



# 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 Bureau Chief

### AMCs Here to Stay

The long awaited federal banking regulations (required by Dodd-Frank) providing guidance on the role of appraisal management companies (AMC) and appraisal reports for Federally Related Transactions (FRT) were issued in April. These are federal minimum requirements including a rule to guide both the lending institutions and state appraisal regulatory agencies. The final rule will become effective 60 days after publication in the Federal Register, which is expected soon.

States have 36 months to implement statutes and regulations to comply with the new requirements. Review and comparison of existing AMC law in California (Business and Professions Code 11343–11346) with the new federal rule shows that change to California law is needed. BREA will let you know when those changes are made, but until that time, existing state law is still in place for AMCs registered in California.

The following are important highlights of existing California law that include what an AMC can and cannot do. More detail can be found in Business and Professions Code 11345.4–11345.6.

An AMC cannot seek to improperly influence the result of an appraisal by requesting a preliminary opinion of value before contracting for the appraisal; or condition the hiring of an appraiser based upon an expected value conclusion; or

condition the amount of the appraiser's compensation on a value conclusion; or provide an appraiser with a desired valuation prior to completion of the appraisal. The statute goes on to prohibit an AMC from withholding or threatening to withhold timely payment because an appraiser does not return a certain value estimate, or implying that future retention of an appraiser depends upon an appraiser's particular estimate of value.

An AMC can ask an appraiser to consider additional appropriate information, provide further detail, explanation, or substantiation for a value conclusion, or correct errors in a report. An AMC can also withhold compensation due to breach of contract or substandard performance of services.

Navigating a business relationship with an AMC can be critical to your success. The following three recommendations will help appraisers realize that success:

- » Make sure you have an engagement letter clearly stating the scope of work, the intended use, and the intended user(s)
- » Be thorough and professional in your portal comments
- » Keep a complete, well documented work file

If you depend on FRT/AMC work in your business, make the best of it by knowing the law and paying attention to the details of managing that relationship.

James S. Martin, Bureau Chief

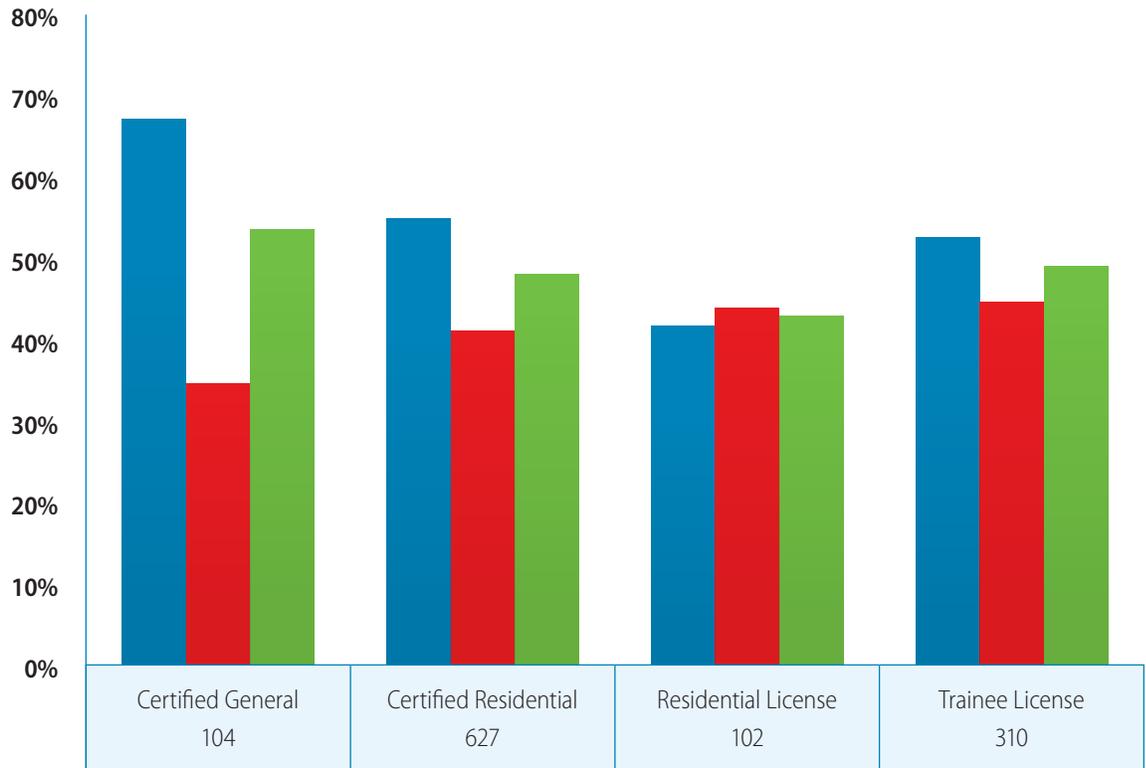
## Did You Know?

