

**BEFORE THE REAL ESTATE APPRAISER EXAMINING BOARD
OF THE STATE OF IOWA**

IN THE MATTER OF:)	CASE NO. 05-51
)	DIA NO. 05DOCRE011
JOHN L. CHRISTENSEN)	
CERTIFICATE NO. CG01948)	FINDINGS OF FACT,
)	CONCLUSIONS OF LAW,
RESPONDENT)	DECISION AND ORDER

On August 25, 2005, the Iowa Real Estate Appraiser Examining Board (Board) found probable cause to file a Statement of Charges against John L. Christensen (Respondent). The Statement of Charges alleged one count:

Count I: Respondent repeatedly failed to adhere to appraisal standards in the development and communication of appraisals; failed to exercise reasonable diligence in the development, preparation and communication of appraisals; and demonstrated negligence or incompetence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e) and (f), 543D.18(1) (2003, 2005) and 193F IAC 7.2(5).

The hearing was held before the Board on January 11, 2006 at 9:00 a.m. The Respondent appeared and was represented by Attorney John Tremaine. John Baty, Assistant Attorney General, represented the state of Iowa. The following Board members presided at the hearing: Richard Koestner, Vice-Chairperson, Appraiser; Michael Lara, Appraiser; Richard Deheer, Appraiser; and David Erickson, Public Member. Administrative Law Judge John M. Priester assisted the Board in conducting the hearing. A certified court reporter recorded the proceedings.

The hearing was closed to the public, pursuant to Iowa Code section 272C.6(1)(2005) and 193 IAC 7.25(2). After hearing the testimony and examining the exhibits, the Board convened in closed executive session, pursuant to Iowa Code section 21.5(1)(f)(2005) to deliberate its decision. The Board instructed the administrative law judge to prepare these Findings of Fact, Conclusions of Law, Decision and Order, in conformance with their deliberations.

THE RECORD

The record includes the State's Pre-hearing Conference Report, the testimony of the witnesses, and State Exhibits 1-26 and Respondent Exhibits A-E.

FINDINGS OF FACT

1. In December of 1996, the Respondent was issued Certificate No. CG01948 to practice as a certified general real estate appraiser in the state of Iowa. The Respondent's certificate is currently in good standing and is scheduled to expire on June 30, 2006. (State Exhibit 1)

2. The Board received three complaints concerning the Respondent in February and June 2005. Certified General Real Estate Appraiser Terry Culver and Certified Residential Real Estate Appraiser Nancy Larson had been retained to perform peer review appraisals on the appraisal reports completed by the Respondent for the three properties relating to the complaints. Prior to the hearing Appraiser Culver passed away. Appraiser Larson testified in the hearing.

3. The three properties were located at 1140 Fairchild Street, Waterloo, Iowa (Respondent appraisal date March 31, 2004); 21362 185th Street, Hawkeye, Iowa (Respondent appraisal dated January 28, 2005); and 2359 289th Street, Fredricksburg, Iowa (Respondent appraisal dated January 14, 2005).

4. Larson prepared Appraisal Review Reports, dated December 19th and 21st, 2005. The purpose of the Appraisal Review Reports was to determine if the Respondent's appraisal for the three properties conformed to the requirements of the 2005 Uniform Standards of Professional Appraisal Practice (USPAP). (State Exhibits 19, 20)

Larson noted numerous significant deficiencies in the Respondent's appraisal reports.

For the Fredricksburg property the Respondent:

- Failed to identify departure and failed to develop the Cost Approach or the Income Approach. [USPAP Departure Rule, 2-2(b)(xi)]
- Failed to identify the report format. [USPAP 2-2]

