KAR Adopts ANSI
By: C.W. Wilson, Chair

On September 22nd during the annual convention in Bowling Green, the Kentucky Association of Realtors voted to adopt the ANSI Residential Measuring Standard and to recommend adoption by the Kentucky Real Estate Commission. The motion before the Board of Directors was ultimately a unanimous vote, after an amendment to allow three years of educational opportunity to precede implementation.

An identical motion was brought to Directors forum by two of the service areas and read as follows:

"KAR to adopt ANSI measurement as a standard over a three year period. Education to precede implementation. Furthermore, for KAR to encourage the Kentucky Real Estate Commission to adopt the ANSI standard of measurement for all licensees."

The Kentucky Real Estate Appraisers Board was represented by the Chair, who spoke in favor of adoption. However, the primary work on this critical step forward was performed by a number of concerned Realtors, many of which are not directly involved in the appraisal profession.

There is a caveat. The recommendation will be that ‘if’ a KAR member or, pending KREC adoption at a later date, a real estate licensee measures a single family residence, then the ANSI Standard will be the rule. This permits any Board of Realtors to continue to refuse to measure houses as dictated by their local experience and view of liability.

There are two new things you might notice in this newsletter. First, we are having the document hole punched in order to facilitate your keeping a copy in a binder. The Frequently Asked Questions, articles and disciplinary actions are excellent reference material if you keep them handy. The holes should make that easier.

Secondly, we are including a summary of Board activities on filed cases including 1) total new cases, 2) cases which were disposed of, and 3) all disciplinary actions. The information is not specific with regard to who was involved. However, the Board felt that it was worthwhile for you to understand that the staff as well as the Board are processing a significant number of cases each quarter.

The Board will be offering a 7 hour continuing education course on January 14th in Bowling Green, February 11th in Lexington and March 11th in Louisville.
To register for the class, complete the registration form found on Page 27 of this newsletter and return form and registration fee to the Board.
Register Early!!!!

*****Reminder*****
****The two year cycle deadline for completion of the 7 hour National USPAP Update is June 30, 2005. Everyone must have completed the 7 hours National USPAP Update by June 30, 2005 to renew their Kentucky Appraiser license/certification.****
Larry Disney

On Monday October 11, 2004 Mr. Mark Simpson, Fannie Mae Director for Property Valuation Standards and Practices, addressed the attendees of the Association of Appraiser Regulatory Officials fall conference in Washington, DC.

I am sure most practicing residential real property appraisers are aware that Fannie Mae is in the process of revising the single-family residential reporting forms used for their underwriting purposes. The forms were exposed in early 2004 for trial use and to obtain user comment through September 15, 2004.

Mr. Simpson reported that more than five hundred individuals in the fields of real property appraising, lending and underwriting provided written comment. Fannie Mae is analyzing the information with plans to revise the forms a second time and distribute them for additional public comment.

Based upon the public comments received to-date Mr. Simpson outlined the following proposed modifications for the future:

- Expanded areas for comments throughout the forms,
- Optional cost and income approaches to value,
- Limit sales history for comparable sales to one year,
- Separate appraisal report forms for units in condominium projects,
- Inclusion of FEMA Special Flood Hazard Area information,
- Expanded sales comparison analysis adjustment grids,
- Clarification of the responsibility of supervisory appraiser, and
- Inclusion of definitions, statement of limiting conditions, and appraiser's certification as part of each appraisal report form.

The forms are unequivocally intended for Fannie Mae use only and absolutely not intended for other residential appraisal reporting uses. Mr. Simpson was also emphatic in stating that, in the opinion of Fannie Mae, the burden is upon the appraiser to 1) understand and comply with the Fannie Mae selling guidelines for real property appraisals, 2) acquire the information necessary to identify the client, intended use, and other intended users of the real property appraisal assignment, and 3) possess the necessary knowledge and competency to understand the necessary steps in developing an assignment scope of work necessary for developing a credible value opinion.

Appraisers are advised that the scope of work for Fannie Mae use is specifically outlined on each form. Other uses, not intended for Fannie Mae, might require a totally different scope of work than that identified in the forms. Therefore, to avoid developing results that are not credible, appraisers are advised to proceed with an abundance of caution when using forms for assignment uses other than Fannie Mae.

Many lenders selling loans to Fannie Mae reported they did not want the Cost Approach section omitted from the 1004 form. The reason given created a cause for concern. Apparently lenders often use the cost approach developed by appraisers to set the reproduction cost new for dwelling insurance purposes. This writer questioned Mr. Simpson about the process and explained that a request of this type required two assignment requests with differing value opinions. Judging from Mr. Simpson’s response, it is believed this is not a major concern of Fannie Mae.

The majority of those responding took issue with the requirement to report a three year sales history for comparable sales. Apparently the arguments outweighed the reporting advantages. Therefore, appraisers will not be required to report more than a twelve month sales history unless 1) it is believed by the appraiser a legitimate reason exists for credible value opinion development, or 2) the sale property has been the subject of multiple flips that occurred over a period of time greater than twelve months.

It is not clear that Fannie Mae has any desire to amend the form instructions or render advice about the assignment use; therefore, it is advised real property appraisers add wording in addendums describing the purpose of the assignment is to develop an opinion of defined market value, and uses for any reason other than making a decision pertaining to mortgage lending is not intended. Further, if a cost approach is developed the result is considered both applicable and necessary for supporting a credible opinion of the referenced defined market value; no other uses are anticipated or identified.

