

Kentucky Real Estate Appraisers Board

QUARTERLY NEWSLETTER NO. 53 - MAY 2004

RENEWAL TIME IS HERE!!!!

You should have already received your renewal notice in the mail. If you have not, please contact the Board office.

The earlier we receive your renewal, the earlier you will receive your license.

Due to the overwhelming amount of renewals this year, if we do not receive your renewal before the last two weeks of June we cannot guarantee your license by June 30th. If you need your new license for your clients, please submit your renewal ASAP. WE WILL NOT FAX COPIES OF LICENSES UNTIL RENEWAL HAS ENDED.

If you bring your renewal notice by the office, your license will not be processed at that time. Your license will be mailed to you at the address given.

The number of continuing education hours we have on file for you are listed on the renewal form. If you do not have a minimum of 14 hours listed on the form, you need to submit your certificates to the Board. Your license renewal will not be processed until the Board has received proof of the 14 hours of continuing education.

EDUCATION SUBMISSION

IT IS YOUR RESPONSIBILITY TO SUBMIT THE EDUCATION COURSE COMPLETION CERTIFICATES TO THE BOARD. THE PROVIDERS ARE ONLY REQUIRED TO SUBMIT A ROSTER LIST AND NOT THE CERTIFICATES.

SUBMIT YOUR CERTIFICATES UPON COMPLETION OF THE COURSE. YOU MAY MAIL OR FAX (859-543-0028) A COPY OF THE CERTIFICATES TO THE BOARD OFFICE.

(KEEP ORIGINAL(s) FOR YOUR FILE)

The Value of Meeting and Associating With Professional Peers

By: Larry Disney

Larry Disney
Executive Director

Beginning in 1977 when I first began studying and working toward becoming a real property appraiser I learned that it was near impossible to succeed without the benefit of advice and training from practicing appraisers who had been in the profession for a number of years. However, today it is not at all uncommon for me to find few appraisers meeting regularly with peers. Also, it is now quite common for appraisers to be apprehensive in sharing information or participating in discussions during continuing education classes. This is most unfortunate because as much can be learned from class room discussions of practical experience as can be learned from the outlined class material and instructor lecture.

I have always encouraged Kentucky appraisers to not stop associating with peers or stop attending professional organization meetings simply because they become licensed/certified. Often the question presented me is "who can I call about joining or how can I form a group?"

The following article was written by Ann O'Rourke, MAI, SRA and appeared in "Appraisal Today," Volume 13, Issue 5, May 2004. The information can be used by real property appraisers who want to form a group or provide assistance to those active within an existing group.

Start your own appraisal group

By: Ann O'Rourke, MAI, SRA

I am always surprised how many appraisers don't "know" any local appraisers. I have always been active in appraisal groups and can't imagine appraising without the contacts I have made over the years. I have appraisers to call when I have a "problem" appraisal, or business-related questions such as the current volume of appraisal business, what appraisers to give referrals to, etc.

I have been a member of several national appraisal organizations over the years, and am active in the Appraisal Institute local chapter. But over the

years I have also been a "member" of local appraisal groups, unaffiliated with any national association.

The groups vary widely. Below I have brief descriptions of some of the groups.

Commercial vs. Residential

If you're a commercial appraiser, having a network of other appraisers is almost mandatory for sales and lease sharing, particularly lease data. Commercial need advice on tough assignments. I regularly receive calls for property types I don't appraise and geographic areas where I don't work. I give them names of experienced commercial appraisers who can help them.

But most residential appraisers don't need this, so they tend to be more isolated.

Why start a group?

Although we are very independent, particularly in one-appraiser companies, and sometimes think of ourselves as "lone wolves," we actually do like to speak with other appraisers. Have you ever noticed that when two appraisers meet, there is never a lack of conversation?

Although some appraisers are reluctant to talk with competitors because they think they may "steal their clients," most appraisers do what other business and professional people do, chat about their business issues and problems.

Groups are very good for:

- Sharing comp and leases
- Helping with problem appraisals
- Receiving and giving referrals
- Sharing information on deadbeat clients
- Advice and sharing of business issues such as collections, trainees, productivity, etc.

Yes, there is often some social chitchat, but that's fine.

