

DISCIPLINARY REPORT

March 20, 2008

AB-05-173 On January 31, 2008 the Board revoked the State Registered appraiser license of Joseph Steele, S00062. Steele did not appear for his administrative hearing. The violations in the report were: In the Cost Approach, Respondent failed to mention or cost out a 25.3 foot by 38.8 foot brick recreation building; In the Sales Comparison Approach, Respondent makes a positive adjustment to all 3 comparable sales of \$20,000 but fails to include any justification for this adjustment; Respondent fails to use the best comparable sales that were available at the time of the appraisal; The Respondent goes out of the subject's market area to find comparable sales 2 and 3 when there were comparable sales in the subject's neighborhood. Respondent made a number of errors in his appraisal as follows: Respondent failed to mention and adjust for a screened porch for comparable sale 1; Respondent had the wrong date of sale for comparable sale 1; Respondent had the wrong date of sale for comparable sale 2; Respondent failed to describe the correct distance from subject to comparable sale 2- Respondent said the distance was 1 mile when it is more like 4.5 miles; Respondent failed to describe the correct distance from subject to comparable sale 3- Respondent said the distance was 1 mile when it is more like 8.5 miles; Respondent made very low unsupported dollar adjustments of \$12 per square foot for differences in gross living area; Respondent made very low unsupported dollar adjustments of \$6 per square foot for differences in finished basement area; Respondent made very low unsupported dollar adjustments of \$3 per square foot for differences in unfinished basement area; Respondent failed to show or adjust comparable sale 2 as having finished basement area when it actually does; Respondent wrongly show comparable sale 2 with 2 ½ baths when it has 3 ½ and the Respondent failed to adjust the sale properly; Respondent failed to show that comparable sale 3 was a foreclosure with redemption rights; Respondent failed to mention or make an adjust for sales concessions when the comparable sale 3 was listed for sale for \$224,900 but sold for \$227,900. Each written real property appraisal report must clearly and accurately set forth the appraisal in a manner that will not be misleading:

Respondent has the wrong lot size in his report; In the Cost Approach, Respondent failed to mention or cost out a 25.3 foot by 38.8 foot brick recreation building; In the Sales Comparison Approach, Respondent makes a positive adjustment to all 3 comparable sales of \$20,000 but fails to include any justification for this adjustment; Respondent failed to mention and adjust for a screened porch for comparable sale 1; Respondent had the wrong date of sale for comparable sale 1; Respondent had the wrong date of sale for comparable sale 2; Respondent failed to describe the correct distance from subject to comparable sale 2. Respondent said the distance was 1 mile when it is more like 4.5 miles; Respondent failed to describe the correct distance from subject to comparable sale 3. Respondent said the distance was 1 mile when it is more like 8.5 miles; Respondent made very low unsupported dollar adjustments of \$12 per square foot for differences in gross living area; Respondent made very low unsupported dollar adjustments of \$6 per square foot for differences in finished basement area; Respondent made very low unsupported dollar adjustments of \$3 per square foot for differences in unfinished basement area; Respondent failed to show or adjust comparable sale 2 as having finished

basement area when it actually does; Respondent wrongly show comparable sale 2 with 2 ½ baths when it has 3 ½ and the Respondent failed to adjust the sale properly; Respondent failed to show that comparable sale 3 was a foreclosure with redemption rights; Respondent failed to mention or make an adjust for sales concessions when the comparable sale 3 was listed for sale for \$224,900 but sold for \$227,900. Each written real property appraisal report must contain sufficient information to enable the intended users of the appraisal to understand the report properly: Respondent failed to show that comparable sale 3 was a foreclosure with redemption rights; Respondent failed to mention or make an adjust for sales concessions when the comparable sale 3 was listed for sale for \$224,900 but sold for \$227,900;

Respondent made very low unsupported dollar adjustments of \$12 per square foot for differences in gross living area; Respondent made very low unsupported dollar adjustments of \$6 per square foot for differences in finished basement area; Respondent made very low unsupported dollar adjustments of \$3 per square foot for differences in unfinished basement area; **Violation: Standard 1-1(b); 1-1(c); 2-1(a); 2-1(b); USPAP, 2005 Ed., §34-27A-20(a)(6), §34-27A-20(a)(7), §34-27A-20(a)(8), §34-27A-20(a)(9), §34-27A-20(a)(15), §34-27A-23, Code of Alabama, 1975.**

