



2008

The Kansas Real Estate Appraisal Board  
**Summer  
Newsletter**

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

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



**BOARD HOLDS ELECTION OF OFFICERS**

At their June 13, 2008 meeting, the Board elected Tim Keller (Lawrence) as Chairman and Bruce Fitzsimons (Overland Park) as Vice-Chair.

Mr. Keller is president of Keller & Associates, Inc. in Lawrence. Mr. Keller is a Certified General appraiser and past president of the Kansas City Chapter of the Appraisal Institute. He has a BS in Business from Fort Hays State University and an MBA from the University of Notre Dame. He has been appraising real property for 15 years. Mr. Keller's term will expire on June 30, 2010.

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 attended American River College in Sacramento, CA and graduated from the America Institute of Banking. Mr. Fitzsimons' term will expire on June 30, 2011.



*KREAB Chairman, Tim Keller (right), presents plaque to outgoing Chair, Mike McKenna.*

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## DOWN PAYMENT ASSISTANCE AND GIFTS ARE SELLER CONCESSIONS!

*Provided by the North Carolina Board*

As an appraiser, you must report seller concessions in an appraisal report as part of the analysis of the sales contract required by Standards Rule 1-5 of USPAP. Sales concessions must also be reported for your comparable sales, and subtracted from the sales price in the Sales Comparison Approach, if they inflated the sales price. Sales concessions may include special financing, gifts, personal property included with the sale, closing costs paid by the seller, or other financial incentives. **Whenever the sales price exceeds the list price, you should check to see if there were seller concessions.**

Appraisers are familiar with the definition of market value: the most probable price which a property will bring in a competitive and open market, where the buyer and seller are typically motivated and are well-informed, where a reasonable time is allowed for exposure to the open market, where payment is made in terms of cash, and *where the sales price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

There has been an increase in this state of sales that are using down payment assistance programs. In this program, the seller gives a "gift" to a charity (which is usually an entity set up solely to funnel these gifts), which in turn gives the "gift" to the buyer. The buyer then uses the "gift" to make a down payment on the property. The amount of the "gift" is usually added to the sales price. In essence, the buyer is not putting any money down on the transaction. The lender believes that with the down payment, there is an 80% - 95% loan to value ratio.

In your appraisal practice, you must verify the comparable sales information you have received, and you must analyze such information. This includes analyzing any sales concessions that were made. If you find that these concessions are outside of what is normal for this market area, you must then subtract those seller concessions from the sales price or make appropriate adjustments to reflect the concessions in your Sales Comparison Approach.



## REISSUING OR ASSIGNING AN APPRAISAL REPORT

*Provided by the North Carolina Board*

Who is my client? What are my obligations to my client? When do those obligations end? Can my client

have me reassign the report to others? Can I appraise the same property for a different client? What if the lender hires me but the homeowner pays my fee at the door? These are some of the many questions we receive regarding the appraiser-client relationship.

**Q.** I recently performed an appraisal on a subject property for a lender, and now a mortgage broker has contacted me to ask me if I can transfer the report to him. He wants to have a different lender's name placed in the client line. He says he has the permission of the first lender for me to do this. Is this okay under USPAP?

**A.** No. Once a report has been prepared for a named client, the appraiser cannot readdress or transfer the report to another party. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship that was established with the first client. See Advisory Opinion 26 for more information.

**Q.** I know that I cannot transfer a report from one client to another, but I get calls all the time asking me to do this. Is there any way I can accept the assignment and comply with USPAP?

**A.** Yes. The appraiser can consider the request a new assignment and establish a new appraiser-client relationship with the second client. See Advisory Opinion 27 for more information.

**Q.** I recently performed an appraisal on a subject property and a new lender contacted me to request a separate but complete appraisal on the same property. Can I do this new assignment?

**A.** Yes. As long as the appraiser does not use any confidential information given to him or her by the first client, the appraiser can accept an assignment to appraise the same property for a different client. See Advisory Opinion 27 for more information.

**Q.** The lender hired me to do an appraisal, and told me to collect at the door. The homeowners paid my fee, and now they want a copy of the report. What can I do?

**A.** USPAP defines the client as "the party or parties who **engage** an appraiser (by employment or by contract) in a specific assignment". The determining factor is not who pays for the appraisal or how it is paid, but who contacted the appraiser in the first place and placed the appraisal order. For a federally-related transaction, federal law

requires the lender to be the one to engage the appraiser's services. In many, if not most cases, the homeowner pays for the appraisal either directly to the appraiser or indirectly through the lender, thus payment for services is not the determining factor. In the above scenario, it is the lender who is the client, not the homeowner, and the appraiser cannot give a copy of the report to the homeowner without the lender's consent. You should inform the homeowner of this when you collect the fee so there is no confusion.

Lenders are required by federal law (the Equal Credit Opportunity Act) to furnish a copy of the appraisal to the borrower if the borrower requests a copy in writing. This applies to both consumer and business loans for which real estate will be collateral. If the homeowner wants a copy of the appraisal, they can be told to contact the lender directly or the appraiser can ask the client for permission to send a copy.

**Q.** A mortgage broker hires me to appraise a property. The broker asks that his name not be used as the client, but that I instead identify the client as a local lender on the written appraisal report. The mortgage broker's name or relationship to the parties is not to be mentioned in the report. Can I do this?

**A.** Once an appraiser places a client name on the appraisal report, that person or company is the client, resulting in an appraiser-client relationship. If a mortgage broker wants an appraiser to perform an appraisal on a property that will then be offered to several lenders, the appraiser should not submit an appraisal report naming anyone other than the broker as the client. The appraiser could state that intended users include lending institutions, without naming any one lender. If the appraiser does state a client name in the appraisal report, the appraiser cannot simply change the name of the client and submit the appraisal to a new lender (See Question 1 above).

