

THE IOWA APPRAISER

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IOWA DIVISION OF BANKING

A Letter From The Editor

Greetings readers! I hope you all had a nice holiday and have been surviving the frigid winter weather.

The Division of Banking has finished its first bout of renewals in the new system. Perhaps I should say narrowly survived. I am thankful that appraisers were not one of the first to renew. I think most of the bugs are being fixed and I'd like to remind everyone that paper applications will no longer be accepted for this year's renewals. Those of you who were required to complete paper applications might find this news exciting.

I am working on obtaining approval, and software, to conduct a webinar on the new system and the steps to complete your renewal. I feel that this will be beneficial to the licensees and might reduce the amount of questions or technical sup-

port that inundated the Real Estate Commission and the Engineer & Land Surveying Board in December. Look for more information in the coming months. In addition, I urge those of you who have not created a user ID and password in the new system to complete this as soon as possible. Go in, link your license, update your contact information, and have a looksee. There is a step by step guide for creating your contact record in DataPro on page 11.

Enough about renewals. You'll be getting tons more information in the next newsletter. It's been pretty normal on the appraisal front, aside from the recent spike in exam and experience applications.

Current board members, eligible for service renewals, were to inform the Office of the Governor if they planned

to serve another term. For various personal reasons, the three board members up for renewal (Amanda Luscombe, Joni Scotter and Dan O'Hern) have decided not to renew their terms. This means the board will have three openings effective May 1, 2018. There will



be two public spots available and one certified residential opening. If you are interested in serving on the board, or know of anyone who would, please contact the Office of the Governor or apply online at: <https://openup.iowa.gov/register/>.

—Brandy March,
Executive Officer

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Welcome Appraisers

ASSOCIATE APPRAISER

Aliu, Ferat (AR03592)
Amsler, Clayton (AR03594)
Kane, Jon Christopher (AG03587)
Reburn, John (AG03596)
Riley, John (AR03598)
Shickell, Brittany (AG03580)
Ward Taylor, Shaun (AG03591)

INITIAL CERTIFICATION

Schultes, Corey (CR03429)

RECIPROCITY

Beyer, Trenton (CG03584)
Braemer, Bradley (CG03590)
Fiore, Rene (CR03586)
Henkes, Emily (CG03588)
Hummell, Matthew (CG03581)
Makredes, Andrew (CG03599)
O'Brien, Steve (CR03593)
Phillips, Michaela (CR03585)
Stark, Larry (CG03597)
Stelling, Brandon (CR03583)
Vetter, Shawn (CR03582)
Wiest, Brent (CG03589)

REACTIVATION / REINSTATEMENT

Sallander, Janet (CG02636)
Snyder, Angela (AR03493)



Welcome AMC Registrants

Appraisal Nation, LLC (00095)
Val-u-Nation, LLC (00096)



AMC Lapsed and Surrendered Registrations

360 Appraisal Group (00028)
AMC Settlement Services, LLC (00030)
ISGN Solutions, Inc. (00027)
Property Interlink LLC (00064)
Service 1st Valuation and Settlement Services, Inc. (00074)

Word From The Board



What's Up With Appraisal Subcommittee (ASC) Waivers?

Section 1119(b) of Title XI (12 U.S.C. 3348(b)) allows the ASC, subject to concurrence of the FFIEC, to temporarily waive certification or licensing requirements when, in a particular area:

1. There is a scarcity of appraisers; and
2. The scarcity is leading to significant delays in appraisal services for federally related transactions (FRTs).

Rules of practice and procedure governing temporary waiver proceedings were promulgated by the ASC (12 CFR 1102)

A waiver request may be submitted by a State appraiser regulatory agency, or other interested persons or entities.

The requester must set out the following reasoning:

- (1) The requirements of State law from which relief is being sought;
- (2) A description of all significant problems being encountered;
- (3) The nature of the scarcity of certified or licensed appraisers;
- (4) The extent of the delays anticipated or experienced in obtaining the services of certified or licensed appraisers; and
- (5) The reasons why the requester believes that the requirement or requirements are causing the scarcity of certified or licensed appraisers and the service delays.

