

## **DISCIPLINARY REPORT**

**March 20, 2014**

**AB-12-23; AB 12-25** – On January 16, 2014, the Board approved a Consent Settlement Order with Roger Pugh, G00162 where Licensee agreed to pay an administrative fine of \$8,000 to the Board. The violations in the reports are as follow: In **AB 12-23**, Licensee failed to fully identify the characteristics and attributes of the subject. Information provided for the main residence was limited and no information was provided for the second residence except an exterior photo. Licensee failed to provide the analysis for the differences in site and differences in location of the Subject and comparables. Licensee failed to provide the analysis of the actual age, when the actual age of the Subject (*6 years*) and the comparables (*C#1-72 years, C#2-15 years, C#3-87 years*) were different. The actual ages provided were not supported by the data source. Licensee failed to provide the analysis when a second residence was present on the property. For comparable #1/Garage-Carport section, Licensee stated “None” when the data source reports there was a 3-car garage. In Comparable #1, Licensee failed to completely list and analyze the amenities reported in the data source: located on the crest of Red Mountain with a view of the city on an estate size lot, with energy efficient items, an elevator, a gated entrance to the property, fireplaces, a playhouse and a generator. In Comparable #2, Licensee failed to completely list and analyze the amenities reported in the data source: energy efficient items, elevator, fireplaces and a generator. In Comparable #3, Licensee failed to completely list and analyze the amenities reported in the data source: energy efficient items, indoor fireplaces, outdoor fireplace, putting green and generator. The appraisal was used for a tax appeal and Licensee’s decision to use a Fannie Mae Mortgage Form to report the appraisal without striking the mortgage language from the form results in a misleading report. In the Site/Dimensions, Area and Shape sections, Licensee provided information that was not accurate: The dimensions were not complete; the square footage of the area analyzed was not credible; the shape was stated as rectangular, when it was irregular. In the Improvements/General Description section, Licensee reported improvements as a “one” unit when there was a second residence on the property. In the Sales Comparison Approach/Actual Age section, Licensee stated and analyzed incorrect actual ages for the Subject and comparables. In the Sales Comparison Approach/Porch-Patio-Deck section, Licensee failed to provide an analysis of the porch/patio for the Subject and comparables. In the Sales Comparison Approach/Comparable #1/Garage-Carport section, Licensee stated “None” when the data source provides there was a 3-car garage. In the Reconciliation section, Licensee indicates the appraisal is made “as is”. In the Additional Comments section, Licensee provided information about the room count of the home that did not reflect the room count information provided in the Improvement section and/or Sales Comparison Approach section of the appraisal report. Licensee failed to identify the client by name and did not comply with USPAP when the client name is omitted at the client’s request. Licensee failed to identify the intended user or comply with USPAP

