

THE IOWA APPRAISER

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IOWA DIVISION OF BANKING

A Letter From The Editor

Early in my professional career, I heard the famous quote from Heraclitus, "There is nothing permanent except change." I think about this quote often and am amazed at how true it is, especially when it comes to the appraisal industry and government.

Humor me while I reflect on all the changes over the past couple of years. Pam Griebel, the Board's Assistant Attorney General (AAG) retired after over 30 years and Luke Dawson became the new AAG. Toni Bright resigned as the Executive Officer of the Board. She's still working in the appraisal industry and focused on compliance. Lori Schrader-Bachar acted as the interim Executive Officer until I was officially appointed. Gene Nelsen and Caryl Swaim retired from the Board. Terri Selberg, James Pooley, and Dan O'Hern joined the board, replacing the retirees and filling the vacant public member spot. The Board moved out from under the Professional Licensing Bureau (PLB) and now has direct oversight

from the Iowa Division of Banking. The same day this move was effective (January 1, 2017) the Appraisal Management Company regulations took effect.

With all this talk about change, you may be wondering what is happening now, if anything.

Well, as of now, the Board continues to utilize the PLB licensing database; however, it was not feasible to add AMCs. AMCs are currently using an in-house database created by Banking. PLB has been working on creating a new database for all its professions. Their new database will be utilized to license and register appraisers and appraisal management companies.

Appraisers and Appraisal Management Companies will soon have access to many aspects of their license and registration information not previously offered,

such as the ability to update their contact information, enter continuing education, and print their license card.

Look for important information in the coming months. You will receive information on how to create a profile, use the new system, submit applications, and even download mailing lists.



The new database is one change I am excited about and can't wait to share.

—Brandy March

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Contact Information

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Welcome Appraisers

ASSOCIATE APPRAISER

- Bro, Levi
- Giddings, Zack
- Gioffredi, Gary
- Miller, Leo
- Roe, Amanda
- Sweeney, Kellen

RECIPROCITY

- Campbell, Travis
- Johnson, Kirk
- Jones, Geoffrey
- Laird, Benjamin
- McQueen, Scott
- Reed, Justin
- Teynor, Jason

INITIAL CERTIFICATION

- Connell, Timothy (CR03397)
- Hildenbrand, Kyle (CG03167)
- Klostermann, Dextar (CG03365)
- Sealine, Bethany (CR02723)

REACTIVATION/REINSTATE

- Doyle, John
- Roy, Rondy



**Iowa
AMC Regulations
went into
effect
January 1, 2017.**

**Are you
registered?**

Welcome AMC Registrants

- Appraisal Management Services of America, Inc. 00083
- Appraisal Management Specialists, LLC 00087
- Appraisal MC, LLC 00079
- Collateral Management, LLC 00089
- Computershare Valuation Services, LLC 00090
- Financial Asset Services, Inc. 00078
- PropertyRate, LLC 00084
- The Property Sciences Group, Inc. 00086
- Trident Services, LLC dba Triserv Appraisal Management Solutions, LLC 00085
- Velocity, LLC 00088



Associate Supervision-Let's Break It Down

There has been a spike in questions related to appraiser supervision in the recent months. Most questions pertain to locating a supervisor, the supervisor/trainee course, and registration. Let's dig deeper into each of these subjects.

Locating A Supervisor

In an effort to assist those entering the profession, we request that anyone willing to supervise associates contact the Board via email at realestateappraiserboard@iowa.gov or via phone at 515-725-9025. The

Board will maintain a list, on the Board's website, of all parties interested in supervising appraisers. If you currently supervise, even if you have three associate appraisers, please let the Board know of your willingness to supervise.

Note: The supervisor list would serve as a voluntary list of certified appraisers willing to take on associates. It in no way guarantees approval or placement. It is simply a tool to assist those interested in joining the profession.

If you are interested in becoming a supervisor, please review the Iowa Administrative Rules-Chapter 15 or contact Brandy March at 515-725-9025.

Brief Overview of Supervisor Requirements-Not All Inclusive

Administrative Rules 193F Chapter 4 states that the scope of practice of the associate must be the same as the scope of practice of the supervisor. It also states that an associate is subject to the direction supervision of a certified real property appraiser. Chapter 15 of 193F states a supervisor must be credentialed for at least three years in Iowa, be in good standing in all jurisdictions, and maintain their Iowa certification during all supervision periods. A supervisor may not have more than three associates at one time.