Recently, two banks have requested a waiver. The first waiver request is from a Tennessee bank, TriStar Bank, and that waiver request is still being considered. The second waiver request is from an Oklahoma bank, City Bank and Trust Company, and they have since withdrawn their request.

The below is just a portion of information contained in the waivers submitted by both banks. You can go to the ASC website, <https://www.asc.gov/Home.aspx>, and click on the sidebar "Temporary Waiver Requests" to read the initial waiver request, the ASC correspondence, and informal comments to these requests.

Read the Waiver Requests and Comments at <https://www.asc.gov/Home.aspx>, by clicking on the sidebar "Temporary Waiver Requests"

Both of the proposed waivers indicated the following issues:

- Limited amount of appraisers in their areas
- Timeliness of turn around
- Cost of appraisals

The ASC strongly encourages all waiver requests to include meaningful suggestions and recommendations for remedying the situation.

TriStar Bank's waiver request recommended the following resolution to their problem:

- (1) Obtain an estimated value from a realtor, selected from a small group of trusted realtors who are not involved in the property or transaction, and have our senior officer validate the value; or
- (2) Obtain an evaluation from the Clarity Appraisal Management (an AMC) and then have their senior officer validate the value; or
- (3) Have their senior officer research comparable sales from the local MLS to determine the appropriate value.

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Word From The Board Continued



City Bank and Trust's waiver request resolution recommendation is vague but ultimately states that:

- (1) There is an individual on staff that *had maintained* a Certified Residential Appraiser license in Oklahoma, but has since allowed their license to expire due to the burdensome continuing education requirements and the long distance to travel to the approved courses; and
- (2) This individual has a good understanding of the local market and can document trends and values; therefore, they could produce an appraisal with reliable valuations of real properties.

There are a few more caveats of a waiver request. A copy of the request must be forwarded promptly to the State appraiser regulatory agency. The ASC considers whether to initiate temporary waiver proceedings. If initiated, the ASC promptly publishes notice in the *Federal Register* for a 30-day comment period. Within 45 days of that publication, the ASC shall either grant or deny request and upon specified conditions (such order shall respond to comments received and be published in the *Federal Register*). FFIEC concurrence is required if the request is approved.

If any of the above information concerns you, or our profession, you can make an informal comment to the ASC. Currently, there are over forty informal comments with more being added all the time. The comments are interesting to read and most put forth very reasonable rebuttals to the two letters.

The Iowa Real Estate Appraiser Examining Board (Board) felt strongly enough to send their own informal letter to the ASC stating its position on the waiver requests from TriStar Bank and City Bank and Trust Company. The Board reiterated, in their comment on the waivers, that Title XI's main purpose is to provide that Federal financial and public policy interests in real estate transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated, and whose professional conduct will be subject to effective supervision. With this in mind, the Board stated "neither of the two current waiver requests meet the burden of proof to allow for this action by the ASC." The board further stated, "Furthermore, we also respectfully request that meaningful standards and methods of enforcement be researched and developed for potential future accepted waivers."

The recent waiver requests and impact on the appraisal profession will make an interesting 2018. It is important to keep up with our ever changing profession.

Terri Selberg
RESource Appraisal Services
State Certified Appraiser
REAP Board Member



Industry Headlines

Robert Felderman Becomes a Certified Drone Photographer

Julien's Journal, The Dubuque Area Lifestyle Magazine, featured an article on Robert (Bob) Felderman, a member of the Iowa Real Estate Appraiser Examining Board. The article recognizes Bob for his FAA certification as an unmanned aircraft (drone) pilot. Congratulations Bob!

Initial TriStar Bank Letter Regarding Temporary Waiver

Many of you have already heard about the waiver requests to the Appraisal Subcommittee from TriStar Bank and City Bank & Trust Company. If not, you can find the waiver and ASC initial comments, along with their follow-up comments, on the ASC website, or by clicking the maroon text above. City Bank and Trust Company has since withdrawn their waiver request; TriStar Bank's is still pending. The ASC has received many informal comments regarding the waiver. Essentially, TriStar Bank is requesting a one year waiver of the requirement to use a certified appraiser for loan requests during the 2018 calendar year as TriStar Bank claims that there is a shortage of appraisers in the Nashville, Tennessee area. TriStar Bank wishes to use their unlicensed senior banking officer in lieu of a certified appraiser or receive value estimates from the local realtors or Clarity Appraisal Management with their senior officer validating the information.