Sacramento Food Bank & Family Services recognized BREA with second place for “Highest Poundage Per Employee” in the 2014-15 California State Employees Food Drive. BREA collected more weight per capita than all other departments and agencies in the State other than the Governor’s Office—over 58 pounds (2,115 total). The hard work and generosity of BREA staff resulted in exceeding our own lofty goal, and setting a high bar for the future. Pictured at right are the BREA coordinators, Miranda Williams and Ronald Drummer.



This notable accomplishment is just one example of the enthusiasm BREA staff bring in their daily approach to fulfilling the mission of safeguarding public trust and maintaining our core values of accountability, excellence, fairness and integrity.

## 2014 California Examination Statistics



	Certified General 104	Certified Residential 627	Residential License 102	Trainee License 310
First Timers	67 21%	55 27%	42 00%	52 87%
Repeaters	34 88%	41 40%	44 23%	44 85%
Total Number Passed	53 85%	48 33%	43 14%	49 35%

## Using a Photograph Other Than Your Own

Have you ever used a photograph in an appraisal report other than you own? This includes a photograph from MLS, Google, etc. If so, keep reading

It has been common practice for decades for an appraiser to photograph the subject and comparables, and include these photographs in the appraisal report. The Uniform Standards of Professional Appraisal Practice (USPAP) is not a how-to manual, but it does include a requirement that the scope of work satisfy all of the intended user's assignment conditions and that your report is not misleading.

Let's break down these two issues

The preprinted scope of work in many common-use form reports requires, at a minimum, that an appraiser "... must inspect each of the comparables sales from at least the street." Taking a photograph of a comparable at the time of inspection, and including it in your report, provides some assurance to your client that you complied with this minimum.

If a photograph from another source better represents a comparable, include that photograph as well as your own (assuming you have the photograph owner's permission). By providing both photographs, you have submitted evidence of complying with your scope of work and have provided the best data available to support your analysis. Always document the source of a photograph if not your own. This is what competent appraisers do; they provide documentation and support for their analysis. **Be this appraiser!**

How does an appraiser create a misleading report with a photograph? They do this by not identifying the work of another, or by attempting to circumvent their responsibilities by including an ambiguous statement such as "MLS photographs may have been used." Furthermore, attempting to conceal any references to the source of a photograph (e.g., by cropping off the source's watermark or logo) is not only misleading, it indicates intent to mislead. **Do not be this appraiser!**



## Just the FAQs

In this regular feature of *The California Appraiser* newsletter, we answer some of the most common and urgent questions from appraisers, lenders, appraisal management companies (AMCs), and the general public about appraiser licensing, AMC registration, and enforcement

In this edition, we will address questions about licensing renewal requirements

### Q: I find the two-year renewal and four-year continuing education cycle confusing. Can you explain the difference?

A: All licensed appraisers must renew their license every two years, but they have four years to complete the required 56 hours of continuing education (CE)

### Q: What continuing education is required with my two-year renewal?

A: The *7-hour National USPAP Update Course* (or its equivalent as determined by the Appraisal Qualifications Board (AQB)) is required with **every** two-year renewal. BREa calls this the USPAP Only Renewal.

### Q: What continuing education is required with my four-year renewal?

A: Another *7-hour National USPAP Update Course* (or its equivalent as determined by the AQB), the 4-hour course entitled *Federal and State Laws and Regulations*, and 38 hours of additional approved CE. BREa calls this the Full Continuing Education Renewal.

### Q: What is a USPAP Only Renewal?

A: This is the license renewal period during the first two years of the four-year CE cycle. Proof of completion of the *7-hour National USPAP Update Course* (or its equivalent as determined by the AQB) is the only CE requirement for an on-time renewal during the first two years of the four-year CE cycle.

