

THE CALIFORNIA APPRAISER

News From The California Bureau Of Real Estate Appraisers

Fall/Winter 2021

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Message From the Bureau

The Bureau is looking for a talented and exceptional person to take the helm as chief of a high-performing team to support and carry out the mission of the Bureau. The position requires dynamic leadership skills and demonstrated executive-level experience with strong interpersonal and mentoring skills to promote a high-performance culture where employees are motivated and enabled to perform to their greatest potential.

To see recruitment documents, including the job description and duty statement, go to www.calcareers.ca.gov and search for "**Job Control 264677**." Please note: Once the job control is closed, this information will not produce results.

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

Did You Know?

National Registry Fee For AMCS

Appraisal management companies (AMCs) will be sent reminders to submit the AMC National Registry Fee form REA 5030. Designated officers (DO) are reminded that they are required to keep the AMC's mailing address up to date, and should, if provided, keep the DO's and AMC's email address(es) up to date as well to receive reminders. To update an AMC's contact information, use the AMC Change Notification and Miscellaneous Requests form REA 5011. Both forms can be found on the Bureau's website, www.brea.ca.gov: Click on the "Forms & Publications" tab, then the "**All Forms**" link.

Practical Applications Of Real Estate Appraisal (PAREA)

PAREA will be another Appraiser Qualifications Board (AQB) approved pathway toward experience required for residential, certified residential, and certified general licenses. To learn more about this AQB program, please log on to The Appraisal Foundation's PAREA webpage at www.appraisalfoundation.org; under the "Resources" tab, click on "Aspiring Appraisers" then "PAREA."

If you would like to be notified when a program becomes available, please fill out this [survey](#) under the heading "Participants: Are You Interested in Attending a PAREA Program?" It is a simple, two-step survey to get signed up.

Licensing Stats

The following chart shows the breakdown of the licensed appraiser population by license level type. As of December 1, 2021, there are 9,388 active appraisers. Seven percent are trainee level, 10% are residential level, 53% are certified residential level, and 30% are certified general level.

Active Licensees: 9,388

Trainee: 7%

Residential: 10%

Certified residential: 53%

Certified general: 30%

CA Exam Results

The following table shows the California Appraisers Examination statistics from January 1, 2021 through June 30, 2021, as provided by PSI (formerly Applied Measurement Professionals Inc.). The numbers indicate the pass rate by candidate and exam type.

	Certified general (63 took exam)	Certified residential (109 took exam)	Residential license (89 took exam)
First-Timers passed	58%	44%	51%
Repeaters passed	33%	30%	24%

Total pass rate	46%	38%	38%
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Legislative Update

On September 28, 2021, Assembly Bill 948—“Fair Appraisal Act”—was approved by the governor and filed with the secretary of state, and will become effective January 1, 2022. Existing law requires the protection of the public to be the highest priority for the Bureau in exercising its licensing, regulatory, and disciplinary functions.

Among other things, this bill requires the Bureau to place on an existing complaint form a check box asking if the complainant believes that the opinion of the value of the real estate is below market value. The bill requires the Bureau to collect specified demographic information (voluntarily provided) regarding sellers, those seeking to refinance, buyers, or an authorized representative in real estate transactions making a complaint. The bill requires the Bureau to compile the collected demographic information and report that information to the Legislature on or before July 1, 2024.

This bill prohibits 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, source of income, 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 makes 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.

This bill requires, beginning January 1, 2023, an applicant to complete at least one hour of instruction in cultural competency, as defined. As part of the continuing education requirement in order to renew a license or restore a license to active status, the bill would require for each licensee renewing on or after January 1, 2023, at least two hours of elimination of bias training. Beginning January 1, 2023, a licensee would be required to complete at least one hour of instruction in cultural competency every four years.

To review the sections of the Business and Professions Code that are added or amended, go to <https://leginfo.legislature.ca.gov> and search for “AB 948.”

Can My Trainee Inspect Without Me?

When it comes to supervisors, trainees, and inspections, title 10 of the California Code of Regulations says:

§3568(e) The supervising appraiser shall:

1. *Personally inspect the property with the trainee until the trainee is competent to make unsupervised inspections in accordance with the Competency Rule of USPAP for the type of property being appraised.*

So competent trainees can inspect on their own, right? The level of inspection and who must inspect is often spelled out in the engagement letter defining the scope of work. If it's not in the engagement letter, it may be in the pre-printed section of standard appraisal forms. All appraisers—not just supervisors— should read and understand the language in pre-printed forms. The individual who signs as “APPRAISER” on the left side of page 6 of a URAR (Fannie Mae form 1004 March 2005) certifies the following:

1. *“I performed a complete visual inspection of the interior and exterior areas of the subject property...”*

The appraiser who signs on the left side on a URAR must perform a complete visual inspection of the interior and exterior areas of the subject property or they are not in compliance with their certification. The URAR does allow the supervisor to sign the report without having performed an inspection but only on the right side of page 6, only if the “did not inspect” box is checked, and only if the client is agreeable.

