

THE IOWA APPRAISER

VOLUME 2, ISSUE 3

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IOWA DIVISION OF BANKING
IOWA REAL ESTATE APPRAISER EXAMINING BOARD

A Letter From The Editor

Fall is upon us and winter will soon take over, so enjoy it while you can. Autumn is one of my favorite seasons. The cool air, beautiful colors, and all the flavorful spices and aromas like pumpkin spice and warm baked apple pie. Mmmm.

It's also when the Appraisal Management Companies (AMCs) start their renewal period (November 1-November 30). If you are an AMC, be sure to get your application in before the deadline. A late fee will be imposed on any renewal from December 1 to December 30. Reinstatements will be allowed between January 1 and February 28, 2019. If you've had any changes to your controlling person which haven't already been submitted, you should update that immediately. Additionally, AMCs will be added to the National Registry during this renewal period.

A notice of intent was filed on August 27, 2018, to notice rules regarding the recent changes to the AQB Crite-

ria. The Board voted 4-2 to amend the IAC 193F to lower the education requirements to match the updated, 2018 AQB Criteria. However, the Board wished to keep the amount of hours and length of time to complete experience requirements as they are today, consistent with the 2015 AQB Criteria. A public hearing was held on October 16, 2018. At the Board's regular meeting on October 30, the Board reviewed all comments and feedback received through the notice and comment process and voted to adopt the 2018 Criteria in full—a change from the originally noticed rule. Thus, the amount of hours and length of time to complete experience requirements will also be reduced, consistent with the 2018 AQB Criteria. A notice to adopt and file will take place in the coming weeks.

It is important to note that the above changes have not yet taken effect and that the Board will continue to apply its current rules and edu-

cation requirements, and thereby the 2015 AQB Criteria, until the proposed rules are finalized.

There are some interesting articles in the "Industry Headlines" section if you haven't been keeping up with appraisal news. The FAQ section will teach you about supervisors, associate logs, and continuing education. I hope you enjoy this issue. Feedback on topics and story submissions are welcome.



Finally, I wish everyone a joyous holiday season.

—Brandy March,
Executive Officer

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Iowa Division of

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Welcome Appraisers

ASSOCIATE APPRAISER

Brumley-Folger, Stephanie (AR03654)
Pines-Howard, Susan (AR03641)
Schorg, George (AR03647)

INITIAL CERTIFICATION

Blum, Kristen (CG03453)
Horton, Jamie (CG03103)
Jerabek, Nelson (CG03411)
Logan, Emily (CG03423)

RECIPROCITY

Broerman, Martin (CG03645)
Close, Nikell (CG03643)
DeVries, Ron (CG03646)
Enayat, Shillah (CG03649)
Hankins, Scott (CR03642)
Heilala, Shari (CG03653)
Lochman, Jesse (CG03651)
Lovett, Kristin (CR03648)

Rogge, Bradley (CG03640)
Schmidt, Adam (CG03650)
Stavrenos, George (CG03652)
Weaver, Tyler (CG03644)

REACTIVATION / REINSTATEMENT

Greenlee Sr., Benjamin (CG03276)
Williams, Carrie (CR02812)



Welcome AMC Registrants

Core Valuation Management, Inc. (00108)
RRR Appraisal Services, Inc. (00105)

Word From The Board



Are you involved in your community? Appraisers can make a difference in their communities, using the skills and expertise gained in your profession. In our local area, cities, and counties, appraisers serve on local boards such as zoning, right-of-way, park, and many more. In addition to having served almost four years on this state appointed board, I've learned while sharing my expertise on boards such as co-author of the City of Dubuque Drainage & Erosion Ordinance, Environmental Stewardship Commission, Dubuque County Compensation Board, National Education Center for Agricultural Safety, Vision Downtown Planning Commission, Downtown Comprehensive Planning Commission, Citizen Advisory Committee for Stormwater Management, Community Schools Public Planning Task Force, City of Dubuque Sister City Commission, Dubuque MLS Board of Realtors, National Association of Realtors National Legislative Committee, Dubuque Area Mortgage Lenders President, Lector & Eucharistic Minister, Government Committee Chamber of Commerce, Dubuque Air Show Committee, Dubuque Main Street Board Member

Emeritus, Commander American Legion, Strategic Planner for National Homeland Defense Foundation, plus many veteran, religious, and philanthropic boards. However, you can provide knowledge on condemnation boards, city-wide planning, feasibility studies, real estate boards at local, state, or national levels or you can help build a house with Habitat for Humanity, volunteer at a soup kitchen, donate items to a food bank or rescue center.

