

# Kentucky Real Estate Appraisers Board

QUARTERLY NEWSLETTER NO. 54 - JULY 2004

## Educators Get Ready, Get Set, Let's Go

By: Larry Disney, Executive Director

Larry Disney

This article is intended to 1) provide information for, and 2) a request of, education providers, instructors, supervisors, and associate real property appraisers.

Everyone should now be aware that the real property appraisal profession will soon undergo a significant revision in 1) the national qualifying examination, and 2) the requirements for qualifying education. The third major requirement for licensing and certification, minimum experience requirements, will remain unchanged.

Therefore, anyone identified in the groups above should strive to verify that every education provider planning to offer courses for qualifying education 1) understands the change sufficiently to carry out implementation, and 2) will have sufficient numbers of qualified instructors to complete the revised mandatory education. Currently education completion is based upon a total number of clock hours; however, the revised requirement will not only significantly increase the

clock hours, but also mandate specific courses and, hopefully, a requirement that the courses be taken in a logical protocol order, beginning with basic and progressing to an advanced content level.

The current national examination requires a regurgitation of education content completed during the course phase of an applicants program of study. However, the revised examination will build upon the education content, but will specifically test the practical knowledge of the applicant following a training program under a "competent" supervising appraiser. The Appraiser Qualifications Board examination policy and the revised education criteria are included in this newsletter for review. The Board welcomes questions from anyone about the process.

On behalf of the Kentucky Real Estate Appraisers Board I ask for assistance in 1) making education providers in Kentucky aware of the revisions and encourage them to have available, by January 1, 2008, the curriculum of study necessary to comply with the AQB revised minimum requirements, 2) have on staff, or under contract, sufficient numbers of competent instructors to teach the classes, and 3) ensure that supervising real property appraisers are both educated and competent to train "Associate Real Property Appraisers" with a base of knowledge needed to successfully complete the national qualifying examination.

**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 the continuing education requirement for the renewal cycle completed.**

### **IMPORTANT CHANGE!!!!**

**After December 31, 2004, you may NOT substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course. After January 1, 2005, the 7 hour National USPAP Update course will meet the requirement.**

## IMPORTANT CHANGES TO APPRAISER QUALIFICATIONS!!!

On February 20, 2004, the Appraiser Qualifications Board of The Appraisal Foundation adopted changes to the *Real Property Appraiser Qualification Criteria* that will become effective on January 1, 2008. These changes represent the minimum national requirements that each state must implement for individuals applying for a real estate appraiser license or certification as of January 1, 2008. The changes include increased required education, which is summarized as follows:

Category	Current Requirements <sup>1</sup>	1/1/08 Requirements <sup>1 2</sup>	1/1/08 College-Level Course Requirements <sup>3</sup>
License	90 hours	150 hours	None
Certified Residential	120 hours	200 hours	Twenty-one (21) semester credit hours covering the following subject matter courses: English Composition; Principles of Economics (Micro or Macro); Finance; Algebra, Geometry or higher mathematics; Statistics; Introduction to Computers-Word Processing/Spreadsheets; and Business or Real Estate Law. In lieu of <b>the</b> required courses, an Associate degree <b>will</b> qualify.
Certified General	180 hours	300 hours	Thirty (30) semester credit hours covering the following subject matter courses: English Composition; Micro Economics; Macro Economics; Finance; Algebra, Geometry or higher mathematics; Statistics; Introduction to Computers - Word Processing/Spreadsheets; Business or Real Estate Law; and two (2) elective courses in accounting, geography; ag-economics; business management; or real estate. <b>In lieu of the required</b> courses, a Bachelors degree <b>will</b> qualify.

<sup>1</sup> Hours required include completion of the 15-hour National USPAP Course (or its equivalent).

<sup>2</sup> Hours required include specific coverage of multiple topics-please see the *Real Property Appraiser Qualification Criteria* for details.

<sup>3</sup> College-level courses and degrees must be obtained from an accredited college or university.

Please note that individual states may adopt requirements more stringent than the national requirements, and may opt to impose those requirements prior to January 1, 2008. Therefore, applicants for a real estate appraisal license or certification should always check with their state for individual requirements.

The Appraiser Qualifications Board intends to issue additional guidance regarding implementation of the revised Criteria in the near future. Please be sure to check our website at [www.appraisalfoundation.org](http://www.appraisalfoundation.org) for the latest information. Questions regarding the national requirements can be directed to John S. Brenan, Director of Research and Technical Issues at The Appraisal Foundation, 1029 Vermont Avenue, NW, Suite 900, Washington, DC, 20005, via e-mail to [john@appraisalfoundation.org](mailto:john@appraisalfoundation.org), or by phone at (202) 624-3044.

