



## The Penalty for Lying About the Inspection of a Property Hardens

TALCB is no longer offering probation for a complaint that warrants suspension or revocation. This includes complaints against an appraiser who's found to be misrepresenting the individual inspecting a property.

In the 12 years that I've been either an investigator of, or consultant to, appraisers with board complaints, I've probably heard every reason for appraisers to report that an inspection was performed by them when it wasn't. I call these *ghost inspections*. Remember: When a report is produced using the March 2005 version of the *Uniform Residential Appraisal Report* (URAR) form, the person signing on *Page 6 of 6* as *APPRAISER* is certifying the 25 statements starting on the previous page under *APPRAISER'S CERTIFICATION*.

In particular, #2 states:

*I performed a complete visual inspection of the interior and exterior areas of the subject property.*

None of the reasons for not inspecting a property is effective in getting past this certification. In a trial, the combination of the appraiser's signature and that statement in plain English is damning. Only last year I was an expert in a trial with this as the primary allegation and the result was revocation of the appraiser's license. Let me repeat that point: None of the reasons misrepresenting who inspected a property will get past this certification.

In the past, these cases seldom went to trial for two reasons:

1. TALCB had *prima facie* evidence. It was not nuanced. It was not subjective. They had witnesses who would testify that the signer of the report did NOT inspect the property; and

2. A settlement of a *probated* suspension or revocation was offered. This means the appraiser could continue working while on probation and while being observed more closely by TALCB. A misstep by the appraiser could result in the suspension/revocation being activated.

Now that probation has been taken off the table, appraisers are very likely looking at suspension of their licenses for a single report misrepresenting (lying about) who inspected a property.

Unfortunately, there is seldom only one instance of misrepresentation occurring. Usually the practice of *ghost inspections* is done on a vast number of a trainee's appraisal reports. These are later listed in *Experience Logs* and submitted to the board for the certification audit. Each log page lists five properties appraised by the trainee and appraiser, and each of those pages possesses the *Sponsor/Supervisor Signature* stating that "...the information contained in it is true, correct, and complete." For each page that contains a *ghosted* appraisal report, the signing appraiser violates the USPAP *Ethics Rules*, as well as TALCB rules and Texas statutes\* with respect to misleading statements in appraisal practice.

A large number of such reports can elevate the enforcement division's proposed sanction of revocation. As for the trainees, some, or all, of their hours of experience will be disallowed, and a separate complaint against them may be filed.

Trainees can perform property inspections on their own provided the lender/client approves. The problem lies with the accurate disclosure of this. Remember that the person signing on the left side of *Page 6 of 6* is saying that he or she "*performed a complete visual inspection of the interior and exterior areas of the subject property.*" If the trainee went solo, the appraiser needs to sign on the right of the page under *SUPERVISORY APPRAISER* and check one box each under *SUBJECT PROPERTY* and *COMPARABLE SALES*.

In conclusion: Unless you can afford to go without work for six months (suspension) or are willing to find a new career (revocation), stop *ghosting inspections* immediately.

\*In fact, an attorney once told me it could be construed as a violation of *Texas Penal Code, Title 8, §37.10 TAMPERING WITH A GOVERNMENTAL RECORD* and may be a felony.