Appraisers are also cautioned against using outdated forms. Instead, it is strongly advised appraisers follow Fannie Mae announcements and advisories pertaining to acceptable forms and instructions for completion. Always make an informed decision how assignments can be completed in compliance with Fannie Mae Supplemental Standards and the Uniform Standards of Professional Appraisal Practice.

It is imperative appraisers understand that Fannie Mae expects them to be competent and knowledgeable in 1) the methods and techniques of real property appraising, 2) the use of real property appraisal reporting forms, and 3) whether assignments are intended for Fannie Mae or other lending uses. Support for the previous was revealed when Mr. Simpson informed the regulators that Fannie Mae has increased the
frequency of suspicious case inquiries submitted to State regulatory agencies for investigation of appraiser irregularities.

Licensed and Certified Real Property Appraisers in Kentucky currently performing assignments for Fannie Mae use, or those wishing to perform these assignments, are advised to seek training in the appropriate Supplemental Standards, Fannie Mae selling guidelines, etc.

The one constant in this issue that we positively know will occur, is change. Therefore, if questions about Fannie Mae arise please contact the Kentucky Real Estate Appraisers Board and request names, telephone numbers or web-site locations for the most up to date information that we have available.

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**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 must be completed to meet the requirement.

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**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
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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Requirements</th>
<th>1/1/08 Requirements</th>
<th>1/1/08 College-Level Course Requirements</th>
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<tbody>
<tr>
<td></td>
<td>90 hours</td>
<td>150 hours</td>
<td>None</td>
</tr>
<tr>
<td>License</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Residential</td>
<td>120 hours</td>
<td>200 hours</td>
<td>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 the required courses, an Associate degree will qualify.</td>
</tr>
<tr>
<td>Certified General</td>
<td>180 hours</td>
<td>300 hours</td>
<td>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. In lieu of the required courses, a Bachelors degree will qualify.</td>
</tr>
</tbody>
</table>

1. Hours required include completion of the 15-hour National USPAP Course (or its equivalent).
2. Hours required include specific coverage of multiple topics—please see the Real Property Appraiser Qualification Criteria for details.
3. 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 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, or by phone at (202) 624-3044.
Kentucky Appraiser Survey

As you renewed your license this year, you were asked to complete a simple survey of 10 questions. The overwhelming majority of appraisers responded to most of the questions (94%) and returned their surveys. The intent of the survey was nothing more than establishing a baseline for who is in the appraisal business in Kentucky and the results were interesting.

Our staff has now compiled the necessary data in a computer program and we are reviewing the various statistical relationships which were revealed. Like all appraisal data, the results (opinions and conclusions) will be both quantitative and qualitative.

We expect to have the information graphed and ready for presentation at the Board’s annual continuing education programs and will publish further results soon thereafter.

You may expect that in 3-5 years time, there will be another, similar survey in order to gauge the evolution of the appraiser population in the Commonwealth. And, in case you wondered, we hear that the Appraisal Foundation is considering a similar survey in the not too distant future.

We thank you for your cooperation and hope to provide some interesting information in months ahead.

Finally, some notes from the preliminary analysis:

- 53% of men and 49% of women appraisers also hold real estate licenses;
- 52% of all appraisers have a 4 year college degree or beyond;
- While 31% of men claim association with a professional organization, only 5% of women are thus affiliated; and,
- 69% of all appraisers indicate that more than 75% of their work time is spent in appraising.

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.

"Mail or fax course completion certificate(s) to the Board upon completion of the course."
SUMMARY OF CASES

FYI, the Board has included in this newsletter a list of activities on filed cases including 1) total cases opened, 2) cases which were disposed of (dismissed or 'with action'), 3) a total of cases closed (a subtotal) and 4) the cases which carried over from one year to the next. The Board felt that it was worthwhile for you to understand that the staff as well as the Board are processing a significant number of cases each quarter.

Obviously the number of cases which were filed or opened has increased substantially with increased input from federal and state regulators. Further, the staff changes in 2003 and not being able to fill the position former held by the current Executive Director has had an adverse impact on the number of cases being held over from one year to the next.

It is a primary responsibility of the Board and our immediate goal to reduce the inventory of outstanding cases. This quarter, for example, 31 of the filed cases in inventory were closed in an appropriate manner (either dismissed or settled with action). Unfortunately, 29 of the 31 cases were 'carryover' from previous years.

We expect in the next three to six months to have the case log reduced to a scale which is appropriate for the level of activity which we are currently experiencing. To that end, the investigations required by KRS 324A are proceeding at a record pace.

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<th>Year</th>
<th># Opened</th>
<th># Dismissed</th>
<th># with Action</th>
<th>Total Closed</th>
<th>Carry Over</th>
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<td>5</td>
<td>4</td>
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<td>139</td>
<td>273</td>
<td>412</td>
<td>163</td>
</tr>
</tbody>
</table>
Kentucky Real Estate Appraisers Board
2480 Fortune Drive, Suite 120
Lexington, KY 40509

Fax: (859) 543-0028

“Mail or fax course completion certificate(s) to the Board upon completion of the course.”

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.

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.
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.

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.

