



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

**Meeting Minutes for July 20, 2020  
Telephonic Meeting**

The Tennessee Real Estate Appraiser Commission met on July 20<sup>th</sup>, 2020, thru a telephonic meeting. Roxana Gumucio called the meeting to order at 10:00 a.m. and the following business was transacted:

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

**BOARD MEMBERS ABSENT:** Rosemarie Johnson

**STAFF MEMBERS PRESENT:** Roxana Gumucio, Anna Matlock, Caleb Darnell, William Best, Shilina Brown, Carol McGlynn, Morgan Calles, Michael Schulz, Toby Compton

**CALL TO ORDER / ROLL CALL / NOTICE OF MEETING**

Director Roxana Gumucio called the meeting to order at 10:00 am and took roll call.

**STATEMENT OF NECESSITY**

Read by Anna Matlock

**AGENDA**

Roxana Gumucio announced agenda was posted on July 16<sup>th</sup>, 2020 online. Dr. Warren Mackara made a motion to adopt the agenda. This was seconded by Michelle Alexander. The motion carried by roll call voice vote.

**MINUTES**

Rex Garrison made a motion to adopt the minutes from the April 20<sup>th</sup>, 2020 meeting. This was seconded by Brett Mansfield. The motion carried by roll call voice vote.

**EXPERIENCE INTERVIEWS**

Mr. Atwood conducted the experience interview of **Rebekah Mitchell** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Wesley Cockerham** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Jason Higginbotham** and recommended that his experience be accepted toward the Licensed State Upgrade.

Dr. Mackara made a motion to accept the above Interviews. This was seconded by Randy Thomas. The motion carried by roll call voice vote.

**EDUCATION REPORT**

Director Gumucio provided the courses and individual course requests that have been submitted for approval into record per Dr. Mackara’s recommendation. Randy Thomas made a motion to accept the recommendations on each item and approve the courses listed. This was seconded by Michelle Alexander. The motion carried by roll call voice vote.

**July 20, 2020 - Education Committee Report**

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
Dennis Badger	2384	ANSI Measurement Z765-2013	Dennis Badger, Larry Disney	CE	3.5	<b>APPROVE</b>  (See Comments)
AL Chapter of AI	2388	Examining Property Rights and Implications on Valuation	Leslie Sellers	CE	7	<b>APPROVE</b>
Columbia Institute	2392	ONLINE - Desktop Appraisals- Next Generation Valuations LITE	Heather Sullivan, Kevin Hecht, Diana Jacob, Pam Teel	CE	5	<b>APPROVE</b>
ASFMRA	2398	Timber Property Valuation	Scott Seely	CE	8	<b>APPROVE</b>
ASFMRA	2395	Appraisal of Water Rights Seminar	Lee Smith	CE	8	<b>APPROVE</b>
ASFMRA	2401	Appraising Ag Facilities- Swine Confinement Seminar	Kraig Van Hulzen	CE	8	<b>APPROVE</b>

**Individual Course Approvals**

Licensee	Course Provider	Course Name	Hours	Type	Recommendation

**Additional / Course Instructor Approvals**

Licensee / Instructor (Qualifications)	Course Provider	Course Listings (all previously approved)	Recommendation
Dale Shea	McKissock	See email	<b>APPROVE</b>
Dan Tosh	McKissock	See email	<b>APPROVE</b>
Robert McClelland	McKissock	See email	<b>APPROVE</b>

**LEGAL REPORT**

Attached

**DIRECTOR'S REPORT**

**Budget**

Director Gumucio Presented the Budget Report.

## **2021 Meeting Dates**

**January 11<sup>th</sup>**

**April 19<sup>th</sup>**

**July 19<sup>th</sup>**

**November 8<sup>th</sup>**

Michelle Alexander made a motion to Approve the 2021 meeting dates. This was seconded by Rex Garrison. The motion carried by roll call voice vote.

## **AMC Panel Report Update**

This was discussed during the legal report.

## **ASC State Grant Program**

This will help fund the board members go to events that will not come from the licensee's funds.

## **Possible Emergency Rule Hearing**

Possible Emergency Rule Hearing on August 31<sup>st</sup>, 2020. Anna Matlock will check to make sure the dates are open and will reach out to Michael to have a date set. This will be for possible taking QE online.

