

Kentucky Real Estate Appraisers Board

QUARTERLY NEWSLETTER NO. 60 - APRIL 2006

GOVERNOR ERNIE FLETCHER MAKES BOARD APPOINTMENTS

J.W. GRABEEL - APPRAISER MEMBER

In January of 2006, Mr. J.W. Grabeel was appointed to the Kentucky Real Estate Appraisers Board. Mr. Grabeel has been an appraiser since 1982 and is currently the senior appraiser with Southeastern Appraisal Inc. Prior to becoming an

independent appraiser, Mr. Grabeel was Pulaski County P.V.A. for a period of twenty years. He is also a retiree of the Army Reserve, having attained the rank of Lieutenant Colonel. He has been very active in the Boy Scouts and is now serving as chairman of the Lake Cumberland District Boy Scouts. He and his wife Louise reside at Highway 39, Somerset and are members of the Pine Hill Baptist Church. Mr. Grabeel has dedicated himself to help on the mission field. He travels with a mission team two to three times a year to the foreign field. He and Louise are the parents of three daughters and one son. They also have eleven grandchildren. Mr. Grabeel is much honored to have this appointment given to him.

THERESA MARSHALL - BANKING MEMBER

Theresa Marshall is a lifetime resident of Fleming County. She graduated from the Fleming County High School and Maysville Community College with an Associate Degree in Business Management. An employee of Peoples Bank of Flemingsburg, KY for the past 22 years, she has served in the following

capacities: Loan Secretary/Data Coordinator, Loan Officer, Compliance Officer and most recently Head of Internal Audit and Compliance.

She is also a licensed Real Estate Sales Associate for the past 20 years, a certified Emergency Medical Technician for 9 years, an appointed member of the Fleming County Cemetery Preservation Board for 2 years and Co-chair of the Fleming County American Heart Association for 14 years.

Theresa is a member of the Charlton-Ashton Rebekah Lodge #112 and has served as Chaplin and Warden. A 30 year member of the Beechburg Christian Church, she has served as Treasurer for 20 years and Sunday School Teacher for 21 years.



THE BOARD OFFICE WILL BE MOVING ON MAY 9TH AND 10TH, 2006.

MAKE NOTE OF THE CHANGES

Kentucky Real Estate Appraisers Board
Spindletop Administrative Building
2624 Research Park Drive, Suite 204
Lexington, KY 40511
Phone and fax numbers will remain the same.

RENEWAL TIME IS HERE!!!!

The renewal notices will be mailed on May 1, 2006. Please contact the Board office if you do not receive your notice by May 8th.

Because of the overwhelming number of renewal requests this year and the Board office moving during renewal, we must receive your paperwork before the last two weeks of June or we cannot guarantee your license will be mailed by June 30th. If you need your new license for your clients, please submit your renewal EARLY. WE WILL NOT FAX COPIES OF A LICENSE.

If you bring your renewal notice to the office, your license will not be processed at that time, it will be mailed later. NO EXCEPTIONS.

The number of continuing education hours on file will be listed on the renewal form. If the minimum 14 hours is not shown on the form and you have completed THE approved education, you must immediately fax or mail all course completion certificates to the Board. Your license renewal will not be processed until the Board has received proof of 14 hours of continuing education for the renewal cycle.

Reminders: 1) Keep copies of your education certificates, 2) Mail the original renewal form completed and a check in the enclosed self addressed envelope, 3) Any renewals postmarked July 2nd or later will be considered late and a \$200.00 late fee will be required before the license will be issued.

109. Appraising Physical Segments (5-Acre Portion)

Question: A local lender has asked me to appraise only a 5-acre portion of a 62-acre parcel, stating that Fannie Mae will lend on no more than 5 acres. Am I permitted to comply with this request?

Response: 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 an unacceptable appraisal practice...

Failure to recognize this supplemental standard would be a violation of the [ETHICS RULE](#) or [COMPETENCY RULE](#).

From: "USPAP – Frequently Asked Questions 2005"
By: The Appraisal Foundation, Washington, D.C.

MESSAGE FROM THE CHAIR

By: Russell Sloan

While the changing education requirements for becoming a certified appraiser have resulted in considerable recent interest, the experience requirement will not change in 2008 but is one of the three existing criteria which must be fulfilled in order to become certified. In my opinion, it is the key component of these in determining the long term quality level of the appraiser. There are several issues and misconceptions regarding the experience criteria that need to be addressed.

The experience requirements have not changed. The certified residential appraiser credential requires 2,000 hours of credible experience, in a period of not less than 24 months, and the certified general appraiser credential requires 2,500 hours of credible experience, in a period of not less than 30 months. The applicant must work under a supervising appraiser as an associate appraiser in order to obtain experience credit. The supervisor can have no more than three (3) associate appraisers.

The associate appraiser is required to submit an appraisal report to the Board, after six months, after a year, and an experience log at the end of the two year period. An example of an acceptable log may be downloaded from the KREAB website. The KREAB staff will then select two reports from the log for review. These reports are reviewed for compliance with USPAP, and if they are found to be deficient, additional reports may be requested, and possibly credit request denied. While we obviously do not require perfection, these reports should comply with USPAP, with minimal deficiencies. Reports submitted for experience credit toward the certified residential credential are required to include both a cost approach and a sales comparison approach, while reports submitted for credit toward the certified general credential are required to include all three approaches. Furthermore, a report must be in either a self-contained format or a summary format in either instance. The requirements for approval may be found on the KREAB website.

We have found that, in far too many submissions, the applicant has failed to meet the most basic requirements. The associates often fail to understand many fundamental concepts of the appraisal process, and even worse, they seem to have never heard many of the concepts. This includes numerous reports in which the applicant has failed to demonstrate an

understanding of the age/life depreciation concept in the cost approach. In addition, a disturbingly large number of appraisal reports submitted for experience credit have had the individual approaches developed in a manner inconsistent with one another. The three approaches are interrelated, which would imply a degree of correlation between depreciation rates, adjustments, vocational factors, etc. between the various approaches. Furthermore, there should be some correlation between the development of the approaches and the description of the neighborhood and the physical attributes of the properties. These are some of the more common items, but they are considered to be symptoms of the level of training being provided to the associate appraisers.