### Q: What is a Full CE Renewal?

A: This is the license renewal period at the end of the four-year CE cycle. Licensees are required to submit proof of completion of the following toward the end of their four-year renewal:

- » Your second *7-hour National USPAP Update Course* (or its equivalent as determined by the AQB) taken during this current renewal period

- » The 4-hour course entitled *Federal and State Laws and Regulations*

- » A minimum of 38 hours of additional approved CE

Remember: You are required to complete a *7-hour National USPAP Update Course* for each two-year renewal.

### Q: How do I know which two-year renewal period I'm in?

A: You can check your licensing renewal period on the BREa website, [www.brea.ca.gov](http://www.brea.ca.gov). Use the "Online Services" drop down, then "Search for an Appraiser." When you enter your license number and "Submit," you will see either "USPAP" or "Full CE" for "Next Renewal" on the Licensee Details page.

NOTE: It is the licensee's responsibility to submit a timely renewal and know which renewal is required.

### Q: How many continuing education hours must I complete?

A: All licensed appraisers must complete a total of 56 hours of CE every four years including the following mandatory courses for all licenses:

- » **USPAP**—Licensees must complete the *7-hour National USPAP Update Course* (or its equivalent as determined by the AQB) **every two years**
- » **Laws and Regulations**—Licensees must complete a four-hour BREa-approved course covering *Federal and State Laws and Regulations* **once every four years**

Although licensees should complete an average of 14 hours for each calendar year, they are not required to complete CE in any specific year. Licensees are required to submit proof of completion of 38 hours of additional approved CE along with the mandatory courses at the end of their Full CE Renewal.

### Q: Will the 15-hour National USPAP Course satisfy the 7-hour National USPAP Update Course requirement?

A: No. The initial 15-hour USPAP course is a basic education requirement and does not fulfill the mandatory 7-hour National USPAP Update Course required every two years. The mandatory *7-hour National USPAP Update Course* is designed to keep licensed

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# Just the FAQs *continued from page 4*

appraisers informed of changes to USPAP. If you take another 15-hour USPAP course, you can use 14 hours toward your additional CE (you cannot use exam time for CE hours).

## Q: Are different continuing education courses required for the different license levels?

A: No. All licensees have the same CE requirements.

## Q: What is the term of a California real estate appraiser license?

A: The term of a California real estate appraiser license is two years.

## Q: How often do I have to renew my license?

A: License renewals are required every two years. The expiration date of an appraiser license is normally two years from the date of issuance.

NOTE: Appraisers with an expired license cannot legally perform appraisals in federally-related transactions until their license is renewed.

## Q: How can I renew my license?

A: If your license is current and in good standing, you can submit your renewal online at [www.brea.ca.gov](http://www.brea.ca.gov).

A mail-in paper renewal application is required if you: 1) live out of state; 2) have a license that is suspended, resigned, surrendered, or revoked; 3) had your right to renew revoked; or 4) are subject to enforcement monitoring. Additionally, some background reviews require a mail-in only process.

NOTE: BREA recommends submitting your renewal application at least three months prior to your license expiration, but BREA cannot accept a renewal more than six months prior to the existing license expiration date.

## Q: What should I submit with my renewal?

A: A Renewal Application (REA 3012) and appropriate fees are required with all renewals along with the following:

Renewal Period	Proof of Completion
First two-year "USPAP Only Renewal"	7-hour National USPAP Update Course
End of four-year cycle "Full Continuing Education Renewal"	7-hour National USPAP Update Course 4-hour Federal and State Laws and Regulations 38 hours of additional approved CE

BREA will require Consent to Service of Process (REA 3006) if the appraiser's physical residence address is outside of California. If the renewal is late, BREA will require a late fee and additional education.

Credit/debit cards and all forms of checks are acceptable methods for payment of fees.

## Q: What if my renewal is late?

A: Applications are considered late if postmarked after the expiration date of the license **OR** if any of the required CE is completed after the expiration date of the license. Licensees must pay late renewal fees and submit proof of completion of seven additional hours of CE for each six-month period the application is received after the expiration of the renewal period.

NOTE: Licensees may renew a license within two years of the license expiration; however, licenses renewed within this two-year grace period are considered late.