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 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, 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 1st 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

<table>
<thead>
<tr>
<th>Provider</th>
<th>Phone Number</th>
<th>Web Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Pass Weikel</td>
<td>(502) 429-8822</td>
<td><a href="http://www.apassweikel.com">www.apassweikel.com</a></td>
</tr>
<tr>
<td>American Society of Farm Managers &amp; Rural Appraisers</td>
<td>(303) 758-3513</td>
<td><a href="http://www.asfmra.org">www.asfmra.org</a></td>
</tr>
<tr>
<td>Appraisal Educators, Inc.</td>
<td>(812) 925-6421</td>
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<tr>
<td>Appraisal Institute</td>
<td>(312) 335-4216</td>
<td><a href="http://www.appraisalinstitute.org">www.appraisalinstitute.org</a></td>
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<td>Big Sandy Community &amp; Technical College District</td>
<td>(606) 789-5321</td>
<td><a href="http://www.bigsandy.kctcs.edu">www.bigsandy.kctcs.edu</a></td>
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<tr>
<td>Delta Realty Researchers</td>
<td>(859) 737-3133</td>
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<td>Dennis Badger &amp; Associates</td>
<td>(859) 252-3445</td>
<td><a href="http://www.dennisbadger.com">www.dennisbadger.com</a></td>
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<td>Greater Louisville Association of Realtors</td>
<td>(502) 894-9860</td>
<td><a href="http://www.louisville-realtors.com">www.louisville-realtors.com</a></td>
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<td>Home Builders Association of Louisville</td>
<td>(502) 429-6000</td>
<td><a href="http://www.hbal.com">www.hbal.com</a></td>
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<tr>
<td>ICAN, LLC</td>
<td>(859) 581-8770</td>
<td><a href="http://www.E-ican.com">www.E-ican.com</a></td>
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<td>International Right of Way Association - Chapter 25</td>
<td>(502) 339-1807</td>
<td><a href="http://www.irwa25.org">www.irwa25.org</a></td>
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<td>Jefferson Community College</td>
<td>(502) 213-2380</td>
<td><a href="http://www.jcc.kctcs.edu">www.jcc.kctcs.edu</a></td>
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<td>JVI</td>
<td>(407) 774-3344</td>
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<td>Lexington Community College</td>
<td>(859) 257-4872</td>
<td><a href="http://www.uky.edu/lcc">www.uky.edu/lcc</a></td>
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<td>Lincoln Graduate Center</td>
<td>(800) 531-5333</td>
<td><a href="http://www.lincoln-grad.org">www.lincoln-grad.org</a></td>
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<tr>
<td>McKissock Appraisal School</td>
<td>(814) 723-6979</td>
<td><a href="http://www.mckissock.com">www.mckissock.com</a></td>
</tr>
<tr>
<td>Morehead State University</td>
<td>(606) 783-5155</td>
<td><a href="http://www.moreheadstate.edu">www.moreheadstate.edu</a></td>
</tr>
<tr>
<td>National Association of Independent Fee Appraisers</td>
<td>(314) 781-6688</td>
<td><a href="http://www.naifa.com">www.naifa.com</a></td>
</tr>
<tr>
<td>Prestonsburg Community College</td>
<td>(606) 789-5321</td>
<td><a href="http://www.prestonsburgcc.com">www.prestonsburgcc.com</a></td>
</tr>
<tr>
<td>Redd, Brown &amp; Williams</td>
<td>(606) 789-8119</td>
<td><a href="http://www.RBandW.com">www.RBandW.com</a></td>
</tr>
<tr>
<td>Wilson Education Group</td>
<td>(859) 734-3174</td>
<td><a href="http://www.wilsonedgroup.com">www.wilsonedgroup.com</a></td>
</tr>
<tr>
<td>World Savings</td>
<td>(210) 543-5464</td>
<td></td>
</tr>
</tbody>
</table>

# 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
### RECIPROCAL STATES & TELEPHONE NUMBERS

<table>
<thead>
<tr>
<th>State</th>
<th>Telephone Number</th>
<th>State</th>
<th>Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>(334) 242-8747</td>
<td>New York</td>
<td>(518) 473-2728</td>
</tr>
<tr>
<td>Arizona</td>
<td>(602) 542-1539</td>
<td>North Carolina</td>
<td>(919) 420-7920</td>
</tr>
<tr>
<td>California</td>
<td>(916) 263-0722</td>
<td>North Dakota</td>
<td>(701) 222-1051</td>
</tr>
<tr>
<td>Colorado</td>
<td>(303) 894-2166</td>
<td>Ohio</td>
<td>(614) 466-4100</td>
</tr>
<tr>
<td>Georgia</td>
<td>(404) 656-3916</td>
<td>Oregon</td>
<td>(503) 373-1505</td>
</tr>
<tr>
<td>Illinois</td>
<td>(312) 793-3000</td>
<td>Pennsylvania</td>
<td>(717) 783-4866</td>
</tr>
<tr>
<td>Indiana</td>
<td>(317) 232-2980</td>
<td>South Dakota</td>
<td>(605) 773-3178</td>
</tr>
<tr>
<td>Maine</td>
<td>(207) 624-8520</td>
<td>Tennessee</td>
<td>(615) 741-1831</td>
</tr>
<tr>
<td>Maryland</td>
<td>(410) 230-6165</td>
<td>Texas</td>
<td>(512) 465-3950</td>
</tr>
<tr>
<td>Missouri</td>
<td>(573) 751-0038</td>
<td>Washington</td>
<td>(360) 753-1062</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>(603) 271-6186</td>
<td>West Virginia</td>
<td>(304) 558-3919</td>
</tr>
<tr>
<td>Wyoming</td>
<td>(307) 777-7141</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial license/certification</td>
<td>$200.00</td>
</tr>
<tr>
<td>Current USPAP Fee</td>
<td>$12.00</td>
</tr>
<tr>
<td>Roster Fee</td>
<td>$25.00</td>
</tr>
<tr>
<td>Renewal Fee</td>
<td>$237.00</td>
</tr>
<tr>
<td>Renewal Fee for Associate</td>
<td>$212.00</td>
</tr>
<tr>
<td>Inactive Status</td>
<td>$50.00 Initial</td>
</tr>
<tr>
<td>Inactive Status Renewal</td>
<td>$50.00 per year</td>
</tr>
<tr>
<td>Address Change</td>
<td>No charge unless you need a new license</td>
</tr>
<tr>
<td>Address Change with license</td>
<td>$10.00</td>
</tr>
<tr>
<td>Letter of Good Standing</td>
<td>No charge</td>
</tr>
<tr>
<td>State Appraisers List</td>
<td>$25.00</td>
</tr>
<tr>
<td>Continuing Education Course</td>
<td>$50.00</td>
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<tr>
<td>Pre-Licensing Course</td>
<td>$100.00</td>
</tr>
<tr>
<td>NSF Check Fee</td>
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<tr>
<td>NSF Renewal Check Fee</td>
<td>$25.00</td>
</tr>
<tr>
<td>NSF Renewal Check Fee</td>
<td>$200.00</td>
</tr>
</tbody>
</table>

