

Kentucky Real Estate Appraisers Board

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BOARD MEMBER ANNOUNCEMENTS

By: Larry Disney

APPRAISER MEMBER APPOINTED TO THE REAL ESTATE APPRAISERS BOARD

Governor Paul Patton appointed Russell M. Sloan, MAI of Paducah, Kentucky an appraiser member of the five-member Kentucky Real Estate Appraisers Board (KREAB) on November 19, 2003. Mr. Sloan's appointment filled a vacancy created by the term expiration of Ms. Judy Walters, MAI of Pikeville, Kentucky.

The board consists of two certified real estate appraisers, two lending professionals, and one citizen (consumer) representative not associated with any real estate appraisal business. Each member serves a 3-year term and can be reappointed only once.

Russell is eminently qualified to serve as an appraiser member currently holding the General Real Property Appraiser Certification in Kentucky, Illinois, Missouri, Tennessee and Indiana, is a licensed Kentucky Real Estate Broker and member of the National Association of Realtors, Kentucky Association of Realtors, and the Paducah Association of Realtors, received a Bachelor of Science and Masters Business Administration from Murray State University. He has completed

specialized education from the Appraisal Institute in advanced real estate appraising.

He brings a diverse appraisal background to the Board having appraised thousands of single-family and multi-family residential, commercial, industrial, agriculture, waterfront and special purpose properties in Kentucky, Tennessee, Missouri, Illinois, Indiana and Ohio for a variety of clients. His experience also includes being an instructor of Real Estate Appraisal at Paducah Community College, and having qualified as an expert witness in various Circuit Courts of Law.

Russell expressed appreciation for being appointed to the Board and pledged to enhance the quality of standards, qualifications, education and experience of real property appraisers in the Commonwealth of Kentucky; also to protect the financial interests of lending institutions regulated by the Federal Financial Institutions Examination Council and the clients and users of the services of Kentucky licensed/certified real property appraisers.

STIVERS RECOMMENDS LOREN HUFF FOR REAL ESTATE APPRAISERS BOARD

Frankfort - State Senator Robert Stivers (R-Manchester) announced that, upon his recommendation, Loren Clifford Huff was appointed to the five-member Kentucky Real Estate Appraisers Board (KREAB). The board protects citizen's rights involving real estate appraisals and transactions.

"Loren has been involved in appraisal-type work for the last 35 years, and I know his experience will be an asset in fulfilling the board's duties," Stivers said. "This appointment is just another sign of our region's new connection to Frankfort and Governor Fletcher."

Huff said that, among other things, the board is authorized to promulgate administrative regulations, hold disciplinary hearings, conduct exams, investigate claims of illegal actions, and conduct educational seminars, as related to real estate appraisals and transactions. The board consists of two certified real estate appraisers, two lending professionals, and one citizen representative who is not associated with any real estate appraisal business. Each member serves a 3-year term and can be reappointed only once.

"It's a great honor for me to be appointed to this position," Huff said. "I would like to express my gratitude to the people who worked on my behalf to get this appointment, especially Senator Stivers and Governor Fletcher."

Huff recently retired after working for the Transportation Cabinet's Division of Right of Way

and Utilities where he did appraisal-related work. He said most of his educational background also involved appraisal work. Huff completed the American Institute of Real Estate Appraisers' courses 1A and 1B at Indiana University and the University of Chicago, respectively. Huff is a Clay County native and graduate of Clay County High School.

Stivers said the General Assembly created the KREAB in 1990 to comply with a federal mandate - referred to as the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) - to prevent another savings and loan scandal like that of the 1980s.

Stivers, Chair of the Judiciary Committee, welcomes questions or comments toll-free at 800-372-7181.

THANK YOU DEPARTING BOARD MEMBERS

By: Larry Disney

Board member Judy Walters, MAI of Pikeville, Kentucky left the Board in November 2003 after completing a three year term of service. The Board will miss the vast knowledge and experience she brought to the Board which included a diverse real property appraisal background of completing the most basic residential to the unique commercial and complex eminent domain assignments.

Judy is passionate about the appraisal profession and always proceeded very cautiously prior to making any decision that might impact the livelihood of licensed/certified real property appraisers in the Commonwealth of Kentucky. She worked diligently in reviewing all case facts and evidence prior to making disciplinary decisions.

Citing family reasons consumer member Carol Dupont of Louisville, Kentucky resigned her position December 31, 2003. She had faithfully served the Board from the date of first appointment in May 1999.

The licensed/certified appraisers in the Commonwealth of Kentucky could always rest with the comfort of knowing that Carol strived to not only protect the interests of the consumer in actions before the Board; but, also knowing that she worked just as diligently in making certain any action

or ruling that impacted appraisers was fair and not unreasonable.

On behalf of the licensed/certified appraisers, the Board and staff of the Kentucky Real Estate Appraisers Board it is my honor to offer a most sincere and heartfelt thank you to Judy Walters and Carol Dupont. In addition to being excellent Board members both of these ladies were close friends and allies representing the regulatory process with professionalism.

While we are very sorry to see Judy and Carol leave the Board we are comforted in knowing their replacements are very capable individuals and will serve the Board very professionally and with equal diligence to make the process better for all.

On behalf of the Board members and staff it is my pleasure to welcome new members Russell M. Sloan, MAI of Paducah, Kentucky as appraiser member, and Loren C. Huff of Clay County, Kentucky as consumer member.

MAKE NO MISTAKE ABOUT IT! APPRAISAL REGULATION IN AMERICA IS A TRAIN WRECK

By: C.W. (Woodrow) Wilson

The cars are off the track, disconnected, and lots of injuries have been discovered. And remember, this comes from someone who supports the 'system' and has managed to survive in it for more than 25 years as a practitioner, educator and, now, state regulatory Board member.

Education

Let's start with education. Any system deserves special recognition (raspberries) which accomplishes the dubious doublet of having more than 50% of the applicants fail admissions testing while simultaneously producing a generation of appraisers who apparently don't have a grasp of the fundamentals of real estate law, theory or practice.

Admittedly, we are trying to get the process up and running. The 6th Exposure Draft of the *Real Property Appraiser Qualifications Criteria* when coupled with the *Body of Knowledge* is a significant step in the right direction. But the essential flaw is with instructors and providers who have a *training* mentality as opposed to a sound academic approach. Credit the professional and academic institutions as well as the 'for profit' proprietary schools for this one.

The certification of USPAP instructors and providers was supposed to remedy one critical area of the curriculum and, no doubt, there is more consistency in the Standards presentations. But the 2003 power point and student handbook materials were sloppy and poorly designed. While 2004 is much better, there is still plenty of room for improvement.

And remember most state Boards are not capable of solving the problem on the local level. They lack adequate funding and thus sufficient staff to monitor instructors and classes. They are hamstrung by provisions in their laws and regulations which mandate strict compliance with Federal guidelines or are contrary to The Appraisal Foundation standards and qualifications. They lack the technical expertise to evaluate the educational programs. And, in many cases, they are fixated on the investigation and discipline activities and don't see the connection to education.

Kentucky continues to grapple with this issue and you may expect some relatively small but significant revisions to the Administrative Regulations in the near future.

Uniform Standards

USPAP is alive and well and confusing appraisers, regulators, clients and the public on a daily basis. Don't get me wrong, as a 'convenient checklist' it is a serious move up from the pre-FIRREA days. Moreover, the current Standards Board leadership appears to be steering both the *theory* and the *document* into calmer waters.

But confusion abounds. Who, for example, decided that the 'decision matrix' for invoking the Departure Provision should include a determination by the appraiser that a specific element of the Standards was not 'necessary' to a credible conclusion. Don't tell me that I need to inform my Client that "I am glad you requested a Departure because otherwise I would have been obligated to perform an unnecessary step of USPAP and bill you for it"!

And what about those wonderful report labels? What do they mean? How do I know *it* when I see it? What ever happened to complying with Standard 2 and just calling it a Report (*"In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading"*)?

