REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615-741-1831

Meeting Minutes for January 22nd, 2018
Conference Room 1B
Davy Crockett Tower

The Tennessee Real Estate Appraiser Commission met on January 22th, 2018, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 9:00 a.m. and the following business was transacted:

BOARD MEMBERS PRESENT: Randall Thomas, Rex Garrison, James Atwood, Rosie Johnson and Dr. Warren Mackara

STAFF MEMBERS PRESENT: Roxana Gumucio, Dennis O'Brien, Brad Harris, Sarah Mathews, Robyn Ryan (via teleconference), Erica Smith, Lillian Watson

CALL TO ORDER / ROLL CALL

Chairman Thomas called the meeting to order at 9:00am. Director Gumucio took roll call and determined that quorum necessary to conduct business was established.

ROBERT'S RULES OF ORDER

Ms. Johnson made a motion to accept Robert's Rules of Order as the standard of practice governing board business transactions and procedures during this year's meetings. Mr. Garrison seconded, and the motion carried by unanimous vote.

ELECTION OF OFFICERS

Dr. Mackara made a motion to make Mr. Thomas the Chairman and Mr. Garrison the Vice Chairman of the board. Mr. Atwood seconded. The motion was carried by unanimous roll call vote.

MINUTES

Mr. Thomas made a motion to adopt the minutes from the November 28th meeting. The motion carried by unanimous vote.

EXPERIENCE REVIEWS

Mr. Garrison conducted the experience interview of **Jason Bernades Lopes** off-site and recommended that his experience be accepted towards the Certified General upgrade. Mr. Garrison made a motion to approve. The motion carried by unanimous vote.

Mr. Thomas conducted the experience interview of **Glenn Lester McDonald** and recommended that his experience be accepted towards the License upgrade. Mr. Thomas made a motion to approve. The motion carried by unanimous vote.

Mr. Thomas conducted the experience interview of **Benjamin Terance Floyd** off-site and recommended that his experience be accepted towards the License upgrade. Mr. Thomas made a motion to approve. The motion carried by unanimous vote.

Mr. Thomas conducted the experience interview of **Clinton Le Blatter** off-site and recommended that his experience be accepted towards the Certified Residential upgrade. Mr. Thomas made a motion to approve. The motion carried by unanimous vote.

Mr. Thomas conducted the experience interview of **Gregory Alan Adkins** off-site and recommended that his experience be accepted towards the Certified Residential upgrade. Mr. Thomas made a motion to approve. The motion carried by unanimous vote.

EDUCATION REPORT

Dr. Mackara read the courses, instructors and individual course requests that had been submitted for approval into record, per the listings below. Dr. Mackara made a motion to approve the courses listed. The motion carried by unanimous vote.

January 22nd, 2018 - Education Committee
Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
George Dell's Valumetrics	2108	Stats, Graphs and Data Science1	G. Dell	CE	14	ACCEPT
Martin A. Shaw	2111	Professional Amenity Plant Appraisal Workshop	M. Shaw	CE	7	ACCEPT
NAIFA	2113	Supporting Adjustments with MS-Excel	M. Evans	CE	7	ACCEPT
NAIFA	2114	11.8a Calculating Gross Living Area Using ANSI Standards	M. Orman	CE	4	ACCEPT
Appraiser eLearning	2115	2018 ACTS - Day 1	D. Harris, J. Brennan, T. Andersen, J. Wallitt, J. Dingeman, J. Park, M. Brunson, G. Stephens, B. Reynolds, R. Gumucio	CE	7	ACCEPT
Appraiser eLearning	2116	2018 ACTS - Day 2	D. Harris, J. Brennan, T. Andersen, J. Wallitt, J. Dingeman, J. Park, M. Brunson, G. Stephens, B. Reynolds, R. Gumucio	CE	7	ACCEPT
Davis A. Braun	2118	AO-37 Developing the Skills necessary for Compliance	D. Braun	CE	7	ACCEPT
Alabama Chapter fo the Appraisal Institute	2121	Valuation Symposium, TN	S. Roach, L. Sellers, T. Whitmer, KC. Comway, J. Norris, F. Fogarty	CE	7	ACCEPT
Columbia Institute	2122	2018-2019 7-Hour National USPAP Update, No. 101	A, Brown, R. Wilson	CE	7	ACCEPT
Bryan Reynolds	2124	2018-2019 7Hr USPAP Update	B. Reynolds	CE	7	ACCEPT
Greater TN Chapter of the AI		Advancing the Appraisal Profession 2018	J. Odom, S. Winter, C. Harjehausen, M. Alexander, M. Day, B. Tharp, M. Tankersley	CE	7	ACCEPT