**Q.** What if it is the homeowner who engages my services and wants me to put a lender's name on the report as the client?

**A.** First of all, before the appraiser accepts the assignment, the appraiser must disclose to the homeowner that a lender or its agent is required to directly engage the services of an appraiser in a federally-related transaction. The appraiser should make it clear to the homeowner that a lender may not accept the report even if he states on the report that the lender is the client. Also, the homeowner should be informed that once the appraiser states in the report

the name of the client, the appraiser cannot change the name of the client on the report.

For more information on these and other questions, see Advisory Opinions 26 and 27.



## APPRAISAL STANDARDS BOARD SEEKS PUBLIC COMMENTS

The ASB is seeking public comments on the areas of USPAP that they are proposing for revision (see Proposed Work Plan below). Oral comments will be accepted at the ASB public meeting on September 16, 2008, in Chicago, Illinois. See The Appraisal Foundation website ([www.appraisalfoundation.org](http://www.appraisalfoundation.org)) for meeting details. Written comments will be accepted until September 11, 2008. You may submit written comments by mail, e-mail or facsimile as follows:

ASB/AQB '2008' Invitation to Comment  
c/o The Appraisal Foundation  
1155 15<sup>th</sup> St., NW, Ste. 1111  
Washington DC 20005,  
[comments@appraisalfoundation.org](mailto:comments@appraisalfoundation.org) (e-mail)  
(202) 347-7727 (fax)

**Important Note:** All written comments will be posted for public viewing, exactly as submitted, on the website of The Appraisal Foundation. The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.

### PROPOSED WORK PLAN

For the 2010-2011 edition of USPAP, the following areas will be reviewed for possible improvement and clarification:

- COMPETENCY RULE
- ETHICS RULE
- JURISDICTIONAL EXCEPTION RULE
- STANDARD 3: Appraisal Review, Development and Reporting

For the 2012-2013 edition of USPAP, the ASB will be considering possible improvement and clarification to these areas:

- Reporting Requirements
- STANDARDS 7 and 8: Personal Property Appraisal, Development and Reporting



## BOARD ESTABLISHES INACTIVE STATUS AND REQUIREMENTS FOR REINSTATEMENT

### 58-4112a. Real estate appraisers; inactive status.

(a) Except as provided by subsection (f), the holder of a certificate or license may request that such certificate or license be placed on inactive status for a period not to exceed two years. Such request shall be submitted to the board on an application form prescribed by the board.

(b) The holder of a certificate or license that has been placed on inactive status shall pay the renewal fee required by K.S.A. 58-4107, and amendments thereto, while such certificate or license is on inactive status.

(c) The holder of a certificate or license which has been placed on inactive status shall not:

(1) Assume or use any title designation or abbreviation likely to create the impression that such person holds an active certificate or license issued by the board;

(2) describe or refer to any appraisal or evaluation of real estate by the term state certified or state licensed or words of substantially similar meaning; or

(3) prepare real estate appraisals for federally related transactions which, under title XI of the financial institutions reform, recovery and enforcement act of 1989 require the services of a state certified or licensed appraiser.

(d) The holder of a certificate or license that has been placed on inactive status may request that such certificate or license be reinstated to active status. The request shall be submitted to the board on an application form prescribed by the board and shall be accompanied by the reinstatement fee required by K.S.A. 58-4107, and amendments thereto, and the federal registry fee. An applicant for reinstatement shall provide evidence of completion of continuing education hours required by the board.

(e) The holder of any certificate or license which has been placed on inactive status for more than two years shall be required to meet all the requirements for original issuance of a certificate or license.

(f) A certificate or license issued to a person as trainee appraiser shall not be eligible to be placed on inactive status. (L. 2007, ch. 96, § 1; July 1.)

(Pending Regulation) **Reinstatement of a certificate or license to active status, continuing education.** (a) The holder of a certificate or license that has been on inactive status for a period of less than two years, upon request for reinstatement, shall submit evidence satisfactory to the Board of completion of all continuing education requirements as set out by K.A.R. 117-6-1.

(Authorized by and implementing K.S.A. 2007 Supp. 58-4112a; effective P-\_\_\_\_\_.)

Questions regarding placing a license/certificate on inactive status and/or reinstatement to active status should be directed to the Board office at (785) 296-6736 or e-mail [cheryl.magathan@kreab.ks.gov](mailto:cheryl.magathan@kreab.ks.gov).



## ANALYZING AN AGREEMENT OF SALE

The Board has expressed concern over the number of appraisals they review which do not include an analysis of the sales contract. This matter was addressed by The Appraisal Foundations USPAP Q & A in September, 2007.

**Q.** I understand that Standards Rule 1-5(a) requires the appraiser to analyze an agreement of sale (if available in the normal course of business). What constitutes proper "analysis?"

**A.** The term "analyze" is not defined in USPAP because it does not have a special meaning within the document or in Standards Rule 1-5. The term is used based on its English language meaning as found in common dictionaries.

The extent of the analysis performed to comply with the requirements of Standards Rule 1-5(a) is part of the scope of work decision. The acceptability of the appraiser's analysis is judged in the same way that any other scope of work decision is judged. For more information, please see the SCOPE OF WORK RULE, Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.



## LAND HOME PACKAGES DEFINED

*Provided by the North Carolina Board*

Appraisers know that they cannot use a land/home package as a comparable sale. The question often received by Board staff is: How do I recognize a land/home package?

Some land/home package sales are simple to recognize. A check of the public records may indicate that the property transferred was only a lot, but the HUD-1 (settlement form) shows the sales price of both the land and the home. If public records indicate that only the land transferred, this is a land/home package sale and cannot be used as a comparable sale.

In other instances, what may look like a land/home package is actually a legitimate sale. In the past several years, more developers have been build-

ing subdivisions and advertising the properties on MLS as presales. The buyer goes to a sales office, selects a lot, and then selects from a limited number of the developer's floor plans to be built on the lot. There may be a limited list of custom features available that adds to the cost of the package. When the home is finished, both the lot and the house convey as one unit, which is reflected in the public records.

