

# THE IOWA APPRAISER

## A Letter From The Editor

Greetings!

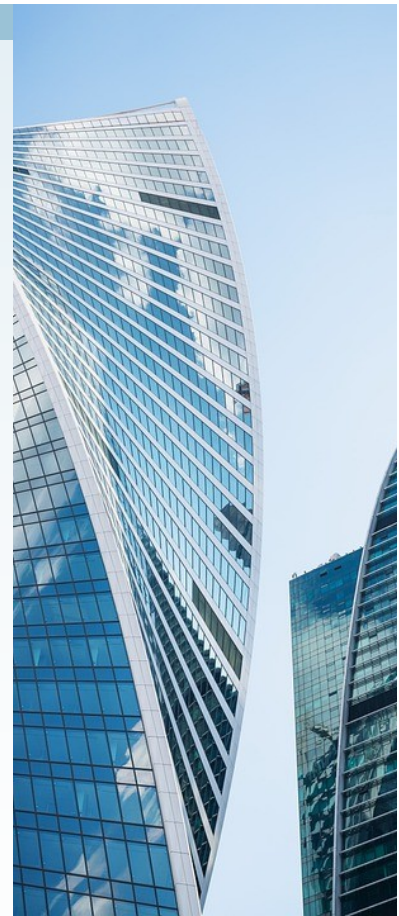
In the last quarter, it seems like the appraisal profession has been in the news every day, and not in a good way. The amount of changes alone can be confusing, but when you add in all the racial discrimination allegations, bias, and diversity concerns within the profession, it can be overwhelming. I encourage you to check out the In The News area of the newsletter to see some of the happenings taking place at the national level.

I was at the ASFMRA/RLI Spring Seminar on March 30, 2022, performing an audit on the provider and their continuing educational program. I will be conducting more audits in the coming months, so you might see me at one of the many in-person course offerings taking place this year. Come up and say hi; I'd love to meet you and chat.

The Board was just notified that it will be having its State Off-Site Assessment (SOA) from the Appraisal Subcommittee (ASC) on its real estate appraiser regulatory program June 13-16, 2022. The SOA will not be as in-depth as the normal compliance audits performed by the ASC, so any findings will not be made publicly available. Due to COVID-19, every state is getting an SOA audit before the ASC goes back to performing the normal compliance audits.

In May, I will be attending the Association of Appraiser Regulatory Officials (AARO) Spring 2022 conference. At least half of the state appraiser and appraisal management company regulatory bodies will be present. There will also be representatives from appraisal management companies, the ASC, The Appraisal Foundation (TAF), Fannie Mae, possibly a taskforce member from the Interagency Taskforce on Property Appraisal and Valuation Equity (PAVE), and other industry professionals. Look for my report from the conference in the next newsletter.

-Brandy March, MPA, CPM  
Executive Officer



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### Contact Information

Iowa Division of Banking  
200 East Grand Avenue  
Suite 350  
Des Moines, IA 50309  
AMCSupervision@iowa.gov  
realestateappraiserboard@iowa.gov  
Phone: 515-725-9025  
Fax: 515-725-9032



## Welcome Appraisers & Appraisal Management Companies

### Associate Appraisers

Beyer, David AG03958  
Brade, Brock AR03951  
Glandon, Brittany AR03964  
Gray, Cabel AG03944  
Gray, Nicholas AG03962  
Hanley, Conor AG03950  
Riggall, Alexis AR03960  
Ruen, Leah AG03953  
Ruark, Ashley AR03959  
Vauthier, Tyler AR03952

Schopp, Brad CG03947  
Welch, Travis CG03955  
Witte Jr., Jerome CG03956

### Reinstatement/Reactivation

Heinz, Jason CR01546  
Lisenbee, David CR03224

### Board Member Vacancies

The board now has individuals appointed to every position. However, new board members are always being sought. If you want to serve on a Board, please apply at: <https://talentbank.iowa.gov/board-detail/ad75c5b9-b371-4f47-bf8a-eb316d8360da>.

### Initial Certification

Amsler, Clayton CR03594  
Morgan, JesseRose CR03687  
Saddoris, Jolee CG03663

### Reciprocity

Farrell, John CG03963  
Gunter, Seve CG03949  
Hill, Erik CG03945  
Hilla, Nicholas CG03948  
Hormiga, Diego CG03957  
Lysien, Michael CG03961  
Malecha, Kelsey CG03946  
Pruis, Caitlin CG03954

## Word From The Board

The board has been very active with many new work product candidates. We have interviewed two candidates in February and three in both March and April.

We are seeing many changes in the appraisal world at this time. If you are not aware, appraisers are now required to use the Square Footage-Method for Calculating: ANSI® Z765-2021 (American National Standards Institute®) Measuring Standard for measuring, calculating, and reporting gross living area (GLA) and non-GLA areas of subject properties for appraisals requiring interior and exterior inspections with effective dates of April 1, 2022 or later on loans sold to Fannie Mae. I suggest you complete an online training class. I am surprised at how many appraisers have no idea about ANSI measuring standards.

I will be forming an appraisal racial bias committee to make recommendations on any necessary changes that may need to be made and to keep track of governments recommendations and policy changes. I have positions open to board members, appraisers, and the general public. Please contact the board office (realestateappraiserboard@iowa.gov; 515-725-9025) or myself (dan.fuhrmeister@iowa.gov) if you would be interested in serving on this worthwhile committee.

