

I.

Based upon the foregoing, the Commission hereby states:

FINDINGS OF FACT

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.507, RSMo Cum. Supp. 2009, for the purpose of licensing all persons engaged in the practice of real estate appraisal in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of Chapter 339.500 to 339.549, RSMo (as amended).

2. Christopher Klaus currently resides at 15706 Outlook Street, Overland Park, KS 66223.

3. On or about October 21, 2010, Klaus completed the application for upgrade to a residential appraiser certification.

4. As part of Klaus' upgrade application, the Commission reviewed two residential appraisals completed by Klaus: 3521 Lexington, Kansas City, Missouri (Appraisal A) and 609 Timber Ridge, Lee's Summit Missouri (Appraisal B).

5. On or about March 24, 2011, the Commission reviewed Appraisal A.

8. According to the Commission's review, Appraisal A did not comply with several provisions of the Uniform Standards of Professional Appraisal Practice (USPAP):

a. It failed to comply with USPAP Standards Rule 1-1(a) in that it did not analyze land sales for adjustments in the sales cost approach to value;

b. It failed to comply with USPAP Standards Rule 1-1(b) because the subject of the appraisal was in an urban area, not a suburban area and the appraisal used the same neighborhood analysis for a home in a suburban area;

- c. It failed to comply with USPAP Standards Rule 1-1(c) because it did not contain correct zoning that could have dramatically affected the value if it was different than single family;
- d. It failed to comply with USPAP Standards Rule 1-3(a) because the appraisal did not contain specific zoning designation;
- e. It failed to comply with USPAP Standards Rule 1-4(b) because it did not analyze land value from a sales or a standard approach to develop land value;
- f. It failed to comply with USPAP Standards Rule 1-5(b) because the subject had an expired listing for \$58,000; and
- g. It failed to comply with USPAP Standards Rule 2-2(b)(viii) because whether external depreciation would have been applicable for a renovated home in an area of distressed properties and the appraisal did not adequately contain this analysis.

10. Overall, Appraisal A was not compliant with USPAP because there were a series of omissions or no analysis resulting in a report that was possibly misleading as detailed in paragraph 9 above.

11. On or about March 24, 2011, the Commission reviewed Appraisal B.

12. According to the Commission's review, Appraisal B did not comply with several provisions of the USPAP:

- a. It failed to comply with USPAP Standards Rule 1-1(a) in that it did not analyze land sales for adjustments in the sales cost approach to value;

- b. It failed to comply with USPAP Standards Rule 1-1(c) because it did not contain correct zoning that could have dramatically affected the value if it was different than single family;
- c. It failed to comply with USPAP Standards Rule 1-3(a) because the appraisal did not contain specific zoning designation;
- d. It failed to comply with USPAP Standards Rule 1-4(a) because it did not develop land values to analyze correct land adjustments and it did not discuss how the appraiser obtained the adjustment for a finished basement as to the amount of square footage or to the \$25 per square foot adjustment;
- e. It failed to comply with USPAP Standards Rule 1-4(b) because it did not analyze land value from a sales or standard approach to develop land value;
- f. It failed to comply with USPAP Standards Rule 2-2(b)(viii) because whether external depreciation would have been applicable for a renovated home in an area of distressed properties and the appraisal did not adequately contain this analysis.

13. Overall, Appraisal B was not compliant with USPAP because there were a series of omissions or no analysis resulting in a report that was possibly misleading as detailed in paragraph 12 above.

II.

CONCLUSIONS OF LAW

14. The Commission has authority to deny or refuse any certificate or license application pursuant to § 339.532.1, RSMo 2000, which provides:

The Commission may refuse to issue or renew any certificate or license issued pursuant to sections 339.500 to 339.549 for one or any combination of causes stated in subsection 2 of this section. The Commission shall notify the applicant in writing of the reasons for the refusal and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621, RSMo.

15. The Commission has cause to deny or refuse Klaus' application for a certified residential appraiser license pursuant to § 339.532.2, RSMo 2000, which provides:

The Commission may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621, RSMo, against any state-certified real estate appraiser, state-licensed real estate appraiser, or any person who has failed to renew or has surrendered his or her certificate or license for any one or any combination of the following causes:

...

- (2) Failing to meet the minimum qualifications for certification or licensure or renewal established by sections 339.500 to 339.549;

...

- (5) Incompetency, misconduct, gross negligence, dishonesty, fraud, or misrepresentation in the performance of the functions or duties of any profession licensed or regulated by sections 339.500 to 339.549;
- (6) Violation of any of the standards for the development or communication of real estate appraisals as provided in or pursuant to sections 339.500 to 339.549;
- (7) Failure to comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation;
- (8) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

...

(14) Violation of any professional trust or confidence[.]

16. As a result of Klaus' non-compliance with numerous provisions of USPAP in Appraisals A and B as detailed in paragraphs 9 and 12 above, the Commission has cause to deny or refuse Klaus' application for a residential appraiser certification pursuant to § 339.532.1, RSMo, and § 339.532.2 (2), (5), (6), (7), (8) and (14), RSMo.

17. As an alternative to refusing to issue a certification, the Commission may, at its discretion, issue a certification subject to probation, pursuant to § 324.038.1, RSMo, which provides:

Whenever a board within or assigned to the division of professional registration, including the division itself when so empowered, may refuse to issue a license for reasons which also serve as a basis for filing a complaint with the administrative hearing commission seeking disciplinary action against a holder of a license, the board, as an alternative to refusing to issue a license, may, at its discretion, issue to an applicant a license subject to probation.

