

Pre-License Appraisal Education To Increase

By Bob Keith, ACLB Administrator



Effective January 1, 2008 the requirements an individual must meet in order to become a state licensed or certified real property appraiser will significantly increase. The Appraiser Qualifications Board (AQB) of The Appraisal Foundation has developed higher appraiser education criteria for pre-license education and is imposing these criteria nationally. Whether you are someone considering becoming an appraiser or an appraiser seeking a different state credential, these changes will impact you.

The current education requirement to become a Licensed appraiser is 105 hours which increases January 1, 2008 to 150 hours. The current education requirement to become a Certified Residential appraiser is 120 hours which increases January 1, 2008 to 200 hours plus an Associates college degree or its equivalent. The current education requirement to become a Certified General appraiser is 180 hours which increases January 1, 2008 to 300 hours plus a Bachelors college degree or its equivalent. There will be no change in the continuing education requirements.

The college degree equivalent for an Associates degree is twenty-one (21) semester hours in specified subject matter courses. The college degree equivalent for a Bachelors degree is thirty (30) semester hours in specified subject matter courses.

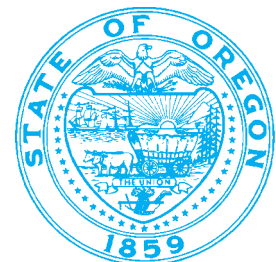
While the effective date of the new Real Property Appraiser Qualification Criteria is a couple of years in the future, the impact of the new Criteria on certain individuals has already arrived. This is due to a number of reasons, one of which is the amount of experience an individual needs in order to become an appraiser (up to 30 months for the Certified General credential).

It is still possible to become a Licensed or Certified Residential appraiser and qualify under the existing (lower) education requirements. However, it is not possible to become a Certified General appraiser and qualify under the existing (lower) education requirements *unless* you were registered as an appraiser assistant before July 1, 2005.

Each credential level has a corresponding number of required appraisal experience hours that must be accumulated over a minimum time period. For example, Certified General requires 3,000 hours of experience within a minimum time period of 30 months. This is why an individual must have been registered as an appraiser assistant before July 1, 2005. Registering after that date provides less than 30 months (before the January 1, 2008 deadline) to obtain the required appraisal experience. Certified Residential requires 2,500 hours of experience over no less than 24 four months, and License requires 2,000 hours of experience over no less than 12 months.

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Disclosure Requirements for Real Estate Appraisal Assistance

Supervising appraisers and registered assistants must make certain there is adequate disclosure of the real property appraisal assistance (provided by the registered appraiser assistant) in order for experience credit to be granted toward licensing or certification. The work of supervising appraisers and their registered assistants are often audited as part of the licensing process. We've detected that some of these reports do not contain the adequate disclosure of real property appraisal assistance. As a result, experience credit is denied for the registered appraiser assistant and the supervisory appraiser falls short of compliance for not providing direct supervision.

It is important to recognize that the requirements for disclosure of real property appraisal assistance as required by USPAP and the State of Oregon are different. All appraisers know, under USPAP, there are certain reporting requirements regarding disclosure of real property appraisal assistance. For a self-contained report, the appraiser must describe the extent of the real property appraisal assistance. For a summary appraisal report, the appraiser must summarize the extent of the real property appraisal assistance. For a restricted use report, the appraiser must state the extent of the real property appraisal assistance.

The Oregon requirements for disclosure of real property appraisal assistance, to be used for experience credit towards licensing or certification, requires a different level of detail than is contemplated by USPAP. The supervising appraiser must make a clear and prominent disclosure of real estate appraisal assistance in each appraisal report by identifying each individual category as specified in Oregon Administrative Rule 161-025-0030(9)(a)(A-H). The link to this Oregon Administrative Rule follows:

http://arcweb.sos.state.or.us/rules/OARS_100/OAR_161/161_025.html

There are eight specific categories listed. To receive experience credit toward licensing or certification, the specific category of real property appraisal assistance performed by the assistant must be identified in the appraisal report. Oregon's requirement for assistant disclosure, 161-025-0030(9)(d), is a Supplemental Standard since it adds to USPAP requirements.

Supervisors and registered assistants must take care to be sure there is adequate reporting of the real property appraisal assistance provided by a registered appraiser assistant. Care must be taken to meet not only USPAP requirements, but Oregon Administrative Rule requirements as well. ■

Appraisal Logs

Don't forget that every licensed and certified appraiser must maintain a chronological log of all real estate appraisal activity. This log must also include "comp checks" which are appraisals (see article entitled Comp Checks – What Did You Say in this newsletter). Also, please remember that effective May 1, 2005 the Board adopted new appraiser assistant logs. All experience claimed by registered appraiser assistants after that date must be recorded on the new appraiser assistant logs. Experience gained before May 1, 2005 may be reported on the old logs. The new logs are available on the Board's web site. ■

Supervising Appraiser Endorsement Program Proposed

By Bob Keith, Administrator

The Appraiser Certification and Licensure Board's (Board) primary mission is to protect the public through effective regulation and supervision of real estate appraisal activity in Oregon. The Board strongly believes that the best way to accomplish its mission is to be proactive rather than reactive.

A reactive position would rely primarily on appraiser discipline as a means of improving appraiser compliance with Oregon appraisal related statutes, administrative rules, and USPAP. Conversely, a proactive position focuses on the training aspect of appraisers to help insure that new appraisers entering the profession learn to conduct themselves in a manner consistent with minimum standards of professional appraisal practice.

The Board has a desire to become more proactive in its approach to regulation and supervision of appraisers. In June 2004 the Board accomplished the first phase in its program to improve appraiser assistant training by adopting new administrative rules.

These rules require an appraiser to be licensed (or certified) for at least two years before supervising an appraiser assistant; limit the number of registered appraiser assistants that a supervising appraiser can supervise; provide progressive discipline for supervisors with multiple violations that can result in suspension or revocation of supervisory privileges for a second or third offense; and impose strict requirements for identifying in each appraisal report the actual steps of the appraisal process the assistant participated in.

The Board is now proposing a second phase of a program to improve appraiser assistant training. This edition of *The Oregon Appraiser* contains official notice of a hearing

for proposed rulemaking scheduled on October 17, 2005.

Phase two of the program creates a supervising appraiser endorsement which can be obtained by satisfying certain criteria as follows: the appraiser must be in good standing with the Board which means that their license/certification is not in active suspension or not otherwise prohibited from supervising as a result of previous disciplinary action; attend a Board-sponsored training class; and submit a supervisory appraiser endorsement application, along with a log of their last 30 appraisal reports to the Board. The Board staff will then select one or more appraisal reports from the log for audit.

USPAP sets forth *minimum* standards of professional appraisal practice. The purpose of the audit is to ensure that all supervising appraisers demonstrate their ability to produce a minimally compliant appraisal report *before* they begin training a registered appraiser assistant.

If issues of non-compliance are discovered in this audit, the Board will not take disciplinary action unless the issues involve material misrepresentation or fraud. Instead, the Board will issue a letter of corrective counsel and the appraiser will be given an opportunity to adjust their practice to minimum compliance and then submit a subsequent appraisal report for review.

To become a registered appraiser assistant, a person must complete the same Board-sponsored training class required of the supervising appraiser, but not necessarily at the same time. This class will focus on the duties and responsibilities of the supervisor and assistant from an administrative rule point of view by providing coaching on how to

maintain compliance with administrative rules that are specific to supervisors and assistants. The class will answer frequently asked questions about how to properly fill out Board forms, other licensing issues, most common non-compliance mistakes, and other helpful information.

The Board will not sponsor this course as a revenue generating source, so the cost will be fairly low in comparison to pre-license or continuing education courses you may have taken. The class will be offered multiple times per year and will be eligible for continuing education credit to any appraisers who wish to take the class, whether they seek to obtain the endorsement or not.

Any current supervising appraiser would not be required to obtain the supervising appraiser endorsement unless (and/or until) he/she wishes to add a new registered appraiser assistant after the effective date of the administrative rule adoption.

The proposed changes to the administrative rules can be viewed in its entirety and/or downloaded from our Web site from the following link: <http://oregonaclb.org/media/proposedrules.pdf>

You are encouraged to attend the rulemaking hearing to provide the Board your suggestions, opinions, and comments, either in support of or opposition to any or all of the proposed rules. It may sound intimidating to attend a "hearing" and provide your "testimony" but it's a fairly informal process and the Board would welcome you and value your input.

Alternatively, you may submit written comments to me no later than October 10, 2005 and I will forward them to the Board for their review prior to the hearing and enter your comments into the formal record of the hearing. ■

Sales Concessions

This article first appeared in the summer 2003 edition of the Oregon Appraiser and is reprinted here, with edits, because sales concessions continues to be an extremely misunderstood topic in the appraiser and realtor communities. It is imperative for appraisers to understand how to properly treat sales concessions in their analysis. The failure to accurately report, analyze, and adjust for sales concessions causes non-compliance issues with USPAP.

Many appraisers have the mistaken belief that adjustments to comparable sales for seller paid concessions are not required if such concessions are typical in a market area. Examples of seller paid concessions include (but are not limited to): buyer's loan origination fees, escrow fees, inspections fees, payment of condominium/PUD fees, refunds (or credit for) the buyers expenses, absorption of monthly payments, and

The need to make negative adjustments and the amount of the adjustments to the comparable sales for sales concessions and financial concessions are not based on how typical the concessions might be for a particular segment of the market area – sales concessions can be relatively typical in a particular segment of the market and still result in sales prices that reflect more than the market

Adjustments based on mechanical dollar-for-dollar deductions, that are equal to the cost of the concessions, are not necessarily appropriate. The effect of the sales concessions on sales prices can vary with the amount of the concessions and differences in various markets. The adjustments must reflect the difference between what the comparables actually sold for with the sales concessions and what they would have sold for without the concessions so that the dollar amount of the adjustments will approximate the market's reaction to the concessions.

Here is a classic example involving the analysis of a comparable sale. Assume that an appraiser, who is developing an opinion of market value, finds a comparable sale that had a typically motivated and knowledgeable seller who had listed their house in the MLS for \$125,000. The property was exposed to the market for a reasonable period of time (typical for the market segment) and experienced no significant changes during the listing period. The property is then sold and closed for \$130,000 with the seller contributing \$5,000 towards that buyers loan fees and closing costs (sales concessions). In this example, it is reasonable to assume that the seller would have accepted a full price cash offer (or terms equivalent to cash) for \$125,000 at any point during the listing period. The fact that the seller accepted an offer of \$130,000 that required him/her to pay of \$5,000 of sales concessions still results in a net sales price of \$125,000. The value of the real property is \$125,000 and the value of the sales concessions (non-realty items) is \$5,000. The sum of the two does not equal the market value of the real property. It doesn't matter whether every sale in the market area sold with similar sales concessions or not.

Perhaps a more extreme example will help to illustrate the fallacy of not making adjustments to comps for sales concessions. Modifying the above example, suppose the property is listed for \$125,000 and the seller accepts an offer for \$140,000 but they must leave a new \$15,000 boat in the garage for the buyer at the close of escrow. The market value of the real property is still \$125,000 but the value of the sales concessions (the boat) is \$15,000. The fact that the seller and buyer both agreed to these terms does not cause the market value of the real property to be \$140,000. The

\$140,000 is certainly "a value" but the definition of that "value" is different from the definition of market value. This does not change if it is "typical in the market" for sellers to park a boat in the garage at close of escrow.

The above example also serves as an excellent reminder of the importance of verifying comparable sales data with a reliable source. In some cases, real estate brokers balk at disclosing the terms of sale or sales concessions. If so, there are other sources that could provide that information, such as the buyer and seller involved in the transaction; their names can be obtained from the recorded deed.

If a comparable property sold for an amount greater than it's listing price the appraiser must provide an explanation in the appraisal report. Assuming that the broker, seller, and/or buyer are not helpful in providing an adequate explanation, the appraiser should strongly consider excluding that comp from the analysis. If the comp must be used in the analysis, the appraiser may elect to use an extraordinary assumption stating that the difference between the list price and sale price is assumed to represent sales concessions, upgrades in the property, or whatever. Naturally, appropriate disclosures of the extraordinary assumption and resulting adjustments to the comp must be made in the appraisal report.

Keep in mind that the use of an extraordinary assumption regarding sales concessions may be a source of concern for underwriters or other intended users of an appraisal report. As a result, clear communication should occur with the client before the use of an extraordinary assumption in this situation.

The failure to properly account for sales concessions results in misleading appraisals and numerous USPAP violations in Standards 1 and 2 and possibly the Conduct Section of the Ethics Rule. ■

Inspection of Real Estate - Do What You Say and Say What You Do

One of the practical rules of appraisal is to “Do what you say you are going to do” in the completion of the assignment and then “Say what you did” in the appraisal report. This rule applies in all instances but has special applicability in the inspection of real estate. Many appraisers are just not aware when they sign a certification attesting to their inspection of the interior and exterior of the subject property and the exterior of the comparables that they must have *personally* inspected the interior and the exterior of the subject property and the exterior of the comparables.

It is unethical to sign a certification falsely attesting to inspection of the interior and exterior of the subject property and the exterior of the comparables without having done just that. It is unacceptable to sign any certification in which you are attesting to actions which you undertook in the completion of the assignment when you did not actually undertake those actions.

By signing a FannieMae certification appraisers make specific certifications with regard to the degree of inspection of the subject and the comparables. These certifications are made by the individual signing the certification. In Oregon, that person *cannot be* a registered appraiser assistant. As a result, it is misleading and unethical for an appraiser to sign a certification stating they inspected the interior and the exterior of the subject and the exterior of the comparables when indeed *only* the appraiser assistant inspected the interior and the exterior of the subject and the exterior of the comparables.

Depending on the intended use of the appraisal and the scope of work, it can be permissible for appraisers to not inspect all or part of the subject and the comparables. Many appraisers address this issue by physically altering the FannieMae certification to reflect the actual degree of their inspection of the real estate. This is appropriate under Uniform Standards of Professional Appraisal Practice for non-FannieMae assignments. The practical problem for appraisers who complete FannieMae type assignments is that FannieMae does not allow any changes to their certifications and limiting conditions.

Some appraisers unsuccessfully attempt to address the issue by adding a statement in FannieMae type assignments that, although they signed a certification attesting to their inspection of the subject and comparables, they really did not perform the inspections which are attested to in the certification. They add the statement because FannieMae does not allow physical alterations to the original certifications and limiting conditions. Adding a statement in the appraisal report, about the appraiser’s lack of inspection, that is contrary to the original signed certification and limiting conditions is not acceptable to FannieMae. FannieMae representatives have told the Board staff they view such a statement by the appraiser as a limiting condition. FannieMae does not permit appraisers to add limiting conditions to appraisal assignments completed for its use.

Remember, FannieMae is a government sponsored enterprise (GSE). The Supplemental Standards Rule of USPAP provides that “Supplemental standards applicable to assignments prepared for specific purposes or property types may be issued (i.e. published) by government agencies, government sponsored enterprises or other entities that establish public policy.” As a result, FannieMae’s position with respect to inspections, certifications and limiting conditions becomes the basis of certain Supplemental Standards which apply in an assignment completed for FannieMae or in accordance with FannieMae guidelines.

The short story here is if the appraisal assignment is to be used by FannieMae or is intended to be completed according to FannieMae guidelines, you must be fully aware of every element of the certification and limiting conditions that you are attesting to. Don’t attest to something you have not done. Never forget the basic appraisal practice maxim to “Say what you do” and “Do what you say”. ■



Marshall Swift and Depreciation - The Word from the Source

Do you use the Marshall Valuation Service depreciation tables or software to assist you in developing depreciation estimates in your assignments? Have you ever wondered about the sources of data used to develop a depreciation estimate using Marshall and Swift? Have you questioned what your due diligence requirements are when using Marshall Swift depreciation estimating tools? Many appraisers have. Reproduced here with permission from Marshall and Swift is a memo which addresses a portion of the questions appraisers who use the service have asked. One of the points the memo makes very clear is the appraiser is fully responsible for his or her depreciation estimate, regardless of the tool that is used to develop that estimate.

Subject: Depreciation Discussion

In response to a number of depreciation inquiries, the following are some comments to typical questions concerning further clarification of the depreciation and life expectancy guidelines from Marshall & Swift. Our comments follow.

First, we cannot comment on any appraisers' choice of a proper typical life and effective age (not to be confused with chronological age) decision, which is totally subjective based solely on their own study and experience. The general tables to be applied with any degree of accuracy must be first benchmarked against similar type uses whose values are known and have been tested in their local market and modified to fit those local conditions. Any mixed age, special purpose or singular product use facility may have specific utilization and/or functionality issues that may require added considerations from the norm for both age and life and whether a reproduction or replacement cost was used could become critical. Also, certain industries that are highly competitive

and responsive to rapidly changing consumer tastes and/or investor holding periods may schedule frequent major renovations and fixture change-outs in search of market share long before the end of a normal useful life, thereby requiring the use of shorter lives and/or ages depending on the type of value sought.

Second, the tables account for an average amount of normal physical wear and tear or deterioration (both short and long-lived components) and normal functional obsolescence based on age and condition for the usage and class of building as a whole. If in the judgment of the appraiser, either type is greater or less than normal, then an adjustment should be made. Any abnormal or excessive functional, and any measurable external, locational or economic, obsolescence is not included, and must be considered, either separately or by adjusting the effective age and/or life. Examples could be, a rather new facility that has a design flaw, or a facility that has numerous additions that impede the production flow, or a facility designed for a specialty product that has a short consumer life, or one that is impacted by strict environmental issues, harsh weather extremes or unusually heavy or continuous use.

Third, where an opposing appraiser states that he used M&S to arrive at his opinion of value, the only meaning that can be deduced from that statement is that he used our tools in formulating his answer. The questions that need to be raised are, were his conclusions reasonable and supportable based on the information at hand and how did he arrive at his effective age and typical life choice. Also, were all elements of obsolescence and remaining life considered in arriving at this estimate? One cannot jump to the conclusion that there must be some inherent flaw with the tool when the results do not fit the perceived answer, when in fact, the

tables can yield any answer and most probably the correct answer if properly applied. For example, assume that thirty percent depreciation was warranted, which could be the result of choosing either a 28 Effective age @ a 50 year life, 20 Effective @ 40 years, or 8 Effective @ 20 years, etc., depending on the estimated remaining life and the functional and physical conditions encountered. A recommended life expectancy is only indicative as a common starting point and certainly can vary, while the effective age is quite variable to fit the observed obsolescence and opinion of deterioration at the date of the appraisal.