New Bills Could Impact Lenders, De-regulation Tops the Schedule

There are some new bills on the House Financial Services Committee (FSC) agenda in January 2018 which may impact consumers and lenders. The Bill numbers listed in the article are H.R. 1264, H.R. 4648, H.R. 4725, H.R. 2683 and one unnumbered bill submitted by the New Mexico representative, Steve Pearce.

Tackling the Tough Topics

Jim Amarin, Jefferson Sherman, James Murrett, and Stephen Wagner from the Appraisal Institute (AI) discuss the Appraisal Institute and its plans and programs for 2018. The AI's Residential Appraiser Project Team (RAPT) is working hard to review residential appraisal issues and make recommendations to AI's Executive Committee.



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.

FAQ (Frequently Asked Questions) An Assortment Of Topics

Q: What is the difference between a Temporary Practice Permit and a Reciprocity license?

A: A Temporary Practice Permit (TPP) allows an appraiser to perform an appraisal assignment in a jurisdiction in which they are not actively licensed. The TPP is valid only for one engagement letter. It may cover multiple properties but is only good for the one assignment./letter An individual may receive up to 2 TPPs each calendar year. A TPP is valid for 6 months, although one extension may be requested so long as the request is prior to the expiration date. In Iowa, the cost is \$150 per TPP. TPP approvals take approximately 0-5 days. Applicants must provide the Board with the physical location of the property(ies) to be appraised, the client's information, and list their current appraiser licenses in other jurisdictions. In some cases, a copy of the engagement letter may be requested.

A reciprocal license allows an appraiser to obtain a similar appraisal license in another state or jurisdiction than the state they currently hold their license in. The appraiser is then free to perform as many appraisal assignments during the time their license is active, so long as the assignments fall within their credential and are USPAP compliant. Expiration dates for reciprocal licenses are as follows: Last names ending in A-K expire in even years (June 30) and last names ending in L-Z expire in odd years (June 30). The fee for a reciprocal license is \$245 or \$440 with the higher fee pertaining to a valid license over 12 months from its effective date. Reciprocal approvals typically take 0-5 days to complete. Unless the appraiser has received formal discipline from another appraisal board/agency, the applicant must only provide their current licensee status and attest to the discipline/criminal questions.

Q: Why hasn't my application been reviewed? I submitted it over a week ago.

A: If your application status says "Pending", this means that further action is needed on the applicant's part. The applicant must ensure the checklist is completed, that any required submissions are uploaded, pay any applicable fees that show up, and have clicked the "submit for review" button. A status of "Pending Internal Review" means your application was received by the Board. If your application has not changed from "Pending Internal Review" for over a week, please contact the Executive Officer at 515-725-9025 or via email at: brandy.march@iowa.gov. Please watch

for follow-up emails from the system or Executive Officer that may list any deficiencies in your application.

Q: What are the requirements for maintaining an experience log?

A: An associate should keep separate logs for each supervisor. It is both the supervisor and the associates responsibility to ensure the log is accurate, current, and complies with all applicable federal and state laws and regulations. The log must contain the type of property, date of the report, full address of the property, a description of the work performed by the Trainee Appraiser and the scope of review of the supervision and the scope of supervision of the of the supervisory appraiser, and the number of hours worked by the associate appraiser. Every page of the log must have the associate's name and signature, the supervisor's name, certification number, and signature as well as the date signed. The logs are to be reviewed and signed on a monthly basis.

The majority of logs are rejected on the first submission as they don't meet minimum requirements. Associ-

ates may submit their logs for review after the first month, or at any time, to ensure the information on the log is sufficient for the exam and experience application review. Logs can be kept electronically; however, the associate must be sure to include electronic signatures and dates on each page. Associates claiming mass appraisal experience should contact the Executive Officer for a log template.

Q: I registered in the new system and noticed that my business address needs updated. How do I change that?

A: If a licensee wishes to update their business address, they must submit an application titled: General—Request to Change License Address. Only a licensee's personal contact information can be updated without an application.