While a degree of this may obviously be a reflection of the education level, which has now been addressed by the Appraiser Qualifications Board, the training being provided must bear a significant portion of the responsibility. The supervising appraiser must always be aware that he/she is completely responsible for the work product submitted by the associate appraiser. We have historically viewed the experience review process as an educational process, and as a result, have tried not to "punish" the supervising appraiser. The level of some of the work product has resulted in some supervising appraisers being called to meet with the Board. It is certainly possible that the Board could choose to file a complaint against a supervising appraiser in the event of egregious deficiencies, or in the event of continuing evidence of noncompliance in multiple reports supervised by the same appraiser.

The Board has instructed educational providers to make students in qualifying education classes aware of the new criteria as well as the existing requirements for certification; however, the Board has no contact with appraisers until they apply for an associated license. The Board is currently preparing a seminar for associate members as well as one for supervising appraisers. It is our intention to make this a mandatory seminar so that both the associate appraisers and the supervising appraisers will be more aware of the process for becoming certified, as well as their responsibilities during the process. Regardless, it is imperative that the supervising appraiser remember that he or she is responsible for keeping the associate appraisers informed and for their work product. The supervising appraiser has an obligation to educate and train the associate, not to use the associate as an income source.

REAL PROPERTY APPRAISER REGULATION IN KENTUCKY - PRESENT AND FUTURE

By: Larry Disney

The purpose of this article is intended to hopefully provide guidance and answers for 1) the current requirements for qualifying education and 2) the most commonly asked questions of the KREAB staff about the 2008 requirements for qualifying education and the national qualifying examination.

Clearly the answers for the two items above will depend upon the current status of the person asking the question.

If a person currently holds one of the Kentucky real property appraiser credentials but wishes to reach another level, he/she might possibly be able to do so without having to complete the 2008 AQB appraiser education or the college requirements. The answer will depend upon the amount of education and additional experience required.

However, regardless of the amount or type of education completed, if a person began logging credible experience hours on or after January 1, 2006 there is no feasible way under 201 KAR Chapter 30 administrative regulations that he/she can obtain a credential under the current education criteria. Therefore, that person will be required to meet all 2008 appraiser education requirements listed in 201 KAR 30:190 for the applicable credential, the specified college degree or the alternative college credit hours, and also successfully complete the revised 2008 qualifying examination.

The KREAB advises anyone who wishes to enroll in appraiser education classes for whatever reason, including a move from one credential to another, to obtain a credential by reciprocity or who is beginning the process, to contact the Board staff. In the past education approved for qualifying education was approved on the basis of subject matter and total number of classroom hours. There were no specific curriculum or course titles.

After January 1, 2006, in Kentucky, the process changed significantly. Today the courses approved for qualifying education must either be approved by the AQB Course Approval Program or by a KREAB approved course reviewer. This is required not only for new courses being requested for approval, but for any course taken in the past and

submitted today for credit. All courses must be evaluated to verify they comply with the 2008 education topics and contents referenced in 201 KAR 30:190.

The KREAB cautions any person who will be credentialed on or after January 1, 2008 that the key for success rests not only with completion of the specified qualifying education, but just as important will be the supervision and experience training.

Currently credentialed real property appraisers are advised to consider training associates only if they are committed to giving the time and they are devoted to providing the resources necessary for permitting the associate an opportunity to become as knowledgeable and successful in the profession as possible.

Conversely, the associate is advised to interview potential supervisors to verify that the training appraiser can provide adequate time and resources that will permit the associate successful entry into the profession so he/she can compete with tomorrow's highly trained analyst.

The revised appraiser education, the requirement for college education and the revised examination are all a result of the users of appraisers' services requiring a service more demanding than filling out forms or writing narrative reports without the knowledge necessary for developing meaningful assignment results. The users now seek a professional who is competent, ethical and knowledgeable of methods and techniques necessary for providing credible appraisal results in a variety of differing scope of work requests. The one size fits all mentality was long ago revoked.

It has often been said and written "the times are changing." The key for success and preparedness for these changing times will require knowledge built upon credible information analysis. Are you ready? If not, begin making yourself ready, immediately.

In the past many individuals have told the Board and staff they have received incorrect information

from education providers, instructors, supervising appraisers and others concerning the changing requirements, and the supervision requirements.

Please do not chance yours or another's career, or possibly risk the loss of investment in education and time. The best possibly way to minimize this risk is to contact the only source in Kentucky given the legislative authority for enforcing the 2008

AQB criteria requirements for real property appraiser education, experience and examination, the KREAB.

Therefore, if anyone has a question or needs information please call the KREAB office, and request the answer, preferably in writing, or request a meeting to discuss the criteria and your specific status.

KENTUCKY REAL ESTATE APPRAISERS BOARD

BOARD MEMBERS

Russell Sloan, Chair - Appraiser Member
Dorsey Hall, Vice Chair - Banking Member
Loren Huff - Consumer Member
J.W. Grabeel - Appraiser Member
Theresa Marshall - Banking 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
2624 Research Park Drive, Suite 204, Lexington, KY 40511
Telephone: (859) 543-8943 - Fax: (859) 543-0028
Web Site: www.kreab.ky.gov

Attention all Kentucky Licensed and Certified Real Property Appraisers, **The USPAP effective date cycles are:**

- ◆ The 2005 Edition of USPAP will remain effective until June 30, 2006.
- ◆ The 2006 Edition of USPAP will be effective from July 1, 2006 - December 31, 2007
- ◆ Future USPAP editions will be on a two-year effective date.

ADMINISTRATIVE REGULATION EXPERIENCE HOURS

All applicants for real property appraiser experience in the Commonwealth of Kentucky are advised to be familiar with the following explanation and amplification of 201 KAR 30:050, Section 6.

Effective July 1, 2005 "all" applicants applying to the Kentucky Real Estate Appraisers Board, without having received a prior credential, for Certified General Real Property Appraiser, Certified Residential Real Property Appraiser or Licensed Real Property Appraiser must affirm by a signed and certified experience log that the hours presented were completed while the applicant was practicing as a Licensed Associate Real Property Appraiser under the "direct" supervision of a Certified General Real Property Appraiser, Certified Residential Real Property Appraiser or Licensed Real Property Appraiser. The log must be signed, and the signatures notarized, by the applicant and all licensed/certified appraisers listed as providing supervisory duties for the specific assignments presented. Please remember that each supervising appraiser accepting responsibility for the training must notarize each specific assignment section that is pertinent to their supervision of the applicant.

