

# MISSOURI Real Estate Appraisers COMMISSION

Volume 6 Number 1

March 1999

## LAW CHANGES AS A RESULT OF HOUSE BILL 1601

**B**eginning July 1, 1999, it shall be unlawful for any person in this state to act as a real estate appraiser, or to directly or indirectly, engage or assume to engage in the business of real estate appraisal or to advertise or hold himself or herself out as engaging in or conducting such business without first obtaining a license or certificate issued by the Missouri Real Estate Appraisers Commission as provided in sections 339.500 to 339.549.



No license or certificate shall be issued pursuant to sections 339.500 to 339.549 to a partnership, association, corporation, firm or group; except that, nothing in this section shall preclude a state licensed or state certified real estate appraiser from rendering appraisals for, or on behalf of, a partnership, association, corporation, firm or group, provided the appraisal report is prepared by, or under the immediate personal direction of the state licensed or

state certified real estate appraiser and is reviewed and signed by such state licensed or state certified appraiser.

Any person who is not state licensed or state certified pursuant to sections 339.500 to 339.549 may assist a state licensed or state certified real estate appraiser in the performance of an appraisal; provided that, such person is personally supervised by a state licensed or state certified appraiser and provided further that any appraisal report rendered in connection with the appraisal is reviewed and signed by the state licensed or state certified real estate appraiser.

Nothing in sections 339.500 to 339.549 shall abridge, infringe upon or otherwise restrict the right to use the term "certified ad valorem tax appraiser" or any similar term by persons performing ad valorem tax appraisals.

The provisions of sections 339.500 to 339.549 shall not be construed to require a license or certificate for:

1. Any person, partnership, association or corporation who, as owner, performs appraisals of property owned by such person, partnership, association or corporation;
2. Any licensed real estate broker or salesperson who prepares a comparative market analysis or a broker price opinion;
3. Any employee of a local, state or federal agency who performs appraisal services within the scope of his or her employment; except that, this exemption shall not apply where any local, state or federal agency requires an employee to be registered, licensed or certified to perform appraisal services; or
4. Any employee of a federal or state regulated lending agency or institution;
5. Any agent of a federal or state regulated lending agency or institution in a county of third or fourth classification.

*(Continued on page 4 under NEW REQUIREMENTS EFFECTIVE JANUARY 1, 1998)*

# MCCANN ELECTED NATIONAL PRESIDENT ASSOCIATION OF APPRAISAL REGULATORY OFFICIALS



The Eighth Annual Conference of the Association of Appraiser Regulatory Officials (AARO) was held on October 10-13, 1998, in St. Louis, MO.

**At the business meeting Willie McCann, Chairman of the Missouri Real Estate Appraisers Commission (REAC), was elected president of AARO for 1999. Judith Kolb, Executive Director of REAC, will continue to serve as Region IV Director to complete her two (2) year term. In addition, David Millin, REAC**

**member, served as Chairman of the Web Site Committee, and was instrumental and took a leadership role in developing AARO's web site. AARO's web site address is: [www.aaro.net](http://www.aaro.net).**

Approximately 160 conference registrants attended the meeting. Among Conference topics were: Negotiations, Ethics and the Appraiser Regulator, USPAP Update for Regulators by the Appraisal Standards Board, and a presentation by the Appraisal Subcommittee. Also of benefit, the Conference always provides an opportunity to meet with other states and share ideas and concerns.

Missouri is proud to have Willie representing Missouri, as well as AARO's President. Congratulations to Willie, and also to Judy

## MESSAGE FROM DIVISION DIRECTOR

*Through team input and much planning, we started exploring the possibility of updating to a new, more efficient licensing system that will provide more user friendly interfaces and the ability to grow and adapt to new technology. I'm glad to report that we have awarded a contract to provide such a system. Our implementation is scheduled for sometime this spring.*

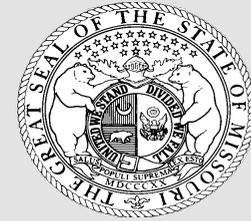
*It was brought to our attention in 1997 that our current licensing system would experience problems with the transition from the 1900s to*

