



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

**Meeting Minutes for October 15th, 2018
Conference Room 1B
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on October 15th, 2018, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 9:09 a.m. and the following business was transacted:

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

BOARD MEMBERS ABSENT: Rosemarie Johnson, Mark Johnstone

STAFF MEMBERS PRESENT: Roxana Gumucio, Dennis Gregory, Denard Mickens, Anna Matlock, Heidi Flick

GUESTS PRESENT: Judge Kim Summers, Mary Neill

CALL TO ORDER / ROLL CALL / NOTICE OF MEETING

Chairman Thomas called the meeting to order at 9:09 am. Director Gumucio took roll call after reading the Notice of Meeting as follows: "Notice of October 15th, 2018 meeting of the Real Estate Appraiser's Board was posted to the Real Estate Appraiser's website October 11th, 2018."

FORMAL HEARING: Mary Neill – Case Nos. 2016060401, 2016060621, 2016063901, 2016074761

Mr. Jason Bennett recused himself from the formal hearing.

Mr. Atwood made a motion to dismiss all complaints. This was seconded by Dr. Mackara. Mr. Bennett abstained from voting. Mr. Thomas opposed the motion. Mr. Garrison, Mr. Atwood, Mr. Mansfield and Ms. Alexander voted in favor of the motion, resulting in a passed motion.

The board broke for a ten (10) minute break

AGENDA

Mr. Garrison motioned to adopt the day's agenda as written. This was seconded by Mr. Atwood. The motion carried by unanimous voice vote.

MINUTES

Mr. Garrison made a motion to adopt the minutes from the July 16th, 2018 meeting. This was seconded by Mr. Bennett. The motion carried by unanimous 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. Dr. Mackara made a motion to accept recommendation and approve the courses listed. This was seconded by Mr. Garrison. The motion carried by unanimous voice vote, with Mr. Atwood abstaining.

| Course Provider | Course Number | Course Name | Instructor(s) | Type | Hours | Recommendation |
|---|---------------|--|--|------|-------|-----------------|
| Appraisal Institute | 2211 | Valuation by Comparison: Residential Analysis and Logic | W. Fincham | CE | 7 | Approved |
| Alabama Appraisal Institute | 2212 | Subject Matter Expert Round Table | Various Speakers (Listed with schedule) | CE | 4 | Approved |
| American Society of Appraisers | 2213 | 2018 International Appraisers Conference- Wednesday | Various Speakers (Listed with schedule) | CE | 4 | Approved |
| American Society of Appraisers | 2214 | 2018 International Appraisers Conference- Tuesday | Various Speakers (Listed with schedule) | CE | 6 | Approved |
| American Society of Appraisers | 2215 | 2018 International Appraisers Conference- Monday | Various Speakers (Listed with schedule) | CE | 5 | Approved |
| Greater TN Chapter of the Appraisal Inst | 2216 | 2018 Fall Real Estate Symposium | Various Speakers (Listed with schedule) | CE | 7 | Approved |
| ASFMRA | 2217 | 89th Annual Convention- Day 2 | M. Rush & N. Kauffman | CE | 3 | Approved |
| Calypso | 2218 | ONLINE- Environmental Hazards Impact on Value | F. Finigan | CE | 7 | Approved |
| ASFMRA | 2222 | 89th Annual Convention- Day 1 | Various Speakers (Listed with schedule) | CE | 5 | Approved |
| Alabama Appraisal Institute | 2223 | Attacking & Defending an Appraisal in Litigation | T. Whitmer | CE | 16 | Approved |
| Alabama Appraisal Institute | 2224 | Real Estate Damages | R. Bell | CE | 7 | Approved |
| Columbia Institute | 2229 | Columbia Institute, 'Appraisal of Small Residential Income Properties' | R. Wilson & H. Sullivan | CE | 8 | Approved |
| Columbia Institute | 2230 | Performing USPAP Compliant Appraisal Reviews | R. Wilson & H. Sullivan | CE | 8 | Approved |
| ASFMRA | 2231 | Rapid Fire Case Studies 2018 | Various Speakers (Listed with schedule) | CE | 6 | Approved |
| Farm Credit Mid-America | 2236 | Challenges of Appraising Rural Properties | Dennis Badger | CE | 2 | Approved |
| Greater TN Chapter of the Appraisal Institute | 2237 | Compliance, Completeness, & Competency | Randall A. Button | CE | 4 | Approved |
| Greater TN Chapter of the Appraisal Institute | 2238 | Examining Property Rights and Implications in Valuation | Leslie P. Sellers | CE | 7 | Approved |
| Greater TN Chapter of the Appraisal Institute | 2239 | Forest Valuation for Non-Foresters | Morgan R. Mellette | CE | 7 | Approved |

