



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-1166
615-741-1831

May 14, 2012 - Minutes
Second Floor Conference Room, Andrew Johnson Tower

The Tennessee Real Estate Appraiser Commission met March 12, 2012 at 9:55 a.m. in Nashville, Tennessee, at the Andrew Johnson Tower in the second floor conference room. Chairperson, Nancy Point, called the meeting to order and the following business was transacted.

COMMISSION MEMBERS PRESENT

Nancy Point
James E. Wade, Jr.
Norman Hall
Michael Green
Rosemarie Johnson
Timothy Walton
Dr. Edward A. Baryla

COMMISSION MEMBERS ABSENT

Herbert Phillips
Erik Sanford (resigned 2/9/12)

STAFF MEMBERS PRESENT

Nikole Avers
Aminah Saunders

ADOPT AGENDA

Mr. Hall made the motion to accept the agenda and it was seconded by Mr. Walton. The motion carried unopposed.

MINUTES

The March 12, 2012 minutes were reviewed. Mr. Hall made the motion to accept the minutes as written. It was seconded by Mr. Walton. The motion carried unopposed.

Experience Interviews

Pattie Jones Alley made application to upgrade from a registered trainee to become a certified residential real estate appraiser. Mr. Hall was the reviewer and made a motion for approval of her experience request. Ms. Johnson seconded the motion. The motion carried unopposed.

Charles Edward Tindell III, made application to upgrade from a registered trainee to become a certified residential real estate appraiser. Mr. Walton was the reviewer and recommended approval of his experience request. Mr. Green made a motion to accept the recommendation. Mr. Hall seconded the motion. The motion carried unopposed.

Education Committee Report

Dr. Barylka reviewed the education and submitted his recommendations to the Real Estate Appraiser Commission, as seen below. Dr. Barylka discussed courses 1565 and 1578 as content that may be in situations where disciplinary action may involve corrective education because the review perspective may assist appraisers in seeing the deficiency that another may find when reviewing their appraisal work. He also discuss the content of courses 1570 and 1311 where there were topics included of the organizations disciplinary process and ethical requirements; however, the content was deemed to meet the minimum continuing education requirements as allowed in the AQB criteria and the Tennessee rules on continuing education. He recommended approval of Doyle Monday’s individual continuing education credit request. He indicated that the instructor approval for Mr. Maher could be approved subject to staff receipt of amended resume information and he indicated the instructor approval for Mr. Huntoon was acceptable as submitted. Mr. Wade made a motion to accept Dr. Barylka’s recommendations. Mr. Green seconded the motion. The motion carried unopposed.

May 14, 2012 Education Committee Report

Instructor Approval

Applicant	Course Number	Course Name	Hours	Type	Recommendation
Steve Maher	1364	The Changing World of FHA Appraising	7	CE	For, subject to additional documentation to amend resume for consistency with application
Steve Maher	1391	REO and Short Sale Appraisal Guidelines	4	CE	For, subject to additional documentation to amend resume for consistency with application
Steve Maher	1445	Introduction to Residential Green Building for Appraisers	4	CE	For, subject to additional documentation to amend resume for consistency with application
Chuck Huntoon	1364	The Changing World of FHA Appraising	7	CE	For

Course Approval

Course Provider	Course Number	Course Name	Instructors	Hours	Type	Rec'd
Appraisal Institute	1565	Appraising the Appraisal: Appraisal Review Residential	Craig Harrington	7	CE	For
Appraisal Institute	1571	Marketability Studies: The Six-Step Process & Basic Applications	Richard Parli	7	CE	For
Appraisal Institute	1577	Practical Regression Using Microsoft Excel	John Urubek	14	CE	For
Appraisal Institute	1581	Case Studies in Appraising Green Commercial Buildings	Theddi Chappell	14/15	CE	For
IRWA	1570	Standards of Practice for the Right of Way Professional (C 103)	Richard D. Schreiber	7/8	CE	For
IRWA	1311	Ethics and the Right of Way Profession (C 104)	Lawrence Dupree	7/8	CE	For
TREES/TAPS	1568	On-line Foreclosure Basics for Appraisers	Vicki Boyd	7	CE	For
TREES/TAPS	1569	On-line Challenging Assignments for Residential Appraisers	Vicki Boyd	7	CE	For
ASFMRA	1574	Appraising Natural Resources	Justin Bierschwale	8	CE	For
ASFMRA	1575	Introduction to Vineyard and Winery Valuation	JoAnn Wall	8	CE	For
ASFMRA	1576	Going Concern Value and Intangible Assets	Ron Geer	8	CE	For
Dennis Badger & Associates, Inc.	1578	Appraisal Review Essentials	Dennis Badger Tom Veit	7	CE	For
Dennis Badger & Associates, Inc.	1579	Professional Practice and Common Errors	Dennis Badger Tom Veit	7	CE	For
The Spearman Center	1580	Defending Your Appraisal: A Survival Guide	Wm. Lewis Spearman	7	CE	For

Individual Course Approval

Applicant	Certification Number	Course Name	Instructors	Hours	Type	Recommendation
Doyle Monday	393	Advanced Property Tax Seminar	Several	11	CE	for

LEGAL REPORT:

1. 2011023611

Mr. William Wilson was the reviewer.

