

DISCIPLINARY REPORT

JULY 21, 2011

AB 07-98 On May 19, 2011, the Board voted to accept the recommendation of the Administrative Law Judge and revoked the Certified Residential Appraiser license of Otis Stewart, Jr., (R00552). The Respondent did not appear at the administrative hearing and his license was in a pending renewal status. The Board found that Respondent had violated §34-27A-20(a)(6), §34-27A-20(a)(7), §34-27A-20(a)(8) and §34-27A-20(a)(9) of the Appraisers Act in a residential appraisal.

AB 09-36, AB 10-06 On May 19, 2011, the Board approved a Voluntary Surrender of license from Certified Residential Appraiser J. Scott Gellerstedt, (R00816). Licensee surrendered his license in lieu of attending an administrative hearing in these cases.

AB 10-20 On May 19, 2011, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential appraiser. Licensee also agreed to pay an administrative fine of \$300 and complete a Board approved 7-hour course on paired sales analysis and a Board approved 7-hour course on sales comparison. This education may not be claimed for continuing education credit required for license renewal. The violations were: Licensee did not have and could not provide market based data or other justification for the adjustments in the Sales Comparison Approach for Gross Living Area, demonstrating that he did not understand and correctly employ the approach. Licensee failed to provide sufficient information on the adjustments in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Standard 1-1(a) and 2-1(a), USPAP, 2010-11 Ed.**

AB 10-21, AB 10-22, AB 10-23, AB 10-24, AB 10-25 On May 19, 2011, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential appraiser. The Licensee agreed to pay an administrative fine of \$4,500 and to take Board approved courses for paired sales analysis and FHA guidelines. This education may not be claimed for CE credit.

AB 10-21 The licensee failed to describe the Market Conditions for the subject neighborhood as required by FHA. An analysis of the MLS sales and inventory history over the 24 months prior to the effective date of value indicates the median sales prices declined over this period with the sales volume decreasing, and inventory increasing. The licensee reported "Typical marketing time is 90-180 days with values currently stable.". By licensee not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach for Gross Living Area, unfinished basement area and finished basement area, by there being several sales of properties that were more similar to the subject in location, age and size that were available and could have been utilized the licensee did not demonstrate that he understood or correctly employed the approach. Licensee made an unsupported assumption that the subject 38 year old home had an effective age of 25 years. There were several comparable sales that were available to the licensee during this assignment that were more similar to the subject in location, age and size and could have been utilized by the licensee. Licensee failed to provide sufficient information on the Market

Conditions in the neighborhood, justification for the effective age being significantly different than actual age and adjustments utilized in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Scope of Work Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standards Rule 1-3(a), Standards Rule 1-4(a), Standard Rule 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-22 The licensee failed to do an analysis of the contract on the subject property, the licensee only reports factual information about the sales contract and does no analysis as required by FHA. The licensee failed to describe the Market Conditions for the subject neighborhood as required by FHA. An analysis of the MLS sales and inventory history over the 24 months prior to the effective date of value indicates the median sales prices declined over this period with the sales volume decreasing and inventory increasing. It might also be noted that this is a high foreclosure rate neighborhood which was not noted by the licensee. The licensee reported "Typical marketing time is 90-180 days with values currently stable." By licensee not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach for Gross Living Area, the licensee did not demonstrate that he understood or correctly employed the approach. Licensee made an unsupported assumption that the subject 28 year old home had an effective age of 20 years. Licensee failed to provide sufficient information on the Market Conditions in the neighborhood, justification for the effective age being significantly different than actual age and adjustments utilized in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Scope of Work Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standards Rule 1-3(a), Standards Rule 1-4(a), Standard Rule 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-23 The licensee failed to do an analysis of the contract on the subject property, the licensee only reports factual information about the sales contract and does no analysis required by FHA. The licensee failed to describe the Market Conditions for the subject neighborhood as required by FHA. An analysis of the MLS sales and inventory history over the 24 months prior to the effective date of value indicates the median sales prices declined over this period with the sales volume decreasing and inventory increasing. It might also be noted that this a high foreclosure rate neighborhood which was not noted by the licensee. The licensee reported "Supply and Demand appear in balance in the market". By licensee not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach for Gross Living Area, unfinished basement area and finished basement area, the licensee did not demonstrate that he understood or correctly employed the approach. Licensee made an unsupported assumption that the subject 45 year old home had an effective age of 35 years. Licensee failed to provide sufficient information on the Market Conditions in the neighborhood, justification for the effective age being significantly different than actual age and adjustments utilized in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Scope of Work Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standards Rule 1-3(a), Standards Rule 1-4(a), Standard Rule 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-24 The licensee failed to do an analysis of the contract on the subject property, the licensee only reports factual information about all sales contract and does no analysis as required by FHA. The licensee failed to describe the Market Conditions for the subject neighborhood as required by FHA. An analysis of the MLS sales and inventory history over the 24 months prior to the effective date of value indicates the median sales prices