**Appraiser Qualifications Board**  
**National Examination Policy**

"The AQB shall develop Uniform State Certification Examinations that will be available to multiple providers. The examinations shall be segmented, of appropriate rigor for the credential category, and demonstrate minimum competency in the skills necessary to practice for the credential. The examinations shall be updated as necessary, as determined by the AQB, including but not limited to changes in testing policy and psychometric analyses, changes in the skills and knowledge necessary to practice, and to reflect changes in USPAP. The AQB will approve other examinations that it deems equivalent to the Uniform State Certification Examinations."

**ANSI Residential Measuring Standard Revised**

At the March 26<sup>th</sup> 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](http://www.nahbrc.org/bookstore). The Board will be acquiring bulk rate copies for all appraisers in Kentucky for distribution.

## Individuals who did not renew July 1, 2004

As of August 5, 2004

McDowell Anderson	Josh A. Jackson	Joan N. Trice
Darrel D. Arnold	Jennifer L. Jenkins	Ronald N. Turner
Teresa J. Baccus	Alice K. Johnson	John E. Wargin
Angela Simpson Barner	Johnny S. Johnson	Gregory S. Watts
David J. Blesch	Rodney L. Karnes	Kenneth Watts
	Gerard P. Kauffmann	Jill M. Webb
Alan S. Bowling	Scott Michael Kremer	Ross P. Welshimer
J. Wesley Brammer	Patrick Lawrence	Thomas F. White
Luther Bratton	Frieda F. Layman	Donald C. Wiggins, Jr.
David Glenn Breeding	Roger Ledridge, II	Scott D.W. Wiley
Leslie R. Bright	John Lockhart Lee	Daniel E. Williams
	Terry J. Leech	Tiffany L. Williams
		Larry O. Wilson
Erike Michelle Bumba	Robert F. Link	Elmer R. Woody
John R. Burke	Michael R. Lively	James L. Wright
Sean Thomas Cantwell	David O. Lykins, III	
Fred J. Cecil	Austin Douglas MacMullan	
	Douglas F. Martin	
Rebecca Horn Coleman	Dale M. Martin	
George F. Collins	Curtis P. Mattingly	
Belinda L. Conrad		
Jessie Lee Copeland	Billy E. McKinney	
A Drew Correll	Kimberly Lynn McLellan	
Shelia Annette Cox	William J. McVeigh	
Bethany L. Cronk	Cheryl J. Meiers	
Michel D. Curry	Jeremy Milby	
Joseph Niles Davis	J. Yvonne Milligan	
Glen A. DeRosett	Krista L. Mitchell	
William D. Dyer	Anna K. Morgan	
James C. Feese	Sydney L. Nolty	
Dee A. Foster	Josephus D. Parker, III	
Richard Allen Francis	Ricky Lee Pearson	
Eric J. Frazier	Colin D. Peery	
Rupert H. Furgerson, II	Helge Petersen	
Cheryl L. Gatewood	Fred G. Phillips	
	Joel K. Pike	
Douglas Ray Gilbert	Loretta Powell	
Charles D. Goodlett		
Anne C. Greenwood	Timothy X. Purcell	
Laura R. Greis	Ronald W. Reeder	
Kelly B. Griggs	Tracy M. Reesor	
Gary C. Grimes	Scott A. Reuter	
Mike Gudenkauf	Carol J. Reynolds	
Terry W. Hager	Brenda Kay Robinson	
Jodi L. Hahn	Larry E. Rogers	
Jarrett J. Hardesty	Laura J. Roppel	
Cecil E. Hardin, Jr.	John E. Sachse	
Mark N. Harris	Drane W. Scrivener, Jr.	
Anthony Keith Herron		
Raymond A. Higgins	Kimberly Ann Smith	
Steven P. Hodge	Jeffrey L. Spears	
Lori Beth Humphries	Anita K. Stephens	
Sharon R. Hunt	Jason Stinson	
Anthony A. Isley	Edwin William Sulzer	
	Mark A. Taylor	

## PVA Convention

By: C.W. Wilson, Chair

It was my good fortune to be invited on behalf of the Kentucky Real Estate Appraisers Board to attend and speak at the 2004 PVA Summer Conference in Bowling Green. We held three sessions for interested PVA personnel regarding how they fit into the certification process in Kentucky and the promulgation of the ANSI Residential Measuring Standard (ANSI Z765 2003).

One issue was raised which is a concern for both professional appraisers and property valuation personnel as well. It was pointed out that on occasion real estate appraisers behave in a less than professional manner with regard to local and state PVA regulations, personnel and office decorum.

On behalf of the overwhelming majority of certified appraisers in Kentucky, I apologized for those few individuals who may have been less than professional in their approach. I would suggest the following general guidelines for the use of PVA offices which might help alleviate the problem.