I have considered making it a new requirement for certification renewals that every appraiser take a fair housing, racial bias, or any bias related class as part of the certification renewal process starting with the 2023 renewal cycle. I am very open to suggestions and your thoughts on the matter.

Board meetings are open to the public. I encourage all appraisers to join a meeting via Zoom or in-person. I think you will find it very informative.

Have a safe and wonderful spring.

- Dan Fuhrmeister, Board Chair



Meet Susan (Sue) Clark. Sue is from the Des Moines metro and was appointed to the Board as a public member on April 18, 2022. Sue's term will expire on April 30, 2024. Welcome to the Board, Sue.

### Future Meetings

#### Board Meeting

Wednesday, May 25, 2022

10:30 AM

(In-Person & Zoom)

Join Zoom Meeting

<https://us02web.zoom.us/j/88496121018>

Meeting ID: 884 9612 1018

#### Board Meeting

Thursday, June 23, 2022

1:00 PM

(In-Person & Zoom)

Join Zoom Meeting

<https://us02web.zoom.us/j/88315582943>

Meeting ID: 883 1558 2943

#### Board Meeting

Wednesday, July 20, 2022

1:00 PM

(In-Person & Zoom)

Join Zoom Meeting

<https://us02web.zoom.us/j/88337908632>

Meeting ID: 883 3790 8632

**Public attendance at board meetings is encouraged and appreciated. Please consider joining one or all of the above meetings.**

## Frequently Asked Questions

### FAQs — AMCs

**Q: We are changing our address; moving to a new suite. Can I report this on my renewal?**

A: No. You are required to report a change to the principal location of your AMC within 15 days of making the change. The controlling person will need to submit the application called Maintenance Form and will be required to upload a bond or bond rider showing the new address.

**Q: Why does Iowa require that our AMC panel exhibit, submitted with our renewal application, contain information about each Iowa panel member?**

A: The Administrator uses this information as a checks and balance of sorts. One instance in which the data is used would be to check active panel members against recent disciplinary actions where a revocation or suspension may have occurred. This is not the only use of the data from the panel exhibit though. The Administrator can also use this data to determine when and if a panelist was given proper notice for removal.

**Q: Can I claim continuing education for a course that I took to fulfill my license requirement in another state?**

A: Potentially. If the course was approved for at least two hours of credit, was approved by another state's appraiser regulatory body, or the Appraisal Qualifications Board (AQB) of The Appraisal Foundation (TAF), and it was taken during your renewal period, then yes, you may use that course towards your Iowa continuing education requirements.

**Q: I'm interested in becoming an appraiser and I saw there was a program that allowed for experience credit without a supervisor. How can I get information about this?**

A: TAF sends out periodic updates on the PAREA program and informally tracks states that have adopted PAREA either in part, or in full. You may sign up for updates from TAF by going [here](#).

**Q: Does any part of my continuing education for my renewal have to be taken in-person, or can it all be done online?**

A: There is no requirement in Iowa that says a certain percentage of your continuing education (CE) must be completed in a classroom environment. The method in which you take your CE is up to you.

**Q: Aside from the 7-hour USPAP update course, is there a requirement that the remaining continuing education be in a particular subject matter, such as bias or inclusion?**

A: No, as long as you fulfill the required hours and take the USPAP

update course, the remaining hours can be taken by completion of any approved appraisal related course taken during your renewal cycle.

**Q: I took a course that was very beneficial to appraising, but I can't seem to see where it was approved by any appraisal regulatory body or the AQB, can I still get credit for the course?**

A: Potentially. You may submit a pre/post course application, upload information pertaining to the course, pay the course application fee, and a review will be completed to determine how many hours, if any, would be awarded towards the appraiser continuing education requirements. The application can take a couple of weeks to review, so be sure you don't wait until the last minute.

**Q: I think I will go inactive this year as I've not been performing appraisals. What is needed to do this?**

A: A change to inactive status would require an application submission and payment of the partial registration fee. You may also choose to go into a lapsed status or retired status. All options allow for you to return to active status should your workload picks back up. You will be required to show 14 hours of continuing education prior to reactivation or reinstatement for each year since your last active renewal. If you went inactive or lapsed in 2022, your last active renewal would be 2020. Therefore, you'd need to show 14 hours from July 1, 2020 to the date you reapply.





## In The News

### [PAVE Action Plan](#)

The Interagency Taskforce on Property Appraisal and Valuation Equity (PAVE) issued their action plan in March 2022. Some of the actions to be taken include issuing guidance on the Fair Housing Act; issue guidance and create new policies to improve the process to have a reconsideration of value when it is initially lower than expected; the redesign of the Uniform Appraisal Dataset (UAD) and the Uniform Residential Appraisal Report (UAR) to capture more objective data points and lessen the reliance on free-form commentary; have agencies who participate in AVM rulemaking commit to address potential bias and having a nondiscrimination quality control standard in the proposed rule; and pursue legislation to modernize the governance structure charged with setting and enforcing standards and qualifications criteria. There are many more actions to be considered and taken in the plan that were not identified in this synopsis.



*Quote from Racial Bias In Home Appraisals... “Redlining long, long denied Black homeowners a share in the American dream. That inequity continues today in the home appraisal system,” Harris said.*

### [In Wake of Recent Storms, IA Appraisal Bill Draws Concern](#)

A bill that was in the legislature this year had many concerned about the impact to households that were victim of a natural disaster (storm damage) as it would prohibit a homeowner from seeking an appraisal to determine the cause of damage and only allow for insurance companies to make those decisions.