*the year 2000 - known to us as "Y2K". This causes incorrect results when the difference between dates is calculated and when dates are compared or sorted.*

*The backbone of the new system is already Year 2000 compliant and the final cost of the system is one-third of the cost to correct our existing system. We are very lucky, in affect killing two birds with one stone. Therefore, the "Y2K" will not affect your regulator.*

*Warmest Regards,*

*Randall Singer*



## MISSOURI REAL ESTATE APPRAISERS COMMISSION

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Mel Carnahan, Governor

Joseph L. Driskill, Director  
Department of Economic Development

Randall J. Singer, Director  
Division of Professional Registration

### COMMISSION MEMBERS

Willie L. McCann, Chairman  
Linda Blake, Vice Chairman  
Thomas J. Garnett, Member  
Samuel Gill, Member  
David Millin, Member  
Henry "Hank" Clabaugh, Member  
Dorothy (Dottie) Phelps, Public Member

### STAFF MEMBERS

Judith A. Kolb, Executive Director  
Laura Vedenhaupt, Licensing Tech



### OFFICE HOURS

The office of the Missouri Real Estate Appraisers Commission is open Monday through Friday except on state holidays, with staff available to assist you between the hours of 8:00 a.m. and 5:00 p.m.

## MESSAGE FROM THE CHAIRMAN



**NEW LAW FOR APPRAISERS:**  
The 89<sup>th</sup> General Assembly has approved into law HB 1601, effective August 28, 1998, which includes statutes in the regulation of appraisers. This legislation brings Missouri in compliance with the new requirements established by the Appraiser Qualifications Board in regard to education and experience.

Also included in that law of major importance to appraisers is that effective July 1, 1999, that all appraisers who perform appraisals in Missouri shall be licensed or certified. This legislation contains some exemptions, some of which are for brokers or salespersons performing broker price opinions or market analysis reports. There are also exemp-

tions for appraisers completing appraisals as agents of a federal or state regulated lending agency or institution in a county of third or fourth classification.

The Missouri Real Estate Appraisers Commission wishes to say **THANK YOU** to the General Assembly, and to you the appraisers, for all your help in getting this legislation passed that brings us into compliance with the criteria adopted by the Appraiser Qualifications Board.

Also of major importance to certified and licensed appraisers is the revision by the Appraisal Standards Board of the Uniform Standards of Professional Appraisal Practice for 1999. I am happy to announce that the Commission will be providing this free of charge to our licensees again this year. The 1999 issue will be effective March 31, 1999.

Here's wishing each of you a very happy and prosperous year!

- Willie L. McCann  
Chairman

## REAL ESTATE APPRAISERS COMMISSION WEB SITE

Information pertaining to the Commission and also verification of current licensees may be obtained by visiting the Missouri Real Estate Appraisers Commission's web site. Web Site address is: [www.ecodev.state.mo.us/pr/rea/](http://www.ecodev.state.mo.us/pr/rea/).

Downloadable appraiser listings of current licensees may also be obtained by going into Professional Registration, [www.ecodev.state.mo.us/pr/](http://www.ecodev.state.mo.us/pr/), and selecting "Currently Licensed Real Estate Appraisers".

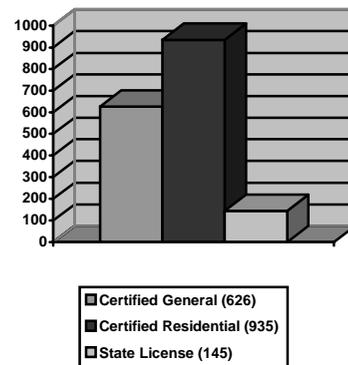
## MISSOURI APPRAISER ADVISORY COUNCIL

The Missouri Appraiser Advisory Council (MAAC) will be sponsoring a two (2) day seminar on April 23-24 in Branson, MO. MAAC has requested that the Commission give an update on Missouri law and regulations. This portion of the seminar will be given **free** to the attendees on the afternoon of April 23 and will be given four (4) hours of continuing education credit. Other courses that will be sponsored by MAAC will be 7.5 hours continuing education on the 1999 USPAP Update presented by Sharon Lowman, Lowman and Company, and also 3.5 hours for Home Inspection given by Dan Bowers, Professional Inspection Training Institute.

