



ARIZONA BOARD OF APPRAISAL

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AMCs/Website/Tax Agents/Other Stuff 7/13/2011

AMCs:

There is never an end to AMC news. With the industry still being new, increasing regulations and procedures at state and federal levels, and an industry still trying to morph into business models that work AMC issues are constantly fluid.

We are now starting to receive complaints from those of you who are working with unregistered AMCs. Hopefully you are aware that if you are working with an unregistered AMC and you are not getting paid... there is no bond to pay claims. That caveat should be self explanatory.

Some of you have notified us that you are aware of AMCs that are working in Arizona but are not registered. We ask that you notify us and supply their contact information. We start by sending them a basic letter notifying them that they need to register and instructions on how to do so. So far we have about an 85% success rate with those companies applying and becoming registered. Keep this up, it works.

Renewal time for AMCs is upon us. There is a new AMC Renewal Application and bond form which must be used.. The forms used last year are obsolete. All AMCs are asked to make sure they are using the new forms. The forms are, and have been, on the website. Also, there is now a page on the website just for AMC information. We finally were able to have the AMC information moved off of the home page. The homepage was starting to look like a laundromat bulletin board.

In further news, some AMCs have been under the impression that just because their client (lender) had not paid them they were under no obligation to pay the appraiser. Some also felt that their current payment policies (which exceeded the statutory 45 days) were also acceptable. Unfortunately both of those assumptions are incorrect. The statute, A.R.S. §32-3675, cut and pasted below, is very clear. Payment to appraisers must be made 45 days after receiving the appraisal from the appraiser and the Board is now adjudicating these cases.

A.R.S. §32-3675. Payment

EXCEPT IN CASES OF BREACH OF CONTRACT OR SUBSTANDARD PERFORMANCE OF SERVICES, EACH APPRAISAL MANAGEMENT COMPANY SHALL MAKE PAYMENT TO AN INDEPENDENT APPRAISER FOR THE COMPLETION OF AN APPRAISAL OR VALUATION ASSIGNMENT WITHIN FORTY-FIVE DAYS AFTER THE DATE ON WHICH THE INDEPENDENT APPRAISER TRANSMITS OR OTHERWISE PROVIDES THE COMPLETED APPRAISAL OR VALUATION STUDY TO THE APPRAISAL MANAGEMENT COMPANY OR ITS ASSIGNEE.

Website:

If you have been on our website lately you have noticed some changes. As we just discussed, there is a new AMC page with all of the AMC information. If you go to the Newsletter page you will now see all previous newsletters posted. They have been posted in consecutive order by date. We will continue to keep them posted as they are written. This is essential as this is mostly information that the regulated community may want to reference. There is no index of the

information so you may want to take a second to read them for familiarity so you'll recognize the issues when you need to. Newsletters of note are:

- 12-06-2010 - Lenders who are not your clients asking for copies of old appraisals
- 12-14-2010 - Comp checks and Cost Approach issues
- 01-04-2011 - Email solicitations for reconciliations and other valuation products: how to tell if they are USPAP compliant
- 04-21-2011 - Customary and Reasonable Fees: how to file a complaint
- 04-26-2011 - UAD notice of implementation

Save a call, read a newsletter.

June 2011 Board Issues:

At last months (June 2011) Board meeting appraisal issues covered were:

Appraisals

1. Comparable selection
2. Rural and vacant land
3. Non applicable lawsuits
4. Incorrect physical data
5. Incorrect measurements
6. Failures to sign Consent Agreements and Due Diligence letters
7. Motions to move certain files to Informal and Formal Hearings

AMCs

1. Appraiser Loft - motion to move to special telephonic meeting to consider summary suspension and civil penalties
 2. Aces Real Estate Appraisals of California - motion to move to Formal Hearing for revocation
- There were many other important issues discussed at the June meeting as well. Well worth the read. See June 2011 minutes on our website. The link is posted below:

[http://www.appraisal.state.az.us/userfiles/file/June%202011%20Board%20Minutes%20Draft2\(1\).pdf](http://www.appraisal.state.az.us/userfiles/file/June%202011%20Board%20Minutes%20Draft2(1).pdf)

Tax Agents:

A while back I received a number of calls from property owners in one of our rural counties. The complaints were all the same. They wanted to file complaints against Tax Agents because their taxes had just gone up. Someone apparently had given out erroneous information. I told them they had the wrong people and that Tax Agents were, in fact, the people they wanted to *hire* to help them! They had the concept completely reversed.

One of the facts about being an appraiser or tax agent is that most people don't really know what it is an appraiser or tax agent does nor do they likely careuntil they need one. Until that happens little effort is spent trying to understand what they do. And, unless you are one, you may not find it all that exciting. Those of us in these professions *do* find it challenging and exciting.