- Failed to accurately identify subject address and failed to identify and report site dimensions, but indicates subject's site is rectangular. Appraiser also marks "Public" for both the water and sanitary, then adds "private." It is unclear if the subject is on city water and sewer or if it has its own well and septic system. [USPAP 1-2(e)(i-iv) and 2-2(b)(iii)]
- Failed to adequately identify and report the relevant characteristics of improvements and any effect they have on the appraisal. Appraiser states that the subject is in very good condition with no explanation as to what improvements have been made. The subject is 124 years old. The listing description sheet from Lande Real Estate indicates that "the Seller is going to roof two buildings closest to the house." No mention was made in the report about the two buildings. [USPAP 1-2(e)(i-v); 2-2(b)(iii)(x)]
- Failed to adequately identify and report any physical, functional or external factors that affect the improvements and the appraisal. [USPAP 1-2(e)(i-v); 2-2(b)(iii)(x)]
- Failed to explain and support the exclusion of the Cost Approach and the Income Approach. [USPAP 2-2(b)(ix)(xi)]
- Failed to select and identify sales similar to and from the same or similar market area to the subject's market area. Two of the three sales used could not be found under the address given. All of the sales were very dated. The appraiser did state that rural acreages are a slow turn item in NE Iowa because there is a limited supply. [USPAP 1-4(a)]
- Failed to correctly employ recognized methods and techniques; failed to collect, verify, analyze and reconcile comparable sales, adequately identified and described, i.e. although the sales were all dated, the adjustments made do not appear market oriented. Subject is shown to be in very good condition; sales used are all "normal" condition with no adjustments made. Other differences were noted without any adjustments documented. [USPAP 1-4(a), 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to correctly employ recognized methods and techniques. The Sales Comparison Analysis lacks total credibility. [USPAP 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to sufficiently consider, analyze and report any current sale, option or listing of the property being appraised. Appraiser failed to state whether or not the subject was listed, the list price, etc. The Appraiser did

not offer an analysis of the purchase agreement other than to say the subject had been purchased for the agreed amount of \$77,000. [USPAP 1-5(a), 2-2(b)(iii)(vii)(ix)]

- Failed to sufficiently consider, analyze and report any sales of the subject within 3 years prior to the effective date of the appraisal. The Appraiser stated the subject's prior sale was 5/6/04 for \$50,000, but does not explain the large increase in less than one year when there was no time adjustments made on the dated sales used. It would appear that the sale of the subject property in May of 2004 would have been an excellent 4th comparable. [USPAP 1-5(b), 2-2(b)(iii)(vii)(ix)]
- Failed to sufficiently consider the quality and quantity of the data available for the approaches and the applicability and the suitability of the approaches and commented in the reconciliation. The final reconciliation does not comply with USPAP. [USPAP 1-6(a)(b), 2-2(b)(iii)(vii)(ix)]
- Committed a substantial error of omission or commission that significantly affects the appraisal. The garage noted in the photo would appear to have an impact on subject value. The adjustments in the grid do not appear market oriented. Adjustments that should have been made were not. [USPAP 1-1(b), 2-1(a)(b)(c)]
- Appraiser rendered appraisal services in a careless or negligent manner. [USPAP 1-1(c), 2-1(a)(b)(c)]
- Failed to clearly and accurately set forth the appraisal in a manner that will not be misleading. [USPAP 2-1(a)(b)(c)]
- Failed to include sufficient information to enable the persons who are expected to receive it or rely on it to understand it properly. [USPAP 1-1(a)(b)(c), 2-1(a)(b)(c)]

For the Hawkeye Property the Respondent:

- Failed to identify departure and failed to develop the Cost Approach or the Income Approach. [USPAP Departure Rule, 2-2(b)(xi)]
- Failed to identify the report format. [USPAP 2-2]
- Failed to adequately identify and report the relevant characteristics of improvements and any effect they have on the appraisal. No square footage figures were shown under description of improvements other than the basement square footage. Subject is a 1.5 story home; square footages should have been broken down per floor. There is no floor plan furnished; instead a copy of the assessor's sketch; unable to determine how square footage was arrived. Attached photo shows outbuilding, but no mention was made

in the report. Appraiser does not show that subject has a garage; yet in the Cost Approach appraiser indicates that subject has 750 square foot garage; in the Sales Comparison Analysis, under garage, appraiser shows "48 X 112 stge." [USPAP 1-2(e)(i-v); 2-2(b)(iii)]

- Failed to adequately identify and report any physical, functional or external factors that affect the improvements and the appraisal. No functional obsolescence noted, yet subject appears to be a 1.5 story home with 3 bedrooms on the upper level and only one bath, with the bath on the main floor. Appraiser made no comments about the subject's neighborhood or its characteristics to know whether or not there were any external factors. Subject reported to be 105 years old with effective age of 20; no description given as to any major improvements. [USPAP 1-2(e)(i-v); 2-2(b)(iii)]
- Failed to explain and support the exclusion of the Cost Approach and the Income Approach. [USPAP 2-2(b)(ix)(xi)]
- Failed to value the site. It appears Appraiser valued the site as the assessed value of the land; appraiser did not state how the site was valued. [USPAP 1-4(b)(i), 2-2(b)(iii)(vii)(ix)]
- Failed to collect, verify, analyze and reconcile the cost of new improvements. Cost approach contains very vague data; there is no "As-Is" value of site improvements noted. It does not appear that the cost of the septic system and the well were included. [USPAP 1-4(b)(ii), 2-2(b)(iii)(vii)(ix)]
- Failed to identify, verify, analyze and reconcile accrued depreciations. No functional or external depreciations were noted; physical depreciation taken appears low. [USPAP 1-4(b)(iii), 2-2(b)(iii)(vii)(ix)]
- Failed to correctly employ recognized methods and techniques. Cost approach does not appear to have been developed using proper methodology. [USPAP 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to select and identify sales similar to and from the same or similar market area to the subject's market area. Sale 1 appears most similar. Sale 2 is similar in styling and age, but is almost 1000 square feet larger. Sale 3 is a much newer home and is a ranch design. [USPAP 1-4(a)]
- Failed to correctly employ recognized methods and techniques; failed to collect, verify, analyze and reconcile comparable sales; adequately identified and described, i.e. the adjustments made do not appear market

