

THE IOWA APPRAISER

VOLUME 4, ISSUE 3

NOVEMBER 2020

IOWA DIVISION OF BANKING
IOWA REAL ESTATE APPRAISER EXAMINING BOARD

A Letter From The Editor

Happy Fall Everyone! Or should I say Winter since we've already been blessed with snow a couple of times.

The Board noticed rule changes and a public hearing was held on September 1, 2020. Two written comments were received and the Board made changes based on feedback prior to adopting the final rules. These rule revisions will take effect on November 25, 2020. The amended rules can be found [here](#). Some of the most notable changes include:

- Requiring associate appraisers to include the approach(es) to value utilized in each report on their logs and a specific description of the work performed
- More clearly outlining the inactive status of an associate appraiser license when there is no longer an active supervisor
- Expansion on the diversity of experience requirement

for trainee appraisers

- Allowance for unlimited temporary practice permits
- Reduction in licensing and renewal fees
- Addition of fees for certain application types such as adding supervisors, course provider instructors, and waiver requests.

The Board has also provided a notice of intent [5261C](#) to make additional changes to Iowa Administrative Rules 193F based on House File 2389 and 2627. A public hearing will be held on November 24, 2020 at 10:00 am central standard time. Comments must be in by 4:30 pm CST on November 24, 2020. If you'd like the link to the zoom meeting, please send an email to brandy.march@iowa.gov or go to the board's website at

www.idob.state.ia.us/reap.

These proposed amendments remove the word variance, require a list of criminal convictions that may prohibit licensure to be published, and revises the reciprocity language. The most notable change however, is the allowance of a trainee appraiser to use experience obtained from a non-approved Iowa supervisor in another state so long as certain requirements are met (see changes to IAC 193F-5.4(2) and 193F-6.4(2)). Remember though, trainee appraisers must still abide by the licensure requirements of the other state in which they perform work.

Until next time, stay safe out there everyone!

—Brandy March,
Executive Officer

IDOBanking
Iowa Division of

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Welcome Appraisers

ASSOCIATE APPRAISER

Borcharding, Scott AG03788
Cowell, Blythe AR03791
Knowlton, Tanner AG03800
Kron, Curtis AG03808
Loutsch, Donald AG03783
Miller, Andrea AG03796
Pomerson, Tracy AR03818
Paine, Lacey AR03813
Shea, Jesse AR03799
Slocum, Joseph AR03806

INITIAL CERTIFICATION

Aliu, Ferat CR03592
Maurer, Kevin CR03541

RECIPROCITY

Abaurrea, Aaron CR03816
Andersen, James CR03784
Anderson, Chad CR03803
Baker, Andrew CG03785
Bauer, Kimberly CR03795
Calvanico, Joseph CG03786
Campe, John CG03790
Chiasson, David CG03804
Conway, Kiernan CG03809
Cruz, Juan CG03794
Dobyns, William CR03801
Frydenlund, Alan CR03811
Fowler, Scott CG03814
Hashemi, Shahriar CR03802
Heyde, Brock CG03781
Jones, Kelly CG03815

Kelley III, John CG03812
Kenyon-Lodge, Natalee CR03797
Kuhn, Amber CR03793
Lynch, Patrick CG03789
Nelms, Chase CG03798
Norris, Michael CG03780
Patel, Suhas CG03782
Phillips, Jennifer CG03805
Reilly, Sean CG03817
Reveley, Todd CR03810
Sallander, Steven CG03787
Sheldrick, Bradley CG03807
Swatos, James CG03792

REINSTATEMENTS/REACTIVATIONS

Gillespie, Timothy CG03714
Ray, Wesley CG01371



Word From The Board



I hope this letter finds all of my fellow appraisers healthy and well. I realize that most of you are ready for a more reasonable workload and safer conditions to enter a property. I also realize that most of you are working extremely long hours to keep up with the high demand of appraisals. Don't work yourself to death. I have been hearing and reading about appraiser burn out. I keep telling myself that next week I am going to cut back and take a day or two off. I have been telling myself that for a few months now. It is hard to say no and

turn down work.