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
1. Randall Thomas	AARO	AARO Fall Conference	7	CE	ACCEPT
2a. Douglas Duda	Appraisal Institute	Comprehensive Review of Advanced Appraisal Concepts	12	CE	ACCEPT
2b. Douglas Duda	Appraisal Institute	Comprehensive Review of Real Estate Concepts	28	CE	ACCEPT
3. Andrew Horner	IAAO	Appraisal of Land	30	CE	ACCEPT

Additional / Course Instructor Approvals

Licensee / Instructor (Qualifications)	Course Provider	Course Listings (all previously approved)	Recommendation
Joh Hicks (CR 2945)	Bryan Reynolds	1908 - Appraiser's Guide to Covering Your Appraisals 1954 - Basic Construction Refresher 1998 - Advanced Residential Applications & Case 2024 - Basic Appraisal Principles 2025 - Basic Appraisal Procedures 2026 - The Appraisal Inspection & Prop Red Flags	ACCEPT

LEGAL REPORT

TO: **Tennessee Real Estate Appraiser Commission**

FROM: **Robyn Ryan, Assistant General Counsel**

DATE: **January 22, 2018**

SUBJECT: **January Legal Report**

Robyn Ryan

1. 2017055201
Licensing History: **Certified Residential Appraiser** **6/20/13 – 6/30/19**
Disciplinary History: **None**

Complainant is a licensee who states Respondent, in another state, offers appraisals below customary and reasonable fees. Complainant states the fee offered is likely not supported by any current fee survey.

Respondent states Respondent sent offer to Complainant and Complainant declined stating Complainant's conventional fee starts at $160 more than what was offered. Respondent states that Respondent realized the fee offered was an error and normally Respondent would then have offered $375 a fee Respondent considered customary and reasonable for conventional appraisals in area where property located. Respondent then assigned order to another TN certified appraiser who accepted the job.

Recommendation: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

2. **2017057051**
   Licensing History: **Certified Residential Appraiser** **10/14/93 – 10/14/19**
   Disciplinary History: **None**

   Complainant states Complainant contracted with Respondent to do appraisal of Complainant's home. Complainant states Complainant paid Respondent $450 but that the appraisal was never completed. Complainant states Complainant has called and emailed Respondent to obtain refund or find out what happened.

   Respondent states appraisal was ordered on 8/9 and inspection was scheduled for 8/15. Respondent states appraisal was completed that day but at dusk so that Respondent could not get comp photos, and that there was a small guest cottage that required comparables. Respondent states brother has serious health issues and Respondent is closet living relative. Respondent went to check on brother who then was transported to local hospital, and then regional hospital in ICU. Respondent states that just recently brother was moved from ICU to regular room. Respondent states Respondent did let some work go due to the stress and dealing with family issue.

   In rebuttal, Complainant states all Respondent had to do was to send quick text and Complainant would have understood and would have found another appraiser.

   Recommendation: Letter of Warning
   Decision: The commission voted to dismiss.

3. **2017057091**
   Licensing History: **Certified Residential Appraiser** **10/11/91 – 10/11/19**
   Disciplinary History: **None**

   Complainant states Respondent appraised home for which Complainant had a sale contract but that the appraisal was 17% below contract price. Complainant questioned the use of comparables and sent list of what Complainant states were recent sales. Complainant states that Respondent refused to consider comps as they were investor comps. Complainant states appraisal made sale of property impossible.

   Respondent state the property was appraised for mortgage company and the loan was a VA loan. Respondent states property in area of primarily single family homes that has been hit hard by the downturn and had many foreclosures. Respondent states investors pick up property and flip and that the investor flips do not meet definition of market value. Respondent states sales provided by
   Complainant do not meet definition of market value. Respondent states that there was a square footage adjustment issue with only three sales to draw from and that using matched pairs, one number was above what properties sold for per square foot. Respondent split the difference between other two to arrive at price per foot.

REVIEWER CONCLUSIONS

Reviewer states appraisal report well composed and document with minimal requirements of USPSP met with minor exceptions:

1. Original appraisal report lacked proper reconciliation of applicability and relevance of the approaches to value, and offered no explanation for absence of income approach and only a minor explanation of cost report. Income approach could have been relevant and applicable. **SR 1-6(a)(b) and SR 2-2(a)(vii)**
2. Original appraisal noted property not offered for sale in past 12 months but this incorrect as there is current contract on property as noted. **SR1-5, SR2-2(a)(viii)**
3. Limited work file for original appraisal report without copy of order, copy of contract, minor sales data which is in violation of the Record Keeping Rule in USAP.

Recommendation: Letter of warning regarding SR1-5, 1-6, 2-2 and record keeping rule.
Decision: The Commission voted to accept Counsel's recommendation.