Rex Garrison made a motion met August 31, 2020 to discuss revisions to the rules for QE Education to be completed online. This was seconded by Jim Atwood. The motion carried by roll call voice vote. Per Roxana this date might be subject to change.

## **ADJOURNMENT**

Brett Mansfield made a motion to adjourn the meeting. This was seconded by Rex Garrison. Motion carried by unanimous voice vote and was adjourned at 12:08 p.m.



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
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**TO:** Tennessee Real Estate Appraiser Commission  
**FROM:** Shilina B. Brown, Associate General Counsel  
**DATE:** July 20, 2020  
**SUBJECT:** APP July Legal Report

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*\*Any consent order authorized by the Commission should be signed by Respondent and returned within thirty (30) days. If said Consent Order is not signed and returned within the allotted time, the matter may proceed to a Formal Hearing.*

1. 2020018881  
Opened: 3/23/2020  
License Type: Certified Residential Real Estate Appraiser  
First Licensed: 12/31/2003  
Expires: 5/31/2020  
Disciplinary History: 2014 Letter of Warning

The Complainant is a buyer of the subject property. Respondent is a licensed real estate appraiser. The Complainant alleges the Respondent appraiser engaged in fraud. The Complainant stated that during the walk through of the property none of the repairs needed during the inspection were completed and the structural items were not repaired either. As a result, the Complainants had to stay in a hotel and the real estate agent was contacted. According to the Agent, the Seller had no knowledge repairs were needed because all the negotiations were done with a contractor friend of the Seller. The parties did negotiate an Escrow Agreement for \$5,000 for the structural repairs and later the necessary repairs were completed. Also, when the home was purchased, all the pertinent documents listed the property as being on a sewer system, however, the home is actually on a septic system. The Complainants filed a lawsuit against the real estate agent and did not prevail in the

lawsuit. The Complainants also had the city come and provide an estimate to convert the system from a septic system to the city sewer system and the cost was estimated to be approximately \$10,000. There has not been a problem with the septic system at any point in time. The Complainants decided to later list their home for sale and were told the home could only be sold as a three bedroom home because of the sewage permit stating it was a three bedroom home, however, all the other documents (appraisal report, title report, MLS listing and home inspection report) all list the home as a four bedroom home. The Complainant alleges as a result of this misrepresentation, the Complainant will lose money because the home cannot be sold as a four bedroom home unless it is converted to the city sewer system. Also, if a buyer tries to obtain an FHA loan or VA loan, they would not be able to obtain the financing because the home cannot be on a septic system as a four bedroom home. The Complainant has spoken with the city sewer department and the City indicated most homes were converted in the 1980s to the city sewer system and those that did not convert still had to pay a sewer bill and were recorded as sewer on the records. The Complainant alleges the city should not have recorded the property as being on a sewer system when in fact, it was not. The public records are wrong concerning the home being on the sewer system.

The Complainant when they purchased the home in 2016, the listing stated it was a four bedroom home on city sewer and at one point during the walk through, the Complainant asked the real estate agent about the pipes sticking out of the ground and the agent stated it was an old septic system because the home was on sewer. The real estate agent checked with the Seller's broker and confirmed the home was on a sewer system. The Complainant stated the home inspector did not show the home was on a septic system in the home inspection report. The only way the Complainant's were able to determine if they were on the septic system is after the city came and performed a dye test. Also, the Seller did not live in the home and did not have to provide any disclosures concerning the sewer system when the home was listed for sale. The Complainant stated that after listing the home, the real estate agent found a permit for a sewage disposal system from 1987 and it was rated for a three bedroom home and a letter dated February 1992 from the city stating if you did not connect to sewer you would still have to pay a sewer bill. The Complainant cannot list their home as a four bedroom and this limits who can buy the home. The real estate agent has advised that the home be listed as a three bedroom and sold to a cash buyer or a conventional financing without connecting to sewer. The Complainant alleges the Respondent did not conduct proper due diligence in conducting the appraisal and did not issue a correct report.