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|---|------|-----------------------------------|-----------------|----|---|----------|
| Greater TN Chapter of the Appraisal Institute | 2240 | Simple Tools for Credible Results | James B. Atwood | CE | 7 | Approved |
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| Licensee | Course Provider | Course Name | Hours | Type | Recommendation |
|------------------|-------------------------|---|-------|------|----------------|
| James Hickman | IAAO | 400-Assessment Administration | 28 | CE | Approved |
| David Baker | IAAO | 400-Assessment Administration | 28 | CE | Approved |
| Gerald Lawson | Appraisal Institute | Zoning and Impact on Highest and Best Use | 7 | CE | Approved |
| Charles Aldridge | US Dept of HUD | Completing Today's FHA Appraisal | 7 | CE | Approved |
| Ashley Phillips | Farm Credit Mid-America | 2018-2019 National USPAP Update Course | 7 | CE | Approved |

LEGAL REPORT

Mr. Atwood made a motion to accept counsel's recommendation and dismiss case numbers 1, 2 and 5. Mr. Garrison seconded the motion. This motion carried by unanimous voice vote.

1. 2018040001

Licensing History: Certified Residential Real Estate Appraiser, 10/31/91 – 10/30/19

Disciplinary History: None

Complainant is a licensee who states Respondent caused problems for buyer due to mistakes. Complainant states the closing was delayed because in the appraisal it was stated a crawl space door was needed for a home built in 1953. Complainant states the door was there but not found by Respondent. Complainant states Respondent charged an additional fee to re-inspect the home. Complainant states buyer then had to pay for additional rent as buyer could not move at the time anticipated. Complainant states that home inspector and termite inspector were able to find the crawl space door.

Respondent states Respondent missed the crawl space door and admits the same. After the first inspection, Respondent contacted the listing agent regarding access to the crawl space and was told the handy man was installing same. Respondent states a follow up phone call gave Respondent the same message. Respondent then states Respondent received an email photo with no message showing access door and Respondent then re-inspected site. Respondent states then when Respondent learned the door was there the day of original inspection, Respondent notified Complainant and returned additional inspection fee.

RECOMMENDATION: Dismiss.

BOARD DECISION: Accepted counsel's recommendation.

2. 2018040431

Licensing History: Certified Residential Real Estate Appraiser, 1/19/99 - 2/28/19

Disciplinary History: None

Complainant states Respondent was hired by the lender for appraisal on home owned by Complainant. Complainant states Respondent was hired on June 8 and on June 20, the date of complaint, the appraisal was not completed and lender canceled the job. Complainant states lender corresponded with Respondent who did not reply but once and states the job was not completed. Complainant states Respondent felt the home would not appraise for FHA and did not complete the report but only sent a message stating what repairs would cost. Complainant states Respondent was told Complainant was aware of the status and willing to do repairs and only needed the report to move forward.

Respondent states that Respondent was hired to do a FHA appraisal on the property where Complainant was the borrower. Respondent states Respondent went to inspect the property on June 6 but could not gain entry. Respondent then photographed the exterior of the property and noted needed repairs. Respondent states these photographs showed repairs necessary and that the lender was informed of the same. Respondent states the appraisal was then cancelled by lender and Respondent did not receive any payment for appraisal.

RECOMMENDATION: Dismiss.

BOARD DECISION: Accepted counsel's recommendation.

3. 2018042791

Licensing History: Certified Residential Real Estate Appraiser, 4/25/00 – 10/31/19

Disciplinary History: 2013 Letter of Warning, 2007 Consent Order with Procedures and USPAP course

Complainant, a bank appraisal compliance manager, states the appraisal by Respondent had several possible deficiencies and a summary of the same was sent to Respondent. The specific concerns were:

- Comparable sale 3 was reported as a 1768 square foot manufactured home with a 6/2/2 room count but that according to county records only a camper slab is on property in question and there were no permits in the county for that manufactured home. Complainant states listing agent for property stated that the camper on the property is not a manufactured home. Complainant states the photos from that listing show the camper with one bedroom and bath. Complainant states Respondent used only a picture that showed building porch as the manufactured home. Complainant states there is unfinished storage area not included in a sketch of property, and listed other concerns. Complainant states Respondent corrected sketch and photo when presented with concerns. Complainant provided three

appraisals with three different dates and Respondent's statement that the problems were mistakes of Respondent.