Fourth, the studies used to develop the tables using an extended life concept, with the assumption that depreciation is non-linear and that the building value is always residual to the land, were started in the mid 50's and concluded in the early 60's. The samples, which included all types of buildings and uses numbering in the hundreds, were collected from a number of appraisal and assessor offices across the country, including Canada, and sorted in life expectancy groups by commercial and residential uses only. Only those cases that had verifiable information (either through seller, buyer, broker, appraiser or public record) were used. There was no segregation kept by specific occupancy, exact numbers or locations recorded. A listing of the samples is no longer available and by itself would have little meaning. Discarded from these samples were all cases of excessive or abnormal obsolescence and any observed or measurable external influences. These values (excluding the land) were then divided by our replacement costs of the properties to give the percent good and depreciation. The results were then plotted and empirical curves developed for certain life groups. From these curves, mathematical curves were

developed by which a number of curves could be expanded for any age. The published depreciation curves in the end, closely approximated the S-5 and R-3 Iowa survivor curves resulting in a smoothed right modal pattern that reflects slow early depreciation (greater present value) and accelerated depreciation in the latter years.

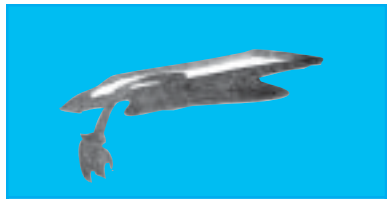
The generalized approach of these tables remain viable to this day in that they are refined to a specific appraisal based on the choice of an effective age and a typical life, as determined by examination in the field. This extended or shortened effective age sliding scale and the choice of an appropriate life with which to work, will dictate the proper amount of depreciation taken to reflect your prevailing conditions. The tables since their inception have been repeatedly tested and satisfactorily employed by thousands of our subscribers as a reasonable guide when used for their intended purpose. There are many who can attest to the soundness and adequacy of our composite approach over the past forty years, including most of the largest appraisal and accounting firms around the world, government agencies including many Canadian, and many others. We now offer some three hundred basic building types with four or more different Classes and Quality levels each, all using the same basic tables as the starting point, before considering any time, location or economic variables particular to each and every one. By necessity these tables must remain as universal as possible for the user to

modify as necessary. As a check and balance and for supporting documentation, a periodic benchmarking by direct market extraction and /or a combination of a comprehensive component age/life study should be conducted to validate your specific table applications.

Again, these tables are only a guide and a base from which to work, and should be modified where such procedure seems logical, backed by experience and reasonable benchmarking. This does require a great amount of judgment which cannot be arbitrarily or casually arrived at and must be supported by the appraisers' own pertinent studies. The valuation process is not a simple "sit in the office" type of exercise, but requires a complete and careful examination of all the components, which can affect the depreciation equation. For example, even though all the guides say industry wide that "X" facilities when new should last 40 years, but your studies show that special purpose "Y" facility will only last 20 years, then the guides must give way to the actual case and the 20 year life should be used. An extended or shortened life will depend upon the seasoning and proven ability to exist or whether frequent recycling has taken place as a company or industry standard.

We thank you for your interest and hope these comments will be of some assistance. ■

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USPAP Update Course

Please remember that the 7-hour USPAP Update course is required as part of your 28-hour continuing education requirement to renew your license/certificate. Also, the 15-hour USPAP course *can not serve as a substitute* for the 7-hour USPAP Update course requirement. However, you may take both classes and count them as 22 hours of continuing education.



Appraisers in Oregon

(as of August 1, 2005)

Certified general appraisers	499
Certified residential appraisers	229
Licensed appraisers	827
Appraiser assistants	293

Forms on the Web



All license and registration application and renewal forms are now available at www.oregonaclb.org. The Board will no longer mail renewal forms. If you do not have access to the Internet, call our office, (503) 485-2555, and we will mail or fax you the necessary forms.

In addition to licensing and renewal application forms, course providers may get course-provider and course-approval-application forms from our Web site, Simply choose "Forms" located in the menu of the home page. ■

Understanding Transaction Value and Complex 1-4 Family Residential Property Appraisals

Many licensees are confused as to the definition of "Transaction Value" and "Complex One-to-Four Family Residential Property Appraisal" as well as how to apply the definitions. This article is designed to address this issue.

As a first step you will need to review the definitions as found in Oregon Administrative Rules (OAR) 161-002-000 (32) for transaction value and (12) for complex one-to-one to four family residential property appraisal. The link provided here takes you to that section of the OAR.

http://arcweb.sos.state.or.us/rules/OARS_100/OAR_161/161_002.html

If you are familiar with the definitions then you can skip reading the appropriate definitions and continue.

Summary: "Transaction Value" is relative to the intended use of the appraisal assignment. If the assignment is intended to be used as a decision tool for the extension of credit, then the transaction value is the amount of the extension of credit or loan.

Where the intended use is as a decision tool for mortgage financing, the calculation of transaction value for the purpose of the appraiser's scope of practice is based upon the amount of the extension of credit. It is *not* the total of the proposed loan plus any existing indebtedness or liens. It is the amount of the extension of credit for which the appraisal is being used as a decision tool.

Where the intended use of the appraisal is other than as a decision tool for an extension of credit or loan, then the transaction value is the market value of the subject property. Say, the intended use of the appraisal is for relocation purposes or to assist a buyer or seller in the purchase of a property, then the transaction value is the market value of the subject and not a pending or current sale price.

In condemnation or partial taking, the market value of the larger parcel before the taking is the basis of the transaction value.

There is a reference to "Pooling" in the rule. Pooling refers to the packaging of loans for the secondary market or the combining of interests in real property for other reasons. For loans which are to be part of a pool for secondary market purposes, the transaction value is the loan amount where the intended use of the appraisal is for an extension of credit. Where the appraisal is to develop an opinion of market value and the intended use of the appraisal is not related to an extension of credit but the interest in real property will be part of a pool or pooled, the transaction amount is the market value of the subject property.

Summary: "Complex one-to-four family residential property appraisal" is relative to the subject property itself. The definition is intended to provide an objective benchmark for the appraiser to determine if a one-to-four family property is a complex assignment or not. The determination is critical for the licensed appraiser who has limitations on the scope of their practice imposed by the complex property standard. As part of the scope of practice limits on a licensed appraiser, the licensed appraiser *may appraise non-complex* residential one-to-four family properties with a "transaction value" of less than \$1,000,000 but *may not appraise complex* one-to-four family residential properties with a transaction value of \$250,000 or more. Of course, a licensed appraiser may not appraise any property where the transaction value exceeds \$1,000,000.

Many licensed appraisers become confused and believe the term complex is relative to their individual competence as an appraiser. As a

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result they take on appraisal assignments of complex one-to-four family properties thinking it is proper as they believe they are qualified to undertake the assignment. As a result, they face sanction for completing an assignment which is out of the scope of practice allowed by their license.

In determination of a complex one-to-four residential property appraisal, competency is not the issue. The issue is the subject property's characteristics relative to the market or market characteristics relative to the subject. (Of course, competency is an issue in every appraisal assignment. In every appraisal assignment, the appraiser must comply with the Competency Rule of the Uniform Standards of Professional Appraisal Practice.)

Here is the definition of a complex one-to-four family residential property as taken directly from Oregon Administrative Rules:

"(12) "Complex one-to-four family residential property appraisal" means an appraisal in which the property to be appraised, market conditions, or form of ownership is atypical. For example, atypical factors may include, but are not limited to:

- (a) Architectural style;
- (b) Age of improvements;
- (c) Size of improvements;
- (d) Size of lot;
- (e) Neighborhood land use;
- (f) Potential environmental hazard liability;
- (g) Property interests;
- (h) Limited readily available comparable sales data; or
- (i) Other unusual factors."

Recognize while the definition provides an objective standard based on the subject's and market characteristics, the definition has gray areas. There may be disagreement among professionals as to what constitutes a complex one-to-four family residential property. You should exercise professional caution if you have any doubt if a property falls outside the scope of practice limits of your license. If you are uncertain, please contact Board staff for advice. But remember you, the appraiser, are responsible for the decision to undertake any individual assignment.

On a side note, licensed appraisers are encouraged to upgrade their license to a certified level. Upgrading your license has the potential to benefit you in many ways, including fewer restrictions on your scope of practice and potential marketing advantages. Finally, by completing your upgrade prior to January 1, 2008, you fall under the current qualifying criteria. Post January 1, 2008 criteria for certified appraisers will include significantly more hours of required appraisal education plus a college degree. ■



Visit our Web site!

www.oregonaclb.org

The Appraiser Certification and Licensure Board Web site contains valuable information concerning real-estate- appraiser licensing:

- fees for services
- a search engine for a listing of approved education courses
- a search engine for a listing of Oregon appraisers
- link to The Appraisal Foundation
- links to other state appraiser boards
- appraiser application and renewal forms
- a list of ACLB members and staff
- a list of states with Oregon reciprocity
- newsletters from the ACLB and other state boards

Comp Checks - What Do You Say?

There is not a single residential appraiser who has not received the request for a “Comp Check.” Clients simply do not understand that when they are asking for a “Comp Check” they are requesting an appraisal, pure and simple. This causes many appraisers real problems. On one end of the spectrum, some appraisers complete “comp checks” without even realizing they are providing an appraisal. On the other end of the spectrum, some appraisers believe that “comp checks” are not allowed under USPAP, Oregon law, or administrative rule. To sort through the issue of “comp checks” we have to nail down some fundamentals.

First off, just accept the fact that a “comp check” is your expression of an opinion of value which makes it an appraisal. When the client calls and says, I don’t want an appraisal, I just want to know if this thing is worth at least X dollars so I can take the loan application”, they are requesting you complete an appraisal. It is an appraisal with the value opinion expressed as a benchmark. Or, when the client calls and says, “I don’t want an appraisal, I just want to know if you have comps that will support a value of at least X dollars”, they are requesting you complete an appraisal. Or if the client wants a value range, or wants to know if the market value is similar to the subject’s assessed value, these are all questions designed to skirt the issue of rendering a value opinion, but the skirting is in the mind of the client. USPAP allows no such skirting of the issue; you are rendering a value opinion. Of course, that is what appraisers do, after all.

When we accept the fact that a request for a “comp check” is a request to undertake an appraisal assignment, then the questions become, can we establish assignment terms, a scope of work, and form of reporting which complies with Uniform Standards of Professional Appraisal Practice? If we can, then we are free to accept the as-

signment. Remember, not all appraisal assignments are completed in the same way. Appraisal assignments may be completed in many, many different ways.

Scope of work is a very important concept. Scope of work allows for a wonderful degree of flexibility in the development of an appraisal. Scope of work is a Standards Rule 1 concept. Scope of Work is defined as, “the amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of the data researched; and
- the type and extent of analysis applied to arrive at opinions and conclusions.”

A “comp check” is an appraisal which has very abbreviated Scope of work.

The question then is, how do you know if the scope of work of the proposed “comp check” request is appropriate and sufficient. USPAP provides guidance in that area also. The Comment to Standard Rule 1-2(f) reads, “The scope of work is acceptable when it is consistent with:

- the expectations of participants in the marketplace for the same or similar appraisal services; and
- what the appraiser’s peer’s actions would be in performing the same or a similar assignment in compliance with USPAP.”

It is important not to forget, “An appraiser must have sound reasons in support of the scope of work decision and must be prepared to support the decision....An appraiser must not al-

low assignment conditions or other factors to limit the extent of research or analysis to such a degree that the resulting opinions and conclusions developed in an assignment are not credible in context of the intended use.”

Applying these standards to a “comp check” appraisal assignment, it is critical the appraiser and the client who is requesting the “comp check” have a clear meeting of minds as to the scope of work of the assignment. The scope of work must meet the tests outlined above. While you, the appraiser, are responsible for the scope of work used in the completion of the assignment, you are also responsible to ensure your client has a clear understanding of the scope of work which will be undertaken to complete the assignment. When you and your client reach agreement on the proposed scope of work of the “comp check” you can then apply the tests of acceptability. If the tests are met, then you are free to complete the assignment.

Now you may be thinking this must take forever to have this kind of dialogue with your client. In fact, until you and your client have an understanding of what a “comp check” is and the appropriate scope of work, there may be some real discussion. There is nothing wrong with that. A dialogue with your client to establish appropriate assignment terms and scope of work is very important. This dialogue is a very important part of the first step of the appraisal process, define the problem.

Advisory Opinion 19 (AO-19), provides great advice to appraisers regarding how to communicate clearly with your client when faced with requests for “comp checks” or “pre-flights” or “go – no go” opinions. As an example the Advisory Opinion provides specific suggested responses to this and other similar questions such as:

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“We need comps for (a specific property) that will support a loan of _____; can you provide them?” or “If the property will not appraise for at least _____, stop and call us immediately.” Here is the link to Advisory Opinion 19 which provides the answers to these and other similar questions:

<http://commerce.appraisalfoundation.org/html/USPAP2005/ao19.htm>

Advisory Opinion 19 goes by the title “Unacceptable Assignment Conditions in Real Property Appraisal Assignments”, but it is really about more than that. It includes a section providing guidance on “Accepting Assignment Conditions” and lots of practical illustrations and sample wording you can incorporate into your appraisal practice.

Then there is the issue of reporting assignment results. Many, if not most, clients who request a “comp check” will request an oral appraisal report. Usually, they will ask you to, “just give it to me over the phone.” Standards Rule 2-4 dictates that “An oral real property appraisal report must, at a minimum, address the substantive matters set forth in Standards Rule 2-2(b).” For those who do not immediately remember, 2-2(b) sets forth the minimum content of a Summary Appraisal Report and it states that the report “...must be consistent with the intended use of the appraisal....” For your reference here is the link directly to Standards Rule 2:

<http://commerce.appraisalfoundation.org/html/USPAP2005/std2.htm>

If you do undertake an appraisal with a “comp check” scope of work utilizing oral reporting of the results, remember your Record Keeping obligations. Your Record Keeping obligations are the same for any appraisal assignment regardless of the scope of work. While your analysis may be brief and your report may be oral, you must document your analysis and your oral report in the

workfile. The workfile must contain a signed and dated certification in compliance with Standards Rule 2-3.

Finally, there are certain business issues to be considered. When contemplating the acceptance of any appraisal assignment, the appraiser must be aware of the business issues as well as the USPAP issues. One of the business issues to be considered is that many clients want a “comp check” (appraisal) at no charge. Does it make business sense to give away your work given all that you are doing to develop the value opinion and the Records Keeping burden you are assuming?

So what do you say when a client calls to request a “Comp check”? Do you try and work with the client to develop an assignment in keeping the Uniform Standards of Professional Appraisal Practice or do you simply tell the client “no”. Your decision, to accept or reject the assignment will depend on your ability to craft assignment terms, a scope of work and reporting which are in accordance with the applicable Standards. When you are within the boundaries of the Uniform Standards of Professional Appraisal Practice, it largely becomes a business decision.

Your decision to accept or reject “comp checks” is yours to make. Remember, if you decide to undertake this type of assignment; don’t forget to engage in clear communication with your client regarding the scope of work required. It is highly advisable to use a written engagement letter or similar document to clearly define the scope of work of the assignment and any terms or special assignment conditions, including the payment of your fee. Also remember to maintain an appropriate workfile for each “comp check” assignment, even if the assignment does not result in a traditional appraisal report. ■

Change of Contact Information

Many people think they must notify the Board of any change in their contact information within 30 days of the change, but this is incorrect. You must notify the Board office within 10 days of a change in your address, telephone number, fax number, or e-mail address. This notification of change is required by Administrative Rule 161-050-0040. It is very important that the Board have the ability to contact you to provide important information such as notices of rulemaking hearings, changes in USPAP, administrative rules, or statutes that affect your appraisal practice. ■



Everything I do is for a Federally Related Transaction - Right or Wrong?

Now close your eyes, especially you professionals who specialize in residential assignments and ask yourself what percentage of your work is for a “Federally Related Transaction.” Most professionals, when asked the question before reading the Q & A that follows from the Appraisal Foundation, will answer 90% or more. The real answer may be lower, much lower. Why don’t you read the Q & A reproduced here. We’ll ask the question again when you are done.

In 2001, STATEMENT No. 10 (SMT-10), Assignments for Use by a Federally Insured Depository Institution in a Federally Related Transaction, was adopted by the ASB for inclusion in USPAP. SMT-10 was a joint effort between the Appraisal Standards Board and an Interagency Work Group comprised of representatives from the Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and the Office of Thrift Supervision. Since its introduction, several questions have arisen. SMT-10 addresses banking regulatory requirements. Therefore, the ASB posed several questions to the Interagency Work Group for the regulatory answer to these questions. The questions and answers are printed in this section.

202. What is a “Federally Related Transaction”

Question: Statement No. 10 (SMT-10) only applies to Federally Related Transactions. Can the Interagency Work Group provide guidance on how an appraiser can determine if a transaction is, or is not a Federally Related Transaction? More directly, what is a Federally Related Transaction and do certain entities (FHA, VA, Fannie Mae & Freddie Mac) have exemptions in this regard?

Response from the Interagency Work Group:

“A real estate-related transaction and a federally related transaction are legal terms prescribed by law and defined in the agencies’ appraisal regulations. In general, our appraisal regulations apply to real estate-related financial transactions entered into by the agencies or by federally regulated financial institutions. However, not all real estate-related transactions are considered federally related transactions. A real estate-related financial transaction is a federally related transaction unless the transaction is specifically exempted from the agencies’ appraisal regulations.

Our appraisal regulations list specific categories of transactions that do not require the services of an appraiser and, therefore, are not considered to be federally related transactions. Under the agencies’ appraisal regulations, federally related institutions have the responsibility to determine if a transaction meets the legal definition of a federally related transaction or is otherwise exempted. If a real estate-related transaction exceeds \$250,00, the appraiser may presume that it is a federally related transaction, unless specifically notified by the institution that it is not a federally related transaction.

In response to the second part of your question as to whether certain entities are exempted from the regulations, the entities listed in your letter (FHA, VA, Fannie Mae or Freddie Mac) are not under our supervisions and, therefore, are not subject to the agencies’ appraisal regulations. Federally regulated financial institutions do engage in real estate-related transactions with these entities, such as the sale of

loans. Under the agencies’ regulations, transactions that qualify for sale to a United States government agency or United States government sponsored agency (e.g. FHA, VA, Fannie Mae, Freddie Mac, Farmer Mac, and Sallie Mae) are exempted and as such are not federally related transactions. Our regulations also contain an exemption for transactions that involve a residential real estate transaction in which a regulated institution’s appraisal conforms to the appraisal standards of Fannie Mae or Freddie Mac.”

From the Q & A you learned that a “Federally Related Transaction” is specifically defined in regulation. You learned that you may presume that if the loan amount is in excess of \$250,000 that the assignment is a federally related transaction unless the transaction is exempted. You also learned that certain transactions are exempt from the federally related transaction rule and do not fall under the requirements for completing an appraisal to the federally related transaction standard.

Specifically exempted, and as a result, not identified as federally related transactions are transactions that qualify for sale to a United States government agency or United States government sponsored agency such as FHA, VA, Fannie Mae, Freddie Mac, Farmer Mac, and Sallie Mae. In addition, transactions involving residential real estate in which the regulated institution’s appraisal conforms to the appraisal standards of Fannie Mae or Freddie Mac are exempted from the federally related transaction definition.