4. 2017058731

Licensing History: **Certified Residential Appraiser** **10/4/91 – 10/31/19**
Disciplinary History: **None**

Complainant is home owner and states that appraisal done by Respondent negatively affected the sale as it relates to an FHA loan. Complainant states Respondent included a 2 bedroom comparable when home was a 3 bedroom.

Respondent states that Complainant was upset about the comparable but that the property in question had a walk through room that could be used as a bedroom. Respondent states Complainant is upset as house did not appraise for sale price.

REVIEWER CONCLUSIONS:
Reviewer concludes that this appraisal review is not compliant with USPAP requirements:

SR1-4: Report has lack of information and explanation. Report does not contain sufficient information to develop credible appraisal results. The data and explanation for type and extent of data researched and analysis applied are lacking.

SR1-1(c) Report has minor clerical errors and omissions.

SR2-1(b), SR 2-2(a)(iii): Adjustments made in sales comparison approach not adequately supported.

SR 1-4(a), Record Keeping Rule: Supporting data was not found in work file indicating analysis not performed.

SR 2-1(a): Various discrepancies within report were not addressed which reduces overall credibility. Data reported does not contain sufficient information to enable the intended users to understand the report properly. The data for one sale was not necessarily inaccurate but was probably misleading.

Reviewer does not believe the subject property was intentionally undervalued but states the report had lack of information and analysis and therefore the opinions and conclusions lack credibility.

Recommendation: $1,000 civil penalty for violations of Standard Rules 1-1,1-4,2-1 and 7 hour course in USPAP to be completed within 180 days.
Decision: The Commission voted to authorize a 7hr course in Report writing to be completed within 180 days.

5. 2017062511

Licensing History: **Certified Residential Appraiser** **12/27/91 – 12/27/19**
Disciplinary History: **None**

Complainant states that Respondent below came to do appraisal on home and was under supervision of Respondent. Respondent was not there for appraisal process but did come to home about 20 minutes after Respondent below left. Complainant states Respondent simply walked into kitchen, looked around and left. Complainant states the appraisal was not completed correctly and that appraisal report did not included the addition of hardwood floors, 2 car metal garage and custom made cabinets. Complainant states Complainant asked Respondent to review but that after a week told Complainant Respondent did not have to add the extras.

Respondent states that Respondent is training registered trainee below who has been employed by Respondent for 1.5 years and has completed 105 hours of approved appraiser course work in excess of 1500 hours of supervised property inspections, data compilation and preparation of reports. On day of inspection, Respondent states Respondent left for inspection first as Respondent was on phone but that Respondent met up with trainee as trainee leaving property. Respondent discussed the review with trainee and then proceeded to complete Respondent's inspection of property. Respondent states Respondent and home owner discussed upgrades and upgrades were

noted in file. The next day Respondent and trainee identified good comparables with similar tract size and amenities. Concerning the cabinetry and hardwood flooring, Respondent states that most homes in area custom built with similar amenities and no adjustment was warranted. Respondent states that the two car detached metal garage and the 3 car attached garage were superior to market comparables and value was given in completed appraisal.

RECOMMENDATON: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

6. **2017062531**
Licensing History: **Unlicensed**
Disciplinary History: **None**

Respondent is registered trainee and states that on arrival, Respondent introduced self to Complainant and made sure Complainant knew Respondent was a trainee. Respondent also told Complainant that Respondent above would be at property shortly but that Respondent would start the process. After competing inspection, Respondent met with above Respondent in driveway and discussed the ownership of driveway and determined the deed needed to be pulled to verify ownership.

Recommendation: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

7. **2017067431**
Licensing History: **Certified Residential Appraiser** **4/7/99 – 3/31/18**
Disciplinary History: **None**

Complainant states appraisal on home had incorrect address and that comparable houses were insufficient and not in same city. Complainant states only one property that was sold within 90 days was adequate but was smaller by 1.25 acres.

Respondent states Respondent was hired by mortgage lender as Complainant was attempting to secure a VA insured loan. Respondent states home is a manufactured home although it was listed on MLS as a site-built dwelling. Respondent states that numbers of truly comparable manufactured residence closed sales are limited and in addendum, Respondent stated that it was necessary to expand search radius. Respondent states that all three comparables were sold within the last 12 months and while sales less than 90 days are preferable, such sales were not available. Concerning the property that was short 1.25 acres, did not warrant an adjustment as the overall site value was very similar to subject property and Respondent did make comment on this in report. After appraisal inspection, Respondent determined that the range of sales prices did not support the contract price and as client was VA Respondent then had to invoke "Tidewater" wherein appraiser is required to give notice to lender and VA before report is finalized and delivered to client. Lender then has two business days to solicit sales data from parties to support current sales price and then appraiser reviews data and completes report. No data was received through this process and Respondent completed report. Days later Complainant contacted Respondent and challenged the appraisal and Respondent told Complainant that Respondent could not discuss with Complainant, only client. Concerning the wrong address, after learning this from Complainant Respondent reviewed the report and found the error of a number being off, corrected and provided a revised report.

