

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

IN THE MATTER OF:)	
)	
)	CASE NO. 04-36
)	
DUANE F. JOHNSON)	
CG01599)	STATEMENT OF CHARGES
)	
RESPONDENT)	

COMES NOW, the Complainant, Susan A. Griffel, and states:

1. Susan A. Griffel is the Executive Officer of the Iowa Real Estate Appraiser Examining Board ("Board") and files this Statement of Charges on behalf of the Board solely in her official capacity.
2. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 272C, and 543D (2003).
3. Respondent is a certified general real estate appraiser in Iowa. He was issued Certificate No. CG01599 in 1993.
4. Certificate No. CG01599 is currently valid and in good standing, and is scheduled to expire on June 30, 2006.
5. In June 2004, the Board received a complaint concerning an appraisal report completed by the Respondent on 3/25/2004, on a property located at 510 Fairlane, Dysart, IA. A Standard 3 Review indicated serious USPAP violations. The Board then requested that Respondent submit two appraisals that represented his most USPAP compliant work product. Respondent submitted an appraisal on a 91 acre parcel of agricultural land in Benton County, IA dated, 03/24/2004 and a residential appraisal on 702 E. 9th Street, Vinton, IA. dated 12/1/2003. Both reports were submitted for Standard 3 reviews and were found to contain USPAP violations.
6. The Board received the expert opinion of a peer reviewer in the form of Standard Three reviews of the appraisal reports described in paragraph 6, dated 06/23/2004 and 8/15/2004 on the agricultural land and the residential appraisal. As more fully itemized in each review report, the violations include but are not limited to:

For 510 Fairlane, Dysart, IA:

- a. Failure to consider and identify the intended use and user(s) of the appraisal. 1-2(b), 2-2(b)(i).
- b. Failure to adequately identify and report improvement(s) description. 1-2(e)(i-v), 2-2(b)(iii)(x)
- c. Failure to adequately identify and report physical, functional and external market factors as they may affect the appraisal. 1-2(e)(i-v); 2-2(b)(iii),(ix).
- d. Failure to collect, verify, analyze, and reconcile comparable sales, adequately identified and described. 1-4(a), 2-2(b)(iii)(vii)(ix).
- e. Failure to employ recognized methods and techniques correctly. 1-1(a), 2-2(b)(iii)(vii)(ix).
- f. Failure to consider, analyze and report any current sale, option or listing of the property being appraised. 1-5(a), 2-2(b)(iii)(vii)(ix).
- g. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches, the applicability of the approaches and commented in the reconciliation. 1-6(a)(b), 2-2(b)(iii)(vii)(ix).
- h. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading. 2-1(a)(b)(c).
- i. Failure to include a signed certification in accordance with Standards Rule 2-3. 2-2(xii) 2-3 & comment

91 acres of agricultural land/Benton County, IA

- a. Failure to prominently state the report option used. 2-2, 2-2 comment
- b. Failure to provide a definition of value. 1-2(c), 2-2(b)(v)
- c. Failure to indicate whether the estimate of market value is in terms of cash; or terms equivalent to cash; or other precisely defined terms. 1-2(c). 2-2(b)(v) comment
- d. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal. 1-2(e)(i-v). 2-2(b)(iii)(x)

- e. Failure to explain and support the exclusion of the Income Approach. 2-2(b)(ix)(xi).

709 E 9th Street, Vinton, IA

- a. Failure to consider and identify the intended use and user(s) of the appraisal. 1-2(b), 2-2(b)(i)
- b. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal. 1-2(e)(i-v), 2-2(b)(iii)(x)
- c. Failure to adequately identify and report improvement(s) description. 1-2(e)(i-v) 2-2(b)(iii)
- d. Failure to collect, verify, analyze and reconcile comparable sales, adequately identified and described. 1-4(a), 2-2(b)(iii)(vii)(ix).
- e. Failure to correctly employ recognized methods and techniques. 1-1(a), 2-2(b)(iii)(vii)(ix).
- f. Failure to consider, analyze and report any current sale, option or listing of the property being appraised. 1-5(a), 2-2(b)(iii)(vii)(ix).
- g. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading. 2-1(a)(b)(c).
- h. Appraisal report does not contain sufficient information to enable the person(s) who are expected to receive or rely on the report to understand it properly. 1-1(a)(b)(c), 2-1(a)(b)(c).

7. On the 19th day of November, 2004, the Board found probable cause to file the following charges and to order a hearing in this case:

COUNT 1

8. Respondent repeatedly failed to adhere to appraisal standards in the development and communication of appraisals and failed to exercise reasonable diligence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e), and 543D.18(1) (2003), and 193F Iowa Admin. Code 7.2 and (5).

WHEREFORE, the complainant prays that a hearing be held in this matter and that the Board take such action as it deems appropriate under the law.

Dated this 14th day of December, 2004

[REDACTED]

Susan A. Griffel, Executive Officer

Iowa Real Estate Appraiser Examining Board

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

IN THE MATTER OF:

**DUANE F. JOHNSON
CG01599**

RESPONDENT

CASE NO. 04-36

CONSENT ORDER

The Iowa Real Estate Appraiser Examining Board (Board) and Duane F. Johnson, (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2003) and 193F IAC 8.6:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 543D, and 272C (2003).

2. Respondent is a certified general real estate appraiser. He was first certified in Iowa in 1993.

3. The Board filed on even date herewith a Statement of Charges alleging that:

4. Respondent repeatedly failed to adhere to appraisal standards in the development and communication of appraisals and failed to exercise reasonable diligence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e), and 543D.18(1) (2003), and 193F Iowa Admin. Code 7.2 and (5).

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.

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 and the Statement of Charges are public records available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2003).

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) (2003). 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.

(b) If the Board approves this Order, it shall fully dispose of all issues in this case.

IT IS THEREFORE ORDERED:

A. Probation

Respondent's certificate shall be on probation status until all terms of this Consent Order are fully complied with. Once the terms are complied with, Respondent may apply to the Board for formal release from probation. While on probation, the Respondent shall not act as a supervisory appraiser or sign appraisal reports as a supervisory appraiser.

B. Education

Respondent shall document by May 1, 2006, completion of the following educational courses:

- (1) a 15-hour tested USPAP course;
- (2) a 30-hour pre-approved classroom course on the three approaches to value; and,
- (3) a pre-approved report writing course which is at least seven hours. In lieu of the report writing course, Respondent may request a pre-approved appraiser to perform desk reviews on 2 appraisal reports and provide the review reports to the Board. The review reports shall be in compliance with USPAP Standard Three and shall only be required to address minimum compliance with USPAP Standards.

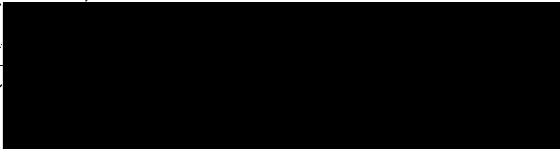
C. Log

Within 60 days of completion of the education described above, Respondent shall submit to the Board a log of all appraisals completed in the first 50 days following completion of the education. The Board shall select 2 or more appraisals to review. If

the appraisals do not reveal significant USPAP violations, the Board will release Respondent from probation status. If the appraisals do reveal significant USPAP violations, the probation shall continue until further order of the Board and the Board may order additional education or mandatory desk review. No such order will be issued without affording Respondent reasonable notice and an opportunity to request hearing on such additional probationary terms.

AGREED AND ACCEPTED:

The Respondent



Duane F. Johnson

Date

12-21-04

Iowa Real Estate Appraiser
Examining Board



By: Richard Koestner, Chair

Date

1/3/05