Then, you get obscure or, to be kind, subtle distinctions imbedded in the USPAP curriculums which enhance confusion among established practitioners, let alone the poor trainees. Check out USPAP Dilemma No. 5 on page 34 of the Student Manual for the current 7 hour update class and the suggested solution in the presentation. I submit this position could not be defended in any court or before most state Boards: Theoretically sound and incomprehensible to all but a few hundred USPAP geeks.

Again, change is in the wind and the emphasis on Scope of the Work will probably solve our decade long obsession with obscure terminology. We will go back to the simple notion that in order to be relevant and successful we have to perform ethical services in a manner which is credible, and report in a manner which is meaningful but not misleading. One size fits all is history! The *Scope* is the answer.

And the Standards Board will, I believe, get it done if they don't get side tracked chasing a Rule for Draft (or is that Daft) report.

Supervisors

A large part of what is wrong with those individuals entering the profession in the past 6 or 7 years is the Supervisory system of apprenticeship. Generally, we have ignored the needed oversight and education of appraisers who undertake a supervisory role.

Most states have no specific educational requirements for supervisors. All will agree that supervisors have a much greater impact on appraisers entering the profession than do the educational instructors. Only recently have states begun to limit the number of trainees that a single supervisor can oversee or to set a minimum certification period before an appraiser can be designated a supervisor.

Suggestions

So, how do we get back on track, if we ever were? Begin with a simple notion: Appraisal regulation is in an evolutionary process, as is the profession itself. We need to recognize that there is no magic 'right' solution to any of these problems and that, if there were, it would be out-of-date by the time we *exposed* it, *implemented* it, *explained* it, and began *enforcing* it.

This is not to say that we shouldn't immediately begin the process of righting what is wrong.

Some simple suggestions:

Education

- ✓ Set a minimum criteria for instructor qualification including 5 years of Certification at a level appropriate to the class content.
- ✓ Require instructors comply with USPAP Ethical and Competent behavior requirements, since the Standards Board is already on record that teaching is part of Appraisal Practice.
- ✓ Adopt the curriculum outlines and content provisions of the *Qualification Criteria* now, in anticipation of the January 1, 2008 implementation by the AQB (in essence, everything but the 300 classroom hour and college education requirements).
- ✓ Establish a student evaluation reporting program, with signatures, for every qualifying and continuing education class, modeled after the real estate sales profession.

Uniform Standards

- ✓ Speed implementation of the Scope of the

Work revisions and do away with Departure and Reporting Options (excepting Restricted Reports).

- ✓ Continue to improve USPAP education by
 - Improving student manuals and teaching aids;
 - Eliminating or clarifying obscure sections; and
 - Evaluating USPAP Instructors on a State level.
- ✓ Give the regulators some concrete guidance in an Advisory Opinion with regard to fundamental issues like comparable sale selection.

Supervisors

- ✓ Set a 5 year Certification minimum for a threshold requirement to be a supervisor.
- ✓ Require specific and relevant continuing education classes for supervisors (within the 14 hour framework).
- ✓ Make the supervisors responsible and accountable for the trainees work in all cases.

I am expressing my views in this article. They do not necessarily represent the opinion of the Kentucky Real Estate Appraisers Board. Moreover, I do not subscribe to the view that the profession has gone to hell in a handbasket as a result of 1) FIRREA, 2) the demise of my professional organization, or 3) the notion that the people now entering the profession must be dumber than my contemporaries. Indeed, I believe that we have entered what will ultimately be viewed as a golden age.

But like all development processes, it will have twists and turns which are not anticipated. And we will not always see a clear route to the promised land.

What we must do is acknowledge the problems which exist and take steps to correct the deficiencies at hand. The train wreck is real and the injured parties are Clients, the public and, maybe most inexcusably, the young people entering the profession.

For many, our progress will be too slow; conversely, some will resist any change at all. But I believe that it behooves those of us who have reaped the benefits of the real estate appraisal profession to see that real and immediate progress is made toward the ultimate goal: "...to promote and maintain a high level of public trust in appraisal practice..." (USPAP 2004, Preface). The collateral benefit will be the elevation the status of appraisers in economic fabric of America.

REASONABLE EXPOSURE TIME REVISITED

Over the past several years, exposure time has consistently ranked as one of the most frequent USPAP deficiencies found by the KREAB in real property appraisal reports expressing market value opinions. In discussing these omissions with appraisers, most individuals confuse exposure time with marketing time and presume that statements made regarding the latter have satisfied any necessary reporting requirements.

However, this problem goes much deeper than simply a reporting issue. While the two opinions are derived from much of the same information, there are significant conceptual differences between the two.

Statement 6 (SMT-6) of USPAP defines exposure time as follows:

*The estimated length of time the property interest being appraised would have been offered on the market **prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.***

The obligation for appraisers to develop an opinion of exposure time for real property and personal property assignments appears in the Comment to Standards Rules 1-2(c) and 7-2(c) where it states:

When the purpose of an assignment is to develop an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.

The requirement for appraisers to communicate or report exposure time is later addressed in the Comment to Standards Rule 2-2(a)(v) and (b)(v). The footnote referring to Statement 6 (SMT-6) explains exposure time should be reported as follows:

The discussion of reasonable exposure time should appear in an appropriate section of the appraisal report, one that presents the discussion and analysis of market conditions, and also be referenced at the statement of the value definition and at the value conclusion.

Disclosing exposure time is as important to most market value opinions as disclosing the term component (n) of a time value of money equation. In effect, the appraiser is telling the intended user(s), "In order for your real property interest to have a

market value of X on the effective date of this appraisal, it would have been exposed for Y days (or weeks, months, etc.) on the open market."

Bear in mind there is no requirement that exposure time must be stated as a specific amount. Thus, it may be expressed as a range (i.e. 30-90 days, 3-6 months, etc.)

Since real property and personal property rights are, to varying degrees, non-homogenous and ill liquid, it is important for the intended user to be informed of the exposure period inherent within the concluded market value opinion. Exposure time is different for various types of property and under various market conditions.

Statement 6 (SMT-6) explains exposure time can be based on one or more of the following:

- statistical information about days on market;
- information gathered through sales verification; and
- interviews of market participants.

Most private and some public comparable sale data sources include information about days on market providing an appraiser valuable data for analysis. It is also usually easy to discuss events leading up to the eventual sale of a property interest with those parties involved when verifying sale data.

Interviews with local market participants actively involved in the immediate area can provide additional insight. For instance, for an appraisal of a residential property one might ask a knowledgeable real estate broker: "In your opinion, what would be a reasonable period of time to market a 1,500 s.f., 1.5-story dwelling that was reasonably priced in the \$200,000 to \$225,000 range in ABC neighborhood?"

In contrast to exposure time, an opinion of marketing time is not required by USPAP, though it may be required through supplemental standards. For instance, the *Fannie Mae Single Family Selling Guide, Part XI: Property and Appraisal Guidelines* states that when marketing time is greater than six months, the appraiser must comment on the reason for the extended marketing period and its effect on the value of the property.

Advisory Opinion 7 (AO-7) defines marketing time as follows:

an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value

*level during the period **immediately after** the effective date of an appraisal.*

Marketing time can be based on one or more of the same elements used in determining the opinion of exposure time with the addition of one component: anticipated changes in market conditions.

Anticipated changes in market conditions account for fluctuations in the cost and availability of funds, materials, labor, as well as other supply and demand characteristics.

Marketing time and exposure time opinions often can be equal; particularly when no immediate changes in market conditions are anticipated. However, appraisers are cautioned to avoid "standard comments" that equate the two opinions without serious consideration of the underlying concepts in each assignment.

Marketing time is not intended to be a prediction of a date of sale and it may be inappropriate to assume that market value remains stable during the marketing period.

In summary, appraisers are obligated to develop and report an opinion of exposure time; but not marketing time unless required by a supplemental standard or by agreement with the client. **Exposure time exists before** the effective date of the appraisal, whereas **marketing time exists immediately after** the effective date. While exposure time and marketing time are garnered through similar sources and many times yield like results, their distinct meanings and implications should carefully be considered by appraisers and users of their services.

