



THE CALIFORNIA APPRAISER

Did You Know?	2
California Exam Results	2
Just the FAQs	3
Bureau Presentations	3
BREA's FAQs	4
Education	4
Licensing Statistics	5
Legal Corner	8
Enforcement Actions	9
Citations	10
Reminders	BACK

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

Reconcile to Improve the Quality of Your Work

Reconcile, the verb, can mean to resolve a conflict or to come to an agreement, to check one account against another for accuracy, or to become resigned to a situation not desired. Depending upon the context, it can mean to make one thing compatible or consistent with another, or to find a way of making two different facts or ideas exist or be true at the same time.

A more technical use of the word as it applies to the practice of appraisal is in Standard Rule 1-6 of USPAP:

- (a) reconcile the quality and quantity of data available and analyzed within the approaches used; and*
- (b) reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion(s).*

Standard Rule 2-2 of USPAP describes the reporting requirement:

- (a) (viii) summarize the information analyzed, the appraisal methods used and techniques employed, and the reasoning that supports the analysis, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained.*

The comment attached to this rule goes on to require the appraiser to provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions,

including reconciliation of the data and approaches, in accordance with Standard Rule 1-6.

When the Bureau examines appraisal reports, it often finds that appraisers do not provide meaningful comments in response to this requirement. Restating the obvious, such as per square foot dollar adjustments, is not a summary of your findings. The reconciliation is the perfect place to convey your thought process, show and explain your analysis, and lead the reader to your conclusion.

It is where you have the chance to bring clarity, resolution, and to explain your understanding and interpretation of your research. It can be the extra support you need to demonstrate your opinion is well reasoned.

Boilerplate, brief comments seemingly unrelated to the specific report, or ignoring the reconciliation altogether is a missed opportunity, an indication of hasty reporting, and potentially a USPAP violation. Whereas a clear, thoughtful closing discussion of how and why you concluded what you did is a powerful indicator of a comprehensive and thorough analysis. This will often help convince clients they can rely on your report without the need for additional comments, data, or scrutiny.

Take the time to pull it together, tie it up, and put a bow on it. Your clients will notice.

James S. Martin, Bureau Chief

Did You Know?

BREA is on Facebook and Twitter! Follow our accounts to keep up to date on news, events, and important information in the appraisal world

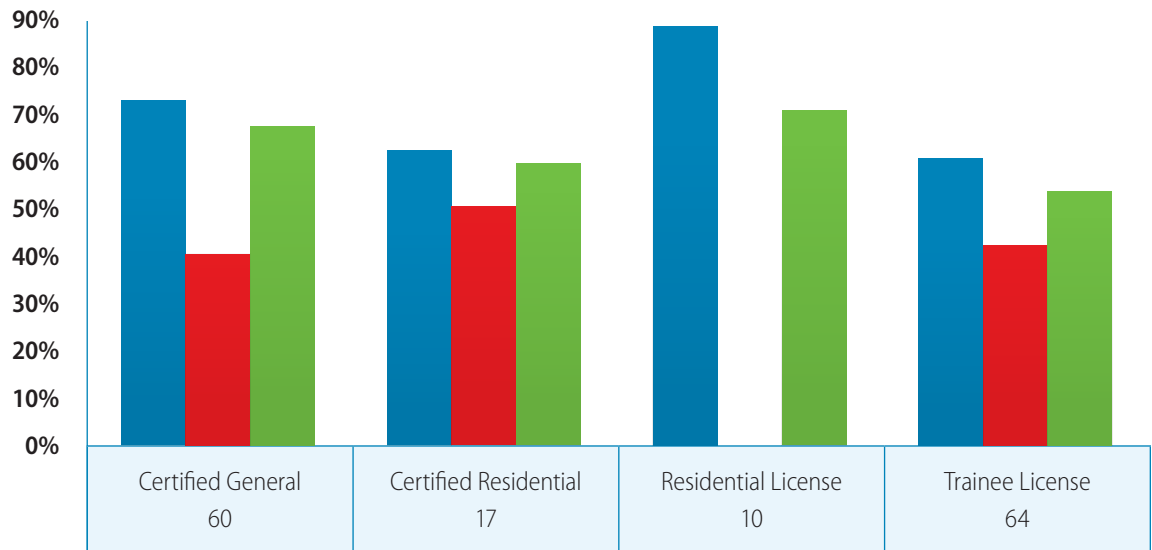
Twitter: [@BREAppraisersCA](#)

