



**REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615.741.1831**

**Meeting Minutes for October 21st, 2019
Conference Room 1B
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on October 21st, 2019, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 10:00am and the following business was transacted:

BOARD MEMBERS PRESENT: Randall Thomas, Rex Garrison, Jim Atwood, Brett Mansfield, Michelle Alexander, Dr. Warren Mackara, Jason Bennett

BOARD MEMBERS ABSENT: Rosemarie Johnson

STAFF MEMBERS PRESENT: Roxana Gumucio, Jennifer Peck, Anna Matlock, Caleb Darnell, William Best, Angela Nelson

CALL TO ORDER / ROLL CALL / NOTICE OF MEETING

Chairman Thomas called the meeting to order at 10:00 am. Director Gumucio read the Notice of Meeting into the record and then introduced new Executive Director, Jennifer Peck, to the board. Director Gumucio took roll and a quorum was present.

AGENDA/MINUTES

Mr. Garrison made a motion to accept the agenda and the minutes from the July 15th, 2019 meeting. This was seconded by Ms. Alexander. The motion carried by unanimous voice vote.

EXPERIENCE INTERVIEWS

Chairman Thomas conducted the experience interview of **Andrew Brian Cole** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Chairman Thomas conducted the experience interview of **Cody May** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Chairman Thomas conducted the experience interview of **James William Sell II** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Chairman Thomas conducted the experience interview of **Kim Poor** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Jalen Banks** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Andrew Steven Winget** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Justin Terry Huey** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Stephen Duncan** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **John Austin Hicks** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Garrison conducted the experience interview of **Thomas P. Vondren** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Jonathan R. Webber** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Garrison conducted the experience interview of **Lance McElroy** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Jeremy Lynn Hunley** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Mansfield conducted the experience interview of **Joanne D. Morgan** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Ms. Alexander conducted the experience of **Adam Brett Bowers** and recommended that his experience be accepted toward the Certified General Upgrade.

Dr. Mackara motioned to accept all of the recommendations. This was seconded by Mr. Atwood. The motion carried by unanimous voice vote.

EDUCATION REPORT

Director Gumucio provided the courses, individual course requests, and instructor requests that have been submitted for approval into the record per Dr. Mackara's recommendation. Dr. Mackara explained that when he initially received the materials for IRWA course #2304 it was missing documentation so he could not make a recommendation for approval or denial. The materials were resubmitted and he was then able to recommend approval. Dr. Mackara also explained the he recommended denial for TIAAO course #2322 because the materials were not relevant to appraisers. Dr. Mackara motioned to approve all courses listed, except course #2322, along with the instructor requests. This was seconded by Mr. Garrison. The motion carried by unanimous voice vote.

October 21, 2019 - Education Committee Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
Reynold's & Assoc.	2310	Appraiser's Guide to Appraisal Inspections	Bryan Reynolds, Bobby Fisher, Stephen Forrester, et al	CE	7	APPROVE
Reynold's & Assoc.	2311	Appraiser's Guide to FHA	Bryan Reynolds, Bobby Fisher, Stephen Forrester, et al	CE	7	APPROVE
Columbia Institute	2313	Appraiser Disaster Readiness, No. 162	Diana Jacob, Kevin Hecht, Heather Sullivan	CE	8	APPROVE
Allterra	2314	2019 Modern Appraisal Vegas	Scott Reuter, Lyle Radke, Jeff Bradford, et al	CE	7	APPROVE
Allterra	2315	2019 Role of the Appraiser Vegas	Andrew Bough, Frank Gregoire, Peter Christianson, et al	CE	7	APPROVE
IRWA	2304	803 Eminent Domain Law Basics for ROW Professionals	Joe Neighbors	CE	17	???
American Soc of Appraisers	2308	2019 International Appraisers Conference	Lee Robinette, Jack Beckwith, Michael Gregory, et al	CE	14	APPROVE
IRWA	2276	Introduction to the Income Capitalization Approach	Christina Thoreson	CE	8	APPROVE
IRWA	2280	403, Easement Valuation	Christina Thoreson	CE	8	APPROVE
ASFMRA	2312	Highest and Best Use Seminar	Terry Kesnter	CE	8	APPROVE
Calypso	1676	Mold, A Growing Concern	Francis Finigan	CE	3.5	APPROVE
ASFMRA	2323	Rapid Fire Case Studies 2019	Ronald Alfred, Anthony Brigantino, Dick Edmunds, et al	CE	6	APPROVE
TIAAO	2322	2019 Annual Education Conference	Amy Rasmussen, Robert T. Lee, John Rose, et al	CE	4.5	DENY
Columbia Institute	2324	Intro to Value Verify for Appraisers	Kevin Hecht, Heather Sullivan	CE	4	APPROVE
Columbia Institute	2327	Mobile Appraiser Workflow	Joel Baker	CE	7	APPROVE

Greater TN Chapter of Appraisal Institute	2321	2019 Appraisal and Banking Conference	John S. Brennan, Greg Gonzales, Scott Cocanougher, et al	CE	4	APPROVE
FHARC	2328	Basic Appraisal Principles and Procedures under the Uniform Act	Chad A. Crawford	CE	7	APPROVE
Appraiser E-learning	2329	Depreciated Replacement Cost	Bryan S. Reynolds	CE	7	APPROVE
American Soc of Appraisers	2330	Appraisal of Mobile Home Parks	Donald Sonneman	CE	7	APPROVE
American Soc of Appraisers	2331	Appraisal of Full Service Restaurants	Donald Sonneman	CE	7	APPROVE
ASFMRA	2333	Agware Update for Appraising Rural America	Mark Elder	CE	7	APPROVE
Melissa Bond	2326	Bifurcated, Hybrids, Evaluations	Melissa Bond	CE	4	APPROVE
ASFMRA	2336	ASFMRA 90 th Annual Convention	Mark Linne, Rami Shmaltz, Ruairi Hanfin, et al	CE	6	APPROVE
IRWA	2304	REVISED – 803 Eminent Domain Law Basics for ROW Professionals	Joe Neighbors	CE	17	APPROVE

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
Kenneth Woodford	Appraisal Institute	Engagement Letters	2	CE	APPROVE
Diane Ange	Wichita State University	Appraisal for Ad Valorem Taxation of Communications	14	CE	APPROVE
Thomas Carter	Appraisal Institute	Appraisal Aerial Inspection using a Drone	7	CE	APPROVE
Sherry Kaley	Relocation Appraisers and Consultants	RAC Annual Conference	10	CE	APPROVE

Additional / Course Instructor Approvals

Licensee / Instructor (Qualifications)	Course Provider	Course Listings (all previously approved)	Recommendation
Michelle Bradley	Greater TN Chapter of Appraisal Institute	2321 – 2019 Appraisal and Banking Conference	APPROVE
Elizabeth Sigg	Columbia Institute, Hondros College of Business	1674, 2093, 1802, 2000, 2088, 2086, 1675, 1801, 2087	APPROVE
Dana Thornberry	Appraisal Institute	2295 Appraisal of Manufactured Homes	APPROVE

LEGAL REPORT

Rule Making Hearing

Ms. Matlock called the rule making hearing to order at 10:10am and relayed the purpose of the hearing for the record. Ms. Matlock explained the rule change process and the legislative and executive actions that have to occur before any of the changes would take effect. Ms. Matlock then read all of the rule changes into the record. These rule changes include the removal of the word 'classroom' from the current rules to better accommodate the use of distance learning, the confirmation that only fifty (50) percent of continuing education credits may be taken via distance learning, and the reduction of the supervisory appraiser course hours from seven (7) to four (4) and to allow it to be taken via distance education. Ms. Matlock shared written comments that she received via email; some positively favored the proposed rule changes, while another suggested a review of the continuing education rule to allow for more distance learning to be accepted to meet qualifications. There were no members of the public present to give public comments.

