



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

**Meeting Minutes for April 20th, 2020
Teleconference Meeting
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on April 20th, 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, Kristen Downey, Morgan Calles, Shilina Brown

CALL TO ORDER / ROLL CALL / NOTICE OF MEETING

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

VICE CHAIR

Michelle Alexander made a motion to nominate Rex Garrison as the Vice Chair. This was seconded by Brett Mansfield. The motion carried by roll call voice vote.

AGENDA

Roxana Gumucio announced agenda was posted on April 15th online.

STATEMENT OF NECESSITY

Read by Anna Matlock

MINUTES

Michelle Alexander made a motion to adopt the minutes from the January 13th, 2020 meeting. This was seconded by Jason Bennett. The motion carried by roll call voice vote.

EXPERIENCE INTERVIEWS

Chairman Thomas conducted the experience interview of **Susie Stock** and recommended that her experience be accepted toward the Licensed Upgrade.

Mr. Atwood conducted the experience interview of **Lester Selph** and recommended that her experience be accepted toward the Licensed Upgrade.

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

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

Mr. Mansfield conducted the experience interview of **Hunter Verner** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Cody Wiggins** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Kaitlyn Grant** and recommended that his experience be accepted toward the Certified General Upgrade.

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. Dr. Mackara made a motion to accept the recommendations on each item and approve the courses listed. This was seconded by Rex Garrison. The motion carried by roll call voice vote.

APPROVE April 20, 2020 - Education Committee Report

| Course Provider | Course Number | Course Name | Instructor(s) | Type | Hours | Recommendation |
|---------------------|---------------|---|-------------------------------|------|-------|----------------|
| Columbia Institute | 2367 | Appraiser's Guide to Calculating n Supporting Adjustments | Kevin Hecht, Heather Sullivan | CE | 8 | ACCEPT |
| Appraiser eLearning | 2379 | ONLINE - Appraiser Liability 101- Essential Concepts | Peter Christenson | CE | 4 | ACCEPT |

| | | | | | | |
|---------------------|------|---|---|----|---|---------------|
| ASFMRA | 2377 | 2020 Land Value Conference | evan Van Trump; Dr. Bruce Sherrick; Dr. Gary Schnitkey; David Klein | CE | 4 | ACCEPT |
| Appraiser eLearning | 2375 | Day 2 Appraisers Conference and Trade Show (ACTS) | Timothy Anderson, James Baumberger, Melissa Bond, et al | CE | 7 | ACCEPT |
| Appraiser eLearning | 2374 | Day 1 Appraisers Conference and Trade Show (ACTS) | Timothy Anderson, James Baumberger, Melissa Bond, et al | CE | 7 | ACCEPT |
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Individual Course Approvals

| Licensee | Course Provider | Course Name | Hours | Type | Recommendation |
|---------------|-----------------|------------------------------|-------|------|----------------|
| James Hickman | IAAO | Income Approach to Valuation | 30 | CE | ACCEPT |
| | | | | | |

Additional / Course Instructor Approvals

LEGAL REPORT (Presented by Kristen Downey)

- 2019090411**
Opened: 11/1/2019
License Type: Certified Residential Real Estate Appraiser
First Licensed: 7/5/2011
Expires: 3/1/2020
Disciplinary History: None

Complainant is an out-of-state representative for the lender. Respondent is a licensed real estate appraiser.

Complainant states that based on the photos submitted with the report, it does not appear that the appraiser inspected the subject property.

To date, Respondent has not provided a response to the complaint.

