



California Office of Real Estate Appraisers

Department Update/AMC Registration

Northern California Chapter of the Appraisal Institute
Pleasanton ~ March 18, 2010

License Statistics

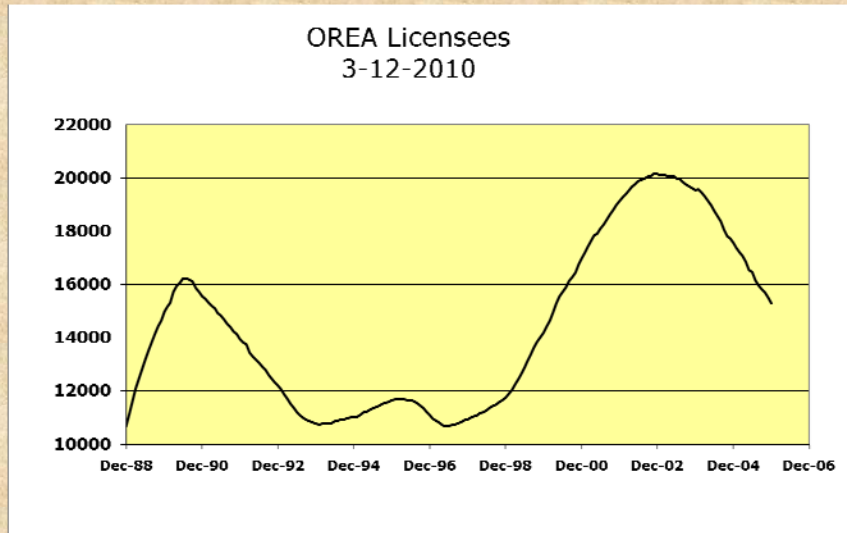
■ **Active Licenses 3/12/10 *** **15,046** (9,954 AR-AG)
(AT & AL Combined: 33.84% ~ AR & AG Combined: 66.16%)

■ **Active Licenses 1/1/09** **17,647** (9,726 AR-AG)
(AT & AL Combined: 44.89% ~ AR & AG Combined: 55.11%)

■ **Active Licenses 1/1/07** **20,164** (7,982 AR-AG)
(AT & AL Combined: 60.41% ~ AR & AG Combined: 39.59%)

* 14.74% decline since 1/1/09 ~ 25.38% decline since 1/1/07

License History



Licensee Ages

(October, 2009)

<u>AGE</u>	<u># of Licensees</u>	<u>% of Population</u>
Over 80 years old	61	.39%
70 - 80 years old	504	3.18%
60 - 70 years old	2,520	15.92%
50 - 60 years old	4,775	30.17%
40 - 50 years old	4,565	28.84%
30 - 40 years old	2,628	16.60%
20 - 30 years old	775	4.90%

~ 49.66% of OREA licensees are more than 50 years of age ~

~ Average age of total license population is 49.7 years old ~

Enforcement Statistics

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Complaints Received	443	550	538	580
Investigations Completed	212	214	231	589
<small>(2009 includes Full Investigations & Closed at Screening)</small>				
Cases Closed	213	182	231	588
Citations	80	80	84	77
Closed - No Action	40	29	47	203
Revocations	9	9	15	26
Stayed Revocations	2	2	1	20
Stipulated Settlements	28	17	21	18
Voluntary Surrenders	5	7	37	20
Warnings	49	38	26	224

Executed Decisions

July 1, 2009 through December 31, 2009

96 Decisions resulting in \$64,250 in fines, \$65,218 in enforcement costs, and 1,440 hours of imposed basic education.

January 1, 2010 through March 17, 2010

38 Decisions resulting in \$16,750 in fines, \$48,760 in enforcement costs and 720 hours of imposed basic education.

AMC Registration

California Business & Professions Code § 11320.5:

No person or entity shall act in the capacity of an appraisal management company without first obtaining a certificate of registration from the Office of Real Estate Appraisers.

~ Effective January 1, 2010 ~

March 3rd E-mail to AMCs and Appraisers

Appraisal Management Companies

Please note that effective January 1, 2010, all persons or entities acting in the capacity of an Appraisal Management Company (AMC), as defined in Section 11302 (d) of the Business and Professions Code, must obtain a certificate of registration from the Office of Real Estate Appraisers (OREA) to conduct business as an AMC in the State of California. It is unlawful for an entity or person to represent themselves as an AMC to lending institutions or appraisers if they have not been issued a certificate of registration. OREA is in the process of establishing an online list of registered AMCs. Lending institutions and appraisers will be directed to said list to determine if an AMC has met the requirements for registration. Approved emergency regulations were filed with the Secretary of State on January 21, 2010 and OREA began accepting applications for registration on that date. If your company has submitted an application for registration as an AMC, OREA thanks you for timely compliance with the new statute; however, if it has not, please go to OREA's website to find the registration requirements and application forms. There is no "grace period" provision in the statute. All AMCs, as defined, must obtain a certificate of registration to be in compliance with California law.