REVIEWER CONCLUSIONS

Reviewer concluded that the appraisal complies with USPAP requirements. Reviewer notes that the subject of appraisal is somewhat unique, and while report had some minor clerical errors and omissions; errors were corrected in revised report.

Recommendation: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

8. 2017069851
Licensing History: Certified Residential Appraiser 11/15/91 – 11/15/19
Disciplinary History: 201301111 Close with Letter of Warning

Complainant states that in process of appraisal for home to be purchased by Complainant, Respondent made a comment to seller that house was being sold under value, that Respondent could have gotten more for home, gave his personal phone number to seller, and added things to the report that the bank found unusual. The added information was that the air conditioner would need to be replaced in a year and Complainant states this drove up operating cost and put the house at risk of not closing.

Respondent states that Respondent was hired to do appraisal and then spoke to owner who informed Respondent that the home was empty and that Respondent could access home via key under the mat. Respondent states that Respondent did not meet owner nor did Respondent give owner card. Respondent states that Respondent is sure Respondent never told owner to call if deal fell through. Respondent did ask about the age of appliances and learned that all were about 11 years old. As the HVAC unit was split with air conditioner components and the heat exchange in different locations, Respondent split the cost of a unit by placing half in ac section and half in heat as Respondent has done in years of practice. This time, the lender made Respondent put the entire value under air conditioner part. Based on actual age and useful life of 12 years, Respondent states the unit had one year of useful life.

REVIEWER CONCLUSIONS

Reviewer states the appraisal is not in compliance with USAP due to the appraiser's estimate of replacement costs. Reviewer states Reviewer does not believe Respondent intentionally overstated the total replacement reserves but that Respondent did not consider logically what the inputs meant or how they impacted net operating income.

SR1-1(b) requires that appraiser not commit a substantial error of omission or commission that significantly affects an appraisal. The estimate of replacement reserves should represent the total average annual reserves computed in the replacement reserve schedule. An input of total replacement cost for the AC unit or any equipment item on an annual basis overstates the requirement.
SR2-1(b) requires that appraisal report contain sufficient information to enable the intended users of the appraisal to understand the report properly. Respondent should have used comments and an analysis about the source and reasonableness of the projected operating income and expenses.

Recommendation: Letter of warning
Decision: The Commission voted to accept Counsel's recommendation.

9. 2017070711
Licensing History: Certified Residential Appraiser 8/10/00 – 2/28/19
Disciplinary History: None

Complainant is home owner and states Complainant sent Respondent a recent appraisal on property. Complainant states Respondent replied that Respondent did not agree with appraisal and saw many "red flags". Complainant states Respondent stated would not appraise property for higher than purchase prices even though two other appraisals had higher values. Complainant states Respondent also stated this to lending bank, spoke with listing agent and stated that Respondent knew the property but had not been there. Complainant states Respondent stated that Respondent did not want to appraise property and would only appraise it for value of recent purchase.

Respondent states Respondent was contacted by VA lender and that day also received email from Complainant with past appraisal. After reviewing that appraisal, Respondent did tell Complainant that Respondent found some "red flags" that gave Respondent concerns. Respondent states Respondent never quoted a value but only Respondent's concerns. Respondent states Respondent never said Respondent would not appraise property but that Complainant did tell Respondent to cancel appraisal. Respondent replied that the cancelation must come from lender. Respondent states Respondent did state the same concerns to the lender but never told lender that Respondent would not appraise property. Respondent states Complainant told Respondent that basement was recently flooded and asked that inspection be delayed. Respondent states that Respondent told Complainant that Respondent would wait to hear from Complainant or lender before proceeding.

Recommendation: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

10. **2017069291**

Licensing History: **Certified Residential Appraiser** **10/12/94 – 6/30/19**
Disciplinary History: **201402501 Closed with Letter of Caution**

Complainant is licensee and owner of property. Property was being appraised for sale to third party. Complainant states that the appraisal failed to analyze highest and best use of property which allows Commercial development, did not cite heat in enclosed porch that was used as utility area and excluded it from GLA, failed to select appropriate comparables.

Respondent states Complainant is not client or intended used of appraisal. Respondent states original report did not contain correct plat map but was corrected. Concerning the enclosed porch, Respondent states the area was not finished and did not meet expectations of typical market participants for GLA. Respondent states properties selected were appropriate.

REVIEWER CONCLUSIONS

Reviewer states the site is adequately described but that original appraisal had incorrect site map and incorrect subdivision map. Concerning the square footage, Reviewer states it would have been better to include heated are in question and allow for adjustments to reflect condition. The failure to include correct subdivision and site map did not likely impact analysis but indicate carelessness and lack of review of final work product of appraiser.

