

## DISCIPLINARY REPORT

January 20, 2011

**AB 08-121, AB 08-155** On September 16, 2010, the Board approved a Consent Settlement Order with Everett S. Brooks, G00442, suspending his Certified General Appraiser license and appraisal course instructor approvals for one year. The license suspension was stayed and Brooks is on probation for two years. Licensee surrendered his approval to Mentor Trainee appraisers and agreed not to sign any appraisal report in any supervisory capacity. He will also submit reports of his appraisal assignments to the Board and submit appraisal reports for review by the Board during the probationary period.

**AB 08-154** On September 16, 2010, the Board approved a Consent Settlement Order and issued a public reprimand to Christopher Keith Hallum, S00101. Licensee will also complete education.

**AB 09-01, AB 09-02, AB 09-03, AB 09-04** On November 18, 2010, the Board approved the Voluntary Surrender of License from S. Lee Pake, G00027 effective immediately. The violations are: The reports lacked any discussion about the characteristics of the subject property. The reports lacked any analyzes of the highest and best use of the subject properties. The reports lacked any discussion or analysis of the sales comparison approach or the comparable sales utilized. Licensee failed to report that the subject access is on a street that was dedicated but never built and that there is a drainage area that splits the subject property and approximately ½ of the site is in a flood zone. Licensee says the subject is not in a flood zone and under additional comments states that a portion of subject is located in flood zone and includes a map in showing flood area. There is no summary of the Licensee's analysis of the highest and best use of the subject property. There is no summary of the adjustments or lack of adjustments made in the Licensee's sales comparison approach to value. **Violations: Standards Rules 2-1(b), 2-2(b)(iii), 2-2(b)(viii), USPAP 2006 Ed.**

**AB 09-77** On November 18, 2010, the Board approved a Consent settlement Order from a Certified Residential Appraiser and issued a private reprimand to the Licensee. The Licensee agreed to complete 15 ours of education that will not count toward CE requirement or any future license upgrade. The Violations are as follows: The Licensee failed to make needed adjustments or large enough adjustments to comparable sales utilized Site values were not adjusted enough to account for the differences in the subjects estimated site value and the site values of the comparables. No adjustments were made for functional utility due to the subject property being over built for the area. The licensee states one place that the property is appraised "as is" and another place that the property is appraised for a prospective market value. There were better comparable sales available to the licensee that were not influenced by being water front properties. **Violations: Standards Rule 1-1(b); 1-2(d); 1-4(a), USPAP, 2006 Ed.**

**AB 09-89** On November 18, 2010, the Board approved the voluntary surrender of license from Jane E. Smithson, R00965 effective immediately. The violations were: Licensee reported that the subject property (a duplex) was appraised “as is” and had been recently repaired/renovated include but may not be limited to: Exterior Paint, Interior paint throughout, replaced drywall where it had been damaged by previous tenants, replaced rotted wood on eaves, fascia and roof over front upper porch, replaced rotted wood on window casing where necessary, new ceramic tile in baths, painted kitchen cabinets and replaced counter tops, rewired house to include upgraded electrical box, replaced plumbing, replaced rotted stoop and back stairs to upper level, replaced broken window panes where necessary, installed new vinyl in kitchens and laid new carpet in bedrooms. The Investigator noted approximately three months after the effective date of the appraisal that the exterior and first floor area of the building were in very poor condition with only minor signs on the interior on the first floor that any remodeling had taken place. The first floor unit was not livable on the date inspected by the investigator. The exterior of the building had not been painted in several years, there was rotted wood on the exterior, missing siding, windows missing and broken, window casings rotted and in need of putty and painting. Part of the foundation of the front porch appeared to have settled or collapsed causing the front porch to collapse partially. Licensee’s comparable sale number one was reported by the licensee as being a duplex but MLS stated that the structure was a single family residence. . The MLS contained in the licensee’s work file had this property as a single family residence with notes about the remodeling, if licensee had verified this information then the comparable would not have been utilized. Listing/Sales Agent stated the home had been a duplex at one time but had been remodeled extensively in 2006 into a single family residence and was at the time it sold, was marketed and sold as a single family residence. It might also be noted that the MLS states this is a “Short Sale”. By using this sale as a sale of a duplex would significantly affect the appraisal. Licensee’s source of information for licensee’s comparable sale number two was Courthouse Retrieval System. After checking the public records it was discovered that the property used as comparable number two had not sold as reported. It appeared that the sales information reported on the Courthouse Retrieval System was an error. Not verifying the reported sale with an additional source resulted in the licensee using information that would significantly affect the appraisal. **Violation: Ethics Rule, Conduct, USPAP, 2008-2009 Ed.**

**AB 09-107** On November 18, 2010, the Board approved a Consent Settlement Order a Certified Residential where the Board issued a Private Reprimand and the Licensee agreed to complete a 7 hour FHA course that may not be used for continuing education. The violations were: Licensee failed to utilize the most comparable sales available at the time of the assignment when more comparable sales were available. Licensee made an unsupported assumption that the subject 49 year old home had an effective age of 15 years. There were better comparable sales available to the licensee that if used would have resulted in a lower estimate of market value. **Violations: STANDARDS RULE 1-1(a), 1-3(a), 1-4(a), USPAP, 2008-2009 Ed.**

**AB 09-112** On November 18, 2010, the Board approved a Consent Settlement Order a Certified Residential where the Board issued a Private Reprimand and the