The Respondent provided a response and stated the home was appraised in 2016 and also verified the home was on a public sewer system with the city and the MLS. The tax card had stated it was on a public sewer system and the MLS also stated the property was on a public sewer system. The Respondent also confirmed with the Seller about the sewer system and the Sellers stated they paid the city for public sewer and did not mention the home was on a septic system. When the city switched to the public sewer system, all residents had to pay for public sewer regardless of whether the homeowner converted the system. There was no way to know whether the home had a septic system based on all the information available to the Respondent. The Respondent stated the city records were

incorrect and all other information indicated the home was on the public sewer system. The Respondent is not sure how the Respondent could have determined the home was on a sewer system based on the facts in this situation.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

2. 2020028801

Opened: 5/4/2020

License Type: Certified General Real Estate Appraiser

First Licensed: 7/28/2011

Expires: 7/31/2021

Disciplinary History: None

The Respondent's license was revoked in the State of Florida and the Respondent was also disciplined by South Carolina.

The Respondent provided a response and stated this was a complaint arising out of reciprocal discipline imposed in South Carolina and Florida. The Respondent has been required to voluntarily surrender his Alabama real estate appraiser license in April 2019.

The Respondent surrendered the Alabama license with no admission of wrongdoing in lieu of an administrative hearing on a complaint regarding an appraisal completed in 2015. This was the result of the federal government filing a lawsuit to enjoin the Respondent and others from continuing to conduct appraisals. The Respondent was a defendant in a multi-defendant lawsuit by the United States government. According to the lawsuit, the Respondent and others belonged to a "conservation easement syndicate." The lawsuit alleged the Respondent and others were willfully overvaluing conservation easements.

The Respondent has been an appraiser for almost 35 years. Also, the Respondent has been recognized as an expert in the appraisal of conservation easements by the U.S. Tax Court. The Respondent did provide notice to the Tennessee Real Estate Appraiser Commission in February 2019 concerning the lawsuit. Additionally, in 2017, the Internal Revenue Service audited the Respondent for the same conservation easement appraisals at issue in the suit and took no adverse action against the Respondent. The Respondent has always been cooperative with the U.S. government officials and regulatory agencies and has produced documents and information, and even submitted to interviews. One year later, the U.S. government filed the injunction suit against the Respondent and others. As a result, the Respondent's business suffered and the Respondent had to lay off employees and shutdown the office. The Respondent stated the lawsuit and press release by the U.S. government has put the Respondent out of business. The Alabama Real Estate Appraisers Board notified the Respondent three weeks after the injunction suit it was proceeding against the Respondent with a complaint related to a 2015 appraisal. The Respondent relied on legal

counsel and surrendered the Alabama license. The Respondent did not realize a lawsuit filed would result in reciprocal discipline being imposed by South Carolina, Florida, and now, Tennessee.

The Respondent is still involved in the lawsuit with the U.S. Government. In light of the pending lawsuit, it would be helpful to wait for the lawsuit to be adjudicated and concluded before Tennessee took formal action against the Respondent.

**Recommendation: Revocation of the license pursuant to Tenn. Rules and Regulation Chapter 1255-06-.01 RECIPROCAL AGREEMENTS which states: (5) If a licensee or certificate holder's out-of-state real estate appraiser license or certificate has been revoked, suspended, denied renewal, or restricted, then the Commission may revoke, suspend, refuse to renew, or restrict the licensee's or certificate holder's State of Tennessee real estate appraiser license or certificate.**

**Decision: The Commission accepted counsel's recommendation.**

3. 2020037381  
Opened: 6/1/2020  
License Type: Certified Residential Real Estate Appraiser  
First Licensed: 2/27/2004  
Expires: 8/31/2021  
Disciplinary History: None

Complainant is the Executor of his father's estate and retained the Respondent Appraiser to perform an appraisal of his father's home. The Complainant paid the Respondent by check after the appraisal was performed, but never received the appraisal report. The Respondent never sent the appraisal report because he was unable to complete the report because of the COVID-19 pandemic and the quarantine requirements. The Respondent provided a response and was very apologetic. The Respondent has refunded the Complainant all sums and apologized to the Complainant for the confusion and inconvenience.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

4. 2020035701  
Opened: 5/12/2020  
License Type: Appraisal Management Company  
First Licensed: 7/1/2011  
Expires: 7/31/2021  
Disciplinary History: None