1. Treat all PVA personnel with courtesy and respect and observe all elements of contemporary professional office decorum;
2. Understand that each office has individual protocols which are specific to serving their constituency and your successful work with that office will be enhanced by abiding by those rules and regulations

(regardless of what people in your home county do);

3. Recognize that the primary mission of the each county's PVA office is not to make your appraisal process easier and faster; and,
4. Be patient, be considerate, put everything back where you found it and give serious thought to using the magic words your Mama taught you: Please and Thank You!

There are reported instances of appraisers being rude, making inappropriate comments or having inappropriate contact with personnel, knowingly and willfully violating posted local office procedures or making derogatory remarks to or about individual offices.

The fact is that appraisers are in the information business and for many of us the PVA offices are a primary source of data. A few misguided individuals taint the professional image of the overwhelming majority of appraisers who go out of their way to be courteous and professional.

Moreover, the PVA personnel provide essential valuation services to each property owner in Kentucky (and USPAP addresses those issues). In that light, they are our colleagues and deserve to be treated as such.

### FannieMae Announces Forms Revision

FannieMae Announcement 04-02, dated June 1, 2004, reported an amendment to "Selling Guides" for the following revised appraisal report forms:

- Uniform Residential Appraisal Report - Form #1004
- Definitions, Statement of Limiting Conditions, and Appraiser's Qualifications - Form #1004B
- Appraisal Update and/or Completion Report - Form #1004D

Real property appraisers are urged to request a copy of the test forms, and provide comments to:

FannieMae  
Test Appraisal Forms  
3900 Wisconsin Avenue, NW  
Mail Stop 2H-4S-08  
Washington, DC 20016

## Misinformation about USPAP Raises Public Awareness

Publications – Appraiser News Online

The Appraisal Institute - May 2004

Published with permission of the Appraisal Institute

In a May 8 media teleconference, eAppraisalIT, a leading provider of electronic valuation solutions, misrepresented a recent clarification on Uniform Standards of Professional Appraisal Practice regulations, sending the appraisal community into crusade mode. Anthony Merlo, executive vice president and chief operating officer of eAppraisalIT, said consumers who use third-party originators would end up with increased appraisal fees since new USPAP guidance prohibits appraisers from doing a "retype" of the appraisal document.

This "spin" has drawn criticism from the appraisal industry. Sue Potteiger, Washington Mutual Bank chief appraiser, said, "This isn't a new regulation or a change. This is a clarification of FIRREA (Financial Institutions Recovery, Reform, and Enforcement Act of 1989) and USPAP."

"Retypes were never allowed," stated Stephanie Coleman, the Appraisal Institute's Director of Screening. "There is no new 'law' or 'regulation' or change to USPAP, for that matter. The Appraisal Standards Board clarified, in an Advisory Opinion issued in January, that the practice is improper."

The ASB's January clarification on USPAP, in the form of the addition of Advisory Opinions 25, 26, and 27, stated, in part, "The intent of USPAP has never been to allow an appraiser to simply change the client's name on a completed report and send it to a new client. These new Advisory Opinions underscore that any such report must be treated as a new assignment."

Merlo muddied the waters by asserting that until now, brokered or closed loans sold to lenders could have the appraisal form merely "retyped" in the buyer's name, for which he claimed there was no additional fee in the past. Merlo claimed that because USPAP now prohibits this practice, a new appraisal must be made and the cost incurred by some party in the transaction, most likely, "the consumer at the end of the line."

The Advisory Opinions followed a joint statement issued last fall by the federal financial institution regulatory agencies (the Office of the Comptroller of the Currency, the board of governors of the Federal Reserve System, the Federal Deposit Insurance Corp., the Office of Thrift Supervision and the National Credit Union Administration). The statement said retypes violate the regulations of not only USPAP but those of the above bodies as well.

Coleman explained the fundamental confusion comes from the fact that "an appraisal assignment is about a relationship

between an appraiser and a client, and about the service provided by the appraiser to that client (i.e., the right for the client to rely on the appraiser's expertly developed opinion of value). It is not about a report. The report is merely the means by which the appraiser communicates his or her conclusions."

Potteiger said, "All that's being done by requesting a retype is avoiding the regulatory review that's required in order for the lender to accept the report or to cover up the fact that the borrower ordered the report."

Appraisal Institute member Pete Haginas, MAI, queried: "Why is there a need to retype anyway unless the lender is trying to hide something? If the lenders do not need it retyped (FNMA, OCC, FDIC etc.), why do the mortgage brokers?" In answering the question, he surmised, "Because they need to hide the fact that there was no independence in the appraisal since the borrower ordered the appraisal."

Potteiger added, "Until brokers are regulated there are no consequences. This puts appraisers once again in the position of having to be 'enforcers' as opposed to service providers." She asserted that appraisers who perform the 'retype' are perpetuating the problem. "It would really surprise me if the lenders are requiring the retype. They should have lending policies in place that support compliance with the regulation. Brokers must change the way they do business. Changing won't cost more money or time, but will enable the process to proceed in a timely and cost effective way. Circumventing the regulations is what costs time and money."

