

REAL ESTATE APPRAISER BOARD
COMMITTEE ON HYBRID APPRAISALS

MINUTES OF MEETING

November 28, 2018

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

Robert Rochester
H. Glenn James

Board members absent from the meeting: Rex McCarty, Chair

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

Jay DeBoer, Director
Christine Martine, Executive Director
Jim Chapman, Board Administrator
Emily Trent, Administrative Assistant

Mr. Rochester called the meeting to order at 1:14 P.M.

Call to Order

A motion was made by Mr. James and seconded by Mr. Rochester to approve the agenda. The motion passed unanimously. Members voting "Yes" were James and Rochester.

Approval of Agenda

The Committee reviewed a Q&A video entitled "Inspections & Hybrid Appraisal Assignments," which was recently published by the Appraisal Standards Board to The Appraisal Foundation's website. The video addressed the following topics: (1) whether an appraisal may be performed if a property inspection was completed by a third party; (2) whether USPAP requires disclosure of assistance by a non-appraiser; and (3) how to employ an extraordinary assumption when a client provides inspection data.

**Discussion of ASB guidance
on hybrid appraisals**

Jayne Allen addressed the Board with concerns about inspections performed by non-appraisers that may not identify proper characteristics such as finished and

Public Comment

unfinished basements. The potential errors and oversights could cause questionable values by lenders.

Mark Chapin spoke on behalf of REVAA (Real Estate Valuation Advocacy Association) in favor of hybrid appraisals when performed by reputable inspectors. Mr. Chapin advised the Committee that bifurcated appraisals have been used for a long time. He also referred to MLS, county data, and other sources as trusted third party sources that appraisers commonly use.

Josephine Brackin cautioned the Committee that hybrid appraisals may be costly to citizens of the Commonwealth. There may be delayed real estate closings, if hybrid appraisals do not produce credible results.

Pat Turner asked what would prevent clients from dropping assignments after appraisers had invested time and money in the preparation of an appraisal. Mr. Turner cautioned the Committee on unintended consequences, such as corrupted information and/or data entering the system especially from out of state individuals.

Bernie Bugg thought the Appraisal Foundation video regarding hybrid appraisals was convoluted. Mr. Bugg attended the 2018 AARO conference and advised the Committee on discussion and debates regarding hybrid appraisals. He disagrees with the use of hybrid appraisals, and the perception that inspectors can perform them as they are viewed as a menial task. Further, Mr. Bugg cited potential legal issues from non-licensed inspectors.

Mr. Small read definitions of an appraiser in statute, presented an advertisement from Washington state, and gave examples for appraisals/appraisers not in Virginia. He asked that the Committee enforce the laws currently on the books.

Frank Wright felt the bifurcated appraisal process is a path to avoid Customary and Reasonable fees. He also questions why Real Estate Appraiser trainees are frowned upon by the AMCs yet hybrid appraisals are promoted.

John Russell views bifurcated appraisals as problematic, and ripe for fraud. He feels the Board may get sued if something goes wrong during an inspection by an unlicensed person.


Jason Cowan expressed concerns that appraisers performing hybrid appraisals may lack training and education that could compromise industry standards.

Mr. James and Mr. Rochester provided thoughts on hybrid appraisals and how they could be addressed by the Board's current statutes.

Discussion

There being no further business, the meeting adjourned at 2:49 P.M.

Adjourn



Robert Rochester, Chair



Mary Broz-Vaughan, Acting Secretary

**STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT**

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

1. Name: Robert Rochester
(Name of Board Member)
2. Title: Board Member
3. Agency: Real Estate Appraiser Board
(Name of Board)
4. Meeting/IFF Date: November 28, 2018
(Date)

5. I have a personal interest in the following transaction:

(Agenda Item)

Nature of Personal Interest Affected by Transaction: _____

I declare that I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

- I am able to participate in this transaction fairly, objectively, and in the public interest.
- or
- I did not participate in the transaction.
6. I **do not** have a personal interest in any transactions taken at this meeting.

Robert O. Rochester
Signature

11/28/2018
Date

**STATE AND LOCAL GOVERNMENT
CONFLICT OF INTERESTS ACT**

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

1. Name: H. Glenn James
(Name of Board Member)
2. Title: Board Member
3. Agency: Real Estate Appraiser Board
(Name of Board)
4. Meeting/IFF Date: November 28, 2018
(Date)

5. I have a personal interest in the following transaction:

NONE
(Agenda Item)

Nature of Personal Interest Affected by Transaction: _____

NONE

I declare that I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

Certified General Real Estate Appraiser Practitioner

I am able to participate in this transaction fairly, objectively, and in the public interest.

or

I did not participate in the transaction.

6. I **do not** have a personal interest in any transactions taken at this meeting.

H. Glenn James
Signature

Nov. 28, 2018
Date