Respondent states that on day of inspection, Respondent overlooked an area of property that was unfinished and used for storage and Respondent then returned to property and corrected report showing revised sketch and corrected GL. Respondent states time frame for report was not sufficient

for actual comparable photos so in report Respondent stated why MLS photos were used. Respondent states the subject property has one bedroom, one bath and this was reason that the comparable sale 3 property was used and was found using MLS search. Respondent states Respondent later visited each property and submitted original photos in revised report. Respondent further states that week of report Respondent had flu and that this lead to mistakes in report. Respondent had reports reviewed by professional reviewer from a border state who found that comparable 3 property in question was property that was permanently attached, had physical address and had been previously sold as real estate. Reviewer states that Respondent used the comparable based on observation and the prior sale and that the appraisal does not appear to be grossly misleading and that errors were corrected. This reviewer considered all of Complainant's concerns and found that there were no USPAP violations and that any errors were corrected.

REVIEWER CONCLUSIONS

Building/improvement description: Reviewer states the subject property is a frame structure with gabled roof and an attached shed roof over porch, and that gross dimensions indicate square footage of 1,200 square feet but that there is an overhead door leading to storage room which was reported to have been remainder of previous garage area. The corrected appraisal removed the unfinished storage room with overhead access door from the area to conclude a finished area of 1,081.

Sales Comparison Approach: Reviewer states the appraisal had a value date of October 13 and that several additional appraisals were submitted due to questions by Complainant. Values reported were from \$144,000 in the first appraisal to \$158,000 in the final report. Three closed sales and one listing were included in all reports. Concerning sale number 3, the report states it is a six room, two bedroom, two bath with 1,768 and one car carport. Listing indicates property is a lake lot with framed gable roof structure with a 38 foot camper under the structure with boat dock, boat ramp and two car carport.

Reviewer states the original appraisal had several mistakes including the size of the subject property and the details regarding physical information reported for comparable and that reader could not sense credibility as to results.

Standard Rule 1-1(b) Appraiser utilized incorrect information to formulate value conclusion and that this was an error of omission or commission significantly affecting appraisal. Specifically, sale 3 information is erroneous, and square footage of subject property reported in error. Crawl space verses slab is incorrect based on Reviewer's review of photographs, and other smaller discrepancies.

Standard Rule 1-1(C) This appraisal included errors some of which were significant and Rule provides appraisal not to be rendered in a careless or negligent manner. Reviewer states this appraisal included series of errors some significant that the errors leads one to question credibility of results.

Standard Rule 1-4(a) This appraisal included no statement analyzing any site sales and that sales were considered but no work file provided, and rule requires appraiser must develop an opinion of site value by appropriate appraisal method.

Standard Rule 2-1(a) Rule requires appraisal clearly and accurately be presented in manner not misleading. Reviewer states that this review would be misleading to reader due to errors in property

characteristics whether intended or not.

RECOMMENDATION: The two professionals have conflicting final opinions as to whether USPAP violations occurred. There were mistakes made by Respondent that were admitted and corrected. This may best be addressed by a letter of instruction.

BOARD DECISION: Mr. Atwood made a motion to accept counsel's recommendation along with a \$2,000 civil penalty. This was seconded by Dr. Mackara. The recommendation did not pass by roll call vote. The board then discussed various course options for the respondent to take. Mr. Bennett made a motion for the respondent to take the Sales Comparison and Residential Report Writing, along with a \$2,000 civil penalty. This was seconded by Mr. Atwood. Mr. Garrison voted no during roll call, all other members voted yes. The motion carried.

4. 2018047031

Licensing History: Certified Residential Real Estate Appraiser, 7/24/98 – 8/31/19

Disciplinary History: None

Complainants are the home owners and Respondent is the appraiser.