Please note the above does not apply to 1) individuals currently licensed or certified but have their credentials in escrow, 2) for those individuals holding current valid credentials applying to move from one credential to the next, or 3) individuals who reside in a State other than Kentucky and apply for a credential through reciprocity and wish to receive the same credential they possess in their home

state. The requests for experience approval requests by applicants who have been previously licensed or certified but allowed their credentials to expire will be examined on a case by case basis.

EXAMPLE of UNACCEPTABLE SCENARIO:

An individual, never previously licensed or certified as a real property appraiser, has been working the previous two years in a real property appraiser's office without applying for an Associate Real Property Appraiser License. On July 1, 2005 the individual files an application with the Kentucky Real Estate Appraisers Board for the Certified Residential Real Property Appraiser credential with the notation that the only lacking requirement is successful completion of the national examination.

After reviewing the application the Board staff determines the individual has documented acceptable proof of education completion. The appraisal assignment log indicates the experience hours were completed under the direct supervision of a Certified Residential Real Property Appraiser. However, the applicant has never applied for or received any prior credential, including the Associate Real Property Appraiser License, for the period in which experience credit is now requested. Therefore, in this scenario the individual will be denied experience credit until he/she receives an Associate Real Property Appraiser License and completes all required experience (time and hours) under the direct supervision of a licensed/certified appraiser(s).

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 ¹	1/1/08 Requirements ^{1 2}	1/1/08 College-Level Course Requirements ³
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 the required courses, an Associate degree will 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. In lieu of the required courses, a Bachelors degree will qualify.

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. Brennan, 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.

APPRAISER LICENSE STATISTICS - As of April 17, 2006

LICENSEES	NO.	INACTIVE STATUS	NO.
Certified General	508	Certified General	14
Certified Residential	777	Certified Residential	38
Licensed Real Property	111	Licensed Real Property	7
Associate	514		
TOTAL	1910		59

**BOARD OFFICE MOVING!!!!
MAKE NOTE OF CHANGES!!!!**

**Kentucky Real Estate Appraisers Board
Spindletop Administrative Building
2624 Research Park Drive, Suite 204
Lexington, KY 40511
Phone and fax numbers will remain the same.**

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.

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 is 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 formerly 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.

Year	# Opened	# Dismissed	# with Action	Total Closed	Carry Over
1992	5	4	1	5	0
1993	16	11	5	16	0
1994	18	10	8	18	0
1995	9	6	3	9	0
1996	5	4	1	5	0
1997	25	9	16	25	0
1998	37	11	26	37	0
1999	26	6	20	26	0
2000	85	23	62	85	0
2001	68	19	48	67	1
2002	82	23	54	77	5
2003	115	55	50	105	10
2004	109	49	27	76	33
2005	84	20	1	21	63
2006	26	4	0	4	22
TOTALS	710	254	322	576	134

RENEWAL TIME IS HERE!!!!

- ◆ If you were licensed before June 30, 2005, you must submit proof of 14 hours of continuing education before you can renew. Education must be completed between July 1, 2005 - June 30, 2006.
- ◆ Fax course completion certificates to the Board upon completion of the course.
- ◆ Return completed renewal form and required fee to the Board by June 30, 2006.
- ◆ A self addressed envelope will be provided with your renewal form. Please be sure to return renewal in the envelope provided.

"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 has the competency 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 Associate's 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 the first six (6) months and at the end of the first twelve (12) months of initial license 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.

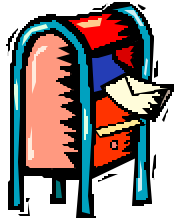
ASSOCIATE INFORMATION

Still some confusion: For an Associate Real Property Appraiser to receive experience credit toward certification, at least one of the following must be completed, (1) the Associate must 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 the description 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 give the associate credit in the certification for significant professional assistance is a violation of the USPAP and could result in a sanction by the Board.

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



Kentucky Real Estate Appraisers Board
2624 Research Park Drive, Suite 204
Lexington, KY 40511

Fax: (859) 543-0028

CLARIFICATION OF THE 7 HOURS NATIONAL USPAP UPDATE

The Board has been asked several questions concerning the 7 hour National USPAP Update. I hope the following will clarify some of the issues.

1. The 15-hour National USPAP course or it equivalent **MAY NOT** be substituted for the 7-hour National USPAP Update course.
2. The 7 hour National USPAP Update course is required to be completed every two years by every certified/licensed appraiser.
3. The two year cycle will begin on July 1 of the first year a licensee is required to complete continuing education. For anyone licensed or renewing on July 1, 2005, the course must be completed at least one time between July 1, 2005 and June 30, 2007.
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.

NATIONAL USPAP UPDATE COMPLETION

Fiscal Year	Year 14 hours CE <u>IS NOT</u> required	Year 14 hours CE <u>IS</u> required	Year National USPAP Update <u>IS</u> required
Everyone licensed prior to June 30, 2004	N/A	6/30/06	June 30, 2007
First license* issued between 7/1/04 - 6/30/05	6/30/05	6/30/06	June 30, 2007
First license* issued between 7/1/05 - 6/30/06	6/30/06	6/30/07	June 30, 2008
First license* issued between 7/1/06 - 6/30/07	6/30/07	6/30/08	June 30, 2009

*First license being the very first license ever issued at any level (Associate, Licensed Real Property, Certified Residential, Certified General) by the State of Kentucky.

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 moving to another credential. 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. ***But, continuing education courses absent successful completion of an examination 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 the course. However, a pre-licensing course taken by an individual who does not take the test, or failed the test, can receive continuing education credit only.

WHO NEEDS CONTINUING EDUCATION?

There still seems to be some confusion with regard to who and when is required to complete the 14 hours of continuing education.