For additional information contact Joe Rose at (573) 635-5128 or Tim Sullivan at (314) 481-2774.

## LICENSEE STATISTICS

Effective February 2, 1999



## NEW REQUIREMENTS EFFECTIVE JANUARY 1, 1998

Category/ Component	Qualifying Ed		State Exam		Experience		Continuing Ed	
	Before	1/1/98	Before	1/1/98	Before	1/1/98	Before	1/1/98**
Licensed	75 hrs.	90 hrs. include 15 hrs.	YES	YES	2000 hours	2000 hours	10 hrs. per year	14 hrs. per year
Certified Residential	120 hrs.	120 hrs. include 15 hrs.	YES	YES	2000 hours	2500 hrs. during at least 24	10 hrs. per year	14 hrs. per year
Certified General	165 hrs.	180 hrs. include 15 hrs.	YES	YES	2000 hours	3000 hrs. during at least 30	10 hrs. per year	14 hrs. per year

\*\*The new continuing education requirement is dependent on your three year expiration date. If your three year cycle began after January 1, 1998, you will be required to meet the new continuing education requirements.

### GIVING CREDIT WHERE CREDIT IS DUE

By Linda Blake, Chairman Education Committee

One of the duties of the Education Committee is to approve courses for continuing education credit. It would appear to be a fairly simple task, however, numerous problems arise and many could be resolved at the time the course is taken. Here are a few suggestions which may be helpful:

Make sure the course applies to appraisal applications. Remember not all real estate courses are approved for appraisal credit.

Ask the instructor or provider if the student roster is automatically sent to the MREAC office.

Be sure to sign the roster each time it is requested.

Full attendance is necessary in order to receive CE credit.

Keep track of your credit hours in case there is a problem; copy certificates.

Send a letter along with proof of attendance to the MREAC office requesting credit.

Remember to include one 7 hour USPAP course every licensing period.

Credit for college courses requires a full description of the course, the amount of hours and proof of attendance.

Few instructors are familiar with all the requirements of both states and professional organizations, therefore, it is important to be familiar with your own requirements.



If the course is taken outside your home state, send all course material and information about the instructor along with proof of attendance. Out of state courses must be approved by the Commission based on course content, instructor's qualifications and course administration.

The goal of the Education Committee is to be sure the licensee is well informed about receiving full credit for all continuing education courses.

## IMPORTANT FEATURES OF THE 1999 USPAP

The 1999 *Uniform Standards of Professional Appraisal Practice* (USPAP) is the result of two exposure drafts that occurred on December 22, 1997 and June 23, 1998. Based on over 1,500 written responses and substantial public testimony at Appraisal Standards Board (ASB) public hearing the 1999 USPAP was formally adopted by the ASB on September 16, 1998. Based on the input of professional appraisal organizations, educators, regulators and state enforcement agencies, the effective date of the 1999 USPAP is **March 31, 1999**.

### Outline of Key Features

**FORMAT:** The Table of Contents no longer has an "Introduction" section.

**TERMINOLOGY:** Language changes have been made throughout the document for clarification purposes. Examples include, but are not limited, to the following:

- the term "Provision" has been changed to "Rule,"
- the use of the term "estimate for opinion" has been changed to "opinion,"
- the phrase "specific guideline" has been changed to "specific requirement,"
- the term "consider" has been replaced with more specific language to identify the action required by a standards rule.

**ETHICS RULE:** The Conduct section has been changed to clarify the fundamental obligations of professional practice. The obligations associated with the use of hypothetical conditions have been moved to the development and reporting sections of the Standards

Rule. Changes to the Management section clarify issues relating to contingent compensation. State enforcement agencies have been added to the list of parties included in the Confidentiality section. Additional text has been added to clarify the contents of the workfile discussed in the Record Keeping section.