As to who pays the costs, Potteiger says it all depends on the policy of the lender whether or not the borrower is going to pay for the review or the reappraisal.

Coleman said that charging the new client a second, or additional, fee, is a business decision on the part of the appraiser. "Considering the appraiser is now responsible for providing expertise to another party - thereby essentially doubling his or her liability - I'd argue that additional compensation is justified. It's up to the lender if they want to pass that charge along to the borrower. But why should the appraiser be expected to bear the cost? After all, the appraiser has no interest in the outcome of the loan process."

**For more information on the USPAP clarification, visit the January 2004 Summary Report from The Appraisal Foundation at [www.appraisalfoundation.org/html/pdf\\_images/2003summaryreport.pdf](http://www.appraisalfoundation.org/html/pdf_images/2003summaryreport.pdf)**

## **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, but the supervisory appraiser signs the certification indicating he/she inspected the subject property 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 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. Remember, the supervising appraiser must sign and certify he/she supervised the work of the associate submitting the log.

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, appraisal reports must be completed under the supervision of a certified or licensed appraiser.
  2. For experience credit, the Associate appraiser must, (1) sign the certification, or (2) be given credit in the certification for significant professional assistance, and (3) 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 competent and licensed authority to appraise.
  4. An Associate appraiser may have more than one supervisor, but must maintain 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 Larry Disney at the Board, in confidence, and discuss specific problems.

## 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 be awarded experience credit for those reports.

**Also, the act by any certified/licensed appraiser permitting an Associate appraiser to perform significant professional assistance and not permitting the Associate appraiser to sign the certification, or be given credit in the certification for significant professional assistance is a violation of the USPAP and could result in a sanction 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 the continuing education requirement for the renewal cycle completed.

After December 31, 2004, you may **NOT** substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course. After January 1, 2005, the 7 hour National USPAP Update will meet this requirement.

### CLARIFICATION OF 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 clarify some of the 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. This requirement became effective in Kentucky on 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 receive credit for the 14 hour requirement.
5. Anyone applying for one of the KREAB credentials 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 15 hour 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 update your file. 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 from 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 and require the individual to successfully pass an exam at the end of the course.

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

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

Individuals who take a pre-licensing course **and** pass 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, he/she shall be awarded continuing education credit only.

## RETAINING EDUCATION FILE

Many appraisers have taken the Board's suggestion and started an education file for retaining the appraisal courses they have taken over the years. This has been a great help to the Board because 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 and when and who is required 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 1<sup>st</sup> through June 30<sup>th</sup>. If your licensure/certification date for all categories of appraisers, **including Associates**, is on or before June 30<sup>th</sup>; 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, give us a call.

Also, it's a lot easier if you completed continuing education 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 education completion. Proof can be a faxed copy of the certificate; in most cases the provider sends the Board 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 to the Board.

If you schedule classes 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 will be taken. The Board must have received payment and proof of education by July 1<sup>st</sup> to avoid a late renewal.

**Please submit course completion certificates at time of completion. Waiting to send with your renewal, may delay processing your certification/license.**

**APPROVED EDUCATION PROVIDERS**

<b>Provider</b>	<b>Phone Number</b>	<b>Web Site</b>
A Pass Weikel	(502) 429-8822	www.apassweikel.com
American Society of Farm Managers & Rural Appraisers	(303) 758-3513	www.asfmra.org
Appraisal Educators, Inc.	(812) 925-6421	
Appraisal Institute	(312) 335-4216	www.appraisalinstitute.org
Big Sandy Community & Technical College District	(606) 789-5321	www.bigsandy.kctcs.edu
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
Home Builders Association of Louisville	(502) 429-6000	www.hbal.com
International Right of Way Association - Chapter 25	(502) 339-1807	www.irwa25.org
Jefferson Community College	(502) 213-2380	www.jcc.kctcs.edu
Lexington Community College	(859) 257-4872	www.uky.edu/lcc
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
Prestonsburg Community College	(606) 789-5321	www.prestonsburgcc.com
Redd, Brown & Williams	(606) 789-8119	www.RBandW.com
World Savings	(210) 543-5464	

**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.

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 ;
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; or
14. Narrative Appraisal Report;

## 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	(312) 793-3000	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
NSF Renewal Check Fee-	- \$200.00 - May be charged if renewal check is returned after July 1.

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 30<sup>th</sup> 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](mailto:Angie.Thomas@ky.gov).

## **PROCEDURES FOR UPGRADING A LICENSE OR CERTIFICATION**

The following list contains information that is required for submission 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 true and be exact copies, with signatures, of the 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 experience 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 it is so stated, will be acceptable.
6. Non-residential reports must be a complete appraisal with all the (3) approaches utilized. Reports submitted for experience credit that do not comply with this requirement will be returned to the applicant without credit being awarded.
7. Additional appraisal reports 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 credential exams is 75%.