Facebook: [Bureau of Real Estate Appraisers](#)

California Exam Results

The following graph shows the California appraisers examination statistics from April through June of 2016, as provided by Applied Measurement Professionals, Inc

2nd Quarter 2016 California Examination Statistics



	Certified General 60	Certified Residential 17	Residential License 10	Trainee License 64
■ First Timers	72.0%	61.5%	87.5%	60.0%
■ Repeaters	40.0%	50.0%	0.0%	41.7%
■ Total Number Passed	66.7%	58.8%	70.0%	53.1%

Just the FAQs

The frequently asked questions (FAQs) within USPAP offer answers to a broad range of questions for circumstances appraisers may face on the job. The FAQs are an important tool that appraisers should familiarize themselves with. In this section, the Bureau highlights specific FAQs that address common issues.

FAQ Highlight

With the recent expansion of data retention companies, appraisers have many options to store their data. The use of data retention companies can offer a sense of security when it comes to knowing where the electronic appraisal report, correspondence with the client, and documentation used to support the appraiser's opinion and conclusion (aka, the workfile) are stored. Using these companies can assist appraisers in complying with the Record Keeping Rule.

It is important to remember that you, the appraiser, are ultimately responsible for compliance with the Record Keeping Rule. If the data retention company goes out of business, no longer provides access, or changes the data, the appraiser is out of compliance with USPAP.

FAQ 80 *Responsibility for Workfile Retention* from the 2016–2017 edition of USPAP addresses this very issue. Within this FAQ, the Appraisal Foundation offers as part of its response: "At no time may an appraiser abdicate his or her responsibility for a workfile" (p. 247).

FAQ 92 *Electronic Workfile Storage* and FAQ 93 *Adequacy of Workfile Documentation*, also include cautionary words about the appraiser exercising care in the selection of the format and location of the documentation as well as ensuring proper software is maintained to allow access to the electronic files (pp. 251–252).

In addition to these FAQs, the Bureau often sees references made to third-party data sources. It is important to remember that data from many of these sources are dynamic in nature. A problem can arise when these data sources are updated to reflect information that is more recent. For example, an MLS listing that was modified after the date of analysis. Also, as MLS data ages, it is moved by some MLS systems to an archive status with photographs and previously attached documents removed. If the MLS information was not stored by the appraiser at the time of analysis, the current version may no longer reflect the information analyzed.

The appraiser is responsible for meeting the requirements set forth in the Record Keeping Rule, not the third-party data source provider.

Note: Direct quotations are from the 2016-2017 FAQs and were used with permission of the Appraisal Foundation.

Bureau Presentations

Throughout the year, the Bureau conducts presentations that cover the California appraisal licensing process, how complaints and enforcement are handled, as well as general Bureau functions. These are exciting opportunities for the Bureau to reach out to its local appraisers and the public, answer questions, and showcase what the Bureau is all about.

In April, the Bureau made a presentation to appraisers in Redding. The local Shasta County Appraisers Association held this event. It was an informative day discussing how the enforcement process works and protects the public trust. The Bureau has plans for additional presentations throughout the remainder of the year. Keep up to date on upcoming events by following the Bureau on Twitter ([@BREAppraisersCA](#)) and Facebook ([Bureau of Real Estate Appraisers](#)).



From left: Elizabeth Seaters, Chief of Enforcement, BRE; John Pratt, Shasta County Appraisers Association; Jim Martin, Bureau Chief, BRE

BREA's FAQs – Licensing, Education, Enforcement, Legal

Q: "How do I find a supervising appraiser?"