### [Biden Administration To Probe Racial Bias In Home Appraisals](#)

This article in Forbes, written by Brenda Richardson, talks about how The Biden Administration established the PAVE taskforce, which is “the most wide-ranging set of reforms ever put forward to advance equity in the home appraisal process.”

### [Racial Bias In Home Appraisals](#)

This article by Hugo Balta is part one of a two part series on racial bias in home appraisals. In this article, Hugo points out the root causes of “widespread, pervasive disparities undervaluing Black and Brown homes, preventing them from attaining wealth.” This article also highlights the letter from Congresswoman Maxine Waters to Marcia Fudge, Secretary of the US Department of Housing and Urban Development et al., regarding ongoing appraisal bias and discrimination. You can find Maxine Waters letter [here](#).

### 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](mailto:brandy.march@iowa.gov) with the subject line, Story Submission. Your story may be published in the next newsletter.



## Spotlight Interviewee: David Mielnicki

This month's spotlight interviewee is David Mielnicki. David is a certified general appraiser, license number CG03861, who originally received his residential appraisal certification in Michigan back in 2006. He has since upgraded to certified general status.

**When did you become an appraiser?**

2004

**What made you enter the profession and want to become an appraiser?**

I wanted to learn about "value" so that I could ultimately buy/sell real estate and invest in real estate.

**What areas do you serve (geographic-i.e., counties, cities, states, etc.)?**

I'm licensed in Iowa, Nebraska, Michigan, and Arkansas. The company I work for is licensed to appraise in 24 states.

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***"[N]ever stop learning/reading/discovering. You will hear from many folks that have 'made it' in business and their best advice is to read/consume as much information as you can."***

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**How did you find your supervisor (if an associate appraiser) and what advice do you have for those looking for a supervisor?**

I walked into eight companies with my limited/trainee appraiser license in 2004, only one of them didn't show me the door. I have had several mentors along the way. My advice for those looking for a supervisor is to first get your trainee license, then "bring something to the table" when you are looking for a job under a supervisor. Every company is looking to grow and needs help in certain areas; you can help facilitate that as everyone has a unique set of skills!

**Why did you choose to be a supervisor (if a supervisory appraiser) and what advice do you have for those thinking about becoming a supervisor?**

The appraisal industry is tough to break into; I have had my own journey through the business. If you are thinking of becoming a supervisor, I highly suggest you don't think twice as it is incredibly rewarding.

**What is your favorite type of property to appraise?**

Tillable Cropland

**Do you have a special niche?**

We enjoy doing work for those who need appraisals for IRS/Estate Tax purposes.

## Spotlight Interviewee Continued: David Mielnicki

### **What changes have you seen since you became an appraiser? (Good and bad)**

I've been through the global economic recession, quantitative easing, and the latest run-up since the COVID-19 pandemic. Change is good in appraising; it equals job security. On a lighter note, the industry has become much more in tune technologically. Report writing is getting much more robust and efficient. This is boding well for attracting young talent to the industry.

### **What is something positive and negative about being an appraiser?**

Positive is that you can learn about real estate markets and become an expert buyer/seller in your local market. Negative is that inspecting properties in the wintertime can sometimes be unbearable!

### **What are your future goals with regard to the appraisal profession?**

I'm working on achieving the ARA designation from the American Society of Farm Managers and Rural Appraisers. I also want to continue to expand my real estate holdings in East Lansing, MI (my alma mater).

### **Do you plan to retire from the profession, or is this a stepping stone to future endeavors? If a stepping stone, what do you want to do in the future?**

I plan to retire from the profession.

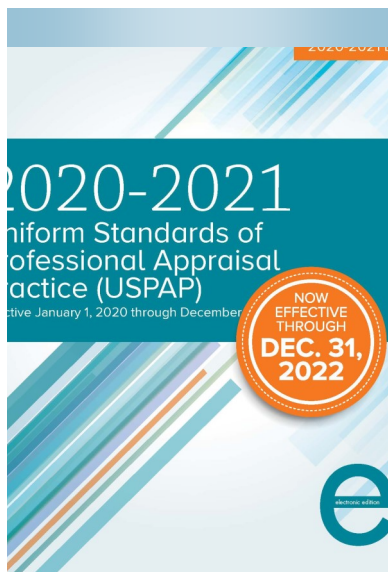
### **Please share as many personal things about yourself. (College, favorite sports/teams, family, unique talents, awards, designations, goals, hobbies, etc.)**

I'm a graduate of Michigan State University. I'm a huge MSU basketball fan. I hold the MAI and SRA designation from the Appraisal Institute and the ASA designation from the American Society of Appraisers. I have 3 kids, and we downhill ski in the winter and hang out on the lake in the summer time as much as possible.

### **Do you have any advice for other appraisers, stakeholders, public, new applicants, etc.? Is there something you've learned or had to experience that would be beneficial for others?**

My best advice is to never stop learning/reading/discovering. You will hear from many folks that have 'made it' in business, and their best advice is to read/consume as much information as you can. It all starts to come together after a while; and it builds upon itself.





JS  
nce from the Appraisal Standards Board  
AP ADVISORY OPINIONS  
AP FREQUENTLY ASKED QUESTIONS (FAQ)



## Compliance Corner (AO-19) Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

**SUBJECT: Unacceptable Assignment Conditions in Real Property Appraisal Assignments**

**APPLICATION: Real Property**

**ISSUE:**

All real property appraisal assignments involve conditions that affect the appraiser's scope of work and the type of report. What types of assignment conditions are unacceptable?