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 Angies_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 be 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.

- October 22, 2004
- November 19, 2004
- December 17, 2004

**REMINDEERS!!**

**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. 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.

**EXAMPLE:**

<table>
<thead>
<tr>
<th>Month Licensed</th>
<th>Reports Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2004</td>
<td>1st Report – November 2004</td>
</tr>
<tr>
<td></td>
<td>2nd Report – May 2005</td>
</tr>
<tr>
<td>June 2004</td>
<td>1st Report – December 2004</td>
</tr>
<tr>
<td></td>
<td>2nd Report – June 2005</td>
</tr>
</tbody>
</table>

**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).
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

What must be in the workfile when an appraiser issues an oral report?

RESPONSE TO QUESTION # 1

The Record Keeping section of the ETHICS RULE requires that the workfile include:

- the name of the client and the identity, by name or type, of any other intended users;
- true copies of any written reports, document of 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. (Bold added for emphasis)

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

A workfile must be in existence prior to and contemporaneous with the issuance of a written or oral report. A written summary of an oral report must be added to the workfile with a reasonable time after the issuance of the oral report.

QUESTION # 2

Is it acceptable to “create” a comparable sale by combining the purchase price of the land with the subsequent cost to build the improvements, for an indicated “sale price?”

RESPONSE TO QUESTION # 2

Misrepresenting that a comparable sale sold for a price that is a combination of the cost paid for the land plus the cost to build the improvements without disclosing the true nature of the transactions, is misleading and is a violation of USPAP.

In addition, for assignments prepared in accordance with Fannie Mae guidelines, supplemental standards issued by Fannie Mae state the following:

“...in no instance may the appraiser create comparable sales by combining vacant land sales with the contract purchase price of a home (although this type of information may be included as additional supporting documentation).”

QUESTION # 3 – THINGS OF VALUE RECEIVED IN PROCUREMENT OF AN ASSIGNMENT

Are appraisers required by USPAP to disclose receipt of things of value that are connected to the procurement of an appraisal assignment in the appraisal report?

RESPONSE TO QUESTION # 3

Yes. The Comment to the Management section of the ETHICS RULE states that:

Disclosure of fees, commissions, or things of value connected to the procurement of an assignment must appear in the certification and in any transmittal letter in which conclusions are stated.

QUESTION # 4 – RESPONSIBILITY FOR WORKFILE RETENTION

a) Jim, an independent contractor, works for my appraisal company on a regular basis. I have always kept all appraisal file documentation (including hard copies of appraisal reports, field notes, drawings, etc.) at my office. Now Jim wants to keep the files relating to his work in his own possession. Under USPAP, which appraiser should keep the workfile?

b) Is the Record Keeping section of the ETHICS RULE upheld if an institutionally employed appraiser ensures that his organization retains copies of his appraisal work for five years? Or, must the appraiser also maintain a personal file of all work performed?
c) A client’s attorney requested that I supply all of my files/records regarding an assignment. Can I do this and still be in compliance with the record keeping requirements for USPAP? Also, what must I retain in my files as proof that the files are now the responsibility of the attorney? Will a simple letter from the client be sufficient?

RESPONSE TO QUESTION # 4

According to USPAP, the appraiser, not the appraiser’s employer or client, is ultimately responsible for the retention of the workfile for the prescribed period. (See Record Keeping section of the ETHICS RULE.) An appraiser who is employed by, or works in conjunction with, another party must make arrangements with that party to protect and preserve the workfile, and to allow the appraiser to make the workfile available to other parties (e.g., state appraiser regulatory agencies) when required by due process of law.

There are a number of ways an appraiser who works for or with another party can ensure that files are retained so that the appraiser can have access to the files to meet the requirements of USPAP’s ETHICS RULE. For example, an appraiser and his employer or colleague may agree that the files will remain in the employer’s or colleague’s custody for the duration of the requisite retention period and that the appraiser will have access to those files, if needed.