SR1-1(a) requires appraiser be aware of, understand and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal. This appraisal utilized only sales comparison and did not use Cost Approach or Income Approach even though property had rental history.
SR1-1(b) requires that appraiser not commit a substantial error of omission or commission that significantly affects appraisal. The real enclosed porch used as utility room appears to be heated and while not finished entirely, should have been included in gross living area with conditions adjustments.
SR1-1(c) relates to appraiser being requir4ed to not be careless or negligent. Original appraisal included a site layout which was not subject site. Original appraisal included a subdivision map which was not the subject subdivision. Although items may not have affected value estimate, they could question credibility of overall work product.
SR1-4(c) requires that when an income approach is necessary for credible assignment results, appraiser must analyze rental data, operating expenses, comparable data available for rates of capitalization and base projections of future rent on reasonably clear and appropriate evidence. Property neighborhood has rental activity and property previously rented and this information was provided. The omission of income approach would detract from credibility of assignment, but there was adequate market data for value estimation. Client's requirement was that any recent rental or lease agreements be included but there was no discussion in appraisal.

RECOMMENDATION: Letter of warning
Decision: Commission voted to accept Counsel's recommendation.

REPRESENTATIONS:

The following was presented in November:

11. 2017043091

Licensing History: **Certified General Appraiser** **11/4/16 – 11/3/18**
Disciplinary History: **None**

This is an anonymous complaint regarding a report done by Respondent for a conservation easement for a charitable contributory credit by the United States Treasury Department. Complainant states the analysis was not accurate with the intended use of the appraisal and therefore the conclusion is flawed. The complaint raises several concerns with how the appraisal was approached, the valuation, and comparable sales. Complainant challenges the hypothetical condition that portions of property were to be subdivided into residential lot along a water frontage and that this property would be in flood zone. Complainant also challenged the comparable sales and states the after value analysis was not developed.

Respondent addressed the issues in the complaint but also questioned the person who filed the complaint as this appraisal was a confidential document between the landlord and the trust involved. Respondent suggests that there two issues, on being the highest and best use, and the before and after methodology. Respondent states the before and after methodology was used in the sales comparison approach the cost approach and the reconciliation of value. Respondent states that question in highest and best use was based on the Complainant's belief that an appraiser must determine the highest and best use prior to the easement on an "as is" basis only and Respondent states that it should be based on questions concerning zoning, building of recreational dwellings, financial feasibility and maximum productivity. Concerning building in areas subject to flood, Respondent states that the purchaser was an out of state duck hunter who had built a home on another lake in flood plain. Respondent states that it is common to build recreational dwellings in areas subject to flood. Respondent challenges other conclusions made by Complainant.

Attorney representing the non -profit receiving the easement filed a letter stating that biologists for the non- profit determined the property with high conservation value and candidate for protection with conservation easement. The easement gives the non-profit the right to use the value of the donation as a matching contribution to secure federal grant funding to perform wetlands restoration and land protection work and therefore the appraisal was solely for the purpose of review for federal match. Attorney states the non-profit's position is that the donation was a legit mate easement that protects valuable riverine habitat in direct proximity to the highly developed residential and commercial area of close by city.

Subsequent to the first response, Respondent filed an updated response and appraisal after the original appraisal was reviewed by a review appraiser and expert authority, not Reviewer. Both appraisals were then reviewed by Reviewer.

REVIEWER CONCLUSIONS

Reviewer reached the following conclusions in the first review:

1. Report option not prominently stated. SR 1-1(a), SR 2-2
2. Intended users not properly identified SR 1-2(a)(SR2-2(a). Reviewer states the use stated was a report for a charitable contribution as a part of a conservation easement and that therefore the US Internal Revenue Service would be an intended user.
3. Property rights not properly identified. Reviewer states that while the easement was mentioned in appraisal report, the effect on property interest being valued was not properly reported and analyzed.
4. Definition and Source of Value not properly identified. SR1-2(c) SR 2-2(a)(v)
5. Scope of Work not properly developed. Reviewer states that it appears that the assignment was to arrive an opinion of value for a charitable contribution to satisfy IRS regulations and the report does not address the requirements or associated assignment conditions. SR1-2(h)
6. Hypothetical conditions not adequately addressed. Report does not adequately disclose the effect the use of the hypothetical condition as on the assignment results. SR202(a)(xi)
7. Subject property not properly identified. Report identifies the acreage and states property in currently zoned rural agricultural use and Reviewer states that these are relevant characteristics to be considered and analyzed. Reviewer