Respondent was hired to complete an appraisal for a VA refinancing loan. Complainants argue that Respondent misrepresented and omitted pertinent facts in the report; was negligent; and that Respondent failed to follow USPAP standards and procedures. Specifically, Complainants state that Respondent left out important facts about the home, including renovations and updates, and did not provide sufficient sales comparables in the report. More specifically, Complainants allege that 1) Respondent failed to exercise reasonable skill and care because in a previous appraisal the prior year the property was appraised around \$60,000 more; 2) Respondent misrepresented the facts by stating that the entire front and one unspecified side of Complainants home did not have a proper railing; 3) Respondent did not include in their appraisal 1,888 sq. ft. of non-living area in the basement and under the porch; and 4) Respondent did not use both a sales comparison and a cost approach in their analysis.

Respondent notes that Complainants are neither the client nor the intended user of the report. Respondent also notes that the appraisal did not prevent Complainants from refinancing. In response to Complainants four points above, first, Respondent notes that they had no information about what other appraisers had valued the property or what they recommended needed improvement. Second, Respondent has now re-worded their repair request to say that all sides of the porch must meet county building codes. Third, Respondent argues they did include the under-porch storage area, and that it is included in the sketch and sales grid. Additionally, Respondent does not believe that feature does not contribute much value to the house. Respondent weighed it against a swimming pool in the sales grid as homes with similar storage had not sold recently. Although this area is under the house, it is not part of the basement. Fourth, Respondent argues that the VA does not require completion of the cost approach.

Reviewer Conclusions (alleged violations in bold)

State's expert reviewer states that the report is generally complete except for a few sections and has some minor errors. The report appears to have relevant data, and appropriate appraisal methods and techniques were followed. Some Addendum sections in the report do not appear appropriate and could

be misleading. However, the Reviewer did note several areas of error. *Neighborhood description is very minimal, with a lack of significant geographical information*

- Very "canned statements;" with very little real information about the neighborhood and area, some of the information could even be considered misleading. Per the report it is a "Rural" area but it is described as "...primarily single family residences that vary as to age, style, and size". One of the land use percentage is listed as "Commercial 5 %." This seems high for a rural area and no explanation.
- This section was considered very inadequate and lacking of meaningful information. **[SR 1-2(e)(i), SR 2-1(b), SR 2-2 (a)(viii)]**

Highest and Best Use Analysis is not properly summarized

- The URAR form has a Highest and Best Use (HBU) check box and statement in the site section. This box was checked indicating the HBU was necessary for credible assignment results; therefore the appraiser was required to develop an opinion of the HBU of the real estate. The Yes or present use box was checked and a short statement that the HBU was "its present use." Then in the extended Addendum pages a statement was made:
Based on the subject's plat and the subject's acreage, while residential use is considered the highest and best use, it appears that it would also be possible to develop more residential home sites by dividing the subject's property into additional lots as well.
- These are contradicting statements and the information analyzed as required by the Comment in SR 1-3(b) was not summarized or included. **[SR 1-3(b), SR 2-1(a) & (b), SR 2-2 (a)(x)]**

Reconciliation exclusion of the different value approaches not explained.

- A statement was made in this section that the Sales Comparison Approach was given the greatest consideration, yet it was the only approach considered. As on the next page of the report in an open comment section it was stated that the Cost Approach and Income Approach were not considered necessary. This is just an example of how "canned" a lot of the reports comments and statements were even if they were not applicable to this assignment. **[SR2-2(a)(viii)]**
- Note: (viii) states "... exclusion of the sales comparison approach, cost approach or income approach must be explained."

The Extraordinary Assumption in the Addendum was not properly stated and disclosed.

- Information and statements in Addendum. The report contains a long, three page, general rambling addendum which appears to be trying to answer any question that a reviewer or underwriter might have about an appraisal.
- On the first page of the Addendum (PDF file page 48) the follow statement was made: The extraordinary assumption is made that the information provided by the realtors in the local mls is true and correct.
- An Extraordinary Assumption must be clearly and conspicuously stated and include a statement that its use might have affected the assignment results. **[SR 1-3(b), SR 2- 1(a),(b) & (c), SR 2-2 (a)(xi)]**

On the second page of the Addendum (PDF file page 49) the follow statement was made: I have used the square footage reported by the realtor on the mls sheet for gross living area, finished and unfinished basements, etc....for the comparable sales in most if not all cases. I find this to be the most reliable source, unless I have specifically measured a

property before, in those cases I have used my files. At times the tax records may be consulted, but the tax records have been proven wrong about square footage most of the time in my experience through the years. Therefore, when a “third party source” reports a discrepancy in square footage from whatever I have reported for the sales, I have no explanation for that. I am using the mls sheets, which I have found to be the most accurate source in most cases. Tax records are all over the place, at times adding into “total square footage” finished basements, and other things that are not correct. I have looked at the particular information about the subject and the sales in my report a lot more thoroughly.

