

## DISCIPLINARY REPORT

November 17, 2011

**AB 08-19** On September 15, 2011, the Board approved a Consent Settlement Order and suspended the license of a Birmingham, Alabama Certified General appraiser Gilbert P. Johnson, G00144. The six-month suspension is stayed and Licensee is on probation for 6 months. Licensee also agree to pay an administrative fine of \$1,000, complete a board approved 15 hour residential sales comparison appraisal course and submit logs of his appraisals to the Board during the probationary period. The violations were: Licensee had information that he was aware of located in his work file that a prudent peer would have considered relevant in the analysis of the market value of this property. Contained in the Licensee's work file was a copy of an MLS file showing that the property was listed for sale from 8/9/04 till 3/28/05 for \$409,000. Although not required to analyze this prior listing a prudent peer of the Licensee that possessed such knowledge would research, discover and reported any findings to justify why the property sold one day after the expiration of this listing, 3/29/05, for \$534,000. The Licensee failed to analyze the prior sale that took place on 3/29/05 or mention this prior listing or analyze how or why the property sold for \$125,000 more then it could have been purchased for one day prior. Licensee reported on page 1 of 6 of his report that the subject property had been updated with "a newly finished bonus room above the garage." Located in the Licensee's work file was a copy of an MLS file when the property was listed for sale from 4/9/03 to 10/9/03, which states "suite over garage near completion." This bonus room was still not completed at the time of the assignment. The area lacked floor covering, trim and did not have heating and air conditioning duck work or units. The square footage of the home would have been 3,895 square feet without the bonus room instead of the 4,500 square feet reported by the Licensee with the bonus room. The Licensee also stated in his report on page 1 of 6 that several updates had been made to the subject property, this is contradicted by photos from the MLS files from the 4/9/03 to 10/9/03 and 8/9/04 till 3/28/05 which show the same hardwood floors, bath and kitchen fixtures and counter tops and cabinets. Licensee used homes of superior quality that are located on view lots of higher value then the subject lot to justify the Licensee's opinion of value. There were better more comparable sales available to the Licensee. Licensee fails to make needed adjustments to comparable sales for location, site, view and quality of construction. Licensee made unsupported adjustments for age, gross living area and basement area. Licensee fails to adjust for a swimming pool that is present on comparable sale number three. Licensee fails to mention and analyze a sale of subject property that took place on October 1, 2003 when the subject property sold for \$427,000. Licensee states on page 1 of 6 that there was a newly finished bonus room above the garage, trying to indicate an increase in square footage to help justify the large increase in value. The square footage of the home would have been 3,895 square feet without the bonus room instead of the 4,500 square feet reported by the Licensee with the bonus room. This partially finished area existed before the property sold on 3/29/05 and actually existed as far back as October 2003,(see MLS for listing from 4/9/03 to 10/9/03) and as indicated by realtor and current owner in interviews was not finished as late as October 2006 and was sloppily done.) Additional square footage was never finished completely and lacked heating and air-conditioning. Remodeling was purely cosmetic and home still has original appliances and fixtures. **Violations: §34-27A-20(a)(6), §34-27A-20(a)(7), Code of Alabama, 1975.**