NOTICE

VIOLATING STANDARD RULE 2-3

Please be advised that appraisers are required to sign a certification acknowledging that they did or did not inspect the subject property of their assignment. It has been reported that in some cases Associate appraisers and non-licensed individuals actually inspect the subject, and the supervisory appraiser signs the certification indicating they inspected the subject when in reality they did not.

Any certified or licensed appraiser, proven to have committed this act will be dealt with accordingly by the Board. This infraction is not only a violation of Standards Rule 2-3 but it is also a violation of the Ethics Rule. If you value your license, do not participate in this unethical practice.

READDRESSING, REASSIGNING AND TRANSFERRING REPORTS

By: Larry Disney

Real property appraiser licensees often ask “can I readdress, reassign or transfer a real property appraisal report?”

The answer, contained in the 2004 Uniform Standards of Professional Appraisal Practice (USPAP) page 225 lines 29-30, is no. “After completing and delivering a report prepared for 1) an identified client(s) or other intended users, and 2) for an identified intended use, the appraiser cannot “readdress” (transfer) the report to another party.”

Appraisers should understand that terminology such as readdress, reassign or transfer implies that a prior completed report belonging to an identified client or user will be altered, edited or delivered to someone who was not identified as the intended client or user(s) in the original assignment.

Committing the above action is a violation of USPAP because the altered report will be misleading. Why? The act of accepting the first assignment, developing a value opinion and delivering the first report created an appraiser-client relationship. Therefore, the act of simply altering the report by readdressing, reassigning, or transferring it to someone other than the original client or intended user, not identified in the first report, would violate that relationship.

Proper development of a scope of work is the most critical step a real property appraiser completes in each assignment he/she accepts. “Standards Rule 1-2(a) requires identification of the client and other intended users and 1-2(b) requires identification of the intended use of the appraiser’s opinions and conclusions.” These items serve as the drivers for the **assignment**. They are determined by the appraiser in communication and agreement with the client when the assignment is accepted. Therefore, to modify or alter these items after completing the assignment and delivering the report would be 1) a violation of the appraiser-client relationship, and 2) possibly the confidentiality section of the Ethics Rule.

Often, when the question is answered, as described above, appraisers ask “is the act permissible if my original client authorizes or grants permission for me to readdress, release or transfer the appraisal report to other parties?”

The answer is also no. Appraisers are warned that specific client requests do not allow violations of USPAP. However, USPAP does permit an appraiser to provide a duplicate (exact) copy of an original appraisal report without altering names, clients, intended users or other assignment specific information (the copy must be exactly as submitted to the original client) to anyone the original client requests. To protect the appraiser-client relationship, and satisfy confidentiality laws, the appraiser should request “any” release of assignment information in writing and place the request in the assignment work file.

Upon being told no to the above request, appraisers ask “if one cannot readdress, reassign or transfer reports what can be done, if anything, to comply with requests similar to those described?”

The answer is usually found after analyzing the identity of the person or entity requesting the service, and answering why the request is made. Most often requests for readdressing, reassignment or transfer of reports are made of residential real property appraisers, originates from lending clients for lending use.

The following scenario, often presented in USPAP classes and asked of regulatory agencies, assumes a lending client engaged the services of a real property appraiser to develop and report an opinion of value. However, for whatever reason that lending client decided not to complete the original intended appraisal use.

The same appraiser who completed the first lending assignment is contacted, within a short period of time, by a second lender requesting that the original report be readdressed, reassigned or transferred to their name, for lending use.

Obviously the appraiser cannot comply with the second lender request as proposed. However, there is a way to accomplish acceptance of the second client assignment request and be in compliance with USPAP.

Provided the appraiser was not given information identified as confidential in the assignment for the first lending client and provided there is no contract or agreement that the appraiser not perform assignments for anyone other than the first lending client, the appraiser can accept the second request,

establish an appraiser-client relationship with the second lending client, and complete the assignment.

To avoid confusion and problems with multiple assignments of the same identified subject properties, within short time periods, it is advised that appraisers establish appraiser-client relationships by written engagement letters or contracts at the time of initiating each assignment. The engagement letter or contract should specifically describe and identify any items of confidentiality. Also, terms specific to any subsequent future appraisals of the property, for other clients and users, should be identified by the client, agreed to by the appraiser, and made a part of the engagement or contract.

Based upon some unknown reason, or belief, appraisers often consider the above action a violation of USPAP. However, in the absence of confidential information, a written contract of agreement or a supplemental standard, there is absolutely nothing contained in USPAP prohibiting an appraiser from having more than one appraiser-client relationship for the same property during the same time period.

Appraisers sometimes argue that 1) the court system will have a different view than the one above, or 2) appraisers should be expected to exercise a higher business practice standard. However, until there is a court ruling, a contract, a supplemental standard, or other agreement, when enforcing USPAP the only standard regulators can recognize is the minimum binding USPAP requirement. It matters not how another appraiser or a regulator might perceive the correct answer. The only binding requirement of appraisers is to comply with the minimum USPAP requirements that are fact, not opinion.

Often appraisers believe, for whatever reason, 1) they have an appraiser-client relationship that goes beyond professional competent and ethical completion of an assignment (i.e., loan closing); 2) have a fiduciary responsibility to a specific client (i.e., protect business interest); or 3) have some other binding professional client relationship used by other professionals (i.e., legal or accounting).

Also, many appraisers believe they can not accept a second request unless 1) the first client intended use has ended; 2) the appraiser requests a release from the first client to complete the second assignment; or 3) the second assignment report contains a disclosure that the appraiser previously appraised the subject property for another client and both that client identify and intended use be

revealed in the report prepared for the second client use.

Appraisers who believe the above described activities should realize their actions could possibly be a violation of the confidentiality section of the Ethics Rule. USPAP contains nothing to suggest appraisers reveal or disclose the name of any prior client, to anyone, when performing a subsequent assignment with a different appraiser-client relationship. Conversely, the confidentiality section of the Ethics Rule does prohibit releasing results specific to a particular assignment. This includes the identity of previous clients and intended users. The value opinion developed by the appraiser is considered confidential only to each "specific" assignment. Therefore, because it is an opinion and not a fact, the appraiser may develop that opinion for multiple assignments in the absence of effective date and market condition changes. Each time the opinion is developed it becomes the confidential component of each assignment for which it was developed.

Those who believe appraisers must garner client release or permission prior to completing additional assignments, or before establishing more than one appraiser-client relationship, should review and study the following Standards Rule 2-3 certification items:

- ❖ "I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved."
- ❖ "I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment."

The assumption that an appraiser has some expanded appraiser-client relationship in a specific assignment implies a violation of the above. Frankly, the argument can be made that an appraiser who declines a second assignment request as described, insists that he/she must wait until the first client intended use has expired, or that he/she must obtain a request for release from the first client could easily be accused of having a personal interest owed to the first client. Also, it might be implied the appraiser is exhibiting a bias to protect the client's business interests, rather than exercising the conduct of a disinterested party and advocating only his/her final value opinion.

USPAP is the best source to follow in preventing regulatory violations while permitting appraisers the

flexibility to perform the valuation services required in appraisal practice. Specifically, one should read and understand the following:

- Confidentiality and Conduct section of the Ethics Rule
- Standards Rules 1-2(a) and 1-2(b)
- Definitions of client, intended use, intended users and bias
- Standards Rule 2-1(a)
- Supplemental Standards Rule
- Statement on Appraisal Standards 9
- Statement on Appraisal Standards 10
- Advisory Opinion 25
- Advisory Opinion 26
- Advisory Opinion 27

This article represents my interpretation of USPAP and the above references. It is imperative that anytime there is a question or concern appraisers contact the real property appraiser regulatory

agency in the licensing jurisdiction for the assignment location and request that agencies USPAP interpretation for the above.

Appraisers should regularly review laws and regulations of the jurisdictions for which they are licensed/certified. The rules and regulations often differ from USPAP requirements, thus creating a jurisdictional exception, and the interpretations of regulatory rules and regulations differ from one jurisdiction staff and board to the next.