Appraisers

If you have contracted with an AMC that does not appear on OREA's online list as a holder of a certificate of registration, please contact OREA to determine the status of said AMC by calling (916) 552-9000 and asking for AMC Compliance, or by sending an email inquiry to mchavez@orea.ca.gov

Definition of an AMC

*A person or entity that meets **all** the following conditions:*

- *Maintains an approved list of 11 or more independent contractor licensed or certified appraisers, or employs 11 or more licensed or certified appraisers.*
- *Receives requests for appraisals from one or more clients.*
- *For a fee paid by one or more of its clients, delegates appraisal assignments for completion by its independent contractor or employee appraisers.*

Exclusions from Registration

*An AMC **does not include** the following:*

- *Any licensed or chartered bank, credit union, trust company, savings and loan association, or industrial loan company authorized to do business in California.*
- *When acting under the authority of a state-issued license, any finance lender or broker (consumer or commercial loans secured by personal property), mortgage lender, residential mortgage servicer, or real estate broker.*
- *Any person licensed to practice law in California working with a client in connection with one or more appraisals for the client.*

Controlling Person

A “Controlling Person” means one or more of the following:

- An officer or director of an AMC, or an individual who holds a 10% or greater ownership interest in an AMC.
- An individual employed, appointed or authorized by an AMC to enter into contractual relationships with clients for the performance of appraisal services and to enter into agreements with independent appraisers for the completion of appraisal assignments.
- An individual with the authority to direct or cause the direction of the management or policies of an AMC.

Controlling Person (cont.)

No individual may act as a controlling person of an AMC if either of the following apply:

- The individual has entered a plea of guilty or no contest to, or been convicted of a felony.
- The individual has had a license or certificate to act as an appraiser or to engage in activities related to the transfer of real property refused, denied, cancelled, or revoked in any state.

Any controlling person of an AMC must submit fingerprints prior to registration, and is subject to DOJ and FBI background checks and subsequent arrest notification service.

Required Business Practices

- *Ensure that all appraisals submitted to clients are prepared by appropriately licensed appraisers.*
- *Review and ensure that all appraisal reports submitted to clients are performed in accordance with USPAP.*
- *For every appraisal service request, the AMC must maintain records of: (a) date of the request, (b) name of the requestor, (c) name of the client (if different from the name of the requestor), (d) name of the appraiser or appraisers assigned to perform the appraisal assignment, and (e) date of delivery of the appraisal report to the client.*

Prohibited Actions

No AMC shall attempt to improperly influence the development, reporting, result, or review of any appraisal by engaging in any of the following:

- *Withholding or threatening to withhold timely payment for an appraisal.*
- *Withholding or threatening to withhold future business for an independent appraiser, including removal from approved panels of appraisers.*
- *Expressly or impliedly promising future business, promotions, or increased compensation for an independent appraiser.*

Prohibited Actions

(cont.)

- *Conditioning the request for an appraisal service or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation in an appraisal report, or on a preliminary estimate or opinion requested from an independent appraiser.*
- *Requesting the payment of compensation to achieve higher priority in the assignment of appraisal business.*
- *Requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report.*
- *Providing to an appraiser an anticipated, estimated, encouraged, or desired valuation in an appraisal report.*

Prohibited Actions

(cont.)

- *Requesting that an appraiser provide estimated values of comparable sales at any time before the appraiser completes an appraisal report.*

No AMC may alter or modify a completed appraisal report submitted by an independent appraiser, including the permanent removal of the appraiser's signature or seal, or by adding or removing any information from an appraisal report with an intent to change the value conclusion.

No AMC may require an appraiser to provide it with the appraiser's digital signature or seal; however, an appraiser is not prohibited from voluntarily providing his or her digital signature or seal to another person.

Termination Clause

The registration and regulation of AMCs shall cease to be operative 60 days after the effective date of a federal law that mandates the registration or licensing of appraisal management companies with an entity other than the California Office of Real Estate Appraisers.

Implementation

- *Emergency Regulations filed January 21, 2010 and remain in effect for 180 days, or upon completion of regular rulemaking process.*
- *Identification of AMCs*
- *Initial enforcement actions*

OREA Complaint Process

Go to www.orea.ca.gov to obtain complaint forms REA 4001 (licensed appraiser) or REA 6001 (AMC), or call (916) 552-9000.

OREA makes every effort to keep a complainant's identity confidential; however, anonymity is not guaranteed as a complainant may be subpoenaed to testify before an Administrative Law Judge.

Summarize complaint in a chronological manner, explaining what happened, what was said, who said it, who was present, and when & where the conversations or events took place. Be specific.

Sufficient documentary evidence and/or a willingness to testify are crucial to the successful prosecution of unlawful appraisal practice or violation of AMC laws and regulations. Provide legible copies of all documents related to the complaint.