Your original date of licensure governs when you must complete 14 hours of continuing education. Our fiscal year runs from July 1st through June 30th. If your licensure/certification renewal 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 move to another credential during the fiscal year, your first original license issue date is the basis date for renewal. Any questions, please call the Board office.

Also, it's a lot easier if you will complete 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 wish 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 charge.

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

APPROVED EDUCATION PROVIDERS

Provider	Phone Number	Web Site
A Pass Weikel	(502) 429-8822	www.apassweikel.com
American Society of Farm Managers & Rural Appraisers	(303) 758-3513	www.asfmra.org
American Society of Farm Mgrs & Rural Appr. - KY Chapter	(859) 254-2741	
Appraisal Educators, Inc.	(812) 925-6421	
Appraisal Institute	(312) 335-4100	www.appraisalinstitute.org
Bluegrass Community & Technical College	(859) 246-6266	www.kctcs.edu
Delta Realty Researchers	(859) 737-3133	www.deltaresearchers.com
Dennis Badger & Associates	(859) 252-3445	www.dennisbadger.com
George K. Cox	(270) 926-8353	www.georgekcoxvaluationprofessionals.com
Greater Louisville Association of Realtors	(502) 894-9860	www.louisvillerealtors.com
Home Builders Association of Louisville	(502) 429-6000	www.hbal.com
ICAN, LLC	(859) 371-9620	
JVI Appraisal Division, LLC	(407) 531-5333	
McKissock Appraisal School	(814) 723-6979	www.mckissock.com
Morehead State University	(606) 783-5155	www.morehead-st.edu
National Society of Real Estate Appraisers, Inc.	(859) 282-7677	
Northern Kentucky Association of Realtors	(859) 344-8400	
Redd, Brown & Williams Real Estate Services	(606) 789-8119	www.RBandW.com
The Columbia Institute	(800) 460-3147	www.columbiainstitute.org
West Kentucky Community & Technical College	(270) 534-3112	www.westkentucky.kctcs.edu
William King & Associates	(253) 925-5017	www.valueone.com
Wilson Education Group	(859) 734-3174	www.wilsonedgroup.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) 552-9000	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 (Certified General, Certified Residential & Licensed Real Property)	\$237.00
Renewal Fee (Associate)	\$212.00
Initial Inactive Status	\$50.00
Address Change	No charge
Address Change with new certificate	\$10.00
Letter of Good Standing	No charge
State Appraiser List	\$25.00
Continuing Education Course Approval	\$50.00
Pre-Licensing Course Approval	\$100.00
NSF 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 moving 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 a renewal fee by June 30th with no prorating of fees, or 2) Waiting until July 1 to have your license or certification issued and only paying one fee. If you have any questions, please call Angie at the Board office or you can email her at Angie.Thomas@ky.gov.

PROCEDURES FOR MOVING 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 MOVING 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 MOVING 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 MOVING 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 MOVING 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 successful completion of a closed book exam at the end of the course.

Report requirements for submission:

1. Reports submitted for experience credit must be true and be true 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.

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.

April 28, 2006	June 20, 2006	August 25, 2006	October 27, 2006	December 15, 2006
May 26, 2006	July 28, 2006	September 19, 2006	November 17, 2006	

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. 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.

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 you don't get blind sided by not activating your status in a timely fashion.

YEAR LICENSED PLACED INACTIVE:	LICENSE MUST BE ACTIVATED BY:
July 1, 2003	June 30, 2006
July 1, 2004	June 30, 2007
July 1, 2005	June 30, 2008

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.

*For further information regarding USPAP Q&A, please contact: **John S. Brennan**, Director of Research & Technical Issues.*

*The Appraisal Foundation
1029 Vermont Avenue, NW, Suite 1900
Washington, DC 20005
(202) 624-3044
(202) 347-7727 Fax*

CHANGES IN THE 2006 EDITION OF USPAP

The 2006 USPAP will be published in late January 2006 and become effective July 1, 2006. Appraisers, regulators and users of appraisals have begun asking about the changes. This month's questions are in response to these inquiries.

QUESTION # 1

What are the major changes in the 2006 USPAP?

RESPONSE TO QUESTION # 1

The DEPARTURE RULE has been removed and the new SCOPE OF WORK RULE has been added. The terms "Limited Appraiser," "Complete Appraisal," "Binding Requirement," and "Specific Requirement" have also been removed from USPAP.

The SCOPE OF WORK RULE has no development requirements that differ from those in the 2005 USPAP; however, the identification of the appraisal problem to be solved and the development of an appropriate scope of work to solve that problem have been given greater emphasis in the 2006 USPAP.

For more information, the ASB Summary of Actions (issued 10/28/05) is available on the website of The Appraisal Foundation. (www.appraisalfoundation.org)

QUESTION # 2

Should appraisers start using the 2006 USPAP in January 2006?

RESPONSE TO QUESTION # 2

No. The current 2005 edition of USPAP is effective until June 30, 2006. Although the 2006 USPAP will be published and available in late January 2006, it will not become effective until July 1, 2006. The ASB recognizes that the marketplace will need time to adjust to the changes and this five-month period between publications and the effective date should allow for that.

QUESTION # 3

Does the SCOPE OF WORK RULE introduce any new reporting requirements to USPAP?

RESPONSE TO QUESTION # 3

While the SCOPE OF WORK RULE requires the appraiser to report the scope of work performed in the assignment, this requirement has been in USPAP for many years. The relevant portion of the Rule states:

Disclosure Obligations

The report must contain sufficient information to allow intended users to understand the scope of work performed.

Comment: *Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.*

The requirement to report the scope of work takes on greater significance because intended users rely on this disclosure to understand the type and extent of research and analyses performed in the assignment, rather than relying on the simple (and potentially misleading) labels, Complete Appraisal and Limited Appraisal.

QUESTION # 4

Am I required to have a separate section in my reports describing my scope of work?

RESPONSE TO QUESTION # 4

No. USPAP does not dictate where information must be included in reports, and the description of the scope of work performed is no exception.

The SCOPE OF WORK RULE states:

The report must contain sufficient information to allow intended users to understand the scope of work performed.

The scope of work performed may be described in one section, or throughout the report.

QUESTION # 5

Have the reporting labels been deleted from USPAP starting with the 2006 edition?