This complaint was administratively opened. The Respondent is an appraisal management company. The Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee in the amount set by the appraisal subcommittee from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated the payment was made to the national registry and stated there were mitigating circumstances. A notice as received concerning eligibility to submit the national registry fee through the online portal. However, upon logging into the portal, the only option available for payment was for single-state AMC's and the Respondent was a multi-state. Later, the Respondent learned from the Commission office, there had been a system glitch in January 2020 and the portal would only allow for single state AMC's to be submitted online. The Respondent submitted a completed paper form and check to the national registry for the fees. A follow-up e-mail was sent on March 13, 2020 to [realestate.appraisers@tn.gov](mailto:realestate.appraisers@tn.gov) to explain what happened with the online portal and requesting verification of the paper form and receipt of the check. The Respondent did not receive a response and did not follow up. Thereafter, several e-mails were sent to the Respondent's executive management about the deadline to submit the fees during the COVID-19 shutdown and the Respondent stated there was some confusion by the Respondent. The Respondent believed the paper submission of the fees was sufficient and had been accepted.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

5. 2020035671

Opened: 5/12/2020

License Type: Appraisal Management Company

First Licensed: 2/23/2012

Expires: 2/22/2022

Disciplinary History: 2005 Letter of Warning for USPAP violations; 2009 Consent Order for communicating three misleading appraisal reports to HUD

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated the payment was made to the national registry and stated there were mitigating circumstances. A notice of was received concerning eligibility to submit the national registry fee through the online portal. However, upon logging into the portal, the only option available for payment was for single-state AMC's and the Respondent was a multi-state. Later, the Respondent learned from the Commission office, there had been a system glitch in January 2020 and the portal would only allow for single state AMC's to be submitted online. The Respondent submitted a completed paper form and check to the national registry for the fees. A follow-up e-mail was sent on March 13, 2020 to [realestateappraisers@tn.gov](mailto:realestateappraisers@tn.gov) to explain what happened with the online portal and requesting verification of the paper form and receipt of the check. The Respondent did not receive a response and did not follow up. Thereafter, several e-mails were sent to the Respondent's executive management about the deadline to submit the fees during the COVID-19 shutdown and the Respondent stated there was some confusion by the Respondent. The Respondent believed the paper submission of the fees was sufficient and had been accepted.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

6. 2020035851

Opened: 5/12/2020

License Type: Appraisal Management Company

First Licensed: 8/3/2016

Expires: 8/2/2020

Disciplinary History: None

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent did not provide a response.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission elected to send a Letter of Instruction to the Respondent with a timeframe to show compliance and to report the outcome at the November Commission meeting.**

7. 2020035871

Opened: 5/12/2020

License Type: Appraisal Management Company

First Licensed: 7/1/2011

Expires: 7/31/2021

Disciplinary History: 2000 Letter of Warning for allegedly using a competitor's name on company letterhead (misleading the public).

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated it was working to resolve the registry fee issue and it was an oversight. The Respondent had a biennial certification and ASC registry fees. After submitting the biennial certification, the Respondent inadvertently closed the registry fee issue and believed it was a duplicate entry in the Respondent's system because this is the first year the registry fees were due.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

8. 2020035891

Opened: 5/12/2020

License Type: Appraisal Management Company

First Licensed: 7/11/2019

Expires: 7/10/2021

Disciplinary History: 2014 Consent Order for undervaluing a residential property

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated it was an oversight by the Respondent and it would not occur again in the future.

The statute requires a Complaint shall be opened; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

9. 2020036471

Opened: 5/18/2020

License Type: Appraisal Management Company

First Licensed: 9/19/2011

Expires: 9/18/2021

Disciplinary History: None

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent failed to provide a response.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission elected to send a Letter of Instruction to the Respondent with a timeframe to show compliance and to report the outcome at the November Commission meeting.**

10. 2020036501

Opened: 5/18/2020

License Type: Appraisal Management Company

First Licensed: 2/23/2015

Expires: 2/22/2021

Disciplinary History: None

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated it did not receive a letter regarding the national registry and was working diligently to resolve the issue. The Respondent has submitted the necessary forms and paid the fee.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

11. 2020036531

Opened: 5/18/2020

License Type: Appraisal Management Company

First Licensed: 10/29/2013

Expires: 10/28/2021

Disciplinary History: 2013 Consent Order for Misreporting Number of Units in a Residential Building

Respondent failed to pay the annual registry fee. This constitutes a violation of Tenn. Code Ann. §§ 62-39-425(3) and 62-39-427(5) for failing to transmit to the appraisal subcommittee an annual registry fee, in the amount set by the appraisal subcommittee, from state registered AMCs and AMCs operating as subsidiaries of a federally regulated financial institution in this state.