stats that the description is narrow and no mention that property is in flood plain. Reviewer states Reviewer could not verify the size of subject property and there was nothing to support that the property was in a currently zoned rural agricultural use. Reviewer states that the area factors affecting marketability and market trends not reported, described or analyzed and report does not properly identify or analyze known easements and encumbrances. SR1-1(a)(b)(c), SR1-2 (e(i)(iv),SR1-3(a), SR 2-1(b), SR2-2(a)(iii).
8. Market area trends and economic factors were not properly reported and analyzed. See above.
9. Highest and Best use not properly summarized and supported. Reviewer states that given the location, zoning, configuration area use and considering data from the health department, office of planning, Corps of Engineers and Natural Resources Conversation service, the highest and best use of the subject property would be for agricultural/recreational use. Reviewer state the report and work file do not provide sufficient analysis and support to indicate Respondent analyzed relevant legal, physical, and economic factors and report does not properly summarize the support and rational for the opinion stated. SR1-3(b), SR 202(a)(x)
10. Sales comparison opinions, analysis and conclusions not properly supported. Reviewer states that there were no comments found verification of sales used and no comments or indications that Respondent verified sales with a primary participant of the sales used. Reviewer states the report does not provide sufficient information to enable others to understand rational for opinions and conclusions. SR1-1(a)(b)(c), SR1-4(a), SR 2-1(b), SR 2-2(a)(viii)
11. Reconciliation does not address quality or quantity of data used in value approach. Reviewer states appraisal results not conveyed in appropriate manner, and reduces the credibility of final value opinion. SR 1-6(a)(b), SR202(a)(viii).

In the second review, Reviewer states the revised report disclosed the use of hypothetical condition but the report does not adequately disclose the effect the use of the hypothetical condition would have on the assignment results. Reviewer states the revised report has an effective state of value conclusions of November 15 which is same date as revised report and new report should have updated date.

Reviewer stats the scope of work does not meet expectations of regular intended uses and is not sufficient. SR1-2(h)
Revised report discloses use of hypothetical condition but does not adequately disclose what the effect he use of the hypothetical condition has on the assignment results. SR 2-2(a)(xi)
Revised report dos not properly identify locational, physical and economic characteristics or attributes relevant to the intended use, does not properly identify or analyze known easements and encumbrances which effect subject property. SR1-1(a)(b)(c), SR 1-3(a) SR2-1(b) SR 2-2(a(iii)
Revised report does not provide sufficient information for intended uses to understand rationale for opinions and conclusions in the sales comparison approach to value. SR 1-1(a)(b)(c) SR 2-1(a)(b)(c) SR2-2 (a)(viii)
Revised report had a signed certification that that no significant professional assistance was provided to persons signing report but correspondence shows Respondent noted that recommendations had been made by a review appraiser and expert authority on conservation easement report writing.SR 2-2(a)(vii) SR 2-3 (pages 27, 28, lines 844-846, 863-866)

Recommendation: Discuss
Update:

Respondent states that Respondent has performed several conservation easement appraisals in the past five years and included history of qualifications Respondent provided credentials of the reviewer Respondent reviewer who assisted in reviewing the report and included history of qualifications which included BS education, ARA , election to American Society of Appraisers and Royal Institute of Chartered Surveyors.

Concerning the Reviewer - Reviewer state that Reviewer had no experience in completing an appraisal assignment of a conservation easement and acknowledged this before the review. Reviewer also states that the reviewer relied who helped Respondent is a professional colleague widely recognized in the appraisals of conservations easements.

In Respondent's update letter, Respondent states that the complaint was filed by a former employee/trainee who worked for Respondent for about twenty fine years but has had a personal vendetta against Respondent after leaving.

Recommendation: Dismiss
Decision: The Commission voted to accept Counsel's recommendation.

12. 2017056991

Licensing History:	**Certified Residential Appraiser**	**7/13/1995 – 10/31/2019**
Disciplinary History:	**None**	

Complainant alleges many issues with Respondent's appraisal of his property and alleges Respondent was not knowledgeable of the area where the property is located and used the wrong tax card from the wrong county. Respondent invoked the Tidewater Initiative because Complainant alleges he could not find comparables due to using an MLS database out of the Tennessee Virginia area instead of using local boards that could have provided more accurate data. Complainant alleges Respondent "threw out" the comparables submitted by Complainant's agent, along with the agent's suggestion that Respondent use land sales to justify the acreage price. Complainant states Respondent had 10 days to research but only gave Complainant 24 hours to find comps that he simply threw out. Complainant further alleges Respondent did not make land adjustments on an equal basis compared to his own data. Complainant's property is in a rural area and he feels Respondent could have reached out further and make more of an effort to justify the asking price. Complainant alleges Respondent's phone number listed on the appraisal report is disconnected and he is unable to contact Respondent, but Counsel verified the number is working and allows for a voicemail to be left for Respondent's business employer.