**DEPARTURE RULE:** Additional comments have been provided to address scope of work decisions. When a specific requirement is "applicable", "necessary" is defined to better describe the minimum level of due diligence.

**DEFINITIONS:** New definitions have been added. New terms include assignment, assumption, bias, confidential information, extraordinary assumption, hypothetical condition, scope of work, specific requirements, supplemental standards and workfile.

**STANDARD 1:** Changes have been made to clarify the rules and requirements for real property appraisal development. The phrase "Real Property Appraisal, Development" has been added to the title of this Standard. The heading of each Standards Rule now contains explicit language as to whether the Rule contains binding or specific requirements. Standards Rule 1-2 has been changed to incorporate the requirements of Statement 9. Standard Rule 1-2 no longer permits departure. Additional language has been provided to address the purpose of the assignment, scope of work, extraordinary assumptions and hypothetical conditions. It is important for all real estate appraisers to read the changes to this Rule and to the Standard.

**STANDARD 2:** The phrase "Real Property Appraisal, Reporting" has been added as the title of this Standard. The heading of each Standards Rule identifies whether the Rule contains

binding or specific requirements. The name of the restricted report has been changed to "Restricted Use Report." Commentary has been added to clarify the conditions for using the different reporting options. Revisions have been made to the certification in Standards Rule 2-3. These revisions will require real estate appraisers to modify the language in their current certifications.

**STANDARD 3:** The phrase "Real Property Appraisal Review, Development and Reporting" has been added as the title of this Standard. The heading of each Standards Rule identifies whether the rule contains binding or specific requirements, additions, clarifications and administrative edits to keep them consistent with other changes in the document.

**STANDARDS 4 THROUGH 10:** These Standards have not been changed except for clarifications and administrative edits for consistency with other changes in the document.

**STATEMENT 7:** Changes were made here to reflect the changes made in the Departure Rule.

**NOTE:** Administrative edits were made to all sections of the "99 USPAP for consistency purposes.

*This material is a reproduction from a publication issued by the Appraisal Standards Board.*

# QUESTIONS & ANSWERS

**Q** *Can I place the statement of “intended user” in all appraisal reports exactly as shown in Statement No. 9 and be in compliance with USPAP? A client has sent me a fax statement that any time I do that, it must also include, “or its successors or assigns”.*

**A** Yes, the Statement on Appraisal Standards No. 9 says: “In order to properly define the problem under study and to understand his or her responsibilities in an assignment, an appraiser must identify the client and, to the extent practical, other intended users as part of the process of identifying the client’s intended use of the appraisal, consulting, or review report.”

“Intended user” is defined as “the client and any other party as identified, by name or type, as users of the appraisal, consulting, or review report, by the appraiser based on communication with the client at the time of the assignment.”

Please note that intended users may be named by *type*; they need not be named by name. There may be instances in which a client has reason to believe it will have successors or assigns who will be users of the appraisal, but does not know at the time of the appraisal is engaged the names of such successors or assigns.

As noted above, the reason the appraiser needs to identify intended users is to define the problem and understands his or her responsibilities, i.e., to establish the parameters of the assignment.

It may be advisable to establish with the client that any successors or assigns would have the same intended use as the client, and then to document this understanding in the workfile.

**Q** *Are offers to purchase the subject property, prior to the date of appraisal, to be pertinent information required to be considered under Standards Rule 1-5?*

**A** Standards Rule 1-5(a) says that in developing a real property appraisal an appraiser must “consider and analyze any current Agreement of Sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business.”

Standards Rule 1-5(a) does not require that an offer to purchase the subject property be considered and analyzed, prior to the date of the appraisal or otherwise. Agreements of Sale and options are generally significant to the appraisal problem in that they in-

volve a “meeting of the minds”, relating to the property’s value, of the potential buyer and seller. A listing of the subject property is likewise significant in that it indicates the property’s availability in the market. An offer, however, does not necessarily correlate to the property’s value or even to the owner’s desire to sell. Furthermore, information about an offer is generally confidential and therefore not available to the appraiser in the normal course of business.