REVIEWER CONCLUSIONS

- **Zoning has not been adequately or accurately supported – Non-compliance with SR 1-2(e)**
 - The appraisal shows the zoning classification to be “Residential”, while the zoning map shows R-1 low density
- **Sales Comparison Approach – Non- Compliance with SR 1-1(a,b,c); SR 1-4(a); SR 2-2(a)(viii)**
 - Five sales were utilized within the sales comparison approach. There appears that some of the information was not accurately reported.
 - Some explanations were provided in the appraisal; however, no supporting documentation was found showing any analysis on how the noted adjustments were derived, and no workfile was provided by the Respondent
 - Due to the lack of support and analysis for the adjustments utilized, the report does not provide sufficient information to enable the clients and intended users to understand the rationale for the adjustment amounts, which in turn limits the support for the opinions and conclusions provided in the sales comparison approach to value
- **Cost Site Approach – Non-Compliance with SR 1-4(b)(i); SR 2-2(a)(viii)**
 - A \$40,000 opinion of site value was reported in the cost approach section of the 1004 appraisal report. The appraiser included the following comments: “The subject’s site value is based on land area sales analysis and sales comparison method. The subject’s land to improvement ratio is typical for the area.” Although these are considered to be appropriate methods (or techniques), no evidence or support documentation was found in the report, and a work file was not provided.
- **Record Keeping Rule and Ethics Rule – Non-Compliance**
 - Per USPAP the work file must be in existence prior to issuance of any report. Respondent has failed to provide the requested work file and therefore is in violation of the Record Keeping Rule and the Ethics Rule

Recommendation: \$1,000 civil penalty for failure to respond.

Decision: The Commission voted to issue a \$1,000 Consent Order for failure to respond and \$1,000 Civil Penalty for each of the four (4) USPAP violation, for a total of \$5,000 civil penalty for the combined violations.

2. **2020004651**

Opened: 1/19/2020

License Type: Certified Residential Real Estate Appraiser

First Licensed: 6/25/2003

Expires: 10/31/2020

Disciplinary History: None

Complainant is a Tennessee resident. Respondent is a licensed appraiser.

Complainant alleges that they hired Respondent to appraise their home. Complainant found the Respondent on Angie's List and paid them \$400 for the appraisal. The Respondent never performed the appraisal despite taking Complainant's \$400.

Respondent filed a response stating that Complainant received the appraisal report on January 20, 2020.

Recommendation: Dismiss.

Decision: The Commission accepted counsel's recommendation.

3. **2020002971**
Opened: 1/13/2020
License Type: Certified General Real Estate Appraiser
First Licensed: 2/15/2018
Expires: 2/14/2022
Disciplinary History: None

This complaint was opened administratively.

Respondent failed to comply with 1255-06-.02(4) for failing to a list of each specific parcel of real property with the application for the temporary practice permit.

Respondent filed a response via their attorney stating that the valuations were not appraisals. Respondent further states that even if the valuations were considered real estate appraisals, they were conducted in compliance with the regulations governing temporary licenses permitted by the ruled promulgated by the Commission. Respondent obtained the correct license to perform the work and therefore the complaint should be dismissed. Respondent states that Tenn. Comp. R. & Reg. 1255-06-.02(2) provides that a nonresident of Tennessee may apply to the Commission for a temporary practice permit to perform a single appraisal and for purposes of this rule only, "assignment" shall mean one or more real estate appraisals and written appraisal reports which are covered by a contract to provide real estate appraisal service. (Tenn. Comp. R. & Reg 1255-06-.02(1). Respondents relies on the above referenced rule to support the premise that a temporary permit may cover the appraisal of more than one property for a single assignment. Respondent further states that they did not provide the Commission with a list of each property included in the assignment as required by Tenn. Comp. R. & Reg. 1255-06-.02(4) because the online forms did not allow them to enter multiple addresses when they submitted their application for the temporary license.

Recommendation: \$1,000 civil penalty for violation of 1255-06-.02(4).

Decision: The Commission accepted counsel's recommendation.

4. **2019090591**
Opened: 11/2/2019

License Type: Certified Residential Real Estate Appraiser
First Licensed: 12/31/1991
Expires: 12/31/2021
Disciplinary History: None

Complainant is a Tennessee resident. Respondent is a licensed real estate appraiser.

Complainant alleges that the Respondent failed to use appropriate comparables during their appraisal. The homes the Respondent used were tear downs while Respondent's home is a complete rehabbed unit. The comparables use were listed as "homes sold within the year in my neighborhood" but they were actually several miles away and not in the same neighborhood at all. Respondent allegedly used incorrect facts and produced a value of the home that was almost as low as the tax value. Complainant states that due to this appraisal the lender pulled the loan and is requiring them to pay \$500 for a full appraisal.

