

## **DISCIPLINARY REPORT**

**May 19, 2016**

**AB 14-15** On March 17, 2016, the Board approved a negotiated Consent Settlement Order with Certified General appraiser Milton W. Holley, G00248 wherein Holley agreed to restrict his appraisal practice to 1-4 residential appraisals and other types of properties where the transaction value is less than \$250,000. Holley will pay an administrative fine of \$1,375.00. The violations are as follows: Licensee did not identify a scope of work for an income approach even though he stated in the report that the subject property is a recreational and hunting property currently being operated as a commercial fishing and hunting property. This is not consistent with Licensee's statement that the income approach is not applicable. Licensee's scope of work was less than what would be performed by his peer group for the same assignment. There were a number of factors which would suggest that an analyses of the legal, physical and economic factors to support the licensee's opinion of the highest and best use of the site should have been made and reported or at least documented in the workfile: the location of the subject at Interstate system interchange and a connector road to a US Highway; property located between the Interstate and US Highway approximately 7 miles from a midsize city downtown business district;. There is nothing in the report or in the workfile to support that Licensee's adjustments to the comparable sales are credible. Adjustments for improvements in the sales comparison approach appear to be dollar for dollar cost adjustments without market support in the report or the workfile for the very large adjustments; Licensee considered a number of factors: the location of the subject at Interstate system interchange and a connector road to a US Highway; property located between the Interstate and US Highway approximately 7 miles from a midsize city downtown business district when making adjustments for site in the sales approach but there is no data in the report or in the workfile to indicate that the amount of the adjustments are derived from the market; Licensee identified a purpose of the appraisal but not its intended use. Licensee failed to develop a site value from an appropriate appraisal method or technique, instead the licensee used sales of improved properties and unsupported adjustments to arrive at the site value used in the report. Licensee used an unsupported estimate of physical depreciation and did not address the question of functional or economic depreciation. Licensee stated in his report that the subject is operated as a commercial recreational hunting and fishing operation. Although this type of property is income producing property and is leased frequently licensee failed to develop the income approach to value and did not give a reason for excluding the income approach. Licensee used a Land Appraisal Report form to report the appraisal of an improved property. There was not enough data in the appraisal report to enable a reader of the report to understand what improvements were on the subject site, to understand what improvements were on the comparable sales and what the licensee did to develop the estimated value of the subject. The licensee's report on page 40 under Intended Use the licensee stated "The purpose of this report is to provide the client with an estimate of the fair market value of the subject property." It was apparent that the intended use was for mortgage purposes but an appraiser is required to state the intended use. Licensee utilized a canned statement on the form for Scope of Work and did not actually disclose

those things that were considered and more importantly what was not considered in developing the appraisal. Licensee failed to summarize the appraisal methods and techniques that were used in the appraisal. Licensee did not explain how he mixed the Cost Approach with the Sales Comparison Approach to make adjustments for improvements in the Sales Comparison approach. The licensee also failed to state his reasoning to support the analyses, opinions and conclusions for making the adjustments which are not supported by data contained in the report or by data in the workfile. **Violations:** Standards Rule 2-2(b)(ix), Standards Rule 2-2(b)(viii), Standards Rule 2-2(b)(vii), Standards Rule 2-2(b)(ii), Standards Rule 2-1(b), Standards Rule 1-4(c), Standards Rule 1-4(b)(iii), Standards Rule 1-4(b)(i), Standards Rule 1-3(b), Standards Rule 1-2(b), Ethics Rule-Conduct, USPAP, **2012-2013 Edition**.