

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

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IN THE MATTER OF:	)	
Kenneth W. Kloppenburg	)	CASE NO. 99-29
	)	
CERTIFICATE NO. CG01102	)	STATEMENT OF CHARGES
RESPONDENT	)	

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

1. She is the Executive Secretary of the Iowa Real Estate Appraiser Examining Board and files this Statement of Charges solely in her official capacity.
2. The Board has jurisdiction in this matter pursuant to Iowa Code Chapters 17A, 543D, 272C(1999).
3. On November 26, 1991, Kenneth W. Kloppenburg, the Respondent, was issued an Iowa Real Estate Appraiser Certificate by the Board.
4. The Certificate No. CG01102 is currently valid.

**COUNT I**

The Respondent has repeatedly failed to adhere to appraisal standards, failed to exercise reasonable diligence, and performed in a negligent fashion in the development, preparation, and communication of numerous appraisals in 1999 and 2000, in violation of Iowa Code sections 272C.3(2)(b), 272C.10(8), 543D.17(1)(d)(e) and (f), and 543D.18(1)(1999), and 193F—IAC 7.1(5).

**COUNT II**

The Respondent has so consistently fallen below the minimum standards of professional performance in the development, preparation and communication of numerous appraisals that he has demonstrated a lack of competence to practice in a manner which would assure the citizens of this State an appropriate level of professional care, in violation of Iowa Code sections 272C.3(2)(b), 272C.10(2), 543D.17(1)(f).

### CIRCUMSTANCES

1. The Respondent prepared and communicated five (5) appraisals for real property identified as 4444 Rath Road, Central City, IA; 6927 200<sup>th</sup> Avenue, Maquoketa, IA; 312 S. Hazel, Ames, IA; 6136 Douglas Street, Dunkerton, IA. and 240 N. 7<sup>th</sup> Street, Central City, IA.

2. The above appraisals were prepared and communicated after the Respondent was issued Iowa Certified General Real Property Appraiser Certificate No. CG01102.

3. The 4444 Rath Road, Central City, IA (dated December 16, 1999) report contains deficiencies including but not limited to the following:

- a. Failure to collect, verify, analyze and reconcile the cost of new improvements. 1-4(b)(i), 2-2(viii), 1-1(a)
- b. Failure to collect, verify, analyze and reconcile accrued depreciation. 1-4(b)(i), 2-2(viii), 1-1(a)
- c. Failure to collect, verify, analyze and reconcile comparable sales and adequately identify and describe. 1-4(b)(iii), 2-2(viii), 1-1(a)
- d. Committed a substantial error of omission or commission that significantly affected the appraisal and /or rendered appraisal services in a careless or negligent manner. 1-1(b), 1-1(c)
- e. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading. 2-1(a)

4. The 6927 200<sup>th</sup> Avenue, Maquoketa, IA (dated October 22, 1999) report contains deficiencies including but not limited to the following:

- a. Failure to adequately identify and report improvement(s) description. 1-2(a), 2.2(i)
- b. Failure to collect, verify, analyze and reconcile accrued depreciation. 1-4(b)(i), 2-2(viii), 1-1(a)
- c. Failure to collect, verify, analyze and reconcile comparable sales and adequately identify and describe. 1-4(b)(iii), 2-2(viii), 1-1(a)

- d. Rendered appraisal services in a careless or negligent manner. 1-1(c)
- e. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading. 2-1(a)

5. The 312 S. Hazel, Ames, IA (dated September 10, 1999) report contains deficiencies including but not limited to the following:

- a. Failure to identify the date of the report. 2-2(v)
- b. Failure to adequately identify and report the site description. 1-2(a), 2-2(i)
- c. Failure to adequately identify and report improvement (s) description. 1-2(a), 2-2(i)
- d. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal. 1-4(g), 2-2(viii)
- e. Failure to appropriately value the site. 1-4(a), 2-2(viii)
- f. Failure to collect, verify, analyze and reconcile the cost of new improvements. 1-4(b)(i), 2-2(viii), 1-1(a)
- g. Failure to collect, verify, analyze and reconcile accrued depreciation. 1-4(b)(i), 2-2(viii)
- h. Failure to collect, verify, analyze and reconcile comparable sales, and adequately identify and describe. 1-4(b)(iii), 2-2(viii), 1-1(a)
- i. Rendered appraisal services in a careless or negligent manner. 1-1(c)
- j. Failure of the appraisal report to clearly and accurately set forth the appraisal in a manner that is not misleading. 2-1(a)

