



October, 2006

# Kansas Real Estate Appraisal Board 2006 Fall Newsletter



No. 4

## IMPORTANT NOTICE

Recent inquiries to the Board office have made it evident that many appraisers and trainees are unclear about both the new "supervision" changes to take effect on July 1, 2007 and the effects of the change to the Scope of Practice for the State Licensed and Certified Residential classifications that will be implemented with the 2008 criteria.

### 117-2-2A, 117-3-2A, 117-4-2A AND 117-5-2A (SUPERVISION REGULATIONS)

**Q.** If I have not met the full 2,000 (or 2,500/3,000) hours of experience by July 1, 2007, will I lose the hours supervised by my current state licensed supervisor?

**A. NO.** Any experience hours prior to July 1, 2007, which met the experience requirements in place at that time, can still be used. The affect of the supervision regulations addresses only that experience completed on or after July 1, 2007.

**Q.** My supervisor got his Certified Residential classification in August, 2006, so I can continue to use him after July 1, 2007, right?

**A. WRONG.** The supervision regulations require that a supervisor must have been "...certified as an appraiser **for a minimum of two (2) years immediately preceding the date on which the supervision began.**" (emphasis added)

### 2008 CRITERIA CHANGES TO SCOPE OF PRACTICE

EFFECTIVE JANUARY 1, 2008, THE FOLLOWING CHANGES TO THE SCOPE OF PRACTICE WILL LIMIT

### ALL AGRICULTURAL AND COMMERCIAL APPRAISALS TO THE CERTIFIED GENERAL CLASSIFICATION.

#### **K.A.R. 117-2-4. LICENSED CLASSIFICATION, SCOPE OF PRACTICE.**

(a) (1) The licensed classification shall apply to the appraisal of the following:

(A) Non-complex residential units for one to four families, with a transaction value of less than \$1,000,000; and

(B) complex residential units for one to four families, with a transaction value of less than \$250,000.

(2) For the purposes for this regulation, the following definitions shall apply:

(A) A complex one-family to four-family residential property appraisal shall mean an appraisal in which the property to be appraised, the form of ownership, or the market conditions are atypical.

(B) For non-federally related transaction appraisals, transaction value shall mean market value.

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(b) The licensed classification shall include the appraisal of vacant or unimproved land that is utilized for one-family to four-family purposes and where the highest and best use is for one-family to four-family purposes. The licensed classification shall not include the appraisal of subdivisions in which a development analysis or appraisal is necessary and utilized.

(1) Each licensed appraiser shall comply with the competency rule of the uniform standards of professional appraisal practice (USPAP), as adopted in K.A.R. 117-8-1.

(2) Each licensed appraiser shall perform and practice in compliance with the USPAP, as adopted in K.A.R. 117-8-1.

**K.A.R. 117-4-4. RESIDENTIAL CLASSIFICATION, SCOPE OF WORK.**

(a) The residential classification shall apply to the appraisal of residential units for one to four families without regard to transaction value or complexity.

(b) The residential classification shall include the appraisal of vacant or unimproved land that is utilized for one-family to four-family purposes and where the highest and best use is for one-family to four-family purposes. The residential classification shall not include the appraisal of subdivisions in which a development analysis or appraisal is necessary and utilized.

(c) Each certified residential appraiser shall comply with the competency rule of the uniform standards of professional appraisal practice (USPAP), as adopted in K.A.R. 117-8-1.

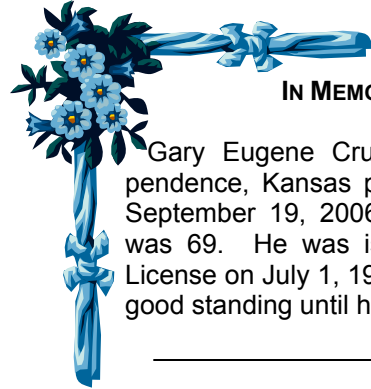
(d) Each certified residential appraiser shall perform and practice in compliance with the USPAP, as adopted in K.A.R. 117-8-1.

**117-3-4. GENERAL CLASSIFICATION; SCOPE OF PRACTICE.**

(a) The general classification shall apply to the appraisal of all types of real property.

(b) Each certified general appraiser shall comply with the competency rule of the uniform standards of professional appraisal practice (USPAP), as adopted in K.A.R. 117-8-1.

(c) Each certified general appraiser shall perform and practice in compliance with the USPAP, as adopted in K.A.R. 117-8-1.



**IN MEMORY**

Gary Eugene Crumrine, of Independence, Kansas passed away on September 19, 2006. Mr. Crumrine was 69. He was issued his State License on July 1, 1991 and held it in good standing until his passing.