If, however, the buyer goes to a developer and buys a lot, then selects his own builder who builds a home customized to the buyer, this is not a legitimate sale to use as a comp. The key is that the combination of the lot and home has not been exposed to the market and negotiated between a willing buyer and seller.

There are some instances where real estate agents report a land/home package sale on MLS. There are some red flags that could indicate such a sale. Some agents will make a remark that the sale is for information purposes only and is not to be used as a comp. Other agents may state that the sale is for comp purposes only. The property may show that it was only on the market for one or two days. Even if the sale is reported on the MLS, that does not always make it a legitimate, arm's length transaction. It is the appraiser's responsibility to verify the legitimacy of the sale.

Remember, Standards Rule 1-4 of USPAP requires that you collect, verify and analyze the data used in the report. For example, if you collect comparable sales information from MLS, you then verify the information by calling the listing or sales agent, the tax office, or another source. If there is any discrepancy between these two sources, you must continue to research the sale until you are confident that the information you will use in your analysis is correct. This is especially important if you receive verbal information or a HUD-1 that conflicts with public records.

You should also be careful to correctly identify both your data source and verification source, and to keep in your workfile a copy of the information relied upon for the appraisal. For example, if you use MLS as your data source and tax records as your verification source, you should have a copy of the MLS sheet and tax record in your file. Sometimes you may receive information orally, such as from the listing broker over the telephone. You should make a note for the file of your conversation, including the name and telephone number of the source of information and the date, as well as a summary of the information received.



## MORTGAGE FRAUD – HOW TO SPOT IT

*Provided by the North Carolina Board*

By now, most appraisers are familiar with the harm that can be done to consumers due to mortgage fraud. Newspapers are full of articles regarding this growing problem, and appraisers are starting to be sentenced to federal prison for participating in these schemes.

There are several ways an appraiser can ascertain whether he is in the middle of a mortgage fraud transaction. It should be noted that an appraiser may still be able to do the appraisal for the transaction, but must scrupulously follow USPAP to make sure he does not contribute to the scheme.

Here are some red flags to look for:

- *The sales price on the contract is higher than the listing price for the property.* Unless there is evidence of a bidding war, an increased sales price is usually a way for a buyer to try to get 90% or even 100% financing based on an inflated appraisal. A higher sales price than list price is used in what is known as a "layered transaction": a transaction where layers are added to the sales price to cover other items of value, such as down payments, loan fees, increased commissions for the mortgage broker or cash to the buyer before or after closing.

- *After you complete your appraisal, you are told that the sales price has increased and are asked to change the appraisal to reflect this new contract. Be extremely cautious if you are asked to do this.* This is a new appraisal assignment, and obviously you have to change the effective date of the appraisal to the date of the new contract. If you accept this assignment, you must mention the prior sales contract in the report.

- *The sales contract contains excessive costs to be paid by the seller.* This is often combined with a sales price that is higher than the list price. Buyers still get the property for the actual sales price, but with better financing.

- *The sales contract or other documents indicate gifts to be paid by others as part of the purchase agreement.* Many times these "gifts" are never actually made, but are done to qualify someone for a lower interest loan. Often this is done with an inflated sales price for the property, and an increased loan amount.

- *The seller or buyer tells you to state that the property is owner-occupied on the appraisal report when it appears to be occupied by a tenant or is vacant.* The seller may tell you that he plans to move into it or is getting new furniture. Sometimes the seller will "stage" the house to make it look lived in.

- *You are told that the property will be repaired or construction will be complete by the time the*

sale occurs, so you should appraise the property as if it were complete, but check the "as is" box on the report. You must indicate the actual condition of the property on the effective date of the appraisal unless you are specifically told to perform the appraisal subject to completion. In a "subject to" appraisal, you should list the items to be completed or repaired.

- *The sales agreement includes personal property "at no additional cost".* This may include a car or a boat or other types of incentives to purchase the property. For example, the seller includes a boat valued at \$10,000 with the property. This personal property may be a sales concession, which reduces the actual value paid for the subject.

So how do you protect yourself from getting involved in mortgage fraud? First of all, insist on receiving a signed copy of the sales contract. Secondly, disclose all known information regarding the sales contract in the appraisal report, even if it means attaching a lengthy addendum. Take sufficient photographs to document the condition of the property on the effective date of the appraisal. Even if you do not attach them to the appraisal report, you will have them in your work file if a question arises in the future about your report. If the owner says that he lives in the subject dwelling and you have questions about it, make sure you know the facts before you indicate the occupancy status on your appraisal report. If you cannot verify the information, explain the situation in the appraisal report.

Finally, don't allow pressure from a buyer, seller or client to influence your appraisal. After all, you are the one who could lose your appraisal license for participating in mortgage fraud!



### 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).

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  
Jayhawk Tower, Roof Garden Level  
700 SW Jackson, Ste. 1102  
Topeka, KS 66603.



## USPAP Q & A

**Q.** I have a client who has asked me to perform a desk review on a property located in a different state. I have no knowledge of the real estate market in that state and have never even stepped foot there. Can I perform a USPAP-compliant appraisal review on this property?

**A.** Yes. If you are engaged to determine whether or not the appraisal under review complies with certain guidelines or standards, geographic competence is not typically relevant. Alternatively, review assignments that include evaluating the selection and adjustment of comparable sales typically require geographic competence. As in all assignments, an appraiser must identify the scope of work required for the assignment and determine if he or she has the knowledge and experience to complete the assignment competently.

**Q.** I have been asked to perform an appraisal for a home that I know is under contract. No lender is involved and the buyer and seller do not want the appraiser to know the amount of the sales contract. Can I accept this assignment and still comply with USPAP?