USPAP does not dictate the form or format of workfile documentation. It is not necessary to include original documents in the file; photocopies and electronic files are acceptable as “true copies”. Because there have been cases where employers and other have denied appraisers access to workfiles, an appraiser may wish to make and retain copies of workfiles. However, USPAP does not address any specific manner by which an employer or contractor and appraiser should handle record retention. This is a business matter, which should be arranged in the context of the employer-or-contractor-appraiser relationship.

By the same token, provisions of the workfile to a duly authorized party, such as a client’s attorney could be, is permitted by USPAP. However, this does not relieve the appraiser of the responsibility for that workfile. At no time may an appraiser abdicate his or her responsibility for a workfile. Therefore, when an appraiser relinquishes possession of a file to a client or the client’s representative, the appraiser should retain either a copy of the workfile or written reference to an agreement with the client that the appraiser will have access to the workfile if the need arises.

QUESTION # 5 - DIFFERENCE BETWEEN CLIENTS AND INTENDED USERS

What is the difference between a client and an intended user?

RESPONSE TO QUESTION # 5

The term “Client” is defined in the DEFINITIONS section of USPAP as

The party or parties who engage an appraiser (by employment or contract) in a specific assignment.

The term “Intended User” is defined as

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.

Eventual receipt of a copy of the appraisal, appraisal review, or appraisal consulting report does not make the recipient an intended user. To be an intended user the recipient must have been identified as such by the appraiser.

QUESTION # 6 - ARE BORROWERS INTENDED USERS

Frequently, the borrower in a lending transaction is provided with a copy of the appraisal report; and in some cases, the appraiser knows that the borrower will be receiving a copy of the appraisal report. When the appraiser is aware that the borrower or any other third party will receive a copy of the appraisal, does this make that third party an intended user?

RESPONSE TO QUESTION # 6

No, the fact that a borrower or anyone else receives a copy of the appraisal report does not make them an intended user. The concept of an “intended user” in USPAP is framed within the context of the appraiser-client relationship. An “intended user” is defined in USPAP as follows:

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment.

There are several things to note in this definition. First, intended users of the appraisal report must be identified by the appraiser. Secondly, this identification is made at the time of the engagement process so the appraiser can make a prudent judgment about the scope of work to
apply in the assignment and the level of detail to include in the report.

It is also worth noting that the concept of "intended use" and "intended users" are related to the purpose of the assignment. Appraisal reports for loan transactions are typically used to substantiate real property value as underlying collateral for a particular loan. The fact that the lending institution is required by law or regulation to make certain disclosures to the borrower about the loan and the basis for the loan decision does not alter the purpose, the intended user, or the intended users of the appraisal assignment.

SMT-9 further clarifies this issue by stating,

A party receiving a report copy from the client does not, as a consequence, become a party of the appraiser-client relationship.

Parties who receive a copy of the appraisal, appraisal review, or appraisal consulting report as a consequence of disclosure requirements applicable to the appraiser's client do not become intended users of the report unless the client specifically identified them at the time of the assignment.

**QUESTION # 7 - RECERTIFICATION OF VALUE AND APPRAISAL UPDATE**

The terms "recertification of value" and "appraisal update" are often used interchangeably. Do they have the same meaning?

**RESPONSE TO QUESTION # 7**

No, these terms do not have the same meaning. The terms "Update" and "Recertification of Value" are discussed in Advisory Opinion 3 (AO-3).

An "Update" is a new appraisal assignment involving a property that was previously appraised. An Update is subject to the same USPAP requirements as any other appraisal assignment.

A "Recertification of Value" is performed to confirm whether or not the conditions of a prior assignment have been met. One example of a "Recertification of Value" is a "Final Inspection." When an appraiser is asked to complete a "Final Inspection," the appraiser is confirming that conditions established in an assignment have, or have not, been met.

"Final Inspections" are commonly used in the case of a proposed construction where an appraisal is completed subject to completion per plans and specifications.

See AO-3 for further advice on updates of a prior assignment.

**QUESTION # 8 - WHEN IS AN "AS IS" VALUE REQUIRED**

Appraisers are receiving conflicting advice regarding the requirements to provide an "as is" value. Can the Interagency Work Group provide guidance on exactly when an "as is" value is required and when it is not?

**RESPONSE TO QUESTION # 8**

"The requirement for an "as is" value is an implied element in the minimum appraisal standards listed in the agencies' appraisal regulations. Under these standards, an institution must analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.

The agencies' appraisal regulations require an appraisal report to include an "as is" current market value when an institution finances:

- The proposed construction or renovation of an existing property.
- A property that has not met its leasing goals (non-stabilized).
- A property with non-market lease terms (concessions that impact cash flow).
- A subdivision or tract development with unsold units.

If a transaction does not include any of these types of financing situations, then an "as is" value is not required. For example, in financing the purchase of an existing home, there typically would be no need to apply deductions or discounts to arrive at the market value of the property since the institution's financing of the purchase does not depend on events such as further development of the property or the sale of units in a tract development."

**QUESTION # 9**

The Management section of the ETHICS RULE requires an appraiser to disclose, …fees, commissions, or things of value... paid in connection with the procurement of an assignment. If a referral fee was paid in conjunction with an assignment, must the amount of the fee be disclosed, or is it sufficient to simply disclose that a fee was paid?
RESPONSE TO QUESTION # 9

Disclosing the fact that a payment was made in the appraisal certification and any transmittal letter where the conclusions are stated is sufficient to meet the requirement. However, this is a minimum requirement and does not prohibit full disclosure of the amount of the fee.