The Competency Rule requires appraisers be knowledgeable of the market area in which assignments are accepted; therefore, it is each appraiser's responsibility to "know" and "understand," not only USPAP requirements, but all rules and regulations for which he/she is expected to comply in performing the valuation services of appraisal practice.

ADMINISTRATIVE REGULATION CHANGE **EXPERIENCE HOURS**

Effective July 1, 2003, all experience hours obtained for credit toward Certified General, Certified Residential and License Real Property must be completed under the supervision of a certified or licensed appraiser and the applicant **must** hold an Associate Appraiser license. You may continue working on your own or for a certified or licensed appraiser without an Associate license, but experience hours obtained in this manner will not count toward certification.

Based upon a September 26, 2003 Board decision, "any individual who has been in the process of accumulating license/certification experience prior to July 1, 2003 without an Associate Real Property Appraiser license may be granted two (2) years, from July 1, 2003, to obtain a license or certification without losing any prior experience credit." The Board also voted unanimously to maintain discretion to review each application on a case by case basis, as may be determined necessary, prior to approving "any" experience credit.

If you have any questions, call the Board office.

You can obtain the KREAB Statutes and Regulations at
<http://www.lrc.state.ky.us/krs/324A00/CHAPTER.HTM> - Statutes
<http://www.karea.org/kar201ch30.html> - Regulations

"ASSOCIATE" REAL PROPERTY APPRAISER REGULATIONS

1. For experience credit, appraisals must be completed under the supervision of a certified or licensed appraiser.
 2. For experience credit, the Associate appraiser must, (1) sign the report, or (2) sign the certification, or (3) be given credit in the certification for significant professional assistance, and (4) comply with Standards Rule 2-3(a)(b), or (c)(vii), as applicable.
 3. An Associate appraiser may perform an appraisal of property that the supervising appraiser is permitted to appraise.
 4. An Associate appraiser may have more than one supervisor but must keep a separate log for each supervisor.
 5. An Associate appraiser is entitled to obtain copies of the appraisal reports he or she has prepared.
 6. A supervising appraiser shall have been licensed by the Board for a period of one (1) year, be in good standing with the Board, and shall be responsible for the training and supervision of the Associate appraiser.
 7. The supervising appraiser shall inspect the first fifty (50) appraisals listed on the Associates log.
 8. After the first fifty (50) assignments, a supervisor may permit an Associate appraiser to inspect properties within fifty (50) miles of the supervisor's office.
 9. The supervising appraiser, during the first twelve (12) months, shall accompany the Associate appraiser on any assignment greater than fifty (50) miles from the supervisor's office.
 10. A supervising appraiser may not have more than three (3) Associate appraisers at any one time.
 11. An Associate appraiser shall send one (1) appraisal report to the Board at the end of their first six (6) months and at the end of their first twelve (12) months for review by the Board.
- Any Associate appraiser who feels they are not receiving adequate supervision or training may call the Board, in confidence, and discuss your problems with Larry.

ASSOCIATE INFORMATION

Still some confusion: For an Associate Real Property Appraiser to receive experience credit toward certification, at least one of the following must be completed, the Associate must (1) sign the certification, or (2) the names of individuals providing significant real property appraisal assistance who do not sign a certification must be stated in the certification. It is not required that the description of their assistance be contained in the certification, but disclosure of their assistance is required in accordance with Standards Rule 2-3(a), (b), or (c)(vii), as applicable. If one of the steps

is not completed in each report, the Associate will not receive for certification experience.

Also, any certified/licensed appraiser that permits an Associate appraiser to perform significant professional assistance and not permit the Associate appraiser to sign the report, sign the certification, or be given credit in the certification for significant professional assistance; is in violation of the Uniform Standards and shall be sanctioned by the Board.

**15-HOUR NATIONAL USPAP COURSE AND
7-HOUR NATIONAL USPAP UPDATE COURSE**

Effective July 1, 2003 all Kentucky Appraisers must complete the 7-hour National USPAP Update course every two (2) years. The 7-hour National USPAP Update course may also count toward your continuing education requirement for that renewal cycle.

For renewal cycle 2003-04 and possibly 2004-05, you may substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP course. By taking the 15-hour National USPAP course, or its equivalent, you can satisfy your 14-hour continuing education requirement and your 7-hour National USPAP Update course requirement at the same time.

CLARIFICATION ON THE 7 HOURS NATIONAL USPAP UPDATE

The Board has been asked several questions concerning the 7 hours National USPAP Update. I hope the following will clear up some of these issues.

1. Beginning July 1, 2003, the only 15 hour USPAP course recognized for KREAB credit is the AQB National course or The Appraisal Foundation approved equivalent course, taught by an AQB approved instructor and successful completion of the course examination.
2. The 7 hour National USPAP Update course is required to be completed every two years by every certified/licensed appraiser. For Kentucky, this requirement became effective July 1, 2003. If you completed a USPAP course prior to July 1, 2003, it will not qualify for the National course.
3. The course must be completed at least one time between July 1, 2003 and June 30, 2005.
4. The 7 hour National USPAP Update course is not in addition to the required 14 hours. You can take the 7 hour National USPAP Update Course and an additional 7 hour course and this would complete the 14 hour requirement.
5. You may also take the 15 hour National USPAP course and it will take care of the 14 hours continuing education requirement and the 7 hours National USPAP Update requirement.
6. Anyone applying for one of the KREAB classifications cited in 201 KAR 30:030 after July 1, 2003 must have completed a 15-hour National USPAP course or The Appraisal Foundation approved equivalent course, taught by an AQB Instructor, and successfully completed the course examination.

PRE-LICENSING COURSE VS. CONTINUING EDUCATION COURSE

The Board receives several calls a day with individuals not understanding the difference between a pre-licensing course and a continuing education course.

A pre-licensing course is the education completed for initial licensure/certification or for an individual upgrading to another level. A pre-licensing course must be at least 15 hours in length with the individual successfully passing an exam at the end of the course.

A continuing education course is education completed for renewal of a license/certification. A continuing education

can be from 2 hours to “?” hours and the individual do not have to take a test at the end of the course, excluding the National USPAP Course. ***Continuing education courses will not apply toward the education needed to obtain a license/certification.***

Individuals taking a pre-licensing course **and** passing the exam at the end of the course, may receive both pre-licensing and continuing education credit for this course. When a pre-licensing course has been taken but the individual did not take the test or failed the test, only continuing education credit will be awarded.

RETAINING EDUCATION FILE

Many appraisers have taken the Board's suggestion and started an education file to retain the appraisal courses they have taken over the years. This has been a big help to the Board as the Board lacks the time or staff to maintain an educational file on 1,700 appraisers. If

you have not done so, please start an education file. It is a lot easier to keep an on-going file than write the education providers for lost copies. Keeping up with your education is the appraiser's responsibility, not the Board's. Thanks for your help.

WHO NEEDS CONTINUING EDUCATION?

There still seems to be some confusion on when and who has to complete the 14 hours of continuing education.

Your original date of licensure governs when you must complete 14 hours of continuing education. Also, our fiscal year runs from July 1st through June 30th. If your licensure/certification date for all categories of appraisers, **including Associates**, is on or before June 30th; commencing with the next fiscal year, you are required to complete 14 hours of continuing education. You do not have to take continuing education during the fiscal year in which you received your **first** original license. If you upgrade during the fiscal year, your first original license issue date is the level you upgraded from. Any questions, just give us a call.

Also, it's a lot easier if you get your continuing education completed before the last week in June. If you wait until the last week in June to complete your education, your

certificate will not be issued until the Board has proof of completion of the course. The proof can be a faxed copy of the certificate; in most cases the provider sends a list of attendees. We will accept the list for continuing education credit, but the appraiser is required to send a copy of the certificate when received.

If you have classes scheduled the last week of June and would like to mail the renewal fee and form early, you may do so but put a note with the form and fee stating when the courses are going to be taken. The Board must have received payment and proof of education by July 1st to not be considered a late renewal.

