

201 KAR 30:040. Professional standards of practice and conduct.

RELATES TO: KRS 324A.035, 324A.050(1)(j), 12 C.F.R. 225.62-225.67, 12 U.S.C. 3331, 3336, 3339

STATUTORY AUTHORITY: KRS 324A.035(3)(d)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 324A.020 and 324A.035 require the Real Estate Appraisers Board, with the approval of the executive director of the Kentucky Real Estate Authority, to promulgate administrative regulations necessary to carry out the provisions of KRS 324A.010 to 324A.090. KRS 324A.035(3)(d) requires the board to establish by administrative regulation standards of professional appraisal practice. 12 U.S.C. 3331, 3336, and 3339 and 12 C.F.R. 225.64 and 225.65 require that real estate appraisals in connection with federally related transactions be performed in accordance with appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation. This administrative regulation establishes the scope of practice and professional standards of conduct, and includes the supervision requirements for associate appraisers.

Section 1. USPAP Compliance.

(1) Certificate holders and licensees listed in paragraphs (a) through (e) of this subsection shall comply with the Uniform Standards of Professional Appraisal Practice:

- (a) A certified general real property appraiser;
- (b) A certified residential real property appraiser;
- (c) A licensed residential real property appraiser;
- (d) An associate real property appraiser; and
- (e) A licensed nonfederal real property appraiser.

(2) The board shall evaluate an appraisal report in accordance with the USPAP in effect when the certificate holder or licensee signed the certification of the report, or when the report was prepared if the report was unsigned.

Section 2. Calculation of Square Footage. The standard for the calculation and reporting of above-grade square footage and below-grade square footage in single-family houses shall be the American National Standard for Single-Family Residential Buildings; Square Footage- Method for Calculating, ANSI Z765 2013.

Section 3. Appraisal Reporting Requirements. For each appraisal assignment that includes an appraisal management company reference as the client or agent for the client, an appraiser shall identify within the appraisal report:

- (1) The name that is on file with the board for the appraisal management company;
- (2) The Kentucky registration number that is on file with the board for the appraisal management company; and
- (3) The fee that will be paid to the appraiser for each appraisal assignment ordered by an appraisal management company, unless the appraiser is a W-2 employee of the appraisal management company.

Section 4. Licensed Nonfederal Real Property Appraiser Advertising.

(1) In a written or broadcast communication, a licensed nonfederal real property appraiser shall include the following statement: "Not licensed or certified to perform appraisals for any transactions requiring a licensed or certified appraiser pursuant to federal law or regulations."

(2) A written or broadcast communication shall include:

- (a) Appraisal reports;
- (b) Advertisements; and
- (c) Business cards and stationery.

- (3) In a print advertisement, the statement shall be in letters at least fifty (50) percent the size of the largest letter in the advertisement.
- (4) In a radio or television advertisement, the statement shall be stated clearly and understandably.

Section 5. Supervision of Associate Appraisers.

- (1) Each associate appraiser shall maintain an appraisal log for each supervising appraiser. The associate appraiser shall record the following information in the log for each appraisal:
 - (a) Type of property;
 - (b) Client name and address;
 - (c) Address of appraised property;
 - (d) Description of work performed by the associate;
 - (e) Scope of the review;
 - (f) Scope of the supervision by the supervising appraiser;
 - (g) Number of actual hours worked by the associate on the assignment; and
 - (h) Signature and state certification number of the supervising appraiser.
- (2) The associate shall be entitled to obtain copies of the appraisal reports he or she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of at least five (5) years or at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last.
- (3) The supervising appraiser shall:
 - (a) Have been a state certified real property appraiser for a period of at least three (3) years;
 - (b) Be certified by the board prior to applying to become a supervising appraiser;
 - (c) Be in good standing and shall not have received a suspension, a revocation, or other sanction that limited or prohibited that licensee's practice of real property appraising within the three (3) year period immediately prior to applying to become a supervising appraiser; and
 - (d) Be responsible for the training and supervision of the associate.
- (4) Only a certified general real property appraiser who satisfies the requirements of a supervising appraiser in subsection (3) of this section may supervise a person acquiring experience toward a Certified General Real Property Appraiser certificate.
- (5) Any certified general real property appraiser or a certified residential real property appraiser who satisfies the requirements of a supervising appraiser in subsection (3) of this section may supervise a person acquiring experience toward a Certified Residential Real Property Appraiser certificate.
- (6) The supervising appraiser shall:
 - (a) Accept responsibility for an associate's appraisal report by signing and certifying that the report is in compliance with the Uniform Standards of Professional Appraisal Practice;
 - (b) Review reports by the associate;
 - (c) Accompany the associate on all inspections and personally inspect each appraised property and the comparable sales with the associate on the associate's real property appraisal assignments, until the associate:
 - 1. Is competent to conduct inspections independently;
 - 2. Has met all specific requirements pertaining to property inspection established by KRS Chapter 324A and 201 KAR Chapter 30; and
 - 3. The supervising appraiser ensures the associate is acting in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice for the property type;
 - (d) Be limited to a maximum of three (3) real property associates at a time;