Ms. Matlock reiterated that these rules changes will not become effective until ninety (90) days have elapsed from the date of filing with the Secretary of State office. Ms. Matlock estimated that the rule changes would not be effective until late February or early March of 2020 at the earliest. For clarification purposes, Ms. Matlock stated that the current rules will be in effect until the specific effective date for the new rules is confirmed from the Secretary of State office. Once that date is known, it will be disseminated out to all those impacted by the changes. Ms. Matlock also confirmed that these new rule changes still adhere to federal guidelines and do not put them out of compliance with federal statute.

Mr. Garrison moved to accept the rule making language as presented. This was seconded by Dr. Mackara. The motion passed by unanimous roll call vote.

Mr. Garrison moved to adopt the regulatory flexibility addendum and economic impact statement. This was seconded by Mr. Mansfield. The motion passed by unanimous roll call vote.

Mr. Garrison moved to adopt the impact on local government statement. This was seconded by Ms. Alexander. The motion passed by unanimous roll call vote.

Dr. Mackara moved to adopt the standards set by the Joint Government Operations Committee. This was seconded by Ms. Alexander. The motion passed by unanimous roll call vote.

The rule making hearing concluded at 10:47am. A formal transcript of the proceedings will be available at a future date.

The board took a 10 minute break and reconvened at 10:58am

Proposed Rules

Ms. Matlock explained to the Commission that these proposed rules were rules they had seen before, however, there was a question that came about as the result of the review process. The question related to rule 1255-01-.12(c)(1)(i), which states “if a subject property is located more than fifty (50) miles away from the supervisory appraiser’s office, the supervisory appraiser must accompany and personally inspect the property with the registered trainee even after the registered trainee has completed more than five hundred (500) hours of acceptable appraisal experience or until the supervisory appraiser determines the registered trainee to be competent in accordance with the competency rule of the Uniform Standards of Professional Appraisal Practice (USPAP).” Ms. Matlock asked specifically about the fifty (50) mile requirement and if it could be removed from the rule due to the fact that it is a state-specific rule and not actually mandated by USPAP or other federal entity. The Commission discussed the requirement and collectively determined that it was not necessary as it is not required by USPAP. Ms. Matlock also asked the Commission if they felt this change would be considered controversial and the Commission agreed that it would not be from an industry point of view. Dr. Mackara moved to accept the rule revision removing the fifty (50) mile requirement. This was seconded by Ms. Alexander. The motion passed by unanimous roll call vote.

Legal Report

1. 2019037071

Licensing History: Certified Residential Real Estate Appraiser, 10/14/1993 – 1/14/2019

Disciplinary History: None

Complainant is a homeowner. Respondent is a certified real estate appraiser. Complainant alleges that Respondent conducted an appraisal of the property on April 15, 2019. As of the time Complainant filed the Complaint (April 30, 2019), Respondent had not

provided the appraisal report to Complainant even though Respondent had been paid for her services. Complainant also states that the Respondent was two (2) hours late for the appraisal.

Respondent admits that Respondent was two (2) hours late for the appointment; however, Respondent called to inform of the delay and was told that the tenants of the home would be there and to arrive when Respondent could. Respondent alleges that Respondent had not been paid for the appraisal prior to performance as the Complainant alleges. Respondent states that the order was complicated because of the condition of the home. Respondent states that additional research was required, but Respondent was very busy at the time. Respondent further alleges that there was a bay gate across the doorway of one section of the home. Respondent alleges that tenant advised that they were told never to enter the room because it was not safe so Respondent did not enter the room to measure or inspect. Respondent states that Respondent was dealing with a family illness and was behind on several orders. Respondent further alleges that Respondent did not answer calls, texts, or emails because Respondent left town unexpectedly and left Respondent's cell phone at home. Respondent alleges that after Respondent inspected the property Respondent contacted the lender to let the lender know of the home's condition and asked the lender to advise how they would like Respondent to proceed. The lender advised Respondent to proceed with the report. Respondent alleges that the property was an assignment for FHA appraisal and the property in its state at the time did not meet standards. Respondent alleges that the entire complaint is false except for the fact that Respondent was late and unable to be reached for a few days.

Complainant filed a rebuttal alleging that Respondent did not call to inform Complainant that Respondent would be tardy. Complainant further alleges that the order was not cancelled because the Respondent kept stating that Respondent was working on the report and would have it shortly. Complainant alleges that Respondent was sent twelve (12) past due reminders, in addition to multiple voicemails, texts, and emails.

Recommendation: Discuss.

Decision: The Commission voted to dismiss the complaint.

2. 2019044331

Licensing History: Certified Residential Real Estate Appraiser, 12/13/2000 - 11/30/2020

Disciplinary History: 2010 Letter of Warning

Complainant is a homeowner. Respondent is a certified residential real estate appraiser. Complainant filed a Complaint against the seller's realtor, Complainant's realtor, and the appraiser. Complainant alleges that Complainant's home was listed as a six (6) bedroom, three (3) bathroom home, but was later informed that the home could not be listed as a six (6) bedroom, three (3) bathroom home because of issues with the home's septic system. Complainant alleges that the Respondent did not do due diligence during the appraisal because Respondent failed to inform Complainant that Complainant's home could not be listed as a six (6) bedroom, three (3) bathroom home.

Respondent alleges that Complainant stated that the home was a six (6) bedroom, three (3) bathroom home. Respondent alleges that the septic permit was not readily available to the appraiser in the normal course of business. Respondent alleges that septic systems are generally not inspected unless there are signs of septic system failure and the Respondent did not observe any problems or concerns regarding the septic system at the time of the appraisal. Respondent alleges that the documents were available in the normal course of business did not specify the bedroom count; however, the owner of the home reported the home as a six (6) bedroom, three (3) bathroom home and this was also confirmed by the Respondent's physical inspection of the home.

REVIEWER CONCLUSIONS

Reviewer states the construct of the appraisal was in line with the USPAP and the work completed meets a reasonable standard of care.