This complaint was previously presented at the February 2012 TREAC meeting:

This complaint was filed by a lender and alleged that the Respondent over valued a residential property by communicating an inflated appraisal report.

The Respondent states that the comparable properties used in the appraisal are within 100 square feet of the subject property's GLA and are within reasonable proximity to the subject. The Respondent states that the sales selected were entirely appropriate and that the value conclusion was well supported.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Neighborhood section has very little information and inaccurate information about the neighborhood/area. [SR 1-1(b)(c), SR 1-2 (e)(i), SR 2-1(a)(b)]
- Sales Comparison Approach adjustments were not consistent and there were indications that some adjustments were not well supported. One of the sales was an inappropriate comparable property. [SR 1-1(a)(b)(c), SR 1-4(a), SR 1-6, SR 2-1(a)(b), SR 2-2(b)(viii)]
- In the Cost Approach's land value there was no discussion of any appraisal method or reconciliation that derived the indicated value. [SR 1-1(a)(b)(c), SR 1-4(b)(i), SR 2-1(a)(b), SR 2-2(b)(viii)]

License History: Certified Residential 09/27/2005 - Present

Prior Complaint / Disciplinary History: None.

Reasoning and Recommendation: The Respondent has no prior disciplinary history however the alleged violations undermine the credibility of the value conclusion. Legal recommends a five hundred dollar (\$500.00) civil penalty, fifteen (15) hour Market Analysis and Highest and Best Use and fifteen (15) hour Report Writing course to be completed within one hundred and eighty (180) days of execution. The civil penalty should serve as a sufficient economic deterrent while the corrective education should assist the Respondent in becoming a more effective appraiser thereby protecting the interest of the public.

Updated Reasoning and Recommendation: An informal conference was conducted with the Respondent and an appraiser colleague on March 27, 2012. In response to the allegations, the Respondent provided thoughtful responses and demonstrated proficiency in many areas of appraisal practice. After meeting with the Respondent, it

appears that many of the issues noted relate to reporting as opposed to analysis as such Legal recommends a five hundred dollar (\$500.00) civil penalty and a fifteen (15) hour Report Writing course to be completed within one hundred and eighty (180) days of execution of the Consent Order. In the event, the Commission approves this revision the Consent Order would be executed today.

Note: Mr. Wade made a motion to accept recommendation but to not allow continuing education credit Mr. Hall seconded the motion. The motion carried unopposed.

2. 2011026681 Mr. Michael Orman was the reviewer in this matter.

This complaint was previously presented at the February TREAC meeting:

This complaint was filed by an AMC and alleged that the Respondent misreported market conditions, failed to summarize the condition of the property, failed to reconcile the previous sale of the subject and used inappropriate comparable properties and ultimately overvalued the subject.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Previous sale of subject was not analyzed. [SR 1-5(b), SR 2-2(b)(viii)]
- Neighborhood/Marketing trends not adequately described. [SR 1-1(b), SR 1-2(e)(i)]
- Sales Comparison Approach analysis and conclusions are not supported. [SR 1-1(a)(b)(c), SR 1-4(a), SR 2-2(b)(viii)]
- Site value was not supported. Cost Approach data was inconsistent. Conclusions not adequately supported. Physical depreciation not calculated properly or explained. [SR 1-1(a)(b)(c), SR 1-4(b), SR 2-2(b)(viii)]
- Exclusion of the Income Approach was not explained. [SR 2-2(b)(viii)]
- Reconciliation failed to adequately address the quality and quantity of data in arriving at the final value. [SR 1-6(a)(b), SR 2-1(b), SR 2-2(b)(viii)]

In response to the specific allegations, the Respondent states that the previous sales data was provided, the sales involved were private therefore there was limited data available. As to declining values the Respondents states that the reviewer used median data averages which contained inherently large parameters and that the use of statistical models must be properly analyzed to have relevant conclusions.

License History: Certified Residential 11/27/1991 - present

Prior Complaint / Disciplinary History: 200317448 (Closed w/ Consent Order imposing a \$500.00 civil penalty), 201003270 (Closed w/ Consent Order imposing a 15 hour Report Writing course)

Reasoning and Recommendation: The Respondent resolved a complaint involving a 2007 appraisal in February. The current complaint matter involves substantially similar report writing and USPAP issues. Legal recommends the imposition of a consent order requiring the completion of a fifteen (15) hour USPAP course within ninety (90) days of execution. The Respondent would be required to submit the work log sixty (60) days after completion of the course to the TREAC staff and at least one appraisal would be selected for review. The additional corrective education should adequately address any deficiencies in the Respondent's work while the review of Respondent's work log should assist TREAC in determining the quality of Respondent's current work product thereby protecting the interests of the public.