- (e) Notify the board immediately if the supervision of a real property associate has terminated; and
 - (f) Not be employed by an associate or by a company, firm, or partnership in which the associate has a controlling interest.
- (7) A person otherwise qualified to be a supervising appraiser who has been disciplined by the board under KRS 324A.050 shall be subject to one (1) or more of the following, according to the severity of the prior violation:
- (a) Prohibited from supervising associates;
 - (b) Limited in the number of associates to supervise; or
 - (c) Be required to take additional courses approved by the board before being permitted to supervise an associate.
- (8) If necessary to determine the competency of the associate, the board shall request additional reports from the associate.
- (9)
- (a) A first time supervisor and a new associate shall attend a Kentucky-specific seven (7) hour board-approved course in supervision practices prior to beginning supervision or training.
 - (b) To remain eligible to provide supervision, a supervisor shall attend the board-approved course in supervision practices every three (3) years.
 - (c) To continue logging creditable experience, an associate shall attend the board-approved course in supervision practices every three (3) years.

Section 6. Incorporation by Reference.

- (1) The following material is incorporated by reference:
- (a) "Uniform Standards of Professional Appraisal Practice", 2020-2021 edition; and
 - (b) "American National Standard for Single Family Residential Buildings; Square Footage Method for Calculating, ANSI Z765 2013", 2013.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Real Estate Appraisers Board, 321 N. Madison Avenue, Richmond, Kentucky 40475, (859) 623-1658, Monday through Friday, 8 a.m. to 4:30 p.m.
- (3) This material may also be obtained from the Appraisal Standards Board of the Appraisal Foundation, 1155 15th Street, N.W., Suite 1111, Washington, D.C. 20005, (202) 347-7722.
- (19 Ky.R. 2166; Am. 2461; eff. 7-9-1993; 20 Ky.R. 2050; eff. 3-1-1994; 21 Ky.R. 2157; 2669; eff. 4-21-1995; 22 Ky.R. 1669; 1994; eff. 5-16-1996; 23 Ky.R. 3608; 4111; eff. 6-13-1997; 27 Ky.R. 1539; 2428; eff. 3-19-2001; 28 Ky.R. 1487; eff. 2-11-2002; 29 Ky.R. 2501; 2865; eff. 6-16-2003; 31 Ky.R. 144; eff. 11-5-2004; 31 Ky.R. 144; 1344; 1517; eff. 3-11-2005; 23 Ky.R. 2330; eff. 9-1-2006; 35 Ky.R. 2487; eff. 7-31-2009; TAm eff. 12-28-2009; 37 Ky.R. 101; eff. 10-1-2010; 38 Ky.R. 1469; 1723; eff. 5-4-2012; 40 Ky.R. 113; 862; 1039; eff. 12-6-2013; TAm eff. 10-3-2014; 41 Ky.R. 1861; eff. 5-1-2015; 42 Ky.R. 2256; eff. 4-1-2016; TAm eff. 1-11-2018; 46 Ky.R. 107, 885, eff. 10-4-2019; 47 Ky.R. 1425, 1936; eff. 7-6-2021.)