543D.18 Standards of Practice

1. A certified real estate appraiser shall comply with the uniform appraisal standards adopted under this chapter.

193F IAC 7.2(5) provides, in relevant part:

193F-7.2(543D) Grounds for disciplinary actions against certificate holders and associate registrants. The grounds for revocation and suspension of certificates and associate registrations and other disciplinary action are set out in Iowa Code section 543D.17 in both specific and general terms. The general terms of that provision of the Code include the following particular grounds for such disciplinary action:

...
7.2(5) Failure to comply with the USPAP applicable at the time of the development and communication of the real estate appraisal.

The preponderance of the evidence established that the Respondent violated Iowa Code sections 543D.17(1)(d), (e), and (f); 543D.18(1); and 193F IAC 7.2(5) when he repeatedly failed to adhere to the USPAP appraisal standards in the development and communication of three appraisals and when he failed to exercise reasonable diligence and demonstrated negligence or incompetence in the development, preparation and communication of three appraisals. Nancy Larson, an experienced certified real estate appraiser, reviewed the Respondent's appraisal for the three properties and determined that they failed to comply with the applicable USPAP standards.

The Respondent believes that an appraisal is a thumbnail sketch of a property's value. This testimony evidences a lack of understanding of the role an appraiser plays and the requirements of USPAP. The State has established the violations outlined in the statement of charges.

DECISION AND ORDER

The repetitive nature of the Respondent's USPAP violations warrants the imposition of a sanction on his certificate. The Respondent must practice under the supervision of a certified appraiser until he completes the following educational requirements.

IT IS THEREFORE ORDERED that the Respondent shall be required to complete fifteen (15) hours of tested USPAP. Respondent shall also be required to complete the seven (7) hour Cost Approach course and the seven (7) hour Report Writing course.

IT IS FURTHER ORDERED, that the Respondent shall be required to submit his appraisal reports to a certified appraiser. He will not be allowed to be released from this review requirement until the Respondent completes his educational requirement.

IT IS FURTHER ORDERED that once the Respondent has completed his educational requirements, and his review requirements, the Respondent shall submit his log and select two appraisals that he considers the best examples of his work. These appraisals will be submitted to the Board. At that point the Board will either require the Respondent to continue the review process or he will be released from the reviews.

IT IS FURTHER ORDERED, pursuant to Iowa Code section 272C.6 and 193 IAC 7.41, that the Respondent shall pay \$75.00 within thirty (30) days of receipt of this decision for fees associated with conducting the disciplinary hearing.

Dated this ^{9th} day of *FEBRUARY*, 2006.



Richard Koestner, Appraiser
Vice-Chairperson
Iowa Real Estate Appraiser Examining Board

Cc: John L. Christensen
327 Howard St./POB 233
Sumner IA 50674
(PERSONAL SERVICE)

John Tremaine, Attorney
110 E. 1st St/POB 106
Sumner IA 50674

John Baty
Assistant Attorney General
800 Lincoln Way
Ames, IA 50010

Judicial review of the board's decision may be sought in accordance with the terms of Iowa Code chapter 17A. 193 IAC 7.37.

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OF THE STATE OF IOWA**

IN THE MATTER OF:)	CASE NO. 05-51
)	DIA NO. 05DOCRE011
JOHN L CHRISTENSEN)	
CERTIFICATE NO. CG01948)	FINAL DECISION
)	ON REHEARING
RESPONDENT)	

On August 25, 2005, the Iowa Real Estate Appraiser Examining Board (Board) found probable cause to file a Statement of Charges against John L. Christensen (Respondent). The Statement of Charges alleged one count:

Count I: Respondent repeatedly failed to adhere to appraisal standards in the development and communication of appraisals; failed to exercise reasonable diligence in the development, preparation and communication of appraisals; and demonstrated negligence or incompetence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e) and (f), 543D.18(1)(2003,2005) and 193F IAC 7.2(5).