**AB 10-35; AB 10-36** On September 15, 2011, the Board approved a Consent Settlement Order and assessed an administrative fine against Mobile, Alabama Certified Residential Appraiser Stacey G. Wade (R01009). Licensee agreed to pay a \$1,350 fine for violations in two residential appraisals. **AB 10-35 Violations:** Licensee failed to prepare and develop an appraisal report/assignment according to the published standards of HUD/FHA, which were required as part of the Scope of Work. Licensee failed to state and analyze complete sales data within the Sales Comparison Approach. Licensee analyzed a site improvement (detached garage) within the total estimate of cost-new in the Cost Approach. Licensee failed to analyze the GLA difference between the Subject and listings and the list price to sale price ratio for the listings in the Listings Analysis. Licensee failed to prepare and develop the appraisal report to HUD/FHA appraisal standards. Licensee failed to prepare an accurate Location Map addendum within the report. Licensee failed to prepare an accurate Flood Map addendum within the report. Licensee stated the intended user as the client/lender and failed to state HUD/FHA also as one of the intended users. Licensee failed to state the additional use of the appraisal report was to support FHA's decision to provide mortgage insurance on the real property that was the subject of the appraisal. Licensee analyzed the location of the Subject and comparables as "Average", when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to state and analyze the seller concessions in Comparable #2 and Comparable #3. Licensee failed to accurately analyze the accrued depreciation, due to including a site improvement cost within the dwelling cost new calculations/figures. The accrued depreciation was calculated from the non credible total estimate of cost new. Licensee failed to state an accurate census tract number. Licensee failed to state the accurate FEMA map number within the appraisal report. Licensee provided a Flood Map addendum, which did not contain the map where the Subject is located. Licensee stated in the Sales Comparison Approach, the proximity to the Subject for Comparables #1, #2, #3, #4 and Listings #1, #2, #3 were not accurate. Licensee provided a Location Map addendum, which did not accurately locate the Subject and some of the listings & a comparable. Licensee failed to provide support for the opinion of site value, within the appraisal report. Licensee failed to provide the list price to sale price ratio for the listings used within the Listings Analysis section. Licensee failed to explain the exclusion of the Income Approach within the appraisal report. Licensee failed to train the Trainee, in the proper development and reporting of an appraisal in accordance with USPAP.

**AB 10-36** Licensee did not have a "true copy" of the appraisal report in the workfile. Licensee failed to prepare and develop an appraisal report/ assignment according to the published standards of HUD/FHA, which was required as part of the Scope of Work.

Licensee failed to analyze the oil and mineral rights being retained by the seller within the appraisal report. Licensee failed to analyze complete sales data within the Sales Comparison Approach. Licensee failed to prepare an accurate Location Map addendum within the report. Licensee analyzed the location of the Subject and comparables as "Average", when market data did not support all having the same or similar characteristics and attributes of location. Licensee failed to state an analysis of the actual age difference between the Subject and comparables. Licensee failed to state and analyze, the above ground swimming pool with a wooden deck in Comparable #1. Licensee failed to state and analyze, the seller's concessions and the fencing for Comparable #2. Licensee failed to state and analyze, the barn and shed for Comparable #3. Licensee failed to state and analyze, the fenced back lawn area for Comparable #4. Licensee failed to state and analyze, the sales concessions for Comparable #5. Licensee failed to state and analyze, the shed for Comparable #6. Licensee stated the Zoning Description in the Site/Zoning

Description as Residential, which is a general term and does not describe the actual zoning description. Licensee stated in the Sales Comparison Approach, the proximity to the Subject in Comparables #4 and #6 that was not accurate. Licensee failed to accurately locate Comparable #4 and Comparable #6 on the Location Map addendum. Licensee failed to provide the list price of the Subject at the time of the appraisal within the Subject section of the appraisal report. Licensee failed to explain the line item, net and gross adjustments, when they exceeded FHA's guidelines. Licensee failed to provide adequate information needed for the lender/client to replicate the cost figures and calculations in the Cost Approach. Licensee failed to provide analysis of property being on the market for eight (8) months with a list price of \$150,000, a contract price of \$140,000 and the value opinion is \$160,000. Licensee stated a lump sum adjustment in the Cost Approach, without providing information as to the items analyzed within the adjustment. Licensee failed to provide their own photos of Comparables #2, #4 and #6 within the appraisal report, which is a guideline for FHA appraisals. Licensee failed to provide a legible street map showing the location of the Subject and comparables. The map provide was of a large general area, which was not a legible street map showing the actual location of the Subject and comparables. Licensee failed to completely summarize the Scope of Work performed or not performed in preparing and developing a HUD/FHA appraisal. The report lacked the complete credible expectations of an appraisal report prepared for HUD/FHA use. Licensee failed to explain the exclusion of the Income Approach within the appraisal report. **Violations: Scope of Work Rule, Record Keeping of Ethics Rule, Standard 1, Standard 2, USPAP 2010- 2011 Ed.; §780-X-9-.01(2)(b)(1)(ii), REAB Administrative Code.**