

## **DISCIPLINARY REPORT**

**January 15, 2009**

**AB-07-30; AB 07-86**

On November 20, 2008 the Board entered an Order following an administrative hearing and issued a private reprimand to Veronica Underwood, Certified Residential #R00801 for violations in two residential appraisals. The Licensee is also ordered to pay a \$1200 administrative fine and complete education on sales comparison. The violations are:

**AB 07-30:** Underwood violated Standard Rule 1-1(a), USPAP, 2005 Ed., by utilizing comparable sales of residential property that were not located in the market area of the subject property and by utilizing comparable sales of residential property that, though located in the market of the subject property, were not similar in size, age, or style to the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-1(b), USPAP, 2005 Ed., by failing to investigate and disclose the fact that comparable sale number two utilized in her appraisal report sold for more than the price for which it was listed and failed to adjust for those facts in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-4(a), USPAP, 2005 Ed., by failing to utilize the most comparable sales available when she selected sales of residential property that were more modern and located in a more desirable neighborhood since there were other sales she could have chosen but did not choose in close proximity to the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-5(a), USPAP, 2005 Ed., by failing to analyze the contract for the sale of the subject property at a price of \$69,000 in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-5(b), USPAP, 2005 Ed., by failing to analyze and obtain information about the two previous sales of the subject property in the 36 months prior to the contract for the sale of the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood, while a trainee appraiser, failed to report to the Board that she was under the supervision of Joseph Steele in violation of ' 780-X-9-.01, ALA. ADMIN. CODE (2003) and ' 34-27A-20(a)(9), ALA. CODE 1975. Underwood's supervisor appraiser for the appraisal report was Joseph Steele, license number S00062, a State Registered Real Property Appraiser, who was not qualified to supervise a trainee appraiser, in violation of ' 780-X-9-.01, ALA. ADMIN. CODE (2003) and ' 34-27A-20(a)(9), ALA. CODE 1975. Underwood failed or refused without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal, in preparing an appraisal report, or in communicating an appraisal based upon the facts set out in subparagraphs a.-g. above in violation of ' 34-27A-20(a)(7), ALA. CODE 1975. Underwood was negligent or incompetent in developing an appraisal, preparing an appraisal, in preparing an appraisal report, or in communicating an appraisal based upon the facts set out above in violation of ' 34-27A-20(a)(8), ALA. CODE 1975.

**AB 07-86:** Underwood violated Standard Rule 1-1(a), USPAP, 2005 Ed., by utilizing comparable sales of residential property that were not located in the market area of the subject property and by utilizing comparable sales of residential property that, though located in the market of the subject property, were not similar in size, age, or style to the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood

violated Standard Rule 1-1(b), USPAP, 2005 Ed., by failing to investigate and disclose the fact that comparable sales one and three utilized in her appraisal report sold for more than the price for which they were listed and failed to adjust for those facts in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-4(a), USPAP, 2005 Ed., by failing to utilize the most comparable sales available when she selected sales of residential property that were over a mile from the subject property and were more modern and located in a more desirable neighborhood since there were other sales she could have chosen but did not choose in close proximity to the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood violated Standard Rule 1-5(b), USPAP, 2005 Ed., by failing to analyze the two previous sales, one on March 30, 2005, for \$25,000 and the other on April 15, 2005, for \$51,500, of the subject property in the 36 months prior to the contract for the sale of the subject property in violation of ' 34-27A-20(a)(6), ALA. CODE 1975. Underwood failed or refused without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal, in preparing an appraisal report, or in communicating an appraisal based upon the facts set out above in violation of ' 34-27A-20(a)(7), ALA. CODE 1975. Underwood was negligent or incompetent in developing an appraisal, preparing an appraisal, in preparing an appraisal report, or in communicating an appraisal based upon the facts set out in paragraphs a.-d. above in violation of ' 34-27A-20(a)(8), ALA. CODE 1975.