**AQB INTERPRETATION ON CEDU REQUIREMENTS FOR PARTIAL YEARS**

On May 5, 2006 the Appraiser Qualifications Board (AQB) issued an interpretation on continuing education requirements for partial years. This interpretation states that a license/certification issued between July 1 and December 31 would be required to meet the 14 hours of continuing education at the 1<sup>st</sup> renewal. A license/certification issued between January 1 and June 30 would not be required to meet the 14 hours of continuing education until the 2<sup>nd</sup> renewal.

As Kansas statute (K.S.A. 58-4112) specifically exempts an appraiser from meeting the continuing education requirement at their first renewal, the Board will be introducing this statute for change during the 2007 Legislative session. However, as the AQB's new interpretation of this issue is effective immediately, the Board will offer those appraisers affected by this interpretation two options for renewal.

- Those appraisers with an original license date between July 1 and December 31, who are renewing for the first time, and have completed their 14 hours of approved continuing education on or after their original license date, will be renewed and shown as AQB compliant.
- As we cannot violate Kansas statute, we will accept renewals from appraisers, whose original license date was between July 1 and December 31, who are renewing for the first time, without continuing education; however, their license/certification will reflect that they are **NOT AQB COMPLIANT.**



## CONTINUING EDUCATION AUDITS

Since the Board initiated the continuing education audits in 2004, there have been appraisers who felt they were being singled out, punished as it were, by being included in the audit. The audit performed by the Board was not established as a means of punishing appraisers or of "keeping an eye on" specific licensees due to disciplinary actions (past or present) or findings from previous audits.

The Appraisal Subcommittee, the federal body that has oversight of all state appraisal regulatory programs, in its Policy Statements Regarding State Certification and Licensing of Real Estate Appraisers, Statement 10, Enforcement, Section F(5) states: "States may accept education-related affidavits from...appraisers for credential renewal. Each State accepting affidavits for...appraiser credential renewals must establish a reliable means of validating the affidavits...(c) Auditing and Enforcement Requirements – The State must audit the continuing education-related affidavit for each...appraiser selected in the sampling procedure. The following minimum standards apply to these audits:

1. Each affidavit must be completed within 60 days from the date the renewed credential is issued;
2. The State must determine that the education courses claimed conform to AQB Criteria and that the appraiser successfully completed each course;
3. When a State determines that a...appraiser does not meet the AQB's minimum continuing education criteria, the State must take appropriate action in the most expeditious manner...;
- and 4. If a State determines that more than ten (10) percent of the audited appraisers failed to meet the AQB Criteria, the State must take remedial action to address the apparent weakness of its affidavit process. Possible actions could include: auditing the affidavit submissions of every...appraiser in the renewing population; abandoning the affidavit process; and/or prominently publishing the names of appraisers failing the audit to improve deterrence.

The KS Real Estate Appraisal Board strives to streamline processes where possible. In implementing the continuing education affidavit at renewal, the processing time was shortened and allowed for the issue of the renewed license/certificate within a shorter period of time and greatly lessened the amount of paper records required to be maintained by the Board

office. It also set up the renewal process for a future "on-line" renewal application.

What follows are some of the most common questions/criticisms we have received.

***I feel like I have been profiled...you have audited me every year.***

While the Board's procedures for the 20% selected for audit were established to meet the AQB requirements, we have tried to incorporate criteria that will minimize the number of duplications in the audit list from year to year.

***I sent my certificates of completion with my renewal, why are you auditing me.***

The renewal application is very specific in stating that **no certificates of completion are to be submitted with the renewal application.** Unless a certificate is identified as meeting a disciplinary requirement, certificates submitted outside of the education audit process are not kept.

***Why can't I send my education audit in electronically?***

At this time the Board office is using a "dial-up" internet connection. The time involved in downloading the certificates (some of which are very large due to graphics) does not make electronic submission of the certificates feasible. However, you are given the option of faxing the form and certificates if you do not choose to mail them in.

***I need you to mail me a copy of my renewal application because I don't remember what I logged.***

As the Board has recommended in the past, each time you renew you should maintain a copy of the renewal, attach your certificates of completion to it and place it in your education file. Should you receive an audit notice, pulling the applicable renewal application and submitting the signed audit form and copies of the education is easy.

***If I want to use non-resident education, how do I know if it's okay?***

Kansas law allows that education taken outside of the State of Kansas may be used to meet your continuing education requirement here, provided the course was approved as continuing education by the appraisal regulatory agency in the state it was given in. In other words, if you take continuing education in Missouri that is not approved by Kansas, provided it was approved

in Missouri, Kansas will accept it. **Keep in mind**, that if the certificate of completion does not reflect where the course was given or that it was approved as continuing education in that state, it is possible that credit would be denied. If your certificate shows the course taken in Oklahoma, but not that it was approved in Oklahoma, you will need to attach evidence that the course was approved by the State.