Reviewer further states that the physical observable room count included the six bedrooms and agreed with the historical data, which included affirmation by the seller as to compliance of the septic system with the number of bedrooms.

Reviewer further states that research from the TDEC as to the septic data is not within the typical scope of work or required standard of care for a real estate appraisal.

Recommendation: Dismiss.

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

3. 2019047821

Licensing History: Unlicensed

Disciplinary History: None

This complaint was opened internally by the Tennessee Real Estate Appraiser Commission. Respondent is an unlicensed real estate appraiser.

Complainant alleges that the Respondent performed an appraisal without a real estate appraiser's license in the Mississippi. The Mississippi Real Estate Appraiser Licensing and Certification Board sent Respondent a "Cease and Desist" notice.

Respondent alleges that the client was aware that Respondent was not licensed in Mississippi or Tennessee to conduct real estate appraisals for federally related transactions. Respondent alleges that the client informed Respondent that it was not a federally related transaction and that the client could accept Respondent's appraisal. Respondent alleges that Respondent performed a "market report" for the property owner. Respondent alleges that Respondent informed the client that Respondent was only a licensed real estate broker.

Counsel notes that Respondent is a Tennessee resident performing a real estate appraisal in the state of Mississippi. Counsel notes that Respondent did not perform the complained of appraisal in the state of Tennessee.

Recommendation: Dismiss. T.C.A. § 62-39-103 provides that "it is unlawful for anyone to solicit an appraisal assignment or to prepare an appraisal report relating to real estate or real property in this state without first obtaining a real estate appraiser license or certificate." Because Respondent was not performing a real estate appraisal in Tennessee, Respondent was not in violation of T.C.A § 62-39-103. The Mississippi Real Estate Appraiser Licensing and Certification Board should proceed with disciplinary procedure.

Decision: The Commission voted to issue a Letter of Instruction regarding T.C.A. § 62-39-103.

4. 2019050891

Licensing History: Certified Residential Real Estate Appraiser, 11/17/2014 – 4/22/2020

Disciplinary History: 2019 Conditional Dismissal

Complainant is a Tennessee resident and homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that Respondent committed multiple errors and omissions in Respondent's report. Complainant lists the following issues with Respondent's appraisal:

- Respondent marked in the appraisal that the trend indicated an increase for property values, but notes in the "market conditions" section that the market was oversupplied
- Respondent notes a drop attic, but Complainant's home has a flat roof with no attic space
- Respondent does not indicate in the "driveway surface" section that Complainant's driveway is an oversized parking driveway
- Respondent marked "bathrooms" section as 2.1 even though the home has 2.5 bathrooms
- Respondent failed to mention Complainant's water filtration system and whole house generator as "additional features"
- Respondent marked the "condition" of the home as a C2 rating, which Complainant believes should be a C3 rating
- Respondent's C3 and Q3 rating is contradictory to Respondent's comments that the home was of superior quality.
- Respondent should have listed the home as a four (4) bedroom, two and a half (2.5) bathroom home
- Respondent failed to note the built-in microwave and the washer and dryer units
- Respondent failed to note the screened-in porch and hot tub
- Respondent erroneously listed the property as a woods view rather than a mountain view

Respondent provided a response alleging that the Complainant wanted valuations of personal property, which is not within the scope of Respondent's appraisal. Respondent alleges that Respondent stayed within the applicable guidelines when determining the rating of the Complainant's home. Respondent states that the appraisal was performed diligently and with due care.

REVIEWER CONCLUSIONS

- Neighborhood Section – Non-Compliance with SR 1-1(c); SR 1-2(e)(i); SR 2-1(b); SR 2-2(a)(viii); SR 2-2(a)(viii)
 - The Reviewer finds that there is no data summary that supports the property value trend.
 - The Reviewer finds that there is no data summary that supports demand/supply or the marketing time.
 - The Reviewer finds that only comparable 1 sold over a 6 month timeframe, Comparables 2 and 3 sold under 3 months, comparables 4 and 5 sold in a 3-6 month timeframe

- Site/Highest and Best Use Section – Non-Compliance with SR 1-1(b); SR 2-1(b); SR 2-2(a)(x)
 - The Reviewer finds that there is no summary or analysis of the support and rationale of the opinion of Highest and Best Use
 - The Reviewer finds that there is no commentary as to whether subject's 16.49 acre site is sub dividable
 - With respect to the complaint that the home was a mountain view rather than a woods view, the validity cannot be determined. The Reviewer states that Google Earth Pro shows the subject is surrounded by trees with mountains in the near distance, but the validity of the Complaint cannot be determined.

- Improvements Section – Non-Compliance with SR 1-1(b); SR 1-2(e)(i); SR 2-1(a); SR 2-1(b); SR 2-2(a)(iii)
 - The Reviewer finds that the subject's condition is reported to be C3; however, the subject is only 2 years old and all materials are rated to be in good condition. All exterior materials such as foundation, exterior walls, etc. are rated good. All interior materials such as floors, walls, etc. are also rated in good condition. The Reviewer states that the Uniform Appraisal Dataset (UAD) definitions addendum C2 states "The improvements represent a relatively new property that is well maintained with no deferred maintenance and little or no physical depreciation." In the addendum the appraisal states "Subject appears to be in good condition due to its limited wear and tear." This matches that C2 commentary, "little or no physical depreciation." The subject should have been reported to be in C2 condition.

- The Reviewer finds that the subject property has a flat roof with no attic; however, in the Attic section a drop stair is reported for access to an attic
- The Reviewer finds that a fireplace was reported in the adjustment grid, but in the improvements section, fireplace is reported to be zero.
- The Reviewer finds that the quality of construction is not clearly defined in the appraisal. It is rated Q3; however, in the sales comparison comments in the addendum it states that the quality is superior, comparable to the quality of a log home
- The Reviewer finds that the sketch indicates that the subject has 4 bedrooms; however, in the improvements section on page 1, 3 bedrooms are reported. In addition, there are photos of 4 bedrooms in the appraisal.
- Sales Comparison Approach Section Non-Compliance with SR 1-1(b); SR 1-1(c); SR 1-1(c); SR 1-4(a); SR 1-2(e)(i); SR 2-1(a); SR 2-1(b); SR 2-2(a)(viii)
 - The Reviewer finds that there is no summary of data that supports any of the adjustments in the sales comparison grid.
 - The Reviewer finds that the appraisal states in the Addendum under URAR: Sales Comparison Analysis that “a sensitivity technique, 1004MC, and land sales to develop adjustments for the grid with the sales comparison grid being used as a guide in the adjustment process.” However, there is no definition of “sensitivity technique” in the appraisal, a term the Reviewer has never encountered in an appraisal, and there is no summary of that technique in the report. In addition, it is not explained how the 1004MC and land sales assisted in the adjustment process.
 - The Reviewer finds that a comment in the Addendum under URAR: Sales Comparison Analysis is contradictory and incomplete. The appraisal states that there was a limitation on the use of log cabin style dwellings (as comparables) because of their superior quality but the quality of subject is comparable to a log style home. There is no commentary as to why log cabin style homes were avoided in the sales comparison approach. There is no explanation as to why comparables were used, comparables 1 and 4, that are inferior to subject in quality of construction which needed to be adjusted for this difference.
 - The Reviewer finds that Comparables 1 and 3 have multi-acre sites. There is no commentary as to whether these sites are sub dividable.
 - The Reviewer finds that the site adjustments are applied inconsistently with no explanation. In the Addendum under “URAR: Sales Comparison Analysis” it states “Site adjustments were applied to comparables to account for site

value differences in regards to site size and topography and site size and topography's effect on value." There is no summary as to how site size and topography affected value.