when the intended user's name is omitted. Licensee failed to identify the intended use of the report. Licensee, in the Neighborhood/Present Lane Use % section, failed to analyze the complete land use percentages of the named neighborhood or the described neighborhood. Licensee failed to provide the information on the commercial land use or explain the 10% other land use within the neighborhood. Licensee, in the Neighborhood/Neighborhood Description section, provided a general comment that did not actually provide a neighborhood description of the neighborhood. (*White collar neighborhood with high end residence*) Licensee reported the appraisal Fannie Mae Form 1004/Freddie Mac Form 70 March 2005 version. The appraisal report form was not designed for the appraisal of a property within two residences, which resulted in the form failing to provide sufficient information on the second residence appraised/analyzed. Licensee, in the Sales Comparison Approach/Sales or Financing Concessions section, failed to provide the sales information and analysis. Licensee, in the Sales Comparison Approach/Location section, failed to provide the actual elements of comparison for the location of the Subject and comparables that would have been analyzed. Licensee, in the Sales Comparison Approach/Site section, failed to provide information of the analysis of the difference in the Subject site and the site of the comparables. Licensee, in the Sales Comparison Approach/Actual Age section, failed to provide the analysis of the difference in the actual age of the Subject (*6 years*) and the comparables (*C#1-72, C#2-15, C#3-87*). (*actual age analyzed was not accurate*) In the Sales Comparison Approach/Comparable #1 & Comparable #2/Total Room Count sections, Licensee failed to provide an analysis of the differences in the total room count. In the Sales Comparison Approach/Subject, Comparable #1 & Comparable #3/Second Residence section, stated only "Yes" without providing sufficient information as to the analysis of the guest house; no information provided for GLA/square feet, room count, amenities. In the Sales Comparison Approach/Comparable #1 section, Licensee failed to state and analyze the amenities listed in the data source: located on the crest of Red Mountain with a view of the city on an estate size lot, energy efficient items, elevator, gated entrance to the property, 3 car garage, fireplaces, playhouse and generator. In the Sales Comparison Approach section, Licensee failed to provide an analysis of the pools and media rooms. Licensee failed to explain the exclusion of the Cost Approach and the Income Approach within the appraisal report. Licensee failed to provide a sketch of the Subject in the appraisal report when a reference to the sketch was elsewhere in the report. Licensee failed to identify the client within the appraisal report. Licensee failed to comply with USPAP when the client is not named. Licensee failed to identify the intended use of the report. Licensee failed to explain the exclusion of the Cost Approach and Income Approach, which was not employed within the appraisal process. **Violation: Standards Rule 1-2(e); 1-4(a); 2-1(a); 2-1(b); 2-2(b)(i); 2-2(b)(ii); 2-2(b)(viii), USPAP, 2012-13 Edition.** In the case of **AB-12-25**, Licensee reported and communicated the results of a retrospective market value appraisal assignment for an ad valorem tax protest on a Fannie Mae Form 1004/Freddie Mac Form 70 March 2005, a mortgage lending form and did not strike out the many references to mortgage lending, resulting in misleading language in the report. The appraisal report form (1004) was not designed for retrospective market value appraisals. Licensee included and considered a sale that occurred after the effective date of value. Licensee failed to research, collect, verify and analyze the necessary information/data in preparing and developing the

appraisal assignment. *(No analysis of the property tax assessment of the Subject, comparable or neighborhood properties.)* Licensee failed to identify an appropriate scope of work. Licensee failed to analyze that the Subject is located within a gated, planned community/development with restrictions, covenants and special assessments. Licensee failed to identify the Scope of Work necessary for a retrospective ad valorem tax protest appraisal. For Comparable #3, Licensee failed to analyze the \$6,000 seller concession, and the homeowners' association fees. For Comparable #2 Licensee failed to analyze all the amenities listed in the data source: planned gated community/development with a scenic view of the river valley, energy efficient items, appliances and fireplaces. Comparable #3 sale occurred after the effective date of the retrospective appraisal report. The sale would not have been available for analysis by an appraiser on the effective date of the appraisal report. In the Neighborhood/Market Conditions section, Licensee provided a comment "All properties in this neighborhood sell within 30 days of listing assuming the listing price is realistic." The comment is inconsistent with the Neighborhood/One Unit Housing Trend/Marketing Time section and is not supported by Licensee's workfile. Licensee failed to identify the client by name or comply with USPAP requirements when the identity of the client is omitted. In the Subject/Special Assessment HOA section Licensee failed to provide the homeowners' association fee. Licensee failed to provide information on the commercial land use or explain the 5% other land use analyzed within the neighborhood. Licensee described the neighborhood as white collar neighborhood. In Comparable #3, Licensee failed to analyze the \$6,000 seller concession. Licensee failed to explain the exclusion of the Cost Approach and Income Approach within the appraisal report. Licensee's sketch did not include the second floor, porch, deck, patio and basement (garage) of the improvements to the Subject property. Licensee failed to provide an analysis of the tax assessment records for the Subject, comparables and neighborhood properties. Licensee did not include the name of the client or comply with USPAP when the client name is omitted. Licensee failed to explain the exclusion of the Cost Approach and Income Approach, which were not employed within the appraisal process. **Violation: ETHICS RULE Conduct; Standards Rule 1-1(b); 1-2(e)(iv); 1-2(h); 1-4(a); 2-1(a); 2-1(b); 2-2(b)(i); 2-2(b)(viii), USPAP, 2010-11 Edition.**