**KREAB MEMBER APPOINTED  
TO AARO LEADERSHIP**

Bruce Fitzsimons, a member of the Kansas Real Estate Appraisal Board, was appointed as a Director at Large and as an Alternate Regional Director for Region 4 of the Association of Appraiser Regulatory Officials (AARO) at their 2006 fall meeting in Washington, DC. He was also appointed as a co-chair for the Publications Committee.

Mr. Fitzsimons was appointed to the KREAB on July 1, 2005 as an appraiser member. His current term will expire on June 30, 2008.

Mr. Fitzsimons has been employed with First National Bank of Olathe since 1990. He is Chief Appraiser and Vice President of Credit Administration, Mortgage and Consumer Lending. He is a certified residential appraiser with 14 years of appraisal experience and over 30 years of experience in banking/financial services. He is a current board member and past president of KC Data Service, current affiliate and former board member of the Kansas City Chapter of the Appraisal Institute, and member of the Kansas City Mortgage Bankers Association. He is a graduate of Leadership Olathe, attended American River College in Sacramento, CA and graduated from the America Institute of Banking.



**SETTING THE RECORD STRAIGHT!**

The appraisal regulatory requirements were created by a federal mandate (now 12 U.S.C. 3331-3351). Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the Ap-

praiser Qualifications Board (AQB) establishes the minimum qualifying and continuing education, experience and examination requirements for real property appraisers to obtain and maintain a state certification. The AQB is composed of at least five (5) practicing appraisers who are appointed by the Appraisal Foundation's Board of Trustees for three-year terms.

The KS Real Estate Appraisal Board's job is as the "implementor", not "creator" of those requirements. Because of the differences between the various state's laws and constitutions, the AQB doesn't detail the implementation. That is left to each individual jurisdictional authority or board.

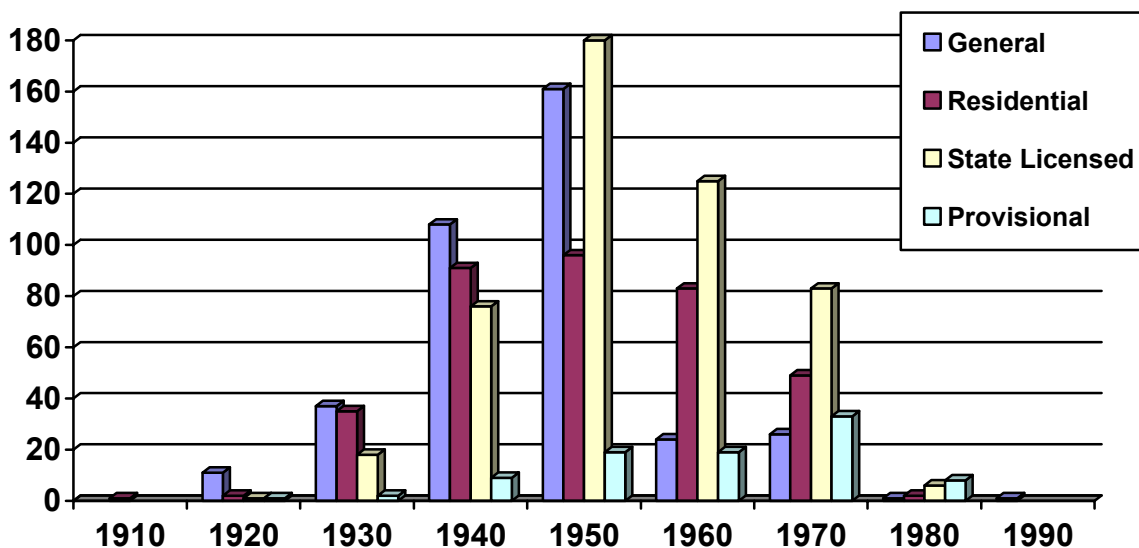
Every two years, at a minimum, the Appraisal Subcommittee comes to town to review the board's operations, policies, laws and regulations. Finalizing this "audit" is an outline of our deficiencies and "suggestions" for improvement, which the Board does its best to comply with.