## Confirmed by the Bureau! *There is No Free Lunch.*

We hear from a lot of licensed appraisers who want to expand their non-lender client base and assignment opportunities (you know the type: an appraisal of the house on the commercially zoned site for the owner, the “date of death” appraisal for estate tax purposes, the divorce settlement, etc.) These examples do not involve Federally Related Transactions (FRTs) and are not subject to the Scope of Practice limits in place on the appraiser’s license

These are attractive assignments because they’re a nice break from mortgage work. The fee is often bigger, payment is often faster, and there is usually no “reconsideration of value” request. So, as long as there is no loan involving a federal financial regulator (OCC, FRB, FDIC, NCUA, and the CFPB), you are free (at last!) from USPAP compliance, right?

The good news is you can take these types of assignments. But you are still subject to USPAP compliance because of the simple fact that you hold a California state appraiser license. State law says, “Notwithstanding any other provision of this code, the Uniform Standards of Professional Appraisal Practice constitute

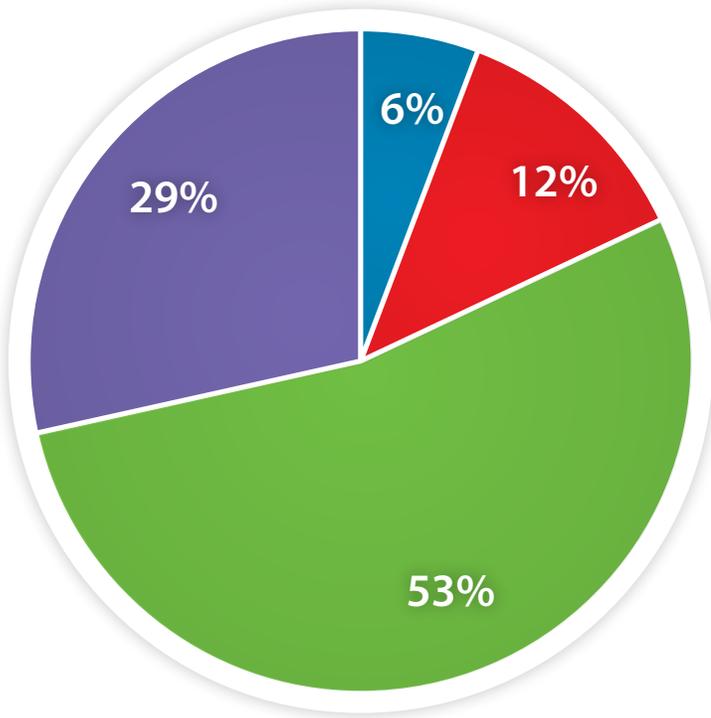
the minimum standard of conduct and performance for a licensee in any work or service performed that is addressed by those standards ...” (California Business and Professions Code, Division 4, Part 3, section 11319)

To further emphasize this requirement, State regulations state, “Every holder of a license...shall conform to and observe the Uniform Standards of Professional Appraisal Practice (USPAP) and any subsequent amendments thereto as promulgated by the Appraisal Standards Board of The Appraisal Foundation which standards are herein incorporated into these regulations by reference as if fully set forth herein” (California Code of Regulations, Title 10, Chapter 6 5, section 3701)

BREA routinely receives complaints alleging USPAP violations in reports intended for use in non-FRTs. Although violations may involve several Standards rules, the underlying problem is often a lack of competency in the assignment. A BREA licensee must comply with the USPAP Competency Rule in all assignments, whether for an FRT or not

# BREA Licensing Statistics as of 5/4/2015

## 11,420 Active Licensees



● Trainee (AT)	685
● Residential (AL)	1,370
● Certified Residential (AR)	6,053
● Certified General (AG)	3,312



## Legal Corner

Hello everyone My name is Kyle Muteff and I am BREA's new legal counsel I have been an attorney for five years I began my career with a private law firm specializing in real property litigation and transactions A few years ago, I moved to the Department of Consumer Affairs to advise various boards and bureaus Most recently, I became BREA's legal counsel

Enough about me, I want to discuss a problem I see often, which is failure to disclose felony charges, criminal convictions, and discipline from other agencies Failing to report these events can result in disciplinary action I am providing a brief summary of Business and Professions Code section 11318, but I suggest you read the entire section because you are held to all the requirements in the section, not just the highlights discussed below

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); and 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

The written report required to be submitted to BREA must be signed by the licensee, applicant, or course provider and shall clearly set forth the facts of the event including, but not limited to, the court, docket number, and dates of occurrence The report must be submitted to BREA within 30 days The reporting party must also promptly submit to BREA a certified copy of the police report or administrative agency's investigative report and certified copies of the court or administrative agency's docket, complaint or accusation, and judgment or other order Additionally, the reporting party must promptly respond to BREA's oral or written inquiries concerning the event Failure to adhere to any of these requirements is grounds for discipline