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Ok, so now how many appraisals that you do are for transactions covered by the federally related transaction definition? For some of you the percentage will remain high. For many residential appraisers who do mostly Fannie or Freddie assignments and do not do new construction, the percentage may be very small. Of course this begs the question, why do you care?

You care because if you are completing an appraisal for a “Federally Related Transaction” or declare your appraisal assignment is for a “Federally Related Transaction” you must complete your assignment in keeping with the applicable standards. Specifically, Statement 10 of the Uniform Standards of Professional Appraisal Practice applies in the completion of any assignment for a “Federally Related Transaction.” If you have not read Statement 10 recently, here is a link directly to it.

<http://commerce.appraisalfoundation.org/html/USPAP2005/smt10.htm>

The subject of Statement 10 is “Assignments for Use by a Federally Insured Depository Institution in a Federally Related Transaction”.

As an example, Statement 10 calls for the development and reporting of an additional “as is” value when the assignment calls for the use of a hypothetical condition. This is not required when your assignment is not for a federally related transaction or you have not declared your assignment is intended to meet the federally related transaction standard. Absent federally related transaction requirements, the burdens for the use of a hypothetical condition under USPAP do not require the develop-

ment and reporting of an additional “as is” value when developing a value opinion which makes use of a hypothetical condition.

The key point here is to know the burdens under the Uniform Standards of Professional Appraisal Practice you are taking on when you take on any assignment. Do not assume every assignment you complete is for a federally related transaction because it may not be. If you do make that assumption, recognize you must comply with all the appraisal requirements associated with a federally related transaction. In order to successfully complete a federally related transaction assignment, you must comply with Statement 10. ■

Assistant anonymity - We care about your training!

If you are an appraiser assistant and suspect that your supervising appraiser may be engaged in appraisal practices not in compliance with USPAP, who can you call to find out? Challenging or even asking your supervisor about competency, ethics, methodology, etc. may jeopardize your job. Failing to challenge or ask may jeopardize your career by learning the wrong way and being led to believe it's the right way. If you have questions, please call the Board office and, if you wish you can remain anonymous, our office telephone system does not have caller identification. We care about your training!

Secretary of State
NOTICE OF PROPOSED RULEMAKING HEARING
A Statement of Need and Fiscal Impact accompanies this form.

<u>Appraiser Certification and Licensure Board</u>	<u>161</u>
Agency and Division	Administrative Rules Chapter Number
<u>Karen Turnbow</u>	<u>(503) 485-2555</u>
Rules Coordinator	Telephone
<u>1860 Hawthorne Avenue NE, Suite 200, Salem, Oregon 97303</u>	
Address	
<u>October 17, 2005 9:00 am.</u>	<u>West Coast Bank, 2nd Floor Community Conf. Room, 301 Church Street NE, Salem OR</u>
Hearing Date Time	Location
	<u>Craig Zell</u>
	Hearings Officer

Are auxiliary aids for persons with disabilities available upon advance request? Yes

RULEMAKING ACTION

ADOPT: 161-010-0085, 161-025-0025

AMEND: 161-001-0005, 161-002-0000, 161-003-0020, 161-006-0025, 161-010-0080, 161-015-0030,
161-020-0035, 161-025-0000, 161-025-0005, 161-025-0010, 161-025-0030, 161-025-0060,
161-050-0000, 161-050-0040

REPEAL:

Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.
Amend and Renumber: Secure approval of rule numbers with the Administrative Rules Unit prior to filing.

ORS 183.355(1)(a) and ORS 674.305(8) and ORS 674.310(2)(b)
Statutory Authority: ORS

Title XI of the Federal Financial Reform, Recovery and Enforcement Act of 1989 (12 USC 3310 et seq.)
Other Authority

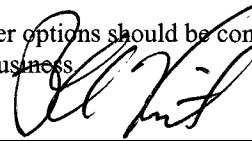
ORS 674.305(8), 674.310(2)(a) and 674.352
Statutes Implemented: ORS

RULE SUMMARY

Proposed additions to Oregon Administrative Rules 161, Division 1 regarding rulemaking authority; Division 2 regarding definitions; Division 3 regarding fees; Division 6 regarding the Board's budget; Division 10 regarding licensure and certification requirements; Division 15 regarding submission of application; Division 20 regarding education courses, requirements and providers; Division 25 regarding scope of practice and procedures; and Division 50 regarding temporary non-resident registrations and address changes.

ORS 183.335(2)(G) requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing the negative economic impact of the rule on business.

October 17, 2005 (end of hearing)
Last Day for Public Comment

 9-7-05
Authorized Signer and Date

*The *Oregon Bulletin* is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation. Notice forms must be submitted to the Administrative Rules Unit, Oregon State Archives, 800 Summer Street NE, Salem, Oregon 97310 by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a Saturday, Sunday or legal holiday when Notice forms are accepted until 5:00 pm on the preceding workday. ARC 920-1997

STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

Appraiser Certification and Licensure Board
Agency and Division

OAR Chapter 161
Administrative Rules Chapter Number

In the Matter of the adoption of new rules relating to)	Statutory Authority,
pre-requisite experience and education requirements for supervising)	Statutes Implemented,
appraiser endorsement (161-010-0085) and scope of practice for)	Statement of Need,
supervising appraisers (161-025-0025); and the amendment of rules)	Principal Document Relied Upon,
relating to model rules of procedure (161-001-0005);)	Statement of Fiscal Impact
definitions (161-002-0000); fees (161-003-0020);)	
budget (161-006-0025); appraiser assistant registration and)	
renewal requirements (161-010-0080); submission of license or)	
certificate application (161-015-0030); application for course approval)	
(161-020-0035); scope of practice for State Certified General Appraiser)	
(161-025-0000); scope of practice of State Certified Residential)	
Appraiser (161-025-0005); scope of practice for)	
State Licensed Appraiser (161-025-0010); scope of practice for)	
Appraiser Assistants (161-025-0030); appraisal standards and USPAP)	
(161-025-0060); temporary non-resident registration (161-050-0000);)	
and address changes (161-050-0040).)	

Statutory Authority: ORS 674.305(8), ORS 674.310 and ORS 183.341(4)

Other Authority: Attorney General's Uniform and Model Rules of Procedure

Statutes Implemented: ORS 674

Need for the Rule(s): The Board has identified inadequacies with regard to the direct supervision of appraiser assistants. This results in appraiser assistant experience credit being denied due to noncompliance with Uniform Standards of Professional Appraisal Practice and subsequent complaints against licensed appraisers who have not been adequately trained. Therefore, the Board seeks to improve the quality of appraiser assistant training and supervision by amending the administrative rule requirements.

ORS 674.305(8) authorizes the Board to adopt rules necessary for the administration of ORS Chapter 674. ORS 674.310(1) requires the Board to do all things necessary and convenient to carry into effect the provisions of Chapter 674, Oregon Revised Statutes and of the Federal Financial Institutions Reform, Recovery and Enforcement Act (FFIRREA) of 1989.

Documents Relied Upon: Chapters 674 and 183, Oregon Revised Statutes; the Federal Financial Institutions Reform, Recovery and Enforcement Act (FFIRREA) of 1989 and Guidelines thereto published by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

Fiscal and/or Economic Impact: Appraisers and assistants will be required to take a course before commencing a supervisory relationship which will impact both in the time necessary to take the course and the expense of the course. The agency will incur the initial costs of developing and offering the course but anticipates recovering its costs from the attendees. The cost of the course is not anticipated to exceed approximately \$50 per attendee. Supervising appraisers will have to submit an application to obtain a Supervising Appraiser Endorsement. The cost of the application will be \$75. The amount of the application fee is based upon the time expended by staff to review the application and audit appraisals for compliance with Uniform Standards of Professional Appraisal Practice, Oregon Administrative Rules and Oregon Revised Statutes.

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STATEMENT OF NEED AND FISCAL IMPACT

Additionally, the Board seeks to impose an application fee of \$50 for continuing education courses and \$100 for qualifying, pre-licensing education courses on course providers for review of all education course applications. The amount of the application fee is minimal and based upon the average time expended by staff to review applications for course approval. A significant number of other state appraisal regulatory agencies already charge course providers for review of education courses.

The proposed rules would phase in the supervising appraiser requirements by applying only to new applicants, in order to minimize the immediate impact of these rules upon existing supervisory appraiser and appraiser assistant business relationships. The rule change will not impact the current registered assistant and supervising appraiser. However, future applicants will not be eligible for registration or supervision authority until new requirements are met. The proposed rules regarding application fees for review of education courses would only apply to new applications received after the effective date of the rule, and not to those courses already approved by the Board.

Administrative Rule Advisory Committee consulted?: No.

Dated this 7th day of September, 2005.

Appraiser Certification and Licensure Board



R. A. (Bob) Keith, Administrator

Budget Hearing Scheduled

The Board will hold a public hearing on its budget for the 2005-07 biennium on October 17, 2005 at 9:00 AM. The purpose of this hearing is to receive public input on the Board's proposed operating budget before adopting a permanent budget. To provide input to the Board you may appear in person and testify at the hearing or you may provide written comment to the Board Administrator no later than October 10, 2005. All written comments will be submitted to Board members prior to the hearing and your written comments will be entered into the official record of the hearing. An official Notice of Proposed Rulemaking Hearing and Statement of Fiscal Impact are included in this edition of *The Oregon Appraiser*.

It's your responsibility to understand and comply with rules and statutes

The Board recently revised all applications to include the appraiser's acknowledgement and agreement to comply with Oregon Revised Statutes (ORS) Chapter 674, and Oregon Administrative Rules (OAR) Chapter 161.

Whether you are an appraiser assistant or a licensed-certified appraiser, you are required to comply with all ACLB statutes (laws) and rules. In order to comply with these statutes and rules you must read them. The Board adds, deletes and revises its administrative rules on a periodic basis, so if you haven't read them recently, please do so. Both the statutes and rules can be found on our website at www.oregonaclb.org. On our home page click on "Rules and Statutes".

Applicants, appraiser assistants, and licensed/certified appraisers may be subject to disciplinary action such as denial of an application, civil penalty assessment, suspension or revocation of their license for failure to comply with statutes and administrative rules. So, take a few moments to read and understand them and, if you have any questions, please feel free to call the Board office.

If you wish to receive copies of future notices regarding administrative rule hearings along with proposed rule changes, you may submit a written request with your name address and contact phone number to: Jan Cannon, Appraiser Certification and Licensure Board, 1860 Hawthorne Ave NE, Suite 200, Salem, Oregon 97303. ■

Thank you for serving!

The Board wishes to extend heartfelt thanks and gratitude to former Board member Dee Staple and former Assistant Attorney General Robyn McGinnity. Dee served on the Board for the past four years and Robyn has been the Board's legal counsel since it became a semi-independent agency in 2001.

The Board is comprised of seven members; five are licensed or certified appraisers, one is a public member, and one is employed by a financial institution or a mortgage banker.

Dee is from McMinnville and owns and operates her own appraisal company. Dee is a Certified General appraiser and holds the MAI designation from the Appraisal Institute. Dee paid particular attention to important details and was proficient in helping the Board identify and consider issues from a wide range of perspectives. Her position on the Board has been filled by Sara Fraser from Eugene.

Robyn was from Salem and a graduate from the University of Oregon Law School. She always provided timely advice to the Board and was very successful in representing the Board in contested case hearings. Robyn's husband recently graduated from law school and their family has moved out of state where he accepted a job.

Each of these ladies has played a vital role in bringing about significant improvement in the effectiveness and efficiency of the Board's fulfillment of its mission. The next time you see one of these ladies, be sure to shake their hand and tell them thank you for a job well done! Good luck Dee and Robyn in all of your future pursuits. ■

Welcome Aboard

The Board welcomes its newest member, Sara Fraser from Eugene, Oregon. The Governor appointed Sara as an appraiser member of the Board.

Sara earned an Associates degree from West Virginia Institute of Technology and holds the SRA designation from the Appraisal Institute. She established in appraisal practice in 1980 and her Lane County practice focuses on one-to-four family dwellings, proposed construction, condominiums, manufactured housing, rural properties, and vacant residential land. Sara also performs FHA and VA appraisals.

Sara is a great addition to the Board and we look forward to her many years of service. Welcome Sara! ■

Enforcement Actions March 2004 - August 2005



As you will see, there are quite a few enforcement actions published in this edition of *The Oregon Appraiser*. This does not reflect a decision

by the Board to increase enforcement activity, but rather is the result of an 18 month reporting period. Over the past several years the Board has dismissed about 40% of all complaints received because the issues of the complaints were either without merit, did not rise to the level of disciplinary action, and/or concerned issues over which the Board has no jurisdiction.

Revocation

Dawell, Charles C. "Bud" - C000242. On December 8, 2004, the Oregon Court of Appeals affirmed, without opinion, the Board's March 21, 2003 Final Order revoking Dawell's certificate. The Oregon Supreme Court refused Dawell's request to review the case and the Appellate Judgment terminating the case was issued July 1, 2005. (See Summer 2003 edition of *The Oregon Appraiser* for specifics regarding the March 21, 2003 Order.)

Evans, William C. - L000783. Final Order entered March 31, 2004, revoking Evans' license and assessing a \$19,000 civil penalty for 35 violations of OAR 161-025-0060 (USPAP-2002 & 2003 Edition) involving 4 appraisal reports, 1 violation of OAR 161-025-0010 (Scope of Practice). In addition to these violations, Evans failed to produce true copies records upon written demand on three separate occasions. Evans admitted the violations and agreed to: 1) permanent revocation of his license; 2) never conduct real estate appraisal activity in the State of Oregon; 3) never make application to the Board in the future for any type of license; 4) fully cooperate with the Dept. of Consumer and Business Services, Division of Finance and Corporate Securities, in any investi-

gation they may conduct regarding any client that engaged Evans' services as an Oregon appraiser. The Board agreed to waive the civil penalty conditioned upon Evans' full compliance with the terms of the Consent Order. The full civil penalty will be imposed if the Board becomes aware of any violation of the Order.

USPAP violations – Report No. 1: Out-of-Scope; Ethics Rule – Conduct Section (misleading and fraudulent report, willful misrepresentation: reported a commercial/industrial property as a single family residence, intentional omission of commercial analysis highest and best use, condition, zoning, current use, ownership, use of sales that bore no similarity to the subject, comparable sales' prices inaccurate and *grossly* overstated and, incorrect statements regarding critical elements of each comparable); Ethics Rule – Management Section (accepted compensation when the assignment results were contingent upon: reporting a pre-determined result (opinion of value), a direction in assignment results that favored the cause of the client, the amount of the value opinion, the attainment of a stipulated result, the occurrence of a subsequent event directly related to his opinion and specific to the assignment's purpose (refinance of existing mortgage)); SR 1-1(a) failure to employ recognized methods/techniques; SR 1-1(b) *substantial* errors of omission and commission; SR 1-1(c) series of errors; SR 1-2(e)(i) failure to accurately identify relevant locational, and physical, legal and economic property characteristics; SR 1-2(e)(ii) failure to report the leased fee portion; SR 1-4(a) failure to analyze available *comparable* sales data, fraudulent misrepresentation of data used, deliberate use of comparables that were unlike the subject; SR 1-4(b)(i) unsupported site value in the Cost Approach; SR 1-4(b)(ii) unsupported cost data in the Cost Approach;

SR 1-4(b)(iii) unsupported accrued depreciation in the Cost Approach; SR 1-4(c)(i) failure to analyze lease data; SR 1-4(c)(ii) failure to analyze operating expense data; SR 1-4(c)(iii) failure to analyze capitalization data; SR 1-4(c)(iv) no rent and/or income projection analysis; SR 1-4(d) failure to analyze the effect the terms of the lease had on the value; SR 1-6(a) failure to reconcile the *quality* and quantity of data available and analyzed within the approaches to value; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize the physical, legal and economic property characteristics of the subject relevant to the assignment; SR 2-2(b)(ix) failure to *accurately* summarize the information analyzed and the reasoning to support the analyses, opinions and conclusions; SR 2-2(b)(x) failure to state the use of the real estate existing as of the date of value, failure to support the rationale for the highest and best use opinion.

USPAP Violations – Report No. 2: Ethics Rule – Conduct Section (misleading and fraudulent report, willful misrepresentation - reported a prime commercial property to be single family residence, intentional omission of commercial analysis, inappropriate sales data, gross overstatement the sales prices to reach a higher value as a residential property); Ethics Rule – Management Section - accepted compensation when the assignment results were contingent upon: reporting a pre-determined result (opinion of value), a direction in assignment results that favored the cause of the client, the amount of the value opinion, the attainment of a stipulated result, the occurrence of a subsequent event directly related to his opinion and specific to the assignment's purpose (mortgage financing); Ethics Rule – Record Keeping Section – failure to make workfile available to state en-

forcement agency (violation of ORS 674.150 and OAR 161-025-0050 and grounds for discipline as provided in ORS 674.140(6) and OAR 161-006-0175); SR 1-1(a) failure to employ recognized methods/techniques; SR 1-1(b) *substantial* errors of omission and commission; SR 1-1(c) series of errors; SR 1-2(e)(i) failure to *accurately* identify relevant locational, and physical, legal and economic property characteristics; SR 1-4(a) fraudulent misrepresentation of sales data used, deliberate use of comparables that were unlike the subject; SR 1-6(a) failure to reconcile the *quality* and quantity of data available and analyzed within the approaches to value; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize the relevant physical, legal and economic property characteristics of the subject; SR 2-2(b)(ix) failure to accurately summarize the information analyzed and the reasoning to support the analyses, opinions and conclusions; SR 2-2(b)(x) failure to state the use of the real estate existing as of the date of value, failure to support the rationale for the highest and best use opinion;

USPAP Violations – Report No. 3: Ethics Rule – Conduct Section. Failure to perform assignment ethically and competently – communicated a misleading and fraudulent report, willful misrepresentation (characteristics of the subject property, critical factual data regarding the comparable sales used, no adjustments for significant differences); Ethics Rule – Management Section. Evans accepted compensation when the assignment results were contingent upon: reporting a pre-determined result (opinion of value), a direction in assignment results that favored the cause of the client, the amount of the value opinion, the attainment of a stipulated result, the occurrence of a subsequent event directly related to his opinion and specific to the assignment's purpose (mortgage financing); Ethics Rule – Record Keeping Section – failure to make workfile available to state enforcement agency (also a violation of ORS 674.150 and OAR 161-025-0050); and grounds for discipline as provided in ORS

674.140(6) and OAR 161-006-0175; SR 1-1(a) failure to employ recognized methods and technique; SR 1-1(b) Substantial errors of omission and commission; SR 1-1(c) Series of errors that significantly affected the results and credibility of the appraisal; SR 1-2(e)(i) failure to accurately identify relevant locational, and physical, legal and economic property characteristics; SR 1-4(a) material misrepresentation of sales data used; SR 1-6(a) failure to reconcile the *quality* and quantity of data; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize the physical and economic property characteristics of the subject relevant to the assignment; SR 2-2(b)(ix) failure to *accurately* summarize the information analyzed and the reasoning to support the analyses, opinions and conclusions;

USPAP violations – Report No. 4: Ethics Rule – Conduct Section (communicated a misleading and fraudulent report, willful misrepresentation - condition/updates, conditions of previous sale, inflated value-superior comps, no adjustments for quality difference, inflated sales prices, deflated square footages to obtain a higher value for the subject); Ethics Rule – Record Keeping Section (failure to make workfile available to state enforcement agency (also a violation of ORS 674.150 and OAR 161-025-0050)); SR 1-1(a) failure to employ recognized methods and techniques; SR 1-1(b) substantial errors of omission and commission; SR 1-1(c) series of errors; SR 1-2(e)(i) failure to accurately identify relevant physical and economic property characteristics; SR 1-4(a) material misrepresentation of sales data used; SR 1-6(a) failure to reconcile the *quality* and quantity of data available; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize the relevant physical and economic property characteristics of the subject; SR 2-2(b)(ix) failure to *accurately* summarize the information analyzed and the reasoning to support the analyses, opinions and conclusions.



