



# THE CALIFORNIA APPRAISER

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

## Message from the Chief

### Appraiser Independence

The most important characteristic a professional real estate appraiser can cultivate is appraiser independence. The Uniform Standards of Professional Appraisal Practice (USPAP) makes it clear in the Conduct section of the Ethics Rule that an appraiser must perform assignments with impartiality, objectivity, independence, and without accommodation of personal interests. Bureau of Real Estate Appraiser law also requires appraiser independence<sup>1</sup> and prohibits an appraisal management company from improperly influencing an appraisal.<sup>2</sup>

In my travels as bureau chief, I have encountered confusion on the appraiser independence issue. Some appraisers express the erroneous belief they are prohibited from having any communication with the listing or selling agent of the subject property. They even consider an offer of MLS data or information specific to the subject property as inappropriate. This thinking is incorrect. Consideration of agent data is appropriate, and it may be necessary to develop a credible appraisal.

Communication with third parties does not necessarily violate appraiser independence. It may be entirely appropriate for an appraiser to use a listing or selling agent as a resource for data that could be important in the development and credibility of an appraisal. Of course, any data provided by an agent must be vetted, confirmed, and independently verified by the appraiser. The appraiser must also determine if the information is even relevant and useful. Appraisers must be aware an agent will have an obvious conflict of interest and not be impartial regarding the transaction. This is why the appraiser’s responsibility to remain objective and impartial is critical. The ability to withstand any pressure, from any source, is the cornerstone of an appraiser’s professionalism. Remaining objective and producing a credible appraisal report is the basis for all appraisers’ reputations. Refusing data from third parties can result in failure to consider information that could lead to a USPAP violation. Therefore, appraisers should consider and vet all information necessary for credible assignment results and include relevant and useful data in the report.

**James S. Martin, Bureau Chief**

<sup>1</sup> Business and Professions Code section 11319  
<sup>2</sup> Business and Professions Code section 11345.4

## Did You Know?

### The Bureau is on Facebook!

The Bureau of Real Estate Appraisers' (bureau's) Facebook page is a quick way to stay in the know regarding what's going on in the bureau, changes in the industry, and activities from related federal organizations. Like and follow the bureau on Facebook to stay up-to-date: [www.facebook.com/CaliforniaBREA/](http://www.facebook.com/CaliforniaBREA/).

### Appraiser Qualification Criteria Changes

On May 1, 2018, new appraisal qualification criteria came into effect. As a reminder, the bureau is only able to implement the new education criteria as of the effective date. The new education criteria has been updated in the bureau's online *Licensing Handbook*, and the "Initial Education Requirements" and "Upgrade Requirements" handouts found on the "Licensing & Registration" web page: <http://www.brea.ca.gov/html/Lic&Reg.html>.

### Appraisal Management Company Information

The "Appraisal Management Company (AMC) Registration" page (<http://www.brea.ca.gov/html/AMCInfo.html>) on the bureau's website has been updated. The updates include a breakdown of required forms by application type, how to correctly make changes to an AMC, fees, and more.

### Survey and Feedback

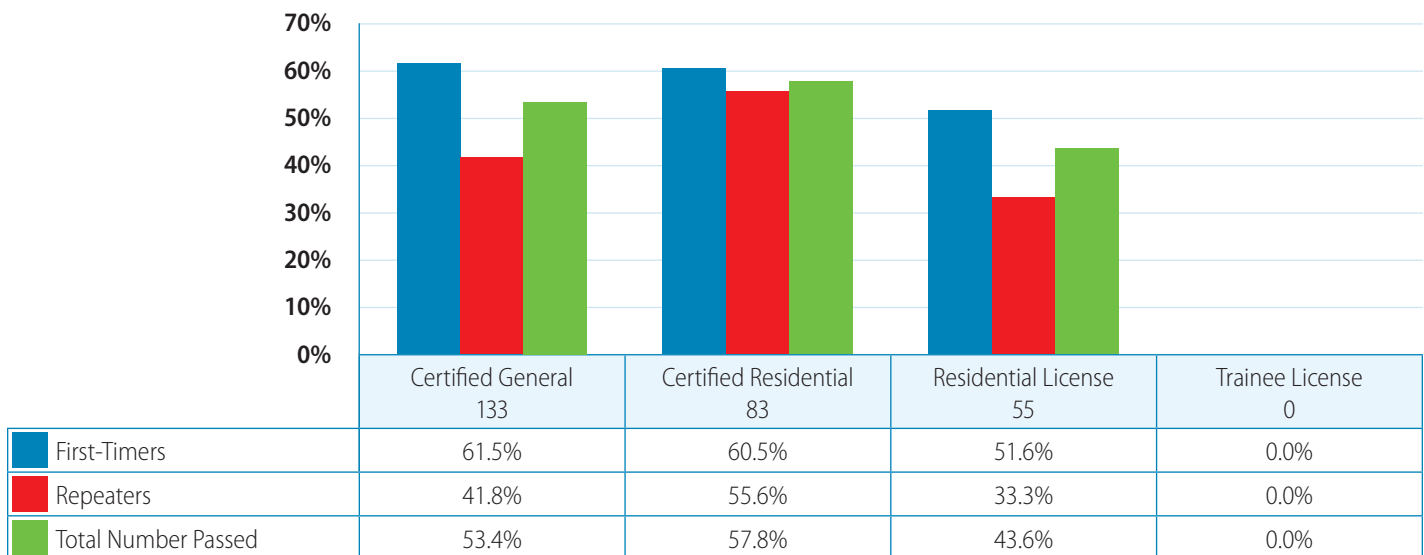
The bureau encourages applicants, licensees, and members of the public to use its online "Customer Survey and Comments" page to provide feedback, such as concerns, new ideas, and requests for additional content. You can also comment on bureau employees' service in the survey. The survey can be anonymous; however, to receive a response, contact information will need to be provided.