declined over this period with the sales volume decreasing and inventory increasing. The licensee reported "Typical marking time is 90-180 days with values currently stable.". By licensee not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach for Gross Living Area, unfinished basement area and finished basement area, by comparable 1 and 3 utilized by the licensee in the Sales Comparison Approach to value being foreclosed sales of homes being sold by the lean holder, by there being several sales of properties that were more similar to the subject in age and size that were available and could have been utilized the licensee did not demonstrate that he understood or correctly employed the approach. Comparable 1 and 3 utilized by the licensee in the Sales Comparison Approach to value were foreclosed homes being sold by the mortgage holder. These sales are considered distressed sales and are not market value transactions. Licensee made an unsupported assumption that the subject 38 year old home had an effective age of 25 years. Comparable 1 and 3 utilized by the licensee in the Sales Comparison Approach to value were foreclosure sales of homes being sold by the mortgage holder. These sales are considered distressed sales and are not market value transactions. There were several comparable sales that were available to the licensee during this assignment that were more similar to the subject in age and size and could have been utilized by the licensee. Licensee failed to provide sufficient information on the Market Conditions in the neighborhood, justification for the effective age being significantly different then actual age and adjustments utilized in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Scope of Work Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standards Rule 1-3(a), Standards Rule 1-4(a), Standard Rule 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-25 The licensee failed to do an analysis of the contract on the subject property. The licensee only reports factual information about the sales contract and does no analysis as required by FHA. The licensee failed to describe the Market Conditions for the subject neighborhood as required by FHA. An analysis of the MLS sales and inventory history over the 24 months prior to the effective date of value indicates the median sales prices declined over this period with the sales volume decreasing and inventory increasing. The licensee reported "Typical marking time is 90-180 days with values currently stable.". By licensee not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach for Gross Living Area, unfinished basement area and finished basement area, by there being other sales of properties that were more similar to the subject in location, age and size that were available and could have been utilized. The licensee did not demonstrate that he understood or correctly employed the approach. There were other comparable sales that were available to the licensee during this assignment that were more similar to the subject in location, age and size and could have been utilized by the licensee. Licensee failed to provide sufficient information on the Market Conditions in the neighborhood, justification for the effective age being significantly different then actual and adjustments utilized in the Sales Comparison Approach to enable the intended user to understand the report properly. **Violations: Scope of Work Rule, Standard Rule 1-1(a), Standard Rule 1-1(b), Standards Rule 1-3(a), Standards Rule 1-4(a), Standard Rule 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-30, AB 10-32, AB 10-34 On May 19, 2011, the Board approved a Voluntary Surrender of license from Certified General Appraiser Pat L. McDerment, (G00342).

Licensee surrendered his license in lieu of attending an administrative hearing in these cases.

AB 10-37 On May 19, 2011, the Board approved a Consent Settlement Order and assessed a \$750 administrative fine to Kelli Jones Ross (R00961). The violations in the appraisal of a single family dwelling are as follows: Licensee utilized an effective age of 25 years for a residence with an actual age of 110 years. Licensee's workfile contained no justification for this effective age estimate. It may be noted that Licensee did include photos of the interior of the residence that indicated some remodeling and updates had taken place but no explanation as to what was done and when this remodeling or updating took place. Licensee failed to verify the condition of the comparable sales or if any remodeling or updating had taken place on homes that were over 100 years old. Licensee stated the subject and all comparables were in average condition and all had the same effective age but MLS photos did not support this statement. By using an unsupported 25 year effective age, the physical depreciation for the subject improvements was underestimated. It was also noted that the licensee did not consider or estimate any functional obsolescence for a residence with an actual age of 110 years. Licensee failed to accurately report the condition of the subject property and any remodeling that had taken place. The licensee relied on interior photos to report the condition of the residence. Licensee failed to accurately report the condition of the comparable sales utilized in the sales comparison approach and the MLS photos did not support Licensee's assertions. **Violations: Standards Rule 1-3(a), Standards Rule 1-4(a), Standards Rule 1-4(b)(iii), Standards Rule 2-1(a), Standards Rule 2-1(b), USPAP, 2010-11 Ed.**