**A.** Yes. USPAP does not contain a requirement for the appraiser to know the pending sale price of a subject property. Standards Rule 1-5(a) does require the appraiser to analyze all current agreements of sale, listings of the subject property, etc. when available during the normal course of business...

*When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business, analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal. (Bold added for emphasis)*

However, if the appraiser's scope of work and the normal course of business render the subject property's pending transaction details unavailable, the appraiser may be able to comply with USPAP without obtaining the information. For more information on the normal course of business, please see Advisory Opinion 24, *Normal Course of Business*.

It should be noted that when the amount of the sale contract is unknown, this does not eliminate the appraiser's responsibility to analyze other information that is available related to the pending sale. This can include information such as marketing history and

other details of the pending sale that may be available.

**Q.** I received a request from my state attorney general's office to turn over some appraisal reports I had prepared. Can I comply with this simple request or must it be in the form of a subpoena?

**A.** The Confidentiality section of the ETHICS RULE states, in part:

*An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client; state enforcement agencies and such third parties as may be authorized by due process of law...* (Bold added for emphasis)

USPAP does not identify what constitutes "due process of law." While a subpoena or court order might clearly constitute due process, a simple verbal or written request might not. Therefore, for requests of this type, it may be necessary to seek legal counsel to determine what constitutes "due process."

**Q.** I've seen several narrative appraisals that include a copy of the appraiser's résumé, professional qualifications, or curriculum vitae (CV). Does USPAP require an appraisal report to include the appraiser's qualifications?

**A.** No. Although certain professional appraiser organizations or users of appraisal services might require the report to include the appraiser's qualifications, it is not a USPAP requirement.

**Q.** I was recently contacted by a lender regarding an appraisal I had performed for another client. The lender had somehow obtained a copy of my appraisal report and had some questions they wanted me to answer. However, this lender was not my original client and was not named as an intended user. Are there any USPAP prohibitions against discussing my appraisal with this lender?

**A.** Yes. USPAP prohibits the appraiser from communicating *assignment results* or *confidential information* (as defined in USPAP) to anyone other than the client and parties specifically authorized by the client (with the exception of those authorized by due process of law, etc.) Even if the lender who had contacted the appraiser was identified as an intended user in the original appraisal report, that lender is not part of the appraiser-client relationship. Therefore, authorization from the client would be needed if that lender wanted to discuss *assignment results* or *confidential information*.

Barring an agreement between the appraiser and the original client prohibiting disclosure of any information pertaining to the assignment, the appraiser may confirm that he or she performed an appraisal on the subject property, and may communicate anything other than *assignment results* (which include the appraiser's opinions and conclusions, in addition to the value conclusion) or *confidential information* (as defined in USPAP).

**Q.** I recently had a client contact me and ask me to change the effective date of my appraisal, to make it one week after the effective date shown in my report. Does USPAP permit me to simply change the effective date without taking additional steps?

**A.** No. As indicated in the SCOPE OF WORK RULE, the effective date of the appraiser's opinions and conclusions is an assignment element.

If the client is asking for an appraisal with a different effective date, the appraiser needs to determine the appropriate scope of work to produce credible assignment results for this request. Such a request would need to be considered a new assignment, but that does not necessarily require "starting from scratch." As with all new assignments, the appraiser must decide the appropriate scope of work to produce credible assignment results. This would include a decision as to whether or not it was necessary to perform another inspection, as well as the extent of any additional research and analyses that might be required. The scope of work for the new assignment can be different from the scope of work completed in the earlier assignment. As with any assignment, the appraiser might be able to use information and analyses developed for a previous assignment.

**Q.** I received a request to perform an appraisal on an improved property; however, the client only wants me to provide an opinion of land value, giving no value to the improvements. Does such an assignment require the use of a hypothetical condition, since the improvements exist but are not being included in the value?

**A.** No, such an assignment does not require the use of a hypothetical condition.

Standards Rule 1-2(e)(v) permits the appraisal of a physical segment of a property. In this example, the segment being appraised would be the land. Put simply, the land is the subject of the assignment and the improvements are not. To avoid communicating a misleading appraisal report, the report would have to acknowledge the *existence* of the improvements on the land, but they do not have to be included in the valuation.

USPAP defines a hypothetical condition as:  
*that which is contrary to what exists but is supposed for the purpose of analysis.*

In this example, a hypothetical condition would not be required because the land does, in fact, exist. This is no different than the situation that commonly exists in appraisals employing the cost approach. In arriving at an opinion of value by the cost approach, an appraiser often develops an opinion of the site value as if vacant, separate from an estimated value of the improvements.

This can be contrasted by an assignment that includes providing a current value of proposed improvements. Appraising the improvements as if currently completed is contrary to what exists, so a hypothetical condition would be required in that case.

**Q.** If I employ a hypothetical condition or an extraordinary assumption in an assignment, does USPAP require me to label it as such?

**A.** No, USPAP does not require use of the specific terms *hypothetical condition* or *extraordinary assumption*. USPAP requires that all hypothetical conditions and extraordinary assumptions be disclosed clearly and conspicuously, and it must be disclosed that their use might affect the assignment results.

**Q.** I recently completed an appraisal report that included a letter of transmittal as part of my report. Some of the items required to comply with the reporting requirements of USPAP appear only in the letter of transmittal. My client states that a letter of transmittal is not part of the appraisal report, and these items must appear within the body of the report to comply with USPAP. Is my client correct?

**A.** No, the client is not correct. Although a letter of transmittal is not required by USPAP, there is nothing in USPAP that prohibits making a letter of transmittal part of the appraisal report.

It should be noted that USPAP does require an appraiser signing any part of an appraisal report, including a letter of transmittal, to also sign the certification.

**Q.** I am a state certified real estate appraiser and typically list my state license number directly below my signature on appraisal reports. I spoke with an appraiser in another state who said USPAP has certain requirements pertaining to identification of credentials in an appraisal report. Is this correct, does USPAP address how appraiser credentials must appear in an appraisal report?

