

**REAL ESTATE APPRAISER BOARD  
TENTATIVE AGENDA**

**Wednesday, May 1, 2019 - 10:00 AM  
2<sup>nd</sup> Floor – Board Room 4**

**Department of Professional and Occupational Regulation  
Perimeter Center, Suite 200  
9960 Mayland Drive  
Richmond, Virginia 23233**

**I. CALL TO ORDER**

**II. ADMINISTRATIVE MATTERS**

1. Approval of Agenda
2. Approval of Minutes:
  - A. February 12, 2019, Board Meeting

**III. PUBLIC COMMENT PERIOD\*\***

**IV. CASES**

1. File Number 2019-00549 – William Lee Byers, III  
IFF by Miller & Rochester – Disciplinary
2. File Number 2019-00713 – James M. Snyder  
IFF by James & Rochester – Disciplinary
3. File Number 2019-00621 – Sean B. McCoy  
IFF by Rochester & Stuchell – Disciplinary

**V. ADMINISTRATIVE ISSUES**

**VI. OLD BUSINESS**

- Guidance document

**VII. NEW BUSINESS**

**NEXT MEETING SCHEDULED FOR TUESDAY, JULY 30, 2019**

**\*\* 5-minute public comment, per person, on those items not included on the agenda with the exception of any open disciplinary files. No other public comment will be accepted by the Board during the meeting.** Persons desiring to participate in the meeting and requiring special accommodations or interpretative services should contact the Department at (804) 367-2039 at least ten days prior to the meeting so that suitable arrangements can be made for an appropriate accommodation. The Department fully complies with the Americans with Disabilities Act.

**PERIMETER CENTER CONFERENCE CENTER**  
**EMERGENCY EVACUATION OF BOARD AND TRAINING ROOMS**  
(Script to be read at the beginning of each meeting.)

**PLEASE LISTEN TO THE FOLLOWING INSTRUCTIONS ABOUT EXITING THE PREMISES IN THE EVENT OF AN EMERGENCY.**

In the event of a fire or other emergency requiring the evacuation of the building, alarms will sound.

When the alarms sound, leave the room immediately. Follow any instructions given by Security staff

**Board Room 1**

Exit the room using one of the doors at the back of the room. Upon exiting the room, turn **RIGHT**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

**Board Room 2**

Exit the room using one of the doors at the back of the room. (Point) Upon exiting the room, turn **RIGHT**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

You may also exit the room using the side door, turn **Right** out the door and make an immediate **Left**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

**Board Rooms 3 and 4**

Exit the room using one of the doors at the back of the room. Upon exiting the room, turn **RIGHT**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

**Training Room 1**

Exit the room using one of the doors at the back of the room. Upon exiting the room, turn **LEFT**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

**Training Room 2**

Exit the room using one of the doors at the back of the room. Upon exiting the doors, turn **LEFT**. Follow the corridor to the emergency exit at the end of the hall.

Upon exiting the building, proceed straight ahead through the parking lot to the fence at the end of the lot. Wait there for further instructions.

REAL ESTATE APPRAISER BOARD

MINUTES OF MEETING

February 12, 2019

The Real Estate Appraiser Board met at the Department of Professional and Occupational Regulation, 9960 Mayland Drive, Richmond, Virginia. The following Board members were present:

Robert Rochester, Chair  
Michael Miller  
Rex McCarty  
Rickey Stuchell  
Edythe Kelleher  
Fay B. Silverman  
H. Glenn James

Board members absent from the meeting: Kelvin Bratton  
Chris King  
Janel Hofler

DPOR Staff present for all or part of the meeting included:

Mary Broz-Vaughan, Acting Director  
Christine Martine, Executive Director  
Jim Chapman, Board Administrator  
Emily Trent, Administrative Assistant  
Stephanie Keuther, Administrative Assistant

Elizabeth Peay from the Office of the Attorney General was present.

Mr. Rochester called the meeting to order at 10:08 A.M.

**Call to Order**

A motion was made by Ms. Silverman and seconded by Ms. Kelleher to approve the agenda. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester, Silverman and Stuchell.

**Approval of Agenda**

A motion was made by Mr. McCarty and seconded by Mr. Stuchell to approve the October 23, 2018, Real Estate Appraiser Board minutes and November 28, 2018, Hybrid Appraisal Committee minutes. The motion passed unanimously. Members voting "Yes" were James, Kelleher,

**Approval of Minutes**

McCarty, Miller, Rochester, Silverman and Stuchell.