Supervisor/Trainee Course Facts

- ◆ Course does not count towards qualifying or continuing education for associates.
- ◆ Course can be claimed as continuing education by certified appraisers.
- ◆ Course does not have to be taken with the supervisor or associate. It doesn't even have to be taken from the same course provider.
- ◆ Course must be taken by the supervisor and applicant prior to the associate application being submitted.

Supervisor Registration

An associate appraiser must procure a supervisor before they can register with the Board. The associate application must include the supervisor's signature, information, and supervisor/trainee course certificate.

There are forms available for associates or supervisors to use in the event they wish to add or remove an associate/supervisor. An associate appraiser cannot remain in active status when there is no active supervisor.

A certified residential appraiser seeking upgrade to the certified general classification must register and be approved by the Board prior to logging experience hours. Refer to Iowa Administrative Code 193F-5.7(543D) and 6.4 (543D).



Word From The Board



The Iowa Real Estate Appraiser Examining Board is pleased to announce the 2017 renewals went well. There were only 77 licensees who did not renew their license this year as opposed to over 90 during the 2016 renewal period. Continuing education audits were conducted on at least 10% of those who renewed, plus every paper renewal application. With the spike in paper applications this year, that amounted to 129 continuing education audits. As of July 31, 2017, only nine audits are outstanding. To date, only one licensee has failed the audit. The Board is very pleased with the results of this year's continuing education audit.

More interesting is the legal argument between the Federal Trade Commission (FTC) and the Louisiana Real Estate Appraisers Board (LREAB) regarding "customary and reasonable fees" for appraisals. This July 2017, the State of Louisiana's Motion to Stay requested by the board on July 18, 2017, was granted. The Motion to Stay asked for 120 days to implement and evaluate the impact of the July 11th Executive Order and the LREAB's Resolution. The FTC response is that the July 11th Executive Order does not yield effective supervision and fails to address the appraiser board's past conduct. This is based on Executive Order 17-16 which requires LREAB and state agencies to implement and complete within 90 days actions to reinforce supervision over LREAB rule-making and enforcement regarding reasonable and customary fees. In mid-July the LREAB issued a Resolution to implement the July 11th Executive Order.

On May 30, 2017, the Federal Trade Commission filed a complaint against the Louisiana Real Estate Appraisers Board alleging the LREAB is unreasonably restraining price competition for appraisal services within the state. Dodd-Frank

requires that Appraisal Management Companies pay "a rate that is customary and reasonable for appraisal services". The FTC complaint alleges that the LREAB's Rule 31101 exceeds the scope of the federal mandate by requiring appraisal fees to equal or exceed the median fees identified in survey reports commissioned and published by the board. AMCs with fees below the specified levels are investigated and sanctioned by the board. The FTC complaint alleges that Dodd-Frank does not require nor authorize these restrictions on appraisal fees. The FTC complaint further alleges that the LREAB's actions "have not been supervised by independent state officials."

Look for more as the issue escalates further in the courts this year. Information for this article was obtained from other sources, including the motion to stay (as found on the next page under Industry Headlines) and an article in *Appraisal Buzz* written by Carol Trice, a certified appraiser in Texas and Florida (<https://www.appraisalbuzz.com/hot-off-presses/>).

The Board will continue to keep a close eye on anti-trust cases to ensure it meets state and federal law when making decisions and carrying out its duties.

-Bob Felderman,
Board Member

The Real Estate Appraiser Examining Board Welcomes The Appraisal Subcommittee

Yes, it's that time of year again-audit time! Iowa welcomed Vicki Metcalf, Iowa's policy manager, and her counterpart, Neal Fenochietti, on July 26, 2017. During their stay, Vicki and Neal reviewed Iowa's statutes, regulations, policies and procedures, our adherence to temporary practice permits, the national registry requirements, our application processes, our reciprocity guidelines and policies, our provider and course review system, and our enforcement or disciplinary proceedings and methods. Both Vicki and Neal attended the July 28, 2017 Board Meeting and answered questions from Board members and staff. It was a pleasant visit and any feedback from the ASC is always welcome. While we were not given either an informal or formal adherence to standards, one is expected in the following weeks with the final report being available in September.

We'd like to thank the ASC for their guidance, support, and feedback over the last two years as well as thank them for their professionalism and pleasant demeanor during the review process.

**The 2016
Appraisal
Subcommittee
Annual Report
is now
available at
www.asc.gov**

Industry Headlines

[FTC Challenges Louisiana Real Estate Appraisers Board Regulations that Restrict Competition](#) was published on May 31, 2017. Louisiana was the subject of an FTC complaint which alleged, “unreasonably restraining price competition for appraisal services in Louisiana” and that Louisiana “limits the freedom of individual appraisers and their customers to engage in bona fide negotiations to set appraisal fees for real estate appraisers in Louisiana.”