For the most part, the results of Kansas' audits have been commendation for its appraiser program. However, in 2005 the Subcommittee noted that Kansas statute (K.S.A. 58-4109(f)) allowed a test was valid for a period of five years, where an AQB interpretation stated that a test was valid for no more than two years. In an effort to bring Kansas statute into compliance with the AQB, section 20 of Senate Bill 215 deleted subsection (f) of K.S.A. 58-4109. The Board then adopted an amendment to K.A.R. 117-2-3, 3-3, and 4-3, each of which relates to the required examination, limiting the test to two years. However, the fallout from these changes has affected a number of Kansas appraisers, both certified and licensed. A good number of our provisional "trainees" now find themselves being required to retest prior to submitting their experience to qualify for their state license, and four of our existing certified appraisers were required to retake their examination. While understandably upset over the necessity to retest, the Board considers itself very fortunate that these appraisers have worked with the staff to meet this requirement of the Appraisal Subcommittee.

Our suggestion to all appraisers is that if you are concerned about the changes in appraiser criteria or USPAP, log on to the Appraisal Foundation's website at <http://www.appraisalfoundation.org> and start reading and responding to the proposed changes before they become law.



The Chart below reflects the number of appraisers in Kansas, by license/certification type and year of birth.



## **USPAP Q & A**

### TRAINEE ACCESS TO WORKFILES

**Q** I am a trainee appraiser and have been working with the same supervising appraiser for some time. Recently, my supervising appraiser told me that since I was only a trainee, I had no right to access workfiles on appraisals where I provided significant professional assistance. Is my supervising appraiser correct? Do trainees have no rights regarding access to workfiles?

**A** As background, USPAP places workfile retention requirements on the appraiser. In assignments where more than one appraiser is involved (e.g. a trainee appraiser and a supervising appraiser) each appraiser shares responsibility for complying with the Record Keeping section of the ETHICS RULE.

Supervising appraisers should be aware that all appraisers, including “trainee appraisers,” must maintain access to workfiles for a minimum of five years. A supervising appraiser must not impede a trainee appraiser’s ability to access workfiles. Denying access to workfiles is a violation of the ETHICS RULE. This Rule specifies the personal obligations and responsibilities of the individual appraiser. However, it should also be noted that groups and organizations

engaged in appraisal practice share the same ethical obligations.

### UPDATING A PRIOR ASSIGNMENT WITH A DIFFERENT SCOPE OF WORK

**Q** Several months ago I appraised a property using only a sales comparison approach. My client is now asking that I perform an update of my prior appraisal, but they now want me to include a cost approach. Does USPAP allow me to do this?

**A** Yes. “Update” is a business term; under USPAP, the second assignment from the same client is a new assignment with its own scope of work and the requirement to produce credible assignment results. Advisory Opinion 3, Update of a Prior Appraisal, states, in part:

*When developing an opinion regarding a property that was the subject of a previous assignment, the scope of work in the new assignment may be different from the scope of work in the prior one. (Bold added for emphasis)*

Therefore, the new assignment can be performed with a scope of work greater than that performed in the original assignment.

### DISCLOSURE OF THE INTENDED USER IN A REPORT

**Q** USPAP requires that each appraisal, appraisal review, or appraisal consulting report state the intended users of the assignment results.

How can one determine if the intended user statement in a report is adequate?

**A** USPAP requires disclosure of the intended users in order to ensure that:

1. The client and any other intended users can recognize their relationship to the assignment and report; and
2. Unintended users will not be misled by “putting them on notice” that they are neither the client nor an intended user.

Therefore, the statement regarding the intended users must be sufficient to accomplish these objectives. The appraiser is not obligated to identify an intended user by name. If identification by name is not appropriate or practical, the appraiser may identify an intended user by type.

STATEMENT 9, Identification of Intended Use and Intended Users, provides an example of a statement that may be appropriate for inclusion in a report:

*This report is intended for use only by (identify the client) and (identify any other intended users by name or type). Use of this report by others is not intended by the appraiser.*

#### DISCLOSURE OF THE INTENDED USE IN A REPORT

**Q** USPAP requires that each appraisal, appraisal review, or appraisal consulting report state the intended use of the assignment results. How can one determine if the intended use statement in a report is adequate?

**A** This report is intended only for use in (describe the use). This report is not intended for any other use. USPAP requires disclosure of the intended use to avoid misleading parties in possession of an appraisal, appraisal review, or appraisal consulting report. For additional clarity, one might also state that other uses are not intended. The use description provided in the statement must be specific to the assignment.

STATEMENT 9, Identification of Intended Use and Intended Users, provides an example of a statement that may be appropriate for inclusion in a report:

*This report is intended only for use in (describe the use). This report is not intended for any other use.*

*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.*



#### FREDDIE MAC AIMS TO CURB IDENTITY THEFT WITH REVISED ELECTRONIC TRANSMISSION GUIDELINES

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In response to increased instances of appraiser identity theft, Freddie Mac issued an August 21 bulletin providing additional guidance regarding the receipt of appraisal and inspection reports via fax transmission or other means of electronic transmission.

