

DISCIPLINARY REPORT

November 18, 2010

AB 09-35 On July 15, 2010, Noah Lee Marshall voluntarily surrendered his Trainee Real Property Appraiser License #T01202 in lieu of an investigation of the complaint.

AB 09-38, AB 09-40, AB 09-42 On July 15, 2010, Fletcher M. Moore, Sr. voluntarily surrendered his Certified General Real Property Appraiser License # G00154 in lieu of an administrative hearing in these cases.

AB 09-87 On July 15, 2010, the Board approved a Consent Settlement Order and issued a private reprimand to a Certified Residential Appraiser. Licensee also agreed to pay a \$900 administrative fine and complete a 15 hour USPAP course with exam. The USPAP course may not be claimed as CE credit. The violations were: Licensee communicated six appraisal reports for the same assignment to the lender/client with values of \$160,500, \$162,000 and \$164,000 without reasons in the reports for the increase in value. Licensee became an advocate for the cause or interest of the client by increasing the value opinion with no rationale for the increase. All value opinions were within the range of value indicated by the sales analysis. In the Sales Comparison Approach, Licensee failed to set out in his analysis of some of the attributes indicated by the data source for adjustments to comparable sales 1, 2 and 3 and omitted adjustments. Licensee failed to accurately indicate the Subject foundation as crawl space foundation in the Improvement section of the appraisal report. In the Sketch Addendum the Subject is shown with four (4) bedrooms when the report states 3 bedrooms. Licensee failed to accurately locate Comparable #2, #3 and Comparable #5 on the Location Map. Licensee failed to provide sufficient information to support an effective age of 15 years when actual age is 47 years. Licensee failed to explain the absence of a site adjustment for the difference in the site sizes. Licensee failed to explain the absence a quality of construction adjustment between the Subject and Comparable #5. Licensee failed to explain the exclusion of the Income Approach. Licensee failed to include the Alabama certification in the report. **Violations: ETHICS RULE Conduct, Standards Rule 1-1(a), 1-1(c), 2-1(a), 2-1(b), USPAP, 2008-2009 Ed.; § 34-27A-3(b)(2), Code of Alabama , 1975.**

AB 09-88 On July 15, 2010, 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 a 14 hour Sales Comparison Approach, Declining Market and Sales Concession. The course may not be claimed as CE credit. The violations were as follows: Licensee failed to adjust comparables for a negative time adjustment that was indicated by the comparable sales located in the neighborhood. Licensee misapplied the appraisal technique of paired sales analysis and therefore applied a flawed adjustment for view. The Licensee also did not apply this adjustment uniformly by applying it to comparables 2 and 4 but not applying it to comparable 3 which also did not have a view of the golf course. Licensee also failed to analyze and adjust comparable

2 for excess sales concessions. **Violations: Standards Rule 1-1(a), 1-1(b), 1-4(a), USPAP, 2008-2009 Ed.**

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 09-37, AB 09-39, AB 09-41 On September 16, 2010, the Board approved a Consent Settlement Order and issued a public reprimand to Ricky Higginbotham, Trainee Real Property Appraiser License # T01679. Licensee also agreed to pay a \$4,050 administrative fine and complete 15 hour USPAP course and a 15 hour Sales Comparison Approach Course. The courses may not be claimed as continuing education or for license upgrade. Licensee may not participate in or assist in any appraisal other than the appraisal of residential 1-4 properties until he obtains approval of the Board to remove the restriction on his license. The violations in all three appraisals are: Licensee failed to identify the intended user(s) and intended use of the appraisal report. Licensee failed to identify the relevant characteristics of the Subject and comparables. Licensee failed to identify all elements of comparison that affect the value of land being appraised. Licensee failed to develop a credible indicated value of the Subject by the Market Data Analysis. Licensee failed to analyze the ownership and ownership interests of the Subject property. Licensee failed to develop a credible opinion of the highest and best use of the Subject property. Licensee's estimate of value was not credible because the Market Data Analysis was not credible. Licensee failed to accurately analyze market sales data which affected the credibility of the Market Data Analysis. Licensee failed to analyze the Subject's 3-year sales history. Licensee failed to reconcile the quality & quantity of data available, the applicability/suitability of the approach used and the exclusions of the Cost Approach and Income Approach. Licensee failed to determine the necessary Scope of Work to produce a credible assignment for a land appraisal. Licensee included directly conflicting statements and information in the report that affected the credibility of the report. Licensee failed to specify the reporting option. Licensee stated the type & definition of value but failed to cite the source of the definition. Licensee failed to state the use of the real estate as of the date of value which was different than the highest and best use in the appraisal. Licensee failed to summarize the support and rationale for the opinion of the highest and best use in the appraisal report. Licensee failed to include statutory certification. **Violations: SCOPE OF WORK RULE, Standards Rule 1-1, 1-2, 1-3, 1-4, 1-5, 2-1, 2-2, USPAP, 2008-2009 Ed., §34-27A-3(b)(1), Code of Alabama (1975).**