Q: I completed an appraisal and sent it to AMC A for Lender A. Lender A sold the loan to Lender B. AMC B, the AMC for Lender B, contacted me and requested a completion report be completed on the property. Can I complete this under USPAP?

A: A "final inspection" is *not* an extension of the original assignment unless it is part of the original agreement for services. A subsequent request would be a *new assignment* and, as such, could be performed for any client by any appraiser.

If the original appraiser performs this assignment, he or she must be careful not to disclose *assignment results* or *confidential information* (both, as defined in USPAP) in conjunction with the prior assignment. In addition, the appraiser would be required to disclose prior services related to the property (i.e., previously appraised the property).



Spotlight Interview—Dennis Cronk (CG02331)

Dennis Cronk, a certified general appraiser and die hard Hawkeye fan, has been with Cook Appraisal, Inc. since his final semester of college in 1998. Dennis wanted to obtain professional experience prior to graduation; Cook Appraisal, Inc. hired Dennis to perform research and assemble reports. Dennis loved the work and decided to obtain his certification. He is now an owner and managing partner of Cook Appraisal, Inc. Dennis also holds the MAI designation.

Dennis finds many positive and rewarding aspects to being an appraiser. He has seen a wide range of properties such as single family dwellings to high rise office buildings to massive industrial foundry operations. He meets many interesting people with varying backgrounds and areas of expertise such as bankers, lawyers, developers, realtors, manufacturers, property managers and tenants. Frequently, these individuals will have entirely different perceptions of real estate and valuation. Dennis states this is one of the reasons appraisers may disagree on value. He says understanding the motivations of market participants is critical in the valuation process. Additionally, once you gain the necessary knowledge and experience to appraise a specific type of property, which does take some time, it's not a bad way to make a buck. He said the hours tend to be long, but are generally flexible and allow him an opportunity to spend time with his family and volunteer in the community. Dennis said the contacts and knowledge gained in valuing real estate also provide opportunities for appraisers to invest in real estate and development.

When asked about technology changes during his profession, Dennis stated that his office share a digital camera but now they all primarily rely on their phones to take pictures during inspections. He stated the availability of online data from public and private sources, such as assessment data, GIS imaging and Google earth has streamlined much of the research process. The biggest benefit comes when he is researching distant markets. He does clarify that appraisers must be careful not to rely too heavily on this data as it could be dated or inaccurate. Personal interviews and independent verification is still the best option when possible.

As far as the future is concerned, Dennis hopes to add the AI-GRS review designation within the next year. Since he is younger, he doesn't have definite retirement plans; not that appraisers ever retire. Dennis does plan to stay in the appraisal business for many more years. He hopes to continue to grow his business and hire and train a couple more appraisers in the next few years.

Dennis is originally from California, but loves being an Iowan. He is married to his high school sweetheart, Leah. They have been married for almost 18 years and have three children: Nicholas, Kylie and Hannah. When Dennis is not appraising, he is coaching or spending his time watching his children play sports.



COMPLIANCE CORNER: ADVISORY OPINION 9

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. Advisory Opinions are issued to illustrate the applicability of appraisal standards in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems.

SUBJECT: The Appraisal of Real Property That May Be Impacted by Environmental Contamination

APPLICATION: Real Property

THE ISSUE:

Appraisals of contaminated properties, or properties suspected of being contaminated, are sometimes developed using either a hypothetical condition or an extraordinary assumption that the property is free of the contamination. While this is acceptable practice under certain conditions and for certain intended uses, there are assignments that require an appraisal of the “as-is” condition of the property, with full consideration of the effects of environmental contamination. In these assignments, the appraiser is asked to analyze the effects of known environmental contamination on the value of the subject property.

How does an appraiser comply with USPAP when appraising properties that may be impacted by environmental contamination?

Find out how comply with USPAP when you perform an assignment that requires an appraisal of the “as-is” condition of the property, with full consideration of the effects of environmental contamination.

ADVICE FROM THE ASB ON THE ISSUE:

Relevant USPAP & Advisory References

• DEFINITIONS, specifically the definitions of Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

• ETHICS RULE, particularly:

Conduct: An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests ... An appraiser must not communicate assignment results with the intent to mislead or to defraud.