**AB-06-05, AB-06-06**

On November 20, 2008, the Board issued a public reprimand to **Roscoe Shamblin (R00691)**, a Certified Residential Real Property Appraiser. Licensee signed a Consent Settlement Order and agreed to pay a \$2900 Administrative fine and take a minimum of 22 hours of designated appraiser education courses. The violations are:

**(AB 06-05):** Licensee made numerous cloning and typographical errors in the report which may not have affected the final opinion of value but affected the overall credibility of the report. Examples of the errors were stating the intended use of the report was for lending purposes when the report was actually communicated to the client for an evaluation of assets in a divorce; Comparable sales data could not be confirmed or data that was not accurate, according to the data source stated; Failing to clearly identify and explain the departure; Inaccurate data in sales comparison grid used to adjust sales prices and arrive at a value opinion; The comments in the report are not clear and accurate as to the approaches used and the departure is not clearly identified and explained in the report; There are many contradictory “canned” statements in the report which are misleading; Licensee represented photos as comparables when the photos were not accurate. **Violations: Ethics Rule-Conduct, Departure Rule, 1-1(a), 1-1(b), 1-1(c), 1-2(b), 1-4(a), 2-1(a), 2-1(b), 2-2(b)(ii), 2-2(b)(xi), USPAP 2005 Ed. §34-27A-20(a)(6), §34-27A-20(a)(7), Code of Alabama, 1975**

**(AB-06-06):** Licensee made numerous cloning and typographical errors in the report which may not have affected the final opinion of value but affected the overall credibility of the report. Examples of the errors were combined the location adjustment and the site adjustment into one adjustment in the location adjustment; failed to analyze the comparable sales data to arrive at an indicated value within the range of the adjusted sales

price of the comparables; Licensee failed to develop the cost approach, when data was analyzed making the cost approach applicable; stated public sanitary sewer in the site section of the report, when public sanitary sewer is not available in the area; Licensee failed to provide sufficient information in the report for the intended user to know the actual data source used when data was in conflict; stated departure has not been invoked, when the cost approach was not developed within the appraisal report and was applicable. **Violations: Ethics Rule-Conduct, Departure Rule, 1-1(a), 1-1(b), 1-1(c), 1-2(b), 1-4(a), 1-4(b)(i), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), 2-1(b), 2-2(b)(ii), 2-2(b)(xi), USPAP 2005 Ed. §34-27A-20(a)(6), §34-27A-20(a)(7), Code of Alabama, 1975**

#### **AB 06-26 and AB 07-103**

On November 20, 2008 the Board issued a public reprimand to a Phillip C. Ledbetter, Certified General appraiser G00236 for two manufactured housing appraisals. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$1000 and complete education courses on appraisal of manufactured housing. The violations are: In both reports, developed the appraisal using land/home packages for the comparable sales in the Sales Comparison Approach when sales of properties with manufactured home were available from the cited data source (MLS). ***Competency Rule, , Standards 1, 2, USPAP, 2005 Ed.***

#### **AB 07-107**

On November 20, 2008 the Board issued a private reprimand to a Certified General appraiser for a commercial appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$300. The violations are: Licensee noted in the report the subject property had sewer available when the sewer was 3100 feet away. The estimated cost of installing sewer to the subject was not analyzed in developing the appraisal. There was insufficient identifying information of the comparable sales used in the appraisal. **1-1(b), 2-1(b), 2-1(b)(viii), USPAP 2006 Ed.**

#### **AB 08-13**

On November 20, 2008 the Board issued a private reprimand to a Trainee appraiser for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$1800 and complete continuing education in the cost approach. The violations are: Licensee failed to retain a true copy of the report as provided to the lender/client. Licensee stated/analyzed 2 baths for comparable #2, when the home has 1 ¾ baths according to the data source. The zip code for the subject was not the right zip code; South Huntsville is the neighborhood name in the subject information and is not the true name of the neighborhood. The census tract number is not accurate. The neighborhood boundaries are not defined on the location map or elsewhere in the report. Licensee stated site dimensions and site area, which were not accurate. Licensee stated a FEMA Map #, which was not accurate. Comparable #2, street name, MLS # and date of

sale were not accurate. Licensee stated .2 acres for area in the site section of the report and .4 acres for site in the sales comparison approach for the subject property. Licensee indicated the reproduction cost new, when the replacement cost new was the estimated cost. Licensee used a template statement for basement homes, when the statement was not applicable to the homes analyzed in the appraisal. In the comparable photo addendum, a photo of comparable #4 was used for comparable #3 by mistake. On page 2 of the URAR, the subject's sale history is December 2005, and multi-purpose supplemental addendum states the subject had not transferred in the past 3 years. Page 1 URAR, states the home is under contract and the multi-purpose supplemental addendum indicates the subject is not under contract. The one-year sales history of comparable #2, is not accurate. There are conflicting comments in the appraisal report how the site value was arrived at. Licensee failed to analyze credible cost figures for the carport area of the home, which resulted in a total estimate of cost-new being non credible. Licensee used ¼ of the base cost per square foot as the cost per square foot for the carport. The square foot cost for the carport, is not credible. Due to the non-credible carport cost resulting in a total cost-new that is not credible. Licensee failed to accurately develop the cost-new, which resulted in the physical depreciation not being accurate/credible so the cost-new is not credible. Licensee failed to include the required statutory certification in the appraisal report sent to the Lender. **ETHICS RULE-Record Keeping, :Standard 1 and 2, USPAP 2006 Ed.**

