

DISCIPLINARY REPORT

November 18, 2015

AB 12-53 The Board approved a Consent Settlement Order on September 17, 2015 where a Certified Residential Real Property Appraiser agreed to a private reprimand, a \$2,700 administrative fine, 15 hours of education, and surrender of Mentor Status. The violations in the report are: The opinion of value is unsupported, not credible and misleading. In the Sales Comparison approach, Licensee failed to analyze pertinent characteristics, attributes and market data for waterfront properties used a comparable sales. Licensee failed to use the analytical methods necessary to produce a credible appraisal of property located on a body of water. In the Cost approach, site improvements were included in the dwelling costs and there was no credible site improvement value developed in this approach to value. In the Sales Comparison Approach, failed to completely analyze the characteristics and attributes of properties located on bodies of water. (*Licensee stated only water front (no analyzes of the difference in the water front properties' characteristics/ attributes such as amount of water front, view, etc.)*) Licensee, in the Sales Comparison Approach, analyzed market features that were not reported/supported by the data source (*MLS*). Licensee failed to analyze some market features that were reported in the data source (*MLS*). (*Licensee omitted/overlooked market features supported by MLS and analyzed features that were not supported by MLS.*) Licensee, in the Cost Approach section, analyzed site improvements (*fence, detached garage*) in the total estimate of cost-new, and provided for \$3,000 contributing value of the site improvements. Some of the site improvements included a boat lift, bulk head and dock, which Licensee analyzed a \$30,000 contributing market adjustment value in the Sales Comparison Approach. In the Cost Approach section, Licensee used \$3,000 for the contributing value of the site improvements. Some of the site improvements included a boat lift, bulk head and dock, which Licensee adjusted for \$30,000 in the Sales Comparison Approach. The \$3,000 used by Licensee in the Cost Approach was not a credible contributing value of the site improvements. Other site improvements not mentioned were a detached covered patio, detached storage building, detached garage, and fence. Licensee valued site improvements at \$3,000 in the Cost Approach and \$30,000 in the Sales Comparison Approach. Using different values for the same improvements in the two approaches to value is misleading. Licensee failed to analyze pertinent characteristics and attributes that have a market reaction for the comparable sales located on bodies of water. The value in the Cost Approach is not credible. Licensee, in the Improvements/Actual Age-Effective Age section and Exterior Materials & Interior Materials sections, failed to provide sufficient information to clearly explain a home built ~1960 (*actual age of 52 years*) having an effective age of 20 years; when the condition of the exterior and interior materials were rated as average with no updates in the prior 15 years and considered as being in average physical condition. Licensee, in the Sales Comparison Approach/Comparable #1/Actual Age section, provided/analyzed the actual age as 38 years when the actual age according to the data source was 36 years. Licensee, in the Cost Approach/Opinion of Site Value section, provided the opinion of site value was by market extraction **and/or** land sales. The actual method used to determine the opinion of site value is not clear due to the use of the term

and/or (*market extraction and land sales, market extraction or land sales*). Licensee, in the Subject/Map Reference section, failed to provide the source of the map reference stated. Licensee, in the Subject/Offered for Sale in Prior Twelve Months section, failed to indicate whether the subject property had been offered for sale during the prior twelve months. Licensee, in the Site/Dimensions section, failed to provide the complete dimensions of the subject property. Licensee, in the Cost Approach section, provided local builders and the appraiser's knowledge of the market as the source of the cost data. Licensee failed to provide the data/information, within the Approach, where the lender/client could use this data/information in the replication of the figures and calculations of the Cost Approach. Licensee, in the Cost Approach/Opinion of Site Value section, provided information the site value was derived from market extraction and/or land sales. Licensee failed to provide the supporting data/information analyzed by Licensee in the market extraction and/or land sales to arrive at the opinion of site value. Licensee failed to summarize the complete Scope of Work performed or not performed in developing the appraisal. Licensee failed to explain a valid reason for the exclusion of the Income Approach, within the appraisal report. **Violations: Ethics Rule, Conduct; Standards Rule 1-1(a), 1-1(b), 1-4(a), Rule 1-4(b)(ii), 2-1(a), 2-1(b), 2-2(b)(vii), 2-2(b)(viii); USPAP, 2012-2013 Edition.**