Updated Reasoning and Recommendation: On April 26, 2012 Legal and the Director met with the Respondent for an informal conference. The Respondent provided a detailed and thoughtful explanation for many of the issues alleged by the reviewer. The Respondent demonstrated an understanding of USPAP however there was some indication the Respondent would benefit from a fifteen (15) hour Site Value and Cost Approach course therefore Legal recommends a revised consent order requiring the fifteen (15) hour Site Value and Cost Approach course in lieu of the fifteen (15) hour USPAP course previously recommended.

Vote: Mr. Wade made a motion to accept the recommendation. Dr. Barylka seconded the motion. The motion carried unopposed.

3. 201103061/201103165/201103170/2012001301 Michael Orman was the reviewer in these matters.

- **201103061**

This complaint matter was filed anonymously and alleges that the Respondent overvalued the residential property in an October 2011 appraisal report.

The Respondent states that the complainant was not the client and the client remains satisfied with the quality of the appraisal report. The 'drive by' appraisal was for information only and not related to a bank related transaction and that the client was interested in purchasing the foreclosed property as an investment. The Respondent states that the scope of work was fulfilled without bias and that the value conclusion is well supported.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Intended use of the report not properly identified. [Scope of Work Rule: Problem Identification, SR 1-2(b), SR 2-2(b)(ii)]
- Effect of the use of extraordinary assumption not properly discussed. [SR 2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [Competency Rule; SR 1-2(g), SR 2-2(b)(x)]
- Previous sales of subject not analyzed. MLS listing and pending sale of subject property was not discussed or analyzed. [SR 1-1(a)(b)(c), SR 1-5(a); SR 2-1(a)(b); SR 2-2(b)(viii)]

- Neighborhood factors affecting market ability and trends were not adequately described, discussed or analyzed. [SR 1-1(a)(b), SR 1-2(i), SR 21(b), SR 2-2(b)(iii)]
- Sales Comparison adjustments are not supported, verification/analysis of sales and opinions/conclusions not supported. [SR 1-1(a)(b)(c), SR 1-4(a), SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. Exclusion of Income Approach has not been supported [Competency Rule: SR 1-1(a)(b)(c), SR 1-4(b)(i)(ii), SR 2-1(a)(b), SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Competency Rule; SR 1-6(a)(b), SR 2-1(b), SR 2-2(b)(viii)]
- Work file information provided is inadequate and does not support the report under review. [Ethics Rule: Recordkeeping]

- **201103165**

This complaint was submitted anonymously and alleges that the Respondent over valued a residential property in a May 2011 appraisal report.

The Respondent states that he is not sure why the anonymous complainant is after him but that the client is behind him 100% and sees no validity in the allegations. The Respondent states that he has worked with this client in the past and is not aware of there ever being a discrepancy between his value conclusion and subsequent appraisals.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Intended use not properly identified. [SR 1-2(b), SR 2-2(b)(ii)]
- Effect of the use of extraordinary assumption not properly discussed. [SR 2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [SR 1-2(g); SR 2-2(b)(x)]
- MLS listing and pending sale of subject property was not discussed or analyzed. [SR 1-1(a)(b)(c); SR 1-5(a)(b); SR 2-1(a)(b), SR 2-2(b)(viii)]
- Sales Comparison units of comparisons incorrectly or not reported, verification/analysis of sales and opinions/conclusions not supported.[Ethics Rule: Conduct Section (gross negligence); Scope of Work Rule: SR 1-1(a)(b)(c); SR 1-4(a); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Ethics Rule: Conduct Section (gross negligence); Competency Rule; SR 1-1(a)(b)(c); SR 2-1(a)(b); SR 2-2(b)(viii)]

- Exclusion of Income Approach has not been supported. [SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Ethics Rule: Competency Rule, Scope of Work; SR 1-6(a)(b); SR 2-1(b), SR 2-2(b)(viii)]

201103170

This complaint was filed anonymously and alleges that the Respondent over valued a residential properties in a May 2011 report,