The hearing was held before the Board on January 11, 2006 at 9:00 a.m. The Respondent appeared and was represented by Attorney John Tremaine. John Baty, Assistant Attorney General, represented the state of Iowa. The following Board members presided at the hearing: Richard Koestner, Vice-Chairperson, Appraiser; Michael Lara, Appraiser; Richard Deheer, Appraiser; and David Erickson, Public Member. Administrative Law Judge John M. Priester assisted the Board in conducting the hearing. A certified court reporter recorded the proceedings.

The hearing was closed to the public, pursuant to Iowa Code section 272C.6(1)(2005) and 193 IAC 7.25(2). After hearing the testimony and examining the exhibits, the Board convened in closed executive session, pursuant to Iowa Code section 21.5(1)(f)(2005) to deliberate its decision. The Board instructed the administrative law judge to prepare these Findings of Fact, Conclusions of Law, Decision and Order, in conformance with their deliberations.

The decision was issued on February 9, 2006. On February 15, 2006 the State filed an Application for Re-Hearing. The

Respondent did not file a response to the motion. The Board met on February 27, 2006 in closed session to deliberate the Application. The Board voted to grant the Application for Re-Hearing. The following decision incorporates the language from the Application into the final decision.

THE RECORD

The record includes the State's Pre-hearing Conference Report, the testimony of the witnesses, and State Exhibits 1-26 and Respondent Exhibits A-E.

FINDINGS OF FACT

1. In December of 1996, the Respondent was issued Certificate No. CG01948 to practice as a certified general real estate appraiser in the state of Iowa. The Respondent's certificate is currently in good standing and is scheduled to expire on June 30, 2006. (State Exhibit 1)

2. The Board received three complaints concerning the Respondent in February and June 2005. Certified General Real Estate Appraiser Terry Culver and Certified Residential Real Estate Appraiser Nancy Larson had been retained to perform peer review appraisals on the appraisal reports completed by the Respondent for the three properties relating to the complaints. Prior to the hearing Appraiser Culver passed away. Appraiser Larson testified in the hearing.

3. The three properties were located at 1140 Fairchild Street, Waterloo, Iowa (Respondent appraisal date March 31, 2004); 21362 185th Street, Hawkeye, Iowa (Respondent appraisal dated January 28, 2005); and 2359 289th Street, Fredricksburg, Iowa (Respondent appraisal dated January 14, 2005).

4. Larson prepared Appraisal Review Reports, dated December 19th and 21st, 2005. The purpose of the Appraisal Review Reports was to determine if the Respondent's appraisal for the three properties conformed to the requirements of the 2005 Uniform Standards of Professional Appraisal Practice (USPAP). (State Exhibits 19, 20)

Larson noted numerous significant deficiencies in the Respondent's appraisal reports.

For the Fredricksburg property the Respondent:

- Failed to identify departure and failed to develop the Cost Approach or the Income Approach. [USPAP Departure Rule, 2-2(b)(xi)]
- Failed to identify the report format. [USPAP 2-2]
- Failed to accurately identify subject address and failed to identify and report site dimensions, but indicates subject's site is rectangular. Appraiser also marks "Public" for both the water and sanitary, then adds "private." It is unclear if the subject is on city water and sewer or if it has its own well and septic system. [USPAP 1-2(e)(i-iv) and 2-2(b)(iii)]
- Failed to adequately identify and report the relevant characteristics of improvements and any effect they have on the appraisal. Appraiser states that the subject is in very good condition with no explanation as to what improvements have been made. The subject is 124 years old. The listing description sheet from Lande Real Estate indicates that "the Seller is going to roof two buildings closest to the house." No mention was made in the report about the two buildings. [USPAP 1-2(e)(i-v); 2-2(b)(iii)(x)]
- Failed to adequately identify and report any physical, functional or external factors that affect the improvements and the appraisal. [USPAP 1-2(e)(i-v); 2-2(b)(iii)(x)]
- Failed to explain and support the exclusion of the Cost Approach and the Income Approach. [USPAP 2-2(b)(ix)(xi)]
- Failed to select and identify sales similar to and from the same or similar market area to the subject's market area. Two of the three sales used could not be found under the address given. All of the sales were very dated. The appraiser did state that rural acreages are a slow turn item in NE Iowa because there is a limited supply. [USPAP 1-4(a)]
- Failed to correctly employ recognized methods and techniques; failed to collect, verify, analyze and reconcile comparable sales, adequately identified and described, i.e. although the sales were all dated, the adjustments made do not appear market oriented. Subject is shown to be in very good condition; sales used are all "normal" condition with no adjustments made. Other differences were noted without any adjustments documented. [USPAP 1-4(a), 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to correctly employ recognized methods and techniques. The Sales Comparison Analysis lacks total credibility. [USPAP 1-1(a), 2-2(b)(iii)(vii)(ix)]