**A.** No. There are no requirements in USPAP specifying how an appraiser must identify his or her credentials in an appraisal report. That is a matter of individual state laws for state licensed or certified appraisers. There may also be specific requirements from professional appraiser organizations for appraisers who possess designations from those organizations.

**Q.** I'm aware that STANDARDS 4 and 5 in USPAP apply to real property appraisal consulting, but which Standards apply to personal property appraisal consulting?

**A.** USPAP does not contain any specific standards for personal property appraisal consulting. Therefore, the portions of USPAP applicable generally to appraisal practice would apply. These portions include the DEFINITIONS, PREAMBLE, the Conduct, Management, and Confidentiality sections of the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE.

**Q.** Recently I've heard that some appraisers are using a questionable technique to provide sample appraisal reports for prospective clients. These appraisers will redact all confidential information from the report (as required to comply with the Confidentiality section of the ETHICS RULE in USPAP) and send it to a prospective client, but then will follow-up with an additional e-mail that provides the client with all of the information that had been redacted from the sample report. Is this practice acceptable?

**A.** No. Although the confidential information and assignment results are not being communicated simultaneously with the initial submission of the sample report, they are nonetheless being communicated in the subsequent e-mail transmission.

The Confidentiality section of the ETHICS RULE does not permit communicating confidential information and assignment results without the client's consent, even if that information is provided in a separate communication.

**Q.** I recently completed an appraisal for mortgage financing purposes in a purchase transaction and delivered the report to my client. My appraised value did not support the pending sale price. As a result, the purchase transaction was not consummated. However, one week later the buyer and seller entered into a new purchase agreement where the sale price coincided with my appraised value. My client asked if I can provide a revised report that includes the analysis of the newly agreed-upon sale price. To provide a revised appraisal report, must I



consider the client's request as a new assignment?

**A.** If the client does not require a more current effective date, USPAP would not mandate treating the request as a new assignment. However, if the client does require a more current effective date, the request must be treated as a new assignment.

In this example, regardless of whether the effective date is changed, the date of the report would have to change to accurately reflect the appraiser's consideration of the newly obtained agreement of sale. Because the new purchase agreement was obtained *after* the date of the first report, the revised report would need to have a date of report that is the same as or later than the date the new purchase agreement was obtained by the appraiser.

In addition, the new report would also need to reflect the appraiser's analysis of the prior agreement of sale. In the development of an appraisal, an appraiser is required under Standards Rule 1-1(b), to *not commit a substantial error of omission or commission that significantly affects an appraisal*. Since information about the prior agreement of sale is known by the appraiser and that information is relevant to the appraisal problem, it must be considered.

Additional related guidance may be found in Advisory Opinion 3, *Update of a Prior Appraisal*; Frequently Asked Question #127, *Does a New Assignment Require Starting Over?*; Frequently Asked Question #143, *Offers to Purchase Subject Property*; and February 2008 USPAP Q&A *Changing the Effective Date*.

**Q.** I use "standard" pre-printed appraisal report forms that contain a statement saying I personally inspected the exterior of the comparable sales. The assignment conditions require me to comply with this statement and do not permit any alterations. One of my clients now requires two additional sales of comparable properties to be included with every appraisal report. However, the client told me not to inspect the exterior of these additional sale comparables and to just use the MLS photos. May I comply with the client's request?

**A.** No, because you are being asked to not inspect the comparable sales when the form states that you have. You must either inspect the sales or change your report to indicate you did not inspect the sales.

**Q.** I use a pre-printed appraisal report form that contains a statement saying I personally inspected the exterior of the comparable sales, but it does not address active listings. One of my clients now requires two additional active listing comparable

properties to be included with every appraisal report. However, the client told me not to inspect the exterior of these active listings and to just use the MLS photos. Am I compliant with USPAP if I do not physically inspect the exterior of these properties and only use the MLS photos?

**A.** Yes, because USPAP does not require physical inspections or photographs. However, both are often required by clients. If an inspection of the active listing comparables is not required for credible assignment results, and it is not contrary to assignment conditions or specific statements in the report, then using an MLS photo and not performing an exterior inspection would be acceptable.

**Q.** I have a client that requires my résumé to be included with each appraisal report I perform for them. Does USPAP permit me to identify past clients in my résumé, since it will be included in the appraisal report?

**A.** There are no prohibitions in USPAP against identifying an appraiser's past clients. An exception might exist if the client told the appraiser not to disclose their identity.

**Q.** I am an appraiser who has been asked by my client to submit my appraisal reports to them electronically. Assuming that I have satisfied the reporting obligations in the creation of the report, what are my obligations in the use of electronic delivery systems?

**A.** USPAP does not specifically address this issue, but there are general ethical obligations that are relevant. The Conduct section of the ETHICS RULE states, in part:

*An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report...*

Communication in this instance means transmission of the report, which can occur through such mechanisms as U.S. mail, private courier service, fax, e-mail, or web portal. The appraiser's obligation is to not transmit a misleading or fraudulent report.

In the transmission of electronic reports, the appraiser's obligation is to ensure that the report that is transmitted is not misleading or fraudulent. Therefore, the appraiser needs to be familiar with the electronic report created by the software used in the assignment. The appraiser must have a sufficient understanding of the report generating software used in an assignment to avoid the communication of misleading reports. In order to comply with USPAP, the electronic report that will be sent to the client must be

examined by the appraiser prior to transmission to ensure that it is not misleading or fraudulent.

An appraiser cannot control what a client or intended user does with his or her appraisal report. USPAP establishes requirements only for appraisers, not clients, intended users, or others. Once an appraisal report has been transmitted to the client, USPAP places no further responsibility on the appraiser for the client's use of that report.

