



THE CALIFORNIA APPRAISER

Did You Know? 2

Licensing Stats. 2

CA Exam Results 2

Legal Corner 3

Reporting Significant
Real Property Appraisal
Assistance 4

Common Work Sample
Deficiencies 6

BREA's FAQs 8

Course Providers Offering
Four-Hour Federal and
State Laws and
Regulations Course 9

Fair Appraisal Act and
Continuing Education 9

Enforcement Actions 10

Reminders BACK

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

Message From the Bureau

The Bureau Has a New Chief!



On March 2 at Department of Consumer Affairs (DCA) headquarters, DCA Director Kimberly Kirchmeyer swore in Angela G. Jemmott as the new Bureau Chief for the Bureau of Real Estate Appraisers. This governor-appointed position became available after the retirement of Jim Martin in 2020. Ms. Jemmott comes to the Bureau after serving seven years as the Executive Director of the California Commission on Disability Access. She has over 20 years of executive leadership in both business and educational entities.

The new Bureau Chief was surrounded by her family and well-wishers from DCA executive leadership as well as her new team at the Bureau, both in-person at DCA headquarters and virtually via Microsoft Teams.



Did You Know?

The Bureau's online complaint system has been updated. Users will need to create an account before filing an online complaint. The Bureau will investigate if there has been unlawful or unprofessional conduct by an appraiser or appraisal management company. The Bureau cannot do the following: order the refund of money, award damages, or enforce contracts; give legal advice or act as your attorney; act as a court of law. Additional complaint information may be found on the Bureau's website under "[Online Services](#)" and under "[Laws & Enforcement](#)."

Fannie Mae has provided updated requirements regarding standardized property measuring guidelines. From the Standardized Property Measuring Guidelines fact sheet:

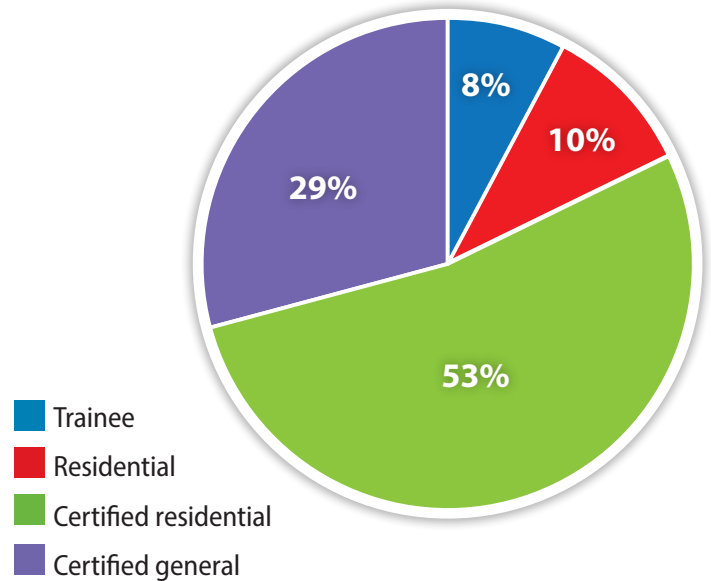
"Appraisers will be required to use the Square Footage-Method for Calculating: ANSI® Z765-2021 (American National Standards Institute®) Measuring Standard for measuring, calculating, and reporting gross living area (GLA) and non-GLA areas of subject properties for appraisals requiring interior and exterior inspections with effective dates of April 1, 2022 or later on loans sold to Fannie Mae."

The full [Standardized Property Measuring Guidelines](#) fact sheet and FAQs may be downloaded from the [Fannie Mae website](#): Click on the "Originating & Underwriting" tab, then "Appraisers" and "Appraiser Updates."