- The Reviewer finds that the sites are approximately adjusted as follows (rounded)
 - Comp 1, \$666 per acre;
 - Comp 2, \$482 per acre;
 - Comp 3, \$5,172 per acre;
 - Comp 4, \$487 per acre;
 - Comp 5, \$500 per acre
- The Reviewer finds that the condition rating of the subject (C3) is inconsistent with UAD definitions. As a result the condition adjustments, or lack thereof, are unsupported.
- The Reviewer finds that property values are reported to be increasing in the Neighborhood section; however, no date of sale/time adjustments were applied to comparable 3, 4, and 5 though they closed 10, 9 and 8 months respectively, prior to the effective date of the appraisal. There is no commentary in the appraisal as to why they were not warranted.
- Reconciliation Section – Non-Compliance with SR 1-1; SR 1-6(a); SR 1-6(b); SR 2-1(b); SR 2-2(a)(viii)
 - The Reviewer finds that the Reconciliation states that “the sales comparison approach reflects the actions of typical buyers in this market and is supported by the cost.” The Reconciliation is boilerplate as the cost approach was not completed. As a result, the exclusion of the cost approach is not explained.
- Cost Approach Section – Non-Compliance with SR 1-1(c); SR 2-1(a); SR 2-2(a)(viii)
 - The Reviewer finds that the Cost Approach comments state that “the cost approach was not considered applicable due to the age of the improvements.” The Reviewer finds that this is a boilerplate statement as the subject’s improvements are only two years old.

Recommendation: Consent order for thirty (30) hours of Continuing education coursework, comprised of fifteen (15) hours of Sales Comparison Approach courses and fifteen (15) hours of Report Writing to be completed within 180 days of execution of the consent order, above and beyond the minimum CE for license renewal.

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

5. 2019053311

Licensing History: Certified Residential Real Estate Appraiser, 6/18/2015 – 6/30/2021

Disciplinary History: 2018 Conditional Dismissal

Complainant is a Tennessee homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that the Respondent was unprofessional, rude, short and angry during the appraisal due to the Complainant's real estate agent missing a phone call from Respondent. Complainant alleges that Respondent exhibited bias and disdain for the Complainant's home and stated "who even came up with this price anyway?" Complainant alleges that Respondent did not pull accurate comparables for square footage of the Complainant's home. Complainant alleges that the initial appraisal when Complainant purchased the home reported the home's square footage as 2,151 square feet as opposed to the Respondent's report of 2,108 square feet. Complainant alleges that Respondent pulled comparables for homes between 1800-2100 square feet and also used comparables from within Complainant's neighborhood rather than within a five-mile radius. Complainant alleges that Respondent withheld appraisal price from all parties for 48 hours. After completing the appraisal, Respondent informed Complainant about how much they could expect to make from the sale. Complainant further alleges that Respondent invoked "Tidewater" and gave the realtor the opportunity to find comparables to help with the final evaluation, so the Realtor was unable to speak to Respondent other than to send comparables.

Respondent alleges that the homeowner is a disgruntled seller who had an uninformed real estate agent who did not perform due diligence in the real estate transaction. Respondent alleges that the Realtor's phone number was listed incorrectly so the Respondent had to contact the Realtor via email. Respondent alleges that they never personally spoke to the Realtor. Respondent alleges that Complainant was nice and asked several questions throughout the appraisal. Respondent alleges that the Complainant explained that Complainant made upgrades to the property. The Respondent then informed Complainant that upgrades may not or may not add to the value of the home. Respondent alleges that Complainant stated that they were leaving pieces of personal property, at which point the Respondent informed Complainant that personal property was

not considered in purchase price. After Respondent completed the appraisal, Complainant inquired about the property value of the home. Respondent stated that they would know something in a few days. Respondent alleges that they explained to Complainant that when a new home is purchased in a well-defined subdivision with new construction properties being built, often the sellers must compete with the builder as the prices for the new construction could be less per square footage than occupied units. Respondent states that tidewater was invoked which gives listing agents an opportunity to support their listing price with sales used in the listing process within 48 hours. Respondent states that the agent sent the sales within the timeframe, but the sales did not support the sales price as they were new sales with no depreciation, meaning the properties had never been occupied.

REVIEWER CONCLUSIONS

- Neighborhood Section – Non-Compliance with SR 1-2(e)(i); SR 2-1(b); SR 2-2(a)(viii)
 - The Reviewer finds that this section is considered very inadequate
 - The statements in this section are “canned”
 - There is very little real information about the neighborhood and area
 - Some of the information in this section could be considered misleading
 - There was no description of the type or style of single-family residences in the area and that they may vary as to age, style, and size
 - There were no comments that one builder developed the subdivision and built almost all of the homes
- Site Section – Non-Compliance with SR 1-1(c)
 - The Reviewer finds that this section is complete but the site area appears to be miscalculated
 - The Reviewer finds that per CRS/Courthouse records the calculated area is 8,393 sq. ft. rather than 5,791 sq. ft.
 - The Reviewer finds that the site is irregularly shaped and cannot be properly calculated by just multiplying two of the sides of the lot
- Highest and Best Use Analysis – Non-Compliant with SR 1-3(b); SR 2-1(a); SR 2-2(a)(x)
 - The Reviewer finds that Respondent checked the “highest and best use” (HBU) check box, therefore Respondent was required to develop an opinion of the HBU of the real estate. Respondent provided no statements to summarize the support and rationale for that opinion as required.
- Improvements Section – Non-Compliance with SR 2-1(a)

