

THE ANATOMY of APPRAISER REGULATORY INVESTIGATIONS

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The Beginning

- State appraisal investigation is a reasonably new process.
- The first training session was presented immediately following the AARO spring conference in Atlanta, GA, with representatives of the ASC, TAF, AARO, and other interested parties.



What we have learned.

- Originally we learned from what other state licensing agencies were doing.
- We took the knowledge gained from those courses and coupled with the experience as real property appraisers, we began to develop appraisal investigator training.

What we have learned.

- The continued evolution led to a unified effort of AARO, the ASC, and TAF to develop and make available the only Appraisal Investigator Training Courses that are devoted solely to appraisal investigations.
- On behalf of AARO, I thank the ASC for the funding and TAF for the management of the course developments and offerings.

What we have learned.

- During the past 15-years, states have opted to use a process of appraisal investigation that includes:
 - Investigations; and
 - Appraisal reviews.

The question many have asked, are the two synonymous?

Defintion

“Investigate, vb. 1. to inquire into (a matter) systematically; to make (a suspect) the subject of a criminal inquiry <the police investigated the suspect’s involvement in the murder>. 2. to make an official inquiry <after the judge dismissed the case, the police refused to investigate further>.”*

*Black’s Law Dictionary, eighth edition, page 844.



Definition

“Appraisal Review: the act or process of developing and communicating an **opinion** about the **quality of another appraiser’s work** that was performed as part of an appraisal or appraisal review assignment.

Comment: the subject of an appraisal review assignment may be all or part of a report, workfile, or a combination of these.”*

*USPAP 2014-2015 edition, page U-1.



What we have learned.

Clearly the two by definition are not synonymous, one is based upon collecting and documenting facts, while the other is based upon an opinion.

Regardless of how state appraiser regulatory agencies choose to use the two, the key is fairness in providing **due process**.

Although most complaint cases include allegations of value being low or high, we must continually ask, what is our mission in achieving the above?



What we have learned.

Most often, public protection is the mission of appraiser regulatory enforcement agencies, including effective enforcement of complaint allegations.

Often, the evidence given the appraisal complaint investigator includes:

- Appraisal reports;
- Complaint allegations;
- Respondent reply; and
- Other exhibits, including Workfile(s).

What we have learned.

An Investigator searches for the following answers:

- Did the appraiser support the opinion of value?
- Can the investigator conclude that the assignment results appear credible, given the intended use of the assignment?

What we have learned.

The investigator considers:

- Competency
- Negligence
- Gross Negligence
- Ethical practice

What we have learned.

Typically, the most critical objective for the investigator of appraisal complaints is to:

- Examine the evidence for compliance with the minimum standards, i.e., USPAP.
- The objective should not be to verify compliance with a best practice standard expectation, unless that standard is set by statute, regulation or policy with force of law.

Where do we go from here?

I believe appraisal investigations nationally have evolved positively during the past 15-years.

Through continued efforts of AARO, TAF, and the ASC, today we have the following tools:

- Voluntary sanctioning matrix;
- Added Level III investigator training to assist in preparing for hearings;
- Regulatory Mock Hearing in TAF e-library



Where do we go from here?

Together, we will all continue to evolve in our efforts for enhancing public trust in the appraisal profession through effective state appraiser regulatory enforcement.



Q&A

The next two presenters will demonstrate how that cooperation has led to successful enforcement decisions.

Questions will be held until the last presentation.

It is my honor and pleasure to introduce our next presenter, Ms. Roberta Ouellette, North Carolina Appraisal Board Legal Counsel.