Please submit course completion certificates at time of completion. If you wait to send in with your renewal, this will delay in processing your certification/license.

APPROVED EDUCATION PROVIDERS

Provider	Phone Number	Web Site
A Pass Weikel	(502) 429-8822	www.apassweikel.com
American Society of Farm Managers & Rural Appraisers	(303) 758-3513	www.asfmra.org
American Society of Farm Managers & Rural Appraisers - Bluegrass Chapter	(859) 234-1548	www.asfmra.org
Appraisal Educators, Inc.	(812) 925-6421	
Appraisal Institute	(312) 335-4216	www.appraisalinstitute.org
Appraisal Institute - Bluegrass Chapter	(502) 568-6894	www.appraisalinstitute.org
Ashland Community College	(606) 833-0245	www.kensmithappraisals.com
Big Sandy Community & Technical College District	(606) 789-5321	www.bigsandy.kctcs.edu
Cox Educational Services	(270) 926-8353	
Delta Realty Researchers	(859) 737-3133	
Dennis Badger & Associates	(859) 252-3445	www.dennisbadger.com
Education Resource, LLC	(317) 581-0557	www.EducationREsource.com
Greater Louisville Association of Realtors	(502) 894-9860	www.louisville-realtors.com
International Right of Way Association - Chapter 25	(502) 339-1807	www.irwa25.org
Jefferson Community College	(502) 213-2380	
Lexington Community College	(859) 257-4872	
Lincoln Graduate Center	(800) 531-5333	www.lincoln-grad.org
McKissock Appraisal School	(814) 723-6979	www.mckissock.com
Morehead State University	(606) 783-5155	www.moreheadstate.edu
National Association of Independent Fee Appraisers	(314) 781-6688	www.naifa.com
Northern Kentucky Association of Realtors	(859) 344-8400	www.nkar.com
Prestonsburg Community College	(606) 789-5321	www.prestonsburgcc.com
Redd, Brown & Williams	(606) 789-8119	www.RBandW.com
The Appraisal Academy	(309) 681-8100	www.appraisalacademy.com
Wilson Education Group	(859) 734-3174	www.wilsonedgroup.com

**COURSES THAT CAN BE TAKEN EVERY THREE (3) YEARS
FOR CONTINUING EDUCATION CREDIT**

The following courses may be taken every three years to complete the continuing education requirement. The Uniform Standards of Professional Appraisal Practice (USPAP) and/or

Standards Update may be taken every year for *continuing education* credit. The Board may add additional courses.

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Appraisal Principles 2. Appraisal Procedures 3. Income Capitalization and Financial Calculations 4. Appraisal Report Writing 5. Highest & Best Use Analysis 6. Sales Comparison Analysis 7. Cost Approach Methods - Depreciation - Cost From Market, etc. 8. Appraisal Review | <ol style="list-style-type: none"> 9. Appraiser Liability and Kentucky Real Estate Appraisers Board Cases 10. Site and Site Improvements 11. Understanding Limited Appraisals and Appraisal Reporting Options 12. Appraisal Forms - URAR, 2-4 Family, Condominium, etc. 13. Farm, Ranch & Rural Appraising 14. Narrative Appraisal Report |
|---|---|

RENEWAL PERIOD COURSES WERE COMPLETED	RENEWAL PERIOD COURSES CAN BE REPEATED
Fiscal Year 1999 - 2000	Fiscal Year 2003 - 2004
Fiscal Year 2000 - 2001	Fiscal Year 2004 - 2005
Fiscal Year 2001 - 2002	Fiscal Year 2005 - 2006
Fiscal Year 2002 - 2003	Fiscal Year 2006 - 2007

Fiscal Year being July 1 - June 30 of each year.

RECIPROCAL STATES & TELEPHONE NUMBERS

Alabama	(334) 242-8747	New York	(518) 473-2728
Arizona	(602) 542-1539	North Carolina	(919) 420-7920
California	(916) 263-0722	North Dakota	(701) 222-1051
Colorado	(303) 894-2166	Ohio	(614) 466-4100
Georgia	(404) 656-3916	Oregon	(503) 373-1505
Illinois	(217) 524-8200	Pennsylvania	(717) 783-7200
Indiana	(317) 232-2980	South Dakota	(605) 773-3178
Maine	(207) 624-8520	Tennessee	(615) 741-1831
Maryland	(410) 230-6165	Texas	(512) 465-3950
Missouri	(573) 751-0038	Washington	(360) 753-1062
New Hampshire	(603) 271-6186	West Virginia	(304) 558-3919
		Wyoming	(307) 777-7141

Indiana - Reciprocal agreement for classifications of Certified General and Certified Residential. The individual must have been licensed in Indiana for at least two (2) years.

Pennsylvania - Reciprocal agreement for classifications of Certified General and Certified Residential

BOARD FEES

Initial license/certification	- \$200.00
Current USPAP Fee	- \$ 12.00
Roster Fee	- \$ 25.00
Renewal Fee	- \$237.00 - Certified General & Residential, Licensed Real Property
Renewal Fee	- \$212.00 - Associate
Address Change	- No charge unless you need a new license
Address Change w/license	- \$ 10.00
Letter of Good Standing	- No charge
State Appraisers List	- \$ 25.00 - Free download from website
Continuing Education Course	- \$ 50.00
Pre-Licensing Course	- \$100.00
NSF Check Fee	- \$ 25.00
NSF Renewal Check Fee	- \$ 25.00 - If renewal check returned before July 1
NSF Renewal Check Fee-	- \$200.00 - If renewal check returned after July 1. Considered same as late renewal

Upgrading a license/certification during a fiscal year requires an additional license, roster & book fee. There is no prorating of fees.

If you are upgrading or obtaining a license or certification before the renewal cycle, you have two options, (1) If obtaining a license/ certification prior to the renewal date, you will be required to pay the licensing fee at that time and then the renewal fee by June 30th with no prorating of fees, or (2) Waiting until July 1 to have your license or certification issued and only paying one fee. If you have any questions, please call Angie at the Board office or you can email her at Angie.Thomas@ky.gov.

PROCEDURES FOR UPGRADING A LICENSE OR CERTIFICATION

The following list contains information that is required to submit to the Board when upgrading a license or certification. If you have any questions concerning the process, please contact Angie Thomas at the Board.

CERTIFIED RESIDENTIAL UPGRADING TO CERTIFIED GENERAL

1. 180 hours of pre-licensing education* - Included in the 180 hours, 15 hour Basic Income Course
2. Successfully pass the Certified General exam
3. Certified General Experience Affidavit – Signed and Notarized
4. Experience Log – Log must contain 1,500 hours of non-residential work
5. 2 non-residential appraisal reports

LICENSED REAL PROPERTY or ASSOCIATE UPGRADING TO CERTIFIED GENERAL

1. 180 hours of pre-licensing education* - Included in the 180 hours, 15 hour Basic Income Course
2. Successfully pass the Certified General exam
3. Certified General Experience Affidavit – Signed and Notarized
4. Experience Log – Log must contain 30 months **and** 3,000 hours (1,500 hours, at a minimum, must be in non-residential work).
5. 2 non-residential and 2 residential appraisal reports

LICENSED REAL PROPERTY or ASSOCIATE UPGRADING TO CERTIFIED RESIDENTIAL

1. 120 hours of pre-licensing education* - Included in the 120 hours, 15 hour Basic Income Course
2. Successfully pass the Certified Residential exam.
3. Certified Residential Experience Affidavit – Signed and Notarized
4. Experience Log – Log must contain 2 years **and** 2,500 hours
5. 2 residential appraisal reports

ASSOCIATE UPGRADING TO LICENSED REAL PROPERTY

1. 90 hours of pre-licensing education* - Included in the 90 hours, 15 hour Basic Income Course
2. Successfully pass the Licensed Real Property exam
3. Licensed Real Property Experience Affidavit – Signed and Notarized
4. Experience Log – Log must contain 2 years **and** 2,000 hours (some hours must be in non-residential)
5. 2 non-residential and 2 residential appraisal reports

*A pre-licensing course must be at least 15 hours in length and successfully pass an exam at the end of the course.