Visa

MasterCard

ACLB takes credit cards

The ACLB now accepts Visa and MasterCard credit card payments for fees. Credit card payments may be made by walk-in, phone, or mail. Credit card forms may be obtained on the ACLB Web site.

To use your credit card, provide the name of the cardholder as it appears on the credit card, the credit card number, and the expiration date. ■

Enforcement actions Continued

Surrender in Lieu of Disciplinary Action

Davis, Lan V. – L001063. Amended Final Consent Order entered September 1, 2004, assessing a \$1,000 civil penalty for violations of OAR 161-025-0060 (USPAP-2003 Edition) and requiring 15 hours of additional education. Davis admitted the violations and requested approval to surrender his license in lieu of disciplinary action. The Board agreed to waive the civil penalty and education requirements upon receipt of Davis' license.

USPAP Violations: Ethics Rule - Conduct Section – Issued an amended report, but failed to disclose the first report had been issued and intentionally represented the report date as other than the actual date; SR 1-1(a) and SR 2-1(a) Misleading report - adjustments made to a portion of the sales within the sales comparison analysis were not credible, inaccurate reporting of the date of the report to avoid being recorded as a late delivery in a lender quality control monitoring system; SR 2-2(b)(x) failed to summarize the support and rationale for the subject's highest and best use.

Sandstrom, Clayton – C000285. Final Consent Order entered March 23, 2004, revoking his license and assessing a \$26,000 civil penalty for 61 violations of OAR 161-025-0060 involving 7 appraisal reports (USPAP-2000 & 2003 Edition). Sandstrom admitted the violations and agreed to: 1) permanently surrender his license in lieu of disciplinary action; 2) not conduct real estate appraisal activity in the State of Oregon; 3) not make application to the Board in the future for any type of license; 4) not supervise any type of real estate appraisal activity for properties located in the State of Oregon. The Board agreed to waive the revocation of his license and the civil penalty conditioned upon Sandstrom's full compliance with the terms of the Consent Order. The full civil penalty will be imposed if the

Board becomes aware of any violation of the Order.

USPAP violations – Report Nos. 1-5: Ethics Rule - Conduct Section – failure to perform ethically and competently/misleading report (failure to appropriately analyze and summarize market conditions in the subject's market area/misrepresentation of basic demand for the subject property); SR 1-1(a) failure to correctly employed recognized methods/techniques (failure to develop appropriate highest and best use analysis, market analysis, and a credible sales comparison analysis); SR 1-2(b) failure to identify intended use of opinions and conclusions; SR 1-2(e)(i) 97

USPAP violations – Report No. 7: Ethics Rule - Conduct Section – misleading report (incorrect applied methodology, errors, omissions); Ethics Rule – Record Keeping (no support for site value); SR 1-1(a) failure to correctly employ recognized methods/techniques (incorrect neighborhood analysis, incorrect cost approach, incorrect sales comparison analysis, no verification of possible sale concessions); SR 1-2(b) failure to identify intended use; SR 1-2(f) failure to identify scope of work; SR 1-5(a) failure to analyze current listing; SR 1-6(a) failure to reconcile quality and quantity of data in sales comparison analysis; SR 1-6(b) failure to reconcile approaches to value; SR 2-1(a) misleading report (condition, value); SR 2-1(b) insufficient information; SR 2-2 – failure to state reporting option; SR 2-2(b)(ii) failure to identify intended use; SR 2-2(b)(iii) insufficient information concerning subject's physical and economic characteristics (incomplete measurements, condition of the subject, effective age); SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (no disclosure of listing information, unreliable sales comparison reconciliation and final reconciliation).

Smith, Michael T. – L001015. Final Consent Order entered August 19, 2005, assessing a civil penalty of \$11,000 for 19 violations of OAR 161-025-0060 involving 3 appraisal reports (USPAP-2001, 2002 & 2004 Editions). Smith admitted the violations and agreed: 1) not to solicit or accept any new assignments for properties located in Oregon after August 31, 2005; 2) to complete all outstanding assignments no later than September 30, 2005; 3) to surrender his license to the Board office no later than the close of business on October 1, 2005; 4) not to engage in any type of real estate appraisal activity in Oregon on or after October 1, 2005; 5) not to supervise any type of real estate appraisal activity on properties located in Oregon on or after October 1, 2005; 6) not to make any type of application with the Oregon Board including temporary non-resident and appraiser assistant registration at any time in the future. The Board agreed to accept the surrender of Smith's license in lieu of disciplinary action, to waive the civil penalty, and to suspend investigation of 7 additional appraisals Smith issued conditioned upon Smith's full compliance with the terms of the Consent Order. If Smith fails to comply with the terms of the Order, he will be required to pay the entire civil penalty and the Board will resume investigation of the 7 reports. Upon verification specific violations of ORS 674 and OAR 161, the Board will seek to assess the maximum civil penalty for each violation, proceed with levy action to obtain payment of any penalties due, and Smith will be subject to additional disciplinary action for failure to comply with a Final Order of the Board.

USPAP violations – Report No. 1: Ethics Rule – Conduct Section (incorrect statements regarding the front steps, finished basement area, basic safety of the property, a pool that did not exist, non-conforming use of the prop-

erty); Ethics Rule – Record Keeping (no site sales or abstraction data on file, no field notes, missing data regarding Comparable no. 4); SR 1-1(b) substantial errors of omission/commission (basement level reported as finished when it was not, bath reported that did not exist, pool as reported did not exist, misapplied adjustments (wrong direction) that resulted in \$9K error in indicated value of Comparable No. 2); SR 1-1(c) carelessness/negligence (incorrect information regarding: zoning, existence of fireplace, site topography and shape, construction quality, crawl space, roof surface, existence of a patio, photographs of Comps 2 & 4); SR 1-5(c) reconciliation of data (use of dissimilar sales); SR 2-1(a) misleading report (stating that there were no apparent physical or functional inadequacies and no need for repairs when: 1) there were significant health and safety issues - rear sliding door that opened literally into a hole and no front steps; 2) construction quality was overstated; 3) many areas were unfinished; 4) referencing a basis for adjustments that did not exist as of the date of the appraisal, failing to verify data with sources as stated in the report); SR 2-1 (b) insufficient information (extensive use of “canned” comments that did not provide the client or intended user with information to understand the appraisal); SR 2-2(b)(iii) failure to summarize relevant physical and economic property characteristics (foundation at rear of house that had not been built upon, lack of front stairs, rear sliding door issue, “pool” that was not a pool at the time of the appraisal); SR 2-2(b)(ix) failure to summarize the information analyzed, the procedures followed and the reasoning to support the analyses, opinions and conclusion as stated in the report.

USPAP violations - Report No. 2: Ethics Rule – Conduct Section –The basement Bonus Room and the Sun Room that were included in the above grade living space were not built, the inground pool was not completed the unfinished basement was reported as finished and included in the above grade living area, a rear photograph avoided disclosure of the unfinished and unbuilt items, intended users lead to believe the

subject was a fully conforming improvement); Ethics Rule – Record Keeping (no site sales or abstraction data on file, no comparable listing, Metro-Scan or DataQuik data in file when they were the data sources reported); SR 1-1(b) substantial errors of omission/commission (failure to report “as is” condition, incorrect statements regarding unbuilt and incomplete items); SR 1-1(c) carelessness/negligence (incorrect information regarding: zoning, existence of fireplace, site topography and shape, construction quality, crawl space, photographs of Comps 1, 3 & 4, also failure to explain difference between RMLS and county data regarding Comp No. 2’s sale price); SR 1-2(e)(i) failure to identify relevant physical and economic attributes of the subject (pool was under construction creating health and safety issue as well as detracting from subject’s marketability); SR 1-5(c) failure to reconcile data (no support for point value developed based upon comparable sales used); SR 2-1(a) misleading report (stating that there were no apparent physical or functional inadequacies and no need for repairs when: 1) there were significant health and safety issues with the unfinished pool; 2) construction quality and property size were overstated; 3) unfinished items; 4) referencing a basis for adjustments that did not exist as of the date of the appraisal, failing to verify data with sources as stated in the report, misleads lender as to the property’s ability to serve as a security interest for a loan); SR 2-1-(b) insufficient information (misleading rear photograph that did not disclose the incomplete pool and other work that had been started, but not completed); SR 2-2(b)(iii) failure to summarize relevant physical and economic property characteristics; and SR 2-2(b)(ix) failure to summarize the information analyzed, the procedures followed and the reasoning to support the analyses, opinions and conclusion as stated in the report. In addition to the following USPAP violations, Smith also failed to maintain a workfile for this assignment and failed to produce records in a timely manner.

USPAP violations – Report No. 3: Ethics Rule – Record Keeping (No site sales or abstraction data in file as referenced

Meeting dates for 2005

October 17, 2005 Quarterly board meeting

All meetings are open to the public. Auxiliary aids for those with disabilities are available with advance requests. Contact the Board office for specific times and locations of meetings, (503) 485-2555, or visit our Web site, www.oregonaclb.org.

USPAP

on line



The 2005 Uniform Standards of Professional Appraisal Practice can now be viewed on The Appraisal Foundation’s Web site under the ASB heading. There is a link to the table of contents on the Appraiser Certification and Licensure Board’s Web page: www.oregonaclb.org. ■

Enforcement actions Continued

in report); SR 1-1(b) substantial error or omission/commission (Failure to correctly analyze Sale No. 1 which had an extra lot); SR 1-1(c) carelessness/negligence (Error regarding: subjects zoning, reporting a garage that did not exist, failure to make appropriate adjustments, failure to report previous sale of Sale No. 3); SR 1-5(b) no analysis of prior sale of the subject; SR 1-6(a) failure to reconcile data (use of dissimilar sales without adequate explanation); SR 2-1 (b)insufficient information (extensive use of “canned” comments that did not provide the client or intended user with information to understand the appraisal); SR 2-2(b)(iii) failure to summarize relevant physical and economic characteristics of the subject (failure to explain construction quality and condition conclusions, failure to report that the subject backs a school or that the subject appears to have a shared driveway or how the driveway issue was treated in the analysis); and SR 2-2(b)(ix) failure to summarize the information analyzed, the procedures followed and the reasoning to support the analyses, opinions and conclusions (generic sales comparison summary with no support for point value, no reasoning to support the treatment of Sale No. 3’s square footage (“blended” from RMLS and Metro-Scan), no analysis of subject’s prior sale.

Non-Renewal in Lieu of Disciplinary Action

Smith, Steven P. – L000949 (expired 2-28-03). Final Consent Order entered June 24, 2004, assessing a \$4,000 civil penalty for 8 violations of OAR 161-025-0060 (USPAP-2001 Edition). Smith admitted the violations and agreed that he will not: 1) conduct real estate appraisal activity of any kind within the state of Oregon including, but is not limited to, acting as an appraiser or providing assistance either as a registered assistant or as an unregistered assistant, or acting as a su-

ervisor of an Oregon licensed or certified appraiser or registered assistant; and 2) apply for any type of real estate appraisal license or certification, temporary non-resident registration, or appraisal assistant registration to conduct real estate appraisal activity within the State of Oregon including application for any type of reciprocal license, certification or registration. The Board agreed to waive the civil penalty conditioned upon Smith’s full compliance with the terms of the Consent Order. The full civil penalty will be imposed if the Board becomes aware of any violation of the Order.

USPAP violations: Ethics Rule – Conduct Section (no market support for value estimate, omission of key information regarding pending sales, current listing and misrepresentation of the ownership of the property); Ethics Rule - Record Keeping Section (no support for site value, no documentation regarding pending sales, current listing or listing history); SR 1-1(a) failure to employ recognized techniques (use of superior comparables without appropriate adjustments, no basis for marketing time, failure to analyze listing information); SR 1-1(c) carelessness/negligence (incorrect zoning, incomplete PUD information, use of “cloned” wording that was not applicable to the subject, incorrect comparable address, inappropriate quality adjustments); SR1-2(c) failure to identify relevant characteristics of the subject (failure to disclose siding defects or recommend/require inspection when a home inspection showed that the subject required over \$21,000 in siding repairs, failure to fully analyze the utility of the site); SR 1-4(b)(ii) failure to analyze available cost data which would have resulted in a lower RCN than reported; SR 1-5(a) failure to fully analyze the current agreements of sale and the property listing; SR 1-5(c) failure to reconcile

sales comparison data; SR 2-1(a) misleading report (failure to disclose certain information, misrepresentation of other information, incorrect methodology in cost and sale comparison analysis); SR 2-1(b) insufficient information ; SR 2-2(b)(iii) failure to summarize physical, economic characteristics of the subject (siding, site, construction costs) and SR 2-2(b)(xi) failure to summarize the information considered and the reasoning to support the analysis, opinions and conclusions.

Violation of ORS 674.100(1)(a) Unlicensed Activity

Garner, Bruce. Final Consent Order entered September 15, 2004, assessing a \$21,500 civil penalty. Garner conducted real estate appraisal activity by co-signing and issuing 22 appraisal reports while working as an unregistered appraiser assistant under the direct supervision of Jeffrey L. Wood, License No. L001281. Garner admitted the violations and agreed to pay a \$200 civil penalty and assist Wood in amending all reports. Board agreed to waive \$21,300 of civil penalty upon receipt of signed order, the \$200 civil penalty, and verification that all reports had been amended to ensure compliance with ORS 674.100(1)(a).

Thene, Kevin M. – Final Consent Order entered May 17, 2004, assessing a \$500 civil penalty for 1 violation of ORS 674.100(1)(a). Thene admitted the violation and agreed to pay a \$100 civil penalty. The Board agreed to waive the remaining civil penalty of \$400 upon receipt of Thene’s \$100 payment.

Violations of OAR 161-025-0060 (USPAP)

Suspensions

Anderson, James C. – L001028. Fi-

nal Consent Order entered May 24, 2004, suspending Anderson's license for 180 days, assessing a \$2,000 civil penalty, and requiring additional education for 4 violations of ORS 674.150 and OAR 161-025-0050 (failure to produce records within the required time frame), and four violations of OAR 161-025-0060 (USPAP- 2003 Edition). Anderson admitted the violations and agreed to pay a \$1,400 civil penalty and attend an additional education course. The Board agreed to waive the 180-day suspension and the remaining \$600 of the civil penalty upon receipt of Anderson's \$1,400 payment with the signed consent order and verification of successful completion of a 30-hr. course in the applied Residential/Residential Case Studies category no later than December 15, 2004.

USPAP Violations: Ethics Rule- Records Keeping (failure to maintain records contemporaneous with the appraisal); SR 1-1(a) failure to employ recognized methods/techniques (failure to use comparable sale that had unique features like the subject, failure to note adverse influences); SR 1-1(c) carelessness/negligence (inconsistent adjustments misreporting of amenities); SR 1-6(a) failure to reconcile data analyzed in the sales comparison approach; SR 2-2(b)(iii) failure to summarize information to identify the subjects physical and economic characteristics (failure to describe power lines, easement, proximity of substitution); and SR 2-2(b)(ix) failure to summarize the information analyzed, the appraisal procedures followed and the reasoning to support the analyses, opinions and conclusions (sales comparison analysis, subject description).

Aval, Parviz H. – L000693. Final Consent Order entered December 17, 2004, suspending Aval's license for 180 days, assessing a \$4,500 civil penalty, and requiring 45 hours of additional education for 9 violations of OAR 161-025-0060 (USPAP-1999 Edition) and ORS 674.150 (failure to maintain records), and denying him the opportunity to supervise appraiser assistants in the future as provided by OAR 161-025-0010(4)(c). Aval admitted the violations and agreed to an 180-day suspension, a \$2,250 civil penalty, 45 hours of addi-

tional education (30-hour course in the Income Property Principles & Methodology category and a 30 hour course in the Narrative Report Writing category), to no longer supervise appraiser assistants, and to participate in three-phase audit program. The Board agreed to waive the \$2,250 of the civil penalty upon satisfactory completion of all terms of the Consent Order. USPAP violations: Ethics Rule – Conduct (pre-determined value); Ethics Rule – Record Keeping (missing file data); Ethics Rule – Competency (geographic); SR 1-1(a) failure to correctly employ recognized methods/techniques (cost approach/sale comparison analysis/failure to address function obsolescence); SR 1-1(b) substantial errors of omission/commission (meaningless comparable sales); SR 1-2(e)(i) failure to identify relevant physical and legal attributes of the subject (square footage/zoning-commercial vs. residential); SR 1-2(h) failure to clearly identify hypothetical condition; SR 1-3(a) failure to consider subject's actual HBU and failure to disclose the basis for the HBU employed ; SR 1-4(a) failure to analyze comparable sales data that was readily available; SR 2-1(a) misleading report; SR 2-1(b) insufficient information to draw meaningful conclusions; SR 2-1(c) failure to clearly and accurately disclose hypothetical conditions and did not indicate the impact on the subject's value; SR 2-2(b)(iii) insufficient information; SR 2-2(b)(viii) failure to disclose hypothetical condition in conjunction with each value opinion/conclusion that was affected; and SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analysis, opinions and conclusions..

Mead, David E. – L000327. Final Consent Order entered May 24, 2004, suspending Mead's license for 270 days and assessing an \$11,000 civil penalty for 19 violations of ORS 674.140(6) and ORS 674.150 (failure to produce records within the required time frame) and OAR 161-025-0060 (USPAP- 2001 Edition). Mead admitted the violations and agreed to pay a \$6,250 civil penalty and serve a 45-day suspension. The Board agreed to waive the remaining 225 days of the suspension and the remaining \$4,750 of the civil penalty upon receipt of Mead's

Criminal background checks

The ACLB conducts criminal background checks of all applicants for new and renewal appraiser licenses and certificates and of appraiser assistants.

Applications require that applicants disclose all convictions of misdemeanors and felonies.