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.

July 30, 2004	October 22, 2004
August 27, 2004	November 19, 2004
September 24, 2004* -at Natural Bridge State Park	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, 1) the first report shall be submitted to the Board six (6) months following the date of issuance of the associate license, and 2) the second report shall be submitted to the Board twelve (12) months following the date of issuance of the associate license.

EXAMPLE:

Month Licensed	Reports Due
January 2004	1 <sup>st</sup> Report - July 2004 2 <sup>nd</sup> Report - January 2005
February 2004	1 <sup>st</sup> Report - August 2004 2 <sup>nd</sup> Report - February 2005

Reminder letters will be mailed to the associate prior to the report(s) due date.

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

## INACTIVE STATUS

If your license/certification has been in an inactive status since July 1, 2002, you will be required to return your license/certification to an active status by June 30, 2005 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

When an appraiser is asked to value a significantly large group of similar or like items, does USPAP require that the appraiser follow STANDARD 6 for mass appraisals?

### RESPONSE TO QUESTION # 1

**No.** USPAP does not require that STANDARD 6 be followed in such cases. Mass appraisal, for which standards are addressed in STANDARD 6, is an appraisal method. USPAP does not dictate the use of any particular method or technique in any particular assignment or under any particular set of circumstances. While mass appraisal methods may be helpful in the appraisal of large numbers of similar assets, whether its use is appropriate in a particular assignment would depend on such things as assignment conditions, the intended use of the appraisal results, and, at times, agreement with the client.

### QUESTION # 2

Is there any connection between the application of STANDARD 6 for mass appraisals and the application of a blockage discount?

### RESPONSE TO QUESTION # 2

**No.** There is no connection between the application of mass appraisal methods, as addressed in STANDARD 6, and the application of a blockage discount. A blockage discount may be applicable when the appraisal problem being addressed indicates an assumption that a large number of similar assets would be offered for sale on the market at once. Under some circumstances, this would create an oversupply, which would depress the value of the assets.

Whether the application of a blockage discount is appropriate depends on many factors, including the intended use of the appraisal, the definition of value, the conditions of the assignment, the relevant characteristics of the assets such as their nature, and the market for those assets.

### QUESTION # 3

Does USPAP offer guidance in how to calculate an appropriate blockage discount?

### RESPONSE TO QUESTION # 3

**No.** USPAP focuses on appraisal standards, not appraisal methodology or how to perform calculations. USPAP does require that an appraiser be competent (see the COMPETENCY RULE) and states, in various Standards Rules, that an appraiser must *"be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal."*

The concept of the compilation of the assets appraised is addressed, for example, in Standards Rule 1-4(e), which states:

*An appraiser must analyze the effect on value, if any, of the assemblage of the various estate or component parts of a property and refrain from valuing the whole solely by adding together the individual value of the various estates or component parts.*

Standards Rule 6-2 (i)(i) states that, in appraiser real property or personal property, an appraiser must *"identify the appropriate market area and time frame relative to the property being valued."* Standards Rule 6-2(i)(v) requires that the appraiser *"identify and analyze whether an appraised physical segment contributes pro rata to the value of the whole."* Standards Rule 6-2(m) requires that an appraiser *"analyze the relevant economic conditions at the time of the valuation, including market acceptability of the property and supply, demand, scarcity, or rarity."*

### QUESTION # 4

I am considering the sale of my appraisal practice. What are my USPAP obligations regarding confidentiality and record keeping?

#### **RESPONSE TO QUESTION # 4**

In the sale of an appraisal practice, the selling appraiser must comply with the Confidentiality and Record Keeping sections of the ETHICS RULE.

The Confidentiality section of the ETHICS RULE states:

*An appraiser must protect the confidential nature of the appraiser-client relationship.*

*An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.*

*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...*

The Record Keeping section of the ETHICS RULE states:

*An appraiser must have custody of his or her workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.*

The selling appraiser can retain possession of the workfiles to satisfy confidentiality and record keeping obligations. This would also satisfy any client-confidentiality agreements and applicable privacy laws and regulations.

The selling appraiser must adhere to the requirements to (1) protect appraiser-client relationship and (2) not disclose assignment results and confidential information to anyone other than the client and persons specifically authorized by the client. This can be accomplished by seeking client authorization to disclose assignments results and confidential information that would be part of the workfile. Providing the acquiring appraiser with access to the selling appraiser's workfiles without client authorization is a violation of the Confidentiality sections of the ETHICS RULE.

With client authorization, the selling appraiser can provide the acquiring appraiser with access to the selling appraiser's workfiles. However, the selling appraiser should also consider the impact of applicable privacy laws and regulations.