The Bureau offers the "Search for an Appraiser" function on its website so that you may search for Certified-level appraisers in your area. Cold calling each appraiser from the list that is in your area can seem daunting, but it works. Trainees tell us they have also had success by contacting local appraiser organizations to network and find people willing to help them gain experience hours.

Q: "Why have the licensing fees changed?"

The Appraisal Subcommittee (ASC) raised their fees for reporting to the National Registry. The fees affected by the ASC's increase include all initial, reciprocal, renewal, late renewal, and upgrade applications. To review the new fees, go to the "Forms and Publications" tab on our website, click "All Forms," and download the Licensing Fee Chart.



Education

General Courses Satisfy Residential Course Requirements

A common question posed to the Bureau's education analyst is will higher-level basic education count toward a lower-level license? In short, the answer is yes, you may take general-level basic education to meet the initial Residential-level requirements.

In *The Real Property Appraiser Qualification Criteria and Interpretations of the Criteria* (July 2016, page 51), an applicant originally wanted to pursue a Certified General license and completed a General Basic Education course for that license level. For one reason or another, they then decided to pursue a Certified Residential license instead. Per the AQB, since there is a commonality between the General and Residential classes, the General coursework can be approved for the Residential levels.

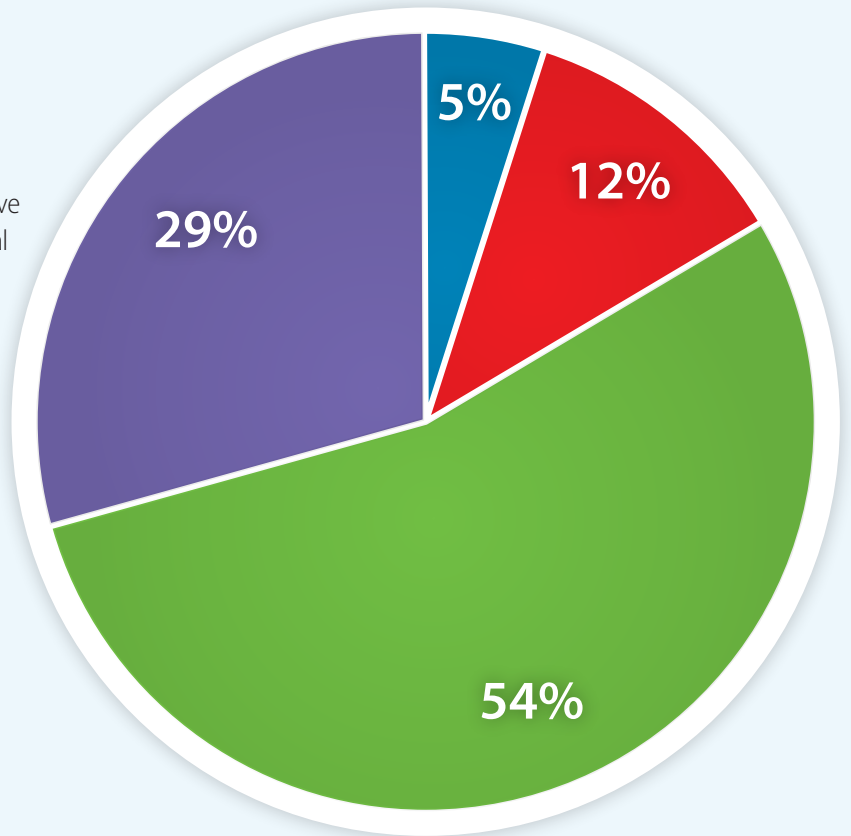
This same education can be used when you upgrade to the General level at a later time.

