

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

IN THE MATTER OF:

**John E. Lundstrom
CR01249**

RESPONDENT

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CASE NO. 06-72

**COMBINED STATEMENT OF CHARGES
AND CONSENT ORDER**

A. Statement of Charges

1. The Iowa Real Estate Appraiser Examining Board ("Board") has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 543D (2005).

2. Respondent is a certified residential real estate appraiser in Iowa. He was issued Certificate No. CR01249 on January 6, 1992.

3. Certificate No. CR01249 is currently valid and in good standing, and is scheduled to expire on June 30, 2009.

4. The Board received a complaint in October 2006, alleging that an appraisal report completed by Respondent failed to comply with applicable appraisal standards. The Board submitted the appraisal to a Standard Three USPAP review that revealed significant violations of USPAP standards. The Board also requested the Respondent send two additional appraisals for review. The Standard Three reviews of the additional appraisals also revealed USPAP violations, particularly vague property descriptions; improper adjustments; failure to address depreciations in the cost approach; discrepancies in square footage between the report, MLS and county records; no concessions noted in report despite MLS report of discount points; and improper development of the sales comparison approach. In addition, it was discovered during a work product review interview that the Respondent signed a report completed by his associate appraiser, of which the associate was the real estate agent listing the property appraised.

5. Following investigation, the Board charges Respondent with: (a) Repeated failure to adhere to appraisal standards in the development and communication of appraisals; (b) failure to exercise reasonable diligence in the development, preparation and communication of appraisals; and, (c) demonstrating negligence or incompetence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e), and (f), and 543D.18(1) (2003, 2005), and 193F Iowa Administrative Code 7.2 and (5).

6. Respondent does not admit the allegations, but agrees to this Consent Order as the resolution of a disputed matter.

B. Settlement Agreement and Consent Order

7. Respondent has a right to a hearing on the charges, but waives his right to hearing and all attendant rights, including the right to seek judicial review, by freely and

voluntarily entering into this Order. This Consent Order constitutes discipline against the Respondent, and is the final agency order in the contested case, pursuant to Iowa Code section 17A.10 and 193 Iowa Administrative Code 7.4.

8. 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.

9. 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 future disciplinary action to be imposed in the event of any future violations.

10. This Combined Statement of Charges and Consent Order is a public record available for inspection and copying in accordance with the requirements of Iowa Code chapter 22 (2005).

11. Failure to comply with the provisions of this Order shall be grounds for further disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2005). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

12. 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. Education. Respondent shall complete the following educational courses by January 1, 2008, and shall forward certificates of completion to the Board within 10 calendar days of completion:

1. 15-hour tested USPAP course;
2. 30-hour pre-approved classroom course on the three approaches to value;
and,
3. a pre-approved classroom course on report writing of at least 7 hours.

B. Probation and Desk Review. Respondent's certificate is placed on probationary status until the terms of this Consent Order have been fully complied with, and Respondent has been released from probation by Board order.

1. Monthly Logs and Desk Review. Respondent shall provide monthly logs by the 10th day of each month for all appraisals performed in the prior month. The Board shall periodically select appraisal reports for Respondent to submit, at his expense, to a desk reviewer identified by the Board. The desk reviewer shall

perform a Standard Three review and provide a written review report to Respondent and the Board. The Respondent shall provide the desk reviewer and the Board with his complete work file on all appraisals selected for review. The Respondent shall also submit to the Board any appraisal report that is reissued as a result of comments received in the desk review process.

2. Desk Review Process. The Board shall select one or two appraisals a month for desk review for as long as Respondent's certificate is on probationary status. Respondent shall submit to the Board and the Board's identified desk reviewer the appraisal(s) selected from Respondent's log with his complete work file(s), within 5 business days of the Board's request by email or fax. The fee for each desk review shall not exceed \$175.00.

3. Applying for Release from Probation. Respondent may apply to the Board for release from probation, using the procedures required by 193 Iowa Administrative Code 7.38, following six months under probationary status as long as he has within that six month period submitted at least 6 appraisals to desk review.

4. Process for Release from Probation. If the desk review comments and appraisals do not reveal significant USPAP violations and Respondent has complied with all terms of this Consent Order, the Board shall release Respondent from probation. The Board shall determine whether to release Respondent from probation at the next Board meeting scheduled after the Board's receipt of all information required under this Consent Order. If the next regularly scheduled Board meeting is more than 45 days following the Board's receipt of all required information, the Board, upon Respondent's written request and upon verification that all terms of the Consent Order have been complied with, shall schedule a telephone meeting so that the initial decision whether to remove Respondent from probation can be made within 45 days following the Board's receipt of all required information.

5. Continuation of Probation. If the desk review comments and/or appraisals do reveal significant USPAP violations, the Board shall continue Respondent's probation on such terms as will address the issues revealed in desk review. The Board may accordingly order additional education or desk reviews, or other rehabilitative measures. No such order will be issued without affording Respondent reasonable notice and an opportunity to request hearing on such additional probationary terms.

6. Settlement does not Preclude New Charges. This settlement shall not preclude the Board from filing additional charges if one or more of the appraisals submitted for desk review or other appraisals coming to the Board's attention demonstrate probable cause to take such an action. Respondent agrees Board review of desk review reports or appraisals shall not constitute "personal investigation" or otherwise disqualify a Board member from acting as a presiding officer in any subsequent contested case.

