comparable sales from at least the street, and removed logos/ trademarks from third-party photographs without alternate citation as to their true source.
Residential Licensee	\$1,000 fine Violations of USPAP Standards 1 and 2, and Confidentiality section of the Ethics Rule	Violations of USPAP Standards 1 and 2, and Confidentiality section of the Ethics Rule: failed to provide the correct zoning classification and zoning description for the subject property, and provided the opinion of market value to someone other than the client without the client's permission.
Certified Residential Licensee	\$1,000 fine and 4 hours Scope of Work: Appraisals and Inspections	Violations of USPAP Standards 1 and 2, Conduct section of the Ethics Rule, and the Scope of Work Rule: failed to provide original photos of the comparables as agreed, and utilized MLS photos of the comparables that were altered to remove the MLS logo without providing alternate citation as to their true source.
Residential Licensee	15 hours Residential Report Writing and Case Studies, and 4 hours Appraiser Self-Protection: Documentation and Record Keeping	Violations of USPAP Standards 1 and 2, Record Keeping Rule: failed to analyze relevant characteristics of subject, failed to report

		characteristics of comparable sales as per cited data sources, failed to develop and report a credible Cost Approach, and failed to maintain a work file that included copies of all reports.
Certified Residential Licensee	\$1,500 fine, 30 hours Basic Appraisal Procedures, and 15 hours Residential Appraiser Site Valuation and Cost Approach	Violations of Standards 1 and 2, and Competency Rule: failed to correctly identify the interest appraised, failed to correctly identify and report relevant subject characteristics, failed to develop a credible cost approach, and failed to develop a credible sales comparison approach.

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

1. **Notify the Bureau 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. (4) Out-of-state address. (a) Changes to an out-of-state address require 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; 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 email address, which will allow BREa to send you newsletters and other important information.*

1. **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** of 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 the Bureau at (916) 552-9000.

State of California Department of Consumer Affairs

Bureau of Real Estate Appraisers

3075 Prospect Park Drive, Suite 190 Rancho Cordova, CA 95670

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