• COMPETENCY RULE: *An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. In all cases, the appraiser must perform competently when completing the assignment.*

• Standards Rule 1-1(a): *In developing a real property appraisal, an appraiser must: (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;*

• Standards Rule 1-2(e): *In developing a real property appraisal, an appraiser must: (e) identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal....*

• Standards Rule 1-2(f) and (g): *In developing a real property appraisal, an appraiser must: (f) identify any extraordinary assumptions necessary in the assignment; and (g) identify any hypothetical conditions necessary in the assignment.*

• Standards Rule 1-3(b): *When necessary for credible assignment results in developing a market value opinion, an appraiser must: (b) develop an opinion of the highest and best use of the real estate.*

• Standards Rule 1-4: *In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results.*

Competency and Related Issues

Consistent with Standards Rule 1-1 (a): in the appraisal of a property as impacted by environmental contamination, an appraiser must *be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce a credible appraisal.* Accordingly, an appraiser must have the requisite knowledge about appropriate methods, and be able to assemble the required information. An appraiser who lacks knowledge and experience in analyzing the impact of environmental contamination on the value of real property must take the steps necessary to complete the assignment competently, as required by the COMPETENCY RULE. However, an appraiser need not be an expert on the scientific aspects of environmental contamination, and in most situations the appraiser will utilize scientific and other technical data prepared by others, such as environmental engineers. In these situations, the appraiser should utilize an extraordinary assumption [see Standards Rule 1-2(f)] regarding the information obtained from other experts that is used in the appraisal. Examples of such information include items (1) to (10) under the header titled

COMPLIANCE CORNER CONTINUED (AO-9)

“Relevant Property Characteristics” later in this Advisory Opinion. This is especially important in situations where there is conflicting information about such information.

Specialized Terms and Definitions

The appraisal of properties that may be impacted by environmental contamination involves specialized terms and definitions that might not be used in an appraisal assignment in which the effect of the property’s environmental condition is not analyzed, or when the property is not contaminated. Though it is recognized that there are other valid definitions of these and similar terms, for purposes of this Advisory Opinion, the following definitions apply:

Diminution in Value (Property Value Diminution): The difference between the unimpaired and impaired values of the property being appraised. This difference can be due to the increased risk and/or costs attributable to the property’s environmental condition.

Environmental Contamination: Adverse environmental conditions resulting from the release of hazardous substances into the air, surface water, groundwater or soil. Generally, the concentrations of these substances would exceed regulatory limits established by the appropriate federal, state, and/or local agencies.

Environmental Risk: The additional or incremental risk of investing in, financing, buying and/or owning property attributable to its environmental condition. This risk is derived from perceived uncertainties concerning:

- 1) the nature and extent of the contamination;
- 2) estimates of future remediation costs and their timing;
- 3) potential for changes in regulatory requirements;
- 4) liabilities for cleanup (buyer, seller, third party);
- 5) potential for off-site impacts; and
- 6) other environmental risk factors, as may be relevant.

Environmental Stigma: An adverse effect on property value produced by the market’s perception of increased environmental risk due to contamination. (See Environmental Risk.)

Impaired Value: The market value of the property being appraised with full consideration of the effects of its environmental condition and the presence of environmental contamination on, adjacent to, or proximate to the property. Conceptually, this could be considered the “as-is” value of a contaminated property.

Remediation Cost: The cost to cleanup (or remediate) a contaminated property to the appropriate regulatory standards. These costs can be for the cleanup of on-site contamination as well as mitigation of off-site impacts due to migrating contamination.

Remediation Lifecycle: A cycle consisting of three stages of cleanup of a contaminated site: before remediation or cleanup; during remediation; and after remediation. A contaminated property’s remediation lifecycle stage is an important determinant of the risk associated with environmental contamination. Environmental risk can be expected to vary with the remediation lifecycle stage of the property.

Source, Non-source, Adjacent and Proximate Sites: Source sites are the sites on which contamination is, or has been, generated. Non-source sites are sites onto which contamination, generated from a source site, has migrated. An adjacent site is not contaminated, but shares a common property line with a source site. Proximate sites are not contaminated and not adjacent to a source site, but are in close proximity to the source site.

