

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

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IN THE MATTER OF:	)	
Mark S. Wallace	)	CASE NO. 02-13
	)	
CERTIFICATE NO. CR01539	)	STATEMENT OF CHARGES
	)	
RESPONDENT	)	

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

1. She is the Executive Officer 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, 272C, and 543D (2001), and 193 Iowa Administrative Code chapter 7 and 193F Iowa Administrative Code chapters 1, 7 and 8.
3. On June 6, 1993, Mark S. Wallace, the Respondent, was issued an Iowa Real Estate Appraiser Certificate by the Board.
4. The Certificate No. CR01539 is valid.

**COUNT 1**

The Respondent is charged with repeated failure to adhere to appraisal standards, failure to exercise reasonable diligence, and negligence, careless acts and omissions, or incompetence in the development, preparation, and communication of numerous appraisals in 2002, in violation of Iowa Code sections 272C.3 (2) (b), 272C.10 (2), (8), 543D.17(1) (d) (e) and (f), and 543D.18 (1) (2001), and 193F Iowa Administrative Code 193F-7.2 (5).

**CIRCUMSTANCES**

1. The Respondent prepared and communicated eight (8) appraisals for real property identified as 810 SE 2<sup>nd</sup> Street, Ankeny, IA, dated March 28, 2002; 1317 Henderson Avenue, Des Moines, IA, dated May 25, 2002, 4912 Hawthorne Drive, West Des Moines, IA, dated April 26, 2002, 1001 N. 9<sup>th</sup> Street, Indianola, IA, dated October 25, 2002, 409 East Hull Avenue, Des Moines, IA, dated

December 12, 2002, 2538 E. 23<sup>rd</sup> Street, Des Moines, IA, dated December 4, 2002, 1450 E. 17<sup>th</sup> Court, Des Moines, IA dated November 29, 2002 and 2304 Hull Avenue, Des Moines, IA, dated 11/19/02.

2. The above appraisals were prepared and communicated after the Respondent was issued an Iowa Certified Residential Real Property Appraiser Certificate.

**3. The 810 SE 2<sup>nd</sup> Street, Ankeny, IA report (dated March 28, 2002) has deficiencies including but not limited to the following:**

- a. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal [1-2(e)(i-v) and 2-2(b)(iii)(ix)]
- b. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]
- c. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]
- d. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]
- e. Failure to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)]
- f. Failure to analyze current Agreement of Sale, option or listing of the property, if such information is available to the appraiser in the normal course of business [1-5(a)].
- g. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c) and 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 provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [2-1(a)(b)(c); 2-2(b) (vii)]
- j. Failure to provide a signed certification in accordance with [2-2(b)(xii); 2-3; and comment

k. Failure to comply with the Ethics Rule, Conduct Section, of USPAP  
{Ethics Rule}

**4. The 1317 Henderson Avenue Des Moines, IA (dated May 25, 2002) has deficiencies including but not limited to the following:**

- a. Failure to adequately identify and report the site description [1-2(e)(i-iv) and 2-2(b)(iii)]
- b. Failure to adequately identify and describe improvements [1-2(e)(i-v) and 2-2(b)(iii)]
- c. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]
- d. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]
- e. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]
- f. Failures to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 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. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [1-1(a)(b)(c) and 2-1(a)(b)(c)]
- i. Failure to comply with the Ethics Rule, Conduct section, of USPAP

**5. The 4912 Hawthorne Drive West Des Moines, IA report (dated April 26, 2002) has deficiencies including but not limited to the following:**

- a. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]

b. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]

c. Failure to analyze current Agreement of Sale, option or listing of the property, if such information is available to the appraiser in the normal course of business [1-5(a) and 2-2(b)(iii)(vii)(ix)]

d. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)].

e. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [2-1(b);2-2(b) (iii)]

**6. The 1001 N 9<sup>th</sup> Street Indianola, IA report (dated October 25, 2002) has deficiencies including but not limited to the following:**

a. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i)]

b. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]

c. Failure to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)].

d. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c) and 2-2(b)(iii)(vii)(ix)]

e. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)].

f. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [2-1(b);2-2(b) (vii)]

g. Failure to comply with the Ethics Rule, Conduct section, of USPAP

**7. The 409 E Hull Avenue Des Moines, IA report (dated December 02, 2002) has deficiencies including but not limited to the following:**