How to start a group

Call a few appraisers you know and see if they are interested. Set a time and date at a local restaurant. One person is usually the "organizer." Communicate by email and/or phone.

Since we all have to take continuing education classes, see if anyone in your classes is interested in forming a local group.

If you're a member of a national appraisal association, see if anyone in the association wants to set up a small local group. If the association doesn't have local meetings, get a list of local members from the national association and call them.

Don't worry about how many attend. Two appraisers make a meeting! My favorite group only has 3 to 5 attendees.

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ANSI Residential Measuring Standard Revised

At the March 26th meeting, the Kentucky Real Estate Appraisers Board voted unanimously to revise the administrative regulation adopting the **Method for Calculating Square Footage ANSI Z765-2003**. The rule is an updating of the current ANSI measuring standard which was in effect as of July 2003 for all appraisers in Kentucky.

The 2003 revision is made up of several editorial corrections to clarify language and the addition of a rule which acknowledges that at times, "circumstances can exist when direct measurement of a structure is not possible". ***The basic field measuring methodology and reporting requirements have not changed.***

The revised regulation will take effect no earlier than July 1, 2004. A copy of the current Z765-2003 revised standard is available from the NAHB Research Center bookstore at www.nahbrc.org/bookstore. The Board will be acquiring bulk rate copies for all appraisers in Kentucky for distribution.

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.

Have you been in an Inactive Status for three years?

Under KRS 324A(4), if you have been in an Inactive Status for 3 years, you will have to meet "all requirements for original license or certification" in order to return to active status. Check now and be certain that don't get blind sided by not activating your status in a timely fashion.

And Remember.....

Inactive Status still requires a \$50 annual fee. Failure to pay the fee in a timely fashion will terminate your license or certification.

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.

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.

Change of Address....

Periodically, an active or inactive appraiser comes before the Board to request a special dispensation from the legal requirements because **he or she did not get a notice**. The Board staff sends the notices to the most recent address we have on file. But if you do not advise us of changes in your location or status, we can't keep up. Not receiving your notices, for any purpose, is not a defense before the Board. However, failing to notify the Board of your changes is a violation of law!!!

KRS 324A.030 (4) - Each certificate holder or license shall notify the Board of any change of business address, change of company name, or change of surname, within thirty (30) days of the change.

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
Appraisal Institute - Region 5	(972) 233-2244	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
ICAN, LLC	(859) 581-8770	www.E-ican.com
International Association of Assessing Officers	(312) 819-6100	www.iaao.org
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
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) 783-4866
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
Inactive Status	- \$50.00 Initial
Inactive Status Renewal	- \$50.00 per year
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.

May 28, 2004	September 24, 2004 * - at Natural Bridge State Park
June 18, 2004	October 22, 2004
July 30, 2004	November 19, 2004
August 27, 2004	December 17, 2004

REMINDERS!!

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

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.

INACTIVE STATUS

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).

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

As a condition of engagement, a financial institution requires that I disclose any prior appraisals I have completed on the subject property. If I disclose that I have previously appraised the subject property, am I violating USPAP?

RESPONSE TO QUESTION # 1

No. Except as a noted below, USPAP does not specifically prohibit the disclosure of the fact that a prior appraisal has been performed.

Disclosing the fact that you have previously appraised the property is permitted except in the case when an appraiser has agreed to keep the mere occurrence of a prior assignment confidential.

There are some cases in which the appraiser is asked by the client not to reveal that he or she has appraised that particular property. In such cases, the fact that the appraiser previously appraised the property is confidential information.

If the occurrence of a prior appraisal is confidential, and disclosure of prior appraisals is a condition of a potential new assignment, the appraiser must turn down the new assignment because the appraiser could not make the requested disclosure.

QUESTION # 2

Standards Rule 1-3 begins by allowing departure, but then the word "must" precedes the two requirements. This situation also occurs in other Standards Rules (e.g., SR 7-3). In such cases, may I depart, or does the word "must" make these requirements binding?

RESPONSE TO QUESTION # 2

Yes, departure is allowed, subject to satisfying the conditions in the DEPARTURE RULE. All the Standards Rules that involve specific requirements and allow departure also include the word "must" before the list of requirements. This means that, unless departure is invoked, you must satisfy the requirements if it is applicable to the assignment.

