Pennsylvania State Board of Certified Real Estate Appraisers Newsletter

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Acknowledgment of Assistants in the Appraisal Process

By Daniel A. Bradley

A recent issue of this newsletter contained an article regarding the proper use and acknowledgment of assistants in appraisal reports, with the intent of making Pennsylvania appraisers and assistants aware of state laws and regulations and the Uniform Standards of Professional Appraisal Practice (USPAP).

Unfortunately, the board office continues to experience problems with appraisal assistants not properly acknowledged in appraisal reports submitted for experience credit.

The following is a brief "primer" regarding the use and acknowledgment of appraisal assistants in Pennsylvania:

- 1. The board's regulations state that an assistant must sign the report as assistant to the appraiser or be acknowledged in the report as having provided significant appraisal assistance.
 - The board is aware that some clients do not permit noncertified individuals to sign reports. However, this does not relieve the appraiser and assistant of their responsibilities to provide acknowledgment of the assistance in the appraisal report.
- 2. USPAP establishes two basic requirements that must be met when significant real property appraisal assistance is provided in an appraisal assignment.

The first requirement is that the name of the individual providing assistance must be stated in the certification. If an appraiser using a form report cannot add this statement to the certification page, an additional certification statement may be added in an addendum. Fannie Mae and Freddie Mac allow additional certifications of this type, although they do not permit appraisers to add, modify, or delete limiting conditions.

The second USPAP requirement is that the report must contain a description of the work performed by the assistant. It is not sufficient to state that, "Jane Smith assisted in the preparation of this appraisal report". The report must summarize the specific appraisal tasks in which she assisted.

- 3. Use of the board's Assistant Checklist (dated 10/07) is now mandatory for appraisal assignments prepared after July 2007. At a minimum, a copy of this checklist must be filled out and signed and retained in each appraisal work file. It is not required that the checklist be included in the report copy transmitted to the client. However, if the checklist is made part of the report and transmitted to the client, it may serve as both an acknowledgment of the use of the assistant and a description of the assistant's contribution to the assignment, as described in item #2 in this list.
- 4. As of July 2007, certified appraisers are required to provide the board office with the name and address of every appraisal assistant before the assistant begins work. This regulation is not retroactive; it does not apply to assistants who were employed prior to July 2007.

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Other News:

- <u>Disciplinary Actions</u>
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5. Recently, the board has encountered several situations in which assistants were acknowledged in appraisal reports as only providing "clerical" or "non-analytical" assistance. The board office reviews report samples to ensure that the applicant sufficiently demonstrates his/her ability to perform a variety of different appraisal-related tasks. A residential applicant who provides 2,500 experience hours of a "clerical" or "non-analytical" nature does not meet this standard.

Over the last several years, it is unfortunate that some appraisal assistants have been denied credit for hundreds of hours because they failed to meet these simple acknowledgment requirements. One of the board's most important responsibilities is that of judging each applicant's fitness for certification. Appraisal samples that are not properly developed or reported do not provide evidence of an applicant's ability to independently produce appraisal work product that is compliant with applicable regulations and standards.

Copies of the board's rules and regulations and the *Assistant Checklist* are available on the board's <u>Web</u> site.

If You Receive Notice of a Disciplinary Action ...

I received notice of a disciplinary action from the board. What should I do?

No professional ever wants to get involved in a disciplinary action with a licensing board. It can be embarrassing, costly, worrisome, and it risks a reputation or even a livelihood. The best advice is to play by the rules.

In Pennsylvania, disciplinary actions begin with a citation or an Order to Show Cause. Although all violations are important, citations are issued for less serious offenses, and Orders to Show Cause are for more significant cases. Regardless of whether the case begins with a citation or an Order to Show Cause, there are several important principles to keep in mind.

• The first principle is *Answer*.

Getting a legal pleading can cause a lot of worry, but it should never be ignored or put off. Filing a written answer to the charges explaining your side of the story is important for several reasons. First, the state has the burden of proof, where innocence is presumed. If there is no answer, not responding may be deemed an admission of guilt.

Second, you are a member of a distinguished profession. It is your duty to the public and your fellow professionals to account for your actions and to participate in the system of professional responsibility. Answering honestly and promptly demonstrates that you take your profession seriously.

Third, the board will always consider your written answer.

- The second principle is *Appear*. Appear before the board and tell the truth.
 - The third principle is *Advice*.

Do not be afraid to ask for professional help. You have the right to be represented by an attorney. Professional associations and fellow appraisers can point you in the right direction for professional assistance. Navigating the disciplinary process is not meant to be confusing, but many professionals never run afoul of the rules and so it is an unfamiliar process to many people. Getting advice early may save you from learning lessons the hard way. And if you have committed a violation, you may benefit from advice on how to resolve the matter relatively quickly, inexpensively, and with your reputation intact.

The board hopes that you never have trouble, but if you do, remember: Answer, Appear, and Advice.

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