WHY? The importance of volunteering offers a benefit to yourself and others. It gives you a chance to help others, improve your community, strengthen your resume, meet new friends, expand your personal growth, and gives you a more diverse work experience you might not get from just working in your office.

HOW? You should consider who you would like to help, do you want to make a long term or one time commitment, do you want to have an impact, or do you want to gain some new skill.

Today, we hear about the "community" on a daily basis. There is no one way to make a good or great community, but it does take many people to achieve that goal. Studies find that people want to give back, and today's millennials are finding they appreciate the perks of volunteering; building skills, learning leadership, sharing your passion (religion, family, sports, nationality), and just making the world a better place.

WHAT NOW? If you've not been volunteering or giving back to your community, now is the time to start. It's a good business strategy, but it's a better benefit to your well-being and professionalism in support of your city, county, state, and nation.

Future Board Meetings

Times are subject to change. All public is welcome to attend at the Board office located at: 200 East Grand Ave, Suite 350 in Des Moines, IA 50309. Agendas can be found on the Board's website at: <https://www.idob.state.ia.us/REAP/> by clicking on "About the Board," "Board Meeting Schedule, Agendas and Minutes," and "2018."

Thursday, November 29, 2018 (Teleconference) 1:00 pm

Thursday, December 20, 2018 (Teleconference) 1:00 pm

Thursday, January 30, 2018 (In-Person) 12:00 pm

FAQ (Frequently Asked Questions)

Q: Is Iowa adopting the 2018 AQB Criteria?

A: The Board originally noticed rules through the rule making process indicating its intent to adopt part of the 2018 AQB Criteria, but not all of it. Specifically, the Board noticed rules to adopt the 2018 AQB Criteria as it pertains to the education component. After reviewing public comments and feedback obtained through the notice-and-comment process, the Board voted at its October 30, 2018 Board meeting to adopt the 2018 Criteria in full and issue an adopted and filed rulemaking. If the rules make it through the process, the 2018 Criteria will be in effect by early next year.

Q: I currently supervise an associate who is getting ready to obtain their certification. I was not required to take the supervisor/trainee course when they were approved. If I add an associate before my current associate upgrades, will I be required to take the supervisor/trainee course?

A: Yes, any addition of an associate requires the supervisor to comply with the current laws and regulations. Iowa requires the supervisor complete the course before supervising a new associate appraiser.

Q: The Criteria does not require a certified residential appraiser to have a formal supervisory relationship; however, it said to check with the State as they may be more stringent. Does Iowa require me to register a supervisor to upgrade to a certified general appraiser status?

A: Yes, Iowa is more stringent than the Criteria in this regard. Anyone wishing to obtain an initial certification is required to register and have their supervisor approved by the Board. For all intents and purposes, an upgrade from a certified residential appraiser to a certified general appraiser constitutes an initial license (certified general license). As a result, all rules applicable to associates for purposes of initial licensure apply to the upgrade process. Additionally, the supervisor may not supervise more than 3 "associates" at one time. The person upgrading would be considered an "associate" even though they do not forfeit their certified residential license.

Q: I am in the process of obtaining an initial certification and I am required to take elective qualifying education. What courses are acceptable for the electives?

A: Any course, not already required as part of your initial license, that is approved for Qualifying Education through The Appraisal Foundation's CAP approval program would be considered acceptable for the elective credit. If the course is also approved for continuing education, the applicant must take the hours specified (which would include the exam portion) under the Qualifying Education hours.



Q: If I take the 15 hour USPAP course, will this count towards my USPAP requirement for my renewal?

A: No, the 15 hour USPAP course does not count towards the renewal requirement. Appraisers and associate appraiser must take 28 hours of continuing education of which 7 hours must be the 7 hour National USPAP update course or its equivalent to meet the renewal requirement. The 15 hour USPAP course may count towards the remaining 21 hours of continuing education to fulfill the required 28 hours.

Q: I am an associate appraiser logging hours. Can you provide me with some tips on how to complete my log and what counts as experience?

A: Certainly. Let's start with the log requirements. Every page of the log must contain the following columns: date of report; property address; type of property; description of applicant's work; scope of supervisor's review of your work; scope of supervisor's supervision; hours claimed. In addition, each page must include the associates name and signature, supervisors name and signature, supervisor's certification number, and date signed. The scope of supervisor's review and scope of supervisor's supervision are different. Refer to the AQB Criteria Guide Note 6.