QUESTION # 10

I am a licensed trainee with approximately six months of experience. My supervisory appraiser recently deemed me competent to perform inspections on my own; however, many of our clients require the supervisory appraiser to physically inspect the property as well. If I do the inspection by myself but take numerous representative photos of the interior of the subject property, may my supervisory appraiser check the box indicating that he “Did Inspect” the interior of the property?

RESPONSE TO QUESTION # 10

No. A physical inspection of the interior of the property is not the same as a physical inspection of photographs of the interior or the property. It would be misleading for an appraiser to indicate that a physical inspection was performed when in fact the appraiser viewed photographs of the property. An appraiser who only inspects photographs of a property, but signs a certification indicating that he or she physically inspected the subject property, is in violation of USPAP’s prohibition against the communication of a misleading or fraudulent report (Conduct section of the ETHICS RULE).

QUESTION #11

I have been looking for new clients and found that many request sample appraisals for review, but I’m concerned that I would be in violation of appraiser-client confidentiality by providing them. To alleviate this problem, I’m considering including the following disclaimer in the “fine print” of my reports:

“The appraiser reserves the right to utilize this report in its entirety as sample work for the purpose of soliciting prospective clients unless written refusal is received from the client.”

Does USPAP allow me to do this?

RESPONSE TO QUESTION # 11

No. The client, not the appraiser, determines who may receive the appraisal report. The Confidentiality section of the ETHICS RULE states, part:

An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client...

Including a statement indicating that the report may be used as a sample does not constitute client authorization to distribute copies of the report.

One solution is to obtain client authorization to use each report as a work sample. An alternative solution may be to redact all confidential information from the report before providing it as a sample. As stated in the Comment following the above referenced text:

Comment: When all confidential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levi Kent Adkisson</td>
<td>Associate</td>
<td>Louisville, KY</td>
</tr>
<tr>
<td>Andrew N. Alexander</td>
<td>Associate</td>
<td>Richmond, KY</td>
</tr>
<tr>
<td>Anthony K. Ailiff</td>
<td>Associate</td>
<td>Louisville, KY</td>
</tr>
<tr>
<td>Danny Ray Armonstrong</td>
<td>Licensed Real Property</td>
<td>Union, KY</td>
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<tr>
<td>Roy Dustin Billings</td>
<td>Associate</td>
<td>Stanton, KY</td>
</tr>
<tr>
<td>Shane Blankenship</td>
<td>Associate</td>
<td>Bowling Green, KY</td>
</tr>
<tr>
<td>Michael N. Burke</td>
<td>Associate</td>
<td>Lexington, KY</td>
</tr>
<tr>
<td>Harry L. Byrd</td>
<td>Associate</td>
<td>Princeton, KY</td>
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<tr>
<td>Jennifer Tillena Caccamise</td>
<td>Certified General</td>
<td>Chicago, IL</td>
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<tr>
<td>Donna L. Clark</td>
<td>Associate</td>
<td>Versailles, KY</td>
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<tr>
<td>Jonathan David Coffey</td>
<td>Associate</td>
<td>Louisville, KY</td>
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<tr>
<td>Margaret Kimberly Cook</td>
<td>Certified General</td>
<td>Dallas, TX</td>
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<tr>
<td>Charles Edward Cigrger</td>
<td>Associate</td>
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<tr>
<td>Steven E. Evans</td>
<td>Certified General</td>
<td>Chicago, IL</td>
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<tr>
<td>Jamie Falco</td>
<td>Associate</td>
<td>Louisville, KY</td>
</tr>
<tr>
<td>Richard M. Fannin</td>
<td>Certified Residential</td>
<td>Ironton, OH</td>
</tr>
<tr>
<td>William R. Flowers, Jr.</td>
<td>Certified General</td>
<td>Paris, TN</td>
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<td>Dane Alan Garber</td>
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<td>John I. Wrzesinski</td>
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RECLASSIFICATIONS

Kenneth P. Fleetwood
Matthew H. Goble
Joseph M.R. Johnson
Barbara Kopp
Terra McCoy
Sharon McCroskey
Gary W. Pendley
Ann C. Robinson
Brian J. Sanderfer

Certified General
Certified Residential
Certified Residential
Certified Residential
Certified Residential
Certified Residential
Certified Residential
Certified Residential
Certified General

Indianapolis, IN
Lexington, KY
Frankfort, KY
Georgetown, KY
Louisville, KY
Louisville, KY
Paris, KY
Middlesboro, KY
Louisville, KY

REPORTING COMPLAINTS IN NEWSLETTER

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

A couple of years ago the Board voted to accept anonymous complaints. 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 appraiser's file and the appraiser shall not be required to report or disclose they had a grievance filed against them. The rational 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. 02-34

It was alleged that the real property appraiser named in the complaint had completed a development of value opinion for litigation testimony purposes. The resulting development process did not conform to Standards Rule 1-1(a) recognized methods and techniques.

The complaint was answered by the respondent and an investigation was completed. Based upon the information reviewed the Board believed sufficient cause was discovered to warrant filing a formal complaint. The specific violations were Standards Rule 1-1(a), the Competency Rule and Standards Rule 2-2(b)(vii).