- The Reviewer finds that the statement in the “describe the condition” subsection of “Improvements section could be confusing. Respondent states “C3; Kitchen updated – one to five years ago; Bathrooms updated one to five years ago.” The Reviewer finds that this statement makes it appear that the kitchen and bathrooms had been updated, but per the MLS brief, the subject is a two year-old home, which has not been remodeled.
- Sales Comparison Approach Section – Non-Compliance with SR 1-1(a) and (b)
 - The Reviewer finds that comparable sale 3 is a rancher style home with a finished bonus room over the garage. The Reviewer finds that this is not a typical competing style to a two-story home and most appraiser peers would not have used it as a comparable sale. Additionally, the sale is eleven (11) months old.
 - The Reviewer finds that there were several sales of two-story homes available which may have been more appropriate sales but were not used in the report.
 - The Reviewer finds that USPAP does not require reporting of the prior sale information of the comparable sales sold within the last year; however, many lenders do require this information, making it a supplemental condition. The report is not consistent in the reporting of this information as it was reported for sales one and two, but not reported for sale three, which had a prior sale on February 2, 2018.
- Reconciliation Section – Non-Compliance with SR 2-1(b); SR 2-2(a)(viii)
 - The Reviewer finds that there was a statement made in the addendum reconciliation section that the “market approach” was given great emphasis; however, it was the only approach considered. In the same paragraph the Respondent made a statement that “the income/cost approaches were not used due to the market being mostly residential”; however, this statement is not logical and is an example of how “canned” much of the report’s comments and statement were, even if they were not applicable.
- Cost Approach Section – Non-Compliance with SR 1-4(b); SR 1(b); SR 2-2(a)(viii)
 - The Reviewer finds that the cost approach was not developed even though the home was only two years old and is competing against new homes.
 - The Reviewer finds that the Veterans Administration loan does not require a cost approach, but USPAP does if it is necessary for credible assignment results. Since the property is only two years old, most appraisers would have considered the cost approach appropriate and necessary. The Respondent

made a statement that the cost approach was applicable but not necessary; however, the Respondent did not provide an explanation or summary as required by USPAP as to why it was appropriate but not necessary.

- Supplemental Addendum Section – Non-Compliance with SR 1-1(b) and (c); SR 1-2(a), (b), and (c); SR 2-2(a)(xi)
 - The Reviewer finds Respondent’s statement that “Appraiser retains the right to change the final estimates of value is [sic] latent or hidden facts become known [sic]. The use of this hypothetical condition might have affected the assignment results. See USPAP Std 2-2.” The Reviewer finds that the use of a hypothetical condition is improper and could be confusing to readers of the report.
- Work file
 - The Reviewer finds that a copy of Respondent’s work file was not provided as required by USPAP; however, the Reviewer cannot determine if the copy was a true and correct copy because the software used by the Respondent locks the report unless the signature on the report is removed.
- Appraisal Report’s Supplemental Addendum and Complaint Comments – Non-Compliant with SR 1-1(a), (b), and (c); SR 1-4(a); SR 2-2(a)(viii)
 - The Reviewer finds that the Respondent did not consider a comparable provided by the Complainant’s listing agent that was a similar sale after the listing agent provided them to Respondent following Respondent’s invocation of Tidewater.
 - It is the Reviewer’s opinion that the presented sale appears to be a very comparable sale. USPAP requires that an appraiser’s assignment results are credible. The use of the most current comparable sales could possibly increase the credibility of a report’s assignment results and typically most appraiser peers would have used the most current comparable sales.

Recommendation: Consent order for thirty (30) hours of continuing education, comprised of fifteen (15) hours of Report Writing coursework and fifteen (15) hours of Sales Comparison coursework to be completed within 180 days of execution of the Consent order and the CE must be above and beyond the minimum CE for license renewal.

Decision: The Commission voted to accept Counsel’s recommendation but to require fifteen (15) hours of Highest and Best Use coursework rather than Report Writing.

6. 2019055151

Licensing History: Certified Residential Real Estate Appraiser, 11/15/1991 - 11/30/2019

Disciplinary History: 2014 Consent Order, required to take 15 hours

Complainant is a Tennessee homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that Respondent's appraisal had several inaccuracies including the following:

- Size of the site
- Condition of the property
- Room count of the property
- Bedroom count of the property
- Gross living area
- Failure to include the size of the screened in porch

Complainant alleges that the lender made Respondent aware of discrepancies. When Respondent was made aware, Respondent created another report with two of the three same comparable properties in less than 24 hours, which included a 15% change in square footage. Complainant alleges that some of the discrepancies were not corrected. Complainant alleges that Respondent failed to meet the standards of the industry and committed ethical violations.

Respondent alleges that no specifications were available except for the tile flooring in the kitchen, bathrooms, and screened in porch. Respondent alleges that the property owner stated that certain specifications were in the bid sheet but would be completed after the appraisal was completed. The Respondent alleges that generally in situations in which there is a proposed addition and/or renovation, a room-by-room description is given with those improvements. Respondent alleges that when they arrived at the home, the addition to the main level was discussed but the expansion of upstairs was not discussed. Respondent alleges that they looked at plans provided in the file and saw three (3) floor plans showing the existing 1st and 2nd levels and the 1st floor with proposed improvements. Respondent used 1st floor plans to assist in the actual measurements of the improvements.

Respondent completed the inspection. Respondent states that Respondent scaled out the improvements which totaled 3,187 sq. ft., including the 1st floor addition with a room count

of 8/4/3.0. Respondent alleges that the plan showed 3,661 sq. ft. in legend which Respondent inadvertently overlooked at the time Respondent was preparing the report. Respondent alleges that they researched the market for properties that were expanded and renovated to complete the report that was emailed to the lender on 5/22/19. Respondent alleges that the original report did not include the screened porch in the 1st and 2nd page grid. Respondent states that the site size was obtained from MAAR Data that usually takes site dimension and site size from the assessor's office. Respondent states that the lender sent an email stating that the original plans were the wrong plans and that the owner sent several items the owner wanted to be considered in the Respondent's report. Respondent alleges that the C2 rating was given because the property is 61 years old without all flooring, walls, exterior, etc. replaced. Respondent states that with omission of upstairs addition the room count and gross living area are inaccurate. Respondent alleges that the proposed 2nd floor plan was separated from the 1st floor plan addition, which is why it was initially overlooked. Respondent alleges that the sale one original report was 4% larger than the property's original gross living area and 9% smaller than the revised gross living area.

Respondent alleges that comparable three was renovated at the time of sale and was five percent larger than original appraisal gross living area and 8.5% smaller than the revised gross living area. Respondent alleges that the two sales chosen were the best sales to compare the property in the appraiser's opinion. Respondent alleges that comparable two in the original report was totally renovated on one level with an in-ground pool. Respondent alleges that comparable two in the revised report was replaced with a different property to bracket the property gross living area. The comparable property is from a neighborhood with larger dwellings superior in location to Complainant's neighborhood with much smaller dwellings. Respondent alleges that the property's gross living area was reported at 3,564 sq. ft. per the assessor's office and 3,754 sq. ft. per Respondent's data and 3,684 per paragon MLS. Respondents states that the 3,684 sq. ft. was used for comparison. Respondent alleges that the report was revised with 3,661 sq. ft. of living area with a room count of 12/5/3.0 with comparable two replaced and a revised opinion of value.

