

The APPRAISER Bulletin



VOLUME 5 NO. 2 A Publication of the Alabama Real Estate Appraisers Board SUMMER 2001



[Left] Wilder H. (Tink) Cheney is pictured being sworn in as a Board Member by Staff Counsel Neva Conway at the May 18, 2001 meeting. He was appointed by Governor Siegelman to represent the 5th. Congressional District for a term of three years. Tink has been an appraiser in Florence, AL since 1974. He is a Certified General Real Property Appraiser and a graduate of the Citadel in Charleston, S.C.

APPRAISAL OF MANUFACTURED HOUSING

It has come to the attention of the Board through numerous inquiries from our licensees that there is some confusion surrounding a number of issues related to the appraisal of manufactured housing properties in Alabama. The majority of inquiries relate to distinctions between real estate and personal property, proper appraisal methodology, use of "land/home" packages as comparable sales, and general USPAP compliance issues. Based on comments from licensees as well as manufactured housing dealers and lenders, it is apparent that many appraisers are either hesitant or unwilling to accept appraisal assignments involving manufactured housing.

From an appraiser's viewpoint, the idea that manufactured housing permanently located on a parcel of land can be valued in similar fashion to a site built structure is a relatively new concept. Many

appraisers have indicated they decline assignments to appraise manufactured housing because they lack the knowledge and experience to perform the assignment competently. Other impediments cited by licensees include conflicting governmental regulations, overly restrictive underwriting guidelines, and the inability to obtain legitimate comparable sales data. In our discussions with other state appraisal regulatory agencies, we have found that these issues are not unique to Alabama.

The term "Manufactured Home" is not to be confused with other types of factory built housing such as Modular Homes, Panelized Homes, and Pre-Cut Homes. Today, all manufactured homes are built entirely under the federal building code administered

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License Renewal

License renewal forms will be mailed to all current licensees on or about August 1, 2001. With the payment of license fees due no later than September 30, 2001 proof of continuing education totaling 28 hours since October 1, 1999 will be required. This is in accordance with AQB requirements. As before, a minimum of 7 of the 28 hours must be in either Alabama Law or

USPAP. A 15-hour (minimum) USPAP course with an examination must be completed no less frequently than every three licensing periods or six-years. Early renewals are encouraged. If you must have your new certificate in hand by a certain date please allow two weeks from receipt in this office if before September 15, 2001 and three weeks from receipt after September 15, 2001.

by the U. S. Department of Housing and Urban Development (HUD). Generally speaking, a manufactured home is one that is structurally complete before leaving the factory and is transported in one or more sections on an attached undercarriage. Manufactured homes are built on steel frames ("I" beams) with a tongue and are mounted on axles and wheels for transport.

On June 15, 1976 the Federal Mobile Home Safety and Construction Standards Act was enacted by Congress to ensure that minimum standards of construction established by the federal government were applied across the industry. Prior to this time, mobile homes were built using a variety of standards established by individual manufacturers and state building codes with little consistency as to quality of construction or safety considerations. All mobile or manufactured home units constructed after June 15, 1976 must have the red metal HUD label certifying that it has been inspected in accordance with the requirements of HUD and constructed in conformance with the Federal Mobile Home Safety and Construction Standards Act. On October 8, 1980 public law 96-399 was enacted by the U. S. Congress officially changing the name from "mobile home" to "manufactured home".

When appraising a manufactured home property, it is imperative that the appraiser make every effort to identify the ultimate user of the appraisal because there are a myriad of Supplemental Standards imposed by conventional lenders, Fannie Mae, and HUD. Appraisers must comply with these supplemental standards in addition to the applicable standards set out in USPAP. HUD's appraisal standards are very comprehensive and can be viewed and downloaded from their internet web site at www.hudclips.org. Fannie Mae's appraisal criteria are far less comprehensive than HUD's, but unfortunately they are not published on the Fannie Mae web site (www.fanniemae.com). Fannie Mae's criteria for manufactured housing appraisal can be obtained from Fannie Mae approved lenders or the Alabama Real Estate Appraiser's Board.