Take the survey on the bureau's website at [http://www.brea.ca.gov/html/Sat\\_Survey.html](http://www.brea.ca.gov/html/Sat_Survey.html).

## California Exam Results

The following graph shows the California Appraisers Examination statistics from July 1, 2017, through March, 31, 2018, as provided by PSI Services Inc.

### July 1, 2017–March 31, 2018 California Examination Statistics



# Enforcement/Licensing

## Supervisor and Licensed Trainee Guidelines

With the recent changes in appraisal qualifications, it is important to ensure new and existing appraisers are familiar with the requirements of being in a supervisor-and-licensed trainee relationship. The following requirements are specifically for *licensed* trainees.

The first and most important step is to ensure both the trainee and supervisor have completed the mandatory Supervisory/Trainee Appraisers course. Any experience obtained by the trainee prior to both parties completing the course will not count toward the trainee's total experience hours.

Additionally, the trainee must be mentioned by name and license number in the appraisal reports and the extent of the real property appraisal assistance they provided. In the spring 2016 edition of *The California Appraiser* newsletter, review the article on page 3, "Significant Real Property Appraisal Assistance Statements," which provides advice for adequately reporting individuals' contributions in the appraisal reports. If the trainee is not mentioned in the report with adequate explanation of their assistance, the experience will not count toward their total hours.

The supervisor must be a certified licensed appraiser in California for three years *and* have not been subject to any disciplinary action in any jurisdiction within the last three years that affects their eligibility to engage in appraisal practice. If the supervisor has any previous disciplinary actions, they can supervise three years after the date of the completion/termination of the sanction imposed against them. The supervisor cannot have more than three trainee appraisers at one time; however, a trainee can have any number of supervisors. Trainees are required to provide a separate Log of Appraisal Experience (REA 3004) and one certification page for each supervisor.

Staying up-to-date on requirements and changes is important to your work as an appraiser. The bureau's Licensing Unit is available to answer questions about this and other important aspects of licensure; call (916) 552-9000 and select prompt 1. An additional resource is California Code of Regulations section 3568. A copy of the bureau's current regulations may be found on the bureau's website at [www.brea.ca.gov](http://www.brea.ca.gov); click on the "Laws & Enforcement" tab, then go to the "CA Regulations" link.

# FAQs

## Why can't the 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course be used in place of the seven-hour USPAP update?

Per the Appraiser Qualifications Board's most recent Q&A, the seven-hour USPAP update course is required as continuing education every two calendar years. The seven-hour course details recent updates to USPAP, frequent issues faced by appraisers, and applications of USPAP in real world scenarios. The 15-hour USPAP course is set up to help new appraisers learn the basics of USPAP and does not meet the educational goals of the seven-hour update course.

## I want to become a licensed appraiser. Where do I start?

Regardless of which license level you want to apply for, it is important to first find an appraiser to be your supervisor. On the bureau's website ([www.brea.ca.gov](http://www.brea.ca.gov)), click on "Online Services" and use the "Search for an Appraiser" function. Within that section, you can locate licensed appraisers near you.

You can obtain experience without a license; details can be found in the bureau's *Licensing Handbook* ([http://www.brea.ca.gov/html/Lic\\_Hdbk.html](http://www.brea.ca.gov/html/Lic_Hdbk.html)). Under the heading "Work Experience Requirements," click on the "Obtaining Experience Without a License" link. If you choose to become a *licensed* trainee, you and your supervisor must meet certain requirements; these are detailed in the *Licensing Handbook* in the "Changes in Real Property Appraiser Qualifications Criteria" section, under the heading "Supervisory and Trainee." You must meet the minimum requirements for the license level that you want to apply for. A summary of the minimum requirements of each license level can be found in the *Licensing Handbook*.