Licensing Stats

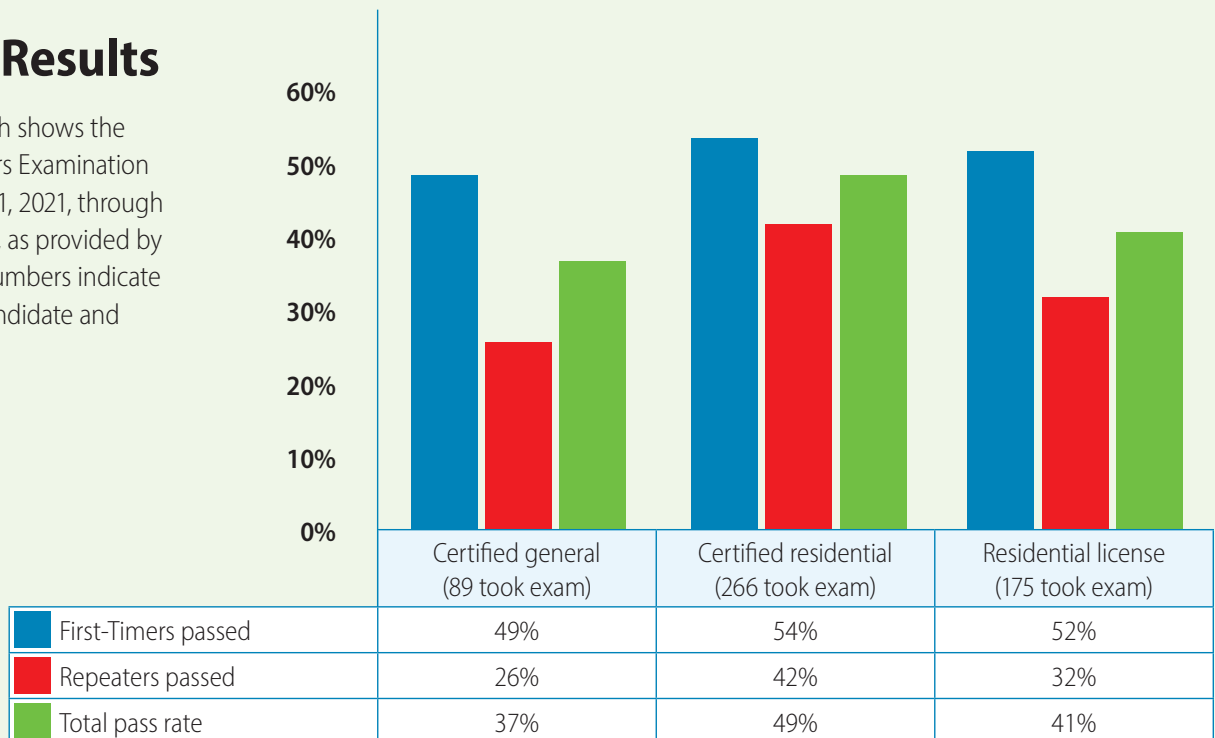
The following chart shows the breakdown of the licensed appraiser population by license level type. As of March 16, 2022, there are 9,413 active appraisers. Eight percent are trainee level, 10% are residential level, 53% are certified residential level, and 29% are certified general level.

Active Licensees as of March 16, 2022: **9,413**



CA Exam Results

The following graph shows the California Appraisers Examination statistics from July 1, 2021, through December 31, 2021, as provided by PSI Services. The numbers indicate the pass rate by candidate and exam type.





Legal Corner

The Fair Appraisal Act (AB 948, Holden, Stat. 2021, ch. 352) added section 11424, to the Business and Professions Code, which prohibits an appraiser's opinion to be based upon certain factors and reads in part:

"Licensees shall not base, either partially or completely, their analysis or opinion of market value on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), 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."

In addition, it added section **1102.6g** to the California Civil Code, which requires that, after **July 1, 2022**, every contract for the sale of real property shall contain, in no less than 8-point type, the following notice:

"Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age. If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint> or call (916) 552-9000 for further information on how to file a complaint."

Additional information on the Fair Appraisal Act may be found on the California Legislative Information website—<https://leginfo.legislature.ca.gov>—under Assembly Bill Number 948 (AB 948) for the 2021–2022 session.



Reporting Significant Real Property Appraisal Assistance

Some appraisers may find that documenting significant real property appraisal assistance in an appraisal report to be challenging. However, the Uniform Standards of Professional Appraisal Practice (USPAP) offers flexibility in how to summarize significant appraisal assistance. Along with USPAP's minimum reporting requirements, appraisers should keep these points in mind to create an acceptable summary:

- **Every work product is different—avoid inapplicable boilerplate language.**
- **Use definitive language—do not use unclear qualifier terms such as “may have,” “some,” “and/or.”**
- **Provide an honest and correct summary—do not include assistance that was not actually provided.**
- **Clearly and accurately describe the assistance that was provided.**

The following information is intended to help appraisers navigate USPAP's minimum reporting requirements with respect to significant real property appraisal assistance. Note that all significant real property appraisal assistance, performed by either licensed or unlicensed appraisers, **must comply with USPAP reporting requirements.**

USPAP states that any appraiser who signs a certification in the report accepts responsibility for the entire report. If all appraisers (trainees, staff appraisers, associate appraisers, etc.) who provide significant real property appraisal assistance sign a certification in the report, no additional disclosure is required. **(Remember to read what is being signed!)**

Those who provide significant real property appraisal assistance but who do not sign a report certification must be identified by name in the certification of the signing appraiser, and their assistance summarized within the report.