In manufactured housing appraisal, the most critical factor to be determined is whether the manufactured home is to be appraised as personal property or real property. Real estate (or real property) as defined in the 2001 edition of USPAP is "an identified parcel or tract of land, including improvements, if any". The Courts have generally held that an article in the nature of personal property which has been so annexed

to the realty that it is regarded as a part of the land becomes real property. Manufactured housing, which by nature is personal property, must therefore be permanently affixed to the land in order to be appraised as real estate (or real property). Manufactured homes not permanently affixed to the land must be appraised as personal property.

In the absence of well defined guidelines that identify the criteria necessary to meet the standard of "permanently affixed", the Board recognizes officially HUD's Permanent Foundation Guide for Manufactured Housing as set out in Handbook 4145.1, REV-2, CHG-I, effective February 14, 1992, and Fannie Mae's guidelines as set out in section 304, page 730 of Fannie Mae's publication Property and Appraisal Analysis (11-16-94 ed). The HUD Handbook can be viewed and downloaded from the internet at www.hudclips.org. The Fannie Mae guidelines can be obtained from the Board office or by calling Fannie Mae's Mortgage Credit Policy office at (202) 752-6816.

If the appraiser determines that the manufactured home is permanently affixed to the land, the appraisal can be developed and reported on the Form URAR 1004 in compliance with Standards 1 and 2 of USPAP and any Supplemental Standards that may be imposed by the client. If the appraisal assignment involves a manufactured home that has yet to be sited but is to be permanently affixed as real property, the appraisal should be developed in conformance with USPAP Standard 1-4(h) for proposed construction. The Cost Approach should be developed using data from generally accepted cost data sources such as Marshall & Swift that provide cost data not only for the manufactured housing unit, but also the permanent foundation costs and site improvement costs.

When appraising a manufactured home as a component of the real estate, the Sales Comparison Analysis can only be developed using open market, arms-length transactions of similarly sited manufactured home properties. Land/home packages **are not** appropriate for use in the Sales Comparison Approach since the property, as a whole, has not been exposed to the market for a reasonable period of time. In its simplest term, a land/home package is the sum total of the dealer-financed purchase price of a new or used manufactured home off the dealer's lot and the price paid for the land. When appraisers either wittingly or unwittingly attempt to pass off a land/home package as a comparable sale, the information



source has typically been found to be a HUD-1 closing statement provided by the dealer. Custom-build contracts are the site-built home counterparts to manufactured home land/home packages and **are not** acceptable for use as comparable sales in appraisal of site-built homes.

If there are no manufactured housing sales within close proximity to the Subject, Fannie Mae and HUD allow for an expanded search radius. Although Fannie Mae and HUD do not specify how far the search radius can be expanded, proper appraisal practices dictate that the sales be located in a competitive market area. Unfortunately, many conventional lenders have unrealistic or overly restrictive proximity guidelines for comparable sales data. As a last resort when no market sales of similarly sited manufactured home properties are available, Fannie Mae and HUD allow the use of site-built homes as comparable sales. If forced to use site-built properties as comparables, the appraiser must explain and support the reason for their use and make appropriate and justifiable adjustments for size, site, construction quality, utility, etc.

As a word of warning, the Board cautions all appraisers that, before using sales of site-built properties as comparables, a diligent search of all potential sources of comparable sales data for manufactured housing properties must be made and documented in the report and work file. The search must not be limited only to traditional data sources such as MLS, but should include other resources including but not limited to tax assessor/collector offices, probate records, real estate agencies, appraisers, and developers.