***Our Vision: Empowering real estate appraisal excellence.***

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# 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 their face yet warrant different sanctions. For a description of the criteria followed by BREA in enforcement matters, please refer to Title 10, Chapter 6.5, Article 12 (commencing with section 3721) of the California Code of Regulations. Additional information on the individual actions is also available on the BREA website, [www.brea.ca.gov](http://www.brea.ca.gov)

Published Disciplinary Actions				
Licensee	License No.	Business City	Order Effective	Outcome
Vasquez, Raymond	AR005124	Corona Del Mar	10/15/14	Additional Education, Fine, Probation
Smith, Gene	AR032514	Huntington Beach	10/3/14	Additional Education, Fine, Probation
Risner, Donald	AR004107	Bakersfield	12/17/14	Additional Education, Fine, Probation
Sandez, Jeffrey	AR037193	San Bernardino	3/25/15	Additional Education, Fine, Probation
Donerkiel, Dale	AG002740	San Fernando	11/27/14	Additional Education, Fine, Probation, Suspension
Gleich, Greg	AR034586	Simi Valley	3/25/15	Fine, Probation
Geisler, Roger	AR030679	San Dimas	4/3/15	Fine, Probation
Liening, Donald	AR033255	San Diego	10/30/14	Fine, Revocation
Champion, William	AL040739	Rialto	10/3/14	Voluntary Surrender

## Citations

The following disciplinary actions are citations issued October 2014—April 2015. A breakdown of the 33 total citations issued is: 4 Certified General; 26 Certified Residential; and 3 Residential.

Licensee	Fine	Violation
Certified General Licensee	\$1,500 fine, 15 hrs USPAP	Violations of USPAP Standards 1 and 2: Use of unqualified sales in the Sales Comparison Approach to value, false claim of Jurisdictional Exception, use of sales out of subject city with no disclosure or analysis, use of unsupported indicators in the Income Approach to value, failure to reconcile disparate Sales Comparison and Income indicators, all resulting in misleading appraisal reports that lacked credibility and understandable analysis
Certified General Licensee	\$500 fine, 15 hrs Advanced Residential Application and Case Studies	Violations of USPAP Standards 1 and 2: Failure to adequately analyze the impact on value, or the legality, of the second unit on the subject property, and did not support the lack of an adjustment with market data
Certified General Licensee	\$2,000 fine, 15 hrs USPAP, and 30 hrs General Appraiser Market Analysis and Highest and Best Use	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Competency Rule: Failure to perform the appropriate Scope of Work involving an appraisal assignment that is subject to the Uniform Standards for Federal Land Acquisitions (USFLA), specifically failure to perform an appropriate Highest and Best Use Analysis and Sales Comparison Approach
Certified General Licensee	\$2,000 fine	Violations of USPAP Standards 1 and 2, Record Keeping Rule, and Conduct Section of Ethics Rule: Failure to accurately report physical and economic characteristics for the subject property, failure to report easements, failure to develop and report a credible Sales Comparison Approach, misreported comparable sale physical and economic characteristics, falsely reporting contract rents for the comparable rentals, and knowingly communicated misleading appraisal reports that were performed in a negligent manner
Certified Residential Licensee	\$1,000 fine, 15 hrs USPAP, 15 hrs basic education	Violations of USPAP Standards 1 and 2: Failure to accurately report and analyze relevant property characteristics for the comparable sales in the Sales Comparison Approach, and selecting comparable sales all superior in quality attributes resulting in reports that were not credible
Certified Residential Licensee	\$1,000 fine, 15 hrs USPAP	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Record Keeping Rule: Failure to maintain true copies of appraisal reports; use of MLS photos without disclosure when original photos were required by agreement with the client; failure to accurately identify and report relevant subject physical characteristics such as bedroom and bathroom counts; estimating value outside the range of value indicators; failure to support adjustments; failure to reconcile indicators within the Sales Comparison Approach; providing widely disparate valuations of the subject at \$450,000 and \$600,000 less than a month apart; failure to reconcile between approaches; mistakenly reporting different effective dates of value
Certified Residential Licensee	\$500 fine, 15 hrs basic education	Violations of USPAP Standards 1 and 2: Failure to accurately report and analyze relevant property characteristics for the comparable sales; and failure to adequately reconcile the concluded value in the Sales Comparison Approach resulting in a report that was not credible