(Continued on page 5)

Remember that USPAP requires persons providing significant real property appraisal assistance be named in the certification and the extent of the assistance be summarized in the report. The best way to remain compliant is to simply describe the assistance in factual terms on a report-by-report basis. Avoid boilerplate statements or use of unclear qualifiers like “may have.” Take the time to summarize the duties performed by the assisting appraiser.

By understanding these basic disclosure requirements, all appraisers should be able to accurately depict the work performed. To gain an even better understanding of what is unacceptable, consider the following examples:

“[Name of appraiser] assisted in the completion of this report.”

Notice how brief this statement is and that it does not provide any information specific to appraisal assistance. There is no way to know what assistance was strictly clerical. Simply adding more words may not help much. Here is another example of an inadequate description of appraisal assistance:

“Substantial professional assistance has been rendered by [name of appraiser] in the preparation of this report. This assistance is typical in the appraisal field and may have included typing reports, gathering MLS data and public records information. This assistance has been completed with full supervision and under the direct control of the signing appraiser and all value conclusions for the appraisal process have been completed only by the signing appraiser.”

There are several problems with that summary. First, note the word “may.” The applicant “may” have done all of the work or none of the work—the reader has no way of knowing. Also, the tasks described are clerical functions, with the signing appraiser performing the only tasks requiring appraiser judgment.

Another common problem is inclusion of boilerplate language for a task that is not in the appraisal report:

“[Name of appraiser] assisted in inspection of the subject property, selection and inspection of comparable sales, development of the sales comparison and cost approaches to value, reconciliation, and the final conclusion of value.”

In this example, a problem arose when the work sample did not include a cost approach. Again, it is important to avoid boilerplate statements that are factually incorrect.

The following are good examples. Please note that these are not all-purpose, one-size-fits-all statements, but were appropriate for individual assignments and the associated intended use, intended user, and scope of work.

“This report was prepared with the assistance of full-time trainee/assistant [name of trainee and license number], who performed and assisted in all tasks of the report under full supervision of the signing appraiser. The assistance included defining the problem and purpose of the appraisal, scope of work, research and data collection, market/economic analysis, highest and best use analysis, application of value approaches, reconciliations, and written appraisal report. The signing appraiser supervised and verified all steps, and both the signing appraiser and trainee inspected the subject property.”

Normally, the Bureau would also expect a description of the approaches used, but in this case only the sales comparison approach was included, so the summary provided enough information to understand what the assisting appraiser did. Here is another example of a good description:

“[Name of assisting appraiser] inspected the interior and exterior of the subject property and investigated other relevant subject information including zoning and zoning use(s); research and analysis of the subject neighborhood/market area; observations of external influences on value; selection and inspection of comparison properties; development of the sales comparison approach and its reconciliation; and preparation of the appraisal report and all exhibits.”

If submitted as a work sample, this appraisal report may have had a cost approach and an income approach, but it would be clear that the significant assistance pertained only to the sales comparison approach.

Summarizing the extent of any real property appraisal assistance is just an extension of the ever-present scope of work requirement. This always requires that a statement of what was done and by whom. See USPAP Advisory Opinion 31 (AO-31) for more information regarding assignments involving more than one appraiser.



Common Work Sample Deficiencies

Part of the application process for residential level licenses and higher is to submit work samples. The work samples must demonstrate the applicant's proficiency in appraisal principles, methodology, procedures, and reporting of conclusions, and must abide by laws and regulations like the Uniform Standards of Professional Appraisal Practice.