When the manufactured home being appraised is not (existing) or will not be (proposed) permanently affixed to the site, the manufactured home unit must be appraised as personal property in accordance with USPAP Standards 7 and 8 and any Supplemental Standards imposed by the client. For personal property loans insured through HUD, the appraiser must be a qualified user of the National Appraisal System (NAS), and the appraisal must be based on the current edition of the National edition of the N.A.D.A. Manufactured Housing Appraisal Guide.

When a separate land appraisal is required for conventional lenders, the standard Land Appraisal Form should be used and the appraisal developed and reported in accordance with USPAP Standards 1 and 2. For HUD manufactured home lot appraisals, the appraisal must be developed and reported in accordance with

HUD Handbook 4150.2, CHG-1, Section 8-4 and in accordance with USPAP Standards 1 and 2.

Appraisers should be aware that the manufactured housing industry communicates the measurements of manufactured housing units as shipping measurements, which include the tongue, overhangs, bay windows, etc. This measurement is not to be used in developing the GLA square footage for appraisal purposes. The appraiser should consider only the heated living area in determining the GLA size of the manufactured home. Dimensions published in dealer brochures are typically the shipping measurements. When appraising new manufactured homes with proposed siting, the appraiser should refer to the manufacturer's plans and specifications to determine the true heated living area of the unit. In the absence of plans and specifications, the appraiser should inspect/measure the actual unit or an identical unit on the dealer's lot.

With particular reference to USPAP Standards 1-4(e) and 1-5(a), the appraiser should exercise caution when appraising manufactured housing for purposes of financing dealer-packaged land/home transactions. Sales contracts between dealers and purchasers often times reflect sales prices that exceed the true consideration being paid for the housing units themselves. The contract price may reflect the costs of dealer incentives or concessions as well as incidental component costs, all of which can be difficult to extract or identify. Examples include personal property (i.e. furnishings), site prep/unit set-up, and site improvements including septic systems and water/electric hookups. Usually, these incidental costs are added to the actual price of the manufactured housing unit to arrive at the contract price, and in many cases the land value is included as well. This contract price is the figure typically reflected on the HUD-1 Closing Statement with little or no disclosure of what is actually included in the contract price.

The ultimate responsibility rests with the appraiser to make sure that he or she is competent to perform the appraisal when accepting an appraisal assignment involving manufactured housing. The information presented in this article is not to be considered an all-inclusive source of information for the appraisal of manufactured housing. However, it does establish the basic guidelines and methodology deemed appropriate by the Board for appraising manufactured housing in Alabama. All questions or requests for additional information should be directed to the Investigative Staff of the Alabama Real Estate Appraisers Board.

DISCIPLINARY REPORT

The Alabama Law requires the Board to regulate the conduct of appraisers in Alabama. The Board's Administrative Rules outline the procedure for handling complaints. The Uniform Standards of Professional Appraisal Practice provide the basic ethical standards for which appraisers must comply. Appraisers should carefully note the following violations, which resulted in disciplinary action by the Board.

AB-98-45 – On March 20, 2001 **Erick Harris (R00527)**, a Certified Residential signed a Consent Settlement Order negotiated by the Attorney General's office in connection with the appraisal of a single-family residential property in which he signed as the primary appraiser. The terms include a public reprimand, a one-year suspension of his license, a one year probationary period following the suspension period, a \$1,500 administrative fine, completion of a Board-approved 40-hour Fundamentals of Appraisal course, and completion of a Board-approved 15-hour USPAP course. The USPAP and §34-27A Code of Alabama, 1975 violations include the following: failure to retain copies of the subject appraisal report and supporting work file documentation, for a period of at least five years after preparation of the report or at least two years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last; Licensee overstated the GLA of the subject property by 46%; licensee fabricated all three Comparable Sales utilized in the Sales Comparison Analysis section of the appraisal for the purpose of inflating the market value of the subject property; licensee falsely certified that all statements and information in the appraisal report were true and correct; and Licensee's fabrication of comparable sales in the subject appraisal report constitutes an act involving dishonesty, fraud, or

misrepresentation with the intent to substantially benefit the certificate (License) holder or another person (Client).