As far as the eligible experience is concerned, the associate may only claim actual hours worked and the work must be compliant with Standards 1 and 2 and all other USPAP requirements such as (but not limited to) the Competency Rule and Recordkeeping rule. However, mass appraisal work would need to be compliant with Standards 5 and 6 (not Standards 1 and 2) and all other USPAP requirements such as (but not limited to) the Competency Rule and Recordkeeping rule. Iowa Administrative rules state the experience must be diverse. Applicants for general certification are required to appraise a minimum of two residential properties and residential appraisers should appraise duplexes, condos, and/or apartments to obtain diverse experience.

Property address should be the street address or the legal description. Only use latitude/longitude if it pins the exact property and can be searched in something like Google. Property type should say things like SFR, Farm, Office Space, Condo, Industrial Park, Retail, Motel, Improved Farm with outbuildings, Vacant Land, etc. The description of applicant's work should include the approaches to value used in the report as well as detailing the associate's contribution to the report.

Work with the Executive Officer along the way to ensure your log will be accepted when it's time for you to start the upgrade process.

[North Dakota Temporary Waiver Request](#)

On August 1, 2018, Governor Doug Burgum submitted a waiver request to the Appraisal Subcommittee (ASC) on behalf of the North Dakota Bankers Association and the North Dakota Department of Financial Institutions due to “a scarcity of licensed or certified appraisers leading to significant delays in obtaining appraisals in federally related transactions throughout the state of North Dakota.” The request stems from the Governor’s Main Street Initiative which requires “timely, affordable financing for homebuyers, agricultural operations, and small businesses.”

[Current Appraiser Shortages in Rural Communities](#)

The Conference of State Bank Supervisors (CSBS) published an article on September 6, 2018, regarding appraiser shortages, especially in the rural market. It claims the shortage will only get worse in the next 10 years as appraisers retire and the industry sees fewer market entrants. It cited two underutilized options: Temporary Practice Permits (TPPs) and Temporary Waivers. It cites a poll by the National Association of Realtors (NAR) which showed only 16 percent of appraisers are willing to train.

[My Client, The FBI](#)

Appraisal Buzz interviews Don Gossman, the certified residential appraiser in Kansas City, MO who helped the FBI discover “61 properties invoiced in mortgage fraud, valued over 16 million dollars, and causing a loss of 6.3 million dollars.” Don has spoken at AARELO and many other conferences and continuing education seminars. He’s written a book titled My Client, the FBI.



[Automated Valuation Models Are Tools, Not Solutions](#)

John Brenan wrote this article dated October 1, 2018 as published in Appraisal Buzz. In the article, he covers the reasons why automated models aren’t as reliable in many transactions. A property’s appeal can’t be gauged by an AVM. He says appraisers are “better than AVMs at recognizing motivations and knowledge levels of market participants.”

[ASC Meeting-November 14, 2018](#)

The Appraisal Subcommittee will hold its next meeting on November 14, 2018, at 10:00. You can register for the meeting by sending an email to meetings@asc.gov. The meeting will be held at International Square in Washington D.C.

[Blockchain: A Brief Overview](#)

Blockchain “is an open-source data structure used to keep a ledger” and it could have major applications in real estate transactions. Major banks are exploring Blockchain. Propy, a real estate firm, already uses it. Perhaps a blockchain-based MLS service is in the future.

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.



Discipline (May 1, 2018-July 31, 2018)

Since August 1, 2018, the Board has received three (3) new complaints. The Board has closed four (4) complaints.

There have been two (2) 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/> and clicking on "Disciplinary Index/Adverse Action" on the left side of the screen and performing a search by an individual's last name or by a case number.

16-03 & 16-11 Williams, Carrie (CR02812) Altoona, IA

On August 30, 2018, the Board and respondent entered into a Reinstatement Order/Settlement Agreement. Carrie Williams had previously surrendered her license to resolve a then pending disciplinary matter on November 28, 2016. The Reinstatement Order/Settlement Agreement required Ms. Williams to show proof of completion for several courses and to submit logs by the 10th of each month and not supervise or co-sign another appraiser's work while under the order. The Board is to select two appraisal reports for Standard 3 review 60 days after the entry of the Order/Settlement Agreement. The Board may then enter an order indicating respondent's full compliance or order additional education, supervision, desk reviews, or other rehabilitative measures as a condition to continued retention of respondent's license. A copy of the order is located on the Board's website under the Disciplinary Index/Adverse Action page.