## Education

### California State and Federal Laws and Regulations Course

The California State and Federal Laws and Regulations course is a mandatory class that must be completed during your full continuing education (CE) cycle. The full CE cycle lasts a total of four years (provided you have not renewed your license late), requiring a total of 56 hours of education. During this period, appraisers are encouraged to take 10 to 11 hours of elective CE courses each year to stay on top of the requirements. During the four-year period, appraisers must take the mandatory four-hour Laws and Regulations course, as well as two seven-hour Uniform Standards of Professional Appraisal Practice (USPAP) update courses. The first two years of this period are known as the USPAP-only renewal period, in which to meet the renewal requirements you must take one seven-hour USPAP course. The next two-year period would be the end of the full CE cycle in which the remaining education would be submitted to renew; this includes the second seven-hour USPAP, the four-hour Laws and Regulations course, and 38 hours of approved elective CE courses. In total, appraisers will have taken 56 hours of education during the full four-year term.

**The Continuing Education Attachment (REA 3017)** form, which can be found on the bureau's website, [www.brea.ca.gov](http://www.brea.ca.gov), is a completely optional form when putting together the paper renewal application package; it helps the appraiser keep a log of completed CE. The form shows both the seven-hour USPAP update course and the four-hour Laws and Regulations course. If it is the USPAP-only renewal period, the four-hour Laws and Regulations course is *not* due, and the field on the Continuing Education Attachment form may be left blank. If it is the full CE renewal period, both the seven-hour USPAP update field and four-hour Laws and Regulations field would be filled out.

The bureau encourages appraisers to use the online renewal system as it is the quickest renewal method. The online renewal system may be accessed by visiting the bureau's website, selecting "Online Services," then clicking on "Renew online through the License Renewal Application."

Once the contact information has been updated, CE has been uploaded, and the payment has been made, the license is now considered renewed, pending a final review the following business day to verify the education entered online matches the education uploaded. As a reminder, the online renewal system can only be used by appraisers whose licenses meet the following criteria: active, on-time, in good standing, within six months of expiration, have a California address, not licensed through reciprocity, and have not been suspended, resigned, revoked, had their right to renew revoked, or been subject to monitoring.

### Real Estate Education Conference

On April 27, the bureau was invited to present at the California Community Colleges' Real Estate Education Center Conference. Bureau Chief Jim Martin spoke about the Appraisal Qualifications Board changes, trends regarding the number of appraisers, and posting CE to the bureau's website. The bureau's education analyst, Elena Corral, distributed information on becoming a real estate appraiser instructor for California community colleges throughout the state.

The bureau will send emails regarding future conference dates.



Bureau Chief Jim Martin and former Department of Real Estate Commissioner Wayne Bell.

## Legal Corner

On July 1, the bureau amended its regulations.<sup>1</sup> The amendments updated 10 bureau forms and changed "continuous" to "cumulative" regarding the time frame in which an applicant can gain appraisal experience. The updated forms are more user-friendly, and the change to "cumulative" will allow applicants the ability to use all experience earned, regardless of any gaps in time. For example, if an applicant for a residential license gained 1,000 hours

between 2013–14, took a year off in 2015, and gained another 1,000 hours in 2016, cumulatively, the applicant would have 2,000 hours.

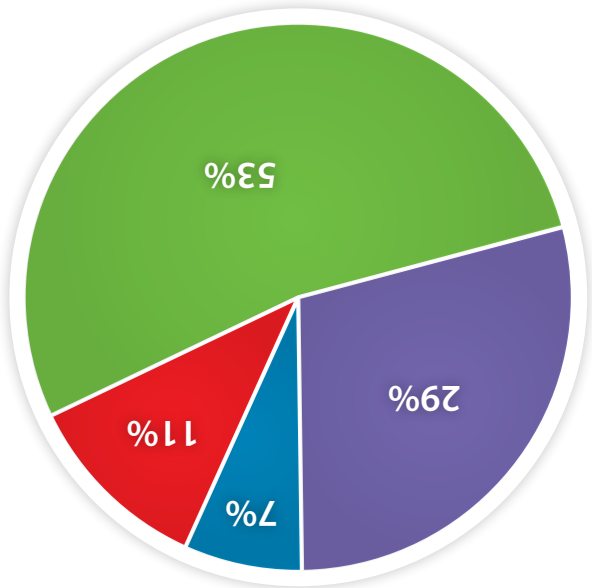
For more information regarding experience and licensure, call the bureau's Licensing Unit at (916) 552-9000 and select prompt 1.