- Yet on sale 3 the “tax records” square footage from the CRS data source was used without any explanation. **[SR 2-1(a)]**
- The Market Conditions Addendum form was enclosed in the report but it was filled in with just zeros yet at the top of page 2 of 6 of the report there were 4 listings and 7 closed sales listed. Plus in the submitted Workfile there was a printed list of 13 sales. The report did not have an explanation as to why the MC form was void of data. This could be a typo or printing issue but typically if there is no data available it would be explained in the report so as to not confuse the reader. **[SR1-1 (a), (b) & (c), SR2-1(a) & (b)]**

RECOMMENDATION: Counsel recommends the authorization of a Consent Order for 14 hours Highest and Best Use continuing education which must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

BOARD DECISION: Dr. Mackara made a motion to accept counsel’s recommendation with the addition of the respondent taking the Report Writing course. Mr. Garrison seconded the motion. The motion passed with unanimous roll call vote.

5. 2018048231

Licensing History: Licensed Real Estate Appraiser, 9/17/08 – 9/30/20 Disciplinary History: None

Complainant is the owner of the property and Respondent is the appraiser.

Complainant has four main allegations: 1) Respondent falsely claimed in report that Complainant did not respond to the invocation of Tidewater; 2) Respondent made mistakes in comparable #1 because Respondent did not adjust for remodeled kitchen and baths; 3) the property has extended garage and utility room and no adjustments were made; and 4) Respondent used a lower square footage for subject property but used MLS/county data for comparables, all of which resulted in a significantly reduced appraisal value for the seller.

In response to Complainant’s four allegations, Respondent states: 1) Respondent invoked Tidewater and never received a response, thus the claim was not false; 2) Comparable #1 and the subject property are similar in quality and overall condition, do not merit an adjustment; 3) Many of the homes in the neighborhood have similar layouts because they were built by the same builder. Respondent does not believe this is a value item as it takes away from usable living area; and 4) the MLS/county records indicated the property is 3,379 sq. ft., while appraiser measurements indicated 3,316 sq. ft., a difference of 63 sq. ft. Respondent had to use MLS/county data for the comparables because Respondent did not have access to those properties. Respondent believes there is not

enough evidence to warrant the adjustments Complainant requests, and notes that the home still sold above the appraised value.

Reviewer Conclusions

The State's expert reviewer did not find any violations of USPAP in any of the following areas: neighborhood, site data, building/improvement description, sales comparison approach, income approach, and reconciliation and conclusion.

RECOMMENDATION: Because the expert reviewer did not find any violations, Counsel recommends this complaint be dismissed.

BOARD DECISION: Accepted counsel's recommendation.

Re-present

6. 2017076501

Licensing History: Certified General Real Estate Appraiser, 6/8/93 – 3/10/19 Disciplinary History: None

Complainant states that in requesting Respondent do an appraisal, Complainant gave Respondent a complete scope of work Complainant expected Respondent to comply with as discussed. Complainant states the appraisal was incomplete, inaccurate, and unsuitable for use. Complainant states that Complainant was not able to view the appraisal until paying the fee and that repeated attempts to contact Respondent were unsuccessful. Some of the issues with the appraisal state the photograph is not part of the scope, the acreage was incorrect, the owner is incorrect, sales history incorrect, and no definitive address for two comparables.

Respondent states the original appraisal was revised to correct the acreage. Respondent states the owner was obtained from tax records and did not show that property was now owned by the estate. Respondent states other typographical errors and other changes were made in the revised appraisal as well. Concerning the address used on the comparables, Respondent states the addresses were what were reported in the tax records.

REVIEWER CONCLUSIONS

Reviewer states that Respondent submitted two appraisals with the second appraisal dated the same date as the first. Reviewer states that the second or edited report should be treated as a new appraisal and should have a more recent date.

