

DISCIPLINARY REPORT

January 16, 2014

AB-11-29 – On November 21, 2013, the Board approved a Consent Settlement Order with Hubert Chapman, R00732 where Licensee agreed to pay an administrative fine of \$2250 to the Board, completion a 30 hour Board approved course sales comparison approach. The violations in the report are as follow: Licensee reports that “Market conditions within the area are stable”; “sales of homes competitive to the subject were limited over the last twelve months.” single family prices range from a low of \$60,000 to a high of \$290,000 with an average price of \$125,000. These statements are contradicted by a Market Conditions report generated by the investigator utilizing the local MLS for the 12 months preceding the effective date of the appraisal. Investigation showed that in the immediate area of the subject in the 12 months prior to the appraisal the lowest sale was \$29,500 and the highest was \$121,500; that there were a total of 24 sales with a median sale price of \$65,100; that median comparable sale prices are decreasing. Of the 24 sales, 14 were REO sales or non Market Value transactions and the remaining 10 sales ranged from a low of \$94,900 to a high of \$121,500 averaging \$112,200; the number of comparable sales, absorption rate, active listings, median sales price as a percentage of list price were all decreasing; Days on the market were increasing. These factors do not indicate a stable market. The use of comparable sales from areas outside of the subject’s competitive market area gave a misleading representation of the condition of the subject’s market area. Licensee fails to use the best comparable sales that were available at the time of the appraisal. Licensee utilized sales from outside the subject’s competitive market area when there were sales very similar to the subject located in the competitive market area and in close proximity to the subject property. The licensee utilized six comparable sales in the report. Three were higher valued sales from areas outside of the subject’s competitive market area that greatly altered a reader’s impression of the area. The three sales utilized by the licensee from outside the competitive market area sold from \$144,000 up to \$185,000 and the three sales that were located in the subject competitive area sold from \$106,000 to \$120,000. Licensee states that comparable 1 has no finished basement area, when the local MLS for the sale the licensee was using clearly states that there is a den in the basement. It is also noted that MLS listings for a sale on 5/14/10 also indicates the basement den area, an MLS listing for a sale dated 7/13/07 indicates the basement den area and an MLS listing of the property on 3/8/04 indicates the basement den area. The licensee listed the wrong MLS number for comparable sale 6. On Page 1 of the report the licensee list the low price of houses in the market area as \$60,000 when it is actually \$29,500. On page 1 of the report the licensee list the high price of houses in the market area as \$290,000 when it is actually \$121,500. On page 1 of the report the licensee list the average price of houses in the market area as \$125,000 when it is actually \$65,100. Licensee did not verify the comparable sales utilized in the sales comparison approach with a party to the transaction. The licensee did not analyze the agreement of sale, only listed facts that

were in the contract such as sales price, date of the contract and sales concessions. There was no analysis as to the motivation of buyer or seller, no analyses if both parties were well informed or well advised, no analyses as to reasonable exposure to the open market or if the price was influenced by special or creative financing. The licensee's written appraisal report is based on unsupported opinions and conclusions and therefore is not accurate and is misleading to a reader of the report. Licensee's report contained misleading information about the market conditions in the subject neighborhood that could not be supported with market data. The licensee utilized comparable sales from areas out side of the subject's competitive market area that were misleading to readers of the report and gave a misleading representation of the market in the subject's market area. The report is based on unsupported opinions and conclusions. Licensee's report contained misleading information about the market conditions in the subject neighborhood that could not be supported with market data. **Violation: Ethics Rule-Conduct Section; Standards Rules 1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-5(a), 1-5(b), 2-1(a), 2-1(b), 2-2(b)(viii),USPAP, 2010-11 Edition.**

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 13-13 A Letter of Warning was issued and Licensee was assessed a \$250 administrative fine for the appraisal of a single family dwelling where Licensee did not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach. Licensee did not having market based data or other justification for the adjustments utilized in the licensee's Sales Comparison Approach. **Violation: Standard 1-1, 2-1(b), USPAP, 2012-2013 Ed.**