The Respondent provided a response and stated there was a mistake by the Respondent. The Respondent stated because their certificate does not expire until October 28, 2021, there was some confusion by the Respondent. When the Respondent attempted to submit the annual report, but stated it was locked out of the system and were unsuccessful in contacting the Commission office by telephone. The Respondent claims it may have been during the shutdown due to COVID-19. The Respondent attached a cancelled check as proof of payment. The payment is dated March 24, 2020.

The statute requires a Complaint shall be opened by the Commission; however, disciplinary action is not required.

**Recommendation: Close.**

**Decision: The Commission accepted counsel's recommendation.**

12. 2020016221

Opened: 4/13/2020

License Type: Certified Residential Real Estate Appraiser

First Licensed: 6/14/2005

Expires: 4/30/2022

Disciplinary History: 2015 Consent Order for the violation undervaluing a property using a lower value per square foot

Complainant is the seller of the subject property and the Respondent is an appraiser. The Complainant stated the Respondent Appraiser for not following the basic appraisal standards. The first comp was the only recent sale and not listed on MLS, so the concessions were not visible and the subject property was part of a mass-marketed land sale. The second comp as over 18 months old and 15 miles away. The third comp was almost three years old and not located in a similar area and was also 15 miles away. The Respondent failed to consider the recent comps in the same vicinity.

There were no active listings or recent sales with similar views/topography difference of the subject property to the comps. The subject is not flat, while the comps are so access limited and fill dirt is needed. The subject property has no water or electricity to the property, although connections are available. The comps appear to have connections already established. These concerns were brought to the Respondent's attention and the Respondent refused to address these issues. The Complainant alleges the Respondent is working to meet value on sale contract with no viable support.

The Respondent provided a response and stated the appraisal was prepared for the bank in a purchase transaction. The property is located in a gated community in a rural county that is sparsely populated. There is very limited sales data and it is typical to use sales data from various parts of the county. In fact, data from two contiguous counties was considered due to limited sales. Also, the subject property has a bluff view which makes it more difficult to find comps. The subdivision was recently surveyed and opened a new phase and new tracts of land are being sold. The sales are being done through the on-sites sales office and the tracts are not being listed on MLS. It is common and typical for land to sell FSBO in the market area. Six comps were provided in the appraisal report. The first comp was located in the same subdivision and the adjacent lot. This was also not listed on MLS like the subject property. The second comp was from a similar area in the same county with a bluff view. The third comp was in a gate community very similar to the subject property in the adjacent county.

### **REVIEWER CONCLUSION**

The expert reviewer found no violations.

**Recommendation: Close**

**Decision: The Commission accepted counsel's recommendation.**

**Cases to be Represented**

**13. 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 1<sup>st</sup> and 2<sup>nd</sup> levels and the 1<sup>st</sup> floor with proposed improvements. Respondent used 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 2<sup>nd</sup> floor plan was separated from the 1<sup>st</sup> 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

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

Original 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.

**New Information: The Respondent submitted extensive additional data and an additional explanation. The Respondent produced all notes taken by the Respondent and the additional documents used in preparing the appraisal report, which were not previously sent to the Commission. The Respondent also provided a lengthy explanation concerning the process undertaken in conducting the appraisal. Respondent produced all the comparables used and explained in more detail the methodology the Respondent used for the appraisal. The documents produced are the evidence and material to support the findings in the appraisal report. These additional documents and explanation was submitted to the original reviewer for further consideration.**

**New Recommendation: Require 15 hours of Sales Comparison continuing education to be completed within 180 days of execution of the Consent Order and must be above and beyond the minimum CE for license renewal.**

**New Decision: The Commission elected to defer this decision until the November meeting to allow the new opinion from the expert to be received and reviewed.**