[State of Louisiana, Executive Order 17-16](#)

The State of Louisiana issued an executive order on July 11, 2017 pertaining to customary and reasonable fee settlements and administrative complaint filings. The order is two part. The first item requires the Division of Administrative Law in Louisiana to review the case within 30 days to ensure fairness and the intention of the policy is followed. The second item requires the Louisiana appraiser board to submit for review, within 30 days, any proposed regulations pertaining to AMC compliance regarding customary and reasonable fees to the Commission of Administration, or its designee.

[Advisory on the Availability of Appraisers](#)

On May 31, 2017 the FDIC issued an advisory on the availability of appraisers titled FIL-19-2017. The FDIC reminds depository institutions and bank holding companies that appraisers can take advantage of temporary practice permits, reciprocity, and temporary waivers. The Appraisal Subcommittee, with approval from the Federal Financial Institutions Examination Council, has the authority to grant temporary waiver requests.

[AQB Update on Proposed Changes to the Real Property Appraiser Qualification Criteria](#)

On July 25, 2017, the Appraisal Foundation sent out their announcement regarding the proposed changes to the Criteria. After the AQB issued a concept paper, discussion draft, three exposure drafts, a public hearing, an online briefing, and several other public meetings in the past two years, the AQB realized that “the only consensus at this time seems to be a lack of consensus.” Based on this, the AQB will now appoint a focus group to determine if any Criteria change is needed and will survey state regulators regarding reciprocity issues if the Criteria were to be changed.

Submit A Story

We'd love to hear from you. If you have a story to submit, or are aware of something going on in the profession, let us know. Maybe you have an interesting story that pertains to the profession or one that would benefit our readers. Email Brandy March at: brandy.march@iowa.gov with the subject line, Story Submission. Your story may be published in the next newsletter.



Lapsed Licensee Notice

July 30 was the last day to submit a late renewal. The 77 individuals listed below must submit a reinstatement application to have their Iowa license placed in active or inactive status.

LANGFORD	ANDREW	AG03377	ROSNO	MARK	CR02135
LEE	SUNG	CG03054	ROSNO	ROBERT	CG01011
LEONARD	CRAIG	CR01337	ROZENDAAL	DUANE	CR01248
LEZOTTE	NORMAN	CG03497	RUGGLES	ROBERT	CG03055
LOEWENS	KATHERINE	CR03515	RUPP	SEAN	AR03237
LUEPKE	SHANNON	CG03000	RYAN	JAMES	AG03432
MADILL	CRAIG	CG01273	SALISBURY	J. EDWARD	CG03430
MAHON	WILLIAM	AR03288	SALLANDER	JANET	CG02636
MARTENS	LEO	CG02679	SCHUITEMAN	ALAN	CG01622
MASSANET	JODI	CR03346	SCHULTZ	BRADLEY	CR01681
MAURER	CHRIS	CG03306	SHAH	RAJESH	CG03419
MAURER	KEVIN	AR03541	SMALL	RYAN	AR03193
MC CASLAND	JOSEPH	CG02185	SMITH	ED	CG03457
MC NEAL	SHERMAN	CG02422	SMITH	KARYL	CG02127
MCDONOUGH	GERARD	CG03436	SNYDER	ANGELA	AR03493
MCQUEEN	SCOTT	CG03551	SPONHEIM	ANDREW	AG03058
MEADOR	DEBORAH	CR01477	SPRINGSTEEN	JORDAN	AR03280
MEANS	SCOTT	CR02346	STEIGERWALDT	WILLIAM	CG03446
MEEKER	JEFF	CR03020	SULLIVAN	ELLEN	CG03355
MELLEN	SUZANNE	CG03188	SWANSON	KARLEE	AR03443
MILLER	SHELLY	AR03222	TIBBLE	PETER	CG03343
MILLS	MEGHAN	AG03487	TRAVIS	CHARLES	CG03242
MORRISSEY	PATRICK	CG01316	VANDAELE	LANNY	AG03321
MUSIEL	ADAM	CG03452	VANDER WERFF	BRENT	AG02938
NAGEL	JANEL	CR01881	VANDERWERFF	JAMES	CG01570
NEFF	FRANCIS	CR01247	VERGIN	TIMOTHY	CG03480
NESLER	FERDINAND	CG01425	VINCENT	SCOTT	CR02750
NORRIS	ROBERT	CG03427	WAINWRIGHT	KRISTIE	CR02700
NUSBAUM	RICK	CG01274	WILHELM	MARY JO	CR02087
O'CONNOR	SHAWN	CG03479	WISE	JAMES	CG03504
OHL	STEVEN	CR01745	WISE	STEVE	CG03507
OHLSEN	EVELYN	AR03010	WOOD	KRISTIN	CR02406
OLBERTS	MARK	CR02110	WOODS	ROBERT	CG03447
PATTERSON	DUANE	CG01096	WOUDSTRA	BRANDON	CR03037
PHILLIPS	TREVOR	CG03227	WRIGHT	JAMES	CG03426
REELFS	RODGER	CR01198	WULFF	CHRISTOPHER	CG03484
REISCH	PAUL	CG02811	YINGLING	WILLIAM	AG02931
REYNOLDS	GARRETT	AG03330			