Appraisers' Responsibilities

- *Always comply with USPAP*
- *Practice due diligence - verify data and sources*
- *Be aware of and report on physical defects*
- *Use photographs as protection*
- *Practice technical and geographic competency*
- *Understand and properly explain any extraordinary assumptions and/or hypothetical conditions*
- *When in doubt, disclose*
- *Practice effective record keeping*
- *Observe the primary tenets of the Conduct section of the Ethics rule:*
 - a) Objectivity*
 - b) Impartiality*
 - c) Independence*

“Entrepreneurial Spirit”

Subject Property



“Comparable # 1” from Report



Actual Photo of Comparable #1



“Entrepreneurial Spirit”

OCTOBER 7, 2009 EMAIL FROM AMC TO LICENSED APPRAISERS:

To All Appraisers,

I'm getting requests from appraisers on fee change due to the value of the property. Be advise, the fee that you all see on the website is an estimate base on the estimated value. We don't know how much to pay you until the report comes back. We will pay you base on the final value on the report according to the fee schedule.

In addition, there will be no fee increase (according to the contract) unless the subject property is complex, in rural area, and etc. In that case, the appraiser must let us know.

Please do not hesitate to contact me any questions.

Regards, (Name Redacted)

“Entrepreneurial Spirit”

RESPONDENT'S REPLY TO INVESTIGATOR QUERY ON FALSE CERTIFICATION:

“The reason I checked the box that I did inspect the exterior of the subject property and the exterior of the comps in the Appraiser's Certification was because, I misinterpret, the fact that, since most of the lender's I do business require that I check the box even though I did not inspect the property with the Trainee Appraiser. I thought I was following the Substandard Rules of USPAP which require to follow the instruction of the Lender. I was mistaken.”

“Entrepreneurial Spirit”

Reply to: rudycardona62@yahoo.com
Date: 2008-01-25, 11:27AM PST

best of craigslist

Ifi were a finance company in San francisco and I'm looking for an appraiser that can get me a value of:

\$695k: 981 Crestwood Ave, San Pedro, CA

\$495k: 2411 WEST ALONDRA BLVD, Compton, CA

Thanks...

Location: central LA
Principals only. Recruiters, please don't contact this job poster.
Please, no phone calls about this job!
Please do not contact job poster about other services, products or commercial interests.

PostingID: 551369076

“Entrepreneurial Spirit”

winmail.dat

Please see below for more information.

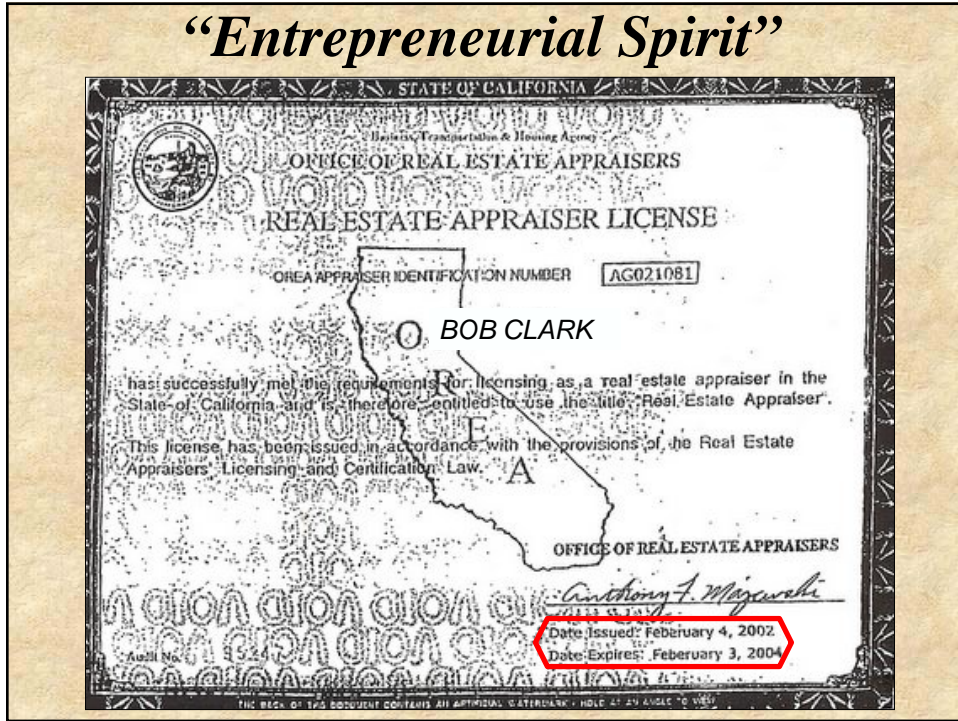
Need to photoshop apraisal to close loan ASAP

Reply to: serv-291688650@craigslist.org

Date: 2007-03-10, 9:56AM

Need photoshop expert to change an apraisal that came in too low.
I'll pay \$300 if you do a good job.

“Entrepreneurial Spirit”



California Office of Real Estate Appraisers

QUESTIONS?