Respondent states that he was hired by the US Dept. of Veteran's Affairs and the lender to perform the appraisal on Complainant's property. Respondent also states that when he arrived at the property, he had a discussion with Complainant and the listing agent informing them that the market had changed and there were no sales suitable to support the list price, and was told by Complainant there had been a sale locally for over $330,000. In development of the appraisal, Respondent viewed and photographed, measured, researched public and private sales data available, researched the sale provided by the Complainant, and invoked Tidewater to allow parties the opportunity to provide sales data to support the contract sales price. Respondent states he reviewed the data provided and found it incompatible with the reporting requirements of the appraisal report (vacant land sales v. improved property sales). Additionally, Respondent states he included an analysis of improved sales offering between 2 and 12 acres in the appraisal to indicate improved sales data was available. Respondent states he performed research and could not find sales which support the contract sales price. Respondent explains the tax card for a different property is incorrectly placed in the addenda to the appraisal but states the assessor's parcel number, all necessary and required tax card data is correctly reported in the appraisal form 1004 URAR, and an addenda was provided with corrections to the lender on 9/1/17. Respondent confirms Complainant's agent submitted 7 sales of vacant land and 2 improved sales but it was not provided in the proper format and was not suitable to the format of the URAR sales comparison grid. Respondent eliminated, not "threw out" vacant land sales from the Tidewater reporting as they are not consistent with requested sales data. Respondent further states the appraisal indicates the site adjustments to the sales reflect similar, superior and inferior site values contributing to the sales prices of each comp. Respondent denies the allegation that he failed to try to find sales in rural areas to justify the asking price, noting an appraisal is not meant to justify such, and explains he did discover and use improved sales in close proximity to the property, occurring within 1 year and most similar and closely resembling the subject property within the market area. Respondent states he is knowledgeable of the area and has performed appraisals there since "prior to 2013" and denies that the phone number for his business it disconnected. Respondent feels this complaint was filed because Complainant is unhappy with the outcome and notes the property has been on the market for a year, and because the agent can't provide an adequate amount of improved sales similar to the property, it could be an indication is simply priced too high.

The expert reviewer states that certain information within the appraisal was not credible as to leading the intended reader to have confidence in the value conclusion. :

- SR 1-1(c) and (e) – The expert cited this rule noting that it relates to a carelessness or negligence in providing an appraisal and specifically addresses a series of errors that individually might not be significant, but in aggregate impact the credibility of the appraisal. Further, the expert states the identification data is correct in the appraisal but the exhibits were for a different property. The expert notes some identifying information included in the appraisal was for a different property, different tax map, location, etc., and the site description was noted as not

having obtainable dimensions. The expert states this is not correct in that the site dimensions, layout, etc., were of record and accessible physically or electronically.

- SR 1-1(h) – Land sales data was provided but those transactions appear to not have been considered in developing additional support for the land value adjustments set out within the sales comparison approach. The scope of work can change during the appraisal process which appears to be a possibility in this instance, and a scope of work necessary to produce a credible assignment is required.
- SR 1-4(f) – In this instance, a significant road project is being constructed from a point near the property along a state route that will provide much better access to the area, the industrial park, shopping, services, etc., and no mention of this project was included in the appraisal's analysis or neighborhood section despite the impact it would most likely have on the property's value.

Counsel considers the violations found by the expert reviewer and how much they affected the credibility of this appraisal. Counsel also considers the lack of disciplinary history and the fact that Respondent has been licensed for almost 23 years, and therefore recommends a total of 22 hours of educational courses above and beyond the requirement for licensed appraisers and a civil penalty of $1000.

Recommendation: Counsel recommends the authorization of a civil penalty in the amount of One Thousand Dollars ($1,000) to be satisfied within thirty (30) days of execution of the Consent Order and twenty-two (22) hours of coursework, with seven (7) hours of Sales Comparison Approach courses and fourteen (14) hours of Report Writing educations courses. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE.
Decision: The Commission voted to authorize twenty-two (22) hours of coursework, with seven (7) hours of Sales Comparison Approach courses and fifteen (15) hours of Report Writing educations courses. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE.

13. 2017055381

Licensing History:	**Certified Residential Appraiser**	**5/31/1994 – 3/31/2018**
Disciplinary History:	**2016 Letter of Warning**	

Complainant alleges Respondent's appraisal does not reflect her property's fair market value and states Respondent valued the property at $50,000 less than two separate appraisals. Additionally, Complainant feels the comparables used by Respondent are not appropriate and alleges Respondent used outdated data from 1994 and 2011. Complainant states Respondent's low valuation of her property has adversely affected her refinancing options and she cannot recoup the amount spent on Respondent's appraisal.