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Effect of the use of extraordinary assumption not properly discussed. [SR2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [SR 1-2(g); SR 2-2(b)(x)]
- MLS listing and pending sale of subject property was not discussed or analyzed. [SR 1-1(a)(b)(c), SR 1-5(a)(b); SR 2-1(a)(b), SR 2-2(b)(viii)]
- Previous sales of subject not analyzed. [SR 1-1(a)(b)(c); SR 1-5(a); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Zoning classification not property identified. [SR 1-2(e)(i)]
- Sales Comparison adjustments are not supported, units of comparisons incorrectly or not reported, verification/analysis of sales and opinions/conclusions not supported. [Ethics Rule: Conduct Section (grossly negligent); Competency Rule; Scope of Work: SR 1-1(a)(b)(c), SR 1-4(a), SR 2-1(a)(b), SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Ethics Rule: Conduct Section; Competency Rule; Scope of Work Rule; SR 1-1(a)(b)(c); SR 1-4(b)(i)(ii)(iii); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Exclusion of Income Approach has not been supported. [SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Ethics Rule: Competency Rule; Scope of Work Rule: SR 1-6(a)(b), SR 2-1(b), SR 2-2(b)(viii)]

2012001301 – This complaint involves three (3) appraisals.

All three complaints were file anonymously and allege that the Respondent overvalued three (3) residential properties.

Appraisal one (1):

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Effect of the use of extraordinary assumption not properly discussed. [SR 2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [Competency Rule; SR 1-2(g); SR 2-2(b)(x)]
- Previous sales of subject not analyzed. MLS listing and pending sale of subject property was not discussed or analyzed. [Competency Rule; Scope of Work Rule; SR 1-1(a)(b)(c); SR 1-5(a)(b); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Neighborhood factors affecting market ability and trends were not adequately described, discussed or analyzed.[SR 1-1(a)(b); SR 1-2(e)(i); SR 2-1(b); SR 2-2(b)(iii)]
- Relevant characteristics of the sales and listings utilized were not presented or discussed. Sales Comparison adjustments are not supported, verification/analysis of sales and opinions/conclusions not supported. [Ethics Rule: Conduct Section; Competency Rule; SR 1-1(a)(b)(c); SR 1-4(a); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Ethics Rule: Conduct Section; Competency Rule; SR 1-1(a)(b)(c); SR 1-4(b)(i)(ii)(iii)]
- Exclusion of Income Approach has not been supported. [SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Competency Rule; SR 1-6(a)(b); SR 2-1(b), SR 2-2(b)(viii)]

Appraisal two (2):

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Effect of the use of extraordinary assumption not properly discussed. [SR 2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [Competency rule; SR 1-2(g); SR 2-2(b)(x)]
- Previous sales of subject not analyzed. MLS listing and pending sale of subject property was not discussed or analyzed. No analysis of sales presented and opinions/conclusions not supported in Sales Comparison Approach. [Ethics Rule: Conduct Section (grossly negligent); Competency Rule; Scope of Work Rule; SR 1-1(a)(b)(c); SR 1-5(b), SR 2-1(a)(b), SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Ethics Rule: Conduct Section (grossly negligent); Competency Rule; Scope of Work Rule; SR 1-1(a)(b)(c); SR 1-4(b)(i)(ii); SR 2-1(a)(b); SR 2-2(b)(viii)]

- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Competency Rule, SR 1-6(a)(b); SR 2-1(b); SR 2-2(b)(viii)]

Appraisal three (3):

- Effect of the use of extraordinary assumption not properly discussed. [SR 2-2(x)]
- Hypothetical condition not clearly identified and its effect on the value conclusion was not discussed. [Competency Rule; SR 1-2(g); SR 2-2(b)(x)]
- Previous sales of subject not analyzed. MLS listing and pending sale of subject property was not discussed or analyzed. [Competency Rule; Scope of Work Rule; SR 1-1(a)(b)(c); SR 1-5(a)(b); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Neighborhood factors affecting market ability and trends were not adequately described, discussed or analyzed.[SR 1-1(a)(b); SR 1-2(e)(i); SR 2-1(b); SR 2-2(b)(iii)]
- Sales Comparison adjustments are not supported, verification/analysis of sales and opinions/conclusions not supported. [Ethics Rule: Conduct Section; Competency Rule; SR 1-1(a)(b)(c); SR 1-4(a); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Ethics Rule: Conduct Section; Competency Rule; SR 1-1(a)(b)(c); SR 1-4(b)(i)(ii)(iii)]
- Exclusion of Income Approach has not been supported. [SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Competency Rule; SR 1-6(a)(b); SR 2-1(b), SR 2-2(b)(viii)]

License History: Licensed Real Estate Appraiser 03/13/2007 - Present

Prior Complaint / Disciplinary History: 200901707 (Consent Order imposing \$1000.00 civil penalty and thirty six (36) hours of corrective education)

Reasoning and Recommendation: Given the alleged serious violations of USPAP contained in the five (5) appraisal report reviews and the specific allegations related to gross negligence and incompetence Legal recommends a Consent Order imposing **SURRENDER** of the Respondent's appraiser credential.

Vote: Mr. Wade made a motion to accept recommendation but to not allow continuing education credit Mr. Hall seconded the motion. The motion carried unopposed.