When considering invoking the DEPARTURE RULE, the appraiser has a burden of proof to be sure the assignment results will still be credible for their intended use. The appraiser must also be prepared to support the decision to exclude any information or procedure that would appear relevant {see the Comment to Standards Rule 1-2(f)}

QUESTION # 3

A potential client has asked me to complete a form indicating what my appraisal fees would be for different assignments. The form asks me to indicate my appraisal fees according to appraised value, e.g., to list the fee for assignments with appraised values between \$100,000 and \$299,000, \$300,000 to \$499,000, etc. Is it a violation of USPAP to quote fees in the manner?

RESPONSE TO QUESTION # 3

Yes, this is in violation of USPAP. Completing and submitting such a form to a potential client establishes a compensating arrangement for assignments that is contingent on the amount of the value opinion. This is prohibited by the Management section of the ETHICS RULE, which states, in part:

It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:

1. *the reporting of a predetermined result (e.g., opinion of value);*
2. *a direction in assignment results that favors the cause of the client;*
3. ***the amount of a value opinion;***
4. *the attainment of a stipulated result;*
or
5. *the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.*
(bold added for emphasis)

QUESTION # 4

I accept assignments from an Appraisal Management Company (AMC) which has informed me they are an authorized agent for the lenders they represent. The AMC does not want me to list their name as the client, and asks that I only list the name of the lender they are representing. Since USPAP says the appraiser's client is the party who engages the appraiser, is it ethical to omit the AMC's name as the client on my reports?

RESPONSE TO QUESTION # 4

Yes. If the AMC is acting as a duly authorized agency for a lender, identifying only the lender's name as your client is acceptable.

QUESTION # 5

Recently I have considered maintaining only electronic workfiles (i.e. saving only electronic versions of my reports and supporting data, and scanning any paper documents used so that copies may be stored on electronic media). Is this prohibited by USPAP?

RESPONSE TO QUESTION # 5

No. There is nothing in USPAP that would prohibit an appraiser from maintaining only electronic versions of workfiles.

The Record Keeping section of ETHICS RULE states, in part:

The workfile must include:

- *the name of the client and the identity, by name or type, of any other intended users;*
- *true copies of any written reports, documented on any type of media;*
- *summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and*
- *all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with this Rule and all other applicable Standards, or references to the location(s) of such other documentation.*

As long as an electronic workfile contained these items, it would be sufficient.

An appraiser must also be mindful of the requirement to have access to the workfile for the applicable required time period. The appraiser must ensure that the proper software is maintained to allow access to the electronic files.

QUESTION # 6

My client has asked that I provide a draft of my appraisal report prior to issuing the report in final form. Is this permitted under USPAP?

RESPONSE TO QUESTION # 6

USPAP does not explicitly define or address drafts of reports. When clients, other intended users, and appraisers use the term "draft," they may mean many different things, from preliminary spreadsheets to a written document that contains all that will be in the "final" report except it is labeled as "draft" and does not contain signatures. Report drafts have traditionally been part of certain types of appraisal practice but have never been considered acceptable in other types of appraisal practice.

State-regulated appraisers should be aware of applicable state laws and regulations. Many laws define a "report" as "any communication, written or oral, of an appraisal."

Whatever a "draft" may be in a particular context, it would always be part of "appraisal practice," because it is a valuation service provided by an appraiser. When performing a service that is considered appraisal practice but for which there are no applicable Standards Rules, an appraiser must comply with the PREAMBLE and the Rules (ETHICS RULE, COMPETENCY RULE, JURISDICTIONAL EXCEPTION RULE AND SUPPLEMENTAL STANDARDS RULE).

The second sentence of the PREAMBLE states "It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading." Additionally, the ETHICS RULE states that "An appraiser must not communicate assignment results in a misleading or fraudulent manner." Therefore, if an appraiser communicates with intended users prior to completion of an assignment, the communication must not be misleading.

The purpose of issuing a "draft" cannot be to allow the client to improperly influence the appraiser.

QUESTION # 7

I was asked to appraise a single-family resident for refinancing. I am aware that the property had been previously listed but did not sell. During my data investigation and analysis, I noted that the owner's "estimate of value" was \$375,000. When I looked up the listing history, I found it had been withdrawn from the market at the asking price of \$325,000. What are my obligations under USPAP regarding a withdrawn or expired listing of the subject property?