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## Citations *continued from page 10*

Licensee	Fine	Violation
Certified Residential Licensee	\$500 fine, 30 hrs basic education	Violations of USPAP Standards 1 and 2, Competency Rule, and Record Keeping Rule: Failure to adequately reconcile the subject's concluded value, omission of other sales similar in property characteristics to the subject that supported a different value conclusion, and failure to retain all versions of the reports
Certified Residential Licensee	15 hrs Residential Report Writing, 15 hrs Residential Applications	Violations of USPAP Standards 1 and 2, Competency Rule: Failure to appropriately report and analyze the subject property's unpermitted addition; failure to analyze prior sale of comps and possible non-arm's-length comp sale (buyer was a former seller) in the Sales Comparison Approach; disparate range of adjusted comps (\$200K-\$335K)
Certified Residential Licensee	45 hrs basic education	Violations of USPAP Standards 1 and 2: Failure to determine the appropriate scope of work necessary to develop credible assignment results with regard to the subject's Tenant in Common agreement, prior listing for sale, and ownership; failure to complete the Cost Approach correctly as it included a garage that did not exist; failure to complete the Income Approach correctly as the rental data was not analyzed correctly nor the GRM derivation supported; failure to complete the Sale Comparison Approach correctly as the narrative comments did not match what was done on the adjustment grid
Certified Residential Licensee	\$1,000 fine, 30 hrs basic education	Violations of USPAP Standards 1 and 2, Record Keeping Rule: Failure to describe the physical characteristics of the subject property; failure to support the subject site value in the Cost Approach; excessive range of value indicated by the comparable sales with inadequate reconciliation
Certified Residential Licensee	\$1,500 fine, 15 hrs USPAP, 15 hrs Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2, Conduct section of the Ethics Rule: Failure to accurately report size and type of subject property; failure to accurately describe subject zoning; failure to complete credible Sales Comparison Approach; failure to adequately analyze or reconcile prior sale price of subject; failure to recognize significant professional assistance of trainee; failure to include truthful Certification Statement; substantial error of omission/commission; insufficient information for intended users
Certified Residential Licensee	45 hrs basic education	Violations of USPAP Standards 1 and 2: Failure to determine the appropriate scope of work necessary to develop credible assignment results with regard to the subject's Tenant in Common agreement, prior listing for sale, and ownership; failure to complete the Cost Approach correctly as it included a garage that did not exist; failure to complete the Income Approach correctly as the rental data was not analyzed correctly nor the GRM derivation supported; failure to complete the Sale Comparison Approach correctly as the narrative comments did not match what was done on the adjustment grid
Certified Residential Licensee	\$1,500 fine, 15 hrs USPAP, 30 hrs basic education	Violations of USPAP Standards 1 and 2, Record Keeping Rule in multiple appraisal reports: Inaccurate neighborhood description, failure to analyze effect on subject value of an adjoining lot under same ownership, incorrect subject site dimensions and multiple inaccurate subject improvement characteristics (inclusion of a nonexistent garage, failure to identify and disclose illegal improvements, inaccurate subject residence gross living area), gross errors and omissions in the Sales Comparison Approach to value, concealed use of MLS comparable sale photographs without disclosure or explanation

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

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## Citations *continued from page 11*