4. 2011031361 Mr. William Wilson was the reviewer in this matter.

This complaint was filed by a home seller and alleges that the Respondent undervalued a residential property by failing to adequately analyze the properties upgrades and utilizing inappropriate comparable properties.

In a lengthy and detailed response, the Respondent states that the upgrades throughout the house were considered and that no list of improvements was provided. The Respondent states that the complainant requested reconsideration and provided a list of improvements, comparable to be considered, miscalculated square footage, etc. The Respondent indicates that he did not revise the appraisal as he felt the comparable properties utilized were the best available and that the appraisal is well supported.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Neighborhood section, inadequate. Zoning classification was incorrectly identified. [SR 1-1(b)(c), SR 1-2(e)(i), SR 1-3(a), SR 2-1(a)(b)]
- Sales Comparison Approach: the adjustments were not adequately explained, sales utilized outside the subject's neighborhood not adequately explained, and very limited reconciliation discussion that derived indicated value. [SR1-1 (a),(b) & (c), SR 1-4 (a), SR 1-6; SR2-2(b)(viii)]
- Inadequate description of the improvements. [SR 2-2(b)(iii)]

License History: Certified Residential Appraiser 04/30/1992 - Present

Prior Complaint / Disciplinary History: 200802515 (Consent Order imposing two (2) courses)

Reasoning and Recommendation: Given the allegations noted and the Respondent's previous disciplinary history Legal recommends the imposition of a Consent Order imposing a five hundred dollar (\$500.00) civil penalty and a fifteen (15) hour Residential Report Writing course. The Respondent shall not receive continuing education credit for the corrective education noted above.

Vote: Mr. Wade made a revised recommendation and motion to impose a consent order which shall include a fifteen (15) hour Residential Report Writing course which can be counted for continuing education, but no civil penalty to be included in the order. Mr. Hall opposed the recommendation; all others voted "yes". The motion carried.

5. 2011019411 Mr. James Atwood was the reviewer in this matter.

This complaint was filed by a concerned citizen and alleged that the Respondent overvalued two parcels of land in an appraisal by utilizing inappropriate comparable properties and omitting the presence of wetlands.

The Respondent states that there was no indication via the public records or visual inspection which indicated the presence of wetlands at the time of the appraisal. The Respondent states that the client asked the Respondent to consider sales outside the original time frame along with the subject's road frontage warranted a reconsideration of

the value conclusion. The Respondent further indicates that the allegations are without merit and the value conclusion well supported.

Property One (1)/ Appraisal One (1):

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Intended use inadequately identified [SR 1-2(b); SR 2-2 (b)(ii)]
- Inadequate identification of attributes relevant to the type and definition of value and intended use. [SR1-2 (e) (i)]
- Sales Comparison Approach: Inadequate analysis is provided for the lack of market condition adjustments over a five (5) year period; inadequate analysis to support locational adjustments; and no analysis regarding the availability of public utilities. No reconciliation comments or analysis. [{SR 1-4 (a), SR 1-6, and SR 2-2(b) (viii)]
- Inadequate analysis of Highest and Best Use. [SR1-3(b) and SR2-2(b) (ix)]

Property One/Appraisal Two (2):

- Intended use inadequately identified [SR 1-2(b); SR 2-2 (b)(ii)]
- Inadequate identification of attributes relevant to the type and definition of value and intended use. [SR1-2 (e) (i)]
- Sales Comparison Approach: Inadequate analysis is provided for the lack of market condition adjustments over a five (5) year period; inadequate analysis to support locational adjustments; and no analysis regarding the availability of public utilities. No reconciliation comments or analysis. [{SR 1-4 (a), SR 1-6, and SR 2-2(b) (viii)]
- Inadequate analysis of Highest and Best Use. [SR1-3(b) and SR2-2(b) (ix)]

Property Two (2)/Appraisal Three (3)

- Intended use inadequately identified [SR 1-2(b); SR 2-2 (b)(ii)]
- Inadequate identification of attributes relevant to the type and definition of value and intended use. [SR1-2 (e) (i)]
- Sales Comparison Approach: Inadequate analysis is provided for the lack of market condition adjustments over a five (5) year period; inadequate analysis to support locational adjustments; and no analysis regarding the availability of public utilities. No reconciliation comments or analysis. [{SR 1-4 (a), SR 1-6, and SR 2-2(b) (viii)]

- Inadequate analysis of Highest and Best Use. [SR1-3(b) and SR2-2(b) (ix)]

Property Two (2)/Appraisal Four (4)