Applicants not reporting all convictions of misdemeanors and felonies face a delayed application process and possible disciplinary action or denied application. ■

ACLB Location

and

Mailing Address



The Board is located on the corner of Sunnyview and Hawthorne Avenue right next to the I-5 freeway. Take the Market Street exit off the freeway. Go one block west to Hawthorne and turn right. We are located on the second floor of the Eldred Realty Building.

Our mailing address is:

ACLB
1860 Hawthorne Ave NE
Suite 200
Salem, OR 97303.

\$6,250 payment and notarized Certificate of Compliance with the suspension requirements.

USPAP Violations – Report No. 1 (7 violations): Ethics Rule – Record Keeping (failure to produce records within required time frame and failure to provide *true copy*); SR 1-1(c) carelessness (site calculations/lack of condition adjustments); SR 1-3(a) failure to analyze effect on use and value of the subject's zoning (potential alternate use); SR 1-4(i) failure to value site by appropriate method/technique; SR 1-5(a) failure to analyze current sale or current listing that resulted in the sale (concessions); SR 2-1(a) misleading; SR 2-2(b)(x) failure to summarize support and rationale for highest and best use conclusion; SR 2-2(b)(ix) failure to summarize reasoning to support sales comparison conclusion (strengths/weaknesses of sales).

USPAP Violations – Report No. 2 (6 violations): Ethics Rule – Record Keeping (failure to produce records within required time frame and failure to provide *true copy*); SR 1-1(a) failure to employ recognized methods/techniques (multiple cost approaches with different results, inconsistent effective age and age/life, sales comparison analysis); SR 1-4(i) failure to develop site value by appropriate method/technique; SR 1-5(a) failure to analyze current sale and listing history; SR 2-1(a) misleading; SR 2-1(b) insufficient information (failure to disclose use in conjunction with FHA financing and what supplemental standards were applicable); SR 2-2(b)(ix) failure to summarize reasoning to support analyses, opinions and conclusions.

USPAP Violations – Report No. 3 (6 violations): Ethics Rule – Record Keeping (failure to produce records within required time frame and failure to provide *true copy*), incomplete workfile; SR 1-1(a) failure to correctly employ recognized methods/techniques (sales comparison analysis); SR 1-2(e) failure to identify subject property's locational characteristics relevant to the assign-

ment (neighborhood and market analysis-use of comparable sales in different market); SR 1-4(i) failure to develop site value by an appropriate method/technique; SR 2-1(a) misleading; SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analyses, opinions and conclusions.

Maloney, Edward W – L001150. Final Consent Order entered May 3, 2005, suspending Maloney's license for 90 days, assessing a \$3,250 civil penalty, and requiring additional education for 1 violation of ORS 674.150 and OAR 161-025-0050 (failure to produce records within the required time frame), and 11 violations of OAR 161-025-0060 (USPAP- 2003 Edition). Maloney admitted the violations and agreed to pay a \$1,600 civil penalty and attend two additional education courses. The Board agreed to waive the 90-day suspension and the remaining \$1,650 of the civil penalty upon receipt of Maloney's \$1,600 payment with the signed consent order and verification of successful completion of a 30-hr. course in the applied Residential/Residential Case Studies category and a 15-hour National USPAP course no later than November 30, 2005.

USPAP Violations (Report No. 1): Ethics Rule – Conduct (failure to be objective and impartial); SR 1-1(b) substantial errors of omission/commission (overlooking sales that should have been considered, failure to analyze characteristics of comparables used, effective age significantly overstated); SR 1-6(a) failure to reconcile quality and quantity of data available (data overlooked, failure to make indicated adjustments); SR 2-1(a); misleading report; 2-2(b)(ix) failure to summarize the information analyzed, the appraisal procedures followed and the reasoning to support the analyses, opinions and conclusions (sales comparison analysis, reconciliation, value opinion).

USPAP Violations (Report No. 2): Eth-

ics Rule – Conduct (misleading statements regarding site value, cost approach, data maintained in workfile, omission of information regarding external influences); Ethics Rule - Records Keeping (failure to maintain and produce exact copies); SR 1-1(b) substantial error of omission/commission (inconsistent analysis of comparables - effective age, condition, updates, concessions); SR 1-1(c) carelessness/negligence (subject's square footage overstated, failure to make appropriate adjustment); 1-6(a) failure to reconcile quality and quantity of data available (analysis to support value conclusion); SR 2-1(a) misleading report; SR 2-1(b) insufficient information (failure to summarize needed repairs); 2-2(b)(iii) failure to summarize information to identify the subjects physical and external characteristics (condition of bath, low ceiling height, external factors); and SR 2-2(b)(ix) failure to summarize the information analyzed, the appraisal procedures followed and the reasoning to support the analyses, opinions and conclusions (sales comparison analysis, reconciliation, value opinion, external influences).

Mountain, David B – CR00017. Final Consent Order entered June 24, 2004, suspending Mountain's license for 120 days and assessing a \$2,000 civil penalty for 6 violations of ORS 674.140(6) (failure to produce records), ORS 674.150 (failure to maintain records) and OAR 161-025-0060 (USPAP- 1998 Edition). Mountain admitted the violations and agreed to serve a 60-day suspension and pay the \$2,000 civil penalty. The Board agreed to waive 60 days of the suspension upon receipt of the \$2,000 civil penalty and a notarized Certification of Compliance.

USPAP Violations: Ethics Provision – Conduct (failure to perform ethically and competently); Ethics Provision – Record Keeping (failure to maintain records and produce those records when required); SR 1-1(b) substantial errors that significantly affected the appraisal (failure to consider locational influences in sales comparison analysis, unsupported adjustments, lack of appropriate adjustments, unsupported RCN, unsupported land value, failure to report certain agricultural/commercial type improvements;

SR 1-1(c) carelessness/negligence (failure to analyze or disclose external factors, failure to identify the tax lots, correctly identify the real estate taxes, and specifics regarding how the County view the site and how it could be utilized; SR 1-5(a) failure to analyze current listing which was substantially less than the pending sales price and terms of the sale which were quite unusual; SR 1-5(c) incomplete reconciliation of data (37% range in sales approach, no analysis to support point value developed); SR 2-1(a) Misleading report (failure to disclose the subject's market area, level of demand, specific characteristics of the subject, identify appropriate cost and sales data, all of which affected the value estimate); SR 2-1(b) insufficient information which affected the reports reliability in the marketplace; SR 2-2(b)(i) failure to provide an accurate summary description of the subject (omitted greenhouses and attendant nursery facilities); SR 2-2(b)(viii) failure to summarize information considered and reasoning to support analyses, opinions and conclusions and to make certain that the summary was sufficient enough that the client and intended users of the report would understand it and not be misled or confused; and SR 2-2(b)(ix) failure to accurately summarize the subject's highest and best use.

Normandeau, Zoe F. – CR00116. Final Consent Order entered March 26, 2004, suspending Normandeau's license for 90 days and assessing a \$3,000 civil penalty for 1 violation of ORS 674.140(6) (failure to produce records) and ORS 674.150 (failure to maintain records) and 5 violations of OAR 161-025-0060 (USPAP-1998 Edition). Normandeau admitted the violations and agreed to pay a \$1,750 civil penalty. The Board agreed to waive the 90-day suspension and the remaining \$1,250 of the civil penalty upon receipt of Normandeau's \$1,750 payment.

USPAP Violations: Ethics Provision – Conduct Section – misleading report; SR 1-1(a) failure to employ recognized methods and techniques (physical depreciation estimate included other forms of depreciation); SR 1-1(c) carelessness/negligence (analysis resulted in conclud-

The danger of ex parte communications

Ex parte communications, which include instances of individual appraisers contacting members of the Board to get information about a pending or denied application; to discuss a pending complaint, supervisory audit or disciplinary action; or to attempt to influence a board decision, are improper and may be detrimental to the individual appraiser.

Ex parte communications are any oral or written communications received by Board members or the presiding officer, whether a hearings officer or an administrative law judge, when all parties are not present.

Such communications could cause a board member who may have voted in the individual appraiser's favor to abstain from voting on the application or disciplinary action in question when it comes before the Board.

Please address questions regarding applications, audits, and disciplinary matters to the Board staff. The staff will provide information and advice on procedures. ■

Enforcement actions Continued

ing that the subject, a significantly updated 68 yr. old dwelling, was functionally equal to new construction); SR 1-3(a) unsupported effective age; SR 1-4(b)(iii) failure to collect, verify, analyze and reconcile available comparable sales that were more similar to the subject; SR 2-1(a) misleading report (property description, comparable sales used); and SR 2-1(b) insufficient information (subject condition, available comparable sale data).

Oliver, Donald R. – L001169. Final Consent Order entered April 2, 2004, imposing a 90-day suspension and assessing a \$2,250 civil penalty for 1 violation of ORS 674.140(6) (failure to produce records) and 8 violations of OAR 161-025-0060 (USPAP- 2002 Edition). Oliver admitted the violations and agreed to pay a \$1,200 civil penalty and attend a 30-hour course in the Applied Residential/Residential Case Studies category. The Board agreed to waive the 90-day suspension and the remaining \$1,050 civil penalty upon receipt of Oliver's \$1,200 payment and verification of successful completion of the Applied Residential course.

USPAP Violations – Report No. 1: Ethics Rule – Record Keeping-no support for site value, referenced MLS data not in file, no evidence of sales confirmations; SR 1-1(a) failure to employ recognized methods/technique (depreciation, weighting and unwarranted adjustments in sales analysis); SR 2-1(b) insufficient information (relevant subject characteristics, judgment made, data collection/analysis); and 2-2(b)(iii) failure to summarize relevant physical and legal characteristics of the subject (effective age analysis, zoning).

USPAP Violations – Report No. 2 (update): SR 1-1(a) failure to employ recognized methods/techniques (failure to consider elements of comparison, inconsistent treatment of certain elements between the original report and the update); SR 1-1(c) carelessness (total land doesn't equal 100%, incon-

sistent documentation between the original report and the update in the Neighborhood-Single Family Housing data; SR 1-5(b) failure to analyze sale agreement; SR 2-1(b) insufficient information, report is not credible (property characteristics, judgments made, data collection/analysis, identified as Recertification rather than Update, scope of work); and SR 2-2(b)(ix) failure to report prior sale.

Olson, Gianna R. – L001249. Final Consent Order entered December 13, 2004, suspending Olson's license for 90 days, assessing a \$2,250 civil penalty for 7 violations of OAR 161-025-0060 (USPAP- Edition) and 1 violation of ORS 674.150 and OAR 161-025-0050 (failure to maintain and produce records), and requiring 30 hours of additional education. Olson admitted the violations and agreed to pay a \$1,200 civil penalty and complete a 30-hour course in the Applied Residential/Residential Case Studies category. The Board agreed to waive the 90-day suspension and the remaining \$1,050 of the civil penalty upon receipt of Olson's \$1,200 payment and verification of successful completion of the Applied Residential course.

USPAP Violations: Ethics Rule – Conduct (misleading report-inaccurate description- reported as 2-story vs. one story with basement, lack of info regarding functional utility); Ethics Rule – Record Keeping (true copy of report and some comparable listing data missing); SR 1-1(b) substantial errors of omission/commission (failure to disclose atypical functional issues/numerous errors regarding comparable sales); SR 1-2(e)(i) failure to identify relevant physical characteristics of the property (functional utility of floor plan); SR 1-6(a) failure to reconcile the data that supports the point value opinion developed; SR 2-1(a) misleading report (two-story vs. on-story issue/misleading info regarding effective ages of comps/Sale 1 presented as having one lot when an additional

lot was included in the sale) (; SR 2-2(b)(iii) failure to accurately summarize sufficient information to identify the physical and economic characteristics of the subject that were relevant to the assignment (failure to summarize subject's condition given the fact that it was marketed as a "fixer" in the past/no documentation to identify the subject as a one-level house with finished basement area); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support the analysis, opinions and conclusions (no summary of the analysis of the prior sale and the sale comparison analysis).

Smith, Stephen T. – C000135. Final Consent Order entered August 31, 2004, suspending Smith's license for 90 days and assessing a \$2,250 civil penalty for violations of ORS 674.140(6) (failure to produce records), ORS 674.150 (failure to maintain records) and OAR 161-025-0060 (USPAP-2003 Edition). Smith admitted the violations and agreed to 10-day suspension and a \$1,150 civil penalty. The Board agreed to waive the remainder of the suspension and the remaining civil penalty upon receipt of Smith's \$1,150 payment and a notarized Certificate of Compliance.

USPAP Violations: Ethics Rule – Conduct (failure to disclose that subject was part of an exchange, incorrect ownership, no support for value based upon sale data); 1-1(b) errors of omission/commission (inadequate sale confirmation, reliance on single confirmation from unknowledgeable party); 1-5(a) failure to analyze sale agreement; 1-5(b) failure to analyze applicable prior sale; 2-1(a) misleading report (sales data of comparable sale, failure to summarize historical data regarding sales within the project); and 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (failure to sum-

marize the exchange information and analysis of prior sale, lack of *analysis* that would give the reader an understanding of why the sales employed were used, why a sale was reported as distressed when it wasn't, what factors in the marketplace make the use of the comparables used reasonable).

Reprimand and Civil Penalties

Eames, Barry R. – L000110. Final Consent Order entered October 13, 2004, imposing a reprimand and assessing a \$2,500 civil penalty for violations of OAR 161-025-0060 (USPAP-2003 Edition) and a \$500 civil penalty for violation of OAR 161-025-0050 and OAR 161-025-0060 (USPAP, Record Keeping - failure to maintain and produce true and exact copies). Eames admitted the violations and agreed to a reprimand and the \$3,000 civil penalty.

USPAP Violations: Ethics Rule – Conduct (failure to make revisions in clear, objective, impartial manner – four revisions without proper disclosures); Ethics Rule – Record Keeping (3 reports issued with same report date, but only one maintained in file, no land sales/analysis); SR 1-5(a) no analysis of current listing, incorrectly reported that subject had not been listed in the last 12 months); SR 2-1(a) misleading report (misleading revision-failure to summarize analysis changes, reasons for revisions, presenting the report date as something other than its actual date, failure to disclose that subject was listed at time of appraisal); SR 2-1(b) insufficient information (changing neighborhood from rural to suburban at lender's request and failing to disclose criteria for this delineation); SR 2-2(b)(iii) failure to summarize relevant physical and economic characteristics of the subject (physical features and amenities that support analysis results); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support the analysis, opinions and conclusions (current listing).

Baker, Albert R. – L001056. Final Consent Order entered March 29,

2005, imposing a reprimand, assessing a \$2,250 civil penalty, and requiring additional education for violations of OAR 161-025-0060 (USPAP-2003 Edition) and a \$500 civil penalty for violation of OAR 161-025-0050 and OAR 161-025-0060 (USPAP, Record Keeping - failure to maintain and produce true and exact copies). Baker admitted the violations and agreed to a reprimand, a \$1,400 civil penalty and 45 hours of additional education. The Board agreed to waive the remaining civil penalty upon timely receipt of the \$1,350 civil penalty and verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category and a 15-hour National USPAP Course.

USPAP Violations: Ethics Rule – Conduct (unsupported comparables, misleading data regarding proximity, lack of more comparable properties and development of cost approach); Ethics Rule – Record Keeping (no cost data, no support for site value); SR 1-1(b) substantial errors of omission/commission (lack of support for sales used); SR 1-1(c) carelessness/negligence (incorrect neighborhood boundaries, inconsistent reporting regarding neighborhood land use, failure to identify zoning classification, inaccurate description of lot, multiple errors in comparable sales data); SR 1-2(e)(i) failure to identify relevant physical characteristics (in-fill construction on flag lot); SR 1-4(a) failure to analyze sales that were directly comparable to the subject; SR 1-4(b)(ii) failure to utilize available comparable cost data; SR 1-6(a) failure to reconcile quality and quantity of data available (use of sales outside the neighborhood that were not of similar quality and failure to reconcile real differences, no meaningful reconciliation); 2-1(a) misleading report (report represents Portland as having no distinct neighborhoods, inaccurate distances for comparables, inaccurate adjustments, sales that were not comparable, inaccurate sale data); SR 2-1(b) insufficient information (use of unsupported cost data and failure to disclose source of data used, failure to disclose the photos were taken directly from RMLS); SR 2-

2(b)(iii) failure to summarize information (neighborhood and subject); SR 2-2(b)(vii) failure to summarize specific assistance provided in the assignment; SR 2-2(b)(ix) failure to summarize the information considered, the appraisal procedures followed and the reasoning to support the analysis, opinions and conclusions (existence of sales that were not employed, no summary of analysis to support use of sales with dissimilar characteristics, no summary of sales comparison reconciliation, failure to adequately summarize cost approach).

Civil Penalties and /or Additional Education

Adams, Sara A. – CR00188. Final Consent Order entered July 20, 2004, assessing a \$1,250 civil penalty for 5 violations of OAR 161-025-0060 (USPAP- 2003 Edition). Adams admitted the violations and agreed to pay a \$500 civil penalty and attend an additional education course. The Board agreed to waive the remaining civil penalty of \$750 upon receipt of Adams' \$500 payment and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than January 15, 2005.

USPAP Violations: SR 1-1(b) substantial omission (analysis of subject's location); SR 1-1(c) carelessness/negligence (errors regarding zoning, street type, water service, sewer type, tax accounts with the county, purchase/creation of leasehold interest in dwelling, concessions); SR 1-2(b)(e)(i) failure to identify and analyze property characteristics relevant to purpose and intended use (property is located within a church "campground" property that until recently leased the land to the dwelling occupants and that included church offices, a tabernacle, various types of living quarters used for retreats, and an RV campground; no analysis of other sales or listings within the PUD); SR 1-5(b) failure to analyze previous sale that occurred

Enforcement actions Continued

within 3 years (no analysis of fee simple acquisition and terms of the offer to the tenant at the time of the sale); SR 2-1(a) misleading report (provided the client and intended users with no clear understanding of the subject property or the locational factors that influence its value); SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize sufficient information to identify the real estate (specific legal, physical and economic attributes affecting the subject); and SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support the analyses, opinions and conclusions.

Bonney, Cathleen G. – CR00082. Final Consent Order entered March 26, 2004, assessing a \$4,000 civil penalty for 16 violations of OAR 161-025-0060 (USPAP-2000 & 2002 Edition). Bonney admitted the violations and agreed to pay a \$2,000 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$2,000 upon receipt of Bonney's \$2,000 payment and verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category and National USPAP Course no later than October 15, 2004.