**BACKGROUND**

Many residential property appraisers report requests for service where the caller includes statements or information in the request similar to the

*“Advisory Opinions are issued to illustrate the applicability of appraisal standards in specific situations and to offer advice from the [Appraisal Standards Board] (ASB) for the resolution of appraisal issues and problems.”*

### Advisory Opinion 19 Unacceptable Assignment Conditions in Real Property Appraisal Assignments

Advisory Opinion (AO) 19 is published by the Appraisal Standards Board of The Appraisal Foundation and is taken from the 2020-2021 Uniform Standards of Professional Appraisal Practice (USPAP) edition which has been extended through December 2022.

following:

1. We need comps for (property description) that will support a loan of \$\_\_\_\_; can you provide them?
2. Sales Price: \_\_\_\_\_
3. Approximate (or minimum) value needed: \_\_\_\_\_
4. Amount needed: \_\_\_\_\_
5. Owner's estimate of value: \_\_\_\_\_
6. If this property will not appraise for at least \_\_\_\_\_, stop and call us immediately.
7. Please call and notify if it is NOT possible to support a value at or above \_\_\_\_\_ BEFORE YOU PROCEED!!!!

Appraisers report that the caller usually makes it clear that they do not want the appraiser to do any fieldwork. Some callers refer to the service requested as a “comp check” while others refer to it as a “preliminary appraisal” or use some terms other than appraisal (such as a preliminary evaluation, study, analysis, etc.). Some callers indicate that if the numbers will not work, the appraiser can send a bill for research services or a “preliminary” inspection. Other callers promise future assignments if the appraiser can make the present deal work.

Appraisers ask, “Can I respond to such requests without violating USPAP, and, if so, how?”



# Compliance Corner Continued

## Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

### **ADVICE FROM THE ASB ON THE ISSUE:**

#### **Relevant USPAP & Advisory References**

Appraisers receiving requests for services that include the kind of information and situations described in the Background section of this Advisory Opinion should carefully review:

- The Conduct and Management sections of the ETHICS RULE, particularly in regard to assignments offered under condition of “predetermined opinions or conclusions” or compensation conditioned on the reporting of a predetermined value result, a direction in assignment results that favors the cause of the client, the amount of a value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the appraiser’s opinions and specific to assignment’s purpose.
- The definitions of “Appraisal,” “Appraisal Practice,” “Assignment” and “Scope of Work” in the DEFINITIONS section of USPAP.
- Standards Rule 1-1(b), particularly as it relates to diligence in the level of research and analysis necessary to develop credible opinions and conclusions.
- Standards Rules 1-2(f), (g), and (h), regarding identification of the scope of work necessary to complete an assignment and any extraordinary assumptions or hypothetical conditions necessary in an assignment.
- Standards Rules 1-5(a) and (b), regarding the analysis of current or historical market activity regarding the property appraised.
- The SCOPE OF WORK RULE, with particular attention to the appraiser’s responsibility in connection with the scope of work decisions and disclosure obligations
- As guidance, Advisory Opinions 13 and 38.

#### **Unacceptable Conditions**

Certain types of conditions are unacceptable in any assignment because performing an assignment under such conditions violates USPAP. Specifically, an assignment condition is unacceptable when it:

- precludes an appraiser’s impartiality, because such a condition destroys the objectivity and independence required for the development and communication of credible results;
- limits the scope of work to such a degree that the assignment results are not credible, given the intended use of the assignment; or
- limits the content of a report in a way that results in the report being misleading.

#### **Acceptable Assignment Conditions**

The intended use of the assignment results affect whether assignment conditions are acceptable. Some assignment conditions may be acceptable in one type of assignment but not in another. An appraiser should carefully consider the information provided by the client in a prospective assignment agreeing to perform or declining the assignment. (See Advisory Opinion 36.)

In the highly competitive financial services market, cost versus benefit is always an issue. Residential appraisers, particularly, have seen an increase in the use of sophisticated loan application screening tools by their lender-clients. Many lenders believe an appraiser can enhance their screening efforts by doing “preliminary work” that they do not view as an “appraisal.”

# Compliance Corner Continued

## Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

Other client groups also ask appraisers to provide services under conditions that limit the appraiser's scope of work. Investors, trust administrators, and portfolio account managers often require opinions and data from appraisers in order to make decisions. Attorneys often rely on appraisers in counseling their clients and in preparing for litigation.

When considering a request for service, appraisers should ascertain:

- whether the service involves an appraisal,
- what level of risk are associated with the service, and
- whether there are any unacceptable conditions attached to the assignment.

Appraisers should take care to communicate with prospective clients to reach a common understanding about assignment conditions. Further, the appraiser and the client need to recognize that:

**1) the type of assignment in each request described in the Background section of this Advisory Opinion is an appraisal.**

If an appraiser is asked whether a specific property has a value (a point, a range, or a relationship to some benchmark), that request is for an opinion of value (an appraisal). Appraisers, obligated to comply with USPAP, must develop a real property appraisal in accordance with STANDARD 1. Reporting that value opinion must be accomplished in accordance with STANDARD 2.

Appraisers, like professionals, must ensure that those who use their services recognize the amount of work required - and the expertise needed - to develop a credible value conclusion about a property.