Licensing Statistics

This chart shows the majority of California's 10,852 active licensed appraisers (54 percent) are Certified Residential

BREA Licensing Statistics for 9/28/2016 10,852 Active Licensees

- Trainee
- Residential
- Certified Residential
- Certified General



The following table shows a breakdown of how appraisers are spread out across California counties

County	Number of licensees	County population	Appraisers per 100,000	County sq. mi.	Population density per sq. mi.	Appraiser density per 10 sq. mi.
Alameda	325	1,638,215	20	825	1986	3.94
Alpine	0	1,110	0	727	2	0.00
Amador	15	37,001	41	601	62	0.25
Butte	79	225,411	35	1,665	135	0.47
Calaveras	11	44,828	25	1,036	43	0.11
Colusa	3	21,482	14	1,156	19	0.03
Contra Costa	505	1,126,745	45	798	1412	6.33
Del Norte	2	27,254	7	1,003	27	0.02
El Dorado	83	184,452	45	1,805	102	0.46
Fresno	191	974,861	20	5,998	163	0.32
Glenn	7	28,017	25	1,319	21	0.05
Humboldt	36	135,727	27	3,600	38	0.10
Imperial	15	180,191	8	4,598	39	0.03

continued on page 6

Licensing Statistics *continued from page 5*

County	Number of licensees	County population	Appraisers per 100,000	County sq. mi.	Population density per sq. mi.	Appraiser density per 10 sq. mi.
Inyo	7	18,260	38	10,097	2	0.01
Kern	110	882,176	12	8,170	108	0.13
Kings	15	150,965	10	1,436	105	0.10
Lake	16	64,591	25	1,327	49	0.12
Lassen	6	31,345	19	4,690	7	0.01
Los Angeles	2050	10,170,292	20	4,079	2493	5.03
Madera	19	154,998	12	2,147	72	0.09
Marin	119	261,221	46	588	444	2.02
Mariposa	6	17,531	34	1,461	12	0.04
Mendocino	22	87,649	25	3,510	25	0.06
Merced	43	268,455	16	2,008	134	0.21
Modoc	0	8,965	0	4,340	2	0.00
Mono	8	13,909	58	3,103	4	0.03
Monterey	90	433,898	21	3,324	131	0.27
Napa	35	142,456	25	797	179	0.44
Nevada	61	98,877	62	992	100	0.61
Orange	1369	3,169,776	43	785	4038	17.44
Placer	229	375,391	61	1,507	249	1.52
Plumas	8	18,409	43	2,618	7	0.03
Riverside	583	2,361,026	25	7,243	326	0.80
Sacramento	423	1,501,335	28	1,015	1479	4.17
San Benito	19	58,792	32	1,397	42	0.14

continued on page 7

Licensing Statistics *continued from page 6*

County	Number of licensees	County population	Appraisers per 100,000	County sq. mi.	Population density per sq. mi.	Appraiser density per 10 sq. mi.
San Bernardino	417	2,128,133	20	20,164	106	0.21
San Diego	938	3,299,521	28	4,281	771	2.19
San Francisco	209	864,816	24	91	9503	22.97
San Joaquin	149	726,106	21	1,436	506	1.04
San Luis Obispo	115	281,401	41	3,326	85	0.35
San Mateo	183	765,135	24	531	1441	3.45
Santa Barbara	103	444,769	23	2,745	162	0.38
Santa Clara	480	1,918,044	25	1,316	1457	3.65
Santa Cruz	92	274,146	34	440	623	2.09
Shasta	63	179,533	35	3,850	47	0.16
Sierra	1	2,967	34	959	3	0.01
Siskiyou	9	43,554	21	6,318	7	0.01
Solano	86	436,092	20	872	500	0.99
Sonoma	189	502,146	38	1,598	314	1.18
Stanislaus	119	538,388	22	1,521	354	0.78
Sutter	17	96,463	18	607	159	0.28
Tehama	13	63,308	21	2,976	21	0.04
Trinity	4	13,069	31	3,223	4	0.01
Tulare	69	459,863	15	4,844	95	0.14
Tuolumne	14	53,709	26	2,293	23	0.06
Ventura	317	850,536	37	1,864	456	1.70
Yolo	34	213,016	16	1,034	206	0.33
Yuba	10	74,492	13	639	117	0.16

Data current as of September 28, 2016.

Legal Corner

Attention applicants: There is no more trainee examination, and initial applicants must complete a course on state and federal laws prior to receiving a license.