#### **AB 08-14**

On November 20, 2008 the Board issued a private reprimand to a Certified Residential appraiser for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$1800 and complete continuing education in the cost approach. The violations are: Licensee failed to retain a true copy of the report as provided to the lender/client. Licensee stated/analyzed 2 baths for comparable #2, when the home has 1 ¾ baths according to the data source. The zip code for the subject was not the right zip code; South Huntsville is the neighborhood name in the subject information and is not the true name of the neighborhood. The census tract number is not accurate. The neighborhood boundaries are not defined on the location map or elsewhere in the report. Licensee stated site dimensions and site area, which were not accurate. Licensee stated a FEMA Map #, which was not accurate. Comparable #2, street name, MLS # and date of sale were not accurate. Licensee stated .2 acres for area in the site section of the report and .4 acres for site in the sales comparison approach for the subject property. Licensee indicated the reproduction cost new, when the replacement cost new was the estimated cost. Licensee used a template statement for basement homes, when the statement was not applicable to the homes analyzed in the appraisal. In the comparable photo addendum, a photo of comparable #4 was used for comparable #3 by mistake. On page 2 of the URAR, the subject's sale history is December 2005, and multi-purpose supplemental addendum states the subject had not transferred in the past 3 years. Page 1 URAR, states the home is under contract and the multi-purpose supplemental addendum indicates the subject is not under contract. The one-year sales history of comparable #2, is not accurate. There are conflicting comments in the appraisal report how the site value was arrived at. Licensee failed to analyze credible cost figures for the carport area of the

home, which resulted in a total estimate of cost-new being non credible. Licensee used ¼ of the base cost per square foot as the cost per square foot for the carport. The square foot cost for the carport, is not credible. Due to the non-credible carport cost resulting in a total cost-new that is not credible. Licensee failed to accurately develop the cost-new, which resulted in the physical depreciation not being accurate/credible so the cost-new is not credible. Licensee failed to include the required statutory certification in the appraisal report sent to the Lender. **ETHICS RULE-Record Keeping, :Standard 1 and 2, USPAP 2006 Ed.**

### **AB 08-18**

On November 20, 2008 the Board issued a private reprimand to a Certified Residential appraiser for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$1800 and complete continuing education in the cost approach. The violations are: Licensee communicated a misleading appraisal report. The Cost Approach and Sales Comparison Approach were not credible. These approaches contained errors, estimates and analysis of non-verified data inconsistent with the stated data source. The report contained a series of errors that affected the overall credibility of the results of the report. Licensee analyzed data in the Sales Comparison Approach that was not consistent with the stated data source. Licensee used and analyzed data that was from Licensee's observation, guess and estimates, did not investigate and verify when different from the data source. Licensee made adjustments within the Sales Comparison Approach that were not supported. Licensee did not include appliances in the cost new estimate of the cost approach. Licensee used an effective age that was cloned from a prior report and was not accurate for this assignment to calculate physical depreciation. Licensee analyzed data in the Sales Comparison Approach that was not consistent with the stated data source. Licensee used and analyzed data that was from Licensee's observation, guess and estimates, did not investigate and verify when different from the data source. Licensee used an effective age that was cloned from a prior report and was not accurate for this assignment to calculate physical depreciation. Licensee failed to state an accurate legal description for the subject property. Licensee used an incorrect assessor's parcel number in the property description. Licensee failed to state and analyze personal property included in the sales contract as a part of the sale price. Licensee failed to state the neighborhood boundaries within the appraisal report. Licensee stated "Not dimensioned" in the site dimensions section which is meaningless. Licensee stated the site area is .60 acre, when the site area is .98 acre for the subject. Licensee stated the public street was asphalt, when the street is dirt/gravel. Licensee stated the foundation was concrete slab, when the home has a full basement that is partially finished. Licensee stated the subject home had 4 bedrooms above grade, when the home has 3 bedrooms above grade with 1 bedroom below grade. Licensee stated an address number for Comparable #1 that was not accurate. Licensee analyzed data in the Sales Comparison Approach that was not consistent with the stated data source. Licensee used and analyzed data that was from Licensee's observation, guess and estimates, did not investigate and verify when different from the data source. Licensee made a plus adjustment to Comparable #1 for view, when the adjustment should be a minus adjustment. (Comp superior to subject) Licensee failed to accurately state and analyze