AB-98-56, AB-99-58 - On April 13, 2001 a disciplinary hearing was held by the Alabama Real Estate Appraisers Board in Montgomery concerning two complaints on residential appraisals filed against **Allan D. Knotts (L00064)**, a Licensed Real Property Appraiser. Mr. Knotts did not attend the hearing. After consideration of the pleadings and the evidence presented to the Board in the hearing, the Board found as follows: failed to provide information in support of significant difference between actual age and estimated effective age of Subject; failed to explain methodology utilized to estimate the site value and accrued physical depreciation; failed to utilize comparable sales that were available and located within the defined neighborhood of the Subject; failed to apply necessary adjustments in the Sales Comparison Analysis; failed to provide a meaningful reconciliation in support of the Sales Comparison Approach value conclusion; erroneously stated that the subject neighborhood contained no commercial property when commercial property was within one block of the Subject; and communicated a misleading appraisal by using comparable sales from outside the subject neighborhood when there were a number of recent comparable sales within the subject neighborhood. The acts described above constitute a failure to comply with the Uniform Standards of Professional Appraisal Practice, 1998 and 1999 Editions, as follows: Ethics Provision – Conduct; 1-1(a); 1-1(c); 1-4(a);

1-4(b)(iii); 1-5(c); 2-1(a); 2-1(b); 2-2(b)(ix) and 2-2(b)(viii). As discipline for the licensee's violations of the Standards, Rules and Provisions of the Uniform Standards of Professional Appraisal Practice, 1998 and 1999 Editions, license #L00064 held by licensee, Allan D. Knotts, was revoked.

AB-99-06 – On March 12, 2001 **Barry B. Brackin (G00391)**, a Certified General signed a Consent Settlement Order in connection with the appraisal of a tenant-occupied 4-plex in which he signed as the primary appraiser. The terms include a public reprimand, a \$700 administrative fine, completion of a Board-approved 40-hour Fundamentals course, and 15-hour USPAP course. The USPAP and §34-27A Code of Alabama, 1975 violations include: failure to state the intended use and scope of the appraisal; failure to provide a correct legal description; failed to explain why the terms and conditions of the pending contract were not disclosed; failure to provide the correct description of the subject property as a tenant-occupied 4-plex; failure to support the significant difference between actual age and estimated effective age; failure to provide a summary statement describing specific functional inadequacies and failure to explain the methodology used to estimate functional depreciation; failure to report the most recent sale data for Comparable #1; failure to provide acceptable justification for excluding the Income Approach; utilized comparables sales that were not representative of the subject property; provided an inaccurate and misleading description and analysis of the neighborhood characteristics and trends; and provided incorrect photographs for Comparables #2 and #3 and reported an incorrect address for Comparable #1.



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AB-99-10 to 14-31-59, AB-00-23 to 25-91-92 – On March 12, 2001 **Anita Meeker-Patterson (L00105)**, a State Licensed Real Property Appraiser signed a Consent Settlement Order in connection with appraisals of numerous single-family residential properties in which she signed as the primary appraiser. The terms include a public reprimand, a six month suspension of her license, a six month probationary period following the suspension period, a \$2,000 administrative fine, completion of a Board-approved 40-hour Fundamentals of Appraisal course, 15-hour Cost Approach course, and 15-hour Sales Comparison Approach course. Violations of USPAP and §34-27A Code of Alabama, 1975 include but are not limited to the following: failure to disclose the intended use of the subject appraisal; failure to retain a copy of the original appraisal report submitted to the Client; acceptance of compensation for an opinion of value which was contingent upon the reporting of a predetermined value, or a direction of value that favors the cause of the Client, or the attainment of a stipulated result; failure to utilize correct methodology in the Cost Approach; failure to utilize comparable sales that were truly representative of the subject property; misrepresentation of the subject property's physical characteristics; failure to discuss functional obsolescence attributable to over improvement for the neighborhood; failure to accurately describe the subjects property's neighborhood; failure to accurately analyze and describe the comparable sales used in the analysis; failure to analyze a current agreement of sale of the subject property; failure to provide support for significant difference between actual age and estimated effective age; falsely certifying an interior inspection and failure to acknowledge significant professional assistance provided by a Trainee Appraiser; licensee provided

false information to the Board during the investigation; failure to provide a copy of the original appraisal report to the Board.