RESPONSE TO QUESTION # 5

No. "Self-Contained Report," "Summary Report" and "Restricted Use Appraisal Report" are still the report options and real and personal property appraisals, and "Appraisal Report" and "Restricted Use Appraisal Report" are still the report options for a business or tangible asset appraisal.

FANNIE MAE UPDATE REPORT FORM 1004D

I have been asked to provide an update of a previous appraisal assignment and to report the results on Fannie Mae form 1004D. The form asks me to check "yes" or "no" in response to the question "Has the subject's market value declined since the original appraisal date?"

QUESTION # 6a

Does this constitute a new appraisal of the property?

QUESTION # 6b

How much of my analysis must I include in the report?

RESPONSE TO QUESTION # 6a

Yes. This is a new appraisal with a new effective date. Additional guidance can be found in Advisory Opinion 3, *Update of a Prior Assignment*.

RESPONSE TO QUESTION # 6b

Form 1004D is labeled as a Summary Appraisal Report. Therefore, the appraiser must provide a summary of the analysis conducted in the assignment.

The analysis will vary from assignment to assignment, so the information required in the report will also vary. In some cases it might be possible to summarize the analysis using the three lines provided on the form itself. If the space provided is insufficient, then the appraiser must supplement the form.

QUESTION # 7

THE COST APPROACH AND FANNIE MAE FORM 1004

The new Fannie Mae Form 1004 indicates that Fannie Mae does not require completion of the cost approach. Is it acceptable to simply omit the cost approach when using this appraisal report form?

RESPONSE TO QUESTION # 7

The appraisal report form on which an appraisal is reported does not dictate the scope of work performed.

The appraiser must identify the appraisal problem and determine the proper scope of work.

If the cost approach is required for credible assignment results, then it must be developed and the results must be included in the appraisal report. If the cost approach is not required for credible assignment results, the appraiser may elect not to complete the cost approach. If it is omitted, the report must explain the omission.

Whether or not the cost approach is necessary is a decision that must be made by the appraiser based on the intended use, intended user, and other assignment elements.

QUESTION # 8

CITING THE SOURCE OF THE VALUE DEFINITION AND FANNIE MAE FORM 1004

USPAP requires an appraisal report to include a citation of the source of the value definition used for the appraisal. Is this information adequately addressed on the new Fannie Mae Form 1004?

RESPONSE TO QUESTION # 8

Yes. On the new Fannie Mae Form 1004, the value definition is pre-printed on the form, and there are several references indicating that Fannie Mae is the source of the form. No additional citation is required.

QUESTION # 9

ENGAGED DIRECTLY BY THE HOMEOWNER

I was contacted by homeowners who want me to perform an appraisal of their home to be used for loan at a federally regulated financial institution. What are my responsibilities in this potential assignment?

RESPONSE TO QUESTION # 9

It is an appraiser's responsibility to disclose to the homeowners that a lender or its agency is required by Title XI of FIRREA to directly engage the services of an appraiser in a federally related transaction. If the homeowners still want to engage you, your disclosure allows you to accept the assignment.

Additional information can be found in Advisory Opinion 25, *Clarification of the Client in a Federally Related Transaction*.

QUESTION # 10

READDRESS OR TRANSFER

Is it acceptable to readdress or transfer a completed appraisal report?

RESPONSE TO QUESTION # 10

No. Once a report has been prepared for a named client or clients, the appraiser cannot 'readdress' (transfer) the report to another party. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship. Therefore, this action is misleading.

However, you can consider the request as a new assignment. In so doing, you may establish a new appraiser-client relationship and appraise the property for this new client.

Additional information can be found in Advisory Opinion 26, *Readdressing (Transferring) a Report to Another Party*. Important considerations, such as the handling of confidential information and other factors, are addressed in Advisory Opinion 27, *Appraising the Same Property for a New Client*.

QUESTION # 11

I heard that recertifications of value are no longer permitted. Is this true?

RESPONSE TO QUESTION # 11

No, that is not true. However, there is confusion surrounding this question because the term 'Recertification of Value' to confirm whether or not the conditions of a prior appraisal have been met. However, if a client wants to know whether the *value* of a property has changed (or remained the same) since a prior appraisal, this is an 'Update.'

Regardless of the label used, an appraisal of a property that was the subject of a prior assignment is not an extension of the prior assignment – it is a new appraisal assignment. Information about an appraiser's obligations in this situation can be found in Advisory Opinion 3, *Update of a Prior Assignment*.

QUESTION # 12

PURPOSE OF THE WORKFILE

What is the purpose of an appraiser's workfile?

RESPONSE TO QUESTION # 12

An appraiser's assignment workfile preserves evidence of the appraiser's compliance with USPAP and other information as may be required to support the appraiser's opinions, conclusions, and, in the case of an appraisal consulting assignment, recommendations.

The appraiser's assignment workfile also serves other purposes. As in many other professions, discipline by public agencies and peer review, together with one's self-discipline and dedication of effort, serves to ensure performance of assignments in compliance with professional standards. In addition to facilitating enforcement, a workfile aids the appraiser in handling questions from the client or an intended user following the delivery of the report.

QUESTION # 13

PAPER COPIES OF ELECTRONICALLY TRANSMITTED REPORTS

Are appraisers required by USPAP to retain a paper copy of electronically transmitted appraisal reports?

RESPONSE TO QUESTION # 13

No. The Record Keeping section of the ETHICS RULE requires appraisers to prepare and retain written records of appraisal, appraisal review, and appraisal consulting assignments. However, the Comment states:

A photocopy or an electronic copy of the entire actual written appraisal, appraisal review, or appraisal consulting report sent or delivered to a client satisfies the requirement of a true copy.

Therefore, a paper copy is not required.

QUESTION # 14

ELECTRONIC WORKFILE STORAGE

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

RESPONSE TO QUESTION # 14

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

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

QUESTION # 15

TIME PERIOD TO RETAIN WORKFILES

How long do I have to retain a workfile for an assignment?