- a. Failure to adequately identify and report the site description [1-2(e)(i-iv) and 2-2(b)(iii)]
- b. Failure to adequately identify and describe improvements [1-2(e)(i-v) and 2-2(b)(iii)]
- c. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal [1-2(e)(i-v) and 2-2(b)(iii)(x)]
- d. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]
- e. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]
- f. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]
- g. Failure to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)].
- h. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c) and 2-2(b)(iii)(vii)(ix)]
- i. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)].
- j. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [2-1(b); 2-2(b)(vii)]
- k. Failure to comply with the Ethics Rule, Conduct section, of USPAP

**8. The 2538 E 23rd Des Moines, IA report (dated December 02, 2002) has deficiencies including but not limited to the following:**

- a. Failure to adequately identify and report the site description [1-2(e)(i-iv) and 2-2(b)(iii)]
- b. Failure to adequately identify and describe improvements [1-2(e)(i-v) and 2-2(b)(iii)]

- c. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal [1-2(e)(i-v)) and 2-2(iii)(x)]
- d. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]
- e. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]
- f. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]
- g. Failures to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)].
- h. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c ) and 2-2(b)(iii)(vii)(ix)
- i. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)(b)(c)].
- j. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [1-1(a)(b)(c) and 2-1(a)(b)(c)]
- k. Failure to comply with the Ethics Rule, Conduct section, of USPAP

**9. The 1450 E 17<sup>th</sup> Court Des Moines, IA report (dated December 02, 2002) has deficiencies including but not limited to the following:**

- a. Failure to adequately identify and report the site description [1-2(e)(i-iv) and 2-2(b)(iii)]
- b. Failure to adequately identify and describe improvements [1-2(e)(i-v) and 2-2(b)(iii)]
- c. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal [1-2(e)(i-v) and 2-2(b)(iii)(x)]

d. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]

e. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]

f. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]

g. Failures to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)].

h. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c) and 2-2(b)(iii)(vii)(ix)]

i. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)(b)(c)].

j. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [1-1(a)(b)(c) and 2-1(a)(b)(c)]

k. Failure to comply with the Ethics Rule, Conduct section, of USPAP

**10. The 2304 Hull Avenue Des Moines, IA report (dated December 02, 2002) has deficiencies including but not limited to the following:**

a. Failure to adequately identify and report the site description [1-2(e)(i-iv) and 2-2(b)(iii)]

b. Failure to adequately identify and describe improvements [1-2(e)(i-v) and 2-2(b)(iii)]

c. Failure to adequately identify and report the physical, functional and external market factors as they may affect the appraisal [1-2(e)(i-v) and 2-2(iii)(x)]

d. Failure to develop an opinion of site value by an appropriate method or technique when the cost approach is applicable [1-4 (b)(i) and 2-2(b)(iii)(vii)(ix)]

e. Failure to analyze comparable data to estimate depreciation applicable to subject property in cost approach [1-4(b)(iii) and 2-2(b)(iii)(vii)(ix)]

f. Failure to understand, and correctly employ recognized methods and techniques necessary to produce a credible appraisal [1-1(a) and 2-2(b)(iii)(vii)(ix)]

g. Failures to collect, verify, and reconcile comparable sales, adequately identified and described [1-4(a) and 2-2(b)(iii)(vii)(ix)].

h. Failure to consider, report and analyze prior sales within 1 year for residential and 3 years for all others [1-5(b) and 2-2(b)(iii)(vii)(ix)]

i. Failure to consider the quality and quantity of the data in the approaches, the applicability of the approaches and commented in the reconciliation [1-5(c) and 2-2(b)(iii)(vii)(ix)]

i. Failure to clearly and accurately set forth the appraisal in a manner that will not be misleading [2-1(a)(b)(c)].

j. Failure to provide sufficient information in report to enable the client(s) and intended user(s) to understand it properly [1-1(a)(b)(c) and 2-1(a)(b)(c)]


k. Failure to comply with the Ethics Rule, Conduct section, of USPAP

11. In addition to violations of the standards described above with respect to individual appraisal assignments, Respondent has consistently demonstrated the following:

- a. Failure to conform to the Ethics Rule Conduct and Management sections by not performing the assignment with impartiality, objectivity and independence; by accepting an assignment that includes the reporting of predetermined opinions and conclusions [Page 7, lines 259-262 and 267-268];
- b. Failure to develop an appraisal assignment by being aware of and employing recognized methods and techniques necessary to produce a credible appraisal; by committing a substantial error of omission and commission that significantly affects an appraisal; rendering appraisal services in a careless and negligent manner, such as a series of errors that, although individually might not affect the results of an appraisal, in the aggregate, affect the credibility of those results [1-1(a)(b)(c)]; and,
- c. Failure to communicate the results of a real property appraisal, including each analysis, opinion, and conclusion reached, by the appraiser, in a manner that is not misleading [Standard 2, Lines 714-715].



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 Officer  
Complainant

On this 10th day of January, 2003, the Iowa Real Estate Appraiser Examining Board found probable cause to file this complaint and to order a hearing in this case.

  
Richard J. Koestner, Chair  
Iowa Real Estate Appraiser Examining Board

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

IN THE MATTER OF: )

Mark S. Wallace )

Certificate Number CR01539 )

RESPONDENT )

**CONSENT ORDER**

**CASE NO. 02-13**

The Iowa Real Estate Appraiser Examining Board (Board) and Mark S. Wallace, (Respondent) enter into this Consent Order (Order) pursuant to Iowa Code sections 17A.10 and 272C.3(4) (2003), and 193 Iowa Admin. Code 7.42.

1. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 543D, and 272C (2001, 2003).
2. The Respondent is a Certified Residential Real Property Appraiser.
3. On February 3, 2003, the Board charged Respondent with repeated failure to adhere to appraisal standards, failure to exercise reasonable diligence, and negligence, careless acts and omissions, or incompetence in the development, preparation, and communication of numerous appraisals in 2002.
4. While not admitting all allegations of the Statement of Charges, Respondent does agree 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 (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. Reprimand

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

B. Education

Respondent shall complete a 15-hour tested USPAP course, successfully passing the exam, and at least a 7-hour pre-approved course covering the three approaches to value. Documentation of the completion of the education shall be submitted to the Board office on or before July 15, 2003. These courses may not be used for certification renewal.

C. Desk Review

Within 20 calendar days of the date this Order is signed by the Board, Respondent shall enter into a desk review consultation agreement with a desk review appraiser pre-approved by the Board. Respondent shall submit a copy of the consultation agreement to the Board prior to operating under the agreement. The agreement may be in letter form, but shall attach a copy of the Consent Order to assure the desk reviewer is familiar with the terms of this Order. Respondent shall continue operating under this agreement until expressly released by Board order, on the following terms and conditions:

(1) Respondent shall submit for pre-release review all appraisals he

prepares until expressly released from this condition by Board order.

(2) 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.

(3) 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 desk reviewer shall notify the Board of any changes or amendments to the desk review which are reflected in the appraisal. 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 the date each appraisal is finalized, Respondent shall supply the Board with copies of Respondent's initial draft of the appraisal report and the final version of the appraisal report issued following desk review.

(4) Respondent shall provide the Board at the onset of desk review with a list of clients for whom he routinely provides appraisal services. For as long as desk review continues, he will keep the Board apprized as new clients are added.

(5) 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.

(6) Respondent may petition the Board for release from the desk review requirement after (a) the education requirement has been satisfied, (b) a minimum of twenty-five (25) appraisals have been reviewed, (c) the board has received copies of all initial and final versions of appraisals subject to desk review, and (d) the board has received copies of all desk review reports. 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. The Board will take into consideration the educational evolution, giving greatest weight to the appraisals completed in the latter stages of the desk review process. 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 ten (10) appraisals have been reviewed.

(7) Respondent may not change desk reviewers without prior written approval by the Board.



(8) 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 on an appraisal which was issued to the public. 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.

**AGREED AND ACCEPTED:**

**The Respondent**

**The Iowa Real Estate Appraiser  
Examining Board**

  
\_\_\_\_\_  
Mark Wallace

  
\_\_\_\_\_  
By:  Chair

\_\_\_\_\_  
Date 4/18/03

\_\_\_\_\_  
Date May 20, 2003