Beginning October 1, 2016, applicants for a trainee license no longer need to pass an examination. For current trainee applicants with a pending complete application, except for passing an examination, you can simply apply for issuance of a license. For all future trainee applicants, you no longer need to pass an examination as part of the license process. Trainees still need to pass an examination when upgrading their license and they still need to work under the supervision of a certified appraiser. Trainees and supervisors should note education

requirements have recently increased on both trainees and supervisors. See the Bureau Chief's message from the spring 2016 newsletter for more information about recent increases to the educational and experience requirements for trainees and supervisors before getting started.

Beginning January 1, 2017, all initial and reciprocal applicants will need to complete a course on state and federal laws. For initial applicants, this course will be in addition to all other required education. For reciprocal applicants, this course must be completed before receiving a license in addition to the required education. This will ensure initial licensees understand Bureau laws before practicing.

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.

Additional information on the individual actions is also available on the Bureau's website, www.brea.ca.gov

Published Disciplinary Actions				
Licensee	License No.	Business City	Order Effective	Outcome
Sloate, James	AL 010846	Alamo	3/17/2016	Monetary Fine, Probation
Griggs, Renee	AR 020371	San Jose	4/6/2016	Additional Education, Monetary Fine, Probation
Fair, Antwon	AL 029521	Riverside	4/22/2016	Voluntary Surrender
Antoni, Richard	AR 004244	Rancho Cucamonga	4/27/2016	Restricted License, Additional Education, Monetary Fine, Probation
Manriquez, Hector	AL 034067	Escalon	5/6/2016	Monetary Fine, Probation, Enforcement Costs
Harris, Curtis	AG 002574	Chino Hills	5/20/2016	Revocation
Mackel, John	AG 040362	Los Angeles	5/20/2016	Monetary Fine, Probation
Barcells, Michael	AR 015021	Soquel	6/3/2016	Monetary Fine, Probation
Steven, James	AG 044665	Chino Hills	6/16/2016	Voluntary Surrender
Salamah, Abdel	AR 027786	Moreno Valley	6/30/2016	Voluntary Surrender
Adebiyi, Ademuyiwa	AR 043417	Oakland	7/13/2016	Monetary Fine, Revocation
Tzvetanovich, Ambrozie	AR 035768	Irvine	7/13/2016	Restricted License, Additional Education, Monetary Fine, Probation
Blakeslee, Christopher	AG 014223	Petaluma	8/4/2016	Voluntary Surrender
Ceausu, Alina	AR 032125	Yorba Linda	8/31/2016	Additional Education, Fine, Probation
Krebs, Otto	AR 023309	Newport Beach	9/6/2016	Voluntary Surrender
Diligent Asset Valuations	AMC 1382	Newport Beach	9/6/2016	Public Repeal
Tuttle, Winfield	AR 006215	Hemet	9/7/2016	Suspension, Monetary Fine, Additional Education
Reel-Kersch, Victoria	AR 033808	Vista	9/7/2016	Voluntary Surrender

Citations

The following disciplinary actions are examples of citations issued from May 2016 through September 2016