My job is much like that. When I sit down on a plane for a cross country flight I always have a "Chatty Cathy" next to me and sure enough.. "So... what do you do?" I take a deep breath then tell them "I'm the Executive Director of the Arizona Board of Appraisal" and watch their eyes glass over. By the look on their face they couldn't have been more excited if I told them "I'm a Hyperbolic Amalgamated Algorithms Analyst. Either the eyes glass over or they start in about how appraisers have ruined the entire National economy. I should probably just say, "Uhhh.. I'm an Astronaut." That would at least give me a running start until I can change the subject.

The point is that people seldom really understand what most of us with technical careers do. Tax Agents are a case in point. I have always understood what those folks do but I'm not sure I could have given you the most definitive answer.

For definitive explanations I have asked three of our more visible experts on Tax Agents to help us out. Mr. Les Abrams, Chairman, Arizona Board of Appraisal and registered Tax Agent; Mike Petrus, Board member, Arizona Board of Appraisal, Cert. General Appraiser and registered Tax Agent; and Keith Russell, MAI, Maricopa County Assessor.

Their more definitive answers are as follows:

Les Abrams, AZBOA Board Chairman, Tax Agent: *The most notable attribute of a tax agent is that they are an advocate. Arizona is noted for having one of the most complex property taxing systems in the nation. Due to this complex process many property owners and others seek out and contract with tax agents to represent them through the tax appeal process.*

Mike Petrus, AZBOA Board Member, Cert. General Appraiser, Tax Agent: *This is a Tax Agent as I define it. Short and sweet although tax agents would argue they do a lot more than just reduce taxes.*

A tax agent represents a Tax Payer which is his/her client. Much like an expert witness advocates for their position, a Tax Agent advocates for a lower tax value for the client using recognized valuation techniques, legal knowledge of the tax system, equity, and other measures.

Keith Russell, MAI, Maricopa County Assessor: *A tax agent is someone who has the legal authority to represent a property owner in the administrative appeal process of the property tax system. If someone tries to represent a property owner and they are not a registered tax agent (with the Arizona Board of Appraisal) and they do not have a current agent authorization document (from the property owner authorizing them to represent the ownership) the appeal will not be considered complete by the County Assessor.*

The administrative appeal process for property located in Maricopa and Pima Counties consists of two primary levels. The first level is an interaction with the Assessor's Office. If a property owner is unhappy with the result of this first level they can move the appeal on to the State Board of Equalization (SBOE). The SBOE is an independent body not connected to the Assessor's Office. The SBOE has a Chairman appointed by the Governor and members appointed by the Governor and the Board of Supervisors from Maricopa and Pima Counties. The SBOE hears appeals on both locally and centrally assessed properties (locally assessed properties are assessed by an Assessor and centrally assessed properties are assessed by the Department of Revenue). More information of the SBOE can be found on the Board's web site <http://www.sboe.state.az.us/> Decisions from the SBOE may be appealed by either the property owner, the County or the Department of Revenue to court.

So, there's some information that many appraisers and others may not have known. Our thanks to all three of these folks for their definitive answers. Now you too can competently explain to others what it is that a Tax Agent does. Very enlightening, Gentlemen, thank you!

AQB Fourth Exposure Draft:

The Appraiser Qualifications Board has issued the Fourth Exposure Draft of Proposed Revisions to the Future *Real Property Appraiser Qualification Criteria*. The effective date of any proposed revisions to the Criteria is not likely to be any earlier than January 1, 2015. There are 12 sections scheduled for revision.

Even though January 1, 2015 seems like a long way off the need for your current involvement is because the deadline for comments in writing is September 30, 2011. You can provide comments in person if you go to the October 14, 2011 meeting in Washington, D.C. There are upcoming changes and if they affect you now is the time to get started.

For example, did you know that if you want to move up in licensing level to Certified Residential or Certified General after January 1, 2015 you will need to have a four year Bachelor's degree? There will no longer be an "in lieu of" option for college credits except for the License level and even that will require 30 semester hours. So, if you are planning to move up in licensure and do not have a college degree you may want to get moving now as that may be adopted by the AQB.

I continually hear from appraisers who let the last deadline slip by for upgrading to Certified Residential and now wish they had acted. Business was good then, they could do FHA work, work for AMCs, etc. Life was sweet and they were too busy making money to make the upgrade. Now they are having trouble finding work.

There are also changes on board for education and experience requirements, the 7-Hour National USPAP Update, revisions to Distance Education Requirements, Supervisory Appraiser Requirements and other issues.

The most notable constant in the appraisal profession appears to be *change* itself. Don't let *change* hamper your career. Go to the link below to read or download the Fourth Draft and if you don't agree with it, take the time to comment. That's how the system works.

Instructions on how to comment are also on the link below.

AQB 4th Draft:

<https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=TAF&WebCode=AQBDrafts>

That's enough for this newsletter. Remember, the best way to protect your career is to get involved, participate, and stay connected. You folks are doing good.. keep it up.

Sincerely,

A handwritten signature in blue ink that reads "Dan Pietropaulo". The signature is written in a cursive, flowing style.

Dan Pietropaulo #30412
Executive Director
Arizona Board of Appraisal
www.appraisal.state.az.us