16-06 Olson, Robert (CG02731) Urbandale, IA

On October 30, 2018, the Board and respondent entered into an Amendment to Consent Order (Amendment). This Amendment requires the respondent to submit one additional report for Standard 3 review in the next 90 days. The Board may then enter an order indicating respondent's full compliance or defer final ruling and may order additional education, desk reviews, or other rehabilitative measures as a condition to continued retention of respondent's license. A copy of the order is located on the Board's website under the Disciplinary Index/Adverse Action page.

DISCIPLINE

AMC National Registry Fee Collection

Iowa will start collecting current AMC registrant ASC National Registry Fees during the next renewal period. The renewal period is November 1 to November 30, 2018, for registration period January 1, 2019 through December 31, 2019. The ASC National Registry fees will be calculated by the total number of panel members who actively engaged in appraisal-related covered transaction assignments for the applicant between October 1, 2017 and September 30, 2018. This allows the AMCs, at a minimum, one month to collect the necessary data for reporting purposes.

New AMC Registrants: An applicant whose registration is granted on or after November 1 and before December 31 may be required, as determined by the appraisal subcommittee, to pay the fee for registration on the appraisal management company national registry in full for both calendar years. For example, while a registration granted on November 17, 2017, would not lapse until December 31, 2018, the registrant may be required to pay the national registry fee in full for 2017 and 2018.

Spotlight Interview—Benjamin Wohler (CR03279)

This month, Benjamin Wohler, a certified residential appraiser (CR03279) was interviewed. Benjamin works for DataSource Appraisal out of Bettendorf, Iowa. In May of 2013, he started the licensure process to become an appraiser. He received his initial certification on August 2, 2016.

Prior to becoming a certified appraiser, Benjamin was a personal banker. He worked for a small, local bank and didn't have a lot of advancement opportunities. When a family friend in need of an associate appraiser sought him out and offered him a job, Benjamin jumped at the opportunity. Eventually, he hopes to become a certified general appraiser. He plans to continue his education and training to make this happen.

Benjamin is an avid Cincinnati Bengals fan. He attributes his love of the Bengals to his initial introduction to sports in the late 1980's when he watched the Icky Shuffle and Boomer Esiason. He's been a Bengals fan ever since. He is also a big Iowa Hawkeye fan.

When asked about the pros or cons of being an appraiser, Benjamin said that he really enjoys the flexibility of the appraisal business. Of course, the time out of the office isn't all that bad either. He enjoys the balance of office time and field work. Field work also means having to tackle Iowa's weather. Trudging through banks of snow to measure a house is not that enjoyable—even though it may sound fun.

As far as changes in the industry are concerned, Benjamin notices that his days and weeks are more diverse. The same stuff, different day doesn't happen in the appraisal industry. There are always new challenges to face.

While he's not sure where he'll end up in the future, it would require a really sweet gig to take him away from the appraiser business.



Work Product Review – The Value of Experience

Aristotle is quoted as saying, "We are what we repeatedly do. Excellence, then, is not an act, but a habit."



As a real property appraiser, this may be difficult to put into context, since every assignment must be considered a different scope of work. Every property has some different aspect or quirk or factor that makes it difficult to say, "This is the same as that other assignment . . ."

Yet there are things we repeatedly do in every assignment that move us on to excellence - We follow USPAP. We approach every assignment with the integrity established by these Universal Standards of Professional Appraisal Practice. This is a Standard set forth for every appraisal assignment and the Standard by which every trainee will be measured before Certification. The trainee who demonstrates adherence to these Standards in multiple reports will have demonstrated a

"In fact, the trainee may submit appraisals for review to the board after 500 hours of experience."

commitment to establishing the habit of excellence in the coming years.

The purpose of the Work Product Review is to verify the trainee has the knowledge and expertise to comply with professional standards as set forth in the USPAP. Iowa Code 193F explains the process. The trainee will submit three residential appraisals for review, which will be given to a peer review consultant for an "opinion on the appraiser's compliance with applicable appraisal standards." The Board then views these Work Product Reviews to determine the trainee's level of competency. This process is considered educational where the Board may either accept the work product as evidence of competency, or deny the application for certification, and develop a remedial plan to arrive at the desired conclusion of certification.