Luke Dawson, former Assistant Attorney General (AAG) for the Board, moved on to private practice. I want to personally thank Luke for all of his hard work for the board and us appraisers. Best wishes Mr. Dawson! Until a replacement can be hired, the Board will have AAG Caroline Barrett providing legal counsel.

The board is continuing to conduct our work via zoom meetings. Work product interviews and board meetings via zoom are working well. It's not quite the same as being in-person though.

I am pleased to see so many continuing education classes being offered virtually. As a friendly reminder, please make sure any class you take and plan to use for renewal is approved by the board, the AQB, or another state's appraiser regulatory body. Please reach out to the board or executive staff if you have questions or if a problem arises. We are here for you!

Wishing you all the very best this Thanksgiving and Christmas season.

Dan Fuhrmeister,
Board Chair

Future Board Meetings

Board meeting times are subject to change. The public is welcome to attend at the Board office located at: 200 East Grand Ave, Suite 350 in Des Moines, IA 50309 or via remote means. 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 the year you wish to review.

Wednesday, November 18, 2020 at 12:00 pm (Zoom)

December 2020 — No Board Meeting

Wednesday, January 27, 2021 at 1:00 pm (Zoom)

February 2021 — No Board Meeting

FAQ (Frequently Asked Questions) Reporting Requirements



Questions Answers

Q: When do AMC renewals open?

A: Renewals open today, November 1, and must be submitted on or before December 1 to

be on-time. Renewals submitted on December 2 through December 31, will be considered late and will be subject to the \$50 late fee.

Q: For what twelve month period will Iowa be collecting the AMC national registry fees?

A: For purposes of the ASC national registry fee, AMCs must provide the total number of panel members who actively engaged in appraisal-related assignments for covered transactions on a property located in Iowa from the dates of October 1 to September 30 for the full year immediately preceding this application. Therefore, during this year's renewal application, the AMC will be charged the \$25 fee per eligible appraiser from October 1, 2019 to September 30, 2020.

Q: What needs to be included with the AMC renewal application?

A: AMC renewal applications should contain the following attachments: Iowa panel exhibit that lists the appraiser's name, certification number, date the appraiser joined the panel and the date the appraiser left the panel if applicable; ownership organization chart; management organizational chart; supporting documentation for the use of a fictitious or trade name. Additional attachments may be necessary depending on how the entity answers questions. Additional documentation may include an explanation of current disciplinary action, bond rider, etc.

Q: Is Iowa going to allow for PAREA experience in the future?

A: At this time, the Board has not discussed the matter and there has been no change to the administrative rules to allow for this type of experience. The Board will continue to work with The Appraisal Foundation and its boards to meet the minimum AQB Criteria.

Q: I attended a remote course recently. Can I get credit for this course in Iowa?

A: In some instances, yes. Iowa will accept the continuing education credit granted to an appraiser for any course that has been approved by the Iowa Real Estate Appraiser Examining Board, another state's appraiser regulatory body, or approved by the AQB. The course must have been approved by the jurisdiction or the AQB for remote means at the time the appraiser took the course.

Q: I am a course provider and I want to offer a remote course for one of my currently approved classroom courses. How can I get it approved to be offered remotely?

A: Course providers may submit a waiver request to the Administrative Rules 193F by submitting an online application titled, "General-Petition for Waiver from Administrative Rules." The waiver request must meet the guidelines in Iowa Administrative Rules [193F-18.6](#) and explain how the provider will meet the requirements of the ASC guidance in the September 25, 2020 [letter](#) to State Appraiser Regulatory Officials.

Q: I was thinking about becoming a peer reviewer. Is there a need? How does one apply?

A: Yes, there is always a need for peer reviewers. Currently, we could use an additional residential peer reviewer. To apply or seek additional information, please send an email to the Executive Officer at brandy.march@iowa.gov. You may also find the application [here](#).





[COVID-19 Relief - Additional Guidance for Continuing Education \(CE\) and Qualifying Education \(QE\) delivery](#)

The Appraiser Qualifications Board (AQB) requested that relief for traditional classroom CE and QE be extended through December 31, 2021. The Appraisal Subcommittee (ASC) is allowing states to allow CE classroom offerings to be converted to synchronous delivery and offered until December 31, 2021, with proper documentation.