To comply with the Record Keeping section of the ETHICS RULE, the selling appraiser should make appropriate workfile retention, access, and retrieval as part of sale terms.

#### **QUESTION # 5**

I am considering the purchase of another appraiser's appraisal practice. What are my USPAP obligations regarding record keeping and confidentiality?

#### **RESPONSE TO QUESTION # 5**

The acquiring appraiser has general USPAP obligations to protect public trust in appraisal practice. The PREAMBLE states:

*The appraiser's responsibility is to protect the overall public trust and it is the importance of the role of the appraiser that places ethical obligations on those who serve in this capacity.*

The ETHICS RULE states:

*To promote and preserve the public trust inherent in professional appraisal practice, an appraiser must observe the highest standards of professional ethics.*

In the sale of an appraisal practice, the acquiring appraiser should respect the selling appraiser's obligations under the Confidentiality and Record Keeping sections of the ETHICS RULE.

The acquiring appraiser does not have an appraiser-client relationship with the clients of the selling appraiser, but the acquiring appraiser's obligation to protect public trust creates a responsibility when access is provided to another appraiser's workfile. The acquiring appraiser should treat the acquired assignment results and confidential information in the workfiles in compliance with USPAP.

The acquiring appraiser should honor the workfiles retention, access, and retrieval arrangements made by the selling appraiser in compliance with the Record Keeping section of the ETHICS RULE.

#### **QUESTION # 6**

Fannie May recently issued several new test appraisal report forms. Does these new forms comply with USPAP?



will lend on no more than 5 acres. Am I permitted to comply with this request?

#### **RESPONSE TO QUESTION # 6**

It is the position of the Appraisal Standards Board that appraisers comply with USPAP, not forms. Each assignment is different, and no form could cover all USPAP requirements for all assignments. Appraisal forms are simply tools to assist in organizing the reporting of assignment results.

It is the responsibility of the appraiser to properly *develop* an appraisal, and to properly *report* the assignment results. A template or form may or may not adequately report the assignment results. It may be necessary for the appraiser to supplement a form with addenda to comply with USPAP requirements.

Fannie Mae has requested that all interested parties provide comments on the test forms ([test\\_appraisal\\_forms@fanniemae.com](mailto:test_appraisal_forms@fanniemae.com)) prior to the comment deadlines of September 15, 2004, for the first set of forms and October 1, 2004, for the second set of forms. The Appraisal Standards Board intends to provide comments to Fannie Mae prior to the published deadlines.

#### **QUESTION # 7**

A local lender has asked me to appraise only a 5-acre portion of a 62-acre parcel, stating that Fannie Mae

#### **RESPONSE TO QUESTION # 7**

Standards Rule 1-2(e)(v) states that the subject of an assignment may be a physical segment of a property. However, appraisers must also comply with any supplemental standards that might apply (see SUPPLEMENTAL STANDARDS RULE).

If the assignment requires compliance with supplemental standards published by Fannie Mae, the appraiser must be aware of the current policy. As stated on Page 35 of the *Fannie Mae Handbook for Appraisers*:

"Some appraisers report that they have been asked to appraise only a portion of a larger site: for example, the borrower owns a 30-acre site and you are asked to appraise only five acres and the property improvements. Fannie Mae considers this unacceptable appraisal practice...."

Failure to recognize this supplemental standard would be a violation of the ETHICS RULE or COMPETENCY RULE.

#### ***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

Allen Arnold	Associate	Bowling Green, KY
Jonathan S. Beery	Associate	Louisville, KY
Michelle M. Beierle	Associate	Covington, KY
Timothy P. Beirne	Associate	Louisville, KY
Nancy R. Black	Associate	Bardwell, KY
Thomas M. Connelly	Certified Residential	Edgewood, KY
Christopher L. Davidson	Licensed Real Property	Cincinnati, OH
Clemon L. Demus	Certified Residential	Cincinnati, OH
Russell C. Farley	Licensed Real Property	Adams, TN
Eric R. Fegan	Associate	Wilder, KY
Elisabeth P. Fennell	Certified Residential	Ft. Thomas, KY
David A. Gaines	Certified General	Lexington, KY
G. Keith Gregory	Licensed Real Property	Cincinnati, OH
Paul B. Hall	Associate	Pikeville, KY
Anthony L. Harvey	Associate	Jeffersonville, KY
Dana M. Hill	Certified Residential	Batavia, OH
Alton L. Jefferson, Sr.	Associate	Louisville, KY
Sarah M. Jones	Associate	Louisville, KY
Sheila G. Kelley	Associate	Metropolis, IL
James E. Kite	Certified General	Knoxville, TN
George G. Kornegay	Associate	Shepherdsville, KY
Eric D. Lazear	Certified General	Columbus, OH
Tony M. Little	Associate	Jeremiah, KY
Vineta Faye Maynard	Associate	Paintsville, KY
Linda S. McFarland	Licensed Real Property	Loveland, OH
Elizabeth D. Moore	Associate	Lexington, KY
Andy Morriss	Associate	LaGrange, KY
Michelle Mullins	Associate	Lexington, KY
Mary K. Minko	Associate	Lexington, KY
Dennis McNabb, Sr.	Associate	Owingsville, KY
Robert C. Price	Associate	Lexington, KY
Zachary J. Presgrove	Associate	Louisville, KY
Ray M. Redmon	Licensed Real Property	Stockton, CA
Roy M. Roberts	Associate	Nancy, KY
David A. Rose	Associate	Lawrenceburg, KY
Judy K. Ruley	Associate	Loretto, KY
James A. Samuels	Certified General	Hendersonville, TN
Todd M. Skaggs	Associate	Crescent Springs, KY
Dee Smith	Associate	Scottsville, KY
Robert E. Snedegar	Associate	Owingsville, KY
William M. Stronks	Certified Residential	Chicago, IL
Larry J. Tapanen	Certified General	Portland, OR
Brenda L. Thompson	Associate	Louisville, KY
David L. Waller	Associate	Cadiz, KY
Joseph Mark Young	Certified General	Clarksville, TN