REVIEWER CONCLUSIONS

- Description of Improvements – Non-Compliance with SR – 1(a)(b)(c); SR 1-4(a); SR 2-2(a)(viii)

- The Reviewer states that there is limited evidence in the Report indicating that the Respondent understood the differences between the subject and comparables used.
- The Reviewer states that the analysis provided was not adequate to show how adjustments were derived
- The Reviewer states that the report's adjustments to the comparable sales that reflect the market's reaction to the difference between the subject property and comparable sales but no support was provided in report to indicate that a recognized method or technique was used in determining adjustments or the adjustment amounts
- The Reviewer states that the report does not provide sufficient information to enable the clients and intended users to understand the rationale behind the opinions and conclusions
- Cash Approach/Site Value – Non-Compliance with SR 1-(a)(b); SR 2-2(a)(viii)
 - The Reviewer states that the Respondent listed a \$125,000 site value in the “cost approach” section of the report
 - The Reviewer states that the Respondent noted that the site estimate from recent land sales and/or allocation method and land sales range from \$74,000 to \$350,000 and Respondent listed as \$125,000.
 - The Reviewer states that after review of the Respondent's work file it shows that the Respondent did not provide an analysis or summary showing the relationship between sales and subject site. No evidence to support that the site value was developed by any appropriate method or technique
- Addendum Pages – Non-Compliance with SR 1-1(a)(b)(c); SR 2-2(a)(viii)
 - The Reviewer states that the Respondent utilized market conditions addendum in appraisal
 - The Reviewer states that the Respondent admitted that they failed to correct the data in the addendum to the Respondent's revised report
 - The Reviewer states that the Respondent's failure to properly complete the form could lead to a misleading conclusion by the intended user/client

Recommendation: \$250 civil penalty for various USPAP violations.

Decision: The Commission voted to issue a Consent Order with a \$1,000 civil penalty and to require thirty (30) hours of Sales Comparison continuing education to be completed within 180 days of execution of the Consent order and the CE must be above and beyond the minimum CE for license renewal.

7. 2019057481

Licensing History: Certified General Real Estate Appraiser, 12/2/1993 - 12/2/2019

Disciplinary History: 1999 Consent Order, 2010 Letter of Warning

Complainant is a Tennessee homeowner. Respondent is a certified general real estate appraiser.

Complainant alleges that there was no communication from the Respondent from June 15, 2019 through June 21, 2019 even though the appraisal occurred on June 11, 2019. Complainant alleges that their Realtor made several attempts to contact Respondent. Complainant contacted the lender on 6/21/19. Complainant states that the lender had been trying to reach the Respondent. On June 26, 2019 the lender contacted the Realtors stating that the Respondent could not find any comparables for the address. The Complainant alleges that the Realtors for both the buyer and seller faxed comparable reports to appraiser to use as Respondent asked the lender to ask the Realtors for some comparables. On June 27, 2019, the lender contacted the real estate agents asking to send another appraiser as the Respondent had not been responsive to anyone. Complainant states that they had to find another appraiser and begin the process all over again.

Respondent alleges that the Respondent was in contact with the management company regarding concerns with the lack of similar comparables. Respondent alleges that Respondent does not speak with the lenders directly. Respondent alleges that when Respondent inspected the property originally, Respondent asked the listing agent if the real estate agent had any comparables due to lack of sales similar to the subject. Respondent alleges that the real estate agent stated that they did not have any. Respondent states that Respondent didn't ask the management company or lender to ask the real estate agents for comparable. Respondent alleges that Respondent does not have a fax machine and did not receive a fax with any additional information. Respondent alleges that they did not complete the report because they did not feel the report would have been credible just to satisfy a closing date. Respondent alleges that Respondent did not intentionally disregard owners' need to close.

Recommendation: Dismiss.

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

8. 2019057961

Licensing History: Certified Residential Real Estate Appraiser, 5/24/1994 – 5/24/2020

Disciplinary History: None

Complainant is a Tennessee homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that the Respondent discovered a 300 square foot discrepancy in the square footage of Complainant's home during Respondent's appraisal. Complainant alleges that the listing agent provided tax records and comparables after receiving notification of the discrepancy to show proof of the square footage. Complainant alleges that despite the tax records and comparables showing that the property square footage included the 300 square feet the Respondent left out of the report, Respondent did not adjust the appraised value of the property. Complainant alleges that the Respondent did not consider any upgrades or the irrigation system. Complainant states that the Respondent should reconsider the value of the property.

Respondent alleges that the measurements showed 1,969 square feet in gross living area. Respondent alleges that the property was marketed at 2,287 square feet in gross living area. Respondent alleges that the list gross living area was supported by the local public records via CRS. Respondent alleges that when the property was listed as a new construction on January 5, 2010, the home was marketed as having 2,005 square feet in gross living area. Respondent alleges that the listing agent opted to market the home with the gross living area that the CRS stated, rather than the construction gross living area as a new construction. Respondent alleges that Respondent contacted the VA and listing agent via email noting the enactment of Tidewater. The listing agent called the Respondent and talked for 45 minutes and volunteered to meet the listing agent to discuss, but the listing agent declined due to a recent surgery. Respondent alleges that the public records may have been wrong. Respondent alleges that the tax records are not considered compelling (or adequate) support for determining gross living area. The Respondent alleges that the upgrades and irrigation system were noted in the report.

REVIEWER CONCLUSIONS

The Reviewer states that the Respondent understands the appraisal process. The Respondent's appraisal report is conveyed in an appropriate manner and provides sufficient information to enable clients and intended users to understand the rationale for

the opinions and conclusions provided. The Reviewer states that the analysis and information presented enables the clients and/or intended users the ability to rely on and/or understand the Report.

Recommendation: Dismiss.

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

9. 2019062171

Licensing History: Appraisal Management Company, 10/20/2011 – Revoked 7/18/2019

Disciplinary History: 2013 Letter of Warning, 2019 Consent Order with Revocation

Complainant is a certified real estate appraiser. Respondent is a real estate appraisal management company.

Complainant alleges that Complainant has an outstanding invoice from Respondent and the company has now stopped responding to requests for payment. Complainant attached a copy of the unpaid invoice of \$350.00.

To date, Respondent has not filed a response. A copy of the Complainant's complaint was sent to Respondent on July 19, 2019 with instructions to respond within fourteen (14) days. A past due notice was sent to Respondent regarding the Respondent's failure to respond on August 14, 2019.

Recommendation: Dismiss. It appears to counsel that Respondent's licensure status is listed as "revoked." Counsel notes that this Respondent is currently in bankruptcy status.

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

10. 2019066131

Licensing History: Certified Residential Real Estate Appraiser, 9/15/1997 – 4/30/2020

Disciplinary History: None

Complainant is a Tennessee homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that the Respondent is biased and unfair. Complainant alleges that Respondent valued Complainant's home \$10,000 under asking price. Complainant alleges that Respondent also valued Complainant's home under the value of comparable homes. Complainant alleges that Respondent gave Complainant's listing agent the opportunity to justify the home's value but disregarded the listing agent's comparables. Complainant alleges that the Respondent waited until the last day to send the appraisal. Complainant alleges that Respondent seemed upset while performing the appraisal. Complainant alleges that the Respondent was over two (2) hours late. Complainant alleges that Respondent caused Complainant's closing to be pushed back. Complainant alleges that the homebuyer threatened to back out of the real estate transaction due to breach of contract.