RESPONSE TO QUESTION # 7

Standards Rule 1-5(a) states that in developing a real property appraisal, an appraiser must, if such information is available to the appraiser in the normal course of business:

*Analyze all agreements of sale, options, or listings of the subject property **current** as of the effective date of the appraisal.*
(Bold added for emphasis.)

Therefore, there is not a specific requirement in Standards Rule 1-5(a) to consider and analyze a withdrawn or expired listing of the subject property, prior to the date of the appraisal.

However, any prior listing of the subject property (as of the effective date of the appraisal) might be significant in that it indicates the property's availability in the market and the market reaction to the availability. Likewise, agreements of sale and options are generally significant to the appraisal problem in that they involve a "meeting of the minds," relating to the property's value, of the potential buyer and seller.

In the development of an appraisal, an appraiser is required under Standards Rule 1-1(b), to *not commit a substantial error or omission or commission that significantly affects an appraisal.* If information about a withdrawn or expired listing is known by the appraiser and that information is relevant to the appraisal problem, it must be considered.

Change of Address.....

Periodically, an active or inactive appraiser comes before the Board to request a special dispensation from the legal requirements because **he or she did not get a notice**. The Board staff sends the notices to the most recent address we have on file. But if you do not advise us of changes in your location or status, we can't keep up. Not receiving your notices, for any purpose, is not a defense before the Board. However, failing to notify the Board of your changes is a violation of law!!!

KRS 324A.030 (4) - Each certificate holder or license shall notify the Board of any change of business address, change of company name, or change of surname, within thirty (30) days of the change.

WELCOME NEW APPRAISERS

Samuel H. Beverage	Associate	Ona, WV
Shawn A. Binkley	Certified Residential	Cincinnati, OH
Joe Brownfield	Associate	Louisville, KY
Resa W. Browning	Associate	Georgetown, KY
Dann Cann	Associate	Leitchfield, KY
Robert A. Colantonio	Certified General	Elmhurst, IL
Jay Douglas Conrad	Associate	Union, KY
Michael J. Crossfield	Associate	Louisville, KY
William Daddono	Certified General	Itasca, IL
Jan-Michael Doerr	Licensed Real Property	Portsmouth, OH
Bradley A. Eldridge	Certified General	Prairie Village, KS
Thomas S. Helm	Certified General	Elmhurst, IL
M. Alan Hensley	Associate	Pikeville, KY
Anthony Keith Herron	Associate	Louisville, KY
Matthew B. Jansen	Licensed Real Property	Cincinnati, OH
Angel Dawn Johnson	Associate	Carlisle, KY
Ronald H. Johnson	Certified Residential	Downers Grove, IL
Jennifer Ann Knopf	Associate	Prospect, KY
Lisa Korosec	Associate	Louisville, KY
William M. Lane	Associate	Cadiz, KY
Matthew C. Mansfield	Associate	Ft. Thomas, KY
Jeannie Martin	Associate	Danville, KY
Mark K. Meiners	Associate	Louisville, KY
Stephen C. Metzger	Certified Residential	Louisville, KY
Andrew J. Moyer	Certified General	Columbus, OH
Nina A. Owen	Certified General	Chicago, IL
Stephen T. Perry	Associate	Ludlow, KY
Helge Petersen	Associate	Rineyville, KY
Timothy X. Purcell	Licensed Real Property	Cincinnati, OH
Peter A. Push	Associate	Lexington, KY
Richard P. Rannocho	Certified General	Silver Springs, MD
Matthew T. Roederer	Associate	Louisville, KY
Shad Shearer	Associate	Louisville, KY
Nicole C. Sievert	Associate	Louisville, KY
Kerry D. Simpson	Associate	Grayson, KY
Lionel Socol	Certified General	Wyoming, OH
Djwana Spradlin	Associate	South Shore, KY
Donald R. Stewart	Associate	Lexington, KY
William H. Stoffregen	Licensed Real Property	Cincinnati, OH
Kevin M. Sweeney	Licensed Real Property	Cincinnati, OH
Barry R. West	Associate	Princeton, KY
Tiffany Wildharber	Associate	Bardwell, KY
Sean Woody	Associate	Louisville, KY

RECLASSIFICATIONS

Chris A. Cundiff	Certified Residential	Louisville, KY
Vanessa L. Dotson	Certified Residential	McAndrews, KY
Marshall T. Flynn	Certified General	Frankfort, KY
Lee Ann Harp	Certified Residential	Louisville, KY
Carla J. Hay	Certified Residential	Paris, KY
Jay P. Walsh	Certified Residential	Alexandria, 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 of license/certification.