So, even though a Bureau regulation permits competent trainees to make unsupervised inspections of the subject property, the agreed-upon scope of work and/or pre-printed certifications may not. The supervisor must be aware of and follow the assignment's agreed-upon scope of work and report certifications before allowing their trainee to inspect without them. When in doubt, read your report certifications and discuss with your client.

Temporary Practice Permits

Appraisers who hold an active license in good standing in another state or territory may apply for a temporary practice permit (TPP) to perform a real property appraisal assignment in California. The TPP application approval process is expedited, but only with a properly completed and accurate request. The Bureau receives approximately 350 TPP requests annually.

The TPP is limited to a single assignment. USPAP defines “assignment” as a valuation service that is provided by an appraiser as a consequence of an agreement with a client. The engagement letter is the agreement with a client. An appraisal assignment with one client involving more than one property meets this definition. Also, the TPP is issued for the appraiser assigned/named on the engagement letter to perform the assignment.

Engagement letters are developed by a variety of parties involved in the transaction. When the appraiser or appraiser's company drafts the letter, the appraiser or their firm can draft the engagement letter in a manner to ensure it is complete and accurate. When the client drafts the letter, the appraiser must make sure the letter is complete with all required information to ensure expedient TPP processing.

TPP applications with deficiencies will delay processing the request for the permit. The Bureau will send the requesting appraiser a deficiency notice requesting correction of the TPP application. The most common deficiencies are:

- Engagement letter assignment is to an appraiser different than the one identified on the TPP request.
- Engagement letter does not identify an appraiser.
- TPP application includes engagement letters from multiple clients.

The applicant must provide an engagement letter that includes the following to ensure expedient processing of the TPP request:

- Name of the appraiser applicant. The TPP applicant must have a license from a state or territory recognized by the Appraisal Subcommittee, and that license must be in good standing with the issuing state or territory.
- Address, assessor's parcel number, or legal description of property(ies) to be appraised.

See the Bureau of Real Estate Appraisers Licensing Handbook for general guidelines on TPPs at www.brea.ca.gov under "Licensing & Registration." TPP requirements can be found in the California Code of Regulations title 10, chapter 6.5, § 3525 on the Bureau's website under "Laws & Enforcement" then "California Laws & Regulations."

Roles and Responsibilities of a Designated Officer

One of the most important roles in an appraisal management company (AMC) is the role of designated officer (DO). The DO is the controlling person authorized by the governing structure of the appraisal management company to act on behalf of the company for purposes of application for, and compliance with, a certificate of registration to operate as an appraisal management company pursuant to California law. The DO shall be responsible for the supervision and control of activities conducted on behalf of the appraisal management company by its officers and employees as necessary to secure full compliance with the Real Estate Appraisers' Licensing and Certification Law and these regulations as related to AMCs. (See title 10, California Code of Regulations (CCR) section 3500 (b)(11).)

A common misconception is that the DO **must** be an appraiser. The DO does not have to be an appraiser; in fact, none of the controlling persons has to be an appraiser. While the knowledge base of an appraiser might be helpful for the business aspect of the AMC, a controlling person is one or more of the following (See title 10, CCR section 3500 (b)(9)):

- An officer of the AMC.
- A director of the AMC.
- An individual who owns 10% or greater ownership interest in the AMC.
- An individual who can enter into contractual relationships with clients for the performance of appraisal services and has authority to enter into agreements with independent appraisers for the completion of appraisals.
- An individual who possesses the power to direct or cause the direction of the management or policies of the AMC.

The designated officer **must** be the controlling person authorized to provide original signatures on all AMC forms including the AMC Change Notification and Miscellaneous Requests form REA 5011 to update the AMC's address or to order a letter of license history. **The DO's signature confirms the DO has read through and has verified all of the information being provided on the submitted forms.**

Inaccurate and/ or incomplete documentation can delay the processing of an application. For efficient and expedient exchanges between the AMC and the Bureau, please review documents for accuracy and completeness before submitting.

Being the designated officer of an AMC comes with significant responsibility. Understanding the requirements of the position will ensure the AMC stays in compliance and is able to continue to do business in California.

Course Providers Offering Seven-Hour USPAP Update Course

This list is current as of November 2021.

Licensee	License number	City of Business
Affiliated Appraisers Workshop	(866) 944-8583	www.focalpointtraining.com
American Society of Farm Managers and Rural Appraisers	(303) 758-3513	www.asfmra.org/home
Appraisal Institute	(312) 335-4100	www.appraisalinstitute.org
Appraiser eLearning	(615) 965-5705	https://appraiserelearning.com
Calypso Continuing Education	(802) 728-4015	www.calypsoedu.com
Champions School of Real Estate, LTD	(800) 284-1525	www.championsschool.com
Columbia Institute	(800) 766-1936	https://columbiainstitute.net
Dynasty School	(800) 888-8827	www.dynastyschool.com
Hondros College	(614) 508-7224	www.hondros.com
Ken Hunsinger	(916) 482-1110	www.appraisalclass.com/currentclassesoffered.html
Mbition, LLC	(800) 532-7649	www.mbitiontolearn.com/real-estate
McKissock, LLC	(800) 382-8002	www.mckissock.com
Real Estate Appraisers Association	(916) 988-9442	www.reaa.org
Real Estate Trainers, Inc.	(714) 972-2211	www.retrainersca.com

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

How do I document my appraisal experience?

