



KANSAS REAL ESTATE APPRAISAL BOARD
2003
WINTER NEWSLETTER



Vol. XI

2003

No. 4

2004 RENEWAL

The 2004 renewal period is fast approaching and appraisers should be aware of their continuing education requirements to avoid that last minute dash that results in taking courses you have no interest in. Keep in mind that renewals must be submitted on or prior to May 31, 2004, to be considered "on-time". Renewals received after May 31 will be subject to a \$50 late fee.

All appraisers originally licensed prior to July 1, 2003, are required to meet the 14 hours of approved continuing education in order to renew. Those hours must have been completed after June 30, 2003. As this is the first year of a two-year education cycle, if you have taken more than 14 hours since June 30, 2003, you may carry the excess over to your 2005 renewal.

Appraisers licensed on or after July 1, 2003, are exempt from continuing education at their first renewal, however, will be required to meet the 14 hours needed for their 2005 renewal.

USPAP

Although articles have been published in the Board's newsletters for the past year regarding the changes to the Uniform Standards of Professional Appraisal Practice (USPAP) requirement, we are still receiving numerous calls indicating that there is confusion as to which USPAP can be used and when it is needed.

All appraisers are required to complete the 7-hour USPAP Update course once every two-year education cycle. For those appraisers needing continuing education in both 2004 and 2005 (a total of 28 hours), the 7-hour USPAP Update course may be taken for either renewal period. For those appraisers who are exempt from continuing education in 2004, the course must be taken for the 2005 renewal.

We have also received several calls regarding the 15-hour tested USPAP course.

Although the 15-hour course may be used to meet the continuing education requirement, it will not meet the USPAP requirement and the 7-hour USPAP Update course **must still** be completed at least once during each two-year education cycle.

EDUCATION CYCLES

Education cycles are now two years in length and will run as follows:

- July 1, 2003 - June 30, 2005
- July 1, 2005 - June 30, 2007
- July 1, 2007 - June 30, 2009, etc.

While the 28 hours (total) required during each two-year cycle may be completed in the first year and carried forward to meet the 2nd year's requirement, you cannot take 13 or less hours the first year with the intention of making it up during the second year.

A complete list of all approved providers and their courses can be accessed from the Board's website at www.accesskansas.org.



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BOARD ACCEPTING RESUMES FOR REVIEWER POSITIONS

The Board is now accepting resumes for desk reviewers. The preference is for appraisers with five to ten years of experience and a thorough understanding of Uniform Standards. Reviewers are contracted each fiscal year (July 1 through June 30) and are currently reimbursed at the rate of \$80 per hour for residential reviews and \$90 per hour for commercial/agricultural reviews.

If you would be interested in contracting with the Board as a reviewer, please submit your resume, three letters of reference and a cover letter with current contact information to: Kansas Real Estate Appraisal Board, 1100 SW Wanamaker Rd., Ste. 104, Topeka, KS 66604.



Got an idea for an article you would like to see in our newsletter? Send your ideas to the Board at 1100 SW Wanamaker Rd., Ste. 104, Topeka, KS 66604, fax to (785) 271-3370 or e-mail them to cheryl.magathan@kreab.state.ks.us.

EX PARTE COMMUNICATION

Individual appraisers who are tempted to contact members of the Appraisal Board to seek information on a pending application, to discuss a pending complaint or disciplinary action, or to influence a decision are advised that such ex parte communications are improper and may be detrimental to the individual appraiser.

A Board member who might have been favorable is placed in the difficult position of having to abstain from discussing or voting on the application or disciplinary case in question.

The Board's authority and power to act exists only during lawfully convened board meetings. Only as a Board do they receive information, act on applications and discipli-

nary matters, make decisions and direct staff to take specific action.

All questions should be directed to the staff who will provide general information and advice on all procedures. Meetings are open to the public and everyone is invited to attend.



BOARD OFFICE UPDATES DATABASE

The Board has been working over the past two-years to upgrade and update our database and computer system. While the new database went into use last year, we are still in the process of "tweaking" it to allow for an easily accessible bank of information. One of the modifications is the addition of a "mailing address" to the information currently on record. When this new field was downloaded, it automatically populated with the appraiser's current residence address.

When renewal applications are mailed out, they will again be accompanied by the Address Verification form and it is here that you will be able to list a separate mailing address. Keep in mind that as it stands now, all information leaving this office is mailed to the appraiser's residence address. As of January 1, 2004, all information will mail to the appraiser's mailing address. This can be your residence, a PO Box or your business address. Just bear in mind that **all** mailings from the Board will go to that address. That would include renewal information, license certificate, disciplinary actions, etc.