Compliance Corner: USPAP Advisory Opinion 29

An Acceptable Scope of Work

The SCOPE OF WORK RULE states that an appraiser's scope of work is acceptable when it meets or exceeds:

- *the expectations of parties who are regularly intended users for similar assignments; and*
- *what an appraiser's peers' actions would be in performing the same or a similar assignment.*

Similar Assignments

Assignment elements define and characterize the problem to be solved in appraisal and appraisal review assignments. The assignment elements necessary for proper identification of the appraisal problem are addressed in the applicable Standards Rules (i.e., SR 1-2, SR 3-2, SR 6-2, SR 7-2 and SR 9-2). The applicability of Standards Rules depends on the type of asset being appraised (real property, tangible personal property, or intangible property including business interests) and the type of assignment (appraisal or appraisal review).

Assignments are similar when the assignment elements used to identify the appraisal problem are comparable. Assignment elements include such things as the intended use, intended users, type and definition of value, effective date, relevant characteristics of the subject property, and assignment conditions.

The information gathered about the assignment elements is used by the appraiser to identify the problem to be solved and determine an acceptable scope of work. The greater the commonality among assignment elements, the more similarity there is between assignments.

An Appraiser's Peers

USPAP defines Appraiser's Peers as: *other appraisers who have expertise and competency in a similar type of assignment.* To be an appraiser's peer for a particular assignment, one must have the competency to address the appraisal problem presented in that assignment. This includes the knowledge and experience to:

- properly identify the appraisal or appraisal review problem to be solved;
- determine the type and extent of research and analyses to include in the development process; and
- perform the required research and analyses properly.

Because assignments can require different types of expertise and competency, it is possible to be considered an appraiser's peer for some assignments, but not for others. Identifying an appraiser's peer is always done in the context of a particular assignment.

Within appraisal practice there are three disciplines (real property, tangible personal property, and intangible property including business interests), and within those disciplines there are many areas of specific expertise. An appraiser can have a focused area of expertise and competency or a wide variety of expertise and competency. Merely holding the same type or level of credential does not make one an appraiser's peer.

Determining if an individual is an appraiser's peer requires examining the individual's expertise regarding each of the elements that define the assignment. For example, solely having expertise in appraising the same type of property is not sufficient to make someone an appraiser's peer.

Application

The scope of work is acceptable when it leads to credible assignment results. The SCOPE OF WORK RULE establishes two benchmarks for measuring the acceptability of the scope of work, both of which need to be met. The scope of work is acceptable when it meets or exceeds **both** (1) the expectations of parties who are regularly intended users for similar assignments; and (2) what an appraiser's peers' actions would be in performing the same or a similar assignment. An acceptable scope of work must satisfy both benchmarks.

Illustrations:

1. An appraiser has been engaged to perform an "exterior only" appraisal of a single-family home for a potential home equity loan. Another appraiser has been asked to appraise a single-family home in the same development for an FHA loan. Since the subject properties are similar, would the assignments require the same scope of work?

No, the subject of the assignment and its relevant characteristics is just one of several assignment elements that define an appraisal problem. Because of critical differences in the intended use and the appraisal problem to be solved, the scope of work that is acceptable for the first assignment would not be acceptable for the second assignment. For example, an appraisal performed for an FHA loan is subject to additional inspection requirements.

2. A state certified general appraiser is appraising a highly specialized industrial facility, and is concerned that the assignment is so complex that many appraisers who are knowledgeable about industrial property would not be qualified to judge whether or not the scope of work was appropriate. Who would be considered the appraiser's peers in this assignment?

The appraiser's peers for this assignment would be other appraisers competent to complete a similar assignment. If special expertise is required, other state certified general appraisers without the required expertise and knowledge would not be the appraiser's peers for this assignment. Identifying appraisers with expertise and competency in appraising similar complex property types or unusual intended uses may require seeking appraisers from other geographic areas.