[Practical Applications of Real Estate Appraisal \(PAREA\)](#)

On October 16, 2020, The Appraisal Foundation Appraiser Qualifications Board voted to adopt the Practical Applications of Real Estate Appraisal (PAREA). PAREA will take effect on January 1, 2021. Click [here](#) to read the exposure draft. **Note: States are encouraged to adopt

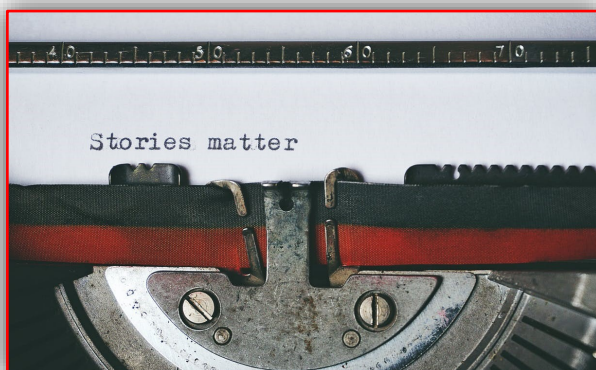
and take advantage of the new minimum Criteria. The Iowa Real Estate Appraiser Examining Board will consider this matter in the near future.

[Appraisal Organizations Join Forces to Support Training, Ethics to Combat Bias](#)

The Appraisal Institute posted an article on October 16, 2020, stating The Appraisal Institute, the American Society of Appraisers, the American Society of Farm Managers and Rural Appraisers and the Massachusetts Board of Real Estate Appraisers are collectively supporting the development of additional training that addresses unconscious bias in valuation. These organizations also want to see a review of each organizations' Code of Ethics and an increase awareness and compliance in the valuation profession.

[California Legislation Clarifies Status of Appraisers as Independent Contactors](#)

On September 4, 2020, California Governor Gavin Newsom signed AB2257. AB2257 clarifies employment laws with regard to real estate appraisers who are licensed or certified in California. "The new legislation clarifies that contractual services provided by licensed and certified appraisers are "professional services" for which the Borello test, rather than the ABC test, would apply. It requires six factors to be satisfied before the Borello test can be considered..."



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 (August 1, 2020-October 31, 2020)

Since August 1, 2020, the Board has received fifteen (15) new complaints and has closed five (6) cases.

There was one (1) public disciplinary action taken which includes consent orders, suspensions or voluntary surrenders in lieu of discipline 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" on the left side of the screen and performing a search by an individual's last name or by case number.

Case No. 19-26 Darwin Holland (CG01583) Mason City, IA

On October 28, 2020, the Board issued a Combined Statement of Charges and Settlement Agreement to resolve contested case, number 19-26. A copy of the Findings of Fact, Conclusions of Law, Decision and Order is located on the Board's website under the Disciplinary Index/Adverse Action page. The Board charged Mr. Holland with failure to adhere to USPAP in the development and communication of multiple appraisals in violation of Iowa Code sections 543D.17(1)(d) and .18(1) and Iowa Administrative Code rules 193F—7.2, .3(2)(d) and .3(7)(a); failure to exercise reasonable diligence in the development and communication of multiple appraisals in violation of Iowa Code section 543D.17(1)(e) and Iowa Administrative Code rule 193F—7.3(6)(a); demonstrating negligence or incompetence in the development, preparation, and communication of multiple appraisals in violation of Iowa Code sections 272C.10(2) and 543D.17(1)(f) and Iowa Administrative Code rules 193F—7.3(2)(a)–(d) and (6)(a); and engaging in unethical, harmful, or detrimental conduct in violation of the public trust and USPAP's ETHICS RULE in violation of Iowa Code sections 272C.10(3), 543D.17(1)(b) and (d), and 543D.18(1) and Iowa Administrative Code rule 193F—7.3(4)(c). The Combined Statement of Charges and Settlement Agreement places a practice restriction on Mr. Holland's license, requires him to complete twenty-two hours of continuing education, consult with peer reviewers, submit logs, and undergo additional work product review approximately 180 days after the education is completed.