Site Data

Reviewer states the second appraisal notes the site area is irregular in shape with level to sloping to topography, and is being served by electricity, gas, sewer, telephone water. Reviewer states that a check of utilities show that location is not served by sewer and that a forced main line was provided solely for a nearby school but not accessible to any other users. Engineer states no plans for extending sewer to area.

Building/Improvement Design

Report states property is appraised as vacant land. Reviewer states there is no allowance for demolition of several structures to include an older residence, agricultural buildings, etc.

Sales Comparison Approach

Information included to develop the opinion included 7 transactions which ranged in unit value from \$3,000 to \$20,000 per acre. Reviewer states Respondent relied in large part on adjacent parcel that was formerly part of parent parcel which sold for \$9,319 per acre and a significant portion was within floodway. Purchaser of that property applied for a Greenbelt application and while it abuts subject property, it is not zoned commercial. Adjustment grid sets out 7 transactions, unit prices, etc., but makes no direct adjustments for property characteristics.

Reconciliation and Conclusion

Reviewer states the value opinion does not seem to have merit based on the property characteristic existing or reported in appraisal.

SR1-1(b) requires appraiser not commit substantial error of omission or commission that significantly affects appraisal. Appraisal report identifies site to be served by sewer but incorrect assumption and this affects credibility. Ownership and sales history would be more appropriately reported to show that estate was placed by final order of conservatorship by a final order with names of that conservatorship. Sale consisted of transfer of easement for placement of a water line but conveyances were not reported or analyzed. Two appraisals submitted with the second correcting land area but had same date as original appraisal. This report indicated that Respondent had prepared or provided no services in prior three year period. Second report would have been better to state that the Respondent had previously appraised property and new appraisal was prepared to correct acreage.

SR1-2(e) requires appraiser identify characteristics of property relevant to the type and definition of value and intended use of appraisal. Respondent identified property as being served by sewer or having sewer available and this was not true. Availability of sewer tends to impact highest and best use.

SR1-2(h) requires appraiser determine scope of work necessary to produce a credible assignment results in accordance with scope of work rule. Client ordered a market value appraisal and included other requirements that were not addressed in appraisal.

SR 1-4(f) requires that when analyzing anticipated public or private improvements, located on or off site, appraiser must analyze effect on value of such anticipated improvements to extent they are reflected in market actions. Tennessee Department of Transportation proposed to acquire a strip along frontage for roadway improvement and this was not discussed or analyzed in report.

SR 2-1(a) requires appraiser summarize information sufficient to identify real estate involved including physical, legal and economic property characteristics relative to assignment. Report states property had sewer which it does not.

SR 2-2(iii) requires appraiser summarize information sufficient to identify real estate involved including physical, legal and economic property characteristics. Property was reported to have sewer and it did not.

Recommendation: \$2,000 civil penalty for violations of Standard Rules 1-1(b),1-2(e), 1-2(h), 1 4(f), 2-1(a) and 2-2(iii).

Decision: The Commission voted to have the complaint reviewed by another expert and to be re-presented at the July Board Meeting. The Commission specifically requested that the new reviewer include in the report: the scope of the assignment; a comparison of the scope to the engagement letter and the instructions from the client; if the scope was communicated to the respondent; how the appraiser did or did not meet the scope; how did sewer relate to the highest and best use; did it have an impact on value; and if the appraisal was in compliance with TDOT.

UPDATE #1:

This matter was reviewed by another expert who found that the reports had several errors and missing information, minimal neighborhood description with a lack of significant geographical and market information, sales comparison approach had missing or confusing information, and that the final value reconciliation was lacking in a logical discussion of final value. Reviewer also found the report to be in violation of Standard Rules 1-1(b), (c), 2-1(a), 1-2(e) (i), 2- 2(a)(viii), 1-2(h), 2-2(a)(vi). Concerning the specific issues listed above, the Reviewer determined the following:

1. Scope of assignment: USPAP has no term “scope of assignment” but a definition of assignment in USPAP is an agreement between appraiser and client to provide a valuation service. Reviewer states that this appraiser and client did not have a “meeting of the minds” concerning the assignment. Reviewer states that Respondent could not open the “provide appraisal” document and therefore never saw the requested different assignment requests.
2. Comparison of the scope of engagement letter and instructions of client: Reviewer states there was not an engagement letter in provided documentation and it was not clear as to how the assignment and engagement were done by phone or by email request.
3. If scope was communication to respondent: Reviewer states that there was nothing provided that complainant ever confirmed that paper work was received to and agreed to by Respondent.
4. How appraiser did or did not meet scope: Reviewer states the report had a “scope of work” section in which it appears Respondent followed except for the hypothetical condition which was reported to have been included in error and was typographical error.
5. How did sewer relate to highest and best use and did sewer have impact on value: Reviewer states that Respondent stated sewer was available at street so that Reviewer states sewer sill relates to reports of highest and best use conclusion. Reviewer states Reviewer cannot opine on sewers value to site but states that typically in developing commercial sites, a developer must start with planning and development from what is available at the site or at the street.
6. Was appraisal in compliance with TDOT: Reviewer states TDOT was not listed as an intended user or use. Reviewer states Reviewer is not competent in TDOT requirements and cannot offer opinion on TDOT compliance but does state report is lacking in some of the requirements of a Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) appraisal report.

New Recommendation: \$2,000 civil penalty for violations of Standard Rules 1-1(b),1-2(e), 1- 2(h),

1-4(f), 2-1(a) and 2-2(iii).

New Decision: The Commission voted to issue a conditional dismissal requiring a 7 hour sales comparison course and a 7 hour cost course.

UPDATE #2:

Respondent is represented by an attorney. Respondent had this report reviewed by another licensee in another state. That reviewer looked at the original report of Respondent as well as the proposed consent order which outlined the facts and State reviewer's conclusions. Licensee Reviewer, in a detailed review, determined that while there was a potential violation of Standards Rule 2-2(a)(viii) as the sales comparison approach was analyzed but not summarized, none of the other facts and proposed violations were, in reviewer's opinion, violations of the USPAP requirements. Attorney states that, therefore, Respondent will not agree to the terms of the consent order.

Recommendation: This is the third review and does offer many conflicts in determination of violations. While Respondent's reviewer is not a Tennessee licensee, reviewer is licensed in a border state and their resume shows a history of experience. This likely would result in a conflict of experts in a hearing. As there was support of violation of Standards Rule 2- 2(a)(viii) Counsel's recommendation is a consent order with terms providing a 7 hour class in sales comparison.

BOARD DECISION: Mr. Atwood made a motion to accept counsel's recommendation. This was seconded by Dr. Mackara. Mr. Garrison then made an amendment to the motion to remove the word "conditional" from the motion. Ms. Matlock clarified the use the word "conditional" in the motion due to some questions on the use of the word in the motion. After discussion and clarification, Mr. Atwood made a motion of a consent order with terms providing a 7 hour class in Sales Comparison and Cost Approach. This was seconded by Dr. Mackara. The motion carried by unanimous roll call vote.

DIRECTORS REPORT

BUDGET

Director Gumucio reviewed the overall expenditures for the fiscal year noting that all was in good fiscal health and that the balances are expected to be in surplus for 2019, even with costbacks.

AARO CONFERENCE

Mr. Garrison made a motion to approve the travel for Director Gumucio and Chairman Thomas. This was seconded by Mr. Atwood. The motion carried by unanimous voice vote.

REQUEST FROM LICENSEE: TIMOTHY GOODWIN

REF: RE-TEST

Dr. Mackara made a motion to allow Mr. Goodwin to retake the PSI exam one additional time. This motion was seconded by Ms. Alexander. The motion carried by unanimous voice vote, with Mr. Atwood recusing himself.

NATIONAL REGISTRY OF AMC'S: PLANS FOR 2019

It was determined that this topic of discussion will not be ready for the January Board Meeting. Additional information needs to be obtained during AARO Conference.

ADJOURNMENT

Mr. Garrison made a motion to adjourn the meeting. This was seconded by Mr. Bennett. The motion carried by unanimous voice vote. The meeting adjourned at 11:50 a.m.



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

**Meeting Minutes for October 16th, 2018
Conference Room 1B
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on October 16th, 2018, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 10:00 a.m. and the following business was transacted:

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

BOARD MEMBERS ABSENT: Rosemarie Johnson, Mark Johnstone

STAFF MEMBERS PRESENT: Roxana Gumucio, Anna Matlock, Heidi Flick

CALL TO ORDER / ROLL CALL

Chairman Thomas called the meeting to order at 10:00 a.m. Director Gumucio took roll call and determined that quorum necessary to conduct business was established.

