

## DISCIPLINARY REPORT

January 9, 2025

**AB 21-13** On November 14 2024, the Board approved a Consent Settlement Order for Certified General Real Property Appraiser John Thomas Fruitticher, G00788. The terms of the settlement were payment of a \$500 administrative fine and attend a 21 hour Condemnation Appraising: Principles and Applications course. The alleged violations were: The appraisal was prepared for an eminent domain assignment without following primary assignment conditions contained in Title 18, Code of Alabama, 1975. The appraiser indicates that the subject is located in an area of little development (Page 48 of Appraisal). It should be noted that the subject has no frontage, just access points, and on the north side of the ICW which historically been very difficult for developments to succeed. Case and Point (The Wharf) which went into bankruptcy and was sold for pennies on the dollar, the entertainment venue across the ICW from The Wharf which never was completed. The only successful business is LuLu's. Further, the property has been vacant for years with no development. The appraiser's development assumptions are based on an unsigned permit contained in the Addenda. Further, the appraiser has no support for the additional improvements, three marinas which would convince the reader that this is a viable development. There is no evidence to support the extreme cost associated with the development of these type marinas in a mixed-use development. There is also no support for the additional 50 buildings or there uses. The highest and best use analysis does not address any type of support for feasibility. The use of the Master Development Plan of the subject property is misleading giving the reader the impression that roads by the City are in place which is false. The bulk of the development revolves around the construction of this road. At present there is no definitive date at which this project will begin or if it will ever be built. The appraisal is based on a Hypothetical Condition that potential projects are in place that are not. Further, this is not acceptable methodology in accordance with Code of Alabama Statute 18-1A-173. All of the sales are much smaller than the subject property. Further, two of the sales are located in the Panama City area which is superior to the subject due to a much more intensive development. Sale 5 in the report was never a sale of real property but was the sale of the owning entity. The subject property is located north of the intercoastal waterway which historically been slow to develop or for a development to succeed. The date of the acquisition was in 2018 which was during a period which saw a substantially slower market than present date. The appraiser indicates that the subject is located in an area of little development. It has no road frontage for exposure, however it does have access points. It is located along the north side of the intercoastal waterway which historically been very difficult for developments to succeed. Further, the property has been vacant for years with no development. It has also been available for development almost 4 years since the effective date of this appraisal with no activity. At the time of the investigation, contact with Andy Bauer, City of Gulf Shores Planning Director, indicated that although the property had appropriate permits, the owners have not been to the City to have the Development Plan approved. The appraiser has utilized much smaller sales with road frontage, beach frontage and some located in superior areas with much more intensive

development. The appraiser failed to utilize available sales and analyze critical factors that affect value and ultimately impact the credible appraisal results. The appraiser has utilized much smaller sales with road frontage, beach frontage and some located in superior areas with much more intensive development. The choice of comparable sales indicates that the appraiser was achieving a direction in value that favored the client. The appraisal indicates 10% developers profit which is based on the proposed sales of the residential units. Here again there are no improvements. There is an added line item for Plans/Permits/Mitigation Credits. I am unsure why the appraiser would add developers profit until it is built. However, if that is the position of the appraiser, the same scenario should apply in the After Value. However, it is not applied to the After Value. Respondent indicated that the methodology was based on instructions from landowner's attorney. It should be noted that the appraiser's development assumptions are based on an unsigned permit contained in the Addenda. When asked about this he responded by email on 2/23/22 with signed permits and signed extension. This signed extension dated July 8, 2020 indicates that the property is permitted for development. There was evidence that approval for the subject was still in place. If the appraiser had gotten this information, there is no reason for the lack of consistency in the application of an added line item for Plans/Permits/Mitigation Credits nor developers profit. Given these factors, the same scenario should apply in the After Value. The appraiser did not ascertain the necessary information to develop a creditable opinion of value.

**AB 22-28** On November 14, 2024 the Board approved a Consent Settlement Order for a Certified Residential Real Property appraiser on a land appraisal. The terms of the settlement were payment of a \$750 fine, a 15 hour USPAP course, a private reprimand and licensee to perform no appraisals outside the scope of his Certified Residential license. The Appraiser acknowledged that he does not have the competency to appraise the subject property The Appraiser's workfile does not contain data, information and documentation necessary to support the appraiser's opinions and conclusions in the Sales Comparison Report. The workfile also does not include data, information and documentation necessary to support the opinions of highest and best use. There is a very limited highest and best use analysis in the appraisal. The appraiser provides multiple highest and best use options in the report, a more thorough highest and best use analysis is warranted. Therefore, the appraiser has violated SR1-3. The appraiser has utilized 3 sales with the only adjustment considered being size. No other adjustments were made. There is no support or explanation for the size adjustments. There are improvements, timber, cropland, and ponds that should be considered. Based on the furnished information: Sale 1 consisted of 83 Acres that contained improvements and merchantable timber. A portion of this sale is within the flood zone. Sale 2 contained 117 Acres and is mixed land type with the majority being cropland and a large pond. Sale 3 is a 222.335 acre tract (per deed) of which appraiser utilizes 204 acres. It has substantial timber. To appropriately analyze the comparables and employ the correct methodology in the Sales Comparison Approach, the appraiser must correctly apply adjustments indicated by the market. The appraiser admits that he did not investigate the sales and appropriately analyze them. As indicated above there is a deficient Work File. The appraisal lacks discussion and explanation for highest and best use and in the Sales

Comparison Approach, it lacks discussion and explanation for adjustments or the lack of adjustments. Therefore, the appraiser has violated SR 2-2(a)(x)(1) and SR-2-2(a)(x)(5). With a mixed use development and an appraised value of \$575,000, the appraiser has appraised a property outside the limitations of his license. It is further indicated that he had very little training on this type property. **Competency Rule, Record Keeping Rule, Standards Rule 1-3, 1-4(a), 2-2(a)(x)(xii)(xiii), USPAP, 2020-2021 Edition, §34-27A-9(a)(4), Code of Alabama, 1975**