Did You know...

The Appraisal Subcommittee (ASC) distributes a daily report to all state administrators on disciplinary actions taken on an appraiser. This report lists: the appraiser's name; license number of the state that issued the discipline; type of discipline; credentials held in other states, including that state's license number, even if it's no longer active. Iowa utilizes this report, along with other measures, to ensure that appraisers conform with Iowa Administrative Rules and Statutes.

The Board rules can be found at: <https://www.legis.iowa.gov/docs/iac/agency/193F.pdf>. Chapter seven (7) outlines the grounds pursuant to which disciplinary action may be instituted against certified and associate appraisers.

A licensee must report any revocation, suspension, or other disciplinary action taken by a licensing authority, in Iowa or any other jurisdiction, to the Board within 30 days of the final action. Because it says any licensing authority, it is not restricted to discipline on your appraisal licensee only and would include discipline to other licenses you may hold such as a salesperson, broker, architect, or the like.

Spotlight Interview — Bradley Kaltenheuser CR01002

This issue, Bradley (Brad) Kaltenheuser, a native resident of Iowa, who has lived in Story County most of his life, is highlighted. Brad attended the University of Wyoming from 1974-1978 and is also a graduate of the Colorado Graduate School of Banking (1983-1985).

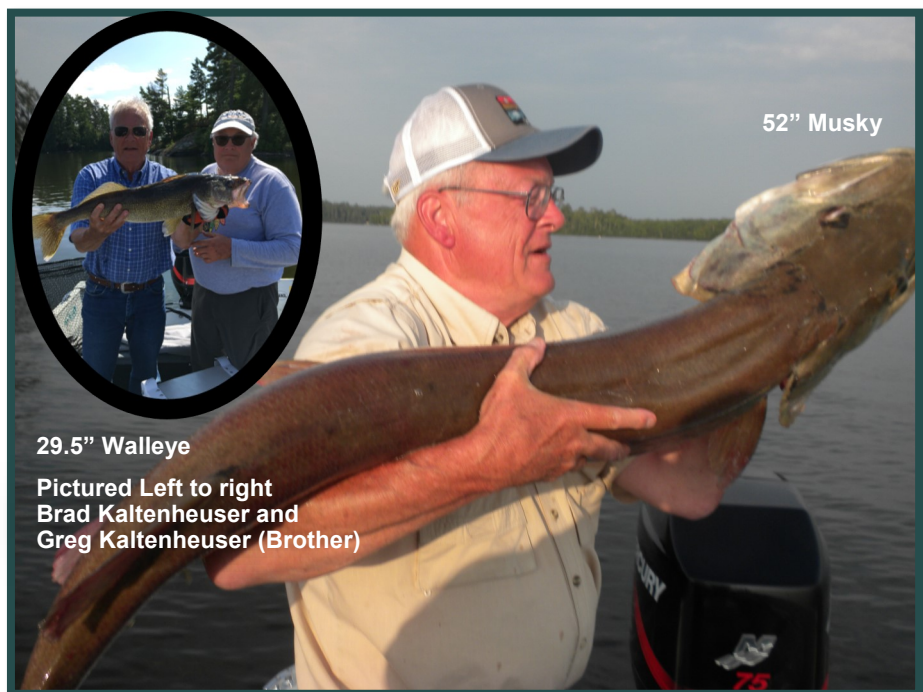
Brad stated he has always been interested in real estate related jobs. He received his first real estate sales job in Ames back in 1979. He went on to acquire his broker's license in 1982 and became a loan officer and Vice President of a small bank in Lusk, Wyoming before transitioning to broker and President at a new sales office for the bank. He came back to Iowa to get into real estate appraising. After starting appraising in 1986, he took three, one-week long courses through the Appraisal Institute each year from 1987-1989.