The assignment was completed in Kentucky under the provision of a temporary practice permit. Therefore, the real property appraiser was notified that future temporary practice permits applied for in Kentucky will be evaluated for competency in the particular assignment requested, 2) if the appraiser should ever apply for certification in Kentucky the application will be evaluated with particular emphasis given this particular case, 3) a copy of the letter of violation notice was submitted the responding appraiser's home State regulatory agency.

CASE NO. 02-77

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.

The responding appraiser did not renew a Kentucky certification; therefore, the case was dismissed without prejudice with leave to reinstate should an application be submitted for certification at a later date.

CASE NO. 03-02

It was alleged that the appraiser completed a real property appraisal development that incorrectly identified land sales for comparison that were not comparable in land class or highest and best use potential.

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 entered into an agreed order accepting the fact that the Board lacked evidence for a finding of violation beyond a reasonable doubt, but sufficient evidence existed for the Board to issue a letter of warning to 1) exercise care in using correct terminology in future reports of value, 2) understand an report more prominently the Departure Rule, and 3) refrain from using canned comments in reports of value opinion.

CASE NO. 03-05

It was alleged the responding appraisers 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 sufficient cause existed to file a formal complaint and schedule a hearing.

The responding appraisers did not renew their Kentucky certification; therefore, the case was dismissed without prejudice with leave to reinstate should an application be submitted for certification at a later date.

CASE NO. 03-09

It was alleged that the appraisers completed a real property appraisal development that incorrectly identified land sales for comparison that were not comparable in land class or highest and best use potential.
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 entered into an agreed order accepting the fact that the Board lacked evidence for a finding of violation beyond a reasonable doubt, but sufficient evidence existed for the Board to issue a letter of warning to 1) exercise greater care in reporting the detail and analysis of sales verification, 2) include more descriptive information in pre-printed forms when the description of report is summary.

**CASE NOs. 03-42, 03-43, 03-44, 03-45**

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 with the Board that the investigation report possessed data to support violations of USPAP Standards Rule 1-1(a), (b) and (c); 1-5(a) and (b); 2-2(b), (vii).

The appraiser agreed to the following action 1) pay a fine of $250.00 to be paid with submission of the agreed order, and 2) shall complete fifty-five (55) hours of board approved education including 39-hours in Basic Appraisal Procedures including successful completion of examination, a 16-hour Residential Case Studies course with successful completion of an examination. The education shall be in addition to the required continuing education requirement of 201 KAR 30:050 Section 7. The education classes shall be completed by September 30, 2004. 3) The responding appraiser shall be permitted to continue supervising his daughter until she is credentialed; however, he/she shall not supervise any additional licensed or unlicensed Associates for two (2) years from the date of the Agreed Order. 4) The responding appraiser shall be limited to the appraisal of 14 family residential properties from the date of agreed order. 5) The responding appraiser agrees that a random file audit may be conducted by an agent of the Board for a period of two years from the date of agreed order, and that the Board may proceed under 201 KAR 30:070 on those reports if necessary. 6) The responding appraiser shall maintain and submit to the Board every six months an experienced log of work. The log shall be submitted for two 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. 03-52**

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 NOs. 03-57, 03-58, 03-83, 03-84, 03-85, 03-86**

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 with the Board that the investigation report possessed data to support violations of USPAP Standards Rule 1-1(a), (b) and (c); 1-4(a), 1-5(a) and (b); 2-2(b), (vii).

The appraiser agreed to the following action 1) pay a fine of $300.00 to be paid with submission of the agreed order, and 2) shall complete fourteen (14) hours of board approved education in addition to the required continuing education requirement of 201 KAR 30:050 Section 7. The education classes shall be completed by December 31, 2004. 3) The responding appraiser shall not supervise any additional licensed or unlicensed Associates for two (2) years from the date of the Agreed Order. 4) The responding appraiser agrees that a random file audit may be conducted by an agent of the Board for a period of three years from the date of agreed order, and that the Board may proceed under 201 KAR 30:070 on those reports if necessary. 5) The responding appraiser shall maintain and submit to the Board every six months an experienced log of work. The log shall be submitted for two 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. 6) The appraiser agrees to submit a log of all assignment completed for the lender identified as the client of the appraisal that was the subject of the complaints listed above, and alert the Board and the Department of Financial Institutions anytime a real property appraisal report is ordered by the financial institution so named.

**CASE NO. 03-61**

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 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. 03-72

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) did not analyze or report exposure time, 3) did not utilize recognized methods and techniques of real property appraisal practice, 4) the value opinion developed and reported was not credible and the results 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 with the Board that the investigation report possessed data to support violations of USPAP Standards Rule 1-1(a), (c); 2-2(b), (vii).

The appraiser agreed to the following action 1) pay a fine of $200.00 to be paid with submission of the agreed order, and 2) shall complete a seven hour Board approved manufactured housing education seminar.

CASE NOs. 03-92 & 03-94

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, and 5) 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 it was believed there was not sufficient evidence to determine that the responding appraiser actually completed the report of value that is the subject of the complaint. Therefore, the Board voted unanimously to dismiss the case without prejudice with leave to reinstate should evidence later surface or be discovered to prove the work is that of the respondent. Also, the respondent agreed to file charges with the County Attorney in the office of the county in which the assignment was completed against the mortgage officer believed to have perpetrated the action of fraud against the responding appraiser.

CASE NOs. 03-93, 03-109, 03-110

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, 2) the final value opinion was misleading and not supported, and 3) the final value opinion was not credible and the reported results misleading.

