



# Unauthorized Practice of Appraisal

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# Unauthorized Practice of Appraisal

- The following is my perspective and opinion, based upon the statutes, regulations and enforcement applied in Kentucky.
- I am not speaking for or on behalf of AARO in the matter that is the subject of this panel discussion.

# Unauthorized Practice of Appraisal

- What is considered unauthorized appraisal practice?
- The ASC characterizes State statues for licensing and certifying appraisers in 3 ways:
  - Mandatory
  - Mandatory for Federally Related Transactions
  - Voluntary

# Unauthorized Practice of Appraisal

The following information was taken from the ASC:

<https://www.asc.gov/State-Appraiser-Regulatory-Programs/StateOperationsAndRequirements.aspx>

The ASC has compiled this information from data submitted by State agencies. While we believe the information is generally reliable, we have not independently verified each item's accuracy. If you have a question about an item, we suggest that you contact the relevant State agency.

# Unauthorized Practice of Appraisal

## Mandatory - (33-States):

**Alabama, Arizona, Commonwealth of the Northern Mariana Islands, Connecticut, Delaware, District of Columbia, Florida, Guam, Idaho, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, U.S. Virgin Islands, Utah, Virginia, Washington, West Virginia**

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## Mandatory for Federally Related Transactions (14-States):

**Arkansas, California, Colorado, Georgia, Hawaii, Illinois, Kansas, Maryland, Montana, New Hampshire, New York, Ohio, Vermont, Wisconsin**



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## Voluntary (8-States)

**Alaska, Indiana, Iowa, Kentucky,  
Massachusetts, North Dakota,  
Oklahoma, Wyoming**

# Unauthorized Practice of Appraisal

- Mandatory means a credential is required when any opinion of value or evaluation is developed for real property.
- How many States listed as mandatory do not have exemptions for some specific assignment or individual?
- Example - Tennessee is identified as mandatory, but development of evaluations is exempt.



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- Mandatory/FRT means licensed and certified appraiser required to perform appraisals for FRT assignments and Real Estate Related Financial Transactions.
- Are the licensed and certified appraisers within these States not expected to be credentialed for any assignment that is not FRT and RERFT?



# Unauthorized Practice of Appraisal

- Voluntary – Appraisers can choose to become licensed and certified, if they wish to do so.
- Are the licensed and certified appraisers within these States not expected to be credentialed for any assignment that is not FRT and RERFT?



# Unauthorized Practice of Appraisal

- Understanding the 3 possible statutes for appraiser certification and licensing is extremely difficult, but critically important.
- Appraisers should contact the appraiser regulatory agencies for guidance.
- Following is an example of the importance to be familiar with State requirements.



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- Kentucky is voluntary, but upon being credentialed, Kentucky appraisers must comply with all statutes and regulations within any appraisal practice or valuation service when acting as an appraiser.
- Why is that not contradictory to the expectation?

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## ASC Policy Statement 10: Enforcement

“In the ASC’s view, Title XI intends that the States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisal in connection with all real estate appraisal involving real estate related financial transactions, and not just federally related transactions.”

# Unauthorized Practice of Appraisal

Kentucky requires that anyone who is licensed or certified within another State and accepts an assignment to appraise a Kentucky property must obtain a Temporary Practice Permit or have a certification by reciprocity.

Some will say the above process is too difficult!

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But, it does not have to be difficult.

## ASC Policy Statement 5: Temporary Practice

The KY Board will issue the Temporary Practice permit within 24 hours from receiving the request and \$50 fee.



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## ASC Policy Statement 5: Temporary Practice

The KY Board does not require a Temporary Practice Permit if an appraiser credentialed in another State performs a technical review of an appraisal for a KY property, if that review appraiser does not enter the state of KY to perform the technical review.

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## Policy Statement 6: Reciprocity

The KY Board will recognize reciprocity for any certified appraiser within a State that is compliant with the AQB minimum criteria.

Kentucky no longer requires letters of agreement from States for reciprocity approval or recognition.

# Unauthorized Practice of Appraisal

- Would the following be considered unauthorized practice in mandatory, non mandatory or voluntary States?
  - Probable sales price
  - Range of sales prices
  - Value estimate in lieu of opinion
  - Court testimony as an expert witness
  - Property condition
  - Anticipated market time
  - Property disposition
  - Other services?

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## Questions

# Contact Larry Disney

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