AB-99-22 – On May 31, 2001 the license of **Jeffrey R. Knox (L00146)**, a Licensed Real Property Appraiser, was suspended as a result of his failure to complete the educational requirements agreed to in a Consent Settlement Order executed May 9, 2000.

AB-99-30 – On March 12, 2001 **William D. Adams (R00010)**, a Certified Residential signed a Consent Settlement Order in connection with the appraisal of a single-family residential property in which he signed as the primary appraiser. The terms include a public reprimand, a \$625 administrative fine, and completion of a Board-approved 15-hour USPAP course. The USPAP and §34-27A Code of Alabama, 1975 violations identified include the following: failure to utilize comparable sales from the subject subdivision that were available at the time of the appraisal; misleadingly communicated to the Client that there were no current closed sales in the subject subdivision at the time of the appraisal when in fact there were several sales within the subdivision that had closed prior to the date of appraisal; failure to value the site by appropriate method or technique, failure to describe and analyze a pending sales agreement on the subject property; failure to state the intended use of the appraisal; and failure to sufficiently describe the scope of work used to develop the appraisal.

AB-99-42 – On April 13, 2001 a disciplinary hearing was held by the Alabama Real Estate Appraisers Board in Montgomery concerning

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a complaint filed against **Daniel R. Dean (G00187)**, a Certified General Real Property Appraiser. After consideration of the pleadings and the evidence presented to the Board in the hearing, the Board found as follows: Licensee accepted an assignment and collected a fee for performing an appraisal of certain residential property located in Opelika, Alabama and then failed or refused to deliver the appraisal to the Client. Licensee failed or refused to provide a copy of the appraisal and work file documentation requested by the Board within a reasonable time. The actions of the licensee constituted violations of §34-27A-20(a)(5)(7)(9) and (15) of the Code of Alabama, 1975 and the Ethics Rule – Conduct Section of the Uniform Standards of Professional Appraisal Practice, 1999 Edition. By Order of the Board as discipline for the Code and USPAP violations listed above, licensee Dean was issued a Public Reprimand, assessed an administrative fine of \$1,500 and his license was suspended for a period of one year to be followed by a one-year probationary period. It was further ordered that licensee Dean complete a Board-approved 40-hour Appraisal Fundamentals Course and a 15-hour USPAP course prior to the expiration of the probationary period.

AB-99-46 – On February 01, 2001 a Certified Residential signed a Consent Settlement Order in connection with the appraisal of a single-family residential property in which he/she signed as the primary appraiser. The terms include a private reprimand, a \$275 administrative fine, and completion of a Board-approved 15-hour USPAP course. The USPAP violations include the following: failure to state the intended use of the appraisal; failure to disclose the scope of work used to develop the appraisal; failure to provide narrative in support of the significant difference between

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actual age and effective age of the subject property; failure to disclose the existence of a railroad track in close proximity to the subject property and address the potential negative effect upon value in the Cost Approach and Sales Comparison Approach; failure to prominently disclose and explain that the appraisal was based on a hypothetical condition related to the size of the subject site; failure to provide an accurate legal description of the subject site or to make the appraisal "subject to" a survey of the hypothetical site size; failure to disclose the existence of and analyze an existing Rental/Sales Contract on the subject property and erroneously reported that there was no indication that the subject was for sale or had been for sale for the past 24 months.