RESPONSE TO QUESTION # 15

The Records Keeping section of the ETHICS RULE states:

An appraiser must retain the workfile for a period of at least five (5) years after preparation or at least two (2) years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

QUESTION # 16

MINIMUM WORKFILE RETENTION

My state appraisal board is asking me to send a copy of the workfile for an appraisal I performed eight years ago. Since I provided no testimony in the assignment, I was only required to maintain access to the workfile for five years. Given that this time

period has expired, can the state board still take action in this case?

RESPONSE TO QUESTION # 16

Yes. The time frames referenced in the Record Keeping section of the ETHICS RULE are **only minimums**. Nothing in USPAP would prevent an enforcement proceeding from taking place after the applicable time period had expired.

QUESTION # 17

My state law requires an appraiser to retain workfiles for three years after the valuation date. Is this an example of a jurisdictional exception?

RESPONSE TO QUESTION # 17

No. Jurisdictional exception is defined as *an assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.*

In the scenario described, complying with the Record Keeping section of the ETHICS RULE would exceed the requirements of the law, but it would not be contrary to the law.

By retaining access to workfiles for the longer period required by USPAP, the appraiser would also be in compliance with the law. Therefore, this would not be a jurisdictional exception.

QUESTION # 18

SUPPLEMENTAL STANDARDS DEFINED

What are supplemental standards?

RESPONSE TO QUESTION # 18

Supplemental standards are requirements that

- ◆ are issued by a government agency, a government sponsored enterprise or another entity that establishes public policy;
- ◆ have a material effect on development and reporting, and
- ◆ apply to all properties or assignments in a particular category.

Contractual agreements that are unique to the contracting entity and which apply specifically to a particular property or assignment are not supplemental standards.

QUESTION # 19

SUPPLEMENTAL STANDARDS DESCRIBED

What makes a requirement a supplemental standard?

RESPONSE TO QUESTION # 19

In order for a requirement to become a supplemental standard in an assignment, the requirement must add to the purpose, intent and content of the requirements set forth in USPAP and have a material effect on the development and reporting of assignment results. The requirements applicable in an assignment, as that term is used in USPAP, relate to the development and communication of an appraisal, appraisal review or appraisal consulting assignment.

Requirements that extend beyond this purpose, intent and content framework, such as the number of copies of a report, the kind of exhibits, or the time-frame for assignment completion, might be legitimate service contract requirements. However, they are not supplemental standards applicable to an appraisal, appraisal review or appraisal consulting assignment in the context of the SUPPLEMENTAL STANDARDS RULE.

QUESTION # 20

WHEN SUPPLEMENTAL STANDARDS DIMINISH USPAP REQUIREMENTS

Can a supplemental standard require less than USPAP?

RESPONSE TO QUESTION # 20

No. Supplemental standards may augment USPAP but must not diminish the purpose, intent, or content of USPAP.

QUESTION # 21

SUPPLEMENTAL STANDARDS RULE AND SPECIFIC ASSIGNMENT OBLIGATIONS

I was told that the SUPPLEMENTAL STANDARDS RULE makes it a violation of the ETHICS RULE if I do not comply with every condition in an assignment that I accept. How can this be? I can't control every possible factor in performing an appraisal. Please explain why this is necessary and exactly what it means.

RESPONSE TO QUESTION # 21

This portion of the SUPPLEMENTAL STANDARDS RULE is necessary to ensure appraisers recognize their USPAP-related obligations when accepting an assignment that includes supplemental standards.

It is essential to recognize that not all assignment conditions are supplemental standards. Further, even when a requirement that is supplemental standards it not met, that failure to comply is not necessarily a violation of the ETHICS RULE.

If an appraiser accepts an assignment involving supplemental standards and then the appraiser knowingly fails to comply with those supplemental standards, that action is a violation of the ETHICS RULE because the appraiser did not comply with the agreed-upon supplemental standard. If instead an appraiser fails to meet a supplemental standard due to an inadvertent error, such action may be a violation of, for example in a real property appraisal, Standards Rule 1-1(b), but it is not a violation of the ETHICS RULE.

WELCOME NEW APPRAISERS

Joyce A. Alexander	Licensed Real Property	Cincinnati, OH
Nicholas Sean Bagnoli	Licensed Real Property	Cincinnati, OH
Amy Beth Bank	Licensed Real Property	Peebles, OH
William J. Barrow, II	Associate	Lexington, KY
Diana L. Bischoff	Associate	Shepherdsville, KY
James R. Bradley	Certified General	Nashville, TN
Imelda Brown	Licensed Real Property	Winnsboro, TX
Marian Brown	Associate	Lexington, KY
Paul D. Conn	Certified General	St. Charles, IL
John D. Collins	Associate	Almo, KY
Dianne P. Cooper	Associate	Elizabethtown, KY
Phillip B. Cornwell	Associate	Louisville, KY
Randal D. Dawson	Certified General	Chicago, IL
Jason L. Ferris	Certified General	Dayton, OH
John A. Forrester	Certified Residential	Cleves, OH
Rebecca J. Fraley	Certified Residential	Maineville, OH
Jason B. Franklin	Associate	Louisville, KY
Paul D. Franklin	Associate	Louisville, KY
Milton L. Freiberg, Jr.	Licensed Real Property	Cincinnati, OH
Pedro Emilio Garcia	Licensed Real Property	Georgetown, IN
Jeremy Grimes	Associate	Lexington, KY
W. Lloyd Hall	Associate	Jeffersonville, IN
Robert W. Hardin, Jr.	Associate	Mt. Washington, KY
Kelly L. Hargis	Associate	Evansville, IN
Kenneth R. Harrison	Certified General	Carlsbad, CA
Jeff Hartman	Associate	Brooksville, KY
Patricia Joe Hatfield	Associate	Paintsville, KY
Dallas Chad Hodge	Associate	Harrodsburg, KY
Stephen Allen Holmes	Certified General	Buckhannon, WV
Carrie L. Hornback	Associate	Louisville, KY
Amanda Rae Howard	Associate	Harlan, KY
Layton Hudson	Associate	Murray, KY
Amy M. Humphrey	Licensed Real Property	Cincinnati, OH
John W. Jardine	Certified Residential	Cincinnati, OH
Karen Michelle Keown	Associate	Owensboro, KY
Joseph S. Key	Certified General	Tustin, CA
J. Mitchell Knight	Associate	Sedalia, KY
Julie Knight	Associate	Sedalia, KY
Catherine A. Lintner	Certified General	Cincinnati, OH
Linda H. Linville	Associate	Paris, KY
Brian T. Mack	Licensed Real Property	Middletown, OH
Robert Russel Mancini	Certified General	Atlanta, GA
James R. Mansfield	Associate	Salvisa, KY
Adam K. McCarty	Associate	Louisville, KY
Charles C. Montgomery	Associate	New Albany, IN
Paula J. Moore	Associate	Louisville, KY
Fred J. Muschong	Associate	Lexington, KY
Bruce E. Newville	Associate	Radcliff, KY
Russell Lee Page	Certified General	Houston, TX
Karen W. Parsley	Associate	Glasgow, KY
Herbert E. Phillips	Certified General	Nashville, TN