Brad has been appraising out of Ames since December 1986, and is currently employed by Rally Appraisal. He received his certified residential appraiser's license on October 11, 1991. His work is currently focused in the counties of Boone, Story and Marshall. He's been a supervisor to seven trainee appraisers over the years.

When licensing came along in 1991, he tested immediately and got one of the first licenses to be given out by the State of Iowa. Brad currently holds the oldest active certified residential appraiser license in the state of Iowa. When asked about the changes in the industry, Brad stated there have been numerous changes in the business: longer reports with more details; more oversight at State level; appraisal management companies inserted between you and your client; appraisers spending more time on compliance and details in report which limits time they may spend on valuation work; move from personal service to clients to impersonal emails and restricted contact with loan officers; residential appraisal work was referred to as the "art of appraising" has now been changed to a math problem limited by supportable market data which may or may not always be a good thing.

After 34 years in the business, Brad is getting close to a retirement age, but he does not yet have any plans to retire. He still enjoys appraising and working long hours, but he may want to take slightly more time off in the future than his usual four weeks off a year to travel, visit family, and go fishing.

Speaking of fishing, it's one of Brad's many hobbies. He typically goes to Lake Vermilion, in northern Minnesota, two weeks every year (a Spring trip in late May and a mid to late August trip). In his most recent trip in August of 2020, he caught a 52" musky that weighed 45 pounds and a 29 ½ inch walleye. Two trophy fish on one trip! Both were released back into the lake to be caught again by another lucky fisherman. He also enjoys wood carving of ducks/decoys, shooting pool in local pool leagues, doing maintenance work on his office building, and taking cruises with his wife, Nancy. Brad's favorite sports teams are ISU men's football and ISU women's basketball.



29.5" Walleye

Pictured Left to right
Brad Kaltenheuser and
Greg Kaltenheuser (Brother)

Compliance Corner (AO 34)

SUBJECT: Retrospective and Prospective Value Opinions

APPLICATION: Real Property, Personal Property

THE ISSUE:

Two dates are essential to an appraisal report. Standards Rules 2-2(a)(vii) and (b)(ix), 6-2(d), 8-2(a)(vii) and (b)(ix) require that each appraisal report state the effective date of the appraisal and the date of the report. The date of the report indicates the perspective from which the appraiser is examining the market. The effective date of the appraisal establishes the context for the value opinion. Three categories of effective dates - retrospective, current, or prospective - may be used, according to the intended use of the appraisal assignment.

How should the appraisal be communicated when either a retrospective or prospective date is used so that the report is not misleading?

BACKGROUND:

Current appraisals occur when the effective date of the appraisal is contemporaneous with the date of the report. Because most appraisals require current value opinions, the importance of specifying both the date of the report and the effective date of the analysis is sometimes lost.

Retrospective appraisals (effective date of the appraisal prior to the date of the report) may be required for property tax matters, estate or inheritance tax matters, condemnation proceedings, suits to recover damages, and other similar situations.

Prospective appraisals (effective date of the appraisal subsequent to the date of the report) may be required for valuations of property interests related to proposed developments, as the basis for value at the end of a cash flow projection, and for other reasons.

ADVICE FROM THE ASB ON THE ISSUE:

Relevant USPAP References

Standards Rules 2-1, 6-1, and 8-1 state that each written or oral appraisal report must: "clearly and accurately set forth the appraisal in a manner that will not be misleading..." In order to accomplish this, appraisers must use care when developing the appraisal to analyze appropriate market data when retrospective or prospective opinions of value are a part of the assignment.

Retrospective Appraisals

The use of clear and concise language and appropriate terminology in appraisal reports helps to eliminate misleading reports. To avoid confusion, the appraiser must clearly establish the date to which the value opinion applies. In retrospective value opinions, use of a modifier for the term market value and past verb tenses increases clarity. If a report written in 2017 states, "On August 10, 2009 the value was \$X", the retrospective perspective is clear from the context. It would also be correct to state that "the retrospective value as of August 19, 2009 is \$X" because on August 19, 2009, the value opinion would not have been retrospective - it is retrospective because it has been developed now and looks back. The use of an appropriate qualifier is necessary for clear understanding.

