

DISCIPLINARY REPORT

March 17, 2011

AB 09-85 On January 20, 2011, the Board approved a Consent Settlement Order with Cleabron Pullum, R00216, issuing a public reprimand, assessing an administrative fine of \$4500, requiring that Pullum not perform commercial appraisals without prior consent of the Board and requiring a 15 hour USPAP course that cannot be used for continuing education. The violations in the report are: did not disclose his lack of knowledge or experience to his client, did not take steps necessary or appropriate to complete the assignment competently and did not describe his lack of knowledge or experience in the report. Licensee failed to research, analyze, develop and report an opinion of the highest and best use of the subject property. Licensee failed to research and analyze comparable sales. Instead the Licensee gathered and utilized sales from local MLS that were further away and not as comparable to the subject as other sales that were available in the MLS system. Licensee failed to research and analyze information to consider income approach in his analysis of an income producing property. Licensee allowed the assignment condition of drive-by appraisal to keep him from considering the Cost and Income Approaches to Value as noted by his statement on page 2 of the report where he stated "no Income and no Cost Approach was considered due to being a drive by at your request. Licensee failed to research, analyze, develop and report an opinion of the highest and best use of the subject property. Licensee failed to research and analyze comparable sales. Instead the Licensee gathered and utilized sales from local MLS that were further away and not as comparable to the subject as other sales that were available in the MLS system. Licensee failed to research and analyze information to consider income approach in his analysis of an income producing property. Licensee failed to consider the Income approach to value when research and analysis of the income potential of the subject property would have indicated that the Licensee's Sales Comparison Approach was flawed. Licensee never mentions the intended use of the appraisal. On page 6 of the Licensee's report under section titled Purpose, Function and Intended Use of the Appraisal, the space for intended use is blank. Licensee failed to research, analyze, develop and report an opinion of the highest and best use of the subject property. Licensee failed to research and analyze comparable sales. Instead the Licensee gathered and utilized sales from local MLS that were further away and not as comparable to the subject as other sales that were available in the MLS system. Licensee failed to research and analyze information to consider income approach in his analysis of an income producing property. Licensee failed to identify and analyze the effect on use and value of existing land use regulations, or to analyze any reasonably probable modifications of such land use regulations. Licensee failed to identify and analyze the supply and demand for the subject property, the physical adaptability of the subject property, and market area trends. Licensee did not develop an opinion of the highest and best use of the subject property. Licensee failed to research and analyze comparable sales. Instead the Licensee gathered and utilized sales from local MLS service that were further away and not as comparable to the subject as other sales that were available in the MLS system. Licensee failed to consider the Income approach to value when research and analysis of the income

potential of the subject property would have indicated that the Licensee's Sales Comparison Approach was flawed. Licensee utilizes a "desk top" report format to report what he labeled a "Limited Appraisal" (see page 6 of report). There is not enough information reported about the subject property physical characteristics, the Highest and best use of the subject property, the physical characteristics of the comparable sales and the analyzes of the comparables in this format and the report is misleading. The "desk top" report is so sketchy and lacks detail that a reader of the report needs to understand the report properly. Licensee never mentions the intended use of the appraisal. On page 6 of the Licensee's report under section titled Purpose, Function and Intended Use of the Appraisal, the Licensee leaves the space for the intended use blank. Licensee did not summarize his analysis of the highest and best use of the subject property. The Licensee did not summarize his analysis of the comparable sales utilized in the sales comparison approach. The Licensee did not give valid reasons the income and cost approaches were excluded. Licensee did not report an opinion of highest and best use of the subject property. **Violations: Competency Rule; Scope of Work Acceptability; Standards Rule 1-1(a); 1-1(b); 1-2(b); 1-2(h); 1-3(a); 1-3(b); 1-4(a); 1-4(c); 2-1(a); 2-1(b); 2-2(b)(ii); 2-2(b)(ix), USPAP, 2008-2009 Ed.**

AB 10-07 On January 20, 2011, the Board approved a Consent Settlement Order from a Licensed Real Property for a residential appraisal. The Board issued a private reprimand, assessed a \$450 fine and required 7 hours of appraisal education that cannot be used for continuing education. The violations in the report are: Licensee mis-measured the subject and overstated the square footage of the subject property by 354 square feet that significantly affected the appraisal. The address of the subject was incorrect. On page 1 of the report in the "General Description" Licensee incorrectly reported that the subject property was one-story structure and correctly reported in other parts of the report that it is two-story. On page 1 of the report Licensee incorrectly reported a 3 car garage instead of a two car garage. On page 1 of the report Licensee described the subject: "This house plan is typical for the area, no functional or external obsolescence apparent that would have an impact on the final estimate of value, depreciation is typical for a house this age." This is contradicted other places in the report. The house is not typical for the area and the licensee reports elsewhere that the house is overbuilt suffers from functional obsolescence known as "super adequacy". Overstating the size of the subject property, using the incorrect address for the subject. reporting the subject was a one-story structure and that it was as two-story structure, reporting a 3 car garage instead of a two car garage, describing the subject as typical and then reporting super-adequacy result in a report hat is not clear and accurate and could be misleading. **Violations: Standards Rule 1-1(b); 1-1(c); 2-1(a), USPAP, 2008-09 Ed.**

AB 10-13 On January 20, 2011 the Board approved a Consent Settlement Order from Leon Nelson, R00981. Nelson was assessed an administrative fine of \$500 and must complete a 15 hour sales comparison and a 7 hour Fannie Mae forms course. The appraisal education courses cannot be used for continuing Education.

AB 10-19 On January 20, 2011, the Board approved a Consent Settlement Order from Susan L. Rice, R00877. Rice agreed to a six month suspension of her license, a one year probationary period, a \$1000 administrative fine and a 15 hour basic appraisal education course which cannot be used for continuing education purposes. The license suspension is stayed and Rice may continue to appraise and submit logs of her work to the Board for review. The violations are: The appraisal report is misleading because the licensee indicated the comparable sales were located as depicted on the "Location Map" when the visual inspection of the comparable sales used in the report did not match the improvements described on page 5 of 21 in the report or the photos located on page 20 of 21 in the report. Comparables 1 thru 3 as utilized by licensee in this assignment were actually located more than 5 miles to the west of the subject. The photos of the comparables used in the report were photos from the local MLS which indicates that licensee did not personally inspect the comparable sales as stated in the report. The licensee failed to mention the existence of a power substation next door to the subject. This power substation was not mentioned in the report or work file and could have had a detrimental effect on the value of the subject property and should have been mentioned and analyzed. The licensee made several errors in the report. On page 1 of 6 under "Site" section it was reported that the shape of the property was "irregular" when in fact it was rectangular. Also in the same section under "Alley" Licensee reported "None" when there is an alley extending along the side of the property. On page 1 of 6 in the "Improvements" section of the report under "General Description" the "# of Stories" and "Design" it is reported as one story when it is actually a Two story residence. In the same section of the report, for "foundation" it is reported Crawl space when the property has a partial basement which is not reported. The appraisal report is misleading because the licensee indicated the comparable sales were located as depicted on the "Location Map" when the visual inspection of the comparable sales used in the report did not match the improvements described on page 5 of 21 in the report or the photos located on page 20 of 21 in the report. Comparables 1 thru 3 as utilized by licensee in this assignment were actually located more than 5 miles to the west of the subject. The subject property is not accurately described: it is two story, not one story and it has a partial basement, not just a crawl space and the lot is regular shaped, not irregular. **Violations: Ethics Rule, Conduct; Standards Rule 1-1(b); 1-1 (c); 2-1(a), USPAP, 2008-2009 Ed.**