18. The Commission issues this Order in lieu of denial of Klaus' application for upgrade to a residential appraiser certification. The Commission has determined that this Order is necessary to ensure the protection of the public.

III.

ORDER

Based on the foregoing, Christopher Klaus is granted a residential appraiser certification, which is hereby placed on **PROBATION** for a period of one (1) year from the effective date of this Order, subject to the terms and conditions set forth below.

IV.

TERMS AND CONDITIONS

During the aforementioned probation, Christopher Klaus shall be entitled to present himself and serve as a certified residential appraiser subject to the following terms and conditions:

- A. During the probationary period, Klaus shall not supervise any real estate appraisal, as defined by § 339.503(1), RSMo (as amended), of property located in the state of Missouri nor sign any appraisal for property located in Missouri as an appraisal supervisor.
- B. During the probationary period, Klaus shall successfully complete an approved 15-hour continuing education course regarding Market Analysis and Highest and Best Use. Klaus shall also provide the Commission proof of successful completion of the approved Market Analysis and Highest and Best Use course within 15 business days of completing the course.
- C. During the probationary period, Klaus shall successfully complete an approved 15-hour continuing education course regarding Residential Site Valuation and Cost Approach. Klaus shall also provide the Commission proof of successful completion of the approved Residential Site Valuation and Cost Approach course within 15 business days of completing the course.
- D. During the probationary period, Klaus shall maintain a log of all appraisal assignments completed, including appraisal values. Klaus shall submit a true and accurate copy of his log to the MREAC every three (3) months after the effective date of this Order. The first such log shall be received by the Commission on or before July 1, 2011. Each log, except for the final log, shall be submitted within 15 days after the end of the respective six month period. Klaus shall submit the final log 30 days prior to the end of the probationary period. All logs shall comply with rule 20 CSR 2245-2.050.
- E. During the disciplinary period, Klaus shall keep the Commission informed of his current work and home telephone numbers. Klaus shall notify the Commission in writing within ten days (10) of any change in this information.
- F. During the probationary period, Klaus shall timely renew his certification granted hereby and shall timely pay all fees required for certification and comply with all other Commission requirements necessary to maintain said license in a current and active state.

- G. During the probationary period, Klaus shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Order.
- H. During the disciplinary period, Klaus shall appear in person for interviews with the Commission or its designee upon request.
- I. Klaus shall submit written reports to the Commission every six (6) months during the probationary period stating truthfully whether there has been compliance with all terms and conditions of this Order. The first such report shall be received by the Commission on or before July 1, 2011.
- J. Klaus shall execute any release or provide any other authorization necessary for the Commission to obtain records of her employment during the terms of the permit.
- K. Klaus shall comply with all provisions of §§ 339.500 to 339.549, RSMo; all federal and state drug laws, rules, and regulations; and all federal and state criminal laws. "State" here includes the state of Missouri, all other states and territories of the United States, and the ordinances of political subdivisions of any state or territory. Klaus shall immediately report any violation of this provision to the Commission in writing. Klaus shall also immediately report any allegation that he has violated this provision to the Commission, in writing. Examples of allegations of such a violation include, but are not limited to, any arrest, summons, inquiry by any law enforcement official into these topics, or inquiry into these topics by a health oversight agency. Klaus shall sign releases or other documents authorizing and requesting the holder of any closed record related to this paragraph to release such records to the Commission.
- L. Klaus is hereby informed that the Missouri Real Estate Appraisers Commission will maintain this Order as an open record of the Commission as provided in Chapters 610 and 324, RSMo. He shall truthfully answer any inquiry regarding her license status or disciplinary history.
- M. Klaus shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- N. In the event the Commission determines that Klaus has violated any term or condition of this Order, the Commission may, in its discretion, after an evidentiary hearing, suspend, revoke, or otherwise lawfully discipline Klaus' certification.
- O. No Order shall be entered by the Commission pursuant to the preceding paragraph of this Order without notice and an opportunity for hearing before the Commission in accordance with the provisions of Chapter 536, RSMo.
- P. If, at any time during the probationary period, Klaus changes his address from the state of Missouri, or ceases to maintain his certified residential appraiser license current or active under the provisions of Chapter 339, RSMo (as amended), or fails to keep the

Commission advised of all current places of residence, the time of such absence, unlicensed or inactive status, or unknown whereabouts shall not be deemed or taken to satisfy any part of the probationary period.

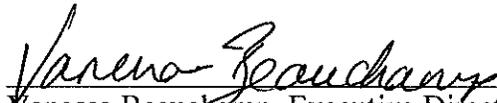
- Q. Unless otherwise specified by the Commission, all reports, documentation, notices, or other materials required to be submitted to the Commission shall be forwarded to: Missouri Real Estate Appraisers Commission, P.O. Box 1335, Jefferson City, Missouri 65102.
- R. Any failure by Klaus to comply with any condition of discipline set forth herein constitutes a violation of this Order.

This Order does not bind the Commission or restrict the remedies available to it concerning any violation by Respondent of the terms and conditions of this Order, Chapter 339, RSMo (as amended), or the regulations promulgated thereunder.

The Commission will maintain this Order as an open, public record of the Commission as provided in Chapters 324, 339 and 610, RSMo (as amended).

SO ORDERED, EFFECTIVE THIS 28th DAY OF MARCH, 2011.

MISSOURI REAL ESTATE APPRAISERS COMMISSION



Vanessa Beauchamp, Executive Director