Effective immediately, sellers/lenders must ensure that the appraiser's systems, processes and procedures for creating, signing, transmitting, sending, storing and maintaining electronic or fax copies of appraisal or inspection reports are safe, sound and secure. The revised Freddie Mac Guide also requires that a seller/services (i.e., lender) notify Freddie Mac immediately if it becomes aware of the unauthorized or improper use of the appraiser's signature in connection with any appraisal or inspection report submitted as an electronic record or as a fax copy or suspects there has been an unauthorized alteration of an appraisal or inspection report, including photographs and other supporting materials submitted as an electronic record or as a fax copy.

Jacqueline Doty, Freddie Mac's Collateral Policy Director, says the agency's Institutional Investigation Unit is observing more and more instances of appraiser identity theft and altered appraisal reports, which she says are due, in part, to appraisers not taking proper precautions to protect their own signature and lock the report. "A fraudster discovers this and seizes the opportunity," she said. One remedy used by Freddie Mac is to exclude the perpetrator from doing business with Freddie Mac. In the future, Freddie Mac may also exercise this remedy option against a negligent appraiser for failure to maintain adequate controls over the safeguarding and protection of their signatures. Some examples of such negligence cited by Doty include storing appraiser signatures on a shared computer directory, which allows a person with access to the shared directory, unlimited access; supervisory appraisers who give access to a trainee, who then prepares reports that supervisor claims he/she never signed; and appraisers who give out their computer password or leave their password on a note stuck to their computer monitor, etc.



**RENEWAL REMINDER**

The 2007 renewal applications will mail out to each appraiser at their mailing address on or around the last week of February.

Keep in mind that this is the 2<sup>nd</sup> year of your 2-year education cycle. Your renewal application will require that you log 28 hours, completed since July 1, 2005. This will include the 14-hours from 2006 and the 14 hours required for 2007. Of the 28 hours you log, 7 **must** be in the USPAP Update course. The 15-hour tested USPAP course **cannot** be substituted.

The log form used to record your continuing education will be slightly different this year. Read the instructions carefully and call the Board office at (785) 271-3373 if you have questions about completing the log.

**2008 QUALIFYING EDUCATION REQUIREMENT CHANGES**

**PROVISIONAL (TRAINEE)**

A trainee must meet all qualifying education requirements for the license/certification level they are applying for. See State Licensed, Certified Residential or Certified General classifications.

**STATE LICENSED**

150 HOURS (COMPRISED OF THE FOLLOWING MODULES)

- 30 Hours Basic Appraisal Principles
- 30 Hours Basic Appraisal Procedures
- 15 Hours National USPAP Course (Completed within two years from the date of application)
- 15 Hours Residential Market Analysis and Highest and Best Use
- 15 Hours Residential Appraiser Site Valuation and Cost Approach
- 30 Hours Residential Sales Comparison and Income Approaches
- 15 Hours Residential Report Writing and Case Studies

**CERTIFIED RESIDENTIAL**

200 HOURS (COMPRISED OF THE MODULES LISTED BELOW) AND AN ASSOCIATE DEGREE, OR HIGHER, FROM AN ACCREDITED COLLEGE, JUNIOR COLLEGE, COMMUNITY COLLEGE, OR UNIVERSITY **OR** IN LIEU OF THE ASSOCIATE DEGREE, AN APPLICANT MUST SUCCESSFULLY PASS THE FOLLOWING COLLEGIATE SUBJECT MATTER COURSES FROM AN ACCREDITED COLLEGE, JUNIOR COLLEGE, COMMUNITY COLLEGE, OR UNIVERSITY: ENGLISH COMPOSITION; PRINCIPLES OF ECONOMICS (MICRO OR MACRO);

FINANCE; ALGEBRA, GEOMETRY, OR HIGHER MATHEMATICS; STATISTICS; INTRO. TO COMPUTERS-WORD PROCESSING/SPREADSHEETS; AND BUSINESS OR REAL ESTATE LAW.