Jayne Allen suggested the Board send important updates to MLS to distribute to appraisers. No action was taken by the Board.

**Public Comment**

Pat Turner addressed to the Board stating he felt the Hybrid Appraisal Committee meeting was productive. He requested the Board review 18 VAC 130-20-180.C.1 of Real Estate Appraiser Board's 2018 Regulations - Use of signature; and 18 VAC 130-30-160 of the 2018 Appraisal Management Company Regulations - Prohibited acts, when discussing hybrid appraisals focusing on electronic transmission of reports. Mr. Turner also commented that residential sales contracts have a clause to waive an appraisal. No action was taken by the Board.

Mike Small advised the Board of the Fannie Mae guidelines regarding who can perform an appraisal and remarked that no unlicensed person can inspect properties. He discussed hybrid appraisals done by a Georgia appraiser in Indiana, and provided literature the Board. No action was taken by the Board.

In the matter of **File Number 2019-01239, Brad Kevin Harris**, the Board reviewed the application file, the transcript, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. A motion was made by Ms. Kelleher and seconded by Mr. Stuchell to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference to approve Mr. Harris' application for a Certified General Real Estate Appraiser license. The motion passed by majority vote. Members voting "Yes" were Kelleher, Miller, Rochester, Silverman and Stuchell. Member voting "No" was McCarty.

**File Number 2019-01239,  
Brad Kevin Harris**

As the presiding Board member, Mr. James did not participate in the discussion or vote pertaining to this matter.

In the matter of **File Number 2019-01181, Stuart Ross Fine**, the Board reviewed the application file, the transcript,

**File Number 2019-01181,  
Stuart Ross Fine**

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and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. Stuart Ross Fine, applicant, was present and addressed the Board. A motion was made by Mr. Miller and seconded by Ms. Silverman to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference to approve Mr. Fine's application for a Certified Residential Real Estate Appraiser license subject to the condition that Fine provide proof from the Maryland Commission showing he has completed the 42 hours of continuing education required by the Consent Order dated August 15, 2016. The motion passed unanimously. Members voting "Yes" were Kelleher, McCarty, Miller, Rochester, Silverman and Stuchell.

As the presiding Board member, Mr. James did not participate in the discussion or vote pertaining to this matter.

In the matter of **File Number 2019-00787, Ashley Stanley Hodges**, the Board reviewed the Consent Order as seen and agreed to by Ms. Hodges. A motion was made by Mr. McCarty and seconded by Ms. Silverman to accept the terms of the Consent Order.

**File Number 2019-00787, Ashley Stanley Hodges**

A substitute motion was made by Mr. Stuchell and seconded by Ms. Kelleher to reject the Consent Order and remand the case to an Informal Fact-Finding Conference to obtain additional information. The motion passed by majority vote. Members voting "Yes" to accept the substitute motion were Kelleher, Rochester and Stuchell. Members voting "No" were James and McCarty. Silverman abstained from voting in this matter.

A motion was made by Mr. Stuchell and seconded by Ms. Kelleher to reject the terms of the Consent Order as presented and to remand the case to an Informal Fact-Finding Conference to obtain additional information. The motion passed by majority vote. Members voting "Yes" were Kelleher, Rochester and Stuchell. Members voting "No" were James and McCarty. Silverman abstained from voting in this matter.

As the Board member who reviewed the file, Mr. Miller did not participate in the discussion or vote pertaining to this matter.

In the matter of **File Number 2018-02698, Matthew Brooks Sinnen**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. A motion was made by Mr. McCarty and seconded by Mr. Stuchell to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and find a violation of 18 VAC 130-20-180.D (Count 1) of the Board's 2015 Regulations, and 18 VAC 130-20-180.E (Count 2) of the Board's 2015 Regulations. The motion passed unanimously. Members voting "Yes" were Kelleher, McCarty, Rochester, Silverman and Stuchell. James abstained from voting in this matter.