## RECLASSIFICATIONS

William Joe Barrow	Certified Residential	Lexington, KY
Ronnie Crawford	Certified Residential	Manchester, KY
Jennifer Galloway	Certified Residential	Ashland, KY
Roger Jahn	Certified Residential	Flemingsburg, KY
Nikki J. Korosec	Certified Residential	Louisville, KY
Greg Pierce	Certified Residential	Elizabethtown, KY
Doug Stoll	Certified Residential	Louisville, KY 40218
Doyle Wilson	Certified Residential	Gamaliel, 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. Complaints were filed with little merit and were clearly filed to embarrass. Some of these complaints resulted in a small fine and or a requirement to take additional education. The complainant had one goal in mind and that being to embarrass a licensee and see a name in the newsletter so the newsletter could be used to discredit a licensee.

The KREAB, by statute, will address and dispose of every complaint it receives. The lesser offences will be disposed of with a Letter of Notice, small fine or

additional education, without the appraiser's name being published in the newsletter. Complaints that involve fraud and gross negligence that result in a fine of \$1,000 or greater or a suspension or revocation of license, will result in appraisers name shall be published in the newsletter.

Some appraisers possess what might be referred 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.

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 believed 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.

**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. 01-33**

It was alleged that a responding appraiser was contracted by a client for appraisal services. However, prior to completing the appraisal assignment the appraiser agreed to perform appraisal services for another client, and the appraiser included confidential information from the first client in the report of value opinion for the second client.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board did not believe sufficient cause was discovered to warrant filing a formal complaint.

Therefore, the Board voted unanimously to dismiss the complaint without further comment or action.

### **CASE NO. 01-48**

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 was given an opportunity to meet with the Executive Director and case investigator to discuss the report, development, and information contained in the work file.

Upon hearing the appraiser(s) logic and reasoning, and seeing the information considered in the assignment, the Executive Director provided the Board a summary of the meeting. Based upon the factual data presented the Board voted unanimously to dismiss the case with the appraiser receiving a letter of advice to provide more detailed information in future reports of the type that was the subject of the complaint.

### **CASE NO. 01-67**

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 a credible value opinion.

The complaint was answered by the respondent and an investigation was completed. Based upon the information

reviewed, the Board believed there was insufficient cause presented for filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case without further action or discussion.

### **CASE NO. 02-71**

It was alleged that the appraiser(s), 1) submitted a real property appraisal report that contained potentially misleading and/or contradictory statements, 2) the report was carelessly and negligently prepared, and 3) the appraiser did not develop or report exposure time.

The complaint was answered by the respondent(s) 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(s) entered into an agreed order accepting the fact that violations of USPAP Standards Rules 1-1(a); 2-2(b); and 2-2(b) (vii) did exist.

The appraiser(s) agreed to complete a seven (7) 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), and pay a fine of \$200.00 to be received in the Board office with the agreed order.

### **CASE NO. 02-78**

It was alleged the responding appraiser(s) 1) did not correctly complete research and analysis necessary to produce a credible appraisal development, and 2) did not develop or report a credible value opinion.

The complaint was answered by the respondents and an investigation was completed. Based upon the information reviewed, the Board believed there was insufficient cause presented for filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case without further action or discussion.

### **CASE NO. 03-03**

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 there was not sufficient cause to recommend filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case without further action or discussion.