However, this does not mean that the appraiser cannot provide an economic and competitive service. Indeed, the *Uniform Standards of Professional Appraisal Practice* recognize the need for different kinds of appraisals. A competent appraiser can vary the scope of work in an assignment, in accordance with the type and definition of value and intended use of the appraiser's opinions and conclusions in the assignment, and remain in compliance with USPAP.

**2) assignment limitations affect the level of risk accepted by each party in an assignment;**

Appraisers and users of appraisals should recognize that assignment limitations affect the reliability of an appraiser's opinions and conclusions. In some assignments, an appraiser can reasonably apply extraordinary assumptions to compensate for assignment limitations. In other situations, the use of the same assumptions may not be acceptable.

When the intended use is to screen a potential business for feasibility, the use of assumptions or extraordinary assumptions is more appropriate than when the intended use is for loan documentation or loan settlement. Because intended users' reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled.

**3) assignment conditions that compromise an appraiser's impartiality and objectivity in an assignment are unacceptable.**

# Compliance Corner Continued

## Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

When a client may feel that offering preference in current or future assignments on the basis of “making the numbers work” in a specific assignment is appropriate, attaching such a condition to an assignment compromises an appraiser’s impartiality and destroys the appraiser’s credibility.

The *Uniform Standards of Professional Appraisal Practice* is explicit about such matters. Agreeing to perform an appraisal assignment under such a condition violates the Conduct section of the ETHICS RULE in USPAP, which states, in part:

*An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.*

*An appraiser must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions.*

Furthermore, accepting compensation for completing an appraisal assignment under such a condition violates the Management section of the ETHICS RULE in USPAP, which states:

*An appraiser must not agree to perform an assignment, or have a compensation arrangement for an assignment, that is contingent on any of the following:*

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

### **Illustrations:**

Some of the requests shown in the Background section of this Advisory Opinion share common characteristics. Possible responses to each common group of requests could be:

- 1. We need comps for (a specific property) that will support a loan of \_\_\_\_\_; can you provide them?*

“Maybe, but I’ll need to research the market to know whether the ‘comps’ will support a range relative to the loan amount. In doing this, I will be deciding which sales are ‘comps’ and what those ‘comps’ mean. Those decisions will result in a range of value for your prospective borrower’s property, which is an appraisal.

You also need to recognize that there are risks in this kind of assignment. You should realize that my value conclusion could change if I subsequently perform an appraisal. Under the research and analysis limitations you suggest, I would not have verified some of the data and would have to use extraordinary assumptions about the market data and your borrower’s property information. I would not have performed some of the analyses steps I might complete in an appraisal assignment without these limitations. If all of that is agreeable to you, we can proceed.”

## Compliance Corner Continued

### Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

2. *Sales Price:* \_\_\_\_\_

“As long as the amount is only to inform me of the pending contract [or the sale price] and is not a condition for your placement of the assignment with me, we can proceed. However, if that amount is a condition of the assignment, agreeing to perform an assignment under that condition violates professional ethics.”

Note: A sale price (in a pending or a settled transaction) is part of the information an appraiser is required to ascertain in accordance with Standards Rules 1-5(a) and (b). Receiving this information with a request for service is appropriate. However, it is a violation of USPAP to agree to perform an assignment if the price in an agreement of sale, option, or listing or a sale price in a settled transaction is given as a predetermined value.

3. *Approximate (or minimum) value needed:* \_\_\_\_\_

4. *Amount needed:* \_\_\_\_\_

5. *Owner's estimate of value:* \_\_\_\_\_

“As long as the amount is only to inform me of your objectives or someone else's opinion and is not a condition for your placement of this assignment with me, we can proceed. However, if that amount is a condition of this assignment, agreeing to perform an assignment under that condition violates professional ethics.

6. If this property will not appraise for at least \_\_\_\_\_, stop and call us immediately.

7. Please call and notify if it is NOT possible to support a value at or above \_\_\_\_\_ BEFORE YOU PROCEED!!!!

“Your request is acknowledged, but it is important for you to be aware that I must develop an appraisal before I can tell you whether the property will support the value indicated. It is also important for you to be aware that your statement of that amount with this request for services does not, in my view, establish a ‘condition’ for my performing the appraisal. If you intend it to be a condition for performing this assignment, I cannot agree to perform the assignment because it violates professional ethics.

#### **Research Illustration:**

The foregoing illustrations all include an appraisal assignment. In some situations, a client will request a service that is not an appraisal or appraisal review assignment as defined in USPAP. The service to be performed by an appraiser in the following illustration is:

- not an appraisal assignment (the appraiser does not develop a value opinion); and
- not a real property appraisal review (there is no appraisal to review).

## Compliance Corner Continued

### Advisory Opinion 19: Unacceptable Assignment Conditions in Real Property Appraisal Assignments

The caller in this illustration is usually in the process of making a business decision and needs impartial and objective information but has not yet decided whether to pursue the matter at hand. The caller knows there is a potential for needing an appraisal, depending, in part, on what the sales data shows. The caller also believes that, if the data indicates that an appraisal is worthwhile, having that work completed by the appraiser in that subsequent assignment will lessen the time required to perform an appraisal. The prospective client may ask:

“We want you to check your data resources to see if there are sales within the past six months that are within one mile of [address]. If you find some, we may order an appraisal from you.”

One possible response would be:

“If what you want is only the sales of properties shown in the databases available to me with the criteria you specified, I can do that research and sent you the result. Then you can decide what you think your client’s property is worth. If I do only that, it is just research and not an appraisal.