AB 06-51, AB 06-53, AB 06-55, AB 06-57, AB 06-59, AB 06-61 On January 17, 2008 the Board approved a Consent Settlement Order from James W. Smith, Certified Residential Appraiser, R00897 for a public reprimand. Licensee agreed to pay an administrative fine of \$4,500 and complete a 15 hour USPAP course with exam, a USPAP FAQs course, a measurement course and a URAR course. Violations in all six appraisals were basically identical. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. There is insufficient information about an additional data source used in developing the report. Three year sales history not accurate. **Violation: 1-1(a);1-1(b);1-1(c);1-2(e)(i);1-4(a);1-5(b);2-1(a);2-1(b);2-2(b)(viii), USPAP; 2000 Edition, §34-27A-3(b)(2), §34-27A-20(a)(6)&(7), Code of Alabama, 1975.**

AB 06-52, AB 06-54, AB 06-56, AB 06-58, AB 06-60, AB 06-62 On January 17, 2008 the Board approved a Consent Settlement Order from Sean Hollis, Certified Residential Appraiser, R00701 for a public reprimand. Licensee agreed to pay an administrative fine of \$4,500 and complete a 15 hour USPAP course with exam, a USPAP FAQs course, a measurement course and a URAR course. Violations in all six appraisals were basically

identical. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. Comparable # 2: Licensee omitted basement in the sales grid. There is a partial basement. Comparable #3: Licensee reported wall heat and window A/C. There was a heat pump. Garage and fireplace omitted. Subject zoning reported as Single Family Residential. It is Central Business District. Report says that physical, functional and external depreciation were analyzed and that the cost approach supported the sales comparison approach. The report also says the cost approach was not applicable and there is no cost approach. There is insufficient information about an additional data source used in developing the report. Three year sales history not accurate. **Violation: 1-1(a);1-1(b);1-1(c);1-2(e)(i);1-4(a);1-5(b);2-1(a);2-1(b);2-2(b)(viii), USPAP; 2000 Edition, §34-27A-3(b)(2), §34-27A-20(a)(6)&(7), Code of Alabama, 1975.**

Letters of Warning were issued on the following investigations for the discrepancies indicated. This disciplinary action will be considered in any future discipline proceedings:

AB 06-39 On February 11, 2008 to a Certified General appraiser for an appraisal of vacant land where Licensee stated the departure within the appraisal report was for SR 1-4(a) (Sales Comparison Approach) and SR 1-4(b) (Cost Approach), when the departure was for SR 1-4(b) (Cost Approach) and SR 1-4(c) (Income Approach). Licensee failed to provide sufficient information within the revised appraisal report, so that the intended user could understand the basis of the reconsideration of value in the revised report. In reconsidering the appraisal of the subject property, Licensee failed to state the revised analysis, reasoning & conclusions. The revised appraised value was based on an additional sale provided, which was not available to the appraiser at the time of the original appraisal. Licensee failed to provide sufficient information within the appraisal report for the intended user to understand the source of information quoted within the appraisal report was not from the current edition, at the time of the appraisal, of The Appraisal of Real Estate 12th edition. The Appraisal of Real Estate 8th edition was quoted as the source of information within the appraisal report. Respondent failed to retain a true copy of the appraisal report and the revised appraisal report. The foregoing are **violations of Ethics-Record Keeping, Standards 1-1(b), 1-1(c), 1-2(f), 2-1(b), 2-2(b)(xi), USPAP 2005 Ed., §34-27A-20(a)(6), (7), (14) and §34-27A-26, Code of Alabama.**

AB 07-10 On February 12, 2008 to a Certified Residential for the appraisal of a condominium unit where Licensee failed to make adjustments to comparable sales for location. Subject is a condominium located across the street from the beach with no water frontage and comparable sales are all beachfront properties. Licensee failed to analyze current listings for comparable properties in subject building and failed to analyze the market for beachfront property versus non-beachfront property and failed to analyze sales contract on the subject property. License only mentioned proposed sales

price and date of contract. The sales contract with a preconstruction contract dated two plus years before the effective date of appraisal. **Violation: Violation: Standard Rule 1-1(a) 1-4(a), 1-5(a), USPAP, 2006 Ed.**

AB 07-96 On February 12 to a Trainee Real Property Appraiser who accepted an appraisal assignment from one other than his Mentor. **Violation: 780-X-9, Real Estate Appraisers Board Administrative Code, December, 2007 Ed.**