**Q.** I'm a residential appraiser and have been asked to perform a "comp check" (or "pre-comp") assignment, where a client wants to get an idea of the value of a home prior to proceeding with a mortgage financing transaction. Does USPAP allow me to perform this type of assignment?

**A.** Yes. As stated in FAQ #130 in the 2008-09 edition of the USPAP document, these types of assignments are allowed under USPAP. To understand the USPAP requirements, it is important to identify exactly what the appraiser is being asked to do. If the appraiser is asked to "provide comps," that would typically mean the appraiser would be exercising his or her own judgment to determine which sales are most "comparable" to the subject property. The appraiser may choose to include only those sales that he or she deems are most similar to the subject in size, location, quality, etc., which could mean that certain sales may be omitted. In this case, the resulting data would have been "filtered" by the appraiser's judgment, which would have the net effect of providing a range of value to the client. This range of value is defined as an appraisal under USPAP; therefore, the appraiser would be obligated to comply with STANDARDS 1 and 2.

But as FAQ #130 also states, "comp check" assignments should be contrasted to requests for an appraisal to simply provide data. For example, an appraiser asked by a client to provide "sales data of all homes located within a one mile radius" of a specific address could comply with the client's request without complying with STANDARDS 1 and 2, because the appraiser would just be providing sales data pursuant to the client's defined parameters. In this example, the appraiser must be careful not to communicate any opinions or conclusions regarding the data provided.

For additional related guidance on this topic, please refer to Advisory Opinion 19, *Unacceptable Assignment Conditions in Real Property Appraisal Assignments* and Illustration #4 "Appraisal and Market Information" in Advisory Opinion 21, *USPAP Compliance*.

**Q.** Does USPAP allow appraisers to perform "comp check" assignments for free?

**A.** Yes. However, the appraiser would have to ensure that receiving a "full" appraisal assignment is not contingent upon the result of the "comp check" assignment. The Management section of the ETHICS RULE states, in part:

*It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:*

- 1. the reporting of a predetermined result (e.g., opinion of value);*
  - 2. a direction in assignment results that favors the cause of the client;*
  - 3. the amount of a value opinion;*
  - 4. the attainment of a stipulated result; or*
  - 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.**
- (Bold added for emphasis)

**Q.** If I perform a free "comp check" assignment and my client subsequently requests me to perform a "full" (or more "traditional") assignment on the same property, do I have to disclose the free "comp check" assignment as having provided a "thing of value" to procure the new assignment?

**A.** No. The Management section of the ETHICS RULE states, in part:

*The payment of undisclosed fees, commissions, or things of value in connection with the procurement of an assignment is unethical.*

Since USPAP prohibits the second assignment from being contingent upon the first, the free "comp check" could not be considered part of "procuring" the second assignment. Therefore, disclosure of the free "comp check" assignment would not be required. Appraisers may, of course, elect to disclose the prior assignment, but it is not required by USPAP.

An appraiser can provide a free "comp check." An appraiser cannot provide a free "comp check" AND the pursuant appraisal if the engagement was contingent upon developing or reporting predetermined results.

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.



**USPAP ETHICS RULE**

During the course of reviewing appraisals for experience credit, the Board has noted engagement letters which include the loan amount. This is a reminder of the requirements of the Conduct and Management sections of USPAP's ETHICS RULE.

**ETHICS RULE**

To promote and preserve the public trust inherent in professional appraisal practice, an appraiser must observe the highest standards of professional ethics. This ETHICS RULE is divided into four sections: Conduct, Management, Confidentiality, and Record Keeping. The first three sections apply to all appraisal practice, and all four sections apply to appraisal practice performed under STANDARDS 1 through 10.

Comment: 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.

Compliance with USPAP is required when either the service or the appraiser is obligated by law or regulation, or by agreement with the client or intended users, to comply. In addition to these requirements, an individual should comply any time that individual represents that he or she is performing the service as an appraiser.

**Conduct:**

- An appraiser must perform assignments ethically and competently, in accordance with USPAP.
- An appraiser must not engage in criminal conduct.
- An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.
- An appraiser must not advocate the cause or interest of any party or issue.
- An appraiser must not accept an assignment that includes the reporting of predetermined opinions and conclusions.
- An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report.
- An appraiser must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or

an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.

**Management:**

The payment of undisclosed fees, commissions, or things of value in connection with the procurement of an assignment is unethical.

Comment: Disclosure of fees, commissions, or things of value connected to the procurement of an assignment must appear in the certification and in any transmittal letter in which conclusions are stated. In groups or organizations engaged in appraisal practice, intra-company payments to employees for business development are not considered unethical. Competency, rather than financial incentives, should be the primary basis for awarding an assignment.

It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an assignment, that is contingent on any of the following:

1. the reporting of a predetermined result (e.g., opinion of value);
2. a direction in assignment results that favors the cause of the client;
3. the amount of a value opinion;
4. the attainment of a stipulated result; or
5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.

Advertising for or soliciting assignments in a manner that is false, misleading, or exaggerated is unethical.

Comment: In groups or organizations engaged in appraisal practice, decisions concerning finder or referral fees, contingent compensation, and advertising may not be the responsibility of an individual appraiser, but for a particular assignment, it is the responsibility of the individual appraiser to ascertain that there has been no breach of ethics, that the assignment is prepared in accordance with these Standards, and that the report can be properly certified when required by Standards Rules [2-3](#), [3-3](#), [5-3](#), [6-9](#), [8-3](#), or [10-3](#).



<b>KANSAS APPRAISERS</b>	
CERTIFIED GENERAL.....	448
CERTIFIED RESIDENTIAL.....	391
STATE LICENSED .....	330
PROVISIONAL (TRAINEE) .....	38
TOTAL.....	1,207

  
**DISCIPLINARY ACTIONS**

James O. Hand (L-390) Complaint #549  
Kansas City, MO

**Violations:** K.S.A. 58-4121; 58-4118(a)(6), (7) & (8).  
**Action:** A Consent Agreement and Order was entered into on March 12, 2008, with the following terms and conditions: That Hand voluntarily surrender his State License and agree to never again apply for reinstatement or another license or certification in the State of Kansas.

