

DISCIPLINARY REPORT

November 20, 2008

AB-05-65

On September 18, 2008 the Board approved a Consent Settlement order signed by Silas Williams, Certified Residential #R00282 for violations in a residential appraisal. The Licensee agreed that his license will be suspended for 1 year, six months will be stayed. The active suspension will begin on February 1, 2009 through July 31, 2009. Williams will be on probation through October 2009 and is required to submit logs of all appraisals on a monthly basis. Licensee must complete 30 hours of appraisal education and pass the course examination prior to February 1, 2009. The violations in the report were: Licensee communicated a non-credible appraisal report by his failure to report a manufactured home on the subject, to make adjustment for exercise house in sales comparison analysis, to include the cost of the exercise house in the cost approach, by reporting that the subject was in a developing phase of a subdivision when it was not, and by using incorrect pictures in the comparables photo addendum. Licensee used superior sales from Baldwin County waterfront when subject is located in rural Washington County, failed to adequately reconcile the cost approach(indicated cost approach value 30% less EMV), and used incorrect pictures in the comparable photo addendum. Licensee failed to develop and report the Scope of Work; Licensee failed to include the cost of the exercise house in the cost approach. Licensee failed to consider functional depreciation for the subject when it was overbuilt for area and to consider external depreciation for the rural setting with smaller inferior homes (street appeal of area inferior). Licensee failed to adequately reconcile the indicated value of cost approach with the estimated value. Licensee failed to include the certification required by the Appraiser Act. **Violations: Ethics Rule-Conduct Section, 1-1(a), 1-1(b), 2-1(a), 2-2(b)(iii), 1-1(c), 2-1(a), 1-2(f), 2-2(b)(vii), 1-4(a), 1-4(b)(2), 1-4(b)(iii), 1-6(a), 1-6(b), USPAP, 2005 Ed., §34-27A-3(b)(2), Code of Alabama, 1975.**

AB 05-150

On September 18, 2008 the Board issued a private reprimand to a Certified Residential Appraiser. Licensee signed a consent settlement order and agreed to pay a \$900 fine and complete a 15-hour USPAP course with exam. Violations are: A copy of the appraisal report and the work file were requested in writing from Licensee on October 19, 2005 and again on July 5, 2006. A request was made via telephone on March 8, 2007. Licensee provided a copy of the appraisal report on April 25, 2007. A copy of the work file was received on September 7, 2007 after completion of the investigation. Licensee did not report that the listing for subject in the local MLS service said that subject contained 12.0 acres, the residence and a rental duplex containing 1,728 square feet with monthly rental of \$1,150. Licensee appraised 5 acres and the residence without disclosing that it was a segment of a larger property makes this a misleading appraisal report.

Licensee did not adequately identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal, including the location and physical and legal attributes of the subject property. There was no legal description or survey map included in the appraisal that adequately shows the subject property. The subject is a physical segment of a larger property and only an address and tax parcel ID were used to identify the property and these refer to a property that consists of 12 acres, a single family residence and a rental duplex. The licensee's analysis of comparable sales utilized unsupported adjustments for differences in square footage, differences in baths, differences in garages and in fireplaces to the comparable sales. The licensee also did not make adjustments to the comparable sales for basement area, reporting that the subject's basement area was of no value. Yet in the Cost Approach he values this area at \$18.23 per square foot new and then applies a depreciation of 25% for a depreciated value of \$13.67 per square foot or a total value of \$10,307. The Licensee only mentions the pending sale and the proposed purchase price, he does not analyze the pending sale. The report does not contain enough pertinent information for a reader to understand the report properly: No legal description or survey of property appraised, Did not disclose that the appraised property was a physical segment, Made misleading statements that adjustments in the sales comparison approach were market extracted, but had no documentation to prove these adjustments, Did not analyze pending sale and sales listing agreement. **Violations: 34-27A-20(a)(15); 34-27A-26b), Code of Alabama, 1975, Ethics Rule, Conduct, 1-2(e)(i), 1-2(e)(v), 1-4(a), 1-5(a), 2-1(b), 2-2(b)(iii), USPAP , 2004 Edition.**

AB 07-16

On September 18, 2008 the Board issued a private reprimand to a Certified General appraiser for a residential appraisal. Licensee signed a Consent Settlement Order. The violations are: Licensee failed to adequately safeguard his electronic signature which resulted in the communication of a misleading or fraudulent report by an assistant. ***Ethics Rule-Conduct, USPAP, 2005 Ed.***