- Intended use inadequately identified [SR 1-2(b); SR 2-2 (b)(ii)]
- Inadequate identification of attributes relevant to the type and definition of value and intended use. [SR1-2 (e) (i)]
- Sales Comparison Approach: Inadequate analysis is provided for the lack of market condition adjustments over a five (5) year period; inadequate analysis to support locational adjustments; and no analysis regarding the availability of public utilities. No reconciliation comments or analysis. [{SR 1-4 (a), SR 1-6, and SR 2-2(b) (viii)]
- Inadequate analysis of Highest and Best Use. [SR1-3(b) and SR2-2(b) (ix)]

In response to the specific allegations, the Respondent states that none of the allegations contained in the original complaint were found meritorious. The Respondent takes issue with many of the reviewer's findings. As to the intended use the Respondent states that the description utilized in the report was an appropriate description of use as required by USPAP. The Respondent states that due to the sensitive nature of the assignment the Respondent opted to not include all possible uses. As to identifying the subjects relevant attributes, the Respondent states that the location characteristics were identified in the neighborhood section and that it is not necessary to identify every use within the neighborhood unless there is a negative impact on value. The Respondent states that no adjustment was made as there was no evidence in the market to support an adjustment. The Respondent states that all comparable were similar to the subject therefore an analysis regarding utilities was not necessary. The Respondent states that highest and best use was stated in the report but due to the lack of zoning in the County a variety of uses is applicable. In addition, the sales reflect a variety of uses, both commercial and residential which was indicated in the report.

License History: Certified General Appraiser 09/16/1991 - Present

Prior Complaint / Disciplinary History: None.

Reasoning and Recommendation: The allegations noted in the four (4) appraisal reviews reports are serious and collectively undermine the credibility of the appraisal reports. Given the Respondent's twenty one (21) year licensing history with no prior discipline Legal recommends a Consent Order imposing a one thousand dollar (\$1000.00) civil penalty and a fifteen (15) hour Market Analysis and Highest and Best Use course to be completed within one hundred and eighty (180) days of execution. The Respondent shall not receive continuing education credit for the corrective education.

Vote: Mr. Wade made a revised recommendation and motion to issue a letter of warning for the above noted violations. Mr. Hall seconded the motion. The motion carried unopposed.

6. 2012008581 No reviewer in this matter.

This complaint was filed by an AMC and alleged that the Respondent communicated a misleading appraisal report by misreporting the GLA in a 2008 appraisal report.

The Respondent was suspended for six (6) months pursuant to a 2011 consent order. The Respondent's license expired 08/2011.

License History: Certified Residential Appraiser 09/24/1997 – 08/31/2011

Prior Complaint / Disciplinary History: 200801884 (closed with Consent Order imposing \$3000.00 civil penalty and corrective education), 200902335, 200902376 (closed with Consent Order imposing six (6) months suspension and \$1000.00 civil penalty, 201102524 (closed and flagged; expired license)

Reasoning and Recommendation: As the Respondent is currently not licensed Legal recommends Close and Flag of the complaint matter in the event the Respondent should reapply for licensure.

Vote: Mr. Hall made a motion to accept the recommendation. Dr. Baryla seconded the motion. The motion carried unopposed.

7. 2012008401 No reviewer in this matter.

This complaint was filed by an AMC and alleged that the Respondent communicated a misleading appraisal report in 2006.

The Respondent's license was REVOKED by consent order on June 19, 2009.

License History: Certified Residential Appraiser 05/05/1994 – 06/19/2009

Prior Complaint / Disciplinary History: 943901 (closed), 947060 (closed), 200500458 (closed), 2006000145 (consent order imposing \$2000.00 civil penalty and eight (8) month suspension), 200801921 (closed via consent order imposing Revocation).

Reasoning and Recommendation: Legal recommends Close and Flag of the complaint matter in the event the Respondent should reapply for licensure.

Vote: Mr. Hall made a motion to accept the recommendation. Ms. Johnson seconded the motion. The motion carried unopposed.

8. 2012004481

No reviewer in this matter.

This complaint was submitted by an outside agency and alleged that the Respondent impermissibly identified himself as an appraiser and provided a value conclusion in a correspondence.

The Respondent states that the letter sent to the potential client was not an appraisal and that the services offered are related to tax appeals. The Respondent states that TCA does not require an appraisal credential to assist in tax appeals and that the complaint submitted is wholly frivolous.

License History: Unlicensed

Prior Complaint / Disciplinary History: None

Reasoning and Recommendation: The letter submitted in support of the complaint advises the potential client that their property was appraised by the county at \$X dollars and indicates the amount of county taxes paid. The letter further states that a tax appeal is the only available avenue to reduce property taxes. An appraisal is defined by T.C.A. 62-39-102 (2), *the act of or process of developing an opinion of value of identified real estate*. In the instant case, Legal is of the opinion that the Respondent restated a prior tax value which does not constitute an appraisal pursuant to T.C.A. 62-39-102. Legal recommends that the complaint matter be CLOSED due to insufficient evidence of a violation.