7. Practice Restrictions. Until released from the desk review process, Respondent agrees he shall not act as a review appraiser and shall not co-sign appraisals with any other associate or certified appraiser. Respondent shall not supervise the work product of an associate appraiser or unlicensed appraiser until released from desk review.

AGREED AND ACCEPTED:

The Respondent



John Lundstrom

7-30-2007

Date

**The Iowa Real Estate Appraiser
Examining Board**



Michael Lara, Chair

8/7/07

Date

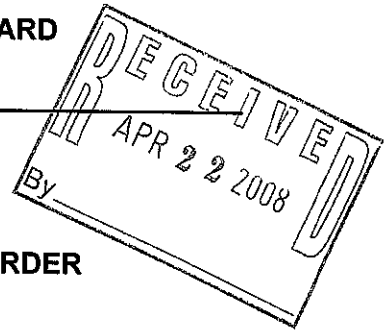
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IN THE MATTER OF:

John E. Lundstrom
CR01249
RESPONDENT

CASE NO. 06-72

AMENDMENT TO CONSENT ORDER



The Iowa Real Estate Appraiser Examining Board ("Board") and the Respondent mutually agree to amend the Consent Order effective the 7th day of August, 2007, as follows:

1. Respondent has timely and fully complied with all educational requirements of the Consent Order. Respondent has also timely and fully complied with all probationary terms, including desk review.
2. The desk reviews submitted to the Board as part of Respondent's probation continue to reflect significant USPAP violations. Respondent's responses to questions about the appraisals suggest the need for additional training. Because Respondent has already completed formal educational courses, the Board believes he would benefit from a mentoring arrangement rather than additional classroom courses or Standard Three reviews from an appraiser selected by the Board.
3. The parties agree that the probation shall continue and that Respondent shall retain, at his expense, an Iowa certified appraiser pre-approved by the Board to perform pre-release desk review on a minimum of 3 appraisals per month for a minimum period of 3 months, for a total of at least 9 reviewed appraisals before Respondent may again request release from probation pursuant to 193 Iowa Administrative Code 7.38.
4. Respondent shall provide the Board with a signed desk review agreement within 14 calendar days of the date this Amendment to Consent Order is signed. The agreement may be in letter form and shall attach a copy of the Consent Order and this Amendment. Respondent shall provide his selected desk reviewer with a copy of the 6 reviews previously performed by the Board's selected desk reviewer under the Consent Order.
5. Respondent and his selected desk reviewer shall consult about the prior desk reviews. The Board anticipates that Respondent and his selected desk reviewer will also review each review completed by the desk reviewer in an educational manner.
6. For each appraisal selected for pre-release desk review, Respondent shall provide the reviewer a draft, unsigned appraisal for review, along with Respondent's work file. Respondent's desk reviewer will prepare a Standard Three review with such written comments as are appropriate on the appraisal's compliance with USPAP and other applicable appraisal standards. The appraisal shall not be signed and submitted to the client until Respondent and the reviewer consult and the reviewer determines that the appraisal complies with all applicable appraisal standards.
7. The desk reviewer shall directly provide to the Board the reviewer's written

review and comments at the same time the review is provided to Respondent. Respondent shall within 10 days of the issuance of each report subject to pre-release review, provide the Board with his draft, unsigned appraisal, his work file, and the final issued appraisal report.

8. For as long as Respondent is on probation he shall continue providing the Board with his monthly logs by the 10th day of each month for all appraisals performed in the prior month.

9. This Amended Consent Order shall not preclude the Board from filing additional changes if one or more of the appraisals submitted for desk review or other appraisals coming to the Board's attention demonstrate probable cause to take such an action. Respondent agrees Board review of desk review reports or appraisals shall not constitute "personal investigation" or otherwise disqualify a Board member from acting as a presiding officer in any subsequent contested case.

10. Until released from probation, Respondent agrees he shall not act as a review appraiser and shall not co-sign appraisals with any other associate or certified appraiser. Respondent shall not supervise the work product of an associate appraiser or unlicensed appraiser until released from desk review.

AGREED AND ACCEPTED:

The Respondent

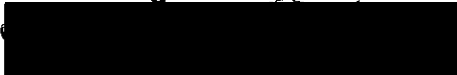


John Lundstrom

4-21-08

Date

**The Iowa Real Estate Appraiser
Examining Board**



Michael Lara, Chair

5-16-2008

Date

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CASE NO. 06-72

**AMENDMENT TO CONSENT ORDER AND
VOLUNTARY SURRENDER OF CERTIFICATE**

The Iowa Real Estate Appraiser Examining Board ("Board") and the Respondent mutually agree to amend the Consent Order effective the 30th day of January 2009, as follows:

1. Respondent has timely and fully complied with all educational and desk review requirements of the original Consent Order and the August 2008 amendments.
2. Respondent has determined that he will retire rather than continue in probationary status.
3. Respondent accordingly agrees he will place his certificate in inactive status effective ~~January~~ ^{MARCH} 30, 2009, and shall not renew his certificate or seek reinstatement in the future. *JEL*

AGREED AND ACCEPTED:

The Respondent

[Redacted Signature]

JEL
John Lundstrom

1-20-09
Date

**The Iowa Real Estate Appraiser
Examining Board**

[Redacted Signature]

Michael Lara, Chair

1/26/09
Date