USPAP Violations – Report No. 1: Ethics Rule – Record Keeping (site sales in workfile not applicable to the subject); SR 1-1(a) failure to employ recognized methods/technique (use of a farm-type comparables with no analysis of income earned, inappropriate site adjustments, unsupported use of a sale located 49 miles from the subject, faulty sales data collection and analysis-character of subject's over-improvement and its impact on value); SR 1-1(b) substantial omission (Sale No. 1 included an additional lot that was not considered); SR 1-2(e)(i) failure to identify property characteristics relevant to purpose and intended use (inadequate determination of the square footage); SR 1-4(b)(iii) failure to analyze accrued depreciation attrib-

utable to the subject's over-improvement; SR 1-4(h)(i) failure to maintain adequate specifications to identify the scope and character of the proposed improvements; SR 1-5(c) failure to develop an appropriate sales comparison reconciliation; SR 2-1(a) misleading report; SR 2-2(b)(iii) failure to summarize relevant physical and economic property characteristics (no square footage calculations or actual measurements); SR 2-2(b)(ix) Failure to summarize the information analyzed, the appraisal procedures followed and the reasoning to support the analyses, opinions and conclusions; and SR 2-2(x) failure to support highest and best use opinion (no detail regarding minimum allowable site size).

USPAP Violations – Report No. 2 (3 appraisals of same property under 3 different conditions): Ethics Rule – Conduct (three reports all issued on the same day which contain inconsistent and incomplete analysis); Ethics Rule – Record Keeping - site sales in workfile not applicable to the subject; SR 1-1(a) failure to employ recognized methods/techniques (sale comparison, identical site improvements under each condition, inconsistent contributory value of additional lot between Cost and Sales Approaches); SR 1-1(c) carelessness/negligence-series of errors that affect the credibility of the results (no PUD analysis); SR 1-2(e)(i) failure to correctly identify characteristics of the subject property that were relevant to the purpose and intended use of the appraisal (terms of use/condition of shared well and easement, no measurements to verify square footage); SR 1-3(b) failure to analyze relevant legal, physical and economic factors to support highest and best use conclusion; SR 1-4(h)(i) no plans, specs or other documentation to identify the scope and character of the improvements; SR 1-5(a) failure to analyze current listing and Agreement of Sale; SR 1-5(c) failure to develop an ap-

propriate reconciliation within the approaches to value or between the approaches; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize physical and economic characteristics relevant to the assignment (water source, septic, roadways, existing and proposed improvements); SR 2-2(b)(vi) failure to correctly report the dates of the reports; SR 2-2(b)(ix) failure to summarize the information analyzed, the procedures followed and the reasoning to support the analyses, opinions and conclusions; and SR 2-2(x) failure to support highest and best use opinion.

Cellers, David L. – L000822. Final Consent Order entered January 4, 2005, assessing a \$2,000 civil penalty for 7 violations of OAR 161-025-0060 (USPAP-2003 Edition) and 1 violation of OAR 161-025-0010 (Scope of Practice). Cellers admitted the violations and agreed to pay \$800. The Board agreed to waive the remaining civil penalty of \$1,200 upon receipt of Cellers' \$800 payment.

USPAP Violations: Ethics Rule – Conduct (misrepresentation of lot size; reliance on previous information w/o verification); Ethics Rule - Record Keeping (no true copy; RMLS data was not contemporaneous with the appraisal; no RMLS data for comparables, information missing to support opinions and conclusions); SR 1-1(a) failure to employ recognized methods/techniques (use of use of a 5-acre tax *account* as a legal lot of record; failure to understand certain data employed in the analysis); SR 1-1(b) substantial errors of omission/commission (reliance upon prior appraisal w/o verification; failure to re-search a portion of property that was on adjoining map; failure to analyze legal description); SR 1-2(e)(i) failure to identify relevant legal characteristics; SR 1-3(a) failure to identify and analyze effect on use and value of existing land use regulations which

caused appraiser to use a 5-acre parcel which, in fact, did not exist); SR 2-1(a) insufficient information regarding size of legal lot of record; use of only a portion of the plat map, use of wrong legal description; use of another appraiser's sketch and presenting it as his own); SR 2-2(b)(iii) failure to summarize information sufficient to identify the real estate involved in the assignment; SR 2-2(b)(vii) incomplete scope of work disclosure (failure to disclose extent of data collection/reliance on information in another's appraisal without verification or analysis); and SR 2-2(b)(viii) failure to state that certain information was taken from another's report and assumed to be accurate.

Chinchen, Korina L. – L001128. Final Consent Order entered August 31, 2004, assessing a \$7,000 civil penalty for 28 violations of OAR 161-025-0060 (4 reports) and a \$500 civil penalty for failure to produce true and exact copies as provided by ORS 674.140, ORS 674.850 and OAR 161-006-0175. Chinchen admitted the violations and agreed to pay a \$3,300 civil penalty attend additional education courses, and participate in a 3-phase audit program to ensure future compliance. The Board agreed to waive the remaining civil penalty of \$4,200 upon receipt of Chinchen's \$3,300 payment, submission of verification of successful completion of the three education courses no later than June 15, 2005 (a 30-hour Applied Residential/Residential Case Studies, 15-hour National USPAP Course and 15-hour Advanced Residential Form and Narrative Report Writing) Board did not to impose the 90-day suspension for failure to produce records as mandated by OAR 161-006-0175 because the documents missing from Chinchen's file were subsequently produced upon request of the Board; however, the Board reserved the right to impose the full suspension, and Chinchen agreed that this action would be appropriate, should Chinchen fail to meet the terms of Consent Order.

USPAP Violations (Report No. 1 – 7 violations): Ethics Rule – Record Keeping (failure to maintain true and

exact copies of report and supporting documentation for two listings); SR 1-1(a) failure to employ recognized methods and techniques (reporting of extreme low sale/inappropriate use of property rating system); SR 1-1(c) carelessness/negligence (incorrect zoning/failure to report if concessions were applicable/reference to inappropriate data source/failure to accurately disclose occupancy); SR 1-2(e)(i) failure to identify relevant property characteristics (converted garage and its impact on functional utility); SR 1-5(a); - failure to consider the subject's listing or lack thereof - (sale directly to current tenant); SR 1-6(a) failure to reconcile quality/quantity of data (generic reconciliation-no support for point value from within the range indicated by the sales); SR 2-1(a) misleading report (incorrectly reported quality and occupancy, inappropriate adjustments); SR 2-2(b)(iii) insufficient summary of physical and economic characteristics of the real estate (failure to address impact of garage conversion on functional utility); and SR 2-2(b)(x) failure to summarize information and reasoning to support analyses, opinions and conclusions (generic comments that fail to provide meaningful information, no detail regarding how the property was presented to the market, no summary of reasoning regarding garage utility conclusion, failure to reconcile sales comparison analysis).

USPAP Violations (Report No. 2 – 8 violations): Ethics Rule – Conduct (failure to disclose that subject was purchased by realtor whose company also listed the subject and the comparables/failure to verify sales as reported which were found not to be sales at all/lack of analysis and reporting errors); Ethics Rule – Record Keeping; SR 1-1(a) failure to employ recognized methods/techniques (inappropriate use of property rating system-overstating property condition); SR 1-1(b) substantial error of omission (failure to verify that sales used were actually closed which in turn caused the appraiser to develop an appraisal with no actual sales); SR 1-1(c) carelessness/negligence (incor-

rect county, incorrect zoning, reference to data sources which do not exist for the area where the property is located/purchase agreement in file not applicable to property appraised); SR 1-2(e)(i) failure to correctly identify relevant physical legal and economic property characteristics (location in PUD with shared septic, community water system, private street); SR 1-5(a) failure to obtain and analyze the correct purchase agreement and failure to consider that purchaser was owner of realty company that listed the property); SR 1-5(b) failure to analyze previous sale that occurred within three years; SR 1-6(a) failure to reconcile quality/quantity of data (listing history and indication of value provided by that listing history with indications of value provided by the sales); SR 2-1(a) misleading report (quality of subject/characteristics of PUD/use of sales that did not exist/stating sales were confirmed when they were not); SR 2-1(b) insufficient information (conflicting information regarding sales concessions/conditions of sale (distress sale/cash purchaser); SR 2-2(b)(iii) insufficient information to identify the physical and economic characteristics of the property (PUD, septic, water, private street); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support the analysis, opinions and conclusions (generic comments that fail to provide meaningful information/ see also SR 1-5 and SR 1-6 violations).

USPAP Violations (7) (Report No. 3): Ethics Rule – Conduct (communication of misleading report); Ethics Rule – Record Keeping (incomplete workfile – cost data/providing misleading information regarding multi-lot discount/inapplicable site sales in workfile); SR 1-1(c) - carelessness/negligence (incorrect zoning/use of cloned statements that were inappropriate for this assignment/failure to appropriately verify sales/incorrect statement regarding listing history); SR 1-6(a) failure to analyze quality/quantity of data available; SR 2-1(a) misleading report (appraiser cited incorrect data sources and filed to confirm

Enforcement actions Continued

sales as stated in the report); SR 2-1(b) insufficient information (multiple roles of borrower/owner who is also the loan officer and who was also the subject's builder); SR 2-2(b)(iii) failure to summarize relevant physical and economic property characteristics (factors affecting marketability of properties in neighborhood/features that establish quality of subject as "good"); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analysis, opinions and conclusions (prior sale/sales comparison analysis and reconciliation).

USPAP Violations (6) (Report No. 4): Ethics Rule – Record Keeping (rental data to support rent survey/listing data for Comparables 5 and 6/data to support listing discounts/no site sales/failure to complete and maintain separate workfile for each assignment); SR 1-1(a) failure to employ recognized methods/techniques (improper application of property rating system); SR 1-1(c) carelessness/negligence (incorrect zoning/function of appraisal/incomplete and confusing information regarding comparable sales/inconsistent analysis of subject's quality within report); SR 1-5(a) failure to fully analyze sale agreement (partial interest transfer); SR 1-6(a) failure to analyze quality/quantity of data available (recent purchase as a site/incomplete sale comparison reconciliation); SR 1-6(b) failure to analyze the 15% difference between the cost approach and sales comparison analysis; SR 2-1(a) insufficient information (no support for the use of far superior comparables/inconsistent reporting of subject's improvements); SR 2-2(b)(iii) failure to summarize physical and economic characteristics of the real estate (construction elements including site features which were value at \$50K in the cost approach); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (prior sale of the subject/current sale (partial interest transfer to a related party)/

sales comparison analysis and reconciliation).

Clark, Steve C. – L001133. Final Consent Order entered June 16, 2005, assessing a \$2,000 civil penalty for 8 violations of OAR 161-025-0060 (USPAP- 2004 Edition). Clark admitted the violations and agreed to pay a \$1,400 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$600 upon receipt of Clark's \$1,400 payment and submission of verification of successful completion of a 15-hr. USPAP course and 30-hour course in the Applied Residential/Residential Case Studies category no later than December 30, 2005.

USPAP Violations: Ethics Rule – Conduct (non-existent rental information, misleading statements regarding similarity of comparables to subject, unsupported statements regarding market rents); Ethics Rule – Record Keeping (No site sales, no extraction data, no support for adjustments, no support for market rents); SR 1-1(b) substantial errors of omission/commission (market area defined as neighborhood, inaccurate comparable rental analysis; no adjustment for Comparable No. 2's dividable lot or that it was presently permitted for more than SFR) SR 1-1(c) carelessness/negligence (incomplete Operating Income Statement analysis, misstated market rents, use of neighborhood analysis that is not applicable to this assignment); SR 1-4(b)(iii) unsupported depreciation in Cost Approach ; SR 1-4(c)(i) and (iii) failure to analyze comparable rental data in Income Approach; SR 1-5(b) Failure to analyze prior sale that occurred within three years; SR 1-6(a) and (b) failure to reconcile data; SR 2-1(a) misleading report (no data to support statements regarding RMLS research, inaccurate reporting of professional assistance (see also Conduct section) ; SR 2-2(b)(iii) failure to summarize sufficient information oc-

cupancy and subject rents; SR 2-2(b)(vi) failure to summarize scope of work; and SR 2-2(b)(ix) general failure to summarize information analyzed, the procedures followed and the reasoning to support the analyses, opinions and conclusions as stated in the report.

Cramer, Larry E. – L001100. Final Consent Order entered December 3, 2004, imposing a reprimand and assessing a \$3,500 for 6 violations of OAR 161-025-0060 (USPAP-2003 Edition) and 1 violation of OAR 161-25-0030(9)(b) (failure to properly supervise appraiser assistants). Cramer admitted the violations and agreed to the reprimand and to pay \$3,500.

USPAP Violations: Ethics Rule – Conduct (misleading information in certifications); Ethics Rule – Record Keeping (no site value data, no RCN data, no river frontage analysis to support adjustment in sales approach); SR 1-1(b) substantial error of omission/commission (failure to analyze/report subdivision potential of comparable sale, failure analyze quality differences, unsupported statement regarding sale history of the subject); SR 1-5(a) failure to analyze listing history; SR 2-1(a) misleading report (certification data, comparable sales data, listing history, sale history); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support the analysis, opinions and conclusions (lack of quality adjustments, support for large river frontage adjustments, sales comparison reconciliation to explain basis for weight given to each comparable, analysis of listing).

Crum, Jack E. – CR00011. Final Consent Order entered August 13, 2004, assessing a \$2,000 civil penalty for 8 violations of OAR 161-025-0060 (USPAP-2003 Edition). Crum admitted the violations and agreed to pay an \$800 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil

penalty of \$1,200 upon receipt of Crum's \$800 payment and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than February 28, 2005.

USPAP Violations: Ethics Rule – Conduct – misleading report; Standard 1 – Standards Rules SR 1-1(a) failure to employ recognized methods/techniques (extraction analysis); SR 1-1(b) Substantial error of omission (listing analysis, listing disclosure); SR 1-1(c) carelessness (contradiction regarding PUD status, inadequate zoning, inconsistencies/inaccuracies in report); SR 1-2(e)(i) failure to identify relevant characteristics of the subject's neighborhood; SR 1-4(h)(i) failure to have plans and specs available for future examination relevant to construction and site improvements; SR 1-4(h)(ii) failure to analyze stage of completion or estimate probable time of completion; SR 1-5(a) failure to analyze current listing; SR 1-6(a) failure to reconcile quality and quantity of data to support point value conclusion (range of comparables of 44%); Standard 2 – Standards Rules SR 2-1(a) misleading report (contradictory statements regarding typical vs. atypical for neighborhood and PUD status, neighborhood boundaries, city location); SR 2-1(c) failure to indicate the impact on value of the hypothetical condition employed in the analysis; SR 2-2(b)(iii) insufficient information (economic characteristics relative to subject's immediate location/neighborhood, inaccurate zoning; SR 2-2(b)(vii) failure to summarize the extent to assistance provided by the appraiser assistant; and SR 2-2(b)(ix) failure to summarize information analyzed and the reasoning to support the analysis, opinions and conclusions (current listing information, reconciliation of sales comparison data, analysis of prior sale).

Davis, Kenneth L. Sr. – C000341. Final Consent Order entered April 6, 2004, assessing a \$1,000 civil penalty for 4 violations of OAR 161-025-0060 (USPAP-2003 Edition). Davis admitted the violations and agreed to pay

\$400. The Board agreed to waive the remaining civil penalty of \$600 upon receipt of Davis' \$400 payment.

USPAP Violations: SR 1-1(a) failure to employ recognized methods/techniques (verification of sales data with party to transaction/concessions, use of sale that was not market transaction; no justification for use of questionable sales) SR 1-2(e)(i) failure to identify relevant property characteristics (tax deferral, hazardous materials on the site); SR 2-1(a) misleading report (sales data, condition of subject); and 2-2(b)(iii) insufficient information (property characteristics, farm deferral status, oil tanks and waste oil tank on the site).

Dowley, James W. – CR00117. Final Consent Order entered October 25, 2004, assessing a \$2,000 civil penalty for violations of OAR 161-025-0060 (USPAP-2003 Edition) and \$500 for violation of ORS 674.150 and OAR 161-025-0050 (failure to produce true copy of report maintained in file). Dowley admitted the violations and agreed to pay an \$800 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$1,700 upon receipt of Dowley's \$800 payment and submission of verification of successful completion of a 15-hour National USPAP Course and an Administrator-provided training course addressing appropriate supervision of persons providing professional appraisal assistance no later than April 30, 2005.

USPAP Violations: Ethics Rule – Conduct (reporting predetermined result, failure to properly supervise persons providing professional appraisal assistance, certified that he had inspected property when he did not inspect); Ethics Rule – Record Keeping (no evidence of research related to sales and listings referenced in the report); SR 1-1(b) substantial error of omission/commission (superior comps with no quality adjustments, use of two sales outside market boundaries, insufficient data collection and analysis, reliance on others without proper review); SR 1-1(c)

carelessness/negligence (incorrect zoning, reference to parts of USPAP that were retired); SR 1-4(a) failure to consider market data applicable to the subject; SR 1-4(b)(i)(ii)(iii) failure to develop Cost Approach; SR 1-6(a) failure to reconcile quality and quantity of data within sale approach (no analysis for using widely divergent comparables); SR 2-1(a) misleading report (misleading data regarding quality, failure to inspect subject's interior as certified); SR 2-1(b) insufficient information (omission of Cost Approach, reference to retired USPAP statement) ; SR 2-2(b)(iii) failure to summarize the subject's physical and economic characteristics (use of assessment code rather than zoning classification); SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support the analysis, opinions and conclusions (use of superior comparable sales without explanation or adjustment for differences); SR 2-2(b)(xii) and SR 2-3 – unsigned certification.

Duncan, Richard J. – C000106. Final Consent Order entered May 25, 2005, assessing a \$1,750 civil penalty for 7 violations of OAR 161-025-0060 (USPAP-2003 Edition). Duncan, who acted as the supervisory appraiser and (with proper disclosure) did not inspect, admitted the violations and agreed to pay \$700. The Board agreed to waive the remaining civil penalty of \$1,050 upon receipt of Duncan's \$700 payment.

USPAP Violations: Ethics Rule – Conduct (misrepresentation of lot size; reliance on previous information w/o verification); Ethics Rule - Record Keeping (no true copy; RMLS data was not contemporaneous with the appraisal; no RMLS data for comparables, information missing to support opinions and conclusions); SR 1-1(a) –failure to employ recognized methods/techniques (use of use of a 5-acre tax *account* as a legal lot of record; failure to understand certain data employed in the analysis); SR 1-1(b) substantial errors of omission/commission (reliance upon prior appraisal w/o verification; failure to

Enforcement actions Continued

research a portion of property that was on adjoining map; failure to analyze legal description); SR 1-2(e)(i) failure to identify relevant legal characteristics; SR 1-3(a) failure to identify and analyze effect on use and value of existing land use regulations which caused appraiser to use a 5-acre parcel which, in fact, did not exist); SR 2-1(a) insufficient information regarding size of legal lot of record; use of only a portion of the plat map, use of wrong legal description; use of another appraiser's sketch without proper attribution; SR 2-2(b)(iii) failure to summarize information sufficient to identify the real estate involved in the assignment; SR 2-2(b)(vii) incomplete scope of work disclosure (failure to disclose extent of data collection/reliance on information in another's appraisal without verification or analysis); and SR 2-2(b)(viii) failure to state that certain information was taken from another's report and assumed to be accurate.