Unimpaired Value: The market value of a contaminated property developed under the hypothetical condition that the property is not contaminated.

Relevant Property Characteristics

The appraisal of a property that includes the effects of environmental contamination on its value usually requires data not typically used in an appraisal of an otherwise similar but uncontaminated proper-

ty or an appraisal of a potentially impacted property using either a hypothetical condition or an extraordinary assumption that it is uncontaminated or not impacted. The inclusion of these additional relevant property characteristics is consistent with Standards Rule 1-2(e). The relevant property characteristics may include, but are not limited to:

- 1) whether the contamination discharge was accidental or permitted;
- 2) the status of the property with respect to regulatory compliance requirements;
- 3) the remediation lifecycle stage (before, during or after cleanup) of the property as of the appraisal date;
- 4) the contamination constituents (petroleum hydrocarbons, chlorinated solvents, etc.);
- 5) the contamination conveyance (air, groundwater, soil, etc.);
- 6) whether the property is a source, non-source, adjacent or proximate site;
- 7) the cost and timing of any site remediation plans;
- 8) liabilities and potential liabilities for site cleanup;
- 9) potential limitations on the use of the property due to the contamination and its remediation; and
- 10) potential or actual off-site impacts due to contaminant migration (for source sites).

Since the appraiser is usually not an expert on the scientific aspects of contamination, experts from other fields will typically provide this information. Appropriate regulatory authorities should also be consulted to confirm the presence or absence of contamination. The appraiser should consider the use of extraordinary assumptions when this information serves as a basis for an opinion of value. The ap-

COMPLIANCE CORNER CONTINUED (AO-9)

praiser should also collect similar data for any comparable sales used in the analysis.

Valuation Issues – As If Unimpaired

In some assignments, the appraiser may be asked to appraise a property known to be contaminated under the *hypothetical condition* that the real estate is free of contamination. In these assignments, an appraiser may appraise interests in real estate that is known to be contaminated under the hypothetical condition that the real estate is free of contamination when:

- 1) the resulting appraisal report is not misleading,
- 2) the client has been advised of the limitation, and
- 3) all the requirements of the ETHICS RULE have been satisfied.

To avoid confusion in the marketplace, the appraiser should disclose available information about the contamination problem, explain the purpose of the hypothetical condition that the real estate is not contaminated, and state that the use of the hypothetical condition might have affected the assignment results in accordance with SR 2-2(a) and (b)(xi).

In other situations, the appraiser may be asked to appraise a property believed to be free of contamination or for which the environmental status is uncertain due to the lack of information or conflicting information. For these assignments, the property may be appraised under the *extraordinary assumption* concerning assumed factual information about its environmental condition and status. Indeed, since an appraiser is usually not an expert in detecting contamination, or confirming its absence, extraordinary assumptions regarding environmental condition may be necessary in many assignments.

Valuation Issues - As Impaired

Highest and Best Use Issues: The appraisal of properties that may be impacted by environmental contamination usually involves extensive highest and best use analysis. In accordance with Standards Rules 1-2(e) and 1-3

(b), the appraiser must consider relevant factors in developing an opinion of the highest and best use of the property in its impaired condition. The valuation of properties impacted by environmental contamination usually involves the estimate of two values: the unimpaired value and the impaired. As such, two highest and best use analyses are typically required. The first does not consider any limitations on the property due to the environmental contamination. The second does consider any limitations due to the contamination, its remediation, and any legal use restrictions associated with the cleanup of the contamination source. Environmental contamination and its remediation to appropriate regulatory standards may affect the feasibility of site development or redevelopment, use of the site during remediation, use of the site after remediation, marketability of the site, and other economic and physical characteristics of a contaminated property. The appraiser should consider the possibility that site remediation and any remaining limitations on the use of the site following remediation may alter or limit its highest and best use in the impaired condition. In addition, excessive environmental risk and stigma may deter site development or redevelopment and thereby limit the highest and best use until the property's environmental risk is reduced to levels acceptable to the relevant market participants.