The complaint allegations were investigated and it was discovered the appraiser did not complete the reports that were alleged deficient. However, the appraiser did not answer the complaints in a time outlined in KRS 324A.050 (1) (e). Based upon the information reviewed, the Board believed sufficient cause existed to file a formal complaint and schedule a hearing.

Prior to a hearing the respondent agreed with the findings and agreed to the following 1) the responding appraiser shall not be permitted the privilege of supervising any additional licensed or unlicensed Associate Real Property appraisers for three years from the date of Agreed Order, 2) the responding appraiser agrees to cooperate with an agent of the Board to identify the individual he/she believes participated in signing his/her name and submitted the fraudulent reports for purposes of defrauding lending institutions regulated by the Federal Financial Institutions Examination Council.

CASE NO. 03-98

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. 03-100

It was alleged that the responding appraisers 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 respondents 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 appraisers explaining procedural issues, while not considered a violation in the above matter, could possibly create problems in later assignments.

CASE NO. 03-103

It was alleged that the responding appraisers 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 respondents 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), (b), 1-5(a), (b), and 2-2(b) (vii). Therefore, prior to the hearing being scheduled the respondent agreed to complete a 7-hour continuing education seminar 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 of $200.00 with the return of Agreed Order.

CASE NO. 03-107

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. 03-114

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), (c), and 2-2(b) (vii). Therefore, prior to the hearing being scheduled the respondent agreed to complete a 7-hour continuing education seminar in addition to the 14-hours regular continuing education mandated each renewal cycle, to be completed by December 30, 2004, and 2) shall not supervise any additional licensed or unlicensed real property appraiser Associate for three years from the date of Agreed Order.

CASE NO. 04-04

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 continuing education seminar in addition to the 14-hours regular continuing education mandated each renewal cycle, to be completed by December 30, 2004.

CASE NO. 04-07

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 with the Board that the investigation report possessed data to support violations of USPAP Standards Rule 1-1(a),(b), 1-5(a), and (b), 2-2, and 2-2(b) (vii).

The appraiser agreed to the following action 1) license suspension for a period of 15-days from October 27, 2004 - November 10, 2004, 2) complete thirty (30) hours of board approved education in addition to the required continuing education requirement of 201 KAR 30:050 Section 7. The education classes shall be completed by October 1, 2004. 3) The responding appraiser shall submit a list of assignments completed for the mortgage company that ordered the assignment that was the subject of the appraisal under investigation. 4) The responding appraiser shall maintain and submit to the Board every month an experience log of work. The log shall be submitted for two 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.
### APPRAISER LICENSE STATISTICS

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### KENTUCKY REAL ESTATE APPRAISERS BOARD

**BOARD MEMBERS**
- C.W. Wilson, Chair - Appraiser Member
- Russell Sloan, Vice Chair - Appraiser Member
- Maxine Smith - Banking Member
- Jennifer Nickles - Banking Member
- Loren Clifford Huff - Consumer Member

**STAFF**
- Larry Disney - Executive Director
  - Email: Larry.Disney@ky.gov
- Angie Thomas - Staff Assistant
  - Email: Angie.Thomas@ky.gov
- Janie Gross - Executive Secretary
  - 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.kreab.ky.gov
KREAB DAY WITH THE BOARD
7 hours Continuing Education Credit
Presented by: KREAB Members, Staff and Liability Insurance Administrators of Santa Barbara, CA

Name: ________________________________
Email Address: _________________________________
(Confirmation for the course will be emailed.)
Firm Name: ________________________________
Address: ________________________________

The Kentucky Real Estate Appraisers Board is offering a continuing education seminar that will be held in three different locations throughout the state and consist of seven (7) hours of continuing education. The topics discussed at the seminars will include the **2005 USPAP Revisions, Liability Insurance Administrators, Appraiser Claims Pit Falls and Disasters**.

**Registration fee for the seminar is $100.00 in advance or $125.00 at the door.** There will be no refunds, but if you are unable to attend the seminar for which you are registered, if seating is available, you may apply the fee toward a different location (this year's seminar only). Lunch will be provided. The seminar will be held from 8:30 a.m. – 4:30 p.m. with registration beginning at 8:00 a.m. KREAB reserves the right to deny continuing education credit to anyone arriving 15 minutes after the starting time. Early registration is recommended.

To register for the course, complete the registration form and return the form along with the fee of $100.00 to the KREAB. Register early, seating is limited.

The KREAB course will not be a duplicate of any course offered by the KREAB.

<table>
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<th>CITY</th>
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| **BOWLING GREEN**   | **January 14, 2005** | Holiday Inn University Plaza
                       | 1021 Wilkinson Trace, Bowling Green, KY
                       | For reservations call: (270) 745-0088                                    |
| NOTICE: BOWLING GREEN SEMINAR LOCATION HAS CHANGED. | | |
| **LEXINGTON**       | **February 11, 2005** | Four Points Sheraton Lexington
                       | 1938 Stanton Way, Lexington, KY 40511
                       | For reservations call: (859) 825-8005                                   |
| **LOUISVILLE**      | **March 11, 2005** | The Clarion Hotel
                       | 9700 Bluegrass Parkway, Louisville, KY 40299
                       | For Reservations call: (502) 491-4830                                   |
| NOTICE: LOUISVILLE SEMINAR LOCATION HAS CHANGED. | | |

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

**NOTICE:**
*If your registration form and fee are not received in this office prior to the seminar, you will be charged $125.00. This includes last minute call-ins. NO EXCEPTIONS.*