- Failed to sufficiently consider, analyze and report any current sale, option or listing of the property being appraised. Appraiser failed to state whether or not the subject was listed, the list price, etc. The Appraiser did not offer an analysis of the purchase agreement other than to say the subject had been purchased for the agreed amount of \$77,000. [USPAP 1-5(a), 2-2(b)(iii)(vii)(ix)]
- Failed to sufficiently consider, analyze and report any sales of the subject within 3 years prior to the effective date of the appraisal. The Appraiser stated the subject's prior sale was 5/6/04 for \$50,000, but does not explain the large increase in less than one year when there was no time adjustments made on the dated sales used. It would appear that the sale of the subject property in May of 2004 would have been an excellent 4th comparable. [USPAP 1-5(b), 2-2(b)(iii)(vii)(ix)]
- Failed to sufficiently consider the quality and quantity of the data available for the approaches and the applicability and the suitability of the approaches and commented in the reconciliation. The final reconciliation does not comply with USPAP. [USPAP 1-6(a)(b), 2-2(b)(iii)(vii)(ix)]
- Committed a substantial error of omission or commission that significantly affects the appraisal. The garage noted in the photo would appear to have an impact on subject value. The adjustments in the grid do not appear market oriented. Adjustments that should have been made were not. [USPAP 1-1(b), 2-1(a)(b)(c)]
- Appraiser rendered appraisal services in a careless or negligent manner. [USPAP 1-1(c), 2-1(a)(b)(c)]
- Failed to clearly and accurately set forth the appraisal in a manner that will not be misleading. [USPAP 2-1(a)(b)(c)]
- Failed to include sufficient information to enable the persons who are expected to receive it or rely on it to understand it properly. [USPAP 1-1(a)(b)(c), 2-1(a)(b)(c)]

For the Hawkeye Property the Respondent:

- Failed to identify departure and failed to develop the Cost Approach or the Income Approach. [USPAP Departure Rule, 2-2(b)(xi)]
- Failed to identify the report format. [USPAP 2-2]
- Failed to adequately identify and report the relevant characteristics of improvements and any effect they have on the appraisal. No square footage figures were shown under description of improvements other than the basement square footage. Subject is a 1.5 story home; square footages

should have been broken down per floor. There is no floor plan furnished; instead a copy of the assessor's sketch; unable to determine how square footage was arrived. Attached photo shows outbuilding, but no mention was made in the report. Appraiser does not show that subject has a garage; yet in the Cost Approach appraiser indicates that subject has 750 square foot garage; in the Sales Comparison Analysis, under garage, appraiser shows "48 X 112 stge." [USPAP 1-2(e)(i-v); 2-2(b)(iii)]

- Failed to adequately identify and report any physical, functional or external factors that affect the improvements and the appraisal. No functional obsolescence noted, yet subject appears to be a 1.5 story home with 3 bedrooms on the upper level and only one bath, with the bath on the main floor. Appraiser made no comments about the subject's neighborhood or its characteristics to know whether or not there were any external factors. Subject reported to be 105 years old with effective age of 20; no description given as to any major improvements. [USPAP 1-2(e)(i-v); 2-2(b)(iii)]
- Failed to explain and support the exclusion of the Cost Approach and the Income Approach. [USPAP 2-2(b)(ix)(xi)]
- Failed to value the site. It appears Appraiser valued the site as the assessed value of the land; appraiser did not state how the site was valued. [USPAP 1-4(b)(i), 2-2(b)(iii)(vii)(ix)]
- Failed to collect, verify, analyze and reconcile the cost of new improvements. Cost approach contains very vague data; there is no "As-Is" value of site improvements noted. It does not appear that the cost of the septic system and the well were included. [USPAP 1-4(b)(ii), 2-2(b)(iii)(vii)(ix)]
- Failed to identify, verify, analyze and reconcile accrued depreciations. No functional or external depreciations were noted; physical depreciation taken appears low. [USPAP 1-4(b)(iii), 2-2(b)(iii)(vii)(ix)]
- Failed to correctly employ recognized methods and techniques. Cost approach does not appear to have been developed using proper methodology. [USPAP 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to select and identify sales similar to and from the same or similar market area to the subject's market area. Sale 1 appears most similar. Sale 2 is similar in styling and age, but is almost 1000 square feet larger. Sale 3 is a much newer home and is a ranch design. [USPAP 1-4(a)]