The Board has prepared an "Address Change Request" form and this is now posted on our website at www.accesskansas.org/kreab under Applications. If you wish to submit your address change without the form, please be sure to include the following information:

- Appraiser's Name
- License/Certificate Number
- Type of Change (i.e., residence, mailing, business or a combination)
- The address change to be made
- Although your contact information may not be changing (phone, e-mail, fax),

please include this information so that our records can be verified.

Keep in mind that the addition of the mailing address does not negate an appraiser's responsibility for notifying the Board office of a change of address, either business or residence (ref. K.S.A. 58-4114).



BOARD HOLDS ELECTION OF OFFICERS

At their December 5, 2003 meeting, the Board elected Ronald D. Aul (Lawrence) as Chairman and G.N. (Jerry) Capps (Wichita) as Vice-Chair.

Mr. Aul is a general certified appraiser, carrying certificates in both Kansas and Missouri. He is a commercial real estate appraiser with Aul & Hatfield Appraisals, L.C. in Lawrence, dealing with multifamily, retail, office, industrial, special use, eminent domain and commercial land and farm appraisals. Mr. Aul was appointed to the Board on December 8, 2001. His current term will end on June 30, 2004.

Mr. Capps is a sales, use, property and state tax consultant and an attorney. His credentials in these areas include representing national, state and local taxpayers at all levels of the state and local tax system. He represents clients at the county level, at the administrative level and through the court system, including the state's highest courts. Mr. Capps represents taxpayers and provides state and local tax services in Kansas, Oklahoma, Arkansas, Minnesota, Indiana, Texas, Nevada, California and New Mexico. Mr. Capps represents a diverse group of industries, including construction, retail, manufacturing, oil and gas, entertainment, lodging and industrial. Mr. Capps was appointed to the Board on December 8, 2001. His current term will end on June 30, 2004.



USPAP Q & A

Q I recently reviewed an appraisal report. As part of the assignment I de-

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

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

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

"...data and analyses provided by the reviewer to support a different value conclusion must match, at a minimum, the reporting requirements for a Summary Appraisal Report for a real property appraisal (Standards Rule 2-2(b)) and a personal property appraisal (SR 8-2(b))...and an Appraisal Report for a business appraisal (SR10-2(a))..." (bold added for emphasis).

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

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

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

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

"I certify that, to the best of my knowledge and belief the reported analyses, opinions,

and conclusions are limited only by the reported assumptions and limiting conditions and are **my personal, impartial, and unbiased professional analyses, opinions, and conclusions.**" (bold added for emphasis)

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

Q I received a request to update an appraisal I previously completed. The original report was issued as a Self-Contained Appraisal Report? Am I required to use the same reporting format in my update?

A No. Advisory Opinion 3 (AO-3) states, in part:

*The new report is not required to have the same level of detail as the original report - i.e. a **different reporting option may be used.** However, the new report must contain sufficient information to be meaningful and not misleading to the intended users.* (bold added for emphasis)

Refer to AO-3 for further guidance on updating a prior assignment.

Q Can an appraiser use "any" type of hypothetical condition in developing an appraisal?

A No. The Comment to Standards Rule 1-2(h) states:

*A hypothetical condition may be used in an assignment **only if:***

- *use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;*
- *use of the hypothetical condition results in a credible analysis; and*
- *the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.* (bold added for emphasis)

Standards Rules 7-2(h) and 9-2(g) contain similar Comments.

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

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

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

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

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.



REPORTING LENDER PRESSURE

The Board continues to hear appraiser concerns regarding lender pressure to raise their real estate valuation conclusions to target values. Appraisers who accommodate such lenders are not adhering to the standards promulgated by the Uniform Standards of Professional Appraisal Practice. Article XI of the Financial Institutions Reform and Recovery Act of 1989 (FIRREA) is intended to address this issue. Verified complaints of this nature can be brought to the attention of the authorities. The Office of the Comptroller of the Currency (OCC) Cus-

tomers Assistance Group have provided the following contact numbers for handling consumer complaints:

NATIONAL BANKS - Office of the Comptroller of the Currency: 1-800-613-6743

SAVINGS/LOAN BANKS - Office of Thrift Supervision: 1-800-842-6929

CREDIT UNIONS - National Credit Union Administration: (703) 518-6330

STATE CHARTERED BANKS - Federal Deposit Insurance Corporation: (877) 275-3342

MORTGAGE COMPANIES - Federal Trade Commission: (877) 382-4357

You can also contact the Office of the State Bank Commission, 700 Jackson, Ste. 300, Topeka, KS 66603, 785-296-2266 (phone) or 785-296-0168 (fax), <http://www.osbc.kansas.org>.