Nevertheless, the appraiser is required by Standards Rule 1-1(b) to “not commit a substantial error or omission or commission that significantly affects an appraisal.” If information about an offer is available to the appraiser, and that information is significant to the appraisal problem, it must be considered. Most likely an offer would be significant to the appraisal problem only because it points to other information concerning the property or the market about which the appraiser should know. For example, if the appraiser learns of an offer that seems out of character with market trends, additional research might lead the appraiser to discover property or market characteristics that support that offering



## DISCIPLINARY ACTIONS

Richard M. Smith

RA 001389– Certified Residential

Violation: Probation Violation Complaint: USPAP Violation SR 1-1(a); 1-3 (a); 1-4 (b) (iii)(iv)(v)(vi); 2-2 (b)(l)(ix)(x) (xi); 2-2 (c)

Joint Stipulation with MREAC. Effective 7-10-98

Probation 6 months. Complete 30 hours pre-approved course on Income Producing Properties. Maintain a log of assignments completed, including estimate of value, which shall be submitted to MREAC no later than 30 days prior to end of the probationary period with possible selection of work samples for review by Commission. Withdraw application for “general” certification until conclusion of his disciplinary period.

Jimmie C. Jacob

RA 002330 – Certified Residential

Violation: Probation Violation Complaint: USPAP Violations: SR 1-1 (a); SR 1-4 (b)(iii).

Joint Stipulation with MREAC. Effective 3-6-98.

Probation 9 months. Complete 30 hours Single Family Residential Appraisal Course pre-approved by the Commission. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

Donald E. Bryant

RA 002509 – State License

Violation: Probation Violation Complaint. Section 339.527.3 RSMo; Section 4 CSR 245-2.040 (3), Missouri Rules & Regulations. USPAP Violations: SR 1-1 (a) (b) (c); SR 1-4 (b) (ii) (iii); SR 1-4 (g); SR 2-1 (b); SR 2-2(f).

Joint Stipulation with MREAC. Effective 7-7-98.

Probation 18 months. 30 hours Income Course; 15 hours USPAP course. Quarterly log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC with possible selection of work samples for review by the MREAC.

Lou Cannon

RA 002160 – Certified Residential

Violation: Section 4 CSR 245-2.040, Missouri Rules & Regulations. USPAP Violation: SR 1-1 (a); SR 1-2 (a) (c) (e); SR 1-3 (a); SR 1-4 (a) (b) (iii) (c); SR 1-5 (a) (b); SR 2-2 (c) (f).

Joint Stipulation with MREAC. Effective 1-12-98

Suspension 3 months. Probation 1 year. Complete within the first six months of probation 15 hours USPAP; 30 hours Farm, Ranch, and Rural Appraisal coursework completed before Cannon can resume commercial and/or farm appraisals. Maintain a log of all appraisal assignments

completed, including estimate of value, which shall be submitted to Commission on a quarterly basis with possible selection of work samples for review by the Commission.

Richard Bozarth

RA 002342 – Certified Residential

Violation: USPAP Violations: SR 1-1 (a); SR 1-4 (b) (i) (ii) (iii) (iv) (v) (vi); SR 2-2 (a) (vi) (viii)

Joint Stipulation with MREAC. Effective 2-13-98

Probation 18 months. Complete 15 hours report writing course and 30 hours income capitalization course within the first year of probation and may not complete any non-residential appraisal assignments until he has completed the education. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

David Robertson

RA 002681 – Certified Residential

Violation: USPAP Violations: Competency Provision; SR 1-1 (a); SR 1-4 (b) (i) (ii); SR 1-5 (c); SR 2-1 (a); and Section 4 CSR 245-2.040, Missouri Rules and Regulations.

Joint Stipulation with MREAC. Effective 3-2-98.

Probation 30 months. Complete the following education pre-approved by the Commission within the first 2 years of probation: 15 hours USPAP; 15 hours introduction to appraising non-residential property; 30 hours case studies course. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC. Refrain from accepting non-residential or commercial appraisal assignments unless the appraisal is co-signed by a state certified general appraiser.