- Failed to correctly employ recognized methods and techniques; failed to collect, verify, analyze and reconcile comparable sales, adequately identified and described, i.e. the adjustments made do not appear market oriented and are not explained. [USPAP 1-4(a), 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to correctly employ recognized methods and techniques. The Income Approach was not developed. [USPAP 1-1(a), 2-2(b)(iii)(vii)(ix)]
- Failed to sufficiently consider the quality and quantity of the data available for the approaches and the applicability and the suitability of the approaches and commented in the reconciliation. The final reconciliation in both reports does not comply with USPAP. [USPAP 1-6(a)(b), 2-2(b)(iii)(vii)(ix)]
- Committed a substantial error of omission or commission that significantly affects the appraisal. [USPAP 1-1(b), 2-1(a)(b)(c)]
- Appraiser rendered appraisal services in a careless or negligent manner. [USPAP 1-1(c), 2-1(a)(b)(c)]
- Failed to clearly and accurately set forth the appraisal in a manner that will not be misleading. [USPAP 2-1(a)(b)(c)]
- Failed to include sufficient information to enable the persons who are expected to receive it or rely on it to understand it properly. [USPAP 1-1(a)(b)(c), 2-1(a)(b)(c)]
- Larson reported that "Due to lack of description about the subject, along with the contradictory description about the subject, plus poor comp selection, questionable adjustments, etc., the report has no credibility. The adjusted Sales Prices of the Comparable Sales were \$72,700, \$86,410, and \$127,500 respectively. Appraiser's estimated value was \$95,800. There is nothing in the report that would support or give credence to that value."

(Testimony of Nancy Larson; State Exhibits 19,20)

5. James Flynn, a mortgage broker from Sumner, Iowa, testified on the Respondent's behalf. Mr. Flynn testified that he has always been satisfied with the Respondent's work. Mr. Flynn has personally used the Respondent's services six to eight times. The Respondent is local and has superior speed of service.

Mr. Flynn explained that the Respondent's appraisal for the Fredricksburg property was not accepted because the distance and age of the comparables. Mr. Flynn knew that the Respondent had

gone to Texas for the winter and was not able to correct the appraisal.

(Testimony of James Flynn)

6. The Respondent testified on his own behalf. He explained that he is 70-years old and each winter he goes to Texas for two to three months. In his nine years as an appraiser he estimates that he has completed over 300 appraisal reports. His clients generally are mortgage-lending institutions. He believes that his job as an appraiser is to give a thumbnail valuation of a property's current value.

The Respondent reviewed the appraisals that are in dispute. He explained the difficulties he had in creating the appraisals because of the unique attributes of the acreages. On one property, the client required that all comparisons be within a two-mile radius. This caused great difficulty in finding comparables. The Respondent also testified that he does not use the Income Approach when evaluating a property because he does not work in rental properties.

CONCLUSIONS OF LAW

Count I

Iowa Code sections 543D.17(1)(d), (e) and (f), and 543D.18(1) (2003, 2005) provide, in relevant part:

543D.17 Disciplinary proceedings.

1. The rights of a holder of a certificate as a certified real estate appraiser may be revoked or suspended, or the holder may be otherwise disciplined in accordance with this chapter. The board may investigate the actions of a certified real estate appraiser and may revoke or suspend the rights of a holder or otherwise discipline a holder for violation of a provisions of this chapter, or chapter 272C, or of a rule adopted under this chapter or commission of any of the following acts or offenses:

....
d. Violation of any of the standards for the development or communication of real estate appraisals as provided in this chapter.

e. Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal.

f. Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal.

543D.18 Standards of Practice

1. A certified real estate appraiser shall comply with the uniform appraisal standards adopted under this chapter.

193F IAC 7.2(5) provides, in relevant part:

193F-7.2(543D) Grounds for disciplinary actions against certificate holders and associate registrants.

The grounds for revocation and suspension of certificates and associate registrations and other disciplinary action are set out in Iowa Code section 543D.17 in both specific and general terms. The general terms of that provision of the Code include the following particular grounds for such disciplinary action:

...

7.2(5) Failure to comply with the USPAP applicable at the time of the development and communication of the real estate appraisal.