DISCIPLINARY ACTIONS

CASE NO. 01-58

It was alleged that the responding appraiser completed a real property appraisal development and report with the following deficiencies; 1) mislabeled the report as summary format, 2) contained multiple factual errors and misstatements, 3) did not justify the site value included in the cost approach analysis, 4) did not include a summarized highest and best use analysis, 5) did not support the overall capitalization rate, 6) did not support the partitioning of income for business and personal property value opinion, and 7) did not support the characteristics of difference revealed in the sales comparison approach to 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 hearing.

Prior to the scheduled hearing the respondent signed an agreed order accepting the fact that violations of USPAP Standards Rule 2-2(b)(ix) did exist because the appraiser failed to summarize the information analyzed or the appraisal procedures applied. The investigator's report contained factual information supporting the allegation. It was discovered during the mediation that the responding appraiser's file data was sufficient to support the analyses and did afford the appraiser sufficient information to develop a credible opinion of value; however, the report lacked descriptive information to support a summary format.

Per agreement the appraiser will complete the National USPAP 7-hours of continuing education course, instructed by an AQB certified instructor, and must be completed prior to June 30, 2004.

CASE NO. 02-66

It was alleged that the appraiser completed a real property appraisal development and report with the following deficiencies 1) incomplete research, 2) misleading results due to incorrect use of methods and techniques of real property appraisal development, 3) misleading and contradictory reported factual errors.

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 hearing.

Prior to the scheduled hearing the respondent entered into an agreed order accepting the fact that violations of USPAP Standards Rules 1-1(a) existed due to the lack of supporting information in the methods and techniques revealed for value opinion development, and 2-1(b) because the appraiser failed to provide sufficient information content to enable the intended users of the appraisal to understand the report properly.

The appraiser accepted a \$350.00 fine to be paid with the agreed order and satisfactorily complete the fifteen (15) hour national USPAP course, including the examination and must be completed by June 30, 2004.

CASE NO. 02-72

It was alleged the responding appraiser 1) did not correctly complete research and analysis necessary to produce a credible appraisal development, and 2) 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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the fact that violations of USPAP Standards Rules 1-1(a) existed because the report did not contain sufficient detail to support the cost approach to value opinion; Standards Rule 1-4(b) data to support a summary of reported cost information; and Standards Rule 2-1(a) the report did not contain clear and accurate information to provide the appraisal results in a convincing and credible manner.

The appraiser agreed to 1) pay a \$300.00 fine at the time of agreed order, and 2) complete the fifteen (15) hour national USPAP course in addition to the fourteen (14) hours of mandatory continuing education, all by June 30, 2004.

CASE NO. 02-76

It was alleged that the appraiser, 1) submitted a real property appraisal report that contained potentially misleading and/or contradictory statements, 2) the report was careless and negligently prepared, and 3) the appraiser 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 hearing.

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

The appraiser agreed to complete a fourteen (14) hour Board approved continuing education course in addition to the regular fourteen (14) hours continuing education requirement; all hours shall be completed by June 30, 2004.

CASE NO. 02-79 & 02-80

It was alleged that the appraiser who prepared real property appraisal developments and reports in the two above cases 1) failed to employ recognized methods and techniques in each of the appraisal developments, 2) reported information that was false and misleading and contained factual inaccuracies, 3) selected properties for sales comparison that did not possess similar physical or location characteristics, 4) the appraisers developed analyses and reported results that contributed to careless and negligent behavior believed to have negatively impacted the final value opinion, and 5) the appraiser failed to 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 hearing.

The appraiser agreed that sufficient evidence existed to support violations of USPAP Ethics Rule, Standards Rules 1-1(a)(b)(c); 1-2(c); 1-4(a); 2-2(b)(iii) and Statement No. 6.