Overall, the Work Product Review is not to be considered an obstacle to certification, but rather a process to help the appraiser accomplish the steps toward certification. In fact, the trainee may submit appraisals for review to the board after 500 hours of experience. This is a valuable service for the appraiser to check his or her progress before submitting logs for Work Product Review. This service can help the trainee identify weaknesses within the report and also answer any practical USPAP issues that may be questioned by the trainee or supervisor. It is important to develop good analysis and report writing habits early on in order to repeat these habits throughout a career.

There are a few common mistakes found during the Work Product Review process. Each area could warrant a full article in themselves, so we'll need to be brief here.

1. Neighborhood and Market analysis. The problem issue with this section of the report is including a very large area which does not compete with your subject's area. Call it neighborhood or market area, this must be defined in your report in order to es-

tablish market trends and exposure times for the subject. Too often the check boxes are checked as "Stable," "In Balance," "3-6 months," with no market support for these assessments. If the neighborhood or market area is not clearly defined, how is the reader to understand your analysis and make a risk decision on your report? I get it, there are times where the numbers are difficult to come by, but they are there. Without a sufficient MLS, you do like we did in the old days – interview realtors, keep a journal/log/data file of market activity you've seen over the past year. Discuss this in your report. Support your conclusions from your defined market area. Make sure the subject's neighborhood/market area is defined with reasonable boundaries and that the data for establishing market trends is evident and also reasonable.

2. Property description and other relevant characteristics. What makes your home valuable? Is it close to a school? Recently updated/remodeled? Large yard? Great curb appeal? Large deck with custom landscaping? What USPAP requires here are the economic factors that influence your opinion of value. Too often there is little to no description of the subject property and no support for the effective age determination. If there are updates, list them. If adverse factors, list them. For extra points, apply the "so what?" factor: How does your analysis affect the subject property? Provide a conclusion to your data so the reader is able to follow your logic. This description is necessary to support most adjustments in the sales grid.

3. Sales approach, comments, and reconciliation of adjusted sales. Too often, the only discussion found on adjustments is they are there. Please note, the reader can see the adjustments in the grid and rarely need them

Work Product Review – The Value of Experience Continued

pointed out. What is needed is WHY are these adjustments made and HOW these adjustments are derived. Please avoid the mistake of having a “list” of adjustments that apply to every report. That is never a possibility. Never. Also, it is important for the trainee to understand more than “paired sales analysis.” There are extraction, data set, regression as well as the beloved paired sales analysis. The experience requirement of the certification process is meant to hone the appraiser’s skills and discern the application of these skills to the many different ap-

praisal assignments. After explaining these market supported and well thought out adjustments, a reconciliation of adjusted sales is necessary. How was the opinion of value determined? Which sale was most influential? Why this number and not another within the value range? Again, it is important for the reader to follow the appraiser’s logic. By the time the reader gets to the bottom of page 2, it all must make sense.

After two years of supervision and hundreds of reports written, that which we repeatedly do

should be evident in our Work Product. Understanding the professional Standards of USPAP and how they apply to all assignments is what this training period is about. Taking the time to learn the process and develop habits of excellence will insure a smooth transition to certification.

Compliments of
an Iowa Peer Reviewer

Commercial Appraisal USPAP Requirements Often Overlooked

- ◇ Reports very often have no explanation if there are any hypothetical or extraordinary assumptions. A simple yes or no would be good, with an explanation of what assumptions, if any, were made. This could be done as part of the scope of work. This is often overlooked in reports and can save a lot of questions.
- ◇ Be careful to not project an as is value using future income and expenses that will take significant effort to achieve. If there is a significant change projected, this must be explained and most often may involve a prospective future value and also an as is value.
- ◇ A common misconception is missing trends and not applying adjustments to properties as the market begins to change. We are in a rising interest rate environment with an inverted yield curve suggesting we are cycling down; be aware of these changes and not the changes in your report and market analysis.
- ◇ Be sure to state who did and who did not inspect a property in the certification.
- ◇ Identify and understand the two accepted Report Types: Appraisal Report 2-2(a) and Restricted Report 2-2 (b). Often, these are reported with the wrong citation of USPAP.
- ◇ Understand the effective date of value, report date, and when a prospective value is appropriate.
- ◇ Improper or inconsistent identification of property rights.
- ◇ Failure to disclose if appraiser has appraised a property in the past 36 months. This is most often a mistake but is a violation of USPAP.
- ◇ Failure to read and comply with the client’s valuation request. This is simply avoided by reading the engagement letter and having dialogue with your client before the assignment is started.