EXPERIENCE REVIEWS

Mr. Garrison conducted the experience interview of **Brittany Campbell** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Brian Kownacki** and recommended that his experience be accepted toward the Certified General Upgrade.

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

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

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

Mr. Garrison conducted the experience interview of **Charles Chatham** and recommended that his experience be accepted toward the Certified General Upgrade.

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

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

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

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

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

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

Mr. Garrison conducted the experience interview of **Robert Bahr** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Garrison conducted the experience interview of **Daniel Ferro** and recommended that his experience be accepted toward the Certified General Upgrade.

The experience interview review for **Bo Duling** was deferred until the January Board Meeting.

Mr. Garrison made a motion to approve the upgrade of **Brown Kownacki**. This was seconded by Mr. Atwood. The motion passed unanimously by voice vote.

Mr. Garrison made a motion to approve the upgrade of **Charles Chatham** pending the review of experience logs. Mr. Garrison would communicate with the office as to his final recommendation. This was seconded by Dr. Mackara. The motion passed unanimously by voice vote.

Mr. Garrison made a motion to upgrade the remaining applicants. This was seconded by Mr. Bennett. This motion passed unanimously by voice vote.

RULEMAKING HEARING

Ms. Matlock pursuant to Tennessee Code Annotated §4-5-204, presented the following rule amendments for rulemaking hearing: Tenn. Comp. R. & Regs. 1255-01-05(1)(b), 1255-01-.07(1)(b), 1255-01-.08(1)(b), 1255-01-.08(1)(b), 1255-01-.12(3), 1255-01-.12(7), 1255-01-.12(7)(g), 1255-01-.12(10)(g), 1255-04-.01(1), and 1255-04-.01(g).

GUEST SPEAKERS

Guest speakers presented themselves to the board members presenting information and their input in regards to the adaption and motions presented for the current and future rules.

The board broke for a ten (10) minute break at 11:31 a.m.

Guest speakers continued their presentations until 12:04 p.m.

VOTING OF RULES

Dr. Mackara made a motion to adopt hearing language as written. This was seconded by Mr. Bennett. This motion failed 2-5, with Mr. Atwood, Mr. Garrison, Chairman Thomas, Ms. Alexander, and Mr. Mansfield voting no.

The board determined that they wanted to review each rule individually and then motion for a vote.

Rule 1255-01-.05(1)(b)

Dr. Mackara made a motion to accept the language as written. This was seconded by Mr. Bennett. This motion failed 2-5, with Mr. Atwood, Mr. Garrison, Chairman Thomas, Ms. Alexander, and Mr. Mansfield voting no.

Rule 1255-01-.12(10)(g)

Mr. Atwood made a motion to accept the language as written. This was seconded by Mr. Garrison. This motion passed unanimously by roll call vote.

Rule 1255-01-.12(7)(h)

Mr. Garrison made a motion to accept the language as written. This was seconded by Ms. Alexander. This motion passed unanimously by roll call vote.

Rule 1255-04-.01(8)

Mr. Garrison made a motion to accept the language as written. This was seconded by Ms. Alexander. This motion passed unanimously by roll call vote.

Rule 1255-01-.12(7)(c)

Dr. Mackara made a motion to accept the language as written. This was seconded by Mr. Bennett. This motion passed unanimously by roll call vote.

The board broke for a ten (10) minute break at 1:00 p.m.

Rules 1255-01-.05(1)(b)(1); 1225-01-.07(1)(b)(1); 1255-01-.08(1)(b)(1)

Mr. Atwood made a motion to allow Trainees, Licensed Residential, Certified Residential, and Certified General Appraisers to take the following qualifying education online: 30 hour Appraisal Principles; 30 hour Appraisal Procedures; 15 hour USPAP; 4 hour Supervisor/Trainee Appraiser, for a total of 79 hours. This was seconded by Mr. Garrison. This motion passed unanimously by roll call vote.

NEW AND UNFINISHED BUSINESS

There were no new items or continued items to discuss.

ADJOURNMENT

Mr. Garrison made a motion to adjourn. This was seconded by Mr. Bennett. This motion passed by unanimous voice vote. The meeting adjourned at 1:23 p.m.