- 30 Hours Basic Appraisal Principles
- 30 Hours Basic Appraisal Procedures
- 15 Hours National USPAP Course (Completed within two years from the date of application)
- 15 Hours Residential Market Analysis and Highest and Best Use
- 15 Hours Residential Appraiser Site Valuation and Cost Approach
- 30 Hours Residential Sales Comparison and Income Approaches
- 15 Hours Residential Report Writing and Case Studies
- 15 Hours Statistics, Modeling and Finance
- 15 Hours Advanced Residential Applications and Case Studies
- 20 Hours Appraisal Subject Matter Electives (this may include hours over the minimums shown above in other modules)

**CERTIFIED GENERAL**

300 HOURS (COMPRISED OF THE MODULES LISTED BELOW) AND A BACHELORS DEGREE, OR HIGHER, FROM AN ACCREDITED COLLEGE, JUNIOR COLLEGE, COMMUNITY COLLEGE, OR UNIVERSITY **OR** IN LIEU OF THE BACHELORS DEGREE, AN APPLICANT MUST SUCCESSFULLY PASS THE FOLLOWING COLLEGIATE SUBJECT MATTER COURSES FROM AN ACCREDITED COLLEGE, JUNIOR COLLEGE, COMMUNITY COLLEGE, OR UNIVERSITY: ENGLISH COMPOSITION; MICRO ECONOMICS; MACRO ECONOMICS; FINANCE; ALGEBRA, GEOMETRY, OR HIGHER MATHEMATICS; STATISTICS; INTRO. TO COMPUTERS-WORD PROCESSING/SPREADSHEETS; BUSINESS OR REAL ESTATE LAW; TWO ELECTIVE COURSES IN ACCOUNTING, GEOGRAPHY, AGECONOMICS, AND BUSINESS MANAGEMENT, OR REAL ESTATE.

- 30 Hours Basic Appraisal Principles
- 30 Hours Basic Appraisal Procedures
- 15 Hours National USPAP Course (Completed within two years from the date of application)
- 30 Hours General Appraiser Market Analysis and Highest and Best Use
- 15 Hours Statistics, Modeling and Finance
- 30 Hours General Appraiser Sales Comparison Approach
- 30 Hours General Appraiser Site Valuation and Cost Approach
- 60 Hours General Appraiser Income Approach
- 30 Hours General Appraiser Report Writing and Case Studies
- 30 Hours Appraisal Subject Matter Electives (this may include hours over the minimums shown above in other modules)

## MODULES

MINIMUM HOURS	MODULE	LICENSE/CERTIFICATION LEVEL		
		STATE LICENSED	CERTIFIED RESIDENTIAL	CERTIFIED GENERAL
30	Basic Appraisal Principles	✓	✓	✓
30	Basic Appraisal Procedures	✓	✓	✓
15	National USPAP Course	✓	✓	✓
15	Residential Market Analysis and Highest and Best Use	✓	✓	
15	Residential Appraiser Site Valuation and Cost Approach	✓	✓	
30	Residential Sales Comparison and Income Approaches	✓	✓	
15	Residential Report Writing and Case Studies	✓	✓	
15	Statistics, Modeling and Finance		✓	✓
15	Advanced Residential Applications and Case Studies		✓	
30	General Appraiser Market Analysis and Highest and Best Use			✓
30	General Appraiser Sales Comparison Approach			✓
30	General Appraiser Site Valuation and Cost Approach			✓
60	General Appraiser Income Approach			✓
30	General Appraiser Report Writing and Case Studies			✓
	Appraisal Subject Matter Electives (May include hours over the minimum requirements in the above modules or in modules not required.)		20 Hours	30 Hours

### MODULE SUBTOPICS

WHAT FOLLOWS IS A LISTING OF EACH MODULE  
BROKEN DOWN INTO SUBTOPICS.

#### BASIC APPRAISAL PRINCIPLES (30 HOURS)

- A. Real Property Concepts and Characteristics
  - 1. Basic Real Property Concepts
  - 2. Real Property Characteristics
  - 3. Legal Description
- B. Legal Consideration
  - 1. Forms of Ownership
  - 2. Public and Private Controls
  - 3. Real Estate Contracts
  - 4. Leases
- C. Influences on Real Estate Values
  - 1. Governmental
  - 2. Economic

- 3. Social
- 4. Environmental, Geographic and Physical
- D. Types of Value
  - 1. Market Value
  - 2. Other Value Types
- E. Economic Principles
  - 1. Classical Economic Principles
  - 2. Application and Illustrations of the Economic Principles
- F. Overview of Real Estate Markets and Analysis
  - 1. Market Fundamentals, Characteristics, and Definitions
  - 2. Supply Analysis
  - 3. Demand Analysis
  - 4. Use of Market Analysis
- G. Ethics and How They Apply in Appraisal Theory and Practice