Compliments of an Iowa Peer Reviewer

Compliance Corner (AO 11)

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: Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-29

APPLICATION: Real Property, Personal Property, Intangible Property

THE ISSUE:

Standards Rules 2-2, 8-2, and 10-2 of the *Uniform Standards of Professional Appraisal Practice* (USPAP) offer two written appraisal report options. What information should be contained in each type of report?

ADVICE FROM THE ASB ON THE ISSUE:

Relevant USPAP & Advisory References

- Under Standards Rules 2-2, 8-2, and 10-2, an appraiser may communicate the results of the appraisal in one of *two* options: Appraisal Report (Standards Rules 2-2(a), 8-2(a), and 10-2(a)), or Restricted Appraisal Report (Standards Rules 2-2(b), 8-2(b), and 10-2(b)). Standards Rules 2-2, 8-2, and 10-2 require that the report prominently state which option is used.
- Under Standards Rules 2-2, 8-2, and 10-2, the main differences between the two options are in three areas; 1) An Appraisal Report may have the client as the only intended user but may also have other intended users while a Restricted Appraisal Report must have the client as the only intended user. 2) In an Appraisal Report, specified parts of the research and development must be summarized; in a Restricted Appraisal Report, those same parts need only be stated. 3) An Appraisal Report requires the appraiser to summarize the information analyzed and the reasoning that supports the analyses, opinions, and conclusions while a Restricted Appraisal Report does not have this requirement. Accordingly, a Restricted Appraisal Report must include a *prominent use restriction that limits the use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.*

Prominent Statement of Option Used

The prominent statement of which option was used is a label that indicates to the reader how the appraisal is reported. Therefore, the statement should appear at or near the beginning of the report.

In narrative appraisal reports, the prominent statement of which report option is used could appear with the statement of the intended use of the appraisal because the decision on which report option to use is primarily related to the intended use of the appraisal. For added prominence, a statement of the report option used could also appear on any cover page or transmittal letter, if part of the report.

In form appraisal reports, the prominent statement of which report option is used could appear in the margin at the top of the front of the form.

Compliance Corner (AO 11) Continued

The Appraisal Report and the Restricted Appraisal Report both require, at a minimum, the appraiser to “state” items (i), (ii), (iv), (v), (vi), (ix), and (xi) listed in the Standard Rules 2-2 and 8-2 (and summarized below) (Standard Rule 10-2 is also summarized below in a separate chart). Three of the remaining items (iii), (vii), and (x) mainly differ by a single word with an Appraisal Report utilizing “summarize” and Restricted Appraisal Report utilizing the word “state.”

The last remaining item (viii) in the Appraisal Report option requires the appraiser to “summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions.” Under item (viii) for a Restricted Appraisal Report, the appraiser must state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile. Under both the Appraisal Report and the Restricted Appraisal Report, the exclusion of the sales comparison approach, cost approach, or income approach must be explained. Under item 2-2(a)(x), an Appraisal Report must summarize the support and rationale for the highest and best use opinion when such opinion was developed by the appraiser. Under item 2-2(b)(x), a Restricted Appraisal Report must state the highest and best opinion when such opinion was developed by the appraiser.

The chart on the following page displays a rule-by-rule comparison of the reporting rules for the two types of reports for STANDARDS 2 and 8. This is followed by a separate chart for STANDARD 10. Space does not permit inclusion of the Comments to the reporting rules in the charts. The Comments contain important distinctions that must be considered in the preparation of each type of appraisal report, and the reader of this Advisory Opinion should refer to the full text of Standards Rules 2-2, and 8-2, and 10-2.

Reporting Options in 2018-2019 Edition of USPAP	ADI Reporting Formats Effective January 1 st , 2014	Corresponding Reporting Options In 2012-2013 Edition of USPAP
Appraisal Report 	Appraisal Report – Comprehensive Format	Self-Contained Appraisal Report
	Appraisal Report – Standard Format	Summary Appraisal Report
	Appraisal Report – Concise Summary Format	Minimum Requirements of Summary Appraisal Report
Restricted Appraisal Report	Restricted Appraisal Report	Restricted Use Appraisal

Compliance Corner (AO 11) Continued

STANDARDS RULES 2-2 AND 8-2 REPORT COMPARISON CHART: The essential difference between the two options is in the use and application of the terms “state” and “summarize.” “State” is used to connote a minimal presentation of information. “Summarize” is used to connote an expanded presentation of information.