Report requirements for submission:

1. Reports submitted for experience credit must be exact copies, with signatures, of the actual reports submitted to the client. Modifications to the reports for the purpose of submitting the appraisal for experience credit are not permitted.
2. Appraisal review experience will be awarded; however, review appraisal reports are not considered sufficient examples of appraiser knowledge and demonstration of techniques. Therefore, all appraisers requesting certification must submit complete appraisals presented in the summary form and complying with all requirements in this statement.
3. Reports submitted must be completed within the past twelve (12) months from date of submission.
4. The residential appraisal reports must be a complete appraisal using the self-contained or summary reporting option.
5. A single-family residence, where the income approach is not applicable, and so states are not applicable, will be acceptable.
6. Non-residential reports must be a complete appraisal with all three (3) approaches utilized. Should an approach not be utilized, submit another appraisal with that approach.

7. Additional appraisals may be requested from the log.

Before submitting the reports and experience log, you must have completed the education requirement. If you have completed all the requirements except for passing the exam, you may submit the reports and log for review. Upon Board acceptance and approval of your experience and education, you will be approved pending successful completion of the exam. Once you have passed the exam, you will be able to obtain your license/certification at that time. Effective July 1, 2001, the passing score for all exams is 75%.

Reports and experience log submitted for Board review must be received one week prior to the Board meeting.

The following are the Board meeting dates. Submission of reports any later than a week before the Board meeting dates, will not be reviewed until the following month.

February 27, 2004	June 18, 2004	October 22, 2004
March 26, 2004	July 23, 2004	November 19, 2004
April 30, 2004	August 27, 2004	December 17, 2004
May 28, 2004	September 24, 2004	

REMINDERS!!

INACTIVE STATUS

ASSOCIATE REAL PROPERTY APPRAISERS LICENSED AFTER JULY 1, 2001

All Associate real property appraisers licensed after July 1, 2001 shall submit to the Board two (2) complete summary appraisal reports. The first report shall be submitted to the Board six (6) months following the date of issuance of the associate license. The second report shall be submitted to the Board twelve (12) months following the date of issuance of the associate license.

Month Licensed	Reports Due
May 2003	1 st Report - 11/15/03 2 nd Report - 5/15/04
June 2003	1 st Report - 12/15/03 2 nd Report - 6/15/04
July 2003	1 st Report - 1/15/04 2 nd Report - 7/15/04

If your license/certification has been in an inactive status since July 1, 2001, you will be required to return your license/certification to an active status by June 30, 2004 or the license/certification will be cancelled.

To return to active status, (1) petition the Board for reactivation of the certificate or license; and (2) pay the applicable renewal fee, roster fee and book fee (\$237.00); and (3) provide evidence of completion of the annually required continuing education hours (14) for each year of inactive status. Remember that if you did not complete the continuing education for the year prior to placing your license/certification in the inactive status, you will also be required to complete that 14 hours of continuing education. (Example: 14 hours x 3 years in an inactive status = 42 + 14 hours for the year prior to placing your license in an active status = 56 total continuing education hours).

Reminder letters will be sent out to the associates a couple of weeks before the reports are due.

The reports will be reviewed for USPAP compliance and acceptable appraisal practices. Any deficiencies will be noted so future appraisals will be compliant.

APPRAISAL STANDARDS BOARD
QUESTIONS AND ANSWERS

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to inform appraisers, regulators, and users of appraisal services of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems.

QUESTION # 1

The Standards Rules require all appraisal reports to disclose the effective date of the appraisal. Must the date be reported as a specific day, month, and year, or is it sufficient to simply provide the month and year?

RESPONSE # 1

The effective date of an appraisal is determined by the intended use and the intended user. In most cases the intended use and/or the intended user dictates that the date provided be a specific day, month and year. However, in some circumstances it may be acceptable to be less specific (e.g. in a prospective appraisal assignment).

QUESTION # 2

The Management section of the ETHICS RULE requires an appraiser to disclose, "...fees, commissions, or things of value..." paid in connection with the procurement of an assignment. If a referral fee was paid in conjunction with an assignment, must the amount of the fee be disclosed, or is it sufficient to simply disclose that a fee was paid?

RESPONSE TO QUESTION # 2

Disclosing the fact that a payment was made is sufficient to meet the requirement. However, this is a minimum requirement and does not prohibit full disclosure of the amount of the fee.

QUESTION # 3

I recently reviewed an appraisal report. As part of the assignment I developed an opinion of value that was different from the value in the appraisal report.

I understand that I must provide a signed certification for the review pursuant to Standards Rule 3-3. However, the language in Standards Rule 3-2 seems to suggest that I am also required to prepare an additional certification to comply with Standards Rule 2-3. Are two certifications necessary?

RESPONSE TO QUESTION # 3

No, you are not required to provide two certifications in an appraisal review assignment that includes reporting your own value opinion.

In USPAP this is addressed in the Comment to SR 3-2(d), which was revised for 2004 as follows:

*"...**data and analyses** provided by the reviewer to support a different value conclusion must match, at a minimum, the reporting requirements for a Summary Appraisal Report for a real property appraisal (Standards Rule 2-2(b)) and a personal property appraisal (SR 8-2(b))...and an Appraisal Report for a business appraisal (SR 10-2(a))..." (bold added for emphasis).*

This revision underscores that whenever a reviewer provides a value conclusion different from the value opinion in the report under review, it is only the data and analyses provided by the reviewer that must be consistent with the applicable reporting Standard.

QUESTION # 4

I am employed at a firm where my reports are reviewed by a supervisory appraiser. The supervisory appraiser recently asked me to make changes to a report that resulted in a value opinion with which I do not agree. I am not comfortable signing the amended report. What are my obligations under USPAP?

RESPONSE TO QUESTION # 4

If the report does not represent your own opinions and conclusions, then you must not sign the report or the certification.

Standards Rule 2-3 states that any appraiser signing an appraisal report must sign a certification, which must include a statement similar to:

*"I certify that, to the best of my knowledge and belief the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are **my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**" (bold added for emphasis)*

An appraiser required to make changes that he or she does not agree with would not be reporting his or her own personal analyses, opinions, or conclusions.

QUESTION # 5

Do Standards Rules 1-5 and 7-5 require an appraiser to analyze the sales history for comparable sales?

RESPONSE TO QUESTION # 5

No, they do not. These Standards Rules address only the subject property, not the comparable sales. However, appraisers must be subject to Supplemental Standards in certain assignments that require the appraiser to provide a more detailed analysis than otherwise required by USPAP.

QUESTION # 6

I know that Standards Rule 1-5(a) requires an appraiser to analyze any current listings of the subject property. Does it also require analysis of prior listings of the subject property?

RESPONSE TO QUESTION # 6

Similar to sales history requirements for comparable sales, this Standards Rule does not require an appraiser to analyze a prior listing history for subject property. However, an analysis of a prior listing history may be required by applicable Supplemental Standards in some assignments.

QUESTION # 7

I have been told that since email is not secure, delivering reports to my clients by email violates the confidentiality requirements of USPAP. Does emailing a report violate USPAP?

RESPONSE TO QUESTION # 7

No. It is the opinion of the Appraisal Standards Board that sending reports via email does not violate the confidentiality requirements in USPAP.

In all assignments the appraiser and the client should agree to a delivery method, and should understand any security risks associated with the delivery method. Whether a report is sent by government mail service, private mail service, email, courier or some other mechanism, there is always some risk that the security of the original document may be compromised.

QUESTION # 8

A new state law requires all real estate appraisers in my area to regularly submit a log to the state appraiser board reporting the address of properties appraised along with the value opinion. Does this violate the confidentiality requirements of USPAP?

RESPONSE TO QUESTION # 8

No. This does not violate USPAP.

The Confidentiality section of the ETHICS RULE states, in part:

*An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client; **state enforcement agencies and such third parties as may be authorized by due process of law;** (bold added for emphasis)*

Disclosure of assignment results to the state board, or to any other entity required by law, is specifically permitted.