Licensee	Fine	Violation
Certified Residential	\$1,000 fine, 15-hour USPAP, and 30 hours Residential Sales Comparison and Income	Violations of USPAP Standards 1 and 2, and Scope of Work Rule: failed to properly analyze the recent listing history of the subject property, failed to properly analyze all current agreements of sale of the subject property, failed to include an adequate analysis of the subject property's improvements, failed to develop a credible Sales Comparison Approach by creating a series of errors in the analysis, and failed to develop a credible Cost Approach by including errors in the direct cost estimate and depreciation of the improvements
Certified Residential	\$2,000 fine, 15-hour USPAP, and 30 hours Residential Sales Comparison and Income Approaches	Violations of USPAP Standards 1 and 2, Scope of Work Rule, Conduct section of the Ethics Rule: in multiple reports failed to disclose prior appraisal services, falsely reported dates of inspection, used comparable sale photographs obtained online and cropped public source identifiers without disclosure, failed to support comparable sale adjustments, claimed Cost Approach site value methodologies that were not used, incorrectly estimated depreciation, and advocated the interest of the client by making multiple upward revisions in the opinion of value without support
Certified Residential	\$1,000 fine, 15-hour USPAP, 30 hours of basic education on Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2: failed to perform the appropriate scope of work for the intended use of the appraisal report: failed to describe the subject property adequately, failed to discuss the zoning restrictions on the subject property and failed to report the correct zoning, failed to complete a highest and best use analysis, failed to complete the Cost Approach or Income Approach or to explain their exclusion, failed to request and analyze existing leases, failed to describe comparable sales correctly and analyze them properly, and failed to render services in a professional manner
Certified Residential	\$1,000 fine, 15 hours Residential Appraiser Site Valuation and Cost Approach, and 15 hours Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2, Scope of Work, and Record Keeping Rule: represented two comparable sales as two-unit properties when they were one-unit homes, failed to report market support for adjustments, reported incorrect view amenity and room count for comparables, failed to develop site value per cited method, failed to develop replacement costs from cited source, represented forecast rents as contract rents, failed to reconcile a wide range of comparable gross rent multipliers, and failed to retain all versions of report in work file

continued on page 11

Citations *continued from page 10*

Licensee	Fine	Violation
Certified General	\$1,000 fine, 15-hour USPAP	Violations of USPAP Standards 1 and 2, and Competency Rule: failed to support the highest and best use of the subject as a legally permissible duplex, and failed to disclose a prior service regarding the subject property that occurred within the prior three years
Certified Residential	15 hours Advanced Residential Applications and Case Studies and 15 hours Residential Report Writing and Case Studies	Violations of USPAP Standards 1 and 2, Competency Rule: failed to analyze the current listing information regarding the subject property, failed to properly identify and analyze whether the subject residence was built on a permanent foundation, failed to describe the condition of the subject residence, failed to complete a credible Sales Comparison Approach to value addressing the "subject to" condition assuming completion of considerable itemized repairs, failed to complete a credible Cost Approach to value by omitting analysis of site improvements and by failing to make any charge for physical depreciation
Certified Residential	\$1,000 fine, 15 hours of Residential Market Analysis and Highest and Best Use, and 15 hours of Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2, and the Competency Rule: failed to report the correct zoning of subject, failed to adequately support the Highest and Best Use, failed to have access to necessary data to complete a credible Sales Comparison Approach, failed to report accurate information about the comparable sales (financing, condition, and amenities), failed to reconcile the quality and quantity of data available and analyzed with the approaches used, and failed to develop and report a credible site value in the Cost Approach
Certified Residential	\$1,000 fine and 15-hour USPAP	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Conduct section of the Ethics Rule: failed to adequately analyze the subject's prior sale, failed to disclose that comparable sale and listing photographs were from the MLS, altered the MLS photographs to exclude the MLS trademark, and performed a misleading scope of work in completing the assignment
Certified Residential	\$1,000 Fine, 15 hours Advanced Applications and Case Studies	Violations of USPAP Standards 1 and 2: used inappropriate search parameters such that a relevant sale on the subject street was not considered, failed to analyze the disparate age range of the comparable sale homes, reported an in-law unit for two of the comparable sales when there was none, failed to adequately reconcile a disparate range of adjusted sale prices, failed to prepare a credible Cost Approach, and significantly changed value conclusions between two versions of the report without significant change in the analysis

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

1. Notify the Bureau of Real Estate Appraisers (BREA) of any changes to your contact information. California Code of Regulations Section 3527 requires written notification to BREA *within 10 days* of any change to:

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

Use the *Change Notification and Miscellaneous Requests Form* (REA 3011) available on BREA's website, www.brea.ca.gov; click on "Forms." Submit by mail the completed and signed form, the required fee, and any necessary documentation to:

Bureau of Real Estate Appraisers
Attention: Licensing
1102 Q Street, Suite 4100
Sacramento, CA 95811

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

2. Notify BREA of any convictions, felony charges, or other license discipline. Business and Professions Code Section 11318 requires that all licensees, applicants, and course providers report to BREA in writing within 30 days any of the following:

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

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



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