AB-99-54 – On February 12, 2001 a Certified Residential signed a Consent Settlement Order in connection with the appraisal of a single-family residential property in which he/she signed as the primary appraiser. The terms include a private reprimand, a \$1,000 administrative fine, and completion of a Board-approved 15-hour USPAP course. The USPAP violations include the following: failure to state the intended use of the appraisal report; failure to summarize the extent of the process of collecting, confirming and reporting data (Scope); failure to identify and explain the permitted departures from specific guidelines of STANDARD 1 when communicating a Limited-Summary Report; failure to provide a correct legal description; failure to exercise necessary due diligence in determining the reliability of the square footage figure stated in the report; failed to provide a site estimate in the appraisal report; failure to verify, accurately identify and describe, and properly analyze the comparable sales data used in the Sales Comparison Analysis;

failure to provide a proper analysis of the sales contract pending on the subject property; failure to disclose the lack of knowledge of the subject geographical area to the client before accepting the assignment.

AB-99-62 – On January 31, 2001 a Certified General signed a Consent Settlement Order in connection with the appraisal of a single-family residential property in which he/she signed as the Supervisory Appraiser. The terms include a private reprimand, a \$1,000 administrative fine, and completion of a Board-approved 15-hour USPAP course. Of the \$1,000 administrative fine, \$500 was for violation of S2-5 for failure to provide adequate supervision of a Trainee Appraiser. The USPAP violations include the following: failure to provide narrative support of the significant difference between the actual age and effective age of the subject property; failure to state the intended use of the appraisal; failure to report the correct size of the subject basement and failure to report the correct percentage of finished area within the basement of the subject property; failure to accurately describe the physical characteristics of all three Comparables and to make adjustments for recreational amenities of all three Comparables; failure to provide sufficient explanation and support for the adjustments applied in the Sales Comparison Approach analysis; and failure to provide proper supervision of the Trainee Appraiser who signed the report as the primary appraiser.

AB-99-62 – On June 8, 2001 the license of Frank B. Stone, Jr., (G00226), a Certified General Real Property Appraiser, was suspended as a result of his failure to complete

the educational requirements agreed to in a Consent Settlement Order executed February 2, 2001.

AB-99-63 – On January 24, 2001 a Trainee signed a Consent Settlement Order in connection with the appraisal of a single-family residential property in which he/she signed as the primary appraiser. The terms include a private reprimand, a \$500 administrative fine, and completion of a Board-approved 15-hour USPAP course. The USPAP violations include the following: failure to provide narrative support of the significant difference between actual age, effective age of the subject property; failure to state the intended use of the appraisal; failure to report the correct size of the subject basement and failure to report the correct percentage of finished area within the basement; failure to accurately describe the physical characteristics of all three Comparables and to make proper adjustments for the differences in square footage of the finished portion and the unfinished portion of the basements; failure to report and make adjustments for recreational amenities of all three Comparables and failure to provide sufficient explanation and support for the adjustments applied in the Sales Comparison Approach analysis.

AB-00-61 – On February 20, 2001 a Certified General signed a Consent Settlement Order in connection with an application for a reciprocal license dated May 3, 1999. The terms include a private reprimand, and a \$500 administrative fine. The above reflects a violation of §34-27A-20(a)(1) Code of Alabama, 1975 detailed as follows: licensee failed to disclose in a timely manner action on an Administration Complaint by the Florida Department of Business and Professional Regulation, Real Estate Appraisers Board which resulted in the imposition of a fine for a violation of Florida statute and Administrative Code related to his license as a Real Estate Appraiser in the State of Florida.



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Disciplinary actions are based on all of the circumstances developed on a case-by-case basis, including the nature and severity of the offenses involved, prior disciplinary history and findings in support of a conclusion that the respondent has been rehabilitated. Violation descriptions may be summarized in instances where they would become repetitive. For these reasons cases may appear similar on their face yet warrant different sanctions.