Vote: Vote: Mr. Wade made a motion to accept the recommendation. Mr. Walton seconded the motion. The motion carried unopposed.

9. 2011024971

Mr. William Wilson was the reviewer.

This complaint was filed by a consumer and alleged that the Respondent undervalued the subject by failing to adequately report the improvements and by misreporting the size of the subject.

REVIEWER CONCLUSIONS [alleged violations included within brackets]:

- Improper use of the Restricted Use Appraisal Report reporting option [SR 2-2(c)(v)(viii)]
- Sales Comparison Approach did not discuss any reconciliation that derived the indicated value. [SR 1-6, SR 2-2(c) (viii)]

The Respondent provided a lengthy and detailed response to the specific allegations as noted above. The Respondent states that the client was identified in the original report as X and Y with X and Y identified as the intended user(s). The Respondent states that upon completing a USPAP course in February of 2011, Respondent contacted the instructor and a colleague to discuss intended users in a Restricted Use Report. The Respondent advises that based on the USPAP course taken and the response from his peers he has changed his policy based on the advice received and would not have the same issue again. As to the reconciliation, the Respondent takes issue with the

reviewer's findings regarding the reconciliation analysis. Specifically, the Respondent states that the report contains ample reconciliation comments to provide the intended user with detailed information regarding the comparable sales utilized and abundant commentary indicting why certain sales were inferior, superior or similar to the subject. The Respondent states that four (4) closed listing and two (2) active listings were utilized in the final value conclusion.

License History: Certified Residential 11/18/1998 – present

Prior Complaint / Disciplinary History: 201003685 (Dismissed)

Reasoning and Recommendation: Given the Respondent's lack of disciplinary history in fourteen (14) years and the Respondent's thoughtful response Legal is of the opinion that a Letter of Warning regarding the issues noted should serve to put the Respondent on notice of potential violations thereby adequately protecting the interests of the public.

Vote: Mr. Wade made a revised recommendation and motion to **dismiss** this complaint. Mr. Green seconded the motion. The motion carried unopposed.

10. 2012009421 No reviewer in this matter.

This complaint was filed by a lender and alleged that the Respondent communicated a misleading 2007 appraisal report.

The Respondent surrendered the appraiser credential February 13, 2012.

License History: Certified Residential 06/08/1993 - 02/06/2012

Prior Complaint / Disciplinary History: 201101746 (Surrendered license)

Reasoning and Recommendation: As the Respondent is currently unlicensed; Legal recommends CLOSE AND FLAG should the Respondent reapply for licensure.

Vote: Mr. Walton made a motion to accept the recommendation. Mr. Hall seconded the motion. The motion carried unopposed.

NEW BUSINESS

Application Review

There were no applications for review of character page information this month.

Discussion of Proposed Law Changes for next Legislative Session

Ms. Avers read a summary of the Appraisal Qualification Board (AQB) – Real Property Appraiser Criteria changes which must be implemented per federal requirements (Title XI FIRREA) no later than January 1, 2015, which included notably requirements for background checks and finger prints and college degree requirements. She also

reviewed all the current laws for discussion of dated language or areas of potential improvement for clarity. This was an informational update discussion and no votes were required or made on these topics. A copy of the AQB summary of changes are attached to these minutes and more detailed appraiser qualification requirements can be found on the Appraisal Foundation's website at: <http://www.appraisalfoundation.org>

Directors Report

Ms. Avers reported, in addition to the above legislation discussion, on the many changes that have occurred in Appraiser and Appraisal Management Company (AMC) regulation since 2008. Updates were provided on the Appraisal Subcommittee (ASC) activities and the Dodd-Frank law and the different progress on implementation.

Roger Stacey Letter to Commission

Ms. Avers read a subsequent email letter chain to the Commission received from Mr. Roger Stacey which was addressed to the Governor's office, Senator Tracy's office, and Representative Joe Carr's office, and other State political representatives - asking for intervention in the Commission's decision to not change the education rules to allow distance education for qualifying education (See also minutes from the March 12, 2012 meeting). Amongst other topics, he discussed in his letter the quality of on-line education, cost of travel to in-class room education, and lack of availability of in-classroom qualifying education for certified general courses.

The Commission members discuss the matter but decided not to revisit changing the education requirements at this time. Mr. Wade indicated that there was an open meeting held on the proposed rules (January 2012) and the overall consensus after that meeting was that there was merit to the classroom experience. Mr. Hall discussed a study that was done when he was previously on the Board of the relationship to complaints from students of proprietary schools. Ms. Avers indicated that she was unaware of that study and she hadn't seen a copy of it in the Board records. No action was determined to be taken at this time on this request.

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Being no further business, the meeting was adjourned at 12:35 p.m.