Below is a compilation of common deficiencies as seen in work samples submitted to the Bureau:

1. The applicant has not participated in the act or process of developing an opinion of value (did not provide "appraisal" assistance).
2. Unclear/inadequate recognition of significant real property appraisal assistance.
3. Inappropriate use and/or abuse of boilerplate commentary (often in the neighborhood description and in the reconciliation section of the sales comparison approach).
4. Failure to properly understand the basic economic principles of supply and demand affecting real property values.
5. Failure to recognize, analyze, and report changing market trends and to report those trends in a manner that is consistent throughout the appraisal.
6. "Backing into" the predominant price and age of the neighborhood to "fit" the subject property.
7. Inadequate analysis of the subject property's zoning and allowable uses related to highest and best use of the subject property (particularly when there is demand for uses other than the present use).
8. Inadequate description of the subject property's condition and amenities (specifically remodeling and/or deferred maintenance).
9. Failure to disclose and analyze additions, studios, and secondary units of the subject or comparison properties.

(Continued on page 7)

(Continued from page 6)

10. Insufficient justification supporting the subject property's estimated effective age, particularly when it is substantially less than the chronological age.
11. Replacement cost figures that are not supported by the stated data source.
12. Failure to report and analyze external factors of the subject and comparison properties.
13. Rote per-square-foot adjustments for differences in site area without discussion or consideration of the site utility or land values in the area.
14. Insufficient reasoning and support for adjustments applied in the sales comparison approach, particularly when there is a unique feature and no paired sales were found.
15. Insufficient analysis and support for the gross rent multiplier in the income approach.
16. Prior sale(s) of the subject and comparables are reported but not analyzed.
17. Inadequate reconciliation of the quality and quantity of data available and analyzed within the approaches to the value used, as well as the applicability or suitability of the approaches used.



BREA's FAQs

Q: What do I need to renew my appraisal management company (AMC) registration?

A: To renew an AMC registration, the following items must be submitted:

1. Fee: \$5,000 for application review and certification.
2. AMC Renewal Application (REA 5012) signed by the designated officer.
 - » If this form is completed **outside** California, it must be notarized.
3. AMC Controlling Person Application (REA 5013) for **each** controlling person.
 - » If this form is completed **outside** California, it must be notarized.
4. One seven-hour USPAP completion certificate.
 - » The course must be completed by a controlling person.
 - » The course must be completed before the AMC's expiration date.
5. If the AMC entity type is an LLC or corporation, a copy of the completed Statement of Information from the California Secretary of State must be submitted as well.



Additional information on appraisal management companies is found on the Bureau's website, www.brea.ca.gov: Under the "Licensing & Registration" tab, click on "Appraisal Management Company Information."

Q: I submitted my appraiser license Application for Issuance and work samples for review. When can I expect issuance of my license?

A: Due to the varying complexity of the work samples being examined and potential communications with applicants, it can take **three to eight weeks**. There are instances where the turnaround time may be longer or shorter, but on average, most work sample examinations are falling within this time frame. If you have reached this point in your Initial or Upgrade Application process: Congratulations! This is one of the final stages before you may be issued your appraiser's license.



Course Providers Offering Four-Hour Federal and State Laws and Regulations Course

This list is current as of April 2022.

Course Provider	Phone Number	Website
Affiliated Appraisers Workshop	(866) 944-8583	www.focalpointtraining.com
Appraisal Institute	(312) 335-4100	www.appraisalinstitute.org
Calypso Continuing Education	(802) 728-4015	www.calypsoedu.com
Dynasty School	(800) 888-8827	www.dynastyschool.com
Ken Hunsinger	(916) 482-1110	www.appraisalclass.com/currentclassesoffered.html
McKissock, LLC	(800) 382-8002	www.mckissock.com
Noblefields School of Real Estate	(415) 608-1388	www.noblefields.com
OREP Education Network	(888) 347-5273	www.orepeducation.org
Real Estate Appraisers Association	(916) 988-9442	www.reaa.org
Southland Educational Services	(714) 961-8973	N/A
West Los Angeles College	(310) 287-4200	www.wlac.edu

Fair Appraisal Act and Continuing Education

The Bureau has been working internally and with course providers to implement the new continuing education requirements established in the Fair Appraisal Act. The Fair Appraisal Act will require additional education to be completed in order to renew a license or restore a license to active status beginning January 1, 2023. Notifications will be sent via email and posted on the Bureau's website, as well as on social media.

Make sure to keep up to date by subscribing to email notices at www.brea.ca.gov and by following the Bureau's **Facebook** page. Subscribe to the email list by scrolling down to the right column of the homepage and entering in your email address.