the Porch/Patio/Deck adjustment for Comparable #1. Licensee stated a sale price of Comparable #2 that was not accurate, and analyzed the incorrect sale price. Licensee failed to state, analyze and adjust for the difference in baths between the Subject and Comparable #2. Licensee stated a sale price in Comparable #3 that was not accurate, and analyzed the incorrect sale price. Licensee failed to state, analyze and adjust for the difference in baths between the Subject and Comparable #3. Licensee stated and analyzed Comparable #3 as an unfinished basement, when the data source says the Comparable has a partially finished basement. Licensee reported decks in Comparable #3, when the data source has 2 porches and a patio. Licensee analyzed and adjusted based on data that was not consistent with the stated data source. Licensee failed to include sufficient information to enable the intended user(s) of the appraisal to understand the report properly. Licensee used an effective age that was cloned from a prior report and was not accurate for this assignment to calculate physical depreciation. Licensee did not include appliances in the cost new estimate of the cost approach. Licensee made a plus adjustment to Comparable #1 for view, when the adjustment should be a minus adjustment. (Comp superior to subject). Licensee stated and analyzed the GLA and basement footage for Comparable #1, which was not consistent with the stated data source. The GLA & basement footage in the report was from Licensee's observation. The report does not address the difference. Licensee reported and analyzed Comparable #1 with 1-car garage from his observation. The data source reports a 2-car garage. This difference is not addressed in the report. Licensee failed to accurately state and analyze the Porch/Patio/Deck adjustment for Comparable #1. Licensee stated and analyzed 1 deck when the Comparable had 2 decks. Licensee stated and analyzed a sale price of Comparable #2 that was not accurate. Licensee failed to state, analyze and adjust for the difference in the baths between the Subject and Comparable #2. Licensee stated and analyzed incorrect basement footage for Comparable #2. Licensee stated the GLA for the basement according to the stated data source. Licensee stated and analyzed a sale price of Comparable #3 that was not accurate. Licensee failed to state, analyze and adjust for the difference in the baths between the Subject and Comparable #3. Licensee stated and analyzed Comparable #3 as an unfinished basement, when the stated data source has the Comparable with a partially finished basement. Licensee stated and analyzed Comparable #3 with decks, when the data source has 2 porches and patio. Licensee analyzed and adjusted based on data that was not consistent with the stated data source. Licensee failed to develop a credible accrued depreciation (physical depreciation) due to an effective age/physical depreciation calculation that was not accurate. The effective age was cloned from a prior report and was not accurate for this assignment to calculate physical depreciation. Licensee failed to analyze the bedroom furniture that was included in the sales price. Licensee prepared, developed and communicated a misleading appraisal report. The report contained unverified data and a series of errors that affected the credibility of the results. There were errors in the development of the Cost Approach and Sales Comparison Approach. The approaches were developed with unverified data when licensee had knowledge of differences that result in the indicated values being non-credible. The non-credible indicated values from these approaches resulted in the reconciliation to a non-credible opinion of market value which was communicated to the intended user. Licensee failed to provide adequate information for the lender/client to replicate the cost figures and calculations in the cost approach. Licensee failed to state

whether the estimated cost was reproduction or replacement cost developed within the cost approach. Licensee failed to state a data source, quality rating or effective date of the cost data in the cost approach. Licensee failed to provide sufficient information for the intended user to understand the Sales Comparison Approach was developed using data other than the stated data source. Some of the data used within the Sales Comparison Approach was from Licensee's observation, guess and estimates. Licensee stated an Assessor's parcel number that was not accurate. Licensee failed to include the statutory certification for licensed/certified appraiser as required. **Violations: Ethics Rule-Conduct, Standards 1 and 2, USPAP, 2006 Ed.**

**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 07-113** To a Certified General appraiser for an appraisal where Licensee failed to use a hypothetical condition concerning the proposed construction of improvements and Licensee failed to develop a cost approach. **Violation: Standards Rule 1-2(h); 2-2(b)(viii), Standards Rule 1-4(b)(ii), USPAP, 2005 Ed.**