WELCOME NEW APPRAISERS

Gregory Amburgy	Licensed Real Property	Loveland, OH
Joseph Ehlinger Anderson	Certified General	Snellville, GA
David Todd Ballenger	Certified General	South Park, PA
Charles W. Benton, III	Certified General	Knoxville, TN
David J. Blesch	Certified General	Atlanta, GA
Erika Michelle Bumba	Associate	Louisville, KY
William D. Burkeen, Jr.	Associate	Paducah, KY
Deborah A. Ciresi	Associate	Louisville, KY
Kimberly Claytor	Associate	Somerset, KY
Rodney G. Clough	Certified General	Flower Mound, TX
John R. Cornwell	Certified General	Morristown, TN
Thomas W. Cox	Associate	Louisville, KY
Chris L. Cropper	Certified General	Orient, OH
Eyleen O. Davenport	Associate	Lexington, KY
Devin M. Demaske	Licensed Real Property	Mentor, OH
Glen A. DeRosett	Associate	Nicholasville, KY
William D. Dyer	Associate	Ashland, KY
Beverly S. Dyrdek	Associate	Elizabethtown, KY
Paul J. Elam	Associate	Ashland, KY
Johnny S. Farmer	Associate	Harlan, KY
Kenneth P. Fleetwood	Certified Residential	Indianapolis, IN
Dee A. Foster	Associate	Lexington, KY
Troy A. Foster	Associate	Georgetown, IN
Eric J. Frazier	Licensed Real Property	Milton, WV
Casey Gamero	Associate	Louisville, KY
Laura R. Greis	Associate	Edgewood, KY
Jodi L. Hahn	Associate	Louisville, KY
Mark N. Harris	Certified General	Columbus, OH
Keavin Hayden	Associate	Owensboro, KY
Francis A. Hendy, II	Associate	Florence, KY
Marvin L. Hensley	Associate	Pikeville, KY
Jason T. Hiser	Associate	Louisville, KY
Kendall R. Hiser	Associate	Louisville, KY
Ralph E. Justice	Associate	Grayson, KY
Stephen B. Kay	Certified General	Chicago, IL
John Lockhart Lee	Associate	Frankfort, KY
Tim Lyons	Associate	Owingsville, KY
David Manco, Jr.	Associate	New Albany, IN
Jessica Massad	Licensed Real Property	Cleveland, OH
Eric J. McGlincy	Associate	Louisville, KY
John W. McVay	Associate	Campbellsville, KY
Anita M. Montanus	Licensed Real Property	Cincinnati, OH
Timber Reynolds Moores	Certified Residential	Knoxville, TN
J. Matthew Neal	Associate	Independence, KY
Janalyce A. Nugent	Certified Residential	Columbus, IN
Kevin L. Platt	Certified Residential	Somerset, KY
Adam Taylor Rankin	Associate	Lexington, KY
James Arthur Rankin	Associate	Lexington, KY
Gregory L. Raymer	Associate	Bowling Green, KY
James M. Roberts	Associate	Georgetown, IN
Patricia D. Roberts	Associate	Georgetown, IN
Terry Robinson	Associate	Shepherdsville, KY
David W. Rogers	Certified General	Lexington, KY
Larry E. Rogers	Associate	Monticello, KY
Roger E. Sabo	Associate	Campbellsville, KY

Derrick R. Scott	Associate	Lexington, KY
Angela R. Shive	Associate	Sonora, KY
Christian M. Smith	Certified General	Columbus, OH
Ryan Snow	Associate	Cincinnati, OH
Charles Spalding	Associate	Crestwood, KY
Julia S. Strasser	Certified Residential	Cincinnati, OH
Rhonda Dever Underwood	Associate	Louisville, KY
Richard E. Walls	Associate	Louisville, KY
Steve Wehrle	Associate	Louisville, KY
Ralph H. Wellman	Associate	Ashland, KY
Robert West	Associate	Lawrenceburg, KY
Brian L. Weyeneth	Certified General	Charlotte, NC
Scott D.W. Wiley	Certified Residential	Naperville, IL
Mike A. Wilson	Associate	Somerset, KY
Jamie W. Young	Associate	Bowling Green, KY

RECLASSIFICATIONS

J. Christopher Bentley	Certified Residential	Louisville, KY
Robert Patrick Blanton	Certified Residential	Louisville, KY
William David Bramble, Jr.	Certified Residential	Erlanger, KY
Kimberly K. Griffin	Certified Residential	Taylorsville, KY
Lori J. Hargis	Certified Residential	Henderson, KY
Karen S. Higdon	Certified Residential	Louisville, KY
Linda K. Magness	Certified Residential	Shelbyville, KY
Deiedre D. McPeake	Certified Residential	Morganfield, KY
Joe B. Murphy	Certified Residential	Gamaliel, KY
Brian R. Rock	Certified Residential	Shepherdsville, KY
Maxie O. Stamps	Certified General	Hopkinsville, KY
David M. Wild	Certified Residential	Louisville, KY

REPORTING COMPLAINTS IN NEWSLETTER

At the March 22, 2002 Board meeting, the Kentucky Real Estate Appraisers Board unanimously voted to report the names of those complaints that have been adjudicated whereby the respondent received a sanction of one of the following: (1) Fine of \$1,000 or greater; (2) Suspension of license/certification, or (3) Revocation of license/certification.

A couple of years ago the Board voted to accept anonymous complaints, the Board started receiving complaints that had little merit and were clearly filed to embarrass the competition. Some of these complaints received a small fine and or a requirement to take additional education. The complainant had one goal in mind and that being to embarrass their competitor and see their name in the newsletter so they could take the newsletter to local lenders and point out the type of person with which they are doing business.

The KREAB, by statute, will address and dispose of every complaint it receives. The lesser offences will be disposed of with a Letter of Admonishment, small fine or additional education, without the appraiser's name being published in the newsletter. Serious complaints that involve fraud and gross negligence that result in a fine of \$1,000 or greater, a suspension or revocation of license, the appraisers name shall be published in the newsletter.

Some appraisers possess what some refer to as the police court mentality. That being, when you open the newspaper the first item you read is the police report to see who got in trouble. I'm sure there are many appraisers who read only the disciplinary actions in the newsletter and ignore the rest. This is your prerogative but you're missing a lot of useful information.

Since 1996, the Board has encouraged appraisers to file complaints that rise to the level of gross

negligence or fraud. The Board has never encouraged nit-picking complaints to embarrass your competition.

GRIEVANCE AND COMPLAINT PROCESS

The KREAB considers the initial correspondence filed with the Board to be a Sworn Statement of Grievance. The Sworn Statement of Grievance is required to be answered and investigated the same as a complaint. Should the Board determine no violation of USPAP and or Kentucky Statutes/Regulations exist, the grievance shall be dismissed. When a grievance is dismissed by the Board, no record of a complaint shall be recorded in the appraisers file and the appraiser shall not be required to report or disclose they had a grievance filed against them. The rationale for not reporting grievance's dismissed by the Board is to discourage frivolous complaints and complaints filed to embarrass the competition.

Should the Board determine from the investigative report sufficient evidence exists to proceed; the Board will file a formal complaint and set the case for a hearing. The appraiser shall be afforded the opportunity to settle the complaint at an informal or mediation hearing. If the complaint is settled at an informal hearing or through mediation, the appraiser and Board will enter into an agreed order. Lacking an informal settlement, the case will proceed to a formal hearing.

ANONYMOUS GRIEVANCE - The KREAB will accept an anonymous grievance providing the complainant sends the Board a copy of the appraisal and a list of the items they believe are violations of USPAP and/or KY Laws & Regulations. The Board will investigate the grievance and if deficiencies exist, file a complaint on behalf of the Board. **The Board will not accept anonymous grievances that fail to state the deficiencies.** The Board will not review appraisal reports to determine if deficiencies exist.

BOARD GRIEVANCE - The KREAB, on its own volition, may file a grievance if in the opinion of the Board the alleged violations are of a serious nature such as gross negligence or fraud or not complying with a directive from the Board.