**BASIC APPRAISAL PROCEDURES (30 HOURS)**

- A. Overview of Approaches to Value
- B. Valuation Procedures
  - 1. Defining the Problem
  - 2. Collecting and Selecting Data
  - 3. Analyzing
  - 4. Reconciling and Final Value Opinion
  - 5. Communicating the Appraisal
- C. Property Description
  - 1. Geographic Characteristics of the Land/Site
  - 2. Geologic Characteristics of the Land/Site
  - 3. Location and Neighborhood Characteristics
  - 4. Land/Site Considerations for Highest and Best Use
  - 5. Improvements – Architectural Styles and Types of Construction
- D. Residential Applications

**THE NATIONAL USPAP COURSE (15 HOURS)**

- A. Preamble and Ethics Rule
- B. Standard 1
- C. Standard 2
- D. Standards 3 to 10
- E. Statements and Advisory Opinions

**RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE (15 HOURS)**

- A. Residential Markets and Analysis
  - 1. Market Fundamentals, Characteristics and Definitions
  - 2. Supply Analysis
  - 3. Demand Analysis
  - 4. Use of Market Analysis
- B. Highest and Best Use
  - 1. Test Constraints
  - 2. Application of Highest and Best use
  - 3. Special Considerations
  - 4. Market Analysis
  - 5. Case Studies

**RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH (15 HOURS)**

- A. Site Valuation
  - 1. Methods
  - 2. Case Studies
- B. Cost Approach
  - 1. Concepts and Definitions
  - 2. Replacement/Reproduction Cost New
  - 3. Accrued Depreciation
  - 4. Methods of Estimating Accrued Depreciation
  - 5. Case Studies

**RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES (30 HOURS)**

- A. Valuation Principles & Procedures – Sales Comparison Approach
- B. Valuation Principles & Procedures – Income Approach
- C. Finance and Case Equivalency
- D. Financial Calculator Introduction
- E. Identification, Derivation and Measurement of Adjustments
- F. Gross Rent Multipliers

- G. Partial Interests
- H. Reconciliation
- I. Case Studies and Applications

**RESIDENTIAL REPORT WRITING AND CASE STUDIES (15 HOURS)**

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Form Reports
- D. Report Options and USPAP Compliance
- E. Case Studies

**STATISTICS, MODELING AND FINANCE (15 HOURS)**

- A. Statistics
- B. Valuation Models (AVM's and Mass Appraisal)
- C. Real Estate Finance

**ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES (15 HOURS)**

- A. Complex Property, Ownership and Market Conditions
- B. Deriving and Supporting Adjustments
- C. Residential Market Analysis
- D. Advanced Case Studies

**GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE (30 HOURS)**

- A. Real Estate Markets and Analysis
  - 1. Market Fundamentals, Characteristics and Definitions
  - 2. Supply Analysis
  - 3. Demand Analysis
  - 4. Use of Market Analysis
- B. Highest and Best use
  - 1. Test Constraints
  - 2. Application of Highest and Best Use
  - 3. Special Considerations
  - 4. Market Analysis
  - 5. Case Studies

**GENERAL APPRAISER SALES COMPARISON APPROACH (30 HOURS)**

- A. Value Principles
- B. Procedures
- C. Identification and Measurement of Adjustments
- D. Reconciliation
- E. Case Studies

**GENERAL APPRAISER SITE VALUATION AND COST APPROACH (30 HOURS)**

- A. Site Valuation
  - 1. Methods
  - 2. Case Studies
- B. Cost Approach
  - 1. Concepts and Definitions
  - 2. Replacement/Reproduction Cost New
  - 3. Accrued Depreciation
  - 4. Methods of Estimating Accrued Depreciation
  - 5. Case Studies

**GENERAL APPRAISER INCOME APPROACH  
(60 HOURS)**

- A. Overview
- B. Compound Interest
- C. Lease Analysis
- D. Income Analysis
- E. Vacancy and Collection Loss
- F. Estimating Operating Expenses and Reserves
- G. Reconstructed Income and Expense Statement
- H. Stabilized Net Operating Income Estimate
- I. Direct Capitalization
- J. Discounted Cash Flow
- K. Yield Capitalization
- L. Partial Interests
- M. Case Studies

**GENERAL APPRAISER REPORT WRITING AND  
CASE STUDIES (30 HOURS)**

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Report Options and USPAP Compliance
- D. Case Studies



**DISCIPLINARY ACTIONS**

**DOUGLAS WAYNE DESCH (R-990), Berryton  
Case No. 06-10**

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7) and (8).

**Action:** A Final Order was issued on August 23, 2006, with the following terms and conditions: That Desch pay a civil fine of \$350 within 30 days of the Order's Certificate of Service; that Desch complete a course with a report writing component within six (6) months of the Order's Certificate of Service; and that Desch cease and desist from all supervision of trainee appraisers, commencing August 23, 2006 and ending August 23, 2007.