Dennis Bert Leighty (G-58) Complaint #517  
Ulysses

**Violations:** K.S.A. 58-4121; 58-4118(a)(6), (7), & (8)  
**Action:** A Consent Order was entered into on February 4, 2008, with the following terms and conditions: That Leighty take the 7-hour USPAP Update course on or prior to June 30, 2008; that Leighty take and pass the examination of the 45-hour ASFMRA Approaches to Value for Rural Properties course on or prior to June 30, 2008; that Leighty maintain a log of all appraisals he performs or in which he participates for a period of six (6) months, commencing the date of the Order; and that Leighty pay \$605 to cover the cost of the review associated with this complaint within 30 days from the date of the Order.

Todd O. Clevenger (L-2162) Complaint #558  
Smithville, MO

**Violation:** K.S.A. 58-4118(a)(9).  
**Action:** A Consent Order was entered into on February 13, 2008, with the following terms and conditions: That Clevenger take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2008; and that Clevenger pay a \$500 fine within 30 days from the date of the Order.

Christina Goodson (L-1709) Complaints #513 & 514  
McPherson

**Violations:** K.S.A. 58-4121; 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on February 13, 2008, with the following terms and conditions: That Goodson take and pass the examination of a minimum 15-hour sales comparison approach course on or prior to June 30, 2008; that Goodson pay a fine of \$1,000 on or prior to June 30, 2008; and that Goodson pay \$1,000 to cover the cost of the review associated with these complaints by June 30, 2008.

William R. Keck (L-1645) Complaint #500  
Cosby, MO

**Violations:** The Board alleged and Keck denied violation of K.S.A. 58-4121, 58-4118(a)(6), (7) & (8).  
**Action:** A Consent Order was entered into February 28, 2008, with the following terms and conditions: That Keck take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2008; that Keck take and pass the examination of a minimum 15-hour sales comparison approach course on or prior to June 30, 2008; that Keck take and pass the examination of a minimum 15-hour cost approach course on or prior to June 30, 2008; that Keck take and pass the examination of a minimum 15-hour report writing course on or prior to June 30, 2008; that Keck pay \$900 to cover the cost of the review associated with this complaint within 30 days from the date of the Order.

David Dickson Hand (R-1725) Complaint #552  
Pleasant Hill, MO

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on February 29, 2008, with the following terms and conditions: That Hand take and pass the examination of a minimum 15-hour USPAP course on or prior to June 30, 2008; that Hand take and pass the examination of a minimum 15-hour sales comparison approach course on or prior to June 30, 2008; that Hand take and pass the examination of a minimum 15-hour report writing course on or prior to June 30, 2008; that Hand pay \$200 to cover the cost of the review associated with this complaint within 30 days from the date of the Order; and that Hand pay a \$1,000 fine within 30 days from the date of the Order.

Michael Dewayne Turner (L-2013) Complaint 555  
Blue Springs, MO

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on February 29, 2008, with the following terms and conditions: That Turner take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2008; that Turner take and pass the examination of a minimum 15-hour sales comparison approach course on or prior to June 30, 2008; that Turner take and pass the examination of a minimum 15-hour cost approach course on or prior to June 30, 2008; that Turner take and pass the examination of a minimum 15-hour report writing course on or prior to June 30, 2008; and that Turner pay \$700 to cover the cost of the review associated with this complaint within 30 days from the date of the Order.

Dana Ann Miller (L-2108) Complaint #542  
Deerfield

**Violations:** K.S.A. 4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on March 12, 2008, with the following terms and conditions: The Miller take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2008; that Miller take and pass the examination of a minimum 15-hour Sales Comparison Approach course on or prior to June 30, 2008; that Miller take and pass the examination of a minimum 15-hour Report Writing course on or prior to June 30, 2008; and that Miller pay \$500 to cover the cost of the review associated with this complaint within 30 days from the date of the Order.

Hubert Brown (L-1478) Complaint 559  
Kansas City

**Violations:** K.S.A. 58-4121; 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on April 1, 2008, with the following terms and conditions: That Brown take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2009; that Brown take and pass the examination of qualifying education module #4 [Residential Market Analysis & Highest and Best Use] on or prior to June 30, 2009; and that Brown take and pass the examination of qualifying education module #7 [Residential Report Writing & Case Studies] on or prior to June 30, 2009.

John Ecton (L-1479) Complaint #501  
Riverside, MO

**Alleged Violations:** K.S.A. 58-4121; 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Agreement was entered into on April 3, 2008, with the following terms and conditions: That Ecton satisfactorily complete a two-day practicum course offered by Lynn Heiden in Kearney, Nebraska within 120 days of the entry of the Agreement; and that Ecton pay \$360 to cover the cost of the reviews associated with this complaint within 30 days from the date of the Agreement.

Edward J. Morrison (R-566) Complaint #518  
Overland Park

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on May 29, 2008, with the following terms and conditions: That Morrison take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2008; that Morrison take and pass the examination of a minimum 15-hour market analysis course on or prior to June 30, 2008; and that Morrison pay \$750 to cover the cost of the review associated with this complaint within 30 days from the date of the Order.

Robert C. Taggart (G-436) Complaint #550  
Topeka

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on May 29, 2008, with the following terms and conditions: That Taggart take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2009; that Taggart pay a \$500 fine within 30 days from the date of the Order; and that Taggart pay \$467.50 to cover ½ of the cost of the review associated with this complaint within 30 days from the date of the Order.