The KREAB does not encourage frivolous complaints or complaints filed to embarrass the competition. The KREAB will act on frivolous complaints accordingly.

Effective March 22, 2002, the KREAB will publish the name of the appraiser in the quarterly newsletter who has received a sanction of the following: (1) Fine of \$1,000 or greater, (2) Suspension of license/certification, or (3) Revocation or license/certification.

DISCIPLINARY ACTIONS

CASE NO. 02-64

It was alleged that the appraiser, 1) did not identify the assignment intended use; 2) did not define the value opinion or cite the source of definition; 3) included a Standard Rule 3 wording that was inconsistent with USPAP; 4) the appraisal effective date was not identified; 5) the appraiser listed two different value opinions in the report; 6) exposure time was not provided; 7) the appraiser did not have a copy of the assignment work file.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

The appraiser agreed that sufficient evidence existed to support the above noted deficiencies as violations of 1-1(a) and 2-2.

Based upon the complaint, the answer and the investigation report, the Board unanimously, and the responding appraiser agreed, to the following; 1) \$300.00 to be paid with return of the signed agreed order; 2) 15-hour national USPAP course with successful completion of the examination to be completed by 12-30-03. The USPAP class will be in addition to the required 14-hours of continuing education; 3) the responding appraiser will submit two narrative report that were prepared within the past 6-months of the date of agreed order for Board analysis.

CASE NO. 02-65

It was alleged that the appraisers 1) did not prominently state the report option, 2) did not exercise correct methods of techniques in developing the opinion of value, 3) did not develop or report exposure time.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the fact that violations of USPAP 1-1(a)(b)(c); 1-2(c); 1-4(a)(b)(ii); 1-5(c); 2-2; 2-2(b)(iii)(ix).

Per agreement the appraisers will each pay a fine of \$300, complete 30-hours of education in addition to the 14-hours of mandatory continuing education by June 30, 2004. The

class hours shall include the 15-hour national USPAP course and successful completion of the examination and a 15-hour course that will be approved by the Board with successful completion of the examination.

CASE NO. 02-69

It was alleged that the appraiser, 1) did not utilize comparable sales for analysis, 2) did not recognize the quality of the subject dwelling when analyzing the sales; 3) did not correctly measure the dwelling and reported an incorrect square footage of living area.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the fact that violations of USPAP Standards Rule 1-1(a) and 2-1(a) did exist in the above case.

The appraiser agreed to the following action:

1. Shall complete a 15-hour Board approved "Cost or Site and Site Improvements" education course with successful completion of the examination by June 30, 2004. The 15-hour course shall be in addition to the 14-hours of required continuing education.

CASE NO. 03-06

It was alleged that the appraiser completed a real property appraisal development and subsequent report and submitted information that was not credible and led to a misleading report of value.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the fact that violation of USPAP 1-2(c) did exist because the appraiser did not develop or report exposure time.

The appraiser accepted a letter of notice from the Board advising that future violations of this act or if the act were discovered in aggregate with other violations might lead to more stringent findings.

CASE NO. 03-07

It was alleged the appraiser selected and analyzed a sale for comparison that was not an "arms length" fee simple transaction of both dwelling and improvement on the date of reported sale. Therefore, it was alleged that the reported result of value opinion was misleading due to use of this sale.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

The responding appraiser admitted that the sale in question was not indicative of a "complete package" sale; therefore, the appraiser agreed that sufficient cause existed for a finding of Standards Rule 1-1(a) and 2-2(b)(iii). Because the appraiser did not rely upon the sale in the final reconciliation as the total support for the final value opinion the Board voted to grant a letter of admonishment and the appraiser was cautioned that future complaints involving the same allegation, if found to be factual, and the value opinion relied totally upon those sales would result in a more stringent disciplinary decision.

CASE NO. 03-08

It was alleged that the appraiser, 1) did not report comparable sales for analysis comparison; 2) the appraiser did not analyze or report the contributory value of an ancillary building; 3) the report was careless and negligently prepared.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause existed to file a formal complaint and schedule a formal hearing.

The responding appraiser provided sufficient evidence to indicate that the sales selected were indicative of the reporting data source cited, that the ancillary building offered no significant contributory value.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the fact one sale reported for analysis did not contain correct data, but it was noted the source cited for data verification contained the incorrect data, also the appraiser did not develop or report exposure time. It was determined that the responding appraiser committed the following USPAP violations; Standards Rule 1-1(b), (b); 1-2(c).

The Board voted to grant a letter of admonishment and the appraiser was cautioned that future complaints involving the same allegation, if found to be factual, and the value opinion relied totally upon those sales would result in a more stringent disciplinary decision.

KREAB WEB SITE

www.kyappraisersboard.com

We encourage all appraisers to visit our web site for information on license/certification requirements, fee schedules, approved education, forms and applications, newsletters, appraiser roster, reciprocal states, KY Administrative Regulations and Statutes and helpful links.

APPRAISER LICENSE STATISTICS

LICENSEES	NO.	INACTIVE STATUS	NO.
Certified General	472	Certified General	13
Certified Residential	731	Certified Residential	20
Licensed Real Property	95	Licensed Real Property	5
Associate	433		
TOTAL AS OF 2/10/04	1731		38

KENTUCKY REAL ESTATE APPRAISERS BOARD

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Kentucky Real Estate Appraisers Board
2480 Fortune Drive, Ste. 120, Lexington, KY 40509
Telephone: (859) 543-8943 - Fax: (859) 543-0028

Web Site: www.kyappraisersboard.com

NOTES

KENTUCKY REAL ESTATE APPRAISERS BOARD
 2480 FORTUNE DRIVE, SUITE 120
 LEXINGTON, KY 40509
 PHONE (859) 543-8943 – FAX (859) 543-0028
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2004 USPAP UPDATE & KREAB NEWS AND VIEWS
7 hours Continuing Education Credit

Name: _____

Email Address: _____

(Confirmation for the course will be emailed.)

Firm Name: _____

Address: _____

NOTICE:

If your registration form and fee are not received in this office prior to the seminar, you will be charged \$175.00. This includes last minute call-ins. NO EXCEPTIONS.

The Kentucky Real Estate Appraisers Board is offering a continuing education seminar that will be held in three different locations throughout the state and consist of seven (7) hours of continuing education. The topics discussed at the seminars will include the 2004 USPAP Updates, Scope of Work, Exposure/Marketing Time, Highest & Best Use and Appraisal of Partial Interest.

beginning at 8:00 a.m. KREAB reserves the right to deny continuing education credit to anyone arriving 15 minutes after the starting time. Early registration is recommended.

To register for the course, complete the registration form and return the form along with the fee of \$150.00 to the KREAB. Register early, seating is limited.

Registration fee for the seminar is \$150.00 in advance or \$175.00 at the door. There will be no refunds, but if you are unable to attend the seminar for which you are registered, if seating is available, you may apply the fee toward a different location (this year's seminar only). Lunch will be provided. The seminar will be held from 8:30 a.m. – 4:30 p.m. with registration

This course will not be a duplicate of any course offered by the KREAB. This course can be completed every year for continuing education credit.

Attendance at this USPAP Update will not fulfill credit for the National Mandate 7 hour class.

Select Seminar	CITY	DATE	LOCATION
	BOWLING GREEN	February 20, 2004	Travelodge Hotel P.O. Box 51885, Bowling Green, KY For reservations call: (270) 781-6610
	LOUISVILLE NOTICE: LOUISVILLE SEMINAR LOCATION HAS CHANGED.	March 12, 2004	Executive Inn 978 Phillips Lane Waterson Expressway @the Fairgrounds/Airport Louisville, KY 40209 For Reservations call: (800) 626-2706

When making reservations, please mention that you are with the Kentucky Real Estate Appraisers Board group. Rooms will only be held for a certain period of time. Early registration is required to receive a discounted room rate.

**KENTUCKY REAL ESTATE APPRAISERS BOARD
2480 FORTUNE DRIVE, SUITE 120
LEXINGTON, KY 40509**