Based upon the complaint, the answer, the investigation report and the fact that the respondent had appeared before the Board previously for two similar complaint issues, the Board voted unanimously, and the responding appraiser agreed to the following 1) \$500.00 to be paid with return of the signed agreed order; 2) sixty (60) hours of Board approved education in

i) 15-hour national USPAP course with successful completion of the examination, ii) 15-hours sales comparison analysis class with successful completion of the examination, iii) 15-hour basic cost approach class with successful completion of examination, iv) 15-hour basic income appraisal methods class with successful completion of the examination. The coursework herein identified shall be completed by June 30, 2004. If all education cannot be completed by this date the appraiser must request an extension of time from the Kentucky Real Estate Appraisers Board.

CASE NO. 03-12

It was alleged that the appraiser 1) did not utilize recognized methods and techniques and the final value opinion was not credible, 2) the sales selected for comparison did not possess physical or location similarities, 3) the report of value opinion contained factual inaccuracies and was misleading, 4) the final value opinion was not supported; therefore, not credible.

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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting that the Board investigation report provided sufficient data to support violations of USPAP Standards Rule 1-1(a) and 2-2(b)(vii).

The appraiser agreed to the following action 1) Pay a fine of \$300.00; and 2) shall complete the national USPAP seven (7) hour update course on or before June 30, 2004 in addition to the 14-hours of required continuation education.

CASE NO. 03-13

It was alleged that the appraiser 1) did not utilize recognized methods and techniques and the final value opinion was not credible, 2) the sales selected for comparison did not possess physical or location similarities, 3) the report of value opinion contained factual inaccuracies and was misleading, 4) the final value opinion was not supported.

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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the Board investigation report contained sufficient data to support violations of USPAP Standards Rule 1-1(a) and 2-2(b)(vii).

The appraiser agreed to the following action 1) Pay a fine of \$300.00; and 2) shall complete the national USPAP seven (7) hour update course on or before June 30, 2004 in addition to the 14-hours of required continuation education.

CASE NO. 03-14

It was alleged that the appraiser completed a real property appraisal development and report that 1) included sales for comparison that did not possess physical or location similarities, 2) included a report of value opinion that contained factual inaccuracies and was misleading, and 3) the final value opinion was not supported.

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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order with the Board that the investigation report possessed data to support violations of USPAP Standards Rule 1-1(a)(b); 2-1(a).

The appraiser agreed to the following action 1) pay a fine of \$300.00 to be paid with return of the agreed order, and 2) shall complete fourteen (14) hours of board approved education to include i) the seven (7) hour National USPAP update course and ii) seven (7) hours of ANSI & Ethics on or before June 30, 2004 in addition to the 14-hours of required continuation education.

CASE NO. 03-19

It was alleged that the responding appraiser completed real property appraisal development and report with deficiencies of 1) sales selected for comparison that did not possess physical or location similarities, and 2) the report of value opinion contained factual inaccuracies; therefore, misleading.

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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the Board investigation report results and agreed that information was provided to support violations of USPAP Standards Rule 1-1(a) and 2-2.

The appraiser agreed to the following action 1) pay a fine of \$500.00, 2) not supervise any additional licensed or unlicensed Associates for three (3) years from the date of the agreed order, 3) in addition to a random audit of files that may be conducted by an agent of the Board for a period of two (2) years from the date of the agreed order the appraiser must provide a log listing each appraisal assignment completed every six (6) months for a two (2) year period from the date of agreed order, and 4) that the Board may file complaints on assignments that is the subject of those reports, per authority of 201 KAR 30:070, if deemed necessary by the Board.

CASE NO. 03-21

It was alleged that the responding appraiser completed a real property appraisal and report that revealed 1) selection of sales for comparison that did not possess physical or location similarities, and 2) the final value opinion was not supported.

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 hearing.

The respondent reported to the Board that as of June 30, 2004 he/she will not seek renewal of his/her license in Kentucky. Therefore, the Kentucky Board voted unanimously to dismiss the case with leave to reinstate should the respondent 1) submit a renewal application by June 30, 2004 or 2) anytime in the future the respondent shall apply for real property appraiser credential in the Commonwealth of Kentucky.