(a) Appraisal Report	(b) Restricted Appraisal Report
i. state the identity of the client and any intended users by name or type;	i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser’s workfile;
ii. state the intended use of the appraisal;	ii. state the intended use of the appraisal;
iii. summarize information sufficient to identify the real estate or personal property involved in the appraisal, including the property characteristics relevant to the assignment;	iii. state information sufficient to identify the real estate or personal property involved in the appraisal;
iv. state the property interest appraised;	iv. state the property interest appraised;
v. state the type and definition of value and cite the source of the definition;	v. state the type of value and cite the source of its definition;
vi. state the effective date of the appraisal and the date of the report;	vi. state the effective date of the appraisal and the date of the report;
vii. summarize the scope of work used to develop the appraisal;	vii. state the scope of work used to develop the appraisal;
viii. summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;	viii. state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;	ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;
x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, summarize the support and rationale for that opinion;	x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, state that opinion;
xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and	xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and
xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.	xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.
<u>Comments</u> have not been included in this chart	

Compliance Corner (AO 11) Continued

STANDARDS RULES 10-2 REPORT COMPARISON CHART: The essential difference between the two options is in the use and application of the terms “state” and “summarize.” “State” is used to connote a minimal presentation of information. “Summarize” is used to connote an expanded presentation of information.

(a) Appraisal Report	(b) Restricted Appraisal Report
i. state the identity of the client and any intended users by name or type;	i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the appraiser’s opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser’s workfile;
ii. state the intended use of the appraisal;	ii. state the intended use of the appraisal;
iii. summarize information sufficient to identify the business or intangible asset and the interest appraised;	iii. state information sufficient to identify the business or intangible asset and the interest appraised;
iv. state the extent to which the interest appraised contains elements of ownership control, including the basis for the determination;	iv. state the extent to which the interest appraised contains elements of ownership control, including the basis for that determination;
v. state the extent to which the interest appraised lacks elements of marketability and/or liquidity, including the basis for that determination;	v. state the extent to which the interest appraised lacks elements of marketability and/or liquidity, including the basis for that determination;
vi. state the standard (type) and definition of value and the premise of value, and cite the source of the definition;	vi. state the standard (type) of value and the premise of value, and cite the source of its definition;
vii. state the effective date of the appraisal and the date of the report;	vii. state the effective date of the appraisal and the date of the report;
viii. summarize the scope of work used to develop the appraisal;	viii. state the scope of work used to develop the appraisal;
ix. summarize the information analyzed, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the market approach, asset-based (cost) approach, or income approach must be explained;	ix. state the appraisal procedures followed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the market approach, asset-based (cost) approach, or income approach must be explained;
x. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and;	x. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and;
xi. include a signed certification in accordance with Standards Rule 10-3.	xi. include a signed certification in accordance with Standards Rule 10-3.
<u>Comments</u> have not been included in this chart	

Compliance Corner (AO 11) Continued

Examples of the Application of the Terms “Summarize” and “State” in the Context of a Real Property Appraisal Report

The following presentations of the zoning section of a commercial appraisal report are used to exemplify the content differences in the two appraisal report options. These examples show a relative illustration of depth and detail of presentation and are not intended to characterize the format for an entire appraisal report. The examples are not intended to imply that information on zoning is necessary in all appraisal reports.

EXAMPLE OF “SUMMARIZE”

Zoning

The General Business B-4 zoning classification applies. Its purpose is to encourage local commercial development of banking facilities, retail stores, and service establishments along arterial streets on minimum lots of 10,000 sq. ft. with a width of 100 feet. Building coverage is limited to 50% of the lot, and building height is limited to two stories or 20 feet. John N. Forcer of the Anytown planning and zoning office indicates that the existing use and subject improvements conform.

EXAMPLE OF “STATE”

Zoning

General Business, B-4; existing use and subject improvements conform.

The purpose of the above examples is to show one view of the differences between the application of the terms “summarize” and “state.” The examples should not be extended beyond this Advisory Opinion to every section of an appraisal report.

This Advisory Opinion focuses on the content of the appraisal report options and should be read in conjunction with Advisory Opinion 12, which focuses on the use of the appraisal report options of STANDARDS 2, 8, and 10

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State

VS.