Documentation must be on the official Log of Appraisal Experience form REA 3004. The form has detailed instructions on how to fill out the form and properly document your experience. Remember that a separate signed certification page must be completed for **each** supervisor.

How can I verify if a course provider is approved with the Bureau?

On the Bureau's website under "Online Services," there is a "Course Provider" search. This search feature provides information on all approved course providers. To see a complete list, leave all of the search fields blank and click "Search." Find the "**Course Provider Search**" on the Bureau's website under "Online Services."

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 enforcement and disciplinary actions (if any), and circumstances that support findings relevant to the offender's rehabilitation. Violation descriptions may be partial and summarized due to space limitations. For these reasons, cases may appear similar on the face yet warrant different outcomes.

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.

DISCIPLINARY ACTIONS				
Licensee	License No.	City of Business	Order Effective	Discipline
Derrick Washington	035599	Rancho Cucamonga	5/16/2021	Additional education, monetary fine, probation
Julie Huang	3003048	La Cañada Flintridge	06/8/2021	Monetary fine, probation
Christopher N. Baker	039361	Sacramento	8/2/2021	Revocation
Nana Smith	3006723	San Francisco	9/27/2021	Additional education, monetary fine, probation

Trevor Young	044919	Perris	10/25/2021	Additional education, monetary fine, probation
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CITATIONS		
License Level	Fines and/or Conditions	Violation(s)
Certified Residential Licensee	\$1,500 fine, 15 hours Residential Appraiser Site Valuation and Cost Approach, and four hours Appraiser Self-Protection: Documentation and Record Keeping.	Violation of USPAP Standards 1 and 2, Confidentiality section of the Ethics Rule, and Record Keeping Rule: inconsistently reported the GLA of the subject, analyzed the incorrect GLA for the subject, failed to report the ADU of a comparable, disclosed confidential information to persons not authorized by the client, and failed to maintain a copy of all reports communicated to the client.
Certified Residential Licensee	\$1,500 fine, 15 hours Advanced Residential Applications and Case Studies, and four hours Residential Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2, and Conduct section of the Ethics Rule; failed to support or adequately analyze the use of attached comparables to a detached subject when detached comparables were available, and falsely reported four of the comparables had golf course frontage/views like the subject.
Certified Residential Licensee	\$1,500 fine and four hours Scope of Work: Appraisals and Inspections.	Violations of USPAP Standards 1 and 2, and Conduct section of the Ethics Rule: falsely reported that a manufactured home was real property, and falsely certified as to a complete visual inspection of the interior and exterior areas of the subject.
Residential Licensee	\$1,000 fine, 15 hours Residential Market Analysis and Highest and Best Use, 30 hours Residential Sales Comparison and Income	Violations of USPAP Standards 1 and 2, Conduct section of the Ethics Rule, Scope of Work Rule, and Competency Rule: failed to correctly

	Approaches, and four hours Scope of Work: Appraisals and Inspections.	describe the subject property in terms of number of units and building size, misreported the subject zoning, failed to support the highest and best use, failed to adequately complete the Sales Comparison Approach, failed to adequately analyze the market rent for the subject, failed to complete the Income Approach, and used third-party photographs that were altered to remove logo/trademarks when originals were required per engagement.
Certified Residential Licensee	\$2,500 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, and Conduct section of the Ethics Rule: failed to report/analyze significant improvements of the subject, failed to develop and report a credible Sales Comparison Approach, failed to report and analyze two prior sales of the subject, and performed appraisal services in a grossly negligent manner.
Certified Residential Licensee	\$2,000 fine, 15 hours Residential Appraiser Site Valuation and Cost Approach, and four hours Scope of Work: Appraisals and Inspections.	Violations of USPAP Standards 1 and 2, Conduct section of the Ethics Rule, and Scope of Work Rule: failed to report or analyze relevant subject characteristics including zoning, failed to prepare a credible opinion of site value, falsely certified as to a complete visual inspection of the interior and exterior areas of the subject, failed to disclose significant real property appraisal assistance provided by a third-party, and used third-party photographs that were altered to remove logo/trademarks when originals were required per engagement.

Reminders: Failure to Timely Notify BREA 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 title 10, section 3527 requires written notification to BREA **within 10 days** of any change to: (1) Name or business 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 requires 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 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) The 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.

State of California

Department of Consumer Affairs

Department of Consumer Affairs Bureau of Real Estate Appraisers 3075 Prospect Park Drive, Suite 190
Rancho Cordova, CA 95670 (916) 552-9000