However, you need to recognize that there are risks if you decide to have the research done that way. If you decide to limit my work to just gathering sales data using the research criteria you set, you are taking the risk that those criteria are both adequate and appropriate to find all the market data relevant to your client’s property. You also take the risk that any appraiser’s analysis of that data would result in a value conclusion within the price range suggested by the sales data assembled using your criteria. There is no assurance that such would be the case.”

#### **Staff or Multi-Appraiser Firm Context**

The foregoing illustrations reflect communications between a client and an appraiser in the context of the appraiser as an independent contractor (fee appraiser).

In a staff context, such as where the appraisal function is established as a business or agency unit, the part of the entity that uses the appraiser’s opinions and conclusions represents the “client” (intended user) and the part that completes the assignment represents the “appraiser.”

In that context, the “assignment” originates from the “intended user” part of the entity. The appraisal unit’s response to an “intended user” in situations like those in the foregoing illustrations reasonably could be similar because imposing assignment conditions that compromise an appraiser’s impartiality and objectivity is unacceptable, whatever the setting.

However, the example responses in the illustrations do not apply to the customary interaction and dialogue that occurs between appraisers within organizations or peers in multi-appraiser firms. Such interaction and dialogue within the unit or group that develops the opinions and conclusions in an assignment is not the same as communicating opinions and conclusions to an intended user.



## Common Findings in Work Product Review

After the last newsletter, the Board was asked to provide a synopsis of the common issues being found in work product review as part of the Standard 3/4 review process. You ask, we deliver! Each Standard 3/4 review has 53 areas which can be marked yes, no, or not applicable. Fifty-two reports were included in this summary. Of those, there were 204 findings of "No." This equates to 7.40%. There were 39 areas that were cited at least once during the 52 reports. Five areas were cited ten times or more.

One citation from 52 reports:

- Analysis of agreements of sale, options, or listings of subject property current as of the effective date of appraisal and sales that occurred within three years prior have been adequately summarized. SR 1-5, SR 1-5 (b), SR 2-2 (a)(viii)
- Are Calculations Correct? SR-1-1 (a,b,c)
- Are cost estimates market oriented and supported? SR 1-4(b)
- Have any easements, restrictions or other times of a similar nature been adequately reported and considered? SR 1-2 (e) - (iv); SR 1-3 (a), SR 2-2 (a)(b) - (iii) - (xi)
- Have relevant characteristics of improvements and any effect they have on value been adequately described? SR 2-2 (a,b)(iii)
- Statement of any prior service within three years included in the report. Ethics Rule, Conduct, SR 2-3

Two citations from 52 reports:

- Reporting option used (Appraisal Report or Restricted Use Report), is prominently stated. SR 2-2

Three citations from 52 reports:

- ETHICS RULE. ETHICS RULE
- Has appraiser selected and identified sales similar to and from the same or similar market area to the subject's market area? SR 1-1(a,b,c), SR 1-4(a), SR 2-2(a)(viii),(b)(vii)
- Has reasonable support for capitalization rate or GRM been provided? SR 1-1(a,b,c), SR 1-4(c)(iii), SR 2-2 (a,b)-(vi-ix)
- Scope of work is sufficiently summarized to disclose to the clients the level of work used to develop the appraisal. SR 1-2 (h), SR 2-2 (a,b)-(vii)
- Was the salient and factual data reported and analyzed in a consistent manner throughout the assignment? SR 1-1 (a,b,c)
- Has the value been appropriately identified (date, extraordinary assumptions, hypothetical conditions)? SR 1-4(b)-(iii) SR 1-2(f,g), SR 2-2 (a,b)-(iiiiviii)

Four citations from 52 reports:

- Any hypothetical conditions in conjunction with each opinion or conclusion affected are clearly and conspicuously reported. SR 1-2(g), SR 2-2 (a,b)-(xi)
- Are the appraisal results conveyed in an appropriate manner (not misleading)? Standard 2, ETHICS RULE
- Exclusion of the Cost Approach is supported. SR 1-6(a)(b), SR 2-2 (a)(vii),(b)(viii)
- Exclusion of the Income Approach is supported. SR 1-2(f), SR 2-2 (a,b)-(viii)
- Has an opinion of the highest and best use been summarized? SR 1-3(a)(b), SR 2-2(a,b)-(x)
- Has reasonable support for income, expenses, vacancy been provided? SR 1-1(a,b,c)
- Has the appraiser identified and correctly analyzed depreciation items (physical, functional, external)? SR 1-1(a,b,c), SR 1-2(e)(i), SR 1-4(b)-(iii), SR 2-2(a)(iii)
- Is the site value market oriented? SR 1-4(b), SR 2-2(a,b)-(vii)
- Quality and quantity of data available and analyzed within the approaches used has been adequately reconciled? SR 1-6 (a,b), SR 2-2 (a,b)-(viii)
- SCOPE OF WORK RULE. SCOPE OF WORK RULE

## Common Findings in Work Product Review Continued

Five citations from 52 reports:

- Does the appraiser(s) understand the appraisal process? COMPETENCY RULE.