KEY FEATURES OF THE 2004 USPAP

DEFINITIONS: Two definitions, INVESTMENT ANALYSIS and MARKET ANALYSIS have been deleted because of their limited use in USPAP.

DEFINITIONS: The definition of BIAS has been edited to represent the full range of mental and emotional predispositions required of appraisers by USPAP.

PREAMBLE: The PREAMBLE has been revised to enhance its clarity.

ETHICS RULE: The Record Keeping section of the ETHICS RULE has been edited to clarify the intent and responsibility of appraisers regarding record retention relative to judicial proceedings. An edit has also been made to clarify the need for appraisers to have appropriate custody or access to their work-file.

STANDARDS RULES 2-2(C)(IX) AND 8-2(C)(IX): Language in these Standards Rules that

indicated the review of a Restricted Use Appraisal Report in compliance with STANDARD 3 is not possible without the reviewer having the benefit of the information retained in the work-file was removed.

STANDARDS RULES 10-2(B)(VII) AND 10-3: Edits have been made to these Standards Rules regarding the appraiser's certification and disclosure of the nature of professional assistance to make them more consistent with parallel Standards Rules.

ADVISORY OPINION 10 (AO-10): This Advisory Opinion titled "The Appraiser-Client Relationship" has been retired. Many of the issues addressed in this Advisory Opinion have incorporated into the new Advisory Opinions 25, 26 and 27.

ADVISORY OPINION 24 (AO-24): "Normal Course of Business": This is a new Advisory Opinion addressing the concept of "Normal Course of Business" that is used in Standards Rules 1-5 and 7-5.

ADVISORY OPINION 25 (AO-25): "Clarification of the Client in a Federally Related Transaction" - This is a new Advisory Opinion that addresses whether an appraiser has an obligation to ensure that his or her services are directly engaged by a federally insured depository institution.

ADVISORY OPINION 26 (AO-26): "Readdressing (Transferring) a Report to Another Party" - This new Advisory Opinion addresses the practice of altering a report to indicate that a new recipient is the client when it was originally completed for another party.

ADVISORY OPINION 27 (AO-27): "Appraising the Same Property for a New Client" - This new Advisory Opinion addresses the practice of appraising a property for a party after appraising it for another party.

GLOSSARY: The Glossary has been removed from the USPAP publication.



**LICENSED/CERTIFIED APPRAISERS
AS OF JANUARY 7, 2004**

General Certified..... 423
 Residential Certified 338
 State Licensed 303
 Provisional (Trainee) 159

TOTAL..... 1,223

NEW APPRAISERS (SINCE 9/10/03)

PROVISIONAL LICENSE

Sehorn, Patrick
 Driscoll, Matthew
 VanNostran, Colleen
 Hargett, Dwayne
 Wood, Clayton L.
 Spaulding, Brent
 Lietz, Matthew
 Finney, Heather
 DeSelm, Steven
 Biggs, Mark
 Kauffman, David
 Korte, Steven
 Pauly, Adam
 Rohr, Patricia
 Christoph, James
 Lechtenberg, Barbara

STATE LICENSE

Williamson, John
 Sheetz, Darnelle
 Munson, Scott
 Terzis, Pete
 Totman, Brad
 Atkins, Bruce
 Noller, Shannon
 Mezzacasa, Joseph

Beard, Gary
 Gilbreath, Richard
 Bottiger, Allen
 Trent, Kerry
 Hall, James
 Reed, Michael
 Higgs, Will
 Holloway, Bradley
 Drennan, Timothy
 Knipper, Phillip
 Breer, Toby

RESIDENTIAL CERT.

Weaver, Tracy
 Maschger, Mark
 Miller, Tamara
 Titus, Kenneth
 Terrell, David
 Caldwell, Kenneth
 Gronewold, Scott
 Sizemore, Jerry

GENERAL CERT.

Inskeep, Keith
 Curran, Michael
 Sutte III, Donald



WHO DO I ASK?

The Kansas Real Estate Appraisal Board staff is always ready and willing to provide assistance to both appraisers and the public. However, questions regarding the interpretation or application of USPAP must be directed to the Appraisal Founda-

tion. Contact numbers for the Foundation are:

Phone: (202) 347-7722
 Fax: (202) 347-7727
 E-Mail: info@appraisalfoundation.org
 Website: www.appraisalfoundation.org



APPRAISAL BOARD MEMBERS

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