Jennifer A. Pike	Associate	Georgetown, KY
Elaine P. Rogers	Associate	Lexington, KY
Michael "Sam" Skaggs	Associate	Glasgow, KY
Benjamin Kennedy Sirk	Associate	Paducah, KY
David M. Smith	Certified Residential	Fairfield, OH
John Lester Smith	Associate	Vancleve, KY
Christi A. Spann	Associate	Murray, KY
Jay Stinson	Associate	Simpsonville, KY
James K. Tellatin	Certified General	Chesterfield, MO
Joshua Brett Watson	Associate	Campbellsville, KY
Stephen J. Weis	Certified General	Cincinnati, OH
Derrick Wayne Wilbourn	Associate	Louisville, KY
Dana C. Worthington	Associate	Flemingsburg, KY

RECLASSIFICATIONS

Joshua D. Beam	Certified Residential	Louisville, KY
Michelle Beierle	Certified Residential	Covington, KY
Bryan K. Bernardi	Certified Residential	Corydon, IN
Steven A. Bourgeois	Certified Residential	Louisville, KY
Dann Cann	Certified Residential	Leitchfield, KY
Bonnie Downing Clark	Certified Residential	Olive Hill, KY
Jeffrey M. Conlon	Certified Residential	Louisville, KY
Jason L. Cox	Certified Residential	Campbellsville, KY
Benjamin Blake Davidson	Certified General	Richmond, KY
Keavin Hayden	Certified Residential	Owensboro, KY
Shawne Mardis	Certified Residential	Charlestown, IN
Donald D. Perry	Certified Residential	Frankfort, KY
Bobby Preece	Certified Residential	Louisia, KY
Derrick Scott	Certified Residential	Paris, KY
Brenda Kay Walker	Certified Residential	Greenville, KY
Danny T. Walker	Certified Residential	Greenville, KY
Jerry R. Watson	Certified Residential	Elizabethtown, KY

ADMINISTRATIVE REGULATION CHANGE **EXPERIENCE HOURS**

Effective July 1, 2003, all experience hours obtained for credit toward Certified General, Certified Residential and Licensed 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 that 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

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 offenses 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 appraiser's name being listed 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 rationale for not reporting grievances 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

The following is a summary of recent disciplinary actions issued by the KREAB. The following is only a summary of the cases and the actions. Each case presented the Board is unique and different; therefore, the following information should not be relied upon as precedent for similar cases and how they might be handled in the future.

Case Numbers 01-26, 01-27, 02-16, 02-26, 02-27, 02-28, 02-29, 03-01, 03-10, 03-87

By consent the responding appraiser, Mr. John C. Mason, agreed to a six (6) month suspension of his Kentucky credential, and to voluntary surrender his Kentucky credential for a period of three (3) years.

If Mr. Mason seeks to reinstate his certificate at the end of the three year period, the provisions of KRS 324A.050(2) shall apply to a petition of reinstatement.

This action shall constitute a disciplinary action against Mr. Mason and it shall be submitted as such to the national registry of The Appraisal Subcommittee in Washington, DC.

The following cases against Mr. Mason were dismissed by the Board 02-25, 04-49, 04-66, 04-87, 05-02, 05-25, and 05-78.

Case #03-39 and #04-102

By consent the responding appraiser agreed to complete a 7-hour National USPAP Update course, complete a 7-hour Fannie Mae Forms 2005 course, and successfully complete the 30-hour Basic Appraisal Procedures course, including a closed book examination. The 44-hours of education shall be in addition to the regular continuing education requirement of 201 KAR:30:050, Section 7 and all education must be completed by 12-31-06.

The responding appraiser agreed that the following items of violation existed and consisted of negligence in preparing a real property appraisal development and did communicate those results in a written report.

The appraiser prepared two reports on the same property using the same effective date, but for two different identified clients. The responding appraiser replied that the act was committed because of electronic submission problems.

The sales selected and used for comparison were taken from areas approximately 10 miles distant from the subject property, when in fact properties considered more similar and closer in distance, within 1 mile, were not used. The responding appraiser indicated the sales were selected because the subject improvement was a proposed construction and the area sales improvements ranged in age from 4 years to 40 years. The subject site consisted of 0.25 acres and two of the sale sites contained more than 20 acres of land area.

The appraiser reported sales information was not consistent with the data reported in the verification sources, specifically MLS. Also, the adjustments listed in the appraisal report were not consistent from one sale to another for the same item, and no explanation or reasoning was given.

Case #04-32

By consent the responding appraiser, Mr. John L. Reinhold, agreed to a 1-year suspension of a Kentucky credential.

Also, the respondent agreed to successfully complete the 7 hour National USPAP Update course or a 7-hour course in appraising 2-4 unit residential dwellings. The 7-hours of education shall be in addition to the regular continuing education requirement of 201 KAR:30:050, Section 7 and all education must be completed prior to reinstatement of the respondents Kentucky credential.

The responding appraiser agreed that the following items of violation existed and consisted of negligence in preparing a real property appraisal development and did communicate misleading results in a written report.

The appraiser selected comparable sales from areas that contained property sales considerably higher than the subject property area sales and valuation assessments.

The appraiser's engagement letter and request suggests a target or per-determined value opinion. It was discovered that the appraiser's value opinion appeared to "hit" a suggested target value.