Faber, Alisa G. – L000356. Final Consent Order entered July 8, 2004, assessing a \$1,250 for 3 violations of OAR 161-025-0060 (USPAP-1999 Edition). Faber admitted the violations and agreed to pay \$500. The Board agreed to waive the remaining civil penalty of \$750 upon receipt of Faber's \$500 payment.

USPAP Violations: Ethics Rule – Record Keeping (missing comparable sale data); SR 1-1(a) Completion Certificate (442) included a current estimate of value; SR 1-1(b) substantial errors that significantly affected the appraisal (overstatement of estimated costs; faulty analysis of cost data; unsupported adjustments); SR 1-1(c) carelessness (zoning reported incorrectly; inaccurate description of improvement due to "cloning"); SR 1-5(c) failure to reconcile the quality and quantity of data (reconciliation based upon faulty data and unsupported adjustments); SR 2-1(a) misleading report due to errors and reporting on 442;

and SR 2-2(b)(ix) failure to summarize the information analyzed reasoning to support analysis, opinions and conclusions (incorrect cost information, unexplained use of dissimilar sales, unsupported adjustments).

Faber, Alisa G. – L000356. Final Consent Order entered October 26, 2004, assessing a \$4,000 for 8 violations of OAR 161-025-0060 (USPAP-2003 Edition). Faber admitted the violations and agreed to pay \$2,000. The Board agreed to waive the remaining civil penalty of \$2,000 upon receipt of Faber's \$2,000 payment.

USPAP Violations: Ethics Rule – Record Keeping (no support for site value); SR 1-1(b) substantial errors that significantly affected the appraisal (failure to obtain cost estimate, reliance upon undocumented specifications which caused inappropriate comparable selection, comp selection driven by amount of construction contract; SR 1-1(c) carelessness (ownership incorrectly identified, selling date erroneously shown as N/A, seller concessions not reported); 1-2(g) failure to fully identify the details of the extraordinary assumptions; SR 1-4(h)(i) failure to identify the scope and character of the improvements (no evidence of cost estimates and upgrades to be added); SR 1-5(a) failure to analyze the lot listing, its pending sale as part of the construction contract and the current construction contract; SR 1-6(a) failure to reconcile quality and quantity of data to give the intended user an understanding of the point value developed; SR 2-1(a) misleading report due to errors regarding ownership and seller concessions; SR 2-2(b)(iii) failure to summarize the physical and economic characteristics of the subject property (upgrades); SR 2-2(b)(viii) failure to identify what the stated extraordinary assumption relates to; and SR 2-2(b)(ix) failure to summarize the information analyzed reasoning to support analysis, opinions and conclu-

sions (current construction contract which included the pending lot sale, sales comparison analysis and reconciliation, procedure used in cost approach to arrive at contributory site value).

Fedosky, Whitney A – L000876. Final Consent Order entered May 4, 2004, assessing a \$3,000 for 6 violations of OAR 161-025-0060 (USPAP-2002 & 2003 Edition). Fedosky admitted the violations and agreed to pay \$1,500. The Board agreed to waive the remaining civil penalty of \$1,500 upon receipt of Fedosky's \$1,500 payment.

USPAP Violations: Ethics Rule-Conduct. Failure to disclose personal interest with respect to the parties involved.

Gilbert, Dan T. – L001068. Final Consent Order entered May 18, 2004, assessing a \$1,000 civil penalty for 2 violations of OAR 161-025-0060 (USPAP-2003 Edition). Gilbert admitted the violations and agreed to pay a \$500 civil penalty and attend an additional education course. The Board agreed to waive the remaining civil penalty of \$500 upon receipt of Gilbert's \$500 payment and verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than November 30, 2004.

USPAP Violations: SR 2-1(b) insufficient information (subject property/market factors); SR 2-2(b)(iii) failure to summarize the subject's physical and economic characteristics relevant to the assignment (condition/effective age); and SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analyses, opinions and conclusions (sales comparison analysis).

Heimbegner, Ian S. – L001137. Final Consent Order entered May 25, 2005, assessing a \$1,000 for 4 violations of OAR 161-025-0060 (USPAP-2003 Edition). Heimbegner admitted the violations and agreed to pay \$400.

The Board agreed to waive the remaining civil penalty of \$600 upon receipt of Heimbegner's \$400 payment.

USPAP Violations: SR 1-1(b) – Substantial error or omission/commission (failure to disclose and adjust for concessions); SR 1-5(a) failure to analyze current listing that existed at time of pending sale; SR 2-1(a) misleading report (concessions); SR 2-2(b)(iii) failure to summarize physical property characteristics (zoning classification); and SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analyses, opinions and conclusions (current listing, pending sale, no sales comparison and reconciliation that would lead the intended user to the point market value estimated).

Jackson, Mark D. – CR00043. Final Consent Order entered March 30, 2004, assessing a \$1,500 civil penalty for 6 violations of OAR 161-025-0060 (USPAP-2003 Edition). Jackson admitted the violations and agreed to pay \$600. The Board agreed to waive the remaining civil penalty of \$900 upon receipt of Jackson's \$600 payment.

USPAP Violations: Ethics Rule – Record Keeping Section – no support for site value, sales data that was not consistent with the content of the report, no support for market rent as reported, no signed certification; SR 1-1(c) series of errors which affected the credibility of the report (incorrect real estate taxes, zoning, sale price and square footage for Comparable No. 1, inconsistent square footage adjustments, outdated FIRREA addendum); SR 1-2(e) failure to accurately identify characteristics of the subject property that were relevant to the assignment (partitioning potential, omission of pertinent data related to the rental of the subject); SR 1-6(a) failure to adequately reconcile the sales comparison analysis; SR 1-6(b) failure to adequately reconcile the three approaches to value in the final reconciliation; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize sufficient information regarding subject's physical and economic attributes (partitioning potential,

rent, rental terms); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (adjustments and reconciliations).

Kershaw, John C. – CR00069. Final Consent Order entered May 18, 2004, assessing a \$2,250 civil penalty for 9 violations of OAR 161-025-0060 (USPAP-2003 Edition). Kershaw admitted the violations and agreed to attend additional education courses. The Board agreed to waive the remaining civil penalty of \$2,250 upon receipt of verification of successful completion of a 15 hr. National USPAP Course and a 30-hour course in the Applied Residential/Residential Case Studies category no later than December 15, 2004.

USPAP Violations: Ethics Rule – Conduct Section (misleading statements regarding subject); Ethics Rule – Record Keeping (no data to support Departure decision, physical and financial information regarding the comps, age/condition adjustments, neighborhood boundary conclusion, location adjustments, lack of functional obsolescence adjustment (5 BR/1 car garage-over improvement); SR 1-1(a) failure to employ recognized methods/techniques (regression/conformity/sales comparison analysis); SR 1-1(c) carelessness/negligence (intended use/reporting option/consideration of cost approach/listing at time of appraisal); SR 1-2(a) and (b)– failure to adequately identify intended users and intended use; SR 1-2(e)(i) failure to identify locational and physical property characteristics relevant to assignment (neighborhood description); SR 1-2(f) failure to correctly identify scope of work; SR 1-4(a) failure to collect, verify and analyze comparable sale data; SR 1-5(a) failure to correctly analyze current listing; SR 2-1(a) misleading report; SR 2-2- failure to state reporting option; SR 2-2(b)(i) failure to clearly identify client and intended users; SR 2-2(b)(ii) failure to state intended use; SR 2-2(b)(iii) insufficient information regarding subject; SR 2-2(b)(vii) failure to summarize scope of work; and SR 2-2(b)(ix) failure to summarize in-

formation analyzed, appraisal procedures followed and the reasoning to support the analyses, opinions and conclusions.

Kysar, Thomas O. – L000416. Final Consent Order entered November 6, 2004, assessing a \$3,000 civil penalty and additional education for 6 violations of OAR 161-025-0060 (USPAP-2002 Edition). Kysar admitted the violations and agreed to pay a \$2,500 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$500 upon receipt of Kysar's \$2,500 payment and submission of verification of successful completion a 30-hour course in the Applied Residential/Residential Case Studies category no later than May 30, 2005.

USPAP Violations: Ethics Rule – Record Keeping (no support for sales prices, no support for site value); SR 1-1(a) failure to correctly employ recognized methods/techniques (use of all built-up sales or assemblage properties as sales, inconsistent site adjustments); SR 1-3(a) failure to identify zoning classification; SR 1-4(b)(ii) Cost data incomplete and unsupported (set up costs); SR 1-4(h)(i) plans, specifications or other documentation unavailable (no contract for set-up, no contract/plans for garage); SR 2-1(a) misleading report (sales data not in sources as reported); SR 2-1(b) insufficient information; SR 2-2(b)(xii) contradictory scope of work; and SR 2-3 – no signed certification.

Land, Geoffrey B. – L000573. Final Consent Order entered May 19, 2004, assessing a \$1,500 civil penalty for 3 violations of OAR 161-025-0060 (USPAP- 2003 Edition). Land admitted the violations and agreed to pay a \$750 civil penalty and attend an additional education course. The Board agreed to waive the remaining civil penalty of \$750 upon receipt of Land's \$750 payment and verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than November 15, 2004.

USPAP Violations: SR 1-1(a) failure to employ recognized methods/tech-

Enforcement actions Continued

niques (failure to consider and analyze sales on subject's street and premium paid for second site on one of comparable sales); SR 1-3(b) failure to develop opinion of highest and best use (analysis of subject's potential to be partitioned); SR 2-2(b)(iii) failure to summarize subject's physical and economic characteristics relevant to assignment (potential partition/subject's market); SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analyses, opinions and conclusions; and SR 2-2(b)(x) failure to summarize support and rationale for highest and best use conclusion.

Martinez, Heather A. – L001224. Final Consent Order entered February 28, 2005, assessing a \$1,000 civil penalty and requiring 30 hours of additional education for four violations of OAR 161-025-0060 (USPAP-2004 Edition). Martinez admitted the violations and agreed to pay a \$400 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$600 upon receipt of Martinez' \$400 payment and submission of verification of successful completion of a 15-hour Residential Form and Narrative Report Writing course and a 15-hour National USPAP course no later than August 30, 2005.

USPAP Violations: Ethics Rule – Conduct (certified that she had inspected property when she did not inspect, development, reporting and revision of report based upon criteria provided by client rather than generally accepted appraisal principles and practices; lack of disclosure when revising the report); Ethics Rule – Record Keeping (no support for site value); SR 1-1(b) substantial error or omission/ commission (zoning not fully reported, no analysis of impact of sale that included studio/cottage rented for \$750 per month); and SR 2-1(a) misleading report (certified that she had inspected property when she did not

inspect, made revisions as requested by client and made no disclosure of revisions).

Martinez, Heather A. – L001224. Final Consent Order entered April 14, 2005, assessing a \$3,000 for violations of OAR 161-025-0060 (USPAP-2003 Edition). Martinez admitted the violations and agreed to pay \$1,500. The Board agreed to waive the remaining civil penalty of \$1,500 upon receipt of Martinez' \$1,500 payment. Martinez may not supervise any Appraiser Assistants for a period of 24 months from the date of this Order as provided by OAR 161-025-0010(4)(b).

USPAP Violations: Ethics Rule – Conduct (omitting statements of fact at lender's request); SR 1-1(b) substantial errors of omission/commission (incomplete analysis of comparable sales-failure to disclose pertinent information); SR 1-2(e)(i) failure to identify relevant physical characteristics of the property (failure to disclose that real property mobile home existed); SR 1-2(h) failure to identify hypothetical condition employed in the assignment (appraised as though manufactured home and shop did not exist); SR 1-5(a) failure to analyze current listing and pending sale agreement; SR 2-1(a) misleading report (failure to disclose improvements on the property); SR 2-1(c) failure to disclose hypothetical condition (silent regarding hypothetical condition and its impact on value); SR 2-2(b)(iii) insufficient information to identify the physical characteristics of the subject property (existence of MH and shop omitted); SR 2-2(b)(viii) failure to state hypothetical conditions that effect the analysis; SR 2-2(b)(ix) failure to summarize reasoning to support analysis, opinions and conclusions (listing and pending sale data analysis; no summary of sales comparison analysis and reconciliation); and SR 2-2(b)(x) failure to summarize opinion of highest and best use (no explanation of zoning classification and its application in the analysis).

Moran, Patricia D. – L001299. Final Consent Order entered July 28, 2005, assessing a \$250 civil penalty for 1 violation of OAR 161-025-0010 (Scope of Practice). Moran admitted the violation and agreed to pay a \$250 civil penalty.

Mueller, Michael E. – L001075. Final Consent Order entered April 19, 2004, assessing a \$1,750 civil penalty for 7 violations of OAR 161-025-0060 (USPAP-2002 Edition). Mueller admitted the violations and agreed to pay a \$700 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$1,050 upon receipt of Mueller's \$700 payment and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than November 1, 2004.

USPAP Violations: Ethics Rule – Conduct – misleading report; SR 1-1(a) failure to employ recognized methods/techniques (unsupported site value, unsupported adjustments or lack thereof, lack of analysis on all comparable sales, failure to identify and analyze prior listing); SR 1-2(e)(i) failure to accurately identify characteristics of the subject property that were relevant to the assignment (impact of subject's location adjacent to a lumber mill and a rail right-of-way, limited heat source and lack of continuous foundation); SR 1-3(a) failure to analyze alternate uses given the property's industrial zoning; SR 1-3(b) failure to develop an appropriate HBU given the subject's zoning; SR 1-5(c) use of canned comments/no analysis; SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2(b)(iii) failure to summarize sufficient information regarding the subject's location and updating; SR 2-2(b)(ix) failure to summarize information analyzed and the reasoning to support the analysis, opinions and conclusions (site value

estimate, effective age, adverse impact of subject's location and rail right-of-way; sales data) and SR 2-2(x) failure to summarize support and rationale for HBU (depth and detail required by significance to the appraisal).

Nordahl, Gerald J. – CR00200. Final Consent Order entered May 1, 2004, assessing a \$1,250 for 5 violations of OAR 161-025-0060 (USPAP-2002 Edition). Nordahl admitted the violations and agreed to pay \$500. The Board agreed to waive the remaining civil penalty of \$750 upon receipt of Nordahl's \$500 payment.

USPAP Violations: Ethics Rule – Record Keeping (no land sales documentation, no documentation to support adjustments; SR 1-1(a) failure to employ recognized methods/techniques (sales analysis, effective age/depreciation, inconsistent treatment of basement areas); SR 1-1(b) substantial error of commission (basement sq. footage counted twice); SR 1-1(c) negligence (treatment of basement areas, errors related to comparable's age and sales price); SR 1-5(c) failure to reconcile the value range so that user would understand value conclusion; SR 2-1(a) misleading (development and reporting errors related to subject's gross living area); SR 2-1(b) insufficient information (subject, nine sales with a wide range of physical characteristics, how subject relates to it market); and SR 2-2(b)(ix) failure to accurately summarize information analyzed and reasoning to support the analyses, opinions and conclusions (faulty comparables sale data and analysis that does not lead user to understand result).

Nowak, Edwin E. – CR00121. Final Consent Order entered July 20, 2005, assessing a \$1,500 civil penalty for 6 violations of OAR 161-025-0060 (USPAP-2003 Edition). Nowak admitted the violations and agreed to pay the \$400 civil penalty. The Board agreed to waive the remaining civil penalty of \$1,100 upon receipt of Nowak's \$400 payment.

USPAP Violations: Ethics Rule – Conduct (failure to inspect interior as reported); Ethics Rule – Record Keep-

ing (no support for site value, no reference to data maintained in locations other than the workfiles); SR 2-1(a) misleading report (certified that he had inspected property when he did not inspect).

Robley, Kristina R. – L001266. Final Consent Order entered May 5, 2004, assessing a \$2,000 and requiring additional education for 8 violations of OAR 161-025-0060 (USPAP- 2003 Edition). Robley admitted the violations and agreed to pay \$1,600, submit verification of successful completion of a 15 hr. USPAP course taken within 30 days prior to the Order, and attend an additional education course. The Board agreed to waive the remaining civil penalty of \$400 upon receipt of Robley's \$1,600 payment with the USPAP completion certificate, and submission of verification of successful completion of a 30-hr. course in the Applied Residential/Residential Case Studies category no later than October 31, 2004.

USPAP Violations: Ethics Rule – Conduct Section (misleading report-failure to document true condition and functional utility of subject); Ethics Rule - Record Keeping Section (failure to maintain records of true condition or subject at time of inspection); SR 1-1(a) Failure to employ recognized methods/techniques (sales comparison analysis – condition of comparables sales, adjustments, use of inappropriate comparables); SR 1-2(b) Failure to identify intended user; SR 1-2(e)(i) failure to consider relevant subject characteristics (river view, topography, possible past or present use as a duplex); SR 1-2(f) Failure to identify the scope of work for the assignment; SR 1-5(a) Failure to analyze current sale and the current listing); SR 1-6(a) failure to reconcile quality and quantity of data (no support for the point value chosen within the range, lack of analysis); SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-2-(b)(ii) failure to state intended use; SR 2-2(b)(iii) failure to summarize sufficient information to identify physical characteristics of the subject relevant to the assignment; SR2-2(b)(vii) failure to summarize the scope of work;

SR 2-2(b)(ix) failure to summarize information analyzed, procedures followed and the reasoning to support the analyses, opinions and conclusions; and SR 2-2(x) failure to summarize reasoning to support highest and best use given the fact that there was evidence that the subject had been used as a duplex.

Sawtelle, Jerald D. – L000622. Final Consent Order entered October 13, 2004, assessing a \$6,250 civil penalty and requiring additional education for failure to maintain and produce true and exact copies of appraisal records for two assignments as required by ORS 674.150, OAR 161-025-0050 and for 25 violations of OAR 161-025-0060 (USPAP) involving 7 reports. Sawtelle admitted the violations and agreed to pay a \$3,100 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$3,150 upon receipt of Sawtelle's \$3,100 payment and submission of verification of successful completion of a 15-hour National USPAP Course and 30-hour course in the Applied Residential/Residential Case Studies category) no later than April 30, 2005.

USPAP Violations (Report No. 1): Ethics Rule – Record Keeping (failure to maintain true copy of report in workfile).