POLICY ON WORTHLESS CHECKS

Whenever the Alabama Board of Real Estate Appraisers receives a dishonored check issued by an applicant, licensee, instructor or school for fees or fines due to the Board, the following procedure shall be followed:

1. Notice of the dishonored check shall be given to the issuer of the check by certified or registered mail in the manner described in ALA CODE §13A-9-13.1, et seq..
2. Notice of the dishonored check shall be given to the applicant, licensee, instructor or school, along with a reminder that any license or approval issued by the Board for which fees are outstanding as a result of the dishonored check are null and void and that the licensee owes license fee plus any licensing late fees accrued as of that date.
3. The Board shall collect from the applicant, licensee, instructor or school a "bad check charge" as defined and in the dollar amount allowable in ALA CODE §8-8-15. (CURRENTLY \$28)
4. The applicant, licensee, instructor or school shall be given the opportunity to submit certified funds or a money order to the Board for the amount of the dishonored check plus bad check charges plus any license late fees accrued to the date of payment or to voluntarily surrender the license or approval issued by the Board.
5. If the applicant, licensee, instructor or school does not submit payment in full within ten (10) days, formal disciplinary proceedings shall be commenced pursuant to Board Rules. The Board will impose a minimum \$100 administrative fine upon a finding of violation.
6. Upon Resolution by the Board, the dishonored check may be forwarded to the Montgomery County District Attorney Worthless check unit for prosecution.

PUBLIC DISCIPLINARY ACTIONS

Notice of public disciplinary actions in the form of public reprimands, suspensions and revocations is currently furnished to the Appraisal Subcommittee (ASC) in Washington, D.C. and published in the newsletter of the Alabama Real Estate Appraisers Board. Effective July 5, 2001 a notice concerning these types of disciplinary actions may also be published in a newspaper of general circulation in the county of the principal place of business of the licensee.

A QUESTION OF COMPLIANCE

Ever been asked by the lender to recertify the value? Do you know how to address this with your lenders?

Please refer to page 90 of the USPAP 2001 Edition under the heading CLARIFICATION OF NOMENCLATURE. Send this page to your lender(s) so everyone understands the correct terminology. USPAP is very clear on this issue. It is the appraiser's responsibility to communicate to their lenders what is permissible.

Is the "Intended use" and "Intended user" identified in each of your appraisal reports?

Be sure to comply with USPAP Standard Rule 1-2(a) and (b), page 15 of the USPAP 2001 Edition. The appraiser must properly identify the intended user of the report and the intended use of his/her opinions and conclusions. This item is often found omitted.

What does your "scope of the assignment" say?

Refer to USPAP 2001 Edition page 16, Standard Rule 1-2(f). Every appraiser's description may vary, however, it should clearly identify the scope of the work completed. An appraiser might consider describing the date of inspection, whether or not photos or measurements were taken, what type of research was conducted (MLS, Courthouse, Interviews with other appraisers and/or Realtors, etc), flood map research, census tract research, review of tax map or survey, what approaches were considered and employed, and other pertinent or applicable information. The above list is merely a brief summary of some of the things discussed in the "scope". The "scope of the assignment" can be as lengthy as the appraiser feels necessary. The Intent is for the reader of the report to have a meaningful understanding of what was done.

Are you meeting Supplemental Standards?

Please refer to USPAP 2001 Edition page 13. This page clearly translates that upon agreeing to perform an assignment that includes acceptable supplemental standards, an appraiser is obligated to competently satisfy those supplemental standards, as well as applicable USPAP requirements. (Example: HUD/FHA has supplemental standards that an approved HUD/FHA appraiser must adhere to – HUD Manual 4150.2) Also, be very familiar with Statement on Appraisal Standards No. 10 on page 100, which is a new Statement that was added to the 2001 Edition of USPAP.

**APPROVED CONTINUING EDUCATION COURSES
OCTOBER 1, 2000 – SEPTEMBER 30, 2002**

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