Respondent states that he was hired by an Appraisal Company to provide this appraisal report for a refinance transaction and once he submitted the appraisal, the Appraisal Company did not ask for any clarification or corrections, accepted the appraisal report as delivered and never made any request for an appraisal review, reconsideration of value or another appraisal. Respondent specifically addresses Complainant's allegations and concerns as follows. Respondent believes the report has sufficient data to reasonably conclude the market value, the comparables he used are appropriate, and explains that the Zillow estimates Complainant provided with her complaint are not appraisals or comparables. Respondent states he saw no evidence of any other appraisals that have been done on Complainant's property as she alleges. Respondent notes that when he was researching the mortgage history, he noticed no deed has been recorded since Complainant re-acquired the property through a bank sale in November 2014. Respondent states that he reported the data which Complainant alleges is outdated because in the Sales Comparison Approach, any prior sales, not the most recent sales of the property and comparable sales can be and are reported. Respondent further states he cannot attest to any reason why Complainant's refinancing options were adversely affected because the lender could not disclose any such information to Respondent, and the loan could have been withdrawn or denied for other reasons. Respondent does not have control over the fee charged for the appraisal, as the lender and Complainant enter into an agreement regarding the appraisal fee. Respondent states the opinion of market value is $148,000 and the last known indebtedness or purchase price for the property was $110,000 which leads Respondent to believe there was plenty of equity in the property to justify making the loan, so

Respondent believes the appraisal was not the problem. Respondent provided his work file, including documentation relating to searches within the Assessor of Property, Property Search Page, Property Record Card, and seven additional and professional resources.

The expert reviewer states the minimum requirements of USPAP were met in Respondent's appraisal with the following exceptions:

- SR 1-6(a) and (b); SR 2-2(a)(viii) – Respondent's report lacked a proper reconciliation of the applicability and relevance of the approaches to value not utilized in the report and noted no explanation for the absence of the income approach.
- SR 2-2(a)(x) – There is no support or rationale in the appraisal report for the opinion of Highest and Best Use.
- SR 1-4 – Some of the information for Comparable #3 was incorrect and/or omitted. Comparable #5 has an actual age in excess of 100 years, was moved from another site in pieces to be installed at its present site and has approximately $20,000-$30,000 in structural/cosmetic issues according to the listing agent. Respondent is required to verify all information for credible assignment results and did not seem to do so regarding these to Comparables.
- SR 1-5(b); SR 2-2(a)(viii) – Respondent stated facts regarding the fact that there was a prior transfer of the property but did not analyze these facts.
- SR 2-2(a)(viii) and Record Keeping Rule – The zoning for all sales differ from the subject property and Respondent did not provide support for the conclusion for the site value adjustments in the workfile or the report.

Counsel considers the violations found by the expert reviewer, the lack of disciplinary history and lack of gross negligence by Respondent, and therefore recommends a total of 14 hours of educational courses above and beyond the requirement for licensed appraisers.

Recommendation: Counsel recommends the authorization of a Consent Order with seven (7) hours of Sales Comparison Approach courses and seven (7) hours of Highest and Best Use education courses totaling fourteen (14) hours. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing.

Decision: The Commission voted to authorize a Consent Order with a $500 Civil Penalty and with seven (7) hours of Sales Comparison Approach courses and seven (7) hours of Highest and Best Use education courses totaling fourteen (14) hours. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

Regarding "Proposed Rules", Ms. Mathews provided status updates on two sets of rules that were previously submitted by the Commission.

DIRECTOR'S REPORT

Director Gumucio provided a detailed accounting of budget revenue and expenditures, to include line item and trend analysis. She also provided a report of the overall health of the budget in her summary of Fiscal Year 2017. Regarding the total reserve balance, Director Gumucio informed the Commission that administration is looking into potential fee reductions.

Director Gumucio informed the Board that the Association of Appraiser Regulatory Officials (AARO) Spring Conference is located in Seattle, WA on May 4-6. Dr. Mackara made a motion to approve Sarah Mathews, Rex Garrison, and Mark Johnstone (or Randall Thomas as his alternate) to attend the conference. Ms. Johnson seconded, and the motion carried by unanimous vote.

NEW BUSINESS

Mr. Thomas recognized Randy Button to speak on Q and A's for Completing Evaluations to be posted on the website for the benefit of licensees. Ms. Mathews stated that administration and the Legal Division will review the "Q and A's for Completing Evaluations" generated by the Commission. Once reviewed and final approval by the Commission is granted, it will be published on the website.

Director Gumucio offered for Commission review the Administration's response letter to the Appraisal Subcommittee (ASC) which states that the Commission is not in favor of a one-year waiver of the appraisal regulations to Tri-Star.

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There being no other business, Mr. Garrison moved to adjourn the meeting at 11:45 am. This was seconded by Mr. Atwood and so accepted by Chairman Randall Thomas.