Licensee	Fine	Violation
Certified Residential Licensee	\$1,000 fine, 15 hrs USPAP, 15 hrs Advanced Residential Applications and Case Studies	Violations of Standards 1 and 2, Scope of Work Rule, and Competency Rule: Failure to identify intended use and effective date of value; failure to adequately or accurately describe subject property and relevant characteristics of the subject neighborhood; failure to utilize similar comparable sales and failure to adequately analyze the sales used; failure to analyze subject leases, leased fee interest in the subject, or utilize the Income Approach on an income-generating property; failure to utilize Certification statements in compliance with 2012 USPAP; misleading appraisal; insufficient information for Intended Users; failure to utilize recognized methods and techniques; substantial error of omission/commission
Certified Residential Licensee	15 hrs USPAP, 15 hrs Residential Report Writing and Case Studies	Violations of USPAP Standards 1 and 2, Scope of Work Rule: Use of online photos without disclosure and contrary to client requirements; failure to analyze subject's prior listing history; failure to identify and report important subject physical characteristics; failure to support conclusions regarding market value trends; failure to support market conditions and other adjustments; failure to reconcile within the Sales Comparison Approach; failure to provide support for the estimate of site value; failure to support estimates of cost new and depreciation; failure to reconcile between Sales Comparison and Cost approaches
Certified Residential Licensee	\$1,000 fine	Violations of USPAP Standards 1 and 2, Scope of Work Rule: Failure to appropriately discuss and analyze the relevant characteristics of the subject property and comparable sales used resulting in a misleading appraisal report; failure to adhere to the stated Scope of Work regarding his date of physical inspection
Certified Residential Licensee	\$500 fine, 15 hrs USPAP	Violations of USPAP Standards 1 and 2: Failure to appropriately disclose and summarize the extent of significant real property appraisal assistance that was provided by a licensed trainee appraiser, failure to disclose the use of MLS photographs of the comparable sales used while cropping the time stamps, contemporaneous with the MLS listing date, from two comparable photographs used
Certified Residential Licensee	\$750 fine, 15 hrs Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2: Failure to adequately reconcile the concluded value, selecting sales dissimilar in property characteristics to the subject requiring large adjustments for their differences, and omitting other sales more similar to the subject supporting a different value conclusion
Certified Residential Licensee	\$1,500 fine, 15 hrs USPAP, 30 hrs basic education	Violations of USPAP Standards 1 and 2, Record Keeping Rule in multiple appraisal reports: Inaccurate neighborhood description, failure to analyze effect on subject value of an adjoining lot under same ownership, incorrect subject site dimensions and multiple inaccurate subject improvement characteristics (inclusion of a nonexistent garage, failure to identify and disclose illegal improvements, inaccurate subject residence gross living area), gross errors and omissions in the Sales Comparison Approach to value, concealed use of MLS comparable sale photographs without disclosure or explanation
Certified Residential Licensee	\$1,500 fine, 15 hrs USPAP and 15 hrs basic education	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Conduct section of the Ethics Rule: Disguised the use of online photos by cropping, falsely certified interior and exterior inspection of the subject and induced a trainee to assist in this violation, submitted two different versions of report to the client on two different dates but reported the same date of report The overall result is an appraisal report that was misleading

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## Citations *continued from page 13*

Licensee	Fine	Violation
Certified Residential Licensee	15 hrs USPAP, 15 hrs Residential Market Analysis and Highest and Best Use	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Competency Rule Failure to perform the appropriate Scope of Work involving an appraisal assignment that is subject to the Uniform Standards for Federal Land Acquisitions (USFLA), specifically failure to perform an appropriate Highest and Best Use Analysis and Sales Comparison Approach
Certified Residential Licensee	\$1,000 fine	Violations of USPAP Standards 1 and 2: Failure to accurately or adequately describe subject site and improvements; failure to adequately analyze prior sale of subject; failure to determine and perform credible Scope of Work; failure to analyze and report credible Highest and Best Use of subject; substantial error of omission or commission; misleading appraisal; insufficient information for intended users
Certified Residential Licensee	\$1,000 fine, 15 hrs USPAP, 30 hrs Residential Sales Comparison and Income Approaches	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Conduct section of the Ethics Rule: False certification since not all comparables were inspected; concealed use of MLS comparable rental and sales photos by cropping MLS logo; failed to address subject proximity to Chico State Univ; failed to use relevant comparable sales while utilizing dissimilar properties as comparable sales; used 2-year-old MLS data for rental comparables without disclosure of date; backed into unit value indicators; GRM outside of range indicated by comparable data with no support; failed to provide credible sales comparison and income approaches; report was knowingly misleading
Certified Residential Licensee	15 hrs Residential Site Valuation and Cost Approach, 30 hrs Residential Sales Comparison and Income Approaches	Violations of USPAP Standards 1 and 2, Scope of Work Rule: Zoning description incorrect; used MLS/Google photos contrary to accepted Scope of Work; misreported subject physical characteristics; misrepresented market trends as stable when actually increasing rapidly; failed to support condition ratings and accurately describe amenities; failed to reconcile within the Sales Comparison Approach; failed to use accepted methodology in site valuation; did not support depreciation estimates; failed to reconcile between approaches; adjustments to comparable sales widened the range of value instead of reducing it; failed to provide credible Sales Comparison and Cost approaches
Certified Residential Licensee	15 hrs Residential Sales Comparison and Income Approaches and 15 hrs Residential Report Writing and Case Studies	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Competency Rule in multiple reports: Failure to accurately or adequately report or analyze subject and comparable sale locational attributes; failure to accurately describe subject property; failure to analyze prior sales of comparable sales; failure to adequately or accurately analyze, report, adjust, or reconcile comparable sales; failure to be aware of, understand, and correctly employ recognized methods and techniques to produce a credible appraisal; misleading appraisals; insufficient information for intended users
Certified Residential Licensee	15 hrs Residential Site Valuation and Cost Approach and 30 hrs Residential Sales Comparison and Income Approaches	Violations of USPAP Standards 1 and 2: Zoning description incorrect; used MLS/Google photos contrary to accepted Scope of Work; misreported subject physical characteristics; misrepresented market trends as stable when actually increasing rapidly; failed to support condition ratings and accurately describe amenities; failed to reconcile within the Sales Comparison Approach; failed to use accepted methodology in site valuation; did not support depreciation estimates; failed to reconcile between approaches; adjustments to comparable sales widened the range of value instead of reducing it; failed to provide credible Sales Comparison and Cost approaches