Respondent states that Respondent was late to the appointment, but was told that no one would be at the property so the Respondent was unaware that Complainant would be there waiting on the Respondent to arrive. Respondent alleges that when they arrived Complainant was in the crawlspace making repairs while the Respondent completed the appraisal. Respondent alleges that at the end of the walkthrough, Respondent asked about the repairs the Complainant was making. Respondent asked about the discrepancy in square footage. Respondent alleges that the subject property measured at 1,636 square feet; however, the Complainant's property was listed at 2,013 square feet. Respondent alleges that the Complainant admitted that the garage was once a living space when Complainant bought the property. Complainant demolished the living space and converted it into a garage. Respondent alleges that when discussing the discrepancy in square footage, the Complainant expressed that the home was not priced because of square feet, but based on the bedroom count. Respondent alleges that they explained that the sales found did not support the contract price of the home and that Respondent would have to invoke Tidewater and give the listing agent the opportunity to provide supporting information for the contract price.

Respondent alleges that around August 16, 2019, the listing agent changed the MLS listing of the subject property to report the square footage as 1,650 square feet. Respondent alleges that the listing agent provided three (3) additional sales, and of the three (3), only one sale was within a mile of the subject and was a log home which was not comparable construction to the subject property and not considered. Respondent alleges that the other two (2) comparables were located more than two (2) miles away from the subject and

in different schools than any of the subjects. Respondent alleges that they informed the client that the most relevant comparable sales in the subject development have been utilized within the appraiser's report and provided the most credible results. Respondent alleges that the Complainant requested the lender to push for reconsideration of the value. Respondent alleges that during reconsideration, the listing agent provided a list of sales, staying within two (2) miles of the subject, but only focused on smaller homes, which indicated large price per square foot support. Respondent alleges that the homes provided by the listing agent had sale prices between \$130,000 – 141,900 and were not supporting the current contract price. Respondent alleges that they had to inform the lender that the additional sales were not the best comparables and the final opinion value remains unchanged.

REVIEWER CONCLUSIONS

The Reviewer states there were no issues that would qualify as violations of the USPAP.

Recommendation: Dismiss.

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

11. 2019067461

Licensing History: Certified Residential Real Estate Appraiser, 4/11/2005 – 7/31/2021

Disciplinary History: 2019 Conditional Dismissal

Complainant is a Tennessee homeowner. Respondent is a certified residential real estate appraiser.

Complainant alleges that Respondent violated Complainant's privacy. Complainant alleges that the lender ordered an appraisal and the assigned appraiser was an individual Complainant has had prior issues with in a personal capacity. Complainant alleges that Complainant was contacted by the Respondent's office and immediately informed Respondent's company that Complainant did not want to do business with the Respondent. Complainant alleges that Respondent called Complainant back and explained that Respondent did not know of the assignment. Complainant alleges that Respondent violated Complainant's privacy by calling Complainant.

Respondent stated that they received the order. Respondent alleges that Respondent's company contacted Complainant and discovered a conflict of interest. Respondent contacted Complainant to let Complainant know that the assignments are made at random. Respondent alleges that the conversation Respondent had with Complainant was professional and courteous and no inappropriate comments were made. Respondent alleges that there was no way for lender or appraisal company to know of Respondent's previous relationship with Complainant as orders are assigned on a rotation and at random.

Recommendation: Dismiss.

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

12. 2019056821

Licensing History: Certified Residential Real Estate Appraiser, 6/18/2015 – 6/30/2021

Disciplinary History: 2018 Conditional Dismissal

Complainant is a real estate licensee. Respondent is a certified residential real estate appraiser.

Complainant alleges that the Respondent inspected the property with the buyer, exchanged numbers with the buyer, and continued communications with buyer. The Complainant alleges that the Respondent requested a copy of the full home inspection from the Buyer. Complainant alleges that the Respondent listed all repairs as a contingency in the appraisal and personally advised the buyer that the Buyer should not buy the home and that "it wasn't worth it." Complainant alleges that the Buyer showed the agent text messages of ongoing conversations between Buyer and Respondent and also informed the agent that the Buyer had been communicating directly with the Respondent.

Respondent alleges that the Complainant was given the opportunity to place an accurate listing price on the subject property at the beginning and the end of the real estate transaction, but the agent failed to do so. Respondent alleges that they inspected the property alone. Respondent alleges that there were cameras around the property to verify this. Respondent alleges that after the inspection concluded, Respondent was leaving the subject property when Respondent noticed that a car was at the end of the driveway. The Respondent alleges that the buyer was inside the car then got out to approach

Respondent. Respondent alleges that the Buyer spoke with Respondent about moving to Tennessee from California and the seller allowed the Buyer to leave their horses on the property. Respondent alleges that during the conversation Complainant offered Respondent a copy of the home inspection report. Respondent admits that appraisers do not typically have access to the home inspection report; however, Respondent was interested in the information. Respondent alleges that they gave the Buyer Respondent's contact information in order to obtain the report. Respondent alleges that they issued a Tidewater notice. Respondent alleges that Buyer later contacted Respondent and asked about the status of the report. Respondent alleges that Buyer was advised to consult with the real estate agent and did not release any pertinent information regarding the appraisal to the Buyer. Respondent alleges that the only other time the Buyer reached out to Respondent was to ask about Respondent's hairstylist's information. Respondent alleges that the Respondent stated that the home was not worth the price by providing the appraised value. Respondent alleges that they never stated those words verbally to Buyer.

Recommendation: Dismiss. Without further information to substantiate Complainant's claims, counsel recommends dismissal.

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

RE-PRESENT

13. 2019008961

Licensing History: Certified General Real Estate Appraiser, 6/8/93 – 3/10/19

Disciplinary History: 2019 Consent Order

Complainant is an appraisal management company and Respondent is a certified general real estate appraiser. On November 28, 2018, Respondent accepted an FHA assignment with an inspection date of December 3, 2018, signed by Respondent on December 7, 2018. A revision request was submitted and a final appraisal was submitted by Respondent on December 12, 2018. A complaint was filed stating that individual that inspected the subject property was not the person that signed the appraisal. Respondent stated they did not inspect the property, but claimed their signature was attached to the appraisal as a clerical error by the administrator. Complainant states Respondent was notified their actions were considered a USPAP violation and Respondent was given thirty (30) days to respond. On

January 14, 2019, Respondent stated their actions were not a USPAP violation, but instead a clerical error.