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.

CITATIONS

License Level	Fines and/or Conditions	Violation(s)
Certified Residential	\$2,500 fine, four hours Appraiser Self-Protection Documentation and Recordkeeping, four hours Report Certification: What Am I Signing and Why, four hours Scope of Work and Inspections, and four hours Ethics, Competency, and Negligence.	Violations of USPAP Standards 1 and 2 and Scope of Work Rule: Failed to identify and summarize relevant characteristics of the subject, failed to prepare a credible sales comparison approach by analyzing and reporting inappropriate comparable sales, and failed to perform an appropriate scope of work.
Certified Residential	\$2,000 fine, 15 hours Residential Appraiser Site Valuation and Cost Approach, 15 hours Advanced Residential Applications and Case Studies, four hours Appraiser Self-Protection: Documentation and Recordkeeping, and four hours Ethics, Competency, and Negligence.	Violations of USPAP Standards 1 and 2 and Scope of Work Rule, Conduct section of Ethics Rule, and Recordkeeping Rule: Failed to identify and summarize relevant characteristics of the subject, failed to prepare a credible sales comparison approach by reporting incorrect characteristics for the comparable sales; reported an increasing market without explaining the lack of a date-of-sale adjustment; and failed to analyze differences in condition between the subject and comparable sales, failed to prepare a credible cost approach by double reporting some items and omitting others, altered MLS photographs by removing their trademark/logos and stated in the report they were not altered, and failed to maintain a copy of all reports communicated to the client.
Certified General	30 hours General Appraiser Market Analysis and Highest and Best Use, four hours Appraiser Self-Protection: Documentation and Recordkeeping, four hours Scope of Work: Appraisals and Inspections, four hours Missing Explanations, four hours Sales Comparison Approach Reconciliation, and four hours Ethics, Competency, and Negligence.	Violations of USPAP Standards 1 and 2 and Scope of Work Rule: Failed to identify and summarize relevant characteristics of the subject, failed to prepare a credible highest and best use analysis, failed to prepare a credible sales comparison approach, failed to prepare a credible cost approach, and failed to perform an appropriate scope of work.

(Continued on page 11)

CITATIONS		
License Level	Fines and/or Conditions	Violation(s)
Residential	\$1,000 fine, 15 hours Residential Appraiser Site Valuation and Cost Approach, 15 hours Residential Report Writing and Case Studies, and four hours Scope of Work: Appraisals and Inspections.	Violations of USPAP Standards 1 and 2 and Scope of Work Rule, and Competency Rule: Failed to report the correct zoning, failed to prepare a credible sales comparison approach by failing to adequately describe the comparable sales in terms of basements/additional units/location/development potential, failed to prepare a credible cost approach by failing to include the basement, and failed to include original comparable photos as per the agreed scope of work.
Certified Residential	15 hours Residential Appraiser Site Valuation and Cost Approach, 15 hours Advanced Residential Applications and Case Studies.	Violations of USPAP Standards 1 and 2: Failed to produce credible sales comparison and cost approaches to value.
Certified Residential	15 hours Residential Appraiser Site Valuation and Cost Approach, 15 hours Advanced Residential Applications and Case Studies, and four hours Sales Comparison Approach Reconciliation.	Violations of USPAP Standards 1 and 2 in multiple appraisal reports: Failed to prepare a credible sales comparison approach by failing to adequately analyze the comparable sales and failing to adequately reconcile the adjusted sale price range to the opinion of value, failed to prepare a credible cost approach by failing to include all features of the subject property or explain their exclusion, and failed to adequately analyze the prior sale of a subject property.



Reminders: Failure to Timely Notify the Bureau Can Result in License Discipline

1. **Notify the Bureau of Real Estate Appraisers of any changes to your contact information.** California Code of Regulations section 3527 requires written notification to the Bureau **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 requires a Consent to Service of Process form (REA 3006).

Use the Change Notification and Miscellaneous Requests form (REA 3011) available on www.brea.ca.gov: Click on "Forms." Submit the completed and signed form, the required fee, and any necessary documentation by mail 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 the Bureau to send you newsletters and other important information.*

2. **Notify the Bureau 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:

- (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 the Bureau at (916) 552-9000.



STATE OF CALIFORNIA
dca
DEPARTMENT OF CONSUMER AFFAIRS

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