AB-13-56 The Board approved a Consent Settlement Order on September 17, 2015 where a Certified Residential Real Property Appraiser agreed to a \$1,000 administrative fine and 5 hours of education. The violations in the report are: Licensee failed to prepare a complete workfile for the appraisal assignment. Licensee's workfile did not contain: (1) a "true copy" of an appraisal report transmitted to the client, at the time of the appraisal assignment; (2) support of site value in the Cost Approach; (3) some of the data/information analyzed in the Cost Approach; (4) some of the data/information analyzed in the Sales Comparison Approach; and (5) plans, specifications or other document sufficient to identify the extent and character of the proposed improvements to be completed in a "Subject to Completion" appraisal. Licensee failed to identify the complete characteristics and attributes of the subject and comparable sale properties analyzed along with analyzing supported data and cost figures. Licensee made a \$7,500 adjustment for site with no adjustments for location, view or other market difference between the Subject and comps land area.) (The \$7,500 adjustment was across the comp grid without supporting documentation. For Comparable #4 and Comparable #5 (listings) Licensee failed to analyze the active listings list to sale ratio, when the information within the appraisal report supported a list to sell adjustment of 5%. Licensee, in Comparable #2, failed to analyze a 30 x 40 metal concrete floored building equipped with water and power. Licensee, in Comparable #4/GLA section, analyzed the square footage of 1,500 square foot when the data source provided for 1,981 square feet where the source of the square footage is from an appraisal. Licensee's workfile did not support the 1,500 square feet analyzed as GLA. Licensee, in the reconciliation, failed to reconcile the relevance of the Income Approach not being employed within the appraisal assignment by not explaining the reason for the exclusion. Licensee failed to clearly and accurately set forth the written appraisal in a manner that was not misleading. Licensee, in the Neighborhood/Neighborhood Boundaries section, failed to accurately describe the neighborhood named in the Subject/Neighborhood Name section of the appraisal report.

Licensee, in the Improvements/Describe Condition section, provided there were no updates in the prior 15 years when the home was under construction (*work in progress*) and less than 15 years old. Licensee failed to provide sufficient information to enable the intended user(s) of the written appraisal report to understand the report properly. Licensee, in the Site/Highest & Best Use section, failed to summarize the information that was analyzed to support Licensee's opinion and conclusions of the highest and best use of the Subject property being the present use. Licensee, in the Improvements/Describe Condition section, listed several items that needed to be completed for the home. Licensee failed to provide specific information of what was required for these items to be completed. (e.g. "Kitchen need to be completed".) Licensee, in the Improvements/Exterior/Materials/Storm Sash-Insulated and Screens sections, failed to provide the construction materials used. Licensee, in the Sales Comparison Approach/Energy Efficient Items section, provided the generic term "average" without providing the actual energy efficient items analyzed or what would be considered as "average" for energy efficient items within the local real estate market. Licensee, in the Sales Comparison Approach/Comparable #4/Sales-Transfer History section, failed to provide the relevant information of a prior sale within a year of the analyzed comparable. (*Listing comparable*) Licensee, in the Income Approach section, failed to explain the reason the Income Approach was not applicable and was excluded. Licensee, in the Cost Approach section, failed to provide support (*data/ information*) of the opinion of site value provided. Licensee, in the Comparable Photograph Addendum section, failed to provide the source of the photos that were not Licensee taken photos. (*e.g. MLS photos*) Licensee failed to summarize the scope of work necessary to enable the intended user to be properly informed and not mislead about the research and analysis performed and also the research and analysis not performed within the appraisal. Licensee failed to summarize the reasoning that supports Licensee's analyses, opinions and conclusions within the appraisal report. Licensee failed to summarize the information analyzed to support Licensee's opinion and conclusions of the highest and best use of the Subject property being the present use. Licensee failed to summarize the information analyzed to support Licensee's opinion and conclusions of the opinion of site value. Licensee failed to explain the exclusion of the Income Approach, within the appraisal. Licensee failed to summarize support and rationale for the opinion of highest and best use developed by Licensee. **Violations: Record Keeping Rule; Standards Rule 1-4(a), 1-6(b), 2-1(a), 2-1(b), 2-2(b)(vii), 2-2(b)(viii), 2-2(b)(ix); USPAP, 2012-2013 Edition.**

Letter of Warning was issued on the following investigation for the discrepancies indicated. This disciplinary action will be considered in any future discipline proceedings:

AB-15-09 A Letter of Warning was issued to a Certified Residential Real Property Appraiser and assessed a \$250 administrative fine. Licensee's letter of engagement specified that the assignment was an FHA appraisal and under FHA guidelines the assignment can only be completed by the approved vendor as this client is appraiser specific. Licensee did not inspect the subject property yet signed a certification that said the licensee had inspected the property. Licensee gave the other appraiser credit for the

inspection and all parts of the assignment but licensee never states that licensee did not inspect property. **Violations: Scope of Work Rule; Standard 2-1; USPAP, 2010-2011 Edition.**