Respondent filed a response stating the report-type requested was a 2055 exterior only inspection residential appraisal report. The purpose of the assignment was to provide a value of the property based on a viewing from the street only and not to verify the condition of the property. The information available to the Respondent was an old MLS listing from 2007 and public records. These were the only facts available to the appraiser. The use of the MLS for the appraiser was to confirm the GLA stated in the public records and also the information that the property had been renovated at the time in 2007. The public records showed two property transfers on 9/28/18 of \$238,000 and 244,000. These transfer amounts were consistent with the total tax appraisal of \$228,000. These transfers and tax appraisals were made after the property was renovated in 2007. Any subsequent condition changes made to the subject property are unknown to the Respondent who only viewed the property from the street. With respect to the comparables, they were 1.20 miles away and each was located within the competitive neighborhood boundaries. The choice of the comparables were not limited to the subject's neighborhood, but was correctly limited to the boarder competitive neighborhood. After the appraisal was completed, a request for reconsideration was submitted with other comparables. The average distance to these sales was 0.98 miles and all but one was located within blocks of the comparables included in the appraisal. The average ratio of tax appraisal to recorded sales price is 0.75 with a range of 0.67 to 0.83. The ratio in the subject appraised value is 0.81 which is within the indicated range; however, the tax appraisals clearly indicate a significant difference between the subject property and these sales and would not consider these sales comparables to the subject. The Respondent has no information which would indicate these are comparable properties. The Respondent recommended that Complainant obtain a second opinion in their response to the request for reconsideration.

REVIEWER CONCLUSIONS

- **Sales Comparison Approach Section – Non-Compliance with SR 1-4(a); SR 2-2(a)(viii)**
 - Adequate analysis on how the noted adjustments were derived was not provided in the report or work file
 - No support was provided in the report or work file indicating that a recognized method or technique was utilized in determining the adjustments, or the adjustment amounts.

- Due to the lack of support and analysis for the adjustments utilized, the report does not provide sufficient information to enable the clients and intended users to understand the rationale for the adjustment amounts, which in turn limits the support for the opinions and conclusions provided in the sales comparison approach to value.
- **Cost Approach: Site Value Section – Non-Compliance with SR 1-1(a); SR 2-2(a)(viii)**
 - A \$65,000 opinion of site value was reported in the cost approach section of the 2055 appraisal report, but there was no evidence or support in the report or work file showing that the site value has been developed by an appropriate method or technique.
- **Reconciliation Section – Non-Compliance with SR 1-6**
 - Reconciliation addresses the quality and quantity of data available and analyzed within the approaches used. It also allows the appraiser to reconcile the applicability and relevance of the approaches, methods, and techniques used to arrive at the value conclusions. The report states, “The Sales Comparison Analysis is used since buyers rely primarily on direct comparison. The Cost and Income Approach were not used as only a drive by analysis was performed.” These statements provide minimal reporting with no analysis to support the opinions and conclusions provided.

New Information: This matter was sent to Respondent for a Conditional Dismissal in February 2020, recommending Respondent complete a Residential Site Valuation Course (15 hours) and a Sales Comparison Course (30 hours). Respondent rejected the Conditional Dismissal offer.

Recommendation: \$1,000 civil penalty for violation of the following USPAP violations:

- **Sales Comparison Approach Section – Non-Compliance with SR 1-4(a); SR 2-2(a)(viii)**
- **Cost Approach: Site Value Section – Non-Compliance with SR 1-1(a); SR 2-2(a)(viii)**
- **Reconciliation Section – Non-Compliance with SR 1-6**

Decision: The Commission voted to accept counsel’s recommendation of \$1,000 Civil Penalty. In addition, the Commission voted to issue continuing education consisting of a Residential Site Valuation Course (15 hours) and Sales Comparison Course (30) hours, to be completed in one hundred eighty days (180) above and beyond what is required for licensure.

RE-PRESENTS

ANNA MATLOCK

****Re-Presents 5 & 6 are to be presented together****

5. 2018091301

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

Disciplinary History: None

Complainant alleges Respondent used a multitude of incorrect facts in the appraisal, which led to the cancellation of a pending contract for the sale of Complainant's home. Such facts that were incorrect include the following: square footage; present land use; view for comps; number of bedrooms listed; number of baths listed; supplied area of neighborhood; style of home; effective age of home; foundation; roof material/surface; window type/material; door type/material; finished rooms total; excluded front and back porches in comps.