**File Number 2018-02698, Matthew Brooks Sinnen**

A motion was made by Mr. Stuchell and seconded by Ms. Kelleher to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and impose a monetary penalty of \$250.00 for the violation contained in Count 1, \$250.00 for the violation contained in Count 2, for a total of \$500.00. In addition, for the violations of Counts 1 and 2, Sinnen's license shall be placed on probation for a period of six (6) months. Terms of probation include that Sinnen is required to complete a minimum of 32 hours of Board-approved education pertaining to residential appraisal. Each course shall include an examination. Upon successful course completion, Sinnen shall provide the Board with proof of passing the examination(s). If, within six (6) months, Sinnen does not provide evidence of successful course completion and proof of passing the examination(s), his license shall be suspended until he complies with the terms of his probation. The motion passed unanimously. Members voting "Yes" were Kelleher, McCarty, Rochester, Silverman and Stuchell. James abstained from voting in this matter.

As the presiding Board member, Mr. Miller did not vote or participate in the discussion in this matter.

In the matter of **File Number 2018-02663, Edward Allen Gentry, Jr.**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. Edward Allen Gentry, Jr., respondent, was present and addressed the Board. A motion was made by Mr. McCarty and seconded by Ms. Silverman to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and find a violation of 18 VAC 130-20-180.D (Count 1) of the Board's 2015 Regulations, 18 VAC 130-20-180.E (Count 2) of the Board's 2015 Regulations, and find no violation of 18 VAC 130-20-180.H.1 (Count 3) of the Board's 2015 Regulations. The motion passed unanimously. Members voting "Yes" were Kelleher, McCarty, Rochester, Silverman and Stuchell. James abstained from voting in this matter.

**File Numer 2018-02663, Edward Allen Gentry, Jr.**

A motion was made by Mr. McCarty and seconded by Mr. Stuchell to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and impose a monetary penalty of \$250.00 for the violation contained in Count 1, \$250.00 for the violation contained in Count 2, for a total of \$500.00. In addition, for the violations of Counts 1 and 2, Gentry's license shall be placed on probation for a period of six (6) months. Terms of probation include that Gentry is required to complete a minimum of 32 hours of Board-approved education pertaining to advanced residential appraisal. Each course shall include an examination. Upon successful course completion, Gentry shall provide the Board with proof of passing the examination(s). If, within six (6) months, Gentry does not provide evidence of successful course completion and proof of passing the examination(s), his license shall be suspended until he complies with the terms of his probation. The motion passed unanimously. Members voting "Yes" were Kelleher, McCarty, Rochester, Silverman and Stuchell. James abstained from voting in this matter.

As the presiding Board member, Mr. Miller did not vote or participate in the discussion in this matter.

In the matter of **File Number 2018-03375, Xome Valuation Services, LLC**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. Theodore Adams, attorney for the respondent, was present and addressed the Board. A motion was made by Mr. McCarty and seconded by Ms. Silverman to close the file and find no violation of 18 VAC 130-30-160.4 (Count 1) of the Board's 2015 Regulations. The motion passed by majority vote. Members voting "Yes" were James, Kelleher, McCarty, Rochester and Stuchell. Member voting "No" was Silverman.

**File Number 2018-03375, Xome Valuation Services, LLC**

As the presiding Board member, Mr. Miller did not vote or participate in the discussion of this matter.

In the matter of **File Number 2019-00273, Justin Maxwell Harley**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. Justin Maxwell Harley, respondent, Patrick Tench, attorney for the respondent, and Karen Berkness, witness, were present and addressed the Board. A motion was made by Mr. McCarty and seconded by Mr. Stuchell to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and close the file and find no violation of 18 VAC 130-20-180.K (Count 1) of the Board's 2015 Regulations. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Rochester, Silverman and Stuchell.

**File Number 2019-00273, Justin Maxwell Harley**

As the presiding Board member, Mr. Miller did not vote or participate in the discussion in this matter.

In the matter of **File Number 2018-02516, Frisco Lender Services, LLC**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. Nanci Weissgold, attorney for the

**File Number 2018-02516, Frisco Lender Services, LLC**

respondents, and Tom Westerfield, respondent, were present and addressed the Board. A motion was made by Mr. James and seconded by Mr. Miller to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and find a violation of 18 VAC 130-30-160.3 (Count 1) of the Board's 2015 Regulations, 18 VAC 130-30-160.4 (Count 2) of the Board's 2015 Regulations and 18 VAC 130-30-160.5 (Count 3) of the Board's 2015 Regulations. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester and Silverman.

A motion was made by Mr. McCarty and seconded by Mr. James to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and impose a monetary penalty of \$1,000.00 for the violation contained in Count 2, and \$1,000.00 for the violation contained in Count 3, for a total of \$2,000.00. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester and Silverman.