Respondent answered the complaint stating they were out of the office when the order was submitted to his office. Respondent states their assistant did not follow company guidelines and did not inform them the appraisal was directly assigned to Respondent or that it was an FHA appraisal. Respondent states that upon reviewing the report, they did not realize this was an FHA report and the FHA number and signature were added to the report just prior to submission. Respondent states they did not know only their signature was placed on the report until they were notified. Respondent states that their assistant attached Respondent's signature only when they realized it was an FHA report. Respondent states the assistant has since left the company. Respondent states they requested several times to re-inspect the home, but their requests were denied. Respondent states they exercised due care and this was an unauthorized use of their signature. Respondent also states this is no more of a USPAP violation than a report with an incorrect address, incorrect site size or incorrect photos, that it was clerical error which could easily be corrected. Respondent also states a client must allow an appraiser to correct mistakes within a report and this is the first time in twenty-five (25) years of appraising this has happened to Respondent's company and will not happen again.

This matter was sent out for expert review. The expert states the issue in this case revolves around the issue of misleading conduct.

SR 1-1 through SR 1-6

These standards require certain actions and understanding required of the appraiser. In as much as the representative appraiser did not inspect the property nor prepare the report brings these standards into account as these actions/understands were not demonstrated by the Respondent.

SR 2-1(A)

This standard requires that the appraisal clearly and accurately set forth or be set forth in a manner that is not misleading. The submitted report is misleading in as much as the Respondent did not prepare the appraisal.

SR 2-3

Certification states property inspection which was not the case. This is again misleading.

The expert also states the Ethics Rule conduct section requires than appraiser must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent. The Respondent submitted a report as if they had inspected the property and prepared a report. Furthermore, an appraiser must not knowingly recruit an employee or other person to communicate a report or assignment results that are misleading or fraudulent. Consideration must be given as to the actions or non-actions of the appraisers.

Based on the information provided by Complainant, Respondent, and the expert reviewer Counsel recommends a Letter of Warning be issued to Respondent for the above-mentioned violations of USPAP.

Recommendation: Letter of Warning.

Decision: The Commission voted to send this complaint for investigation for three matters: 1) the assistant signing the paperwork; 2) the responsibility of the Respondent; and 3) the office policy on signing reports.

New Information

Counsel sent a request for information to Respondent. Respondent issued the following responses:

- Assistant's authority to sign the report
 - Authority to open and start each report on the requested form
 - Fill out the report with the subject's information
 - Confirm the comparable sales data, add maps, flood maps, photos, etc.
 - The report is checked for quality, errors, discrepancies, etc.
 - The assistant will then add the appraiser's signature to the report after it is completed by the appraiser then upload the report
- Whether an assistant added a signature to appraisal reports before
 - Reviews each report and adds the signature to all reports since using electronic signatures per lender requirements
 - The appraiser completes the report, then the assistant will review each report and add the appraiser's signature through the computer program before submitting the report
- How many times has an assistant added a signature to appraisal reports

- This is typical for every report as the report cannot be quality checked once an electronic signature has been placed on the report.
- The signature is the last thing completed on the report before it is submitted
- This has been done over 20,000 times
- Educational or occupational background of the assistants (past and present)
 - Each assistant has different occupational backgrounds as they are not required to have an appraisal background
 - Each assistant is trained on Respondent's computer programs when hired
 - The educational backgrounds also vary as some of the assistants have college degrees, while others have had high school degrees or are working towards a college degree
- Job responsibilities of the assistant (past and present)
 - Checking emails
 - Making appointments
 - Updating clients with statuses
 - Locating tax records
 - Locating MLS data and checking database information
 - Opening reports on their requested forms
 - Filling out the report with the subject's information
 - Confirming the comparable sales data
 - Adding all maps, flood maps, and photos into the report
 - Checking the report for quality
 - Errors discrepancies
 - Adding the appraiser's electronic signature to the report
 - Uploading or emailing the report to the client
- Length of time the previous assistant worked for Respondent
 - The previous assistant worked for Respondent for two years. The previous assistant had a high school diploma, had taken several college courses, and was working towards a college degree
- Policy and Protocols
 - Number of FHA loans normally completed annually
 - Approximately 250 FHA reports per year
 - Whether appraisal reports are personally signed by Respondent or is Respondent's signature added afterwards by the assistant
 - The signature is the last thing completed on the report before it is submitted to the client and this is done by an assistant

- The assistant is given permission to add the electronic signature to the report which is completed through the computer program once the appraisal is finished by the appraiser
- Method in which the work is divided amongst the appraisers at Respondent's company
 - Each lender assigned appraisals to each appraiser individually. This is determined on the engagement letter sent to Respondent's company from the client.
 - Respondent is certified general therefore performs 90% of all reports
 - Respondent has one assistant who has a residential designation and performs residential appraisals

It appears to counsel that assistants are given the authority to affix signatures to reports regularly after the report is checked by the appraiser for accuracy and errors. Since Respondent requires the appraiser to perform a final check of the report before the appraiser's signature is affixed, it does appear that Respondent gives authority to the assistant to affix the signature to the report each individual time a report is submitted. Counsel resubmits recommendation for a letter of warning.

Recommendation: Letter of Warning.

Decision: The Commission voted to issue a Letter of Instruction regarding USPAP regulations involving signing reports.

The board took a 10 minute break and reconvened at 12:31pm

DIRECTOR'S REPORT

Proposed 2020 Meeting Dates

Director Gumucio provided the Commission with the scheduled meeting dates for 2020. The Commission discussed changing the October meeting to November to avoid any potential conflicts with the Fall AARO Conference and other events that take place in October. The Commission reviewed the calendar and Ms. Alexander made a motion to accept the scheduled dates and change the October 12th date to November 9th, 2020. This was seconded by Mr. Garrison. The motion carried by unanimous voice vote.

Budget and Complaint Reports

Director Gumucio reviewed the overall expenditures throughout FY19, and also highlighted the monthly breakdown of revenue and expenses. Director Gumucio stated that they were

in good fiscal health for the year. Director Gumucio provided the Commission with the list of closed complaints, explaining that it reflected the same information as the disciplinary action report available online. Director Gumucio also provided the list of open complaints, explaining that it included the cases discussed in the legal report earlier in the meeting.

NEW BUSINESS

Update on Joint Effort with Financial Institutions

Mr. Garrison provided an update from the meeting that was held on October 15th, 2019. Mr. Garrison stated that it went very well and he was able to discuss with other attendees the potential for combined continuing education for bankers and appraisers. Mr. Garrison also noted the potential for holding events in East and West Tennessee to expand participation.

Fall 2019 AARO Conference

Director Gumucio informed the Commission that Chairman Thomas was able to attend the Fall 2019 AARO Conference in Washington D.C., and stated that the Commission would need to vote to approve his expenses related to attendance. Mr. Garrison made a motion to approve Chairman Thomas' expenses. This was seconded Mr. Atwood. Chairman Thomas abstained from voting, while the motion was passed unanimously by the remaining members. Chairman Thomas briefed the Commission on the various topics discussed at the conference and highly encouraged other members to attend the Spring 2020 conference in San Antonio, TX.

ADJOURNMENT

Mr. Garrison made a motion to adjourn the meeting. Mr. Bennett seconded this motion. The motion carried by unanimous voice vote and the meeting was adjourned at 12:45 p.m.