Respondent believes they did an honest and fair appraisal following USPAP guidelines and addresses each alleged incorrect fact mentioned by Complainant.

Square footage: Square footage is based on ANSI guidelines. Due to layout and size of the home, Respondent was especially careful about manually measuring the home as well as identifying and making sure that certain aspects of the home were in alignment with the measurements.

Present Land Use-The appraiser researched the area via TN demographic data as well as the appraiser's knowledge of the area. This area is not heavily, densely populated. It has several areas of wooded land, water, and vacant land, as well as schools, and private noncommercial properties.

Views for comps-Descriptions of the views is based off of what is seen from the front or rear view of the property. If the location is in a residential area, with pastoral or acreage views, as well as a distant mountain view, then the residential and pastoral view is considered to be the most accurate, honest description of the view.

Bedrooms and Bathrooms-Number of bedrooms is accurate as described and sketched. The accessory unit bedrooms and bathrooms are NOT to be included in the bedroom and bathroom count description of the subject. It is described, pictured, and sketched separately from the primary subject. The accessory unit is not accessible through the main house and has its own separate entrance.

Supplied area of the neighborhood-The MCA provided explains why I described the area as having a recent oversupply with slightly over 6 months of housing supply to the area even with homes selling at a lower number of DOM and 127 DOM for listings.

Style-Traditional style of this home is due to it being a 2 story dwelling. The dormer style windows could explain that the description should be Cape Cod but they are for aesthetics only and are not included in any of the square footage. The house is also listed as a traditional style home in the MLS description.

Effective Age-The house is close to the actual age due to it having had no updates at all since it was built (per owner) but being well maintained, therefore it is slightly less than its actual age.

Foundation-Basement pictures support the block foundation description of the foundation of the home and also has had required no updating or repairs.

Roof-Upon review Respondent did mistakenly describe the roof as being aluminum though it does have dimensional roofing. However, Respondent researched other homes in the area that do have aluminum roofs versus dimensional and this has no effect on the opinion of value for the home.

Window Type-The window is clearly dual pane windows with no screens and is noted as such. I am unsure of the discrepancy.

Door Type-I do not understand the reason for this complaint as there is no description or designated area to describe doors.

Finished Rooms-Room totals are described as they should be and do not include bathrooms, laundry rooms, pantries, storage areas, or the accessory unit (which is included in the MLS). The description also separates the above grade and below grade rooms and is described and separated in the sales comparison grid.

Porches-On the sales comparison grid, the porches, patios, and decks are listed and not excluded from the comparable description or the subject description or sketch.

An expert review was requested and conducted finding the following:

The reviewer found the analysis, opinions and conclusions in the Subject, Contract, Comp Sales History sections were based on accurate information and adequately supported.

The reviewer found the analysis, opinions and conclusions in the Neighborhood section was NOT based on accurate information and adequately supported. The reviewer believes the boundaries are inaccurate and vague and an attempt to include all comparables in a large area.

The reviewer found the analysis, opinions and conclusions in the Site/Highest & Best Use section was NOT based on accurate information and adequately supported. There are no site dimensions and the Zoning Description is incomplete. The type of single family residential permitted is not included and the minimum lot size and site frontage is not reported which violate compliance of the USPAP standards.

The reviewer found the analysis, opinions and conclusions in the Sales Comparison Approach section was NOT based on accurate information and adequately supported. In general there was no summary of data to support the comps; no comments as to why or why not adjustments were or were not warranted. The lot size adjustments were not supported with summary of data or analysis as well as the subject's Accessory Unit with living room, kitchenette, bedroom and 1.5 bathrooms. It is not clear as to how comps miles away from subject, north of the river, close to the city share the same neighborhood amenities with subject and the comps south of the river. The range of the adjusted sales prices was not reasonable either.