As the presiding Board member, Mr. Stuchell did not vote or participate in the discussion in this matter.

In the matter of **File Number 2018-03102, Fred F. Hauser, Jr.**, the Board reviewed the record which consisted of the investigative file, and exhibits from the Informal Fact-Finding Conference, and the Summary of the Informal Fact-Finding Conference of the presiding Board member. A motion was made by Mr. McCarty and seconded by Ms. Silverman to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and find a violation of 18 VAC 130-20-180.D (Count 1) of the Board's 2015 Regulations, 18 VAC 130-20-180.E (Count 2) of the Board's 2015 Regulations and 18 VAC 130-20-180.H.1 (Count 3) of the Board's 2015 Regulations. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester and Silverman.

A motion was made by Mr. McCarty and seconded by Ms. Silverman to accept the recommendation contained in the Summary of the Informal Fact-Finding Conference and

**File Number 2018-03102, Fred F. Hauser, Jr.**

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impose a monetary penalty of \$500.00 for the violation contained in Count 1, \$500.00 for the violation contained in Count 2, and \$1,000.00 for the violation contained in Count 3, for a total of \$2,000.00. The Board also imposes revocation of license for the violations of Counts 1, 2, and 3. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester and Silverman.

As the presiding Board member, Mr. Stuchell did not vote or participate in the discussion in this matter.

A motion was made by Ms. Kelleher and seconded by Mr. Stuchell to approve the language as amended in 18 VAC 130-30-60. Fee schedule, and file an exempt regulatory action. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester, Stuchell and Silverman.

**New Business**

A motion was made by Ms. Silverman and seconded by Mr. McCarty to approve the language as amended in 18 VAC 130-30-70. Renewal required, and file an exempt regulatory action. The motion passed unanimously. Members voting "Yes" were James, Kelleher, McCarty, Miller, Rochester, Stuchell and Silverman.

The Board discussed the Hybrid Appraisal Committee minutes. The Board requested staff prepare a guidance document for its review at the next Board meeting.

**Old Business**

Ms. Martine opened the floor for nominations for the position of Vice-Chair of the Real Estate Appraiser Board. Mr. McCarty nominated Mr. Stuchell for the position of Vice-Chair and Ms. Kelleher seconded the nomination. With no other nominations, Mr. Stuchell succeeds to the position of Vice-Chair by acclamation.

**Election of Officer**

There being no further business, the meeting adjourned at 12:29 P.M.

**Adjourn**

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Robert Rochester, Chair

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Mary Broz-Vaughan, Acting Secretary

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## Real Estate Appraiser Board

### **PROPOSED** Guidance Document: Hybrid Appraisals

#### I. Purpose

As a means of providing information or guidance of general applicability to the public, the Real Estate Appraiser Board (Board) is issuing this guidance document in order to assist its licensees in understanding hybrid appraisals.

To ensure the Board's licensees (individual real estate appraisers and appraisal management companies) comply with its laws and regulations, the Board directs its licensees to review the following information.

#### II. Background

The following are relevant excerpts from the Board's Appraisal Management Company laws and regulations:

§ 54.1-2020. Definitions.

A. As used in this chapter, unless the context clearly requires otherwise:

"Appraisal services" means acting as an appraiser to provide an appraisal or appraisal review.

"Appraiser" means a person licensed or certified under § 54.1-2017 and as otherwise provided in Chapter 20.1 (§ 54.1-2009 et seq.).

"Board" means the Virginia Real Estate Appraiser Board.

"Uniform Standards of Professional Appraisal Practice" means the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.

B. The definitions contained in § 54.1-2009 shall be applicable except to the extent inconsistent with the definitions contained in this chapter.

§ 54.1-2022. Appraisal management companies.

A. An appraisal management company shall not enter into any contracts or agreements with an independent appraiser for the performance of real estate appraisal services unless the independent appraiser is licensed to provide that service under § 54.1-2017 and as otherwise provided in Chapter 20.1 (§ 54.1-2009 et seq.).

C. No employee, director, officer, or agent of an appraisal management company shall influence or attempt to influence the development, reporting, result, or review of a real estate appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner, including:

8. Any other act or practice that impairs or attempts to impair a real estate appraiser's independence, objectivity, or impartiality.