Six citations from 52 reports:

- Has zoning been adequately and accurately reported? SR 1-2 (e)
- Have projections of future rent and expenses been based on reasonably clear and appropriate market evidence? SR 1-1(a,b,c), SR 1-4(c)(iv), SR 2-2 (a,b)(vi-ix)
- Market area trends are adequately and reasonably discussed and analyzed with estimation of reasonable exposure time. SR 1-2 (e), SR 2-2 (a)(iii), SR 2-2 (a)(v)

Seven citations from 52 reports:

- Factors that affect marketability are adequately and reasonably described. SR 1-2(e), SR 1-3 (a), SR 2-1 (b), SR 2-2 (a,b)-(iii)
- Neighborhood boundaries are adequately and reasonably defined. SR 1-2 (e), SR 2-2 (a)(iii)

Eight citations from 52 reports:

- Applicability and suitability of the approaches used to arrive at the value conclusions has been adequately reconciled. SR 1-6 (a,b), SR 2-2 (a,b)-(viii)
- COMPETENCY RULE. COMPETENCY RULE
- Has appraiser adequately collected, verified, and reported comparable rental data? SR 1-1(a,b,c), SR 1-4(c), SR 2-2 (a,b)-(vii-ix)
- Has the appraiser correctly employed recognized methods and techniques? SR 1-1 (a,b,c), SR 1-4(b)-(i,ii,iii)

Nine citations from 52 reports:

- Is adequate reasoning provided for adjustments, analysis, opinions and conclusions? SR 1-1 (a,b,c), SR 2-2(a)(viii), (b)(vii)

Ten citations from 52 reports:

- Does the appraisal report contain sufficient information to enable the client(s) and intended user(s) who receive or rely on the report to understand it properly? SR 1-1(a,b,c), SR 2-2(a,b)

Eleven citations from 52 reports:

- Exclusion of the Sales Comparison Approach is supported. SR 1-2(h), SR 1-6(a)(b), SR 2-2 (a)(vii), (b)(viii)
- Has current use been stated? SR 2-2 (a,b)-(ix)

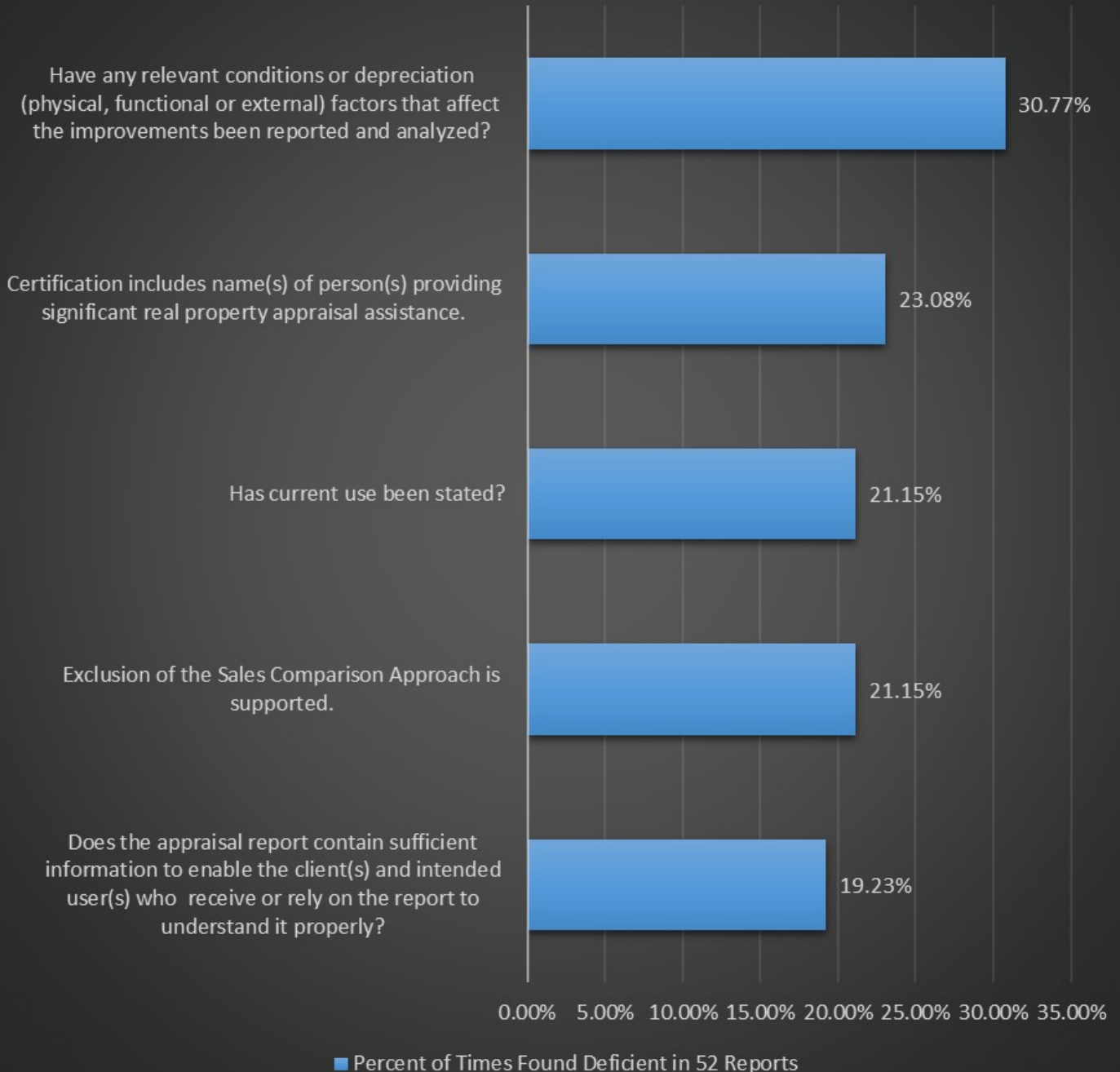
Twelve citations from 52 reports:

- Certification includes name(s) of person(s) providing significant real property appraisal assistance. SR 2-3

Sixteen citations from 52 reports:

- Have any relevant conditions or depreciation (physical, functional or external) factors that affect the improvements been reported and analyzed? SR 1-2(e), SR 2-2 (a,b)-(iii)

## Top Five (5) WPR Findings



## 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; and 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 7 outlines the grounds pursuant to which disciplinary action may be instituted against certified and associate appraisers. A licensee must report any revocation, suspension, and 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 the rule says any licensing authority, the reporting obligation is not restricted to discipline on your appraisal license only. It would include discipline to other licenses you may hold such as a salesperson, broker, architect, or the like.