Satisfying SR 1-4 Requirements:

When the appraiser addresses the diminution in value of a contaminated property and/or its impaired value, the appraiser must recognize that the value of an interest in impacted or contaminated real estate may not be measurable simply by deducting the remediation or compliance cost estimate from the opinion of the value as if unaffected (unimpaired value). Rather, *cost*, *use* and *risk* effects can potentially impact the value of contaminated property. *Cost effects* primarily represent deductions for costs to remediate a contaminated property. These costs are usually estimated by someone other than the appraiser, and should include consideration of

any increased operating costs due to property remediation. The appraiser should also be aware that the market might not recognize all estimated costs as having an effect on value. *Use effects* reflect impacts on the utility of the site as a result of the contamination. If the contamination and/or its cleanup rendered a portion of the site unusable, or limited the future highest and best use of the property, then there could be a use effect on value. *Risk effects* are typically estimated by the appraiser and often represent the most challenging part of the appraisal assignment. These effects are derived from the market's perception of increased environmental risk and uncertainty. The analysis of the effects of increased environmental risk and uncertainty on property value (environmental stigma) must be based on market data, rather than unsupported opinion or judgment.

In general, an opinion of the subject property's unimpaired value can be developed using the sales comparison approach [SR 1-4(a)], cost approach [SR 1-4(b)], and income approach [SR 1-4(c)]. Estimating the effects of environmental contamination on real property value usually involves the application of one or more specialized valuation methods. These methods should be consistent with the requirements related to the valuation approaches in USPAP.

AO-9 is published by the Appraisal Standards Board of The Appraisal Foundation

DISCIPLINE (November 1, 2017-January 29, 2018)

Since November 1, 2017, the Board has received seven new complaints. The Board has closed a total of five complaints. There has been no consent orders, suspensions, or voluntary revocations during this period. You can find existing consent orders on the Board's website at: <https://www.idob.state.ia.us/REAP/>.

CREATE A CONTACT IN DATAPRO

It is imperative that licensees create a contact record in the new database prior to renewals. If you have not already created a record in the new system, please do so immediately. The step by step instructions are below.

1. Go to: https://iowaplb.force.com/IPLB_login.
2. Click "New User?" at the bottom of the screen.
3. Enter your first name, last name, email address (username will prepopulate and will be your email address) and primary phone number. Click Submit.
4. You will see a registration confirmation that will take you back to the login screen. IGNORE THIS.
5. Pull up your email and find the email from the State (State of Iowa PLB Self Service). **NOTE:** It may go into your SPAM folder. If you do not receive the email, and you are using a company email, your employer may have it blocked. You will need to contact either your IT Department or the Executive Officer of the Iowa Real Estate Appraiser Examining Board.
6. Click on the large link inside the email to complete the registration process.
7. Click "Next" on the login instructions.
8. Verify your full legal name, update as you see fit, and click "Next."
9. Verify your name is correct. Click "Next."
10. Create a new password. **NOTE:** It must be at least 10 characters long and have a mix of letters and numbers.
11. You will be taken to "My Iowa PLB Home." You will see five (5) menu options on the left side of the screen. Click on "Find My Existing License."
12. On the disclosure notice page, click "Next."
13. Enter your social security number and click "Next." **NOTE:** It must be in this format: XXX-XX-XXXX.
14. It will ask you to verify your social security number. Click "Next."
15. On the Licensing Board drop down menu, select "Real Estate Appraiser Examining Board."
16. In the License Number Field, enter your appraiser license number and click "Next." (CRXXXXXX; CGXXXXXX; ARXXXXX; AGXXXXX)
17. Click on the dropdown for "Select License." Click on your license number. Click "Next."
18. On the verification page, ensure the "Continue" button is marked and click "Next."
19. A message will appear stating it could take fifteen (15) min to three (3) business days to link your license. Click "Finish."
20. You will be taken to your contact information page. Click on the "My Iowa PLB-Home" text in the upper left screen.
21. From the My Iowa PLB-Home screen you will be able to submit applications, update your contact information, change your password, and other functions. All your applications will be displayed under the "My Applications" header. Supervisory appraisers will see their associate applications under the "Application Signature Requests" header.

tomorrow

(noun)

a mystical land where 99% of all human productivity, motivation and achievement is stored