18 VAC 130-30-120. Grounds for Disciplinary Action.

The board has the power to fine any regulant, to place any regulant on probation, and to suspend or revoke any license issued under the provisions of Chapter 20.2 (§ 54.1-2020 et seq.) of Title 54.1 of the Code of Virginia and the regulations of the board, in accordance with § 54.1-201 A 7 and § 54.1-202 of the Code of Virginia and the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia) when any regulant has been found to have violated or cooperated with others in violating any provision of Chapter 20.2 of Title 54.1 of the Code of Virginia, any relevant provision of the Uniform Standards of Professional Appraisal Practice as developed by the Appraisal Standards Board of the Appraisal Foundation, or any regulation of the board.

18 VAC 130-30-160. Prohibited Acts.

The following acts are prohibited and any violation may result in disciplinary action by the board:

1. Violating, inducing another to violate, or cooperating with others in violating any of the provisions of any of the regulations of the board or Chapter 20.2 (§ 54.1-2020 et seq.) of Title 54.1 of the Code of Virginia, or engaging in any acts enumerated in § 54.1-111 of the Code of Virginia.

9. Engaging in any acts enumerated in subsections A through D of § 54.1-2022 of the Code of Virginia.

10. Failing to act as an appraisal management company in a manner that safeguards the interests of the public.

The following are relevant excerpts from the Board's Real Estate Appraiser laws and regulations:

§ 54.1-2009. Definitions.

As used in this chapter, unless the context clearly indicates otherwise:

"Appraisal" means an analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate or identified real property. An appraisal may be classified by subject matter into either a valuation or analysis. A "valuation" is an estimate of the value of real estate or real property. An "analysis" is a study of real estate or real property other than estimating value. The term "appraiser" or "appraisal" may be used only by a person licensed or certified by the Board.

18VAC130-20-10. Definitions.

The following words and terms when used in this chapter, unless a different meaning is provided or is plainly required by the context, shall have the following meanings:

"Appraiser" means an individual who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

18VAC130-20-160. Grounds for Disciplinary Action.

The board has the power to fine any licensee, registrant or certificate holder, to place any licensee, registrant or certificate holder on probation, and to suspend or revoke any license, registration or certification issued under the provisions of Chapter 20.1 (§ 54.1-2009 et seq.) of Title 54.1 of the Code of Virginia and the regulations of the board, in accordance with subdivision A 7 of § 54.1-201, 54.1-202, and the provisions of the Administrative Process Act, Chapter 40 (§ 2.2-4000 et seq.) of Title 2.2 of the Code of Virginia, when any licensee, registrant or certificate holder has been found to have violated or cooperated with others in violating any provision of Chapter 20.1 of Title 54.1 of the Code of Virginia, any relevant provision of the Uniform Standards of Professional Appraisal Practice as developed by the Appraisal Standards Board of the Appraisal Foundation, or any regulation of the board. An appraiser trainee shall be subject to disciplinary action for his actions even if acting under the supervision of a supervising appraiser.

18VAC130-20-180. Standards of Professional Practice.

C. Use of signature and electronic transmission of report.

1. The signing of an appraisal report or the transmittal of a report electronically shall indicate that the licensee has exercised complete direction and control over the appraisal. Therefore, no licensee shall sign or electronically transmit an appraisal which has been prepared by an unlicensed person unless such work was performed under the direction and supervision of the licensee in accordance with § 54.1-2011 C of the Code of Virginia.

D. Development of appraisal. In developing a real property appraisal, all licensees shall comply with the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP) as defined in this chapter or in the prior edition in effect at the time of the reports' preparation. If the required definition of value uses the word "market," licensees must use the definition of market value set forth in USPAP "DEFINITIONS."

E. Appraisal report requirements. In reporting a real property appraisal, a licensee shall meet the requirements of the Uniform Standards of Professional Appraisal

Practice as defined in this chapter or in the prior edition in effect at the time of the reports' preparation.

K. Scope of work. A licensee shall abide by the Scope of Work Rule as stated in the Uniform Standards of Professional Appraisal Practice as defined in this chapter or in the prior edition in effect at the time of the reports' preparation.