## Iowa Administrative Rules 193F Amendments

The Board filed a notice of intent to amend portions of Iowa Administrative Code 193F Chapters 1, 5, 6, and 11. These changes adopt the Practical Applications of Real Estate Appraisal (PAREA) program as an alternative path towards experience credit and to also update the rules to match the Appraiser Qualifications Board (AQB) criteria regarding distance educational offerings. New rules 193F— 5.8 and 6.8 have been added. A public hearing on the notice of intent was held on April 13, 2022. While some members of the public were present, no comments on the rulemaking were made. I encourage you to check out [ARC6254C](#). The Board will vote to file a notice to adopt at its May 2022 meeting.

The last of the changes to Iowa Administrative Code 193F as part of the five-year rolling review went into effect on March 16, 2022. The Board's next five-year rolling review will be started this year.

## UNI Real Estate Advisory Council Meeting

Pictured Left to Right: Brandy March, Executive Officer; Gene Nelsen, Peer Reviewer & Certified General Appraiser.

While attending the University of Northern Iowa's (UNI) Real Estate Advisory Council Meeting in Cedar Falls, IA, on April 14, 2022, I sat with one of our appraisers, former board members, and current peer reviewer, Gene Nelsen. The Advanced Real Estate Cases course has seen a significant bump in enrollment even though overall enrollment levels in colleges around the US have decreased. Students who receive a degree in real estate from UNI have successfully completed all of their qualifying education towards their certified credential with the exception of the 15 hour USPAP course.



## Discipline Information

February 1, 2022 –  
April 30, 2022

12 New Complaints

12 Closed

2 Combined Statement of  
Charges and Settlement  
Agreements

0 Amendments to  
Combined Statement of  
Charges and Settlement  
Agreement

1 Release from Combined  
Statement of Charges and  
Settlement Agreements

### 2022 Calendar Year

15 Complaints Filed

18 Complaints Closed

3 Combined Statement of  
Charges and Settlement  
Agreements

### 2022 Complainant Details

2 Buyer/Seller

6 Lender/Client/Intended  
User

3 State Agency

1 Other

3 Anonymous

## Disciplinary Update (February 1, 2022 - April 30, 2022)

Since February 1, 2022, the Board has received twelve new complaints and has closed twelve cases. There were two public disciplinary actions taken, including consent orders, suspensions, or voluntary surrenders in lieu of discipline, during this period. You can find existing consent orders on the Board's [website](https://www.idob.state.ia.us/REAP/) at: <https://www.idob.state.ia.us/REAP/> and clicking on "Disciplinary Index" on the left side of the screen then performing a search by an individual's last name or by case number.

### Case No. 21-23 Richard Fuller (CR02557) in Des Moines, IA

On March 17, 2022, the Board accepted and countersigned a combined statement of charges, settlement agreement which became effective on March 18, 2022. Mr. Fuller was charged 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 543D.18(1) and Iowa Administrative Code rules 193F-7.2, 193F-7.3(2)(d) and 193F-7.3(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). As part of the order, Mr. Fuller is required to, within 120 days, take 68 hours of education, submit monthly logs, have two additional reports reviewed at least 30 days after the education is completed, not act as an instructor, and not supervise for the duration of the order and at least three years once he is released.

### Case Nos. 21-16, 21-27, 21-32 Michael Wertz (CG02335) in Osage, IA

On March 17, 2022, the Board accepted and countersigned a combined statement of charges, settlement agreement which became effective on March 18, 2022. Mr. Wertz was charged 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 543D.18(1) and Iowa Administrative Code rules 193F-7.2, 193F-7.3(2)(d) and 193F-7.3(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). As part of the order, Mr. Wertz is required to, within 180 days, take 54 hours of education, submit monthly logs, have two additional reports reviewed at least 30 days after the education is completed of which one of the reports is a new construction, not act as an instructor, and not add any other trainee appraisers until Mr. Wertz is released from the order.



## 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 Section 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](mailto:AMCSupervision@iowa.gov) to obtain bond information of an AMC.

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

### Board Members

Dan Fuhrmeister, Chair  
Loretta Laubach, Vice Chair  
Susan Clark  
Leila Granger  
Jordan Maus  
Cody Seeley  
Teresa Selberg



Congratulations to Kimberly Gleason (pictured left). Kimberly was promoted to the newly created Administrative Assistant I position within the Professional Licensing Bureau (PLB). She will split her time between PLB and the Iowa Real Estate Appraiser Examining Board. Her first official day with the Board was April 1, 2022. Kimberly had previously been the licensing specialist for most of the boards under PLB and is very familiar with the appraiser board, as she attended all prior meetings and wrote the Board meeting minutes.

The Board is very pleased that Kimberly will be more involved in their day to day operations and knows that she will be a valuable asset.