AB 10-38 On May 19, 2011, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential appraiser. Licensee also agreed to pay a \$450 administrative fine and complete the Alabama Manufactured Housing Association Real Property Manufactured Housing course. The violations in the report are as follows: On page 5 of 7 of Licensee's appraisal report under section titled Scope of Work, Licensee states: "inspect each of the comparable sales from at least the street." Licensee incorrectly plotted the location of comparable number one on the Comparable Location Map indicating that the Licensee did not do an exterior inspection of the comparable sales as reported in the Scope of Work. Licensee failed to account for depreciation on the 1995 manufactured home resulting in a flawed estimate of value from the Cost Approach. Licensee did not analyze accrued depreciation for the subject improvements in the Cost Approach, did not disclose that the comparable sales were not inspected from the exterior and did not disclose that the photos utilized in the report were MLS photos. **Violations: Scope of Work Rule, Standards Rule 1-4(b)(iii), Standards Rule 2-1(a), USPAP, 2010-11 Ed.**

AB 10-41 On May 19, 2011, the Board approved a Consent Settlement Order and assessed a \$750 fine to Burke Sylvest (R00321). The violations in the appraisal of a single family dwelling are: Licensee utilized a flawed adjustment for site in that he valued the subject site as commercial and the comparable sites as residential when the adjustment should have been based on the contributory value of the as improved property. The licensee made no adjustments for Functional Utility in his Sales Comparison approach and as a matter stated all properties were equal. Functional utility difference would exist in homes that are 160 years old verses homes that are 27 to 34

years old such as 8-9 foot ceilings as compared to 12-14 foot ceilings. Licensee made significant adjustments for Garage, guesthouse and enclosed pool without any justification for these adjustments. Licensee utilized an effective age of 20 years for a residence with an actual age of 160 years. Licensee had no justification for this effective age estimate. Licensee utilized a flawed adjustment for site in that he valued the subject site as commercial and the comparable sites as residential when the adjustment should have been based on the contributory value of the as improved property. The licensee made no adjustments for Functional Utility in his Sales Comparison approach and as a matter of fact stated all properties were equal. Functional utility difference exist in homes that are 160 years old verses homes that are 27 to 34 years old such as 8-9 foot ceilings as compared to 12-14 foot ceilings. Licensee made significant adjustments for Garage, guesthouse and enclosed pool without any justification for these adjustments. Licensee made adjustments to comparables 1, 2 and 4 for not having an enclosed pool but comparable 2 had an in-ground pool, yet Licensee still made the same adjustment. Licensee failed to accurately report the condition of the subject property and any remodeling or lack of remodeling that had taken place. Licensee failed to report justification for this effective age estimate that was significantly less then the actual age of the residence. Licensee utilized a flawed adjustment for site in that he valued the subject site as commercial and the comparable sites as residential when the adjustment should have been based on the contributory value of the as improved property. The licensee made no adjustments for Functional Utility in his Sales Comparison approach and as a matter of fact stated all properties were equal. Functional utility difference exist in homes that are 160 years old verses homes that are 27 to 34 years old such as 8-9 foot ceilings as compared to 12-14 foot ceilings. Licensee made significant adjustments for Garage, guesthouse and enclosed pool without any justification for these adjustments. Licensee made adjustments to comparables 1, 2 and 4 for not having an enclosed pool but comparable 2 had an in ground pool, yet the licensee still made the same adjustment. **Violations: Standards Rule 1-1(a), Standards Rule 1-3(a), Standards Rule 1-4(a), Standards Rule 2-1(a), Standards Rule 2-1(b), USPAP, 2005 Ed.**

AB 10-122 On May 19, 2011, the Board approved a Voluntary Surrender of license from Certified General Appraiser Michael Roy Rogers, (G00696). Licensee surrendered his license in lieu of an investigation of the appraisal in this case.

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 10-27 A letter of warning was issued and Licensee was assessed a \$250 administrative fine for the appraisal of a single family dwelling where The room count for subject is reported as 5 and analyzed as 6. The photos for Listing #1 and Listing #2 are swapped and there is not explanation of the exclusion of the Cost Approach and the Income Approach. **Violations: Standard 2-1, Standard 2-2(b)(viii), USPAP, 2010-2011 Ed.**