Licensee agreed to pay a \$900 administrative fine and complete 14 hours education in Sales Comparison. The violations are: The intended use of the appraisal was divorce litigation. Included in the workfile and provided at the interview is documentation that the wife engaged the appraiser's services and the report was furnished to the husband's attorney instead of his client. In the Sales Comparison Approach licensee used stick-built homes as comparables for a modular home and did not consider quality or type of construction and did not comment on the difference in construction. The licensee did not take into consideration that the subject site was located partially in a flood zone when the comparable sales were not located in a flood zone. The licensee did not document or analyze the additional improvements on the subject site in the sales comparison approach. Licensee failed to identify the client or any intended users of the report. **Violations: ETHICS RULE, Confidentiality, Standards Rule 1-1(a), 1-1(b), 1-2(a), 2-1(a), 2-2(b)(i), USPAP, 2008-2009 Ed.**

**AB 08-120, AB 08-125** On November 18, 2010, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential appraiser for two appraisals of income producing properties. The Licensee will pay an administrative fine of \$6,500, complete a 15 hour education course which may not be claimed for CE or license upgrade. Licensee may not appraise income producing property without the prior approval of the Board. All appraisals assignments completed by the Licensee are subject to screening by the Board for a two year period. The violations are: **AB 08-120** Respondent used a Hypothetical Condition to appraise the subject property as vacant land with no merchantable timber, but in the appraisal of the subject the Respondent failed to adjust comparable sales for the amount of merchantable timber located on the comparables. This would be a negative adjustment to the comparables and resulted in the subject property being overvalued. The Respondent failed to adjust the comparables for difference in the amount and quality of road frontage as all the comparables had more road frontage of a higher quality than the subject. This would be a negative adjustment to the comparable sales and resulted in the subject being over valued. Respondent failed to analyze or report two prior sales of the subject property, one on May 2, 2006 for \$210,000 the other on November 20, 2006 for \$250,000. The appraisal assignment was not performed ethically and competently and resulted in a misleading or fraudulent report that was knowingly communicated to a client. The scope of work determined by the Respondent is not sufficient to produce credible assignment results. Respondent's scope of work as stated is too narrow to produce comparable sales data that was available. Respondent's decision to omit the income approach deviates from the steps a peer group would take in completing the same or similar assignment. Respondent fails to use the best comparable sales that were available at the time of the appraisal. Respondent used comparable sales that contained merchantable timber when the stated scope of work was to appraise subject as vacant with no merchantable timber. There were sales in existence that did not include merchantable timber. Respondent fails to make adjustments for value of timber, and amount and quality of road frontage. There is no highest and best use analysis. Respondent failed to analyze or report two prior sales of the subject property May 2, 2006 for \$210,000 and November 20, 2006 for \$250,000. **Violation: Competency Rule, Scope of Work Rule; Statement 10; Standards Rule 1-2(b), 1-**

**4(a), 1-4(c), Standards Rule 2-2(b)(viii), Standards Rule 1-1(a), 1-1(b), Standards Rule 1-5(b), USPAP, 2006 Edition.**

**AB-08-125** Respondent's description of the subject property does not adequately describe the property characteristics and attributes for comparison to the sales comparables. There is no mention of the topography, the timber growth, the beaver pond, the wetlands and the streamside management zones. Respondent concluded that the highest and best use of the subject is residential without an analysis of the highest and best use. The photographs of the subject in the report indicate an intent to mislead the reader. The appraisal assignment was not performed ethically and competently and resulted in a misleading report and was knowingly communicated to a client. The Respondent readdressed the appraisal report and delivered it to a new client/lender. The Respondent did not retain a copy of the appraisal report prepared for the first client prior to readdressing the report to the second client. The Respondent's Scope of Work did not include the research and analysis necessary to develop credible assignment results. The Respondent did not analyze and adjust for the following characteristics or attributes of the subject property: flood zone, wetlands, timber, streamside management zone. Respondent's failure to consider adjustments for omitted characteristics and attributes of the subject is a substantial error of omission that significantly affected the appraisal. Respondent did not identify and analyze the affect on use and value of the physical adaptability of the subject site for flood zone. The site is listed on the National Wet Lands Inventory. Respondent did not develop a credible highest and best use of the subject site due to failure to analyze the legal, physical and economic factors of the site. Respondent did not summarize sufficient information about the physical and economic property characteristics to develop a credible appraisal. An appraiser cannot develop a credible appraisal when information about relevant characteristics such as being located in a flood zone and being on the National Wet Lands Inventory is not researched, analyzed and reported. Respondent does not report his analysis of the highest and best use of the subject property. **Violation: Competency Rule, Scope of Work Rule, Standards Rule 1-1(a), 1-1(b), 1-3(a), 1-3(b), 2-2(b)(iii), 2-2(b)(viii), USPAP, 2006 Edition.**

**AB 08-124** On November 18, 2010, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential appraiser for an appraisal of income producing property completed as a State Registered Appraiser under the supervision of another appraiser. The Licensee agreed to pay a \$2850 administrative fine and complete a 15 hour USPAP course which may not be used as continuing education or to upgrade a license. The violations are: Respondent's description of the subject property does not adequately describe the property characteristics and attributes for comparison to the sales comparables. There is no mention of the topography, the timber growth, the beaver pond, the wetlands and the streamside management zones. Respondent concluded that the highest and best use of the subject is residential without an analysis of the highest and best use. The photographs of the subject in the report indicate an intent to mislead the reader. The appraisal assignment was not performed ethically and competently and resulted in a misleading report and was knowingly communicated to a client. The Respondent readdressed the appraisal report and delivered it to a new client/lender. The Respondent did not retain a copy of the appraisal report prepared for the first client prior to readdressing the report to the second client. The Respondent's Scope of Work did not

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