AB 09-68, AB 09-70 On September 16, 2010, the Board approved a Consent Settlement Order and issued a private reprimand to a Licensed Appraiser. Licensee also agreed to complete a Board approved 7 hour FHA/HUD appraisal course. The course may not be claimed as credit for continuing education. The violations in **AB 09-68** were as follows: Licensee did not develop the appraisal report/assignment according to the published standards of HUD/FHA, an intended user of the report. Licensee failed to state and analyze the sales/finance concession of a comparable in the Sales Comparison Approach. Licensee analyzed the cost of the fence, a site improvement, in the total estimate of cost new in the Cost Approach. The miscalculation of the total estimate of cost new resulted in inaccurate accrued depreciation. Licensee developed the Cost Approach but failed to reconcile the Cost Approach in the reconciliation process. Licensee reported the garage count as one (1) in the Improvement/Car Storage section of the description of improvements when the garage count was two. Licensee accurately reported (2) garage storage in the Sales Comparison Approach. Licensee failed to explain the comment that the neighborhood is stable, when the property values are reported as increasing with over 75% build up rate for the neighborhood. Licensee failed to state the data verification source(s) in the Sales Comparison Approach. Licensee did not comment on Comparable #3 and Comparable #4 sold for more than the original list price. Licensee reported the fireplace count for Comparable #1 as one (1) in the Sales Comparison Approach, and the data sources reflected two (2). Licensee did not comment on the lack of an adjustment for fireplace to Comparable #2 and #3. Licensee did not comment on why repairs were listed in the Additional Comments section, when the appraisal was made "as is". Licensee failed to state that the photos of Comparable #2 and Comparable #3 were his file photos and not current photos as of the date of the appraisal. Licensee did not include HUD/FHA as an intended user. **Violations: Scope of Work Rule, Standards Rule 1-1(a), 1-1(c), 1-2(h), 1-4(a), 1-4(b)(iii), 1-6(b), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(vii), USPAP, 2008-2009 Ed.**

The violations in **AB 09-70** were as follows: Licensee failed to state and analyze the sales/finance concessions for Comparable #2. Licensee stated the intended use is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction. Licensee failed to state the additional use is to support FHA's decision to provide mortgage insurance on the real property that is the subject of the appraisal. Licensee failed to develop an appraisal report with the Scope of Work necessary to comply with HUD/FHA appraisal requirements. Licensee reported R-2 Single Family Residential when RG Residential Garden Homes was the accurate zoning classification and description stating a basement finished area in the Improvement section when the Subject did not have a basement. Reported four (4) bedrooms for Comparable #1 the data sources reported three (3) bedrooms. Licensee failed to explain the comment that the neighborhood is stable when the property values are reported as increasing with over 75% build up rate for the neighborhood. Licensee did not comment on why Subject property is reported in average condition in the Improvement section and analyzed as good condition in the Sales Comparison Approach. Licensee failed to report the verification source(s) in the Sales Comparison Approach section of the appraisal report. Licensee did not include HUD/FHA as an intended user. Licensee failed to explain the

exclusion of the Cost Approach. **Violations: Scope of Work Rule, Standards Rule 1-1(a),1-2(b), 1-2(h), 1-4(a), 2-1(a), 2-1(b), 2-2(b)(i), 2-2(b)(viii), USPAP, 2008-2009 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 09-23 To a Licensed Real Property appraiser for an appraisal where in the Sales Analysis, quality of construction is reported as type of construction. The actual age of comparable sales is given as a range from MLS and exclusion of the Income Approach was not explained as required by 2-2(b)(viii). **Violation: 2-1(b),2-2(b)(viii), USPAP, 2008-09 Ed.**

AB 09-32 To a Certified Residential appraiser for an appraisal where there was a series of errors in the report that did not significantly affect the results of the appraisals. However, the aggregate effect of the errors negatively impacted the credibility of the reports. Licensee reported sales prices and GLA for comparable sales that did not match the stated data sources in the reports. Licensee researched and verified the data used through other appraisers with actual knowledge of the properties and sales but did not indicate an accurate data source. Investigation confirmed that the data reported was correct **Violation: 1-1(b), 2-2(b)(vii), USPAP, 2008-2009 Ed.**

AB 09-33 To a Certified Residential appraiser for an appraisal where there was a series of errors in the report that did not significantly affect the results of the appraisals. However, the aggregate effect of the errors negatively impacted the credibility of the reports. Licensee reported sales prices and GLA for comparable sales that did not match the stated data sources in the reports. Licensee researched and verified the data used through other appraisers with actual knowledge of the properties and sales but did not indicate an accurate data source. Investigation confirmed that the data reported was correct **Violation: 1-1(b), 2-2(b)(vii), USPAP, 2008-2009 Ed.**

AB 09-44 To a Certified Residential appraiser where Licensee did not state the reason for the exclusion of the income approach. Licensee displayed a photo for a comparable that was the photo of another property. **Violation: 1-1(c), 2-1(a), USPAP, 2008-2009 Ed.**

AB 10-01 To a Certified Residential appraiser where the Cost approach is flawed by analyzing dwelling cost items, porches and deck, as site improvement costs. These items were not depreciated. Appliances were analyzed as a part of dwelling cost instead of as a separate cost item. Licensee included a certification for a national appraisal organization member and Licensee is not a member of that organization. There is no explanation of the exclusion of the cost approach. Adjustments were not made for the difference in bedroom counts between the subject and comparables 2 & 3. **Violation: 1-1(a), 1-1(b), 1-1(c), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), 2-1(b), USPAP, 2008-2009 Ed.**

AB 10-04 To a Certified Residential appraiser where Licensee did not have adequate information in the workfile submitted to the Board to support the appraisal report. Licensee reported a basement for the subject that was not supported by county property records and resulted in an 800 S.F. error in living area for comparable #2 used in the appraisal. Licensee subsequently corrected the error. **Violation: Ethics Rule, Record Keeping provision, Standard Rule 1-1(b), USPAP, 2008-2009 Ed.**