**BRADLEY ADAM TOTMAN (L-1943), Arcadia  
Case No. 06-07**

**Violations:** K.S.A. 58-4118(a)(1)

**Action:** A Final Order was issued on August 22, 2006 with the following terms and conditions: That Totman pay a \$1,000 civil fine within 60 days from the date of the Certificate of Service.

**JEFFREY L. FRENCH (R-1673), Shawnee  
Complaint #430**

**Violations:** K.S.A. 58-4121, 4118(a)(6), (7) and (8).

**Action:** A Consent Agreement was entered into on August 25, 2006, with the following terms and conditions: That French take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2007; and that French pay \$400 to cover the cost of the review associated with this complaint within 30 days from the date of the Agreement.

**GARY LLOYD GURSS (G-36), Leavenworth  
Complaint #440**

**Violations:** K.S.A. 58-4141, 4118(a)(6), 58-4118(a)(7), and 58-4118(a)(8).

**Action:** A Consent Order was entered into on September 18, 2006, with the following terms and conditions: That Gurss take and pass the examination of the 15-hour USPAP course and a +24-hour Report Writing course; that Gurss pay \$440 to cover the cost of the review associated with this complaint within 30 days of the Order; and that Gurss cease and desist from all supervision of appraisers/trainees for a period commencing the date of the Order and ending December 18, 2006.

**GARY D. KENNETT (L-2198), Parsons  
Complaint #477**

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7) and (8).

**Action:** A Consent Order was entered into on September 20, 2006, with the following terms and conditions: That Kennett take and pass the examination of the 15-hr USPAP, a +15-hr report writing course and a +15-hr sales comparison courses on or prior to June 30, 2007; that Kennett pay \$360 to cover the cost of the review associated with this complaint within 30 days; and that commencing the date of the Order, Kennett cease and desist all supervision of appraisers/trainees for a period of six (6) months following completion of the above shown education.

**TRAVIS S. LALLY (L-1692), Belton, MO  
Complaint #451**

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7) and (8).

**Action:** A Consent Order was entered into on September 28, 2006, with the following terms and conditions: That Lally take and pass the examination of the 15-hr USPAP on or prior to June 30, 2007; that Lally take and pass the examination of a minimum 15-hr report writing course on or prior to June 30, 2007; that Lally take and pass the examination of a minimum 15-hr sales comparison course on or prior to June

30, 2007; that Lally case and desist from all supervision of appraisers/trainees, effective the date of the Order and ending six (6) months following completion of the above shown education; and that Lally pay \$520 to cover the cost of the review associated with this complaint.

**GREGORY J. BELL (L-1697), Scranton  
Complaint #483**

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7) and (8).

**Action:** A Consent Order was entered into on October 18, 2006, with the following terms and conditions: That Bell take and pass the examination of the 15-hour USPAP on or prior to June 30, 2007; that Bell take and pass the examination of a minimum 15-hour sales comparison course on or prior to June 30, 2007; that Bell take and pass the examination of a minimum 15-hour report writing course on prior to June 30, 2007; that Bell pay \$400 to cover the cost of the review associated with this complaint within 30 days from the date of the Order; and that Bell cease and desist from all supervision of appraisers/trainees for a period of six (6) months, commencing the date of this Order and ending six (6) months following completion of the above shown education.

**DEBRA J. McGOWAN (L-1606), KC, MO  
Complaint #481**

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7) and (8).

**Action:** A Consent Order was entered into on October 20, 2006, with the following terms and conditions: That McGowan pay \$400 to cover the cost of the review associated with this complaint within 30 days from the date of the Order; that McGowan maintain a log of all appraisals which she performs or in which she participates for a period of three (3) months from the date of the Order; that said log will be submitted to the Board office on or immediately following the first working day of each month; that the Board may select up to three (3) appraisals from the logs for additional review; that should a review of any appraisal from the logs indicate the appraisal is not in substantial compliance with USPAP, a new complaint will be filed; and that should a review of any appraisal from the logs indicate the appraisal is not in substantial compliance with USPAP, McGowan will pay the cost of the additional reviews within 30 days from notice by the Board.



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**KS APPRAISERS BY TYPE & RESIDENCE  
AS OF NOVEMBER 1, 2006**

CERTIFIED GENERAL .....	422
CERTIFIED RESIDENTIAL .....	367
STATE LICENSED .....	392
PROVISIONAL (TRAINEE).....	91
TOTAL: .....	1272
 KANSAS RESIDENT APPRAISERS .....	 865
NON-RESIDENT APPRAISERS .....	407