Devin D. Sprecker (G-933) Complaint #551  
Topeka

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on May 29, 2008, with the following terms and conditions: That Sprecker take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2009; that Sprecker pay a \$500 fine within 30 days from the date of the Order; and that Sprecker pay \$467.50 to cover ½ of the cost of the review associated with this complaint within 30 days from the date of the Order.

Shawn J. Allen (R-2089) Complaint #573 & 574  
Kansas City, MO

**Violation:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on June 4, 2008, with the following terms and conditions: That Allen take and pass the examination of the 15-hour USPAP course on or prior to December 4, 2008; that Allen take and pass the examination of Qualifying Education Module 4 (Residential Market Analysis & Highest and Best Use) on or prior to December 4, 2008; that Allen take and pass the examination of Qualifying Education Module 5 (Residential Appraiser Site Valuation & Cost Approach); that Allen maintain a log of all appraisals he performs or in which he participates for a period of six (6) months, commencing the date of the Order; that the Board may select up to three (3) reports from the logs for additional review; that Allen pay a fine of \$500 per complaint (\$1,000) within 30 days from the date of the Order; and that Allen pay \$400 to cover the cost of the reviews associated with these complaints within 30 days from the date of the Order.

Shane Scott Gretzinger (G-1243) Complaint #531  
Kansas City, MO

**Violations:** K.S.A. 58-3118(a)(6).  
**Action:** A Final Order was issued on June 23, 2008, with the following terms and conditions: That Gretzinger take a 15-hour narrative writing course within one (1) year from the date of the Order.

Jason Paul Doll (L-2284) Complaint #570  
Wichita

**Violations:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on June 13, 2008, with the following terms and conditions: That Doll take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2009; that Doll take and pass the examination of Qualifying Education Module #4 (Residential Market Analysis & Highest and Best Use) on or prior to June 30, 2009; and that Doll take and pass the examination of Qualifying Education Module #5 (Residential Appraiser Site Valuation & Cost Approach) on or prior to June 30, 2009.

Vicki E. Shepherd (G-207) Complaint #569  
El Dorado

**Violations:** K.S.A. 58 4121; 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on June 13, 2008, with the following terms and conditions: That Shepherd take and pass the examination of the 15-hour USPAP course on or prior to June 30, 2009; that Shepherd cease and desist from all supervision of appraisers/trainees; that Shepherd pay a fine of \$500 within 30 days from the date of the Order; that Shepherd maintain a log of all appraisals she performs or in which she participates for a period of six (6) months, commencing the date of the Order, said log to 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) reports from the logs for additional review; that should any review indicate that the report(s) is not substantially USPAP compliant, Shepherd will pay the cost of the additional reviews within 30 days from notice by the Board and a new complaint will be filed.

Dean L. Bussart ((G-322) Complaint #563  
Wichita

**Violations:** K.S.A. 58-4121; 58-4118(a)(6); (7); & (8)  
**Action:** A Consent Order was entered into on July 16, 2008, with the following terms and conditions: That Bussart take and pass the exam of the 15-hour USPAP course on or prior to June 30, 2009; that Bussart take and pass the exam of qualifying education module #11, General Appraiser Sales Comparison Approach, on or prior to June 30, 2009; that Bussart pay \$585 to cover the cost of the review associated with this complaint within 30 days from the date of the Order; that Bussart maintain a log of all appraisals he performs or in which he participates for a period of six (6) months, commencing the date the above noted education has been completed; and that the Board may select up to three (3) reports for additional review, Bussart to pay the cost of these reviews should

any show to be in substantial non-compliance with USPAP.

Teresa L. Crosby (R-2246) Complaint #557  
Kansas City, MO

**Violation Alleged by the Board and denied by Crosby:** K.S.A. 58-4121, 58-4118(a)(6), (7), & (8).  
**Action:** A Consent Order was entered into on July 16, 2008, with the following terms and conditions: That Crosby take and pass the exam of the 15-hour USPAP course on or prior to June 30, 2009; that Crosby take and pass qualifying education module #4, Residential Market Analysis & Highest and Best Use, on or prior to June 30, 2009; that Crosby take and pass qualifying education module #5, Residential Appraiser Site Valuation & Cost Approach, on or prior to June 30, 2009; that Crosby maintain a log of all appraisals she performs or in which she participates for a period of six (6) months, commencing the date of the Order; that the Board may select up to three (3) reports from the logs for additional review, Crosby to pay the cost of the review within 30 days from notice by the Board should any show to be in substantial non-compliance with USPAP and a new complaint will be filed; and that Crosby pay \$400 to cover the cost of the review associated with this complaint.



## 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) Customer 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>.



**SUMMARY OF COMPLAINTS RECEIVED & DISCIPLINARY ACTIONS TAKEN BY THE BOARD JANUARY 1, 2007 THRU DECEMBER 31, 2007**

Between January 2007 and December 31, 2007 the Board received 66 new complaints.

Complaints Dismissed .....	14
Consent Agreements.....	36
Final Order.....	1
Revoked .....	1
Settlement Pending .....	2
Did Not Renew .....	1
Letter of Censure.....	3
Pending Outside Investigation.....	0
IC investigating .....	8

The Board currently has 28 open cases that are currently in the investigation/settlement stage.



**2008/2009 USPAP TOOK FORCE JANUARY 1**

The 2008/2009 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) went into force effective January 1, 2008. While in the past the Board has provided a copy of the most current version of USPAP to all Kansas appraisers, the accessibility of the standards on-line at the Appraisal Foundation's website and the duplication resulting from USPAP courses and licensure in multiple states, has prompted the Board to stop this mailing.

Links to both the 2008/2009 and 2006 edition of USPAP can be accessed from the Board's website at <http://www.kansas.gov/kreab/pdf/home/USPAP.pdf>.

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THE NATIONAL REGISTRY

[http://www.asc.gov/contnt/category1/nr\\_intro.aspx?id=10](http://www.asc.gov/contnt/category1/nr_intro.aspx?id=10)