The reviewer found the analysis, opinions and conclusions in the Cost Approach section was NOT based on accurate information and adequately supported. This section is not

reconciled with the three land sales provided. The land sales have brief description and not reported or analyzed how the features of each lot affected the prices. There are no summaries or reasoning that supports the value conclusion of the site value.

The reviewer found that most issues in the complaint were vague especially since there was a finished area above the garage that is assumed to be the problem in square footage, bedrooms and bathrooms mentioned by the Complainant. The Respondent was correct in handling the garage area separately as there is no access to the space from the house. The effective age issue appears to be reasonable in the report as well. The non-listing of the porches in the complaint is invalid due to the report showing the porches on the sales comparison grid.

The reviewer found the reconciliation to be boilerplate and did not address the quality and quantity of the data available within the approaches used. In addition, the reasoning for excluding the income approach does not address whether or not there is sufficient data for its completion.

New Information: This matter was sent to the Respondent for a Conditional Dismissal and signed by Counsel and Respondent on September 4, 2019. Counsel recommended Respondent complete a Highest and Best Use fifteen (15) hour course and Sales Comparison Approach for thirty (30) hours. After multiple extensions, Respondent has failed to complete any of the recommended educational courses. To date, Respondent has not submitted any of the required education. Therefore, Counsel recommends Respondent be assessed a One Thousand Dollar (\$1,000.00) civil penalty for the above-mentioned infractions.

New Recommendation: One Thousand Dollar (\$1,000.00) civil penalty for above-mentioned USPAP violations.

New Information: Following the meeting, Counsel sent a Consent Order to Respondent on the two (2) matters. In an effort to reach a settlement agreement and avoid a formal hearing, Counsel suggested the below recommendation to Respondent to resolve both matters. Respondent has agreed to this proposal and will sign a Consent Order addressing both matters, if the Commission approves.

New Recommendation: Sales Comparison Approach (30 Hours) course, Highest & Best Use (15 Hours) course, and Report Writing (15 Hours) course all to be completed in one hundred eighty days (180) days and above and beyond any continued education requirements, as well as the assessment of a Four (4) Thousand Dollar Civil Penalty (\$4,000.00).

New Decision: The Commission accepted counsel's recommendation.

6. **2019050891**

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

Disciplinary History: 2019 Conditional Dismissal

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

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

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

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

REVIEWER CONCLUSIONS

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

- The Reviewer finds that there is no commentary as to whether subject's 16.49 acre site is subdividable
- With respect to the complaint that the home was a mountain view rather than a woods view, the validity cannot be determined. The Reviewer states that Google Earth Pro shows the subject is surrounded by trees with mountains in the near distance, but the validity of the Complaint cannot be determined.
- **Improvements Section – Non-Compliance with SR 1-1(b); SR 1-2(e)(i); SR 2-1(a); SR 2-1(b); SR 2-2(a)(iii)**
 - The Reviewer finds that the subject's condition is reported to be C3; however, the subject is only 2 years old and all materials are rated to be in good condition. All exterior materials such as foundation, exterior walls, etc. are rated good. All interior materials such as floors, walls, etc. are also rated in good condition. The Reviewer states that the Uniform Appraisal Dataset (UAD) definitions addendum C2 states "The improvements represent a relatively new property that is well maintained with no deferred maintenance and little or no physical depreciation." In the addendum the appraisal states "Subject appears to be in good condition due to its limited wear and tear." This matches that C2 commentary, "little or no physical depreciation." The subject should have been reported to be in C2 condition.
 - The Reviewer finds that the subject property has a flat roof with no attic; however, in the Attic section a drop stair is reported for access to an attic
 - The Reviewer finds that a fireplace was reported in the adjustment grid, but in the improvements section, fireplace is reported to be zero.
 - The Reviewer finds that the quality of construction is not clearly defined in the appraisal. It is rated Q3; however, in the sales comparison comments in the addendum it states that the quality is superior, comparable to the quality of a log home
 - The Reviewer finds that the sketch indicates that the subject has 4 bedrooms; however, in the improvements section on page 1, 3 bedrooms are reported. In addition, there are photos of 4 bedrooms in the appraisal.
- **Sales Comparison Approach Section Non-Compliance with SR 1-1(b); SR 1-1(c); SR 1-1(c); SR 1-4(a); SR 1-2(e)(i); SR 2-1(a); SR 2-1(b); SR 2-2(a)(viii)**
 - The Reviewer finds that there is no summary of data that supports any of the adjustments in the sales comparison grid.
 - The Reviewer finds that the appraisal states in the Addendum under URAR: Sales Comparison Analysis that "a sensitivity technique, 1004MC, and land sales to develop adjustments for the grid with the sales comparison grid being used as a guide in the adjustment process." However, there is no definition of "sensitivity technique" in the appraisal, a term the Reviewer has never encountered in an appraisal, and there is no summary of that technique in the report. In addition, it is not explained how the 1004MC and land sales assisted in the adjustment process.
 - The Reviewer finds that a comment in the Addendum under URAR: Sales Comparison Analysis is contradictory and incomplete. The appraisal states that there was a limitation on the use of log cabin style dwellings (as comparables) because of their superior quality but the quality of subject is comparable to a log style home. There is no commentary as to why log cabin style homes were avoided in the sales comparison approach. There is no explanation as to why comparables