The appraisal report incorrectly identified the owner of the property at the time of assignment. It was incorrectly reported that the borrower was the property owner. This information was not verified from a reliable source, but was taken from the engagement letter and information provided by the lender.

The appraiser's opinion of building effective age was not supported. The building was 107-years old, but the effective age was listed 15-years. The building use was rental and had been for some time. There was no discussion of the apparent required building repairs, updates, or condition.

Case #04-53

The appraiser in this case agreed to a dismissal with a letter of caution. It was determined that the report pre-dated an earlier action for the same type issues. Per agreement in the earlier settlement the appraiser was informed that if other cases were submitted, pre-dating the agreement, that contained similar deficiencies there would be no disciplinary action greater than a letter of caution.

Case #04-86

By consent the responding appraiser agreed to complete a 7-hour Fannie Mae Forms course. The 7-hours of education shall be in addition to the regular continuing education requirement of 201 KAR:30:050, Section 7 and all education must be completed by June 30, 2006.

The responding appraiser agreed that the appraisal development and the appraisal report consisted of and contained deficiencies.

The sales used for comparison analysis were not comparable with the subject property relevant characteristics, although other more similar sales existed in the subject defined neighborhood.

Inconsistent adjustments were applied to the comparable sales with no explanation or summary of reasoning. The appraiser developed the cost approach, but the reproduction cost was not consistent with the appraiser's stated dwelling quality.

The above items and others noted as deficient in the appraisal report were not consistent with Fannie Mae Supplemental Standards. The appraiser was told at the time of engagement that the assignment and the report must be prepared in accordance with Fannie Mae Appraisal Guidelines.

Case #04-107

By consent the responding appraiser agreed to successfully complete the 30-hour Basic Appraisal Procedures course, including a closed book examination; and the 15-hour Report Writing Class with successful completion of a closed book examination. The 45-hours of education shall be in addition to the regular continuing education requirement of 201 KAR:30:050, Section 7 and all education must be completed by June 30, 2006.

The responding appraiser agreed that the following items of violation existed and consisted of negligence in preparing a real property appraisal development and communication of misleading results in written report.

The appraisal report was considered misleading due to the description of improvements and the improvements relevant characteristics being listed average, but in reality they were below average. Also, subject adjustments were not relevant based on the sale improvements and site characteristics.

The appraiser agreed that the subject property improvement was a manufactured house, but failed to note that fact in the communication of value opinion, and did select sales for comparison that were not manufactured dwellings. Or that did exhibit similar quality characteristics of the subject dwelling.

The appraiser did not analyze or report a summary of the subject property sales agreement.

The appraiser was told at the time of assignment engagement that the appraisal and report would be used for selling a loan on the secondary market, specifically Fannie Mae, but neither the development nor the report complied with Fannie Mae Supplemental Standards

Case #05-03

By consent, the Board accepted the voluntary surrender of Mr. Randy D. Sexton's Kentucky real property appraiser credential. This action will be reported to the national registry of The Appraisal Subcommittee in Washington, DC.

In the same action, Mr. Robert Wilcoxson was named, but he failed to renew his license as of July 1, 2005; therefore, the Board has no authority to act in regards to his license. If Mr. Wilcoxson should ever apply to the Board for a Kentucky real property appraisal credential in the future the matter will be reinstated prior to a credential being awarded.

In the same action, a third respondent was named, but the Board investigation revealed no evidence that the respondent was a party to the action or had ever participated in the development or communication of a value opinion for the properties listed in the complaint. Therefore, the allegations were dismissed without prejudice with leave to reinstate in the future if charges or information is deemed applicable to warrant doing so.

Case #05-08

By consent the responding appraiser agreed to successfully complete a 7-hour Back to Basics course. The 7-hours of education shall be in addition to the regular continuing education requirement of 201 KAR:30:050, Section 7 and all education must be completed by June 30, 2006.

The responding appraiser agreed that the following items of violation existed and consisted of negligence in preparing a real property appraisal development, and did result in communication of those results in a written report.

The appraiser failed to select sales for comparison that were located in the subject market area, and further failed to report a summary of reasoning for the omission.

The respondent failed to comply with the Supplemental Standards Rule of USPAP, but the client informed the appraiser at the time of assignment engagement that the appraisal and report would be used for secondary marketing purposes, specifically Fannie Mae. The appraiser did not outline the market area for the subject on the subject property neighborhood boundaries and did not summarize in the report findings, analysis or reconciliation to support the value opinion.

Case #05-15

The appraiser in this case agreed to a dismissal with a letter of caution. It was determined that the report pre-dated an earlier action for the same type issues. Per agreement in the earlier settlement the appraiser was informed that if other cases were submitted, pre-dating the agreement, that

contained similar deficiencies there would be no disciplinary action greater than a letter of caution.

Case #05-35

The appraiser in this case agreed to a dismissal with a letter of caution. It was determined that the report pre-dated an earlier action for the same type issues. Per agreement in the earlier settlement the appraiser was informed that if other cases were submitted, pre-dating the agreement, that

contained similar deficiencies there would be no disciplinary action greater than a letter of caution.

The Board voted to dismiss the following cases due to there being no supporting factual evidence to warrant a finding of USPAP violations or KRS 324A. 050. **Case Numbers 04-85, 05-04, 05-05, 05-11, and 05-70**

Important Reminders

**BOARD OFFICE MOVING!!!!
MAKE NOTE OF CHANGES!!!!**

**Kentucky Real Estate Appraisers Board
Spindletop Administrative Building
2624 Research Park Drive, Suite 204
Lexington, KY 40511**

Phone and fax numbers will remain the same.

RENEWAL TIME IS HERE!!!!

- ◆ If you were licensed before June 30, 2005, you must submit proof of 14 hours of continuing education before you can renew. Education must be completed between July 1, 2005 - June 30, 2006.
- ◆ Fax course completion certificates to the Board upon completion of the course.
- ◆ Return completed renewal form and required fee to the Board by June 30, 2006.
- ◆ A self addressed envelope will be provided with your renewal form. Please be sure to return renewal in the envelope provided.

KENTUCKY REAL ESTATE APPRAISERS BOARD
2624 RESEARCH PARK DRIVE, SUITE 204
LEXINGTON, KY 40511