CASE NO. 03-22

It was alleged that the responding appraiser 1) did not select and use sales that were comparable with the subject property characteristics, and 2) 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 hearing.

Prior to the hearing being scheduled the respondent entered into an agreed order accepting the Board investigation provided sufficient data to support violations of USPAP Standards Rule 1-1(a), 1-2(c); and 2-2(b)(vii).

The appraiser agreed to the following action 1) pay a fine of \$300.00; 2) shall complete fourteen (14) hours of board approved education courses to include i) the national USPAP seven (7) hour update course and ii) seven (7) hours site and site improvements class, both on or before June 30, 2004. These two classes shall be in addition to the 14-hours of required continuing education; and 3) the appraiser shall not be permitted to supervise any additional licensed or unlicensed real property Associates for three (3) years from the date of the Agreed Order.

CASE NO. 03-53

It was alleged that the responding appraiser 1) appraised a property for \$3,000 less than the sales contract agreement with no explanation, and 2) the appraiser did not devote sufficient time in developing and preparing a real property appraisal report for the property.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed, the Board believed there was insufficient cause to file a formal complaint or schedule a hearing. However, it was determined the appraiser be sent a letter advising 1) in the future be aware that specific forms are intended for use by Government Sponsored Enterprises (GSE's) and are not suited for all types of assignments, and 2) if a pending sales contract or agreement of sale is not available for analysis, the appraiser should comment upon the reasoning.

CASE NO. 03-60

It was alleged that the responding appraiser 1) did not utilize recognized methods and techniques; therefore, the final value opinion was not credible, 2) did not report exposure time, 3) the appraisal service was rendered in a careless manner; 4) the report of value opinion contained factual inaccuracies and was misleading, and 5) the report of value did not contain sufficient information to enable the intended users to understand the final value opinion.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed, the Board believed insufficient cause existed to file a formal complaint or schedule a hearing. However, it was advised the appraiser be sent a letter advising 1) the report contained depreciation calculation with a mathematical error; and 2) the appraiser developed (based upon work file) exposure time, but failed to prominently state the time in the report.

CASE NO. 03-104

It was alleged that the appraiser did not accurately measure the dwelling that was the subject of the real property assignment.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed, the Board believed insufficient cause existed to file a formal complaint or schedule a hearing. However, it was advised the appraiser receive a letter advising:

- Kentucky licensed/certified real property appraisers are mandated by statute to follow the *ANSI Z765-1996 Square Footage - Method for Calculating*. However, the effective date of the real property appraisal that is the subject of this complaint was prior to the regulation adoption; therefore the responding appraiser was advised to be aware of the Standard and follow it when completing single-family residential real property appraisal assignments in the future.

CASE NO. 03-108

It was alleged that the appraiser failed to follow recognized methods and techniques in completing a real property appraisal development and report of value.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed, the Board believed that insufficient cause existed to file a formal complaint and schedule a hearing. Therefore, the responding appraiser was sent a letter of dismissal.

CASE NO. 04-09

It was alleged that the responding appraiser 1) did not report various and sundry property deficiencies, 2) the appraisal service was rendered in a careless manner, 4) the report of value opinion contained factual inaccuracies and was misleading, and 5) the report of value did not contain sufficient information to enable the intended users to understand the final value opinion.

- The complaint was answered by the respondent that the appraisal effective date was June 14, 1994 and the complaint was filed March 17, 2004. Due to the passing of time and the purging of records the appraiser no longer possessed file data for

sufficiently answering the complaint. The Board determined it unreasonable that real property appraisal files be maintained beyond five (5) years; also, USPAP requires only a five (5) year record retention, unless legal action is pending or has been on-going. In the subject grievance there was no proof offered of any on-going litigation. Therefore, the Board believed insufficient cause existed to file a formal complaint or schedule a hearing and the case was dismissed.

KREAB WEB SITE

www.kyappraisersboard.com

or

www.kreab.ky.gov

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	481	Certified General	13
Certified Residential	738	Certified Residential	20
Licensed Real Property	100	Licensed Real Property	5
Associate	453		
TOTAL AS OF 5/13/04	1772		38

KENTUCKY REAL ESTATE APPRAISERS BOARD

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Email: Janie.Gross@ky.gov

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 or www.kreab.ky.gov

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