

## DISCIPLINARY REPORT

May 26, 2022

**20-14 and 20-17** On March 17, 2022, the Board approved a Consent Settlement Order with Certified Residential Real Property Appraiser Sean Hollis, R00701, on a residential appraisal report with two revisions. The appraiser agreed to pay an administrative fine of \$2,200.00 and complete a 15 hour USPAP course with proctored exam. The violations in the report were: Licensee did not give the client requested support and justification for the comparable sales selected or the adjustments made to the sales in the sales comparison approach to value. The client questioned whether the sales used supported the licensee's opinion of value and why similar sales more proximate to the subject were not utilized. Licensee submitted a revised report that did not address the questions about sales used and whether the sales supported the value opinion. When the client received a FNMA Repurchase Demand Letter and again asked the licensee to address the selection of sales and support for the adjustments to the sales, both issues FNMA and the client had with the report. Licensee eventually responded to the client "Appraiser has been appraising in this area for over 20 years and stands behind this appraisal. No changes needed." Again, the client contacted the licensee and asked for further detail, substantiation or explanation of the issues noted by FNMA and the client. The licensee then submitted a revised report to the client with several changes but did not address the comparable sales selected and the adjustments made to these sales. licensee submitted 3 reports to the client, the original report signed and dated October 4, 2018, a revised report signed and dated October 10, 2018 and a revised report signed and dated November 19, 2019. All the submitted reports had an effective date of value as of October 2, 2018. It was also noted that the licensee's submission to the Boards request for the appraisal reports and licensee's work file contained only one of the reports submitted to the client and that being the revised report dated November 19, 2019.

It was noted that the licensee's workfile submitted to the Board did not have information and documentation necessary to support the appraiser's opinions and conclusions and his compliance with USPAP.

Licensee reported an opinion of site value for the subject property and stated it "was obtained through market extraction which was supported by MLS lot sales in subject area." but licensee gives no data or analyzes to support this value. Licensee did have some MLS printouts in the work file but no analyzes of these sales.

Licensee made several large adjustments to the comparable sales used in the Sales Comparison Approach to value without market support or explanation in the report or work file and used sales that did not. The licensee did not correctly employ the recognized method and technique of the sales comparison approach. The engagement letter specified that the report must meet Fannie Mae guidelines. Licensee used comparable sales that did not meet Fannie Mae guidelines. Sales two and three were superior to the subject property in quality. Licensee did not provide an explanation why the comparable were used when more proximate sales were available. Comparable sale 3 had an actual age of three years compared to the subject actual age 25 years with no adjustment. Licensee did not provide an explanation why this sale was used. Comparable two was superior to the subject in gross living area. The subject was 3,566 square feet

and Comparable two GLA of 6,200 square feet. The licensee did not provide an explanation why this comparable was used or support the adjustment for the difference in GLA.

The sales comparison approach is not credible because of the lack of support.

Licensee stated that the subject property was built in 1993 for an actual age of 25 years. Licensee then states that the subject has an effective age of 10 years. Licensee states that the residence is in good condition and that the kitchen and bathrooms were remodeled less than one year ago but does not state what was done in the remodel. Licensee gives no support for his estimate of effective age other than his observation.

The licensee did not correctly employ the recognized method and technique of the sales comparison approach. Licensee utilized comparable sales that did not fit in with Fannie Mae guidelines. Sale two was superior to the subject in GLA and sale three was superior to the subject property in age. Licensee did not provide an adequate explanation why the comparable were used, when more similar sales were available. Comparable sale 3 was much newer, a three-year-old house compared to the subject, a 25-year-old house. Comparable two was superior to the subject in gross living area. The subject was 3,566 square feet as compared to comparable two being 6,200 square feet.

Licensee made several large adjustments in the Sales Comparison Approach without market support or explanation in the report or work file. This makes the sales comparison approach non-credible due to lack of support.

In the Cost Approach, the licensee states the site value was developed through the use of market extraction which was supported by MLS lot sales but there is no data or analysis in the report or in the work file to support this value. Because there is no support the site value is not credible.

In the third revision of the report, Licensee corrected the sales history of the subject and reported a prior sale of the property on May 7, 2018 with sales price of \$312,000. There is no analysis of the sale in Licensee's report where the value opinion of the subject as of October 2, 2018 is \$550,000.00.

Licensee's report failed to have sufficient information to support by relevant evidence and logic the licensee's opinions and conclusions. The intended users could not properly understand the report as demonstrated by the client and intended user multiple requests for additional information.

**Violations: Ethics Rule, Record Keeping Rule, Standards Rule 1-1(a), 1-3(a), 1-4(a), 1-4(b)(i), 1-5(b), 2-1(b), USPAP, 2018-2019 Ed.**