Refer to the Appraisal Foundations 2016-2017 USPAP AO-29 for more illustrations.

FAQ (Frequently Asked Questions) Supervisors & Associates



Q: When can my associate inspect properties without my presence?

A: The supervisor must inspect the property with the associate appraiser until the Supervisory Appraiser determines the Trainee Appraiser is competent to inspect the property, in accordance with the COMPETENCY RULE of USPAP for the property type.

Q: Is it true that my associate appraiser may have more than three supervisors but that I may not supervise more than three associates at one time?

A: Yes, an associate may have more than one supervisor at a time; however, the supervisor may not supervise more than three associates at one time.

Q: Does the associate appraiser have to keep their own workfile for every assignment they work on?

A: USPAP Advisory Opinion 31 states that the associate may maintain custody of the workfile (as an original or a copy) or make appropriate access arrangements for the retention period with the employer or their supervisor.

Q: How often do I need to review my associates log?

A: Iowa Administrative Rules 193F-4.2(4) states that the associate must have their appraisal log reviewed and signed by the supervisory appraiser at least monthly. Every page of the log must include the supervisor's signature, date of signature, and the supervisor's state certification number along with the associate appraisers signature.

Q: Is the 15 hour USPAP course and the 7 hour USPAP update course different? Do I have to take the 7 hour USPAP update course if I just took the 15 hour course?

A: Yes, the 15 hour USPAP qualifying education course is different than the 7 hour USPAP update course in that the 7 hour course concentrates on the most recent changes to USPAP, common areas, and application of USPAP to real world situations. The 15 hour USPAP is geared to the beginning appraiser who has a limited understanding of USPAP.

Q: Can I work towards my bachelor's degree while I am an associate or do I need the degree to become an associate appraiser?

A: An individual wishing to become an associate appraiser does not need a Bachelor's degree and may continue with their formal education while gaining experience hours. While there is no set rule for how long an associate may stay in the associate appraiser status, the Board does have the authority, per Administrative Rules 193F—4.4, to impose deadlines for achieving certification or for satisfying certain prerequisites towards certification for those who apply to renew an associate appraiser registration more than two times.

Q: Is there a way for me to have some of my reports reviewed by the Board prior to the Work Product Review stage so that I can be sure I am doing everything correctly?

A: Yes, and it is highly recommended. After an associates first 500 experience hours and prior to their work product review, an associate may submit voluntary work product to the board for review without worry of discipline. While there is a fee for the reports to be reviewed by a peer reviewer, the reviews are for education purposes only. Unless there is egregious violations, the supervisor will also not be subjected to disciplinary action when an associate submits voluntary work product for educational purposes.

Did you know that as a supervisor, you must sign off on the associate log at least monthly?



For Supervisors...

Discipline (April 25, 2017-July 31, 2017)

There have been seventeen new complaints received by the Iowa Real Estate Appraiser Board. The Board has closed a total of ten complaints. There have been no consent orders, suspensions, or voluntary revocations during this period.

As always, you may find consent orders and public discipline on the Board's website under the disciplinary index page at: <https://www.idob.state.ia.us/reap/>.

Spotlight Interview (Fred Greder CG1043)

This issue's spotlight interview is with one of the Board members, Fred Greder. Fred holds a certified general appraisal license. He was the 43rd person to become certified in Iowa in the Fall of 1991.

Fred originally started in the appraisal industry back in 1988, just after his employment with Travelers Insurance Company. They had sent Fred to most of the American Society of Farm Managers and Rural Appraisers (ASFMRA) classed needed to fulfill the appraiser education requirements. When told he had a problem with authority during one of his performance evaluations, Fred said, "It was a no brainer to try self-employment." He says that there is just something about being able to set your own hours—even if you work longer than the norm. Guess that's what makes him a typical appraiser.

Being in the industry for almost 30 years, Fred has seen quite a few changes, especially with technology. When he first started, he used 1960's era dictation equipment, a \$200 Smith Corona electric typewriter, and a borrowed desktop photocopier along with an HP-12C programmable calculator. He says the computer technology and the digital technology has transformed the industry. By the way, he still uses the HP-12C



Fred hopes that in the future, appraisers will be respected for what they know about the real estate market and not as a necessary evil in the bureaucratic process to get a loan or estate closed. He says the requirements imposed by the secondary market underwriters and reviewers often force good folks to become form fillers.

When asked if he was ever going to retire from the profession, Fred quoted his early mentor, Warren from Storm Lake, IA, and said, "I'll just stay as busy as I want to be."