The preponderance of the evidence established that the Respondent violated Iowa Code sections 543D.17(1)(d), (e), and (f); 543D.18(1); and 193F IAC 7.2(5) when he repeatedly failed to adhere to the USPAP appraisal standards in the development and communication of three appraisals and when he failed to exercise reasonable diligence and demonstrated negligence or incompetence in the development, preparation and communication of three appraisals. Nancy Larson, an experienced certified real estate appraiser, reviewed the Respondent's appraisal for the three properties and determined that they failed to comply with the applicable USPAP standards.

The Respondent believes that an appraisal is a thumbnail sketch of a property's value. This testimony evidences a lack of

understanding of the role an appraiser plays and the requirements of USPAP. The State has established the violations outlined in the statement of charges.

DECISION AND ORDER

The repetitive nature of Respondent's USPAP violations warrants the imposition of a sanction on his certificate. The Respondent's certificate shall be placed on probation until the following conditions are complete.

IT IS THEREFORE ORDERED that on or before June 15, 2006, the Respondent shall be required to complete fifteen (15) hours of tested USPAP. Respondent shall also be required to complete a minimum seven (7) hour Cost Approach course and a minimum seven (7) hour Report Writing course.

IT IS FURTHER ORDERED, that the Respondent shall be required to participate in desk review.

1. The Respondent shall enter into a desk review consultation agreement with a desk review appraiser pre-approved by the Board. The Respondent shall submit a copy of the consultation agreement to the Board.
2. On or before July 15, 2006, the Respondent shall submit two appraisal reports to his pre-approved desk reviewer. Respondent may select which appraisal reports he will subject to desk review. The Board suggests that the Respondent submit the two reports following the completion of the ordered education.
3. On or before August 15, 2006, the Respondent shall submit to the Board a copy of the appraisal reports as he submitted them to desk review, a copy of the desk reviewer's review reports, work files on all submitted appraisals, and a copy of any reissued appraisal reports.
4. For as long as the Respondent is on probationary status, he shall submit a monthly log of all appraisals he has completed, proving a written log by the 10th of each month for the preceding month.
5. The reviewing appraiser shall perform a Standard Three desk review of each appraisal report submitted by the Respondent. The review shall be for facial compliance with USPAP. The reviewer will not perform inspections or warrant the accuracy of Respondent's work product, but will review work papers, calculations and any

other documents reasonably needed. Along with appraisal reports and work files, Respondent shall provide the reviewing appraiser copies of all documents verifying the accuracy of factual representations in each draft appraisal.

6. The reviewer shall prepare written comments on each appraisal's compliance with USPAP, and shall provide copies of the written comments both to the Board and to Respondent. If the desk reviewer's comments reveal significant USPAP violations that render misleading the previously issued appraisal report, Respondent shall correct and reissue the appraisal report to the client. In the event a report is reissued, Respondent shall disclose the professional assistance of the desk reviewer in the reissued report.
7. If the desk review comments and appraisals do not reveal significant USPAP violations, the Board shall release Respondent from probation. If there still remain significant USPAP violations, the Board will take further action at that time.

IT IS FURTHER ORDERED, pursuant to Iowa Code section 272C.6 and 193 IAC 7.41, that the Respondent shall pay \$75.00 within thirty (30) days of receipt of this decision for fees associated with conducting the disciplinary hearing.

Dated this 17th day of March, 2006.

[Redacted Signature]

Richard Koestner, Appraiser
Vice-Chairperson
Iowa Real Estate Appraiser Examining Board

Cc: John L. Christensen
327 Howard St./POB 233
Sumner IA 50674 (PERSONAL SERVICE)

John Tremaine, Attorney
110 E. 1st St/POB 106
Sumner IA 50674

John Baty
Assistant Attorney General
800 Lincoln Way
Ames, IA 50010

Judicial review of the board's decision may be sought in accordance with the terms of Iowa Code chapter 17A. 193 IAC 7.37.

**BEFORE THE IOWA REAL ESTATE APPRAISER EXAMINING BOARD
OF THE STATE OF IOWA**

IN THE MATTER OF:

Case No. 05-51

John L. Christensen
CG01948
327 Howard Street, PO Box 233
Sumner, IA 50674-0233

Respondent.

