

DISCIPLINARY REPORT

November 17, 2016

AB 15-24 The Board approved a Consent Settlement Order from a Certified Residential appraiser where Licensee agreed to a private reprimand, a \$2250 administrative fine and a 15 hour USPAP course with exam. The violations in the appraisal report were: The Board alleges Licensee failed to provide sufficient information to enable the intended user(s) of the written appraisal report to understand the report properly. Licensee, in the Site/Zoning Description section, provided the description of the R-1 zoning as Residential. Residential does not provide sufficient information, for the intended user to understand what type of residential use single family residential, multi-family residential, etc., that would be permitted in the R-1 specific zoning classification. Licensee failed to provide an analyses of the amount of waterfront, type of access to the waterfront from the street, topography of the property in relation to the street and waterfront (functional utility) and other characteristics associated with property being located on a river. In the Reconciliation section, Licensee failed to reconcile the applicability and relevance of the Cost Approach being employed within the appraisal assignment.

The Board alleges Licensee failed to clearly and accurately set forth the appraisal in a manner that was not misleading. In the Neighborhood/Marketing Time section the Marketing Time is indicated as 3-6 months. In the Neighborhood/Market Conditions section, Marketing Time is indicated as 1-12 months. In the Site/Dimensions section Licensee provided the rear dimension (waterfront side of lot) as 576 feet. Licensee failed to recognize the dimension was grossly inaccurate and reported the dimension without sufficient verification. MLS reported 179 feet of waterfront. Licensee, within the Sales Comparison Approach/Comparable #1/Date of Sale section, reported sale occurred in 2013 when the actual date was 2014, for the contract date and sale date. Licensee, within the Supplemental Addendum section, provided a comment the effective age of the comparables could not be determine due to the lack of an interior inspection. In another paragraph of the Supplement Addendum, Licensee provided the condition of a comparable could be determine from MLS data. The comments conflict and is not clear, since the effective age of a property is a component of the condition of the property. The Board alleges Licensee provided a flawed reconciliation in developing the Indicated Value by the Sales Comparison Approach. Licensee commented in the Additional Comment section - Sale #4 was given the most weight due to 'Relatively Low' net adjustment percentages and proximity. Licensee made a conflicting comment in the Comment Addendum - Sale #1 is given the most weight due to 'Relatively Low' net adjustment percentages. It is not clear in the appraisal report which sale was given the most weight due to the conflicting comments.

Licensee analyzed an arms-length sale, conventional financing, SP=\$450,000, which was not the terms of the sales contract and addendum.

The Board alleges Licensee failed to collect, verify and analyze all information necessary for credible assignment results in the approaches employed and failed to analyze the Subject property storage buildings and bulkhead when compared to the comparables.

Subject features not analyzed, where a comparative analysis could be provided. Licensee, within Comparable #1, analyzed the property as being waterfront with a pier. Licensee failed to analyze the length of the waterfront (110 feet) with a bulkhead, boat shelter, boat lift, dock and home generator and changed the condition adjustment from -\$10,000 in the original appraisal report to -\$25,000 in the amended report without support for the change in the workfile. Licensee, within Comparable #2, analyzed the property as being waterfront with a pier. Licensee failed to analyze the length of the waterfront (240 feet), boat facility with boat/wave runner lifts, loft, fish cleaning station, wet bar and dining area and changed the quality of construction adjustment from -\$10,000, in the original appraisal report to -\$25,000 in the amended reports of the subject property without support in the workfile. Licensee, within Comparable #3, analyzed the property as being waterfront. Licensee failed to analyze the waterfront length (100 feet) with a bulkhead. Licensee changed the condition rating from C4 (\$0 adjustment) in the original appraisal report to C5 in the amended reports with a + \$25,000 condition adjustment. The Supplemental Addendum page of the amended report stated the change was at the lender/client request. There was no support in the workfile for the change. Licensee, within Comparable #4, analyzed the property as being waterfront with a pier. Licensee failed to analyze the length of waterfront (200 feet) with a wharf or the storage building. Licensee, within Comparable #5, analyzed the property as being waterfront. Licensee failed to analyze the waterfront of 124 feet with a bulkhead and the one bedroom/one bath cottage. Licensee, within Comparable #6, analyzed the property as being waterfront with a pier. Licensee failed to analyze the reported 150 feet of waterfront with a boat lift, dock with boat slip and bulkhead, home generator and adjusted for only one of three fireplaces for the home. Licensee, changed the quality of construction adjustment from -\$10,000, in the original appraisal report to -\$25,000 in the amended reports without support in the workfile. The effective age was not supported in the appraisal report nor documented in Licensee's workfile.

Licensee provided an opinion of value in the original report dated February 13, 2015 as \$450,000 and February 16, 2015, as \$450,000 and in subsequent revised reports dated February 25, 2015, February 26, 2015 and March 2, 2015 as \$365,000. The Board alleges that Licensee failed to provide analyses to justify the decrease in the value opinion and failed to completely analyze the agreement of sale and only one of the parcels of property under contract was appraised.

The Board alleges Licensee failed to fully disclose the research and analysis performed and the research and analysis not performed by Licensee for the waterfront property appraisal assignment.

The Board alleges Licensee failed to prepare a complete workfile of an appraisal assignment insofar as his workfile did not contain support of the opinion and conclusions of the effective age, Cost Approach, and the opinions/conclusions provided within the Sales Comparison Approach.

The Board alleges Licensee failed to comply with the Conduct section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice by willfully and knowingly prepared an appraisal assignment of waterfront property in a grossly negligent manner by having knowledge of the characteristics of waterfront property and failing to analyze these characteristics for the appraisal assignment. The value difference in the original

appraisal report and several revised appraisal reports was not explained in the report nor supported by the workfile. The Board further alleges Licensee failed to prepare a complete workfile of the assignment and willfully or knowingly violated the requirements of the Record Keeping Rule. **Violations:** Standards Rule 2-1(b); Standards Rule 2-1(a); Standards Rule 1-6(a); Standards Rule 1-5(a); Standards Rule 1-4(a); Standards Rule 1-3(a); Standards Rule 1-1(b); SCOPE OF WORK RULE; RECORD KEEPING RULE; ETHICS RULE, **USPAP, 2014-15 Edition**.

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 16-02 The appraisal of vacant land where the actual use or the highest and best use is not residential one to four is outside the scope of the Certified Residential appraiser license if the transaction value is over \$250,000. The highest and best use analysis in this appraisal is marginal. §34-27A-4, Code of Alabama, 1975.

AB 16-03 The appraisal of vacant land where the actual use or the highest and best use is not residential one to four is outside the scope of the Certified Residential appraiser license if the transaction value is over \$250,000. The highest and best use analysis in this appraisal is marginal. §34-27A-4, Code of Alabama, 1975.