6. The 6136 Douglas Street, Dunkerton, IA, (dated August 21, 1999) report contains deficiencies including but not limited to the following:

- a. Failure to identify the date of the report. 2-2(v)
- b. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal. 1-4(g), 2-2(viii)

- c. Failure to collect, verify, analyze and reconcile the cost of new improvements. 1-4(b)(i), 2-2(viii), 1-1(a)
- d. Failure to collect, verify, analyze and reconcile accrued depreciation. 1-4(b)(i), 2-2(viii), 1-1(a)
- e. Failure to collect, verify, analyze and reconcile comparable sales and adequately identify and describe. 1-4(b)(iii), 2-2(viii), 1-1(a)
- f. Committed a substantial error of omission or commission that significantly affects the appraisal and/or rendered appraisal services in a careless or negligent manner. 1-1(b), 1-1(c)
- g. Failure of the appraisal report to clearly and accurately set forth the appraisal in a manner that is not misleading. 2-1(a)

7. The 240 N. 7<sup>th</sup> Street, Central City, IA, (dated April 16, 2000) report contains deficiencies including but not limited to the following:

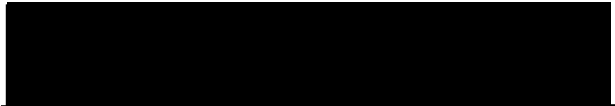
- a. Failure to adequately identify and report improvement(s) description. 1-2(a), 2-2(i)
- b. Failure to collect, verify, analyze and reconcile comparable sales and adequately identify and describe. 1-4(b)(iii), 2-2(viii), 1-1(a)
- c. Failure to correctly employ recognized methods and techniques. 1-1(a), 2-2(viii)
- d. Failure to consider quality and quantity of the data in the approaches, the applicability of the approaches and comments on the reconciliation. 1-5(c), 2-2(xi)
- e. Committed a substantial error of omission or commission that significantly affected the appraisal. 1-1(b)
- f. Failure of the appraisal report to clearly and accurately set forth the appraisal in a manner that is not misleading. 2-1(a)

8. Respondent's failure to perform within minimum standards of competent practice is further illustrated by numerous mistakes in appraisals completed on February 11, 2000, for 726 G Avenue NW, Cedar Rapids, and on June 8, 2000, for 502 F Avenue NW, Cedar Rapids, IA.

9. Respondent's consistent failure to adhere to appraisal standards and exercise reasonable care in the development, preparation and communication of appraisals in 1999 and 2000, particularly when considered in light of two prior

disciplinary actions in 1994 and 1996, places Iowa citizens at risk and demonstrates incompetent performance in the practice of real property appraising.

WHEREAS, 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.

  
Susan A Griffel, Executive Secretary  
Complainant

On this 31<sup>th</sup> day of July, 2000, the Iowa Real Estate Appraisal Examining Board found probable cause to file this complaint and to order a hearing in this case.

  
Richard Bruce, Chair  
Iowa Real Estate Appraiser Examining Board 

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

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IN THE MATTER OF:	)	Case No. 99-29
KENNETH W. KLOPPENBURG	)	
	)	<b>CONSENT ORDER</b>
CERTIFICATE NO. CG01102	)	
Respondent.	)	

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The Iowa Real Estate Appraiser Examining Board (Board) and Kenneth W. Kloppenburg (Respondent) enter into this Consent Order (Order), pursuant to Iowa Code section 17A.10 (2001) and 193F IAC 8.6:

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 543D, and 272C (1999 and 2001).
2. Respondent is a certified general real estate appraiser in Iowa. He was issued Certificate No. CG01102 on November 26, 1991.
3. Respondent has been disciplined by the Board on two prior occasions. In December, 1994, he was ordered to complete an education program, and in 1996 he was ordered to complete additional education and participate in a pre-release desk review process for non-residential appraisals. Respondent successfully completed all prior discipline.
4. Starting in September 1999, the Board received the first complaint which formed the basis for the current disciplinary action. The Board received a series of complaints concerning residential real estate appraisals, some of which were reviewed by Respondent and some of which were fully completed by Respondent. While not necessarily admitting all allegations in the Statement of Charges, Respondent agrees minimum appraisal standards were not adhered to in the appraisals and agrees to the terms of this Consent Order.
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 Consent 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 (1999).