<sup>1</sup> California Code of Regulations, Title 10, sections 3525, 3527, 3541, 3561, 3569, 3570, 3575, 3602, 3603, and 3681.

## Licensing Stats

This chart shows the breakdown of appraisers by license level type.

### BREA Licensing Stats for July 10, 2018 Active Licenses: 10,562



## 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](http://www.brea.ca.gov).

Published Disciplinary Actions				
Licensee	License No.	Business City	Order Effective	Outcome
Ortegon, Sharon	AR 009394	San Jose	12/19/2017	Monetary fine, probation
Risner, Donald	AR 004107	Bakersfield	12/31/2017	Surrender
Appraisal Quick LLC	AMC 1377	Laguna Niguel	1/12/2018	Surrender
Chu, Ron	AT 3003545	Pasadena	2/2/2018	Probation
Cunningham, Liam	AG 044398	Livermore	2/2/2018	Education, monetary fine, probation
Hollis, John	AT 027734	Santa Ana	2/22/2018	Monetary fine, probation
Rahn, Eric	AL 039694	Fairfield	2/26/2018	Education, monetary fine



# Citations

Licensee	Fine	Violation(s)
Residential	\$2,000 fine, 4 hours Appraiser Self-Protection: Documentation and Record Keeping, 4 hours Residential Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2, the Conduct section of the Ethics Rule, and the Record Keeping Rule: Grossly erred in measuring the subject home, fabricated rents for the comparable rentals, created a report that was not credible, failed to cite the source of non-original photographs while cropping off the third-party's trademark/logo, and failed to maintain copies of all reports communicated to the client.
Certified Residential	\$1,000 fine, 15-hour Advanced Residential Applications and Case Studies, 4 hours Residential Report Writing vs. Form Filling.	Violations of USPAP Standards 1 and 2, Record Keeping Rule, Confidentiality section of Ethics Rule: Failed to correctly identify surrounding land uses and the correct zoning of subject, failed to complete a credible sales comparison approach by omitting/misreporting physical and economic characteristics of the comparable sales (omitted seller credits, failed to adjust for inferior condition, incorrectly reported HVAC, reported a comparable sale as a closed sale when it was a listing, misreported bathroom count, failed to consistently adjust for differences in condition, failed to report HOA dues), failed to analyze a recent sale of the subject, failed to maintain a complete work file, and failed to obtain the client's permission to discuss assignment results with a third party.
Certified Residential	\$3,000 fine, 15-hour USPAP, 4 hour Scope of Work: Appraisals and Inspections, 4 hours Report Certifications: What am I Signing and Why?	Violations of USPAP Standards 1 and 2, Conduct section of Ethics Rule, California Code of Regulations sections 3702 and 3721: Communicated a report that he knew was misleading by not acknowledging photographs used in the report were those from a prior report by another appraiser, provided false and misleading statements to BREAA, and failed to adjust comparable sales that were superior in condition to the subject.
Certified General	\$2,000 fine, 4 hours Report Certifications: What am I Signing and Why?, 4 hours Appraiser Self-Protection: Documentation and Record Keeping.	Violations of USPAP Standards 1 and 2, Scope of Work Rule, Conduct section of the Ethics Rule, and Record Keeping Rule: Failed to perform a complete visual inspection of the subject property per the stated scope of work, failed to state the name of a third party who provided significant real property appraisal assistance including the only inspection of the subject and comparable sales, and failed to maintain all versions of the report transmitted to the client.
Certified General	\$2,000 fine, 15-hour USPAP.	Violations of Standards 1 and 2, Conduct section of the Ethics Rule, Record Keeping Rule, Scope of Work Rule: Failed to identify and report relevant subject property characteristics, failed to disclose the use of an Extraordinary Assumption, failed to disclose a prior appraisal of the subject in the report Certification, failed to summarize and report a credible opinion of the Highest and Best Use, failed to prepare a credible Sales Comparison Approach, failed to prepare a credible Income Approach, used incorrect methods and techniques, made substantial errors of omission/commission, communicated a misleading appraisal, and reported insufficient information for intended users.

## 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 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 our website, [www.brea.ca.gov](http://www.brea.ca.gov); click on "Forms & Publications." 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 St., Suite 4100**  
**Sacramento, CA 95811**

***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.*

2. **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* 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.**



Department of Consumer Affairs  
Bureau of Real Estate Appraisers  
1102 Q St., Suite 4100  
Sacramento, CA 95811  
(916) 552-9000



[WWW.BREA.CA.GOV](http://WWW.BREA.CA.GOV)