Compliance Corner (AO 34) Continued

A retrospective appraisal is complicated by the fact that the appraiser already knows what occurred in the market after the effective date of the appraisal. Data subsequent to the effective date may be considered in developing a retrospective value as confirmation of trends that would reasonably be considered by a buyer or seller as of that date. The appraiser should determine a logical cut-off for the data to be used in the analysis because at some point distant from the effective date, the subsequent data will no longer provide an accurate representation of market conditions as of the effective date. This is a difficult determination to make. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where to make this cut-off. With market evidence that data subsequent to the effective date was consistent with market expectations as of the effective date, the subsequent data should be used. In the absence of such evidence, the effective date should be used as the cut-off date for data considered by the appraiser.

When direct excerpts from the then-current appraisal reports prepared at the time of the retrospective effective date are available and appropriate, they may help the appraiser and the intended users understand market conditions as of the retrospective date.

Prospective Appraisals

The use of clear and concise language and appropriate terminology in appraisal reports helps to eliminate misleading reports. To avoid confusion, the appraiser must clearly establish the date to which the value opinion applies. In prospective value opinions, use of the term “market value” without a modifier such as “forecasted” or “prospective” and without future verb tenses is improper (i.e., “...the prospective market value is expected to be...” and not “...the market value is...”).

Prospective value opinions, along with available factual data, are intended to reflect the current expectations and perceptions of market participants. They should be judged on the support for the forecasts that existed when made, not on whether specific items in the forecasts are realized at a later date.

When prospective value opinions are required with regard to proposed improvements to real property, the Comment to Standards Rule 1-2(e) regarding identification of the extent and character of the proposed improvements and Standards Rule 1-4(c)(iv) regarding the basis for anticipated future rent and expenses are relevant. Evidence that proposed improvements can be completed by the effective date of the appraisal is important. Support for projected income and expenses at the time of completion of proposed improvements and during the rent-up or sell-out period require the incorporation of sufficient market research in the appraisal and the consideration of existing and future competition. It is appropriate to study comparable projects for evidence of construction periods, development costs, income and expense levels, and absorption. Items such as rental concessions, commissions, tenant finish allowances, add-on factors, and expense pass-throughs must be studied to develop realistic income expectancy.

With regard to proposed developments of real property, two prospective value opinions may be required: one as of the time the development is to be completed and one as of the time the development is projected to achieve stabilized occupancy. These prospective values form a basis for investment decisions and loan underwriting.

Compliance Corner (AO 34) Continued

In a prospective appraisal, the appraiser analyzes market trends to provide support for forecasted income and expense or sell-out opinions, absorption periods, capitalization rates, and discount rates as of the effective date of the appraisal. Economic trends such as growth in population, employment, and future competition are also analyzed. The overall economic climate and variations in the business cycle should be considered and weighed in the performance of the appraisal process. All value conclusions should include reference to the time frame when the analysis was prepared to clearly delineate the market conditions and the point of reference from which the appraiser developed the prospective value opinion. It is essential to clearly and accurately disclose any appropriate assumptions, extraordinary assumptions, and/or limiting conditions when citing the market conditions from which the prospective value opinion was made.

AO 34 is published by the Appraisal Standards Board of The Appraisal Foundation.



Appraisal Management Company Bond Claims

An Appraisal Management Company (AMC) registered in Iowa is required to be covered by a \$25,000 surety bond per Iowa Code 543E.19. An action on the surety bond shall only relate to liabilities, damages, losses, or claims arising out of the appraisal management services performed by the AMC involving real estate located in Iowa. The bond provides that a person having a claim against an AMC may bring suit directly on the bond or the administrator may bring suit on behalf of such person.

In Iowa, it is recommended that the person having a claim against an AMC bring suit directly on the bond. A claimant may contact the Executive Officer at 515-725-9025 or via email at AMCSupervision@iowa.gov to obtain bond information of an AMC.

The Iowa Division of Banking will make bond information readily available to claimants when aware of adverse circumstances with an AMC. At this time, we are not aware of any adverse circumstances with an AMC.

Home schooling is a little different for the kids of appraisers