**CASE NOS. 03-31, 03-32, 03-33, 03-34, 03-35, 03-36, 03-37, 03-38**

It was alleged that the appraiser, in each of the cases referenced above 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 filing of a formal complaint and setting the above cases for hearing, the appraiser failed to renew a license with the Kentucky Real Estate Appraisers Board. Therefore, the Board voted unanimously to dismiss each case without prejudice with leave to reinstate. The respondent was notified that should he/she submit application for reinstatement of a Kentucky Real Property Appraiser credential, the cases will be reopened for investigation. If after an investigation, probable cause is determined to exist, and the applicant is issued a credential by the Kentucky Board, a formal complaint will be filed and the case, will be scheduled for a formal hearing.

**CASE NO. 03-48**

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) overestimated value by at least 10%, 3) did not disclose subject property listing information or transactions, 4) did not properly analyze the sales data.

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), (c); 1-2(f); 1-5(a), (b); 2-2(i), (ii), (v).

The appraiser agreed to the following action 1) a fine of \$250.00 to be paid with submission of the agreed order, and

2) shall complete fifteen (15) hours of board approved education in Residential Case Studies with an examination, 3) the fifteen (15) hour National USPAP update course with successful completion of the examination, said education is in addition to the regular 14 hours of continuing education, 4) the respondent shall not supervise any additional licensed or unlicensed Associates for two (2) years from the date of the agreed order (one associate named shall be permitted), 5) the respondent shall limit the Scope of Work practice to 1-4 family residential properties for two (2) years from the date of the agreed order, 6) the respondent shall maintain and submit a log to the Board every six (6) months for two (2) years from the date of the agreed order, 7) the respondent agrees that a random file audit may be conducted by an agent of the Board for a period of two (2) years from the date of agreed order, and that the Board by proceed under 201 KAR 30:070 on any report found deficient and lacking.

**CASE NO. 03-59**

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 appraiser did not correctly employ recognized methods and techniques, 3) the appraisal report contained a series of factual errors and errors of methods and techniques, 4) did not contain sufficient information to enable the intended users to understand the property, 5) the report did not contain a label of description, and 6) the report did not contain an analysis of the pending sales price.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed there was not sufficient cause to recommend filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case with letter of advice to the appraiser explaining procedural issues, while not considered a violation in the above matter, could possibly create problems in future assignments.

**CASE NO. 03-69**

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, based upon findings of USPAP violations 1-1(a) and 2-2(b)(vii).

Prior to a hearing the respondent agreed with the findings and agreed to the following 1) complete 22-hours of

education in addition to the 14-hours required continuing education in a) 7-hour USPAP National Update by June 30, 2004 and b) 15-hours of AQB approved USPAP with successful completion of the examination by March 1, 2005.

**CASE NO. 03-75**

It was alleged that the responding appraiser 1) 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 there was not sufficient cause to recommend filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case with letter of advice to the appraiser explaining procedural issues, while not considered a violation in the above matter, could possibly create problems in later assignments.

**CASE NO. 03-101**

It was alleged that the responding appraiser 1) failed to exercise reasonable diligence in completing the assignment and communicating the results, 2) failed to observe one or more of the requirements of USPAP.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed there was not sufficient cause to recommend filing a formal complaint. Therefore, the Board voted unanimously to dismiss the case with letter of advice to the appraiser explaining procedural issues, while not considered a violation in the above matter, could possibly create problems in later assignments.

**CASE NO. 04-08**

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 sufficient cause existed to file a formal complaint or schedule a hearing.

Prior to the hearing the respondent agreed that sufficient cause existed to identify violations of USPAP in 1-1(a), and 2-2(b)(vii). Therefore, prior to the hearing being scheduled the respondent agreed to complete a 7-hour Residential Sales Comparison course in addition to the 14-hours regular continuing education mandated each renewal cycle, to be completed by December 30, 2004, and 2) pay a fine in the sum of \$250.00 to be returned with the agreed order.

**CASE NO. 04-10**

It was alleged that the appraiser failed to follow recognized methods and techniques in completing a real property appraisal development and report of value, and submitted a report of value that contained misleading information and lacking credible results.

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. 04-43**

It was alleged that the appraiser behaved unprofessionally and was insulting to the seller of a property in attempting to verify a sales price.

The respondent was interviewed by telephone and the Executive Director provided the complaint and the respondents telephonic answer summary to the Board in a written memorandum.

Based upon the information reviewed, the Board believed insufficient cause existed to file a formal complaint or schedule a hearing. Therefore, the case was dismissed without further action or discussion.

## APPRAISER LICENSE STATISTICS

<b>LICENSEES</b>	<b>NO.</b>	<b>INACTIVE STATUS</b>	<b>NO.</b>
Certified General	446	Certified General	16
Certified Residential	719	Certified Residential	31
Licensed Real Property	100	Licensed Real Property	5
Associate	415		
<b>TOTAL AS OF 8/5/04</b>	<b>1680</b>		<b>52</b>

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