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) (2001). 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. Reprimand**

The Respondent is reprimanded for failure to adhere to the Uniform Standards of Professional Appraisal Practice (USPAP). Respondent agrees to fully comply with all applicable USPAP standards in all future appraisal assignments.

**B. Civil Penalty**

Respondent shall pay on or before March 1, 2001, a civil penalty in the amount of \$500.00.

**C. Education**

Respondent shall complete the following educational courses as a condition for release from desk review and shall complete the education no later than September 15, 2001. The courses shall be pre-approved by the Board and should be completed as quickly as

courses are located. Absent scheduling conflicts, Respondent should plan to complete the courses within 3 months of the date of this agreement to permit the Board to review appraisals completed both before and after the completion of the educational plan. Other than the USPAP course, the courses may not be counted by Respondent toward the continuing education required for renewal. Documentation of education shall be submitted within ten days of completion.

- (1) Fifteen hours of tested USPAP, successfully passing the exam.
- (2) A course on property inspection, preferably a seven-hour course if available.
- (3) At least 30 tested hours in fundamentals of real estate appraisal, successfully passing the exam. The Board recommends the Respondent take this course in March, 2001, in Council Bluffs. If that is not possible, the course is offered in Cedar Rapids in June, 2001. Alternatively, Respondent may seek Board approval to substitute a more advanced course.

#### **D. Desk Review**

Respondent shall develop a desk review consultation agreement with an Iowa certified general real estate appraiser in good standing and pre-approved by the Board on the following terms and conditions:

- (1) Respondent shall submit for pre-release review all appraisals he prepares after the date this Order is accepted by the Board for the time period described below. Respondent has suggested Jack Felderman as his desk review appraiser. The Board approves this choice.
- (2) An executed copy of the desk review consultation agreement shall be submitted to the Board prior to implementation of the agreement. The desk review consultation agreement may be in letter form, but must attach a copy of this Consent Order so the desk reviewer is familiar with its precise terms.
- (3) The reviewing appraiser shall perform a desk review of each appraisal report before the final documents are signed and submitted to the client. 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 draft appraisal reports, Respondent shall provide the reviewing appraiser copies of all documents verifying the accuracy of factual representations in each draft appraisal. The reviewer shall prepare written comments on



each appraisal's compliance with USPAP.

(4) The reviewer's recommended revisions or corrections, if any, shall be incorporated into each appraisal report prior to releasing the report to the client. The professional assistance of the desk reviewer shall be disclosed in the final report if the reviewer recommends substantive changes. A copy of the reviewer's comments shall be submitted directly to the Board from the reviewer. The comments do not need to be received by the Board prior to the completion of the appraisal assignment. Within ten days of written request, Respondent shall supply the Board with copies of requested appraisal reports reflecting both Respondent's initial draft and the final version issued following desk review.

(5) Respondent may petition the Board for release from this requirement as soon as he (a) submits verification of successful completion of the education described above and, (b) has completed desk review for a minimum of twelve months and a minimum of thirty appraisals. The Board shall release Respondent from desk review if the draft appraisals (i.e., those prepared prior to receiving the reviewer's comments) and review comments do not reveal serious deviations from minimum appraising standards. If the draft appraisals or review comments do reveal serious deviations from minimum appraising standards, the review process shall continue until further order of the Board. Respondent may petition the Board for release from the desk review process after an additional twenty appraisals have been reviewed.

(6) This settlement shall not preclude the Board from filing additional charges if one or more of the appraisals subject to desk review demonstrate probable cause to take such an action. Respondent agrees Board review of desk review reports or appraisals subject to desk review shall not constitute "personal investigation" or otherwise disqualify a Board member from acting as a presiding officer in any subsequent contested case.

(7) The effective date of the desk review portion of the Order shall be 10 calendar days following the Board's acceptance of this Order.

(8) During the period of desk review Respondent shall not act in a review capacity on any appraisals. Respondent also agrees to decrease the volume of appraisals he completes on a weekly basis and to only appraise properties within the geographical region within which he can responsibly accumulate and assess market data.

**AGREED AND ACCEPTED:**

**The Respondent**

[Redacted Signature]

**Kenneth Kloppenburg**

2-1-01  
Date

**The Iowa Real Estate Appraiser  
Examining Board**

[Redacted Signature]

**By: Richard E. Bruce, Chair**

02-13-01  
Date