CONSENT ORDER

The Iowa Real Estate Appraiser Examining Board (Board) and John L. Christensen (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2007) and 193 Iowa Administrative Code 7.42:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 543D, and 272C (2007).
2. Respondent was issued Iowa certified general real estate appraiser certificate number CG01948 on December 10, 1996. The certificate is currently active and will next expire on June 30, 2008.
3. The Board filed its Notice of Hearing and Statement of Charges on July 11, 2007. Hearing is currently set for October 25, 2007.
4. The Board charged Respondent: (A) with failing to adhere to appraisal standards (Uniform Standards of Professional Appraisal Practice) in the development, preparation, and communication of appraisals; failure to exercise reasonable diligence in the development, preparation, and communication of appraisals; and negligence or incompetence in the development, preparation, and communication of appraisals, in violation of Iowa Code sections 272C.10(3), 543D.17(1)(d), (e), and (f), and 543D.18(1) (2005, 2007), and 193F Iowa Administrative Code sections 7.1, 7.2 (5), and (8); and (B) with practices harmful or detrimental to the public and repeatedly demonstrating, through lack of education, negligence, carelessness or omissions, or intentional acts, a lack of qualifications to assure the public a high standard of professional care in violation of Iowa Code sections 272C.3(2)(b), and 272C.10(3) (2005, 2007).
5. Respondent has a right to a hearing on the charges, but waives his right to hearing and all attendant rights by freely and voluntarily entering into this Order. This Order is the final agency order in the contested case. Respondent has shared with the Board that he plans to retire from the practice of real estate appraising and no longer needs to retain his certificate in active status.

6. Respondent agrees the State's counsel may present this Order to the Board and may have ex parte communications with the Board while presenting it.

7. This Order shall be part of the permanent record of Respondent and shall be considered by the Board in determining the nature and severity of any disciplinary action to be imposed in the event of any future violations.

8. This Order, the Statement of Charges, and the Statement of Matters Asserted are public records available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2007).

9. Failure to comply with the provisions of this Order shall be grounds for disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2007). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

10. This Order is subject to approval of the Board: (a) If the Board fails to approve this Order, it shall be of no force or effect on either party, and it shall not be admissible for any purpose in further proceedings in this matter; and (b) If the Board approves this Order, it shall fully dispose of all issues in this case.

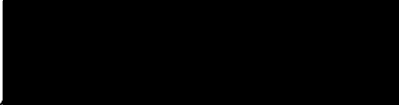
IT IS THEREFORE ORDERED:

A. Inactive Status. Respondent's certificate as a certified general real estate appraiser shall be placed on inactive status on October 25, 2007. Respondent shall thereafter surrender his certificate by physically returning the certificate to the Board office no later than November 10, 2007, and shall not renew his certificate when it expires June 30, 2008.

B. Reinstatement. In the event Respondent wishes to seek reinstatement in the future, he may file an application pursuant to 193 Iowa Administrative Code 7.38. The Board shall be free to consider the nature of the charges in this action when determining the conditions under which Respondent may reinstatement in the future, taking into consideration the examination, experience, and education pre-conditions for certification that then apply to new applicants.

AGREED AND ACCEPTED:

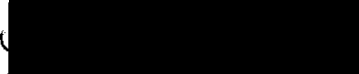
The Respondent



John L. Christensen

October 4, 2007
Date

The Iowa Real Estate Appraiser Examining Board



Michael Lara, Chair

10/25/07
Date

**BEFORE THE IOWA REAL ESTATE APPRAISER EXAMINING BOARD
OF THE STATE OF IOWA**

IN THE MATTER OF:

Case No. 05-51

John L. Christensen
CG01948
327 Howard Street, PO Box 233
Sumner, IA 50674-0233


Respondent.

**APPLICATION TO CONTINUE
HEARING AND PREHEARING
CONFERENCE**

The State moves the Board to continue the hearing set for October 25, 2007 and the prehearing conference on the following ground:

1. Respondent has signed a Consent Order that if acceptable to the Board will fully resolve the issues in this case.
2. It is in the best interest of administrative judicial economy for the Board to take up the Consent Order at its meeting. The Board can reset the hearing at that time if the Board does not approve the Consent Order.
3. The undersigned will recommend the Consent Order.

Respectfully submitted, *D*


Pamela D. Griebel
Assistant Attorney General
Iowa Department of Justice
Hoover Building, 2nd Fl.
Des Moines, Iowa 50319
Phone: 515-281-6403
Fax: 515-281-7551
pgriebe@ag.state.ia.us

Copy via email to:

Administrative Law Judge Margaret LaMarche
Attorney John Tremaine

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served upon each of the attorneys of record of all parties in the above-entitled cause by enclosing the same in an envelope addressed to each such attorney at his respective address as disclosed by the pleadings of record herein, with postage fully paid, and by depositing said envelope in a United States Post Office depository in Des Moines, Iowa, on the 8th day of October, 2007.