AB 07-104

On September 18, 2008 the Board issued a private reprimand to a Trainee appraiser for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$800 and complete continuing education in the cost approach. The violations are: Licensee stated the subject was located on a paved street when it was located on a dirt/gravel road. In the Sales Comparison Approach, Licensee failed to analyze Comparable #1 as a 3 bedroom / 3 bath above grade with 1 bedroom/1 bath in the basement. Licensee reported and analyzed 4 bedrooms/4 baths above grade. Licensee reported a partially finished basement but failed to report and analyze that the basement is an apartment. Licensee failed to report and analyze Comparable 1 boat dock. In the Sales Comparison Approach, Licensee failed to analyze Comparable #2 as a 3 bedroom / 2.5 bath above grade with 1 bedroom / 1 bath in the basement. Licensee reported and analyzed 4 bedrooms / 3.5 baths above grade. Licensee also failed to report and analyze the Comparable's 2 fireplaces. In the Sales Comparison Approach, Licensee failed to report and analyze Comparable #3 private pond. In the Sales Comparison Approach,

Licensee failed to analyze and adjust for the inferior quality of construction of subject. In the Sales Comparison Approach, Licensee failed to analyze and adjust for the subject inferior market area. Licensee used good quality rating from the cost data service to develop the cost new estimate of the improvements. The improvements more clearly match the Marshall & Swift description of average. Licensee's calculations for accrued depreciation in the Cost Approach are not credible because cost new estimate was developed using the wrong quality of construction rating. Licensee failed to analyze and calculate external depreciation within the Cost Approach. The area surrounding the Subject was inferior to the comparables. **1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(ii), 1-4(b)(iii), 2-1(b), USPAP 2006 Ed.**

AB 07-105

On September 18, 2008 the Board issued a private reprimand to a Certified Residential appraiser for a residential appraisal. Licensee signed a Consent Settlement Order and agreed to pay an administrative fine of \$800 and complete continuing education in the cost approach. The violations are: Licensee stated the subject was located on a paved street when it was located on a dirt/gravel road. In the Sales Comparison Approach, Licensee failed to analyze Comparable #1 as a 3 bedroom / 3 bath above grade with 1 bedroom/1 bath in the basement. Licensee reported and analyzed 4 bedrooms/4 baths above grade. Licensee reported a partially finished basement but failed to report and analyze that the basement is an apartment. Licensee failed to report and analyze Comparable 1 boat dock. In the Sales Comparison Approach, Licensee failed to analyze Comparable #2 as a 3 bedroom / 2.5 bath above grade with 1 bedroom / 1 bath in the basement. Licensee reported and analyzed 4 bedrooms / 3.5 baths above grade. Licensee also failed to report and analyze the Comparable's 2 fireplaces. In the Sales Comparison Approach, Licensee failed to report and analyze Comparable #3 private pond. In the Sales Comparison Approach, Licensee failed to analyze and adjust for the inferior quality of construction of subject. In the Sales Comparison Approach, Licensee failed to analyze and adjust for the subject inferior market area. Licensee used good quality rating from the cost data service to develop the cost new estimate of the improvements. The improvements more clearly match the Marshall & Swift description of average. Licensee's calculations for accrued depreciation in the Cost Approach are not credible because cost new estimate was developed using the wrong quality of construction rating. Licensee failed to analyze and calculate external depreciation within the Cost Approach. The area surrounding the Subject was inferior to the comparables. **1-1(a), 1-1(b), 1-1(c), 1-4(a), 1-4(b)(ii), 1-4(b)(iii), 2-1(b), USPAP 2006 Ed.**

AB 08-72; AB 08-74; AB 08-76; AB 08-78; AB 08-80; AB 08-82;
AB 08-84; AB 08-86; AB 08-88; AB 08-90; AB 08-92; AB 08-94;
AB 08-96; AB 08-98

On September 18, 2008 the Board approved a Consent Settlement Order from Certified Residential appraiser William B. Hankins, R00127. Hankins surrendered his license in lieu of producing the appraisal reports and work files in the above referenced cases.

AB 08-73; AB 08-75; AB 08-77; AB 08-79; AB 08-81; AB 08-83;
AB 08-85; AB 08-87; AB 08-89; AB 08-91; AB 08-93; AB 08-95;
AB 08-97; AB 08-99

On September 18, 2008 the Board approved a Consent Settlement Order from Trainee appraiser Alan L. Alford, T00575. Alford surrendered his license in lieu of producing the appraisal reports and work files in the above referenced cases.

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 08-03 To a Certified General appraiser for a residential appraisal where The detached metal building was reported and analyzed as an attached carport; failed to recognize and analyze comparable #2 as a two-story home; failed to recognize and analyze comparable #3 with a detached 2-car garage. The cost of the carport (detached metal building) was included in the total estimate of cost-new calculations in the cost approach, which should be a site improvement. The physical depreciation is not accurate/credible. Licensee failed to accurately describe the south neighborhood boundary of the subject neighborhood; information within the report was not clear and/or accurate. Photo of comparable #1 in the photo addendum was not the accurate photo of the comparable home located on the property. Licensee failed to provide sufficient information within the report for the lender/client to replicate the cost figures and calculations. **Violation: Standards Rule 1-1(a); 1-1(b); 1-1(c); 1-4(a); 1-4(b)(ii); 1-4(b)(iii); 2-1(a); and 2-1(b), USPAP, 2006 Ed.**