were used, comparables 1 and 4, that are inferior to subject in quality of construction which needed to be adjusted for this difference.

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

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

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

New Information: Following the meeting, Counsel sent a Consent Order to Respondent on the two (2) matters. In an effort to reach a settlement agreement and avoid a formal hearing, Counsel suggested the below recommendation to Respondent to resolve both matters.

Respondent has agreed to this proposal and will sign a Consent Order addressing both matters, if the Commission approves.

New Recommendation: Sales Comparison Approach (30 Hours) course, Highest & Best Use (15 Hours) course, and Report Writing (15 Hours) course all to be completed in one hundred eighty days (180) days and above and beyond any continued education requirements, as well as the assessment of a Four (4) Thousand Dollar Civil Penalty (\$4,000.00).

New Decision: The Commission accepted counsel's recommendation.

SHILINA BROWN

7. 2017081031

Licensing History: Certified General Real Estate Appraiser, 10/4/1991 – 10/31/2019

Disciplinary History: 2007 Letter of Caution and 2013 Letter of Caution

Complaint filed on December 27, 2017 by licensee Complainant. Complaint alleges errors in appraisal resulted in gross overvaluation of two parcels of land “that comprise approximately 83.649, of which approximately six acres along the highway frontage is zoned for commercial use with the remaining 77.65 acres zoned for agricultural use.” Complainant alleges Respondent allocated +/- 25 acres to commercial use, inappropriate comparable land sales were utilized, and that Respondent “disregarded recent and relevant market information proximate to the subject property that was available which reflected substantially lower indicators of value.” Respondent appraised property for \$5.3 million. Respondent submitted a written response refuting the allegations of Complainant and avers that zoning regulations permitted the larger commercial acreage.

Respondent supplemented the Response by submitting a letter stating in part the following: Complainant “is a disgruntled employee whom I had to fire because he started his own company while working for me and was using all my resources, including database and online services. Furthermore, it should be noted that the report in question was reviewed and approved [by the bank].” Respondent’s letter goes on to state “Although I understand that anyone may file a complaint to the Commission, I feel the background of this complaint should be noted.”

Expert review of the work files was completed on January 11, 2019 and it was concluded that Respondent’s report violated:

SR1-3a

The subject property in the appraisal review is split zoned. In addition, there appears to be a city and county zoning jurisdictions. Based on the zoning map included in the report it appears a small portion (less than 10 acres) is zoned C-3 with the remainder zoned A-1. There is little information in the report identifying the two zoning classifications, permitted uses, bulk regulations, and legal conformity of the improvements. The appraisal estimates a commercial component within the valuation section of 25 acres, but there is no discussion

or reference as to how this relates to the identified C-3 or A-1 zoning classifications in the Zoning Section. The appraisal discusses a B-3 zoning classification in summary; however, no other information on this B-3 district is found. The respondent confirms in the rebuttal to the claim that the zoning map within the original report is inaccurate. The information in the report is misleading and not consistent with the valuation. It is my opinion the appraisal committed substantial error of omission that significantly affects the