William D. Woods

RA 001181 – Certified General

Violation: USPAP Violations: SR 1-4 (a); SR 2-2 (a) (iv) Joint Stipulation with MREAC. Effective 3-18-98.

Probation 1 year. Complete the following education pre-approved by the Commission: 15 hours USPAP; 30 hours income capitalization course.

George W. Sparks, III

RA 001156 – Certified Residential

Violation: USPAP Violations: SR 1-1 (a) (b) (c); SR 1-3 (a) (b); SR 1-4 (b) (ii) (iii); SR 2-1 (b).

Joint Stipulation with MREAC. Effective 3-25-98

Probation 2 years. Complete the following education pre-approved by the Commission: 30 hours income approach; attendance at a course or seminar on the preparation of the Uniform Commercial and Industrial Appraisal Report Form. Maintain a log of all appraisal assignments completed including estimate of value, which

(Continued from page 7)

shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

(Continued on Page 8)

Dorothy Humphrey

RA 001446 – Certified Residential

Violation: USPAP Violations: SR 1-1 (a) (b) (c); SR 1-2 (a) (c) (e); SR 1-3 (a); SR 1-4 (a) (b) (i) (ii) (iii) (iv) (v) (vi); SR 1-5 (a) (b) (i) (c); SR 2-1 (b); SR 2-2 (f) (h) (i) (j) (k)

Joint Stipulation with MREAC. Effective 4-15-98.

Probation 2 years. Complete the following education pre-approved by the Commission: 15 hours USPAP within the first six months of probation; 30 hours of an income approach course completed before Humphrey can resume commercial and/or farm appraisals; 30 hours of farm, ranch, and rural appraisal coursework completed before Humphrey can resume commercial and/or farm appraisals. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

Jimmie Lee Farmer

RA 001024 – Certified Residential

Violation: USPAP Violations: SR 1-5 (a); SR 2-2 (j)

Joint Stipulation with MREAC. Effective 4-22-98.

Probation 1 year. Complete a fifteen (15) hour continuing education course pre-approved by the Commission which covers methods and techniques of land valuation. Maintain a log of all appraisal assignments completed, including estimate of value which shall be submitted to the MREAC on a monthly basis with possible selection of work samples for review by the MREAC.

Kevin C. Cleary

RA 001290 – Certified Residential

Violation: USPAP Violations: SR 1-1 (a) (b); SR 1-2 (a) (b) (c); SR 1-3 (a) (b); SR 1-4 (a) (b) (i) (ii) (iii) (iv) (v) (vi); SR 1-4 (c) (d); SR 1-5 (a) (b) (i); SR 2-1 (a) (b); SR 2-2 (a) (b) (vi) (x) (c).

Joint Stipulation with MREAC. Effective 5-5-98.

Probation 1 year. Complete and successfully pass: 15 hours USPAP to be completed within first six (6) months; 30 hours income capitalization completed within one (1) year. Coursework must be pre-approved by the Commission. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

John D Westlund

RA 001539 – Certified General

Violation: USPAP Violations: SR 1-1 (a) (b) (c); SR 2-1 (b).

Joint Stipulation with MREAC. Effective 6-11-98.

Probation 1 year. Complete 30 hours of income capitalization; attendance at a course or seminar on the preparation of the Uniform Commercial and Industrial Appraisal Report Form. Coursework must be pre-approved by the Commission. Maintain a log of all appraisal assignments completed, including estimate of value, which shall be submitted to the MREAC on a quarterly basis with possible selection of work samples for review by the MREAC.

Edwin Horn

RA 002955 – Certified Residential

Violation: USPAP Violations: SR 1-1 (a); SR 1-4 (a); SR 1-4 (b) (v) (vi); SR 1-4 (c); SR 1-5 (a); SR 1-5 (b) (l) (ii).

Revoked. Effective 6-25-98.

Michael M. Bollinger

RA 001276 - Certified General

Violation: USPAP Violations: SR 1-4(b) (iii) (vi); SR 2-1(b) Disciplinary Order: Effective 12-18-98