USPAP Violations (Report No. 2 (as is & subject to reports): Ethics Rule – Conduct (significant errors and omissions-failure to analyze and report subject's characteristics, changes made without base which resulted in unsupported value conclusion); Ethics Rule – Record Keeping (failure to maintain true copy of report in workfile, unsupported site value, unidentifiable listing data); SR 1-1(b) substantial errors of omission/commission (quality of construction unsupported, failure to address functional obsolescence due to unfinished items, site values inconsistent, sales treated inconsistently); SR 1-2(e)(i) failure to identify relevant physical and economic characteristics of the subject that are atypical for the area; SR 1-4(h)(i) impossible to identify

Enforcement actions Continued

scope and character of the proposed improvements based on content of reports; SR 1-4(h)(ii) no evidence indicating probable time of completion; SR 1-5(c) failure to reconcile quality/quantity of data (no analysis of value opinion developed); SR 2-1(a) misleading report (characteristics of the subject, its conformity to market standards, impact of atypical nature of the property); SR 2-1(b) insufficient information (failure to acknowledge original report in second report and to disclose the purpose and extent of revisions); SR 2-2(b)(iii) failure to summarize physical and economic characteristics of the subject (no summary description as of the date of appraisal in subject to report no disclosure of incomplete items in as is report); and SR 2-2(b)(ix) failure to summarize the sales comparison reconciliation.

USPAP Violations (Report No. 3): Ethics Rule – Record Keeping (failure to maintain and produce true copies of the report, no support for site value in workfile, incomplete sales data information); and SR 3-2(f) no certification.

USPAP Violations (Report No. 4: Ethics Rule – Record Keeping (no analysis of lot sales); SR 1-5(a) failure to analyze current listing of subject and current sale agreement); SR 2-1(a) misleading report (failure to report seller concessions in the form of a 20% second mortgage); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analysis, opinions and conclusions (listing and sale agreement).

USPAP Violations (Report No. 5): Ethics Rule – Record Keeping (no analysis of lot sales); SR 1-5(a) failure to analyze current listing and current sale agreement; SR 2-1(a) misleading report (seller concessions); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analysis, opinions and conclusions (listing and sale agreement).

USPAP Violations (Report No. 6): Ethics Rule - Record Keeping (no analysis of lot sales, no listing information for comparable sales used).

USPAP Violations (Report No. 7): Nile Street Ethics Rule - Record Keeping (no analysis of lot sales, no analysis of additional cost data to determine RCN, no listing information for comparables sales used).

Shirtcliff, Mark P. – CR00171. Final Consent Order entered February 28, 2005, assessing a \$1,500 civil penalty and requiring 30 hours of additional education for six violations of OAR 161-025-0060 (USPAP-2004 Edition). Shirtcliff admitted the violations and agreed to pay a \$600 civil penalty and attend an additional education course. The Board agreed to waive the remaining civil penalty of \$900 upon receipt of Shirtcliff's \$600 payment and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category) no later than August 30, 2005.

USPAP Violations: Ethics Rule – Record Keeping ; SR 1-1(c); SR 1-5(b) failure to analyze November 2003 transaction that transferred the property to a trust; SR 1-6(a) failure to reconcile the quality and quantity of data in the sales comparison approach (15% range, use of questionable sales); SR 2-1(a) misleading report; SR 2-1(b) insufficient information (lack of reasoning to support the use of two of sales employed; failure to comply with Scope of work as described); SR 2-2(b)(ii) failure to summarize sufficient information to identify the physical characteristics of the property (Description of subject “as-is” not included in report; and 2-2(b)(ix) failure to summarize information analyzed, procedures followed and reasoning to support analysis, opinions and conclusions (two of the sales used in Sales Approach, information regarding November 2003 transfer).

Solias, JoEllen L. – L001209. Final Consent Order entered March 27, 2004, assessing a \$3,000 civil penalty for 6 violations of OAR 161-025-0060 (USPAP-2003 Edition). Solias admitted the violations and agreed to pay \$1,500. The Board agreed to waive the remaining civil penalty of \$1,500 upon receipt of Solias' \$1,500 payment.

USPAP Violations: Ethics Rule – Record Keeping Section (no support for site value, RCN, site adjustments, FEMA conclusion); SR 1-1(a) failure to employ recognized methods/techniques (age-life application, site improvements in Cost Approach); SR 1-1(c) series of errors affecting credibility of results (failure to report room count, BR/BA, correct data source, all applicable zoning information); SR 1-2(f) failure to identify scope of work necessary to complete the assignment (flood zone research) ; SR 1-4(a) failure to analyze site sales to support land adjustments in sales comparison analysis; SR 1-6(a) failure to reconcile quality and quantity of data (unreconciled point value estimate given the large range of value of \$156K between low and high); SR 2-2(b)(vii) failure to summarize an appropriate scope of work; SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (RCN, depreciation, site, age/condition adjustments, elements of comparison for Comparable No. 5, insufficient sales comparison reconciliation (use of generic statements that provide the reader with no greater understanding than what can be gained from data in the sales grid).

Vermeer, Karen M. – L001113. Final Consent Order entered May 4, 2004, assessing a civil penalty of \$1,000 for 4 violations of OAR 161-025-0060 (USPAP- 2001 Edition). Vermeer admitted the violations and agreed to attend an additional education course in the Applied Residential/Residential

Case Studies category. The Board agreed to waive the \$1,000 civil penalty of upon receipt of verification of successful completion of the required course no later than November 30, 2004.

USPAP Violations: Ethics Rule – Record Keeping (applicable sales data, failure to maintain true copy of report); SR 1-1(a) failure to employ recognized methods/techniques (use of sales with sites and locations unlike the subject, lack of consistency in development, unreliable techniques to determine the comparables' distance; SR 1-5(c) failure to reconcile quality and quantity of available data (reasoning for the use of the sales employed and omission of other sales available for analysis; and SR 2-2(b)(ix) failure to summarize the reasoning to support the analyses, opinions and conclusions.

Viale, Laura M – L000241. Final Consent Order entered July 5, 2005, assessing a \$2,000 civil penalty and requiring 30 hours of additional education for 7 violations of OAR 161-025-0060 (USPAP-2004 Edition) and 1 violation of OAR 161-025-0010 (Scope of Practice). Viale admitted the violations and agreed to pay a \$1,075 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$925 upon receipt of Viale's \$1,075 payment and submission of verification of successful completion of a 30-hour course in the Income Property Principles and Methodology no later than December 30, 2005.

USPAP Violations: Ethics Rule – Conduct (misleading report); Ethics Rule – Record Keeping (no support for RCN or site value); SR 1-1(b) substantial errors of omission/commission (misidentification of use classification, failure to disclose current use as B&B, failure to identify all listings) ; SR 1-2(e)(i) failure to identify relevant physical, legal and economic characteristics (Deferred property taxes, amenities such as kitchenettes, easements and right of seller to harvest timber); SR 1-6(a) failure to reconcile data (how adjustments were derived); SR 2-1(a) misleading report (no disclosure

of current use as B&B); SR 2-2(b)(iii) failure to summarize relevant physical and economic property characteristics (current use, amenities, easements); SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analysis, opinions and conclusions (conclusion that this B&B property was directly competitive with SFR properties, failure to summarize cost approach (site value and functional depreciation), unsupported statements regarding sales utilized and adjustments applied); and SR 2-2(b)(x) failure to state the current use of the property and summarize her the highest and best use opinion.

Williams, Jacqueline K. – L000589. Final Consent Order entered July 9, 2004, assessing a \$2,250 civil penalty and requiring 45 hours of additional education for 9 violations of OAR 161-025-0060 (USPAP- 2003 Edition). Williams admitted the violations and agreed to pay a \$900 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$1,350 upon receipt of Williams' \$900 payment and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category and a 15 hr. USPAP Course no later than January 15, 2005.

USPAP Violations: Ethics Rule – Conduct Section (misrepresentation of the subject's condition, failure to disclose the extensive listing history or pending sale of the subject; Ethics Rule – Record Keeping (no evidence to support site value, rent estimate or GRM, work completed; failure to maintain workfile contemporaneous with the assignment); 1-1(b) substantial errors (faulty age/life depreciation percentage calculation, use of comparable sales unlike the subject that inflated the value; SR 1-1(c) carelessness/negligence (incorrect zoning, second floor square footage discrepancy, location of comparable sales, no analysis of Sales No. 1's sales price which was \$2,500 above the listing price; SR 1-2(b) failure to identify the intended use of the appraisal based upon the contents of

the workfile; SR 1-4(a) failure to analyze available *comparable* sales data (7 sales in workfile all with sales prices that were 29-38% higher than the subject's list price); SR 1-5(a) misrepresentation and failure to analyze agreement of sale and listing of the subject as of the effective date of the appraisal; SR 1-6(a) failure to reconcile the quality and quantity of available data (strengths/weaknesses of data, reconciliation of subject's listing and sale data); SR 2-1(a) misleading report (listing and sale of subject property, comparable sales); SR 2-1(b) insufficient information (listing and sale of property, reliable sale data); SR 2-2(b)(ii) failure to state the intended use of the appraisal; SR 2-2(b)(ix) failure to summarize the information considered and the reasoning to support the analyses, opinions and conclusions; SR 2-2(b)(x) failure to summarize highest and best use opinion given the subject's zoning as stated..

Williams, Scott L. – L000947. Final Consent Order entered May 25, 2004, assessing a \$1,000 civil penalty and additional education for 2 violations of OAR 161-025-0060 (USPAP- 2002 Edition). Williams admitted the violations and agreed to attend an additional education course. The Board agreed to waive the civil penalty upon receipt of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than December 31, 2004.

USPAP Violations: SR 1-1(a) failure to employ recognized methods/techniques (failure to make appropriate adjustments or explain why no adjustment was warranted, failure to support square footage adjustments); and SR 2-1(b) insufficient information (contradictory certifications, very high and unsupported adjustments).

Wood, Jeffrey L. – L001281. Final Consent Order entered September 23, 2004, assessing an \$8,000 civil penalty and imposing 30 hours of additional education for violations of OAR 161-025-0060. In addition to the USPAP violations cited below,

Enforcement actions Continued

Wood allowed an unlicensed person working under his supervision to sign no less than 22 appraisal reports (errors of commission – SR 1-1(b)). Wood admitted the violations and agreed to pay a \$1,200 civil penalty. The Board agreed to waive the remaining civil penalty of \$6,800 upon receipt of the signed Order, Wood's \$1,400 payment, verification that all reports had been amended to ensure compliance with ORS 674.100(1) no later than October 25, 2004, and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than April 30, 2005.

USPAP Violations – Report No. 1: SR 1-1(c) negligence/carelessness (errors regarding zoning, land use, square footage, adjustments); SR 1-2(e)(i) failure to identify relevant property characteristics (effect of farm deferral status); SR 1-2(f) failure to identify scope of work and support the scope of work decision; SR 1-5(b) failure to analyze all sales within 3 years; SR 2-2(b)(iii) failure to summarize physical and economic characteristics of the subject (zoning, land use, farm deferral status, deferred maintenance of a comparable sale, additional photographs given the intended use of the appraisal); SR 2-2(b)(vii) failure to summarize the scope of work (unclear regarding Departure Rule, extent of assistance provided); and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions (location, exposure and market time, analysis of prior sale).

USPAP Violations – Report No. 2: Ethics Rule – Conduct (site presented as legal lot of record when it was not legal at the time of the appraisal); SR 1-1(b) error of omission/commission (failure to research and understand the terms of a financial segregation); SR 1-1(c) negligence/carelessness (incorrect zoning, legal use); SR 1-

2(e)(i) failure to identify relevant physical, legal and economic characteristics of the property (farm deferral status); SR 1-2(h) failure to identify the hypothetical condition; SR 1-5(b) failure to analyze prior sale; SR 2-1(a) misleading report (leading client/intended users to believe that subject is an 8.43 acre legal lot of record when it wasn't); SR 2-1(c) failure to disclose hypothetical condition and its impact on value; 2-2(b)(iii) failure to summarize physical and economic characteristics of the subject (zoning, land use, farm deferral status); SR 2-2(b)(vii) failure to summarize extent of assistance provided; SR 2-2(b)(viii) failure to state all assumptions, hypothetical conditions and limiting conditions that affected the opinions and conclusions; and SR 2-2(b)(ix) failure to summarize information analyzed and reasoning to support analyses, opinions and conclusions.

Wright, Harry Duane – L001120. Final Consent Order entered May 7, 2004, assessing a \$6,000 civil penalty for 22 violations of OAR 161-025-0060 (USPAP-2003 Edition) and 1 violation of OAR 161-025-0010(6) (Scope of Practice). Wright admitted the violations and agreed to pay a \$4,500 civil penalty and attend additional education courses. The Board agreed to waive the remaining civil penalty of \$1,500 upon receipt of Wright's \$4,500 payment with the signed consent order and submission of verification of successful completion of a 30-hour course in the Applied Residential/Residential Case Studies category no later than November 30, 2004.

USPAP Violations – Report No. 1 (8 violations): Ethic Rule – Record Keeping- no support for site value, no supporting data for Sale No. 1; SR 1-1(a) failure to employ recognized methods/techniques (failure to analyze construction contract and cost estimate); SR 1-2(h) incomplete hypo-

thetical condition development (failure to develop as-is value for the subject); SR 1-3(b) failure to adequately develop an opinion of the highest and best use of the real estate (two lots); SR 1-4(b)(ii) failure to analyze comparable cost data to estimate cost new of improvements SR 1-4(h)(i) failure to examine and have available for future examination, plans, specs or other documentation sufficient to identify the scope and character of the proposed improvements (no plans, no construction contract, no cost estimate; SR 1-4(h)(ii) failure to maintain evidence indicating probable time of completion; SR 1-6(a) failure to reconcile quality and quantity of data within the approaches (lack of cost approach analysis); SR 1-6(b) failure to reconcile the applicability/suitability of approaches (44% difference between sales and cost approaches); SR 2-1(b) – insufficient information; SR 2-1(c) failure to disclose as-is value in conjunction with the hypothetical condition as required by Statement No. 10; SR 2-2(b)(iii) failure to summarize sufficient information to identify the physical and economic property characteristics relevant to the assignment (two lots, oceanfront location, lack of plans/specs); SR 2-2(b)(ix) Failure to summarize information analyzed., procedures followed and reasoning to support the analyses, opinions and conclusions; SR2-2(b)(x) failure to provide reasoning to support highest and best use opinion.

USPAP Violations – Report No. 2 (10 violations): Ethics Rule – Conduct (misleading report); Ethics Rule – Record Keeping (no support for estimated value of the subject before development); SR 1-1(a) failure to employ recognized methods/techniques (failure to develop discounted value estimate, absorption rate, no support for bulk value discount that appears to have been taken; SR 1-2(d) fail-

ure to identify effective date (value after subdivision, value of subject's "average lot"); SR 1-2(e)(i) failure to identify locational, physical, legal and economic characteristics of the subject for the as-is value and the value after subdivision; SR 1-2(e)(iv) failure to identify whether easements, restrictions or encumbrances existed; SR 1-2(f) failure to identify scope of work; SR 1-2(g)(h)– failure to identify extraordinary assumptions and hypothetical conditions (presence of infrastructure improvements, completion of subdivision improvements); SR 1-3(a) failure to analyze the effect on use and value of existing land use regulations and economic supply/demand; SR 1-3(b) failure to develop a complete opinion of highest and best use; SR 1-4(a) failure to analyze data to indicate a value conclusion "before development"; SR 1-4(c)(ii) failure to analyze comparable expense data (expenses associated with the sale of lots); SR 1-4(h)(ii)(iii) failure to examine and have available

evidence indicating and supporting probable time of completion; SR 1-5(a) failure to analyze current listing; SR 1-6(a) failure to reconcile quality and quantity of data (lack of adjustments, reasoning for equal consideration given the variance in sale prices of the lot sales utilized); SR 2-1(a) misleading report; SR 2-1(b) insufficient information; SR 2-1(c) failure to clearly and accurately disclose extraordinary assumptions; SR 2-2(b)(iii) failure to summarize sufficient information identify physical and economic property characteristics (stage of completion, specific site improvements, legal status of development); SR 2-2(b)(vi) failure to clearly disclose effective dates; SR 2-2(b)(viii) failure to state all assumptions/hypothetical conditions; SR 2(b)(ix) failure to summarize information analyzed, appraisal procedures and reasoning to support the analyses, opinions and conclusions; SR 2-2(b)(x) failure to summarize support and rationale for highest and best use opin-

ion; and SR 2-2(b)(xi) failure to state and explain permitted departures (cost approach and subdivision development).

USPAP Violations – Report No. 3 (4 violations): SR 1-1(a) failure to correctly employ recognized methods/techniques (inappropriate use of a sale); SR 1-2(e)(i) failure to identify subject's locational, physical, legal and economic characteristics that may impact marketability; SR 1-6(a) failure to reconcile quality and quantity of data (sales comparison); SR 2-2(b)(iii) insufficient information and incorrect information (project name, recording information); SR 2-2(b)(vii) failure to disclose extent of assistance provided by appraiser assistant; and SR 2-2(b)(ix) failure to summarize information analyzed, appraisal procedures followed, and reasoning to support analyses, opinions and conclusions.



Appraiser Courtesy

From time to time we get phone calls from angry property owners who complain about people taking photographs of their property and then "speeding away" in their vehicles. Please take the time to identify yourself and explain why you are photographing the property. This is especially important when you enter private property to gain sufficient proximity to the improvements to photograph them. Often times you will find the property owner to be helpful by providing useful information about the comp.



Pre-License Appraisal Education To Increase

Continued from Page 1

Change of address?

Don't forget that all appraisers, appraiser assistants, and applicants are required to notify the ACLB in writing of changes of address within 10 days of the change. You may send postal-mail, faxes, or e-mail to:

Appraiser Certification and
Licensure Board
1860 Hawthorne Ave NE #200
Salem, Oregon 97303

Phone: (503) 485-2555
Fax: (503) 485-2559
E-mail: jan@oregonaclb.org

This newsletter is published by the Oregon Appraiser Certification and Licensure Board for professionals licensed by the Board.

To become a Certified Residential appraiser and qualify under the existing (lower) education requirements an individual must be registered as an appraiser assistant before January 1, 2006. As a result, one could obtain the required 2,500 hours of appraisal experience within the minimum time period of 24 months before the January 1, 2008 deadline. Failure to do so requires the individual to qualify under the new (higher) education requirement of 200 hours of appraisal education plus a two-year college degree instead of the current requirement of 120 hours with no college degree.

To become a Licensed appraiser and qualify under the existing (lower) education requirements an individual must be registered as an appraiser assistant before January 1, 2007. As a result, one could obtain the required 2,000 hours of appraisal experience within the minimum time period of 12 months before the January 1, 2008 deadline. Failure to do so requires the individual to qualify under the new (higher) education requirement of 150 hours of appraisal education instead of the current requirement of 105 hours. No college degree is required under the current or future requirements.

Those trying to qualify for any credential under the current (lower) education requirements must complete all education and experience requirements *and* submit a complete license/certification application with the appropriate fees *on or before* December 31, 2007. If so, you will be allowed to sit for the exam after January 1, 2008.

It should be noted that the AQB is in the process of developing Uniform State Appraiser Examinations which will reportedly be more rigorous than current exams since the new exams will test the greater body of knowledge represented by the increase in required appraiser education. As a result, it would be advisable to complete all of your licensed/certification requirements early enough to take the current exam before December 31, 2007.



ACLB

Appraiser Certification &
Licensure Board of Oregon