UNI Is At It Again

UNI is making great strides in the appraisal world when it comes to getting candidates ready for a career. Not only was their Real Estate degree program within the Finance Department just recently approved to cover all qualifying education except the 15 Hour USPAP course, they've broadened their approvals to facilitate in obtaining an MAI or SRA designation. On September 26, 2018, Arthur (Art) Cox, the Director for the Center for Real Estate Education and the Professor of Finance, stated the Appraisal Institute "accepted UNI's Advanced Real Estate Case course to satisfy more of the education requirements to earn the SRA and MAI designations."

Right now, there are only 31 undergraduate programs with some type of approval. Art believes UNI is at the top of the list when it comes to undergraduate programs and approvals from the AI. The AI recognizes a variety of different combinations of coursework and experience that satisfy the requirements for the MAI and SRA designations, including designations from other professional associations.

What does this mean for future UNI graduates with a Bachelor's in Real Estate? Have a look. The next pages depict the SRA and MAI requirements. **NOTE:** These graphs only pertain to BA candidates from August 20, 2018, to August 20, 2021.

Arthur T. Cox (pictured below)

Director, Center for Real Estate
Education, and Professor of Finance



UNI Is At It Again Continued

Overview: SRA Designation Requirements for University of Northern Iowa graduates holding Bachelor of Arts in Real Estate (August 20, 2018 - August 20, 2021 AQB approval period)

Eligibility to Enter	Bachelor of Arts in Real Estate from University of Northern Iowa (AQB approval period August 20, 2018 through August 20, 2021). Required to have Good Moral Character to enter Residential Candidate for Designation program
Start!	Click link here to Enter Residential Candidate for Designation Program through approved equivalency Once you are approved and enrolled as a Residential Candidate for Designation, you will be required to complete the following designation requirements below.
1.	Standards and Ethics Requirement* (must be completed within first year of Candidacy unless readmitting) Provide proof of your most current USPAP completion certificate, and complete AI Business Practices and Ethics course. *For those readmitting to AI, Standards and Ethics requirements must be completed <i>before</i> readmission occurs.
2.	Residential Comprehensive Examination
3.	Residential Demonstration of Knowledge Requirement
4.	Residential Experience Requirement 3,000 hours of residential appraisal experience
5.	Apply for SRA Designated membership
Finish!	Residential Candidate for Designation Program Completed (within 3 years or less)

View in-depth overview: Residential Candidate for Designation Program

[Regulation No. 2: Admissions to Residential Candidacy and SRA Membership](#) (Account set-up required to access AI Bylaws and Regulations. [Set up an account now](#))

UNI Is At It Again Continued

Overview: MAI Designation Requirements for University of Northern Iowa graduates holding Bachelor of Arts in Real Estate (August 20, 2018 – August 20, 2021 AQB approval period)

Eligibility to Enter	Bachelor of Arts in Real Estate from University of Northern Iowa (AQB approval period August 20, 2018 through August 20, 2021). Required to have Good Moral Character to enter General Candidate for Designation program seeking MAI Designated membership.
Start!	Click link here to Enter Residential Candidate for Designation Program through approved equivalency Once you are approved and enrolled as a General Candidate for Designation, you will be required to complete the following designation requirements below.
1.	Standards and Ethics Requirement* (must be completed within first year of Candidacy unless readmitting) Provide proof of your most current USPAP completion certificate, and complete AI Business Practices and Ethics course. *For those readmitting to AI, Standards and Ethics requirements must be completed <u>before</u> readmission occurs.
2, 3, 4, 5.	Pass exam for Advanced Income Capitalization Pass exam for Advanced Market Analysis & HBU Pass exam for Advanced Concepts & Case Studies Pass exam for Quantitative Analysis Classroom or live online courses available, or challenge examination without taking the course.
6.	Pass General Comprehensive Examination 1- 5 must be completed prior to sitting for this exam
7.	Specialized Experience 4,500 hours of specialized experience
8.	General Demonstration of Knowledge
9.	Apply for MAI Designated Membership
Finish!	General Candidate for Designation Program Completed (within 4 years or less)

View in-depth overview: General Candidate for Designation Program

[Regulation No. 1: Admissions to General Candidacy and MAI Membership](#) (Account set-up required to access AI Bylaws and Regulations. [Set up an account now](#))