Chairperson, Nancy Point

Nikole Avers, Executive Director



UPCOMING CHANGES TO REAL PROPERTY APPRAISER QUALIFICATIONS

On December 9, 2011, the Appraiser Qualifications Board of The Appraisal Foundation adopted changes to the *Real Property Appraiser Qualification Criteria* that will become effective January 1, 2015. These changes represent minimum national requirements that each state must implement no later than January 1, 2015.

OVERVIEW OF CHANGES

<p>National Uniform Licensing and Certification Examinations</p>	<p>Education <u>and</u> experience must be completed prior to taking the AQB-approved <i>National Uniform Licensing and Certification Examination</i>.</p>
<p>Background Checks</p>	<p>All candidates for a real property appraiser credential must undergo background screening. State appraiser regulatory agencies are <i>strongly</i> encouraged to perform background checks on <i>existing</i> credential holders as well.</p>
<p>College Degree Acceptance and Core Curriculum Requirements</p>	<p>Credit towards qualifying education requirements may be obtained via the completion of a degree program in Real Estate from an accredited degree-granting college or university provided the college or university has had its curriculum reviewed and approved by the AQB.</p>
<p>Deletion of the Segmented Approach to Criteria Implementation</p>	<p>States had the option to implement the 2008 <i>Real Property Appraiser Qualification Criteria</i> via the “segmented approach.” This implementation option will no longer be valid effective January 1, 2015.</p>
<p>Restriction on Continuing Education Course Offerings</p>	<p>Aside from complying with the requirements to complete the <i>7-Hour National USPAP Update Course</i> (or its AQB-approved equivalent), appraisers may not receive credit for completion of the same continuing education course offering within an appraiser’s continuing education cycle.</p>
<p>Distance Education Requirements</p>	<p>A <i>written, proctored</i> examination is required for all qualifying education distance course offerings. The term <i>written</i> refers to an examination that might be written on paper or administered electronically on a computer workstation or other device.</p>
<p>Revisions to Subtopics in Guide Note 1 (GN-1) and Continuing Education Topics</p>	<p>Added topics on green building (qualifying and continuing education), seller concessions (qualifying and continuing education) and developing opinions of real property value in appraisals that also include personal property and/or business value (continuing education only).</p>

COLLEGE LEVEL EDUCATION REQUIREMENT CHANGES*

CLASSIFICATION	CURRENT REQUIREMENTS	1/1/15 REQUIREMENTS
Trainee Appraiser	None	None
Licensed Residential Appraiser	None	30 semester credit hours of college-level education from an accredited college, junior college, community college, or university OR an Associate's degree or higher (in any field).
Certified Residential Appraiser	21 semester credit hours in specified collegiate subject matter courses from an accredited college or university OR an Associate's degree or higher.	Bachelor's degree or higher (in any field) from an accredited college or university.
Certified General Appraiser	30 semester credit hours in specific collegiate subject matter courses from an accredited college or university OR a Bachelor's degree or higher.	Bachelor's degree or higher (in any field) from an accredited college or university.

*These requirements are effective for individuals seeking a real property appraiser credential *after* January 1, 2015. However, in some cases, the requirements may also apply to *existing* real property appraisers (for example, a state may require a credentialed appraiser to meet the new Criteria if he or she moves from a state that does not have reciprocity with that state. Or some states may require appraisers seeking to change their credential level to meet all of the 2015 Criteria prior to obtaining the new credential). **Credentialed appraisers are urged to contact the applicable state appraiser regulatory agencies if they are contemplating relocation or changing credential levels.**

SUPERVISORY APPRAISER AND TRAINEE APPRAISER REQUIREMENT CHANGES

SUPERVISORY APPRAISER	TRAINEE APPRAISER
State-certified Supervisory Appraiser shall be in good standing with the training jurisdiction and not subject to any disciplinary action within the last three (3) years that affects the Supervisory Appraiser's legal ability to engage in appraisal practice. Shall have been state certified for a minimum of three (3) years prior to being eligible to become a Supervisory Appraiser.	All qualifying education must be completed within the five (5) year period prior to the date of submission of an application for a Trainee Appraiser credential.
A Supervisory Appraiser may not supervise more than three Trainee Appraisers at one time, unless a state program in the licensing jurisdiction provides to progress monitoring, supervising certified appraiser qualifications, and supervision oversight requirements for Supervisory Appraisers.	A Trainee Appraiser is permitted to have more than one Supervisory Appraiser.
Shared responsibility to ensure the appraisal experience log for the Trainee Appraiser is accurate, current, and complies with the requirements of the Trainee Appraiser's credentialing jurisdiction.	
Both the Trainee Appraiser and Supervisory Appraiser shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB. The course will be oriented toward the requirements and responsibilities of Supervisory Appraisers and expectations for Trainee Appraisers. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee Appraiser credential, and completed by the Supervisory Appraiser prior to supervising a Trainee Appraiser.	