Applicable provisions of USPAP:

- Scope of Work Rule
- Standards Rule 1-2(e)
- Standards Rule 2-2(a)(vii)
- Standards Rule 2-3
- Advisory Opinion 2

### **III. Board Guidance**

#### Summary - Appraisers

The Board's regulations require that appraisals be developed, reported, and reviewed in accordance with the Uniform Standards of Professional Appraisal Practice.<sup>1</sup>

Additionally, real estate appraiser licensees must determine and perform the scope of work necessary to produce credible assignment results, which includes the extent to which tangible property is inspected.<sup>2</sup> The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. Furthermore, an appraiser may use any combination of a property inspection and documents to identify the relevant characteristics of the subject property.<sup>3</sup> However, the information used by an appraiser to identify the property characteristics must be from sources the appraiser reasonably believes are reliable.<sup>4</sup>

Advisory Opinion 2 (AO-2), issued by the Appraisal Standards Board, further clarifies the relationship between a property inspection and USPAP compliance. According to AO-2, a property inspection is not required by USPAP. The primary reason for a property inspection is to gather information about the characteristics of the property that are relevant to its value. The extent of the inspection process is part of the scope of work, and the appraiser must ensure that the degree of inspection is adequate to develop a

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<sup>1</sup> 18 VAC 130-20-180.D and E require real estate appraisers to develop and report appraisals in accordance with USPAP requirements. Section 54.1-2021.1.B.2.i requires appraisal management companies to have a system in place to review the work of appraisers and ensure that appraisal services are being conducted in accordance with USPAP.

<sup>2</sup> See 18 VAC 130-20-180.K. See also USPAP SCOPE OF WORK RULE at 338–354.

<sup>3</sup> USPAP Standards Rule 1-2(e) at 483–485. Further, USPAP Standards Rule 2-3 requires each written appraisal report to contain a signed certification in which the appraiser discloses whether the appraiser performed an inspection of the property.

<sup>4</sup> *Id.* At 481–482.

credible appraisal. When adequate information about relevant characteristics is not available through an inspection or reliable resources, an appraiser must withdraw from the assignment unless the appraiser can (1) modify the assignment conditions to expand the scope of work to include gathering the necessary information or (2) use an extraordinary assumption about such information, if credible assignment results can still be developed.

The Board's regulations require that an appraiser comply with USPAP, and both the USPAP standards and the illustrations of the applicability of the appraisal standards published by the ASB indicate that an appraiser may perform an appraisal in which the appraiser did not personally inspect the property if the appraiser can do so while complying with USPAP. If the appraiser cannot comply with USPAP, the appraiser must withdraw from the assignment. Moreover, in relying upon third-party inspection data, the appraiser must exercise the same discretion in assessing the reliability of data as all other information used to produce assignment results. When an appraiser signs the appraisal report or transmits it electronically, this act indicates the licensee has exercised complete direction and control over the appraisal. If during the course of the assignment, the appraiser determines he cannot produce a credible appraisal which complies with USPAP, including not doing a property inspection, he should seek to amend the scope of work or withdraw from the assignment.

### Summary - AMCs

Section 54.1-2021-1.B.2.i of the Code of Virginia requires that appraisal management companies (AMCs) have a system in place to review the work of all appraisers that may perform appraisal services for the AMC to ensure that the appraisal services are being conducted in accordance with USPAP.<sup>5</sup> Additionally, Board regulations prohibit AMCs from violating, inducing another to violate, or cooperating with others in violating applicable laws.<sup>6</sup> Such prohibition includes but is not limited to any act or practice that impairs or attempts to impair a real estate appraiser's independence, objectivity, or impartiality.<sup>7</sup>

There is no law or Board regulation that expressly prohibits an AMC from providing property inspection data to an appraiser for use in an appraisal. However, the AMC must have a system in place for ensuring that the appraisal services are being conducted in accordance with USPAP. Moreover, an AMC may not induce or cooperate with an

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<sup>5</sup> See the discussion above.

<sup>6</sup> 18 VAC 130-30-160.1

<sup>7</sup> See § 54.1-2022.C.8 and 18 VAC 130-30-160.9

appraiser in violating USPAP and must ensure that neither its actions nor its practices impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.

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*The Virginia Real Estate Appraiser Board will be taking public comment on this proposed guidance document regarding hybrid appraisals. A 30-day comment period will begin on May 27, 2019.*

*If you wish to comment on the proposed guidance document, you may do so via the Town Hall website or you may submit written comments so that they are received no later than June 26, 2019 to:*

*Christine Martine, Executive Director  
Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400  
Richmond, VA 23233  
(804) 367-8552  
[reappraisers@dpor.virginia.gov](mailto:reappraisers@dpor.virginia.gov)*