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## Citations *continued from page 14*

Licensee	Fine	Violation
Certified Residential Licensee	\$1,000 fine, 15 hrs USPAP, 30 hrs basic education to include Residential Sales Comparison and Income Approaches	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Competency Rule: Failure to adequately describe subject neighborhood; failure to provide original comparable photo(s) and use of cropped MLS photo(s) without attribution, failure to complete operating expense analysis; failure to complete credible Sales Comparison Approach by erroneous reporting of comparable sales and price per unit indicators; failure to complete credible Income Approach; failure to reconcile value indicators within Sales Comparison Approach and within report; failure to employ recognized methods and techniques; substantial error of omission/commission; insufficient information for intended users
Certified Residential Licensee	\$2,000 fine, 15 hrs USPAP	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Conduct section of the Ethics Rule: Disguising the use of online photos by cropping MLS logos and date stamps, and inducing a trainee to assist in this violation; falsely certifying interior and exterior inspection of the subjects and inducing a trainee to assist in this violation; incorrect development of the income approach by calculating unit value indicators and the gross rent multiplier mechanically from the opinion of value by the Sales Comparison Approach instead of developing them independently; overall result is appraisals that were misleading and not credible
Certified Residential Licensee	\$1,000 fine, 30 hrs basic education	Violations of USPAP Standards 1 and 2, Scope of Work Acceptability sections of the Scope of Work Rule, Conduct section of the Ethics Rule: Failure to properly identify, report and analyze specific neighborhood boundaries and various characteristics of the subject property, failure to adequately report various property characteristics of the improved sales, failure to reconcile the analysis of Sales Comparison approach indicators to value in a credible manner
Residential Licensee	\$500 fine, 15 hrs basic education	Violations of USPAP Standards 1 and 2: Respondent failed to utilize more relevant comparable sales while failing to appropriately discuss and analyze the relevant characteristics of the comparable sales used, resulting in an appraisal report that was not credible
Residential Licensee	15 hrs Residential Appraisal Site Valuation and Cost Approach, and 15 hrs Advance Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2, Scope of Work Rule, and Record Keeping Rule of the Ethics Rule: Failed to report correct zoning of subject, failed to analyze comparable sales data necessary for credible assignment; cited sources for site valuation and replacement cost that were not accurate
Residential Licensee	\$500 Fine, 15 hrs USPAP, 15 hrs Advanced Residential Applications and Case Studies	Violations of USPAP Standards 1 and 2, Scope of Work Rule, Conduct section of Ethics Rule, and Record Keeping Rule: Created a Sales Comparison analysis which lacked credibility by failing to support an adjustment, and reporting information about the comparables that was grossly different from the cited data sources; failed to take original comparable photos as required, and altered MLS photos by removing copyright/watermark; failed to maintain a complete copy of the sales contract in the work file

## Licensing Requirement Reminder

California Code of Regulations § 3527 requires written notification to BREA within 10 days of any change to: (1) name; (2) residence or business telephone number; or (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" Submit the signed form, the required fee, and any needed documentation by mail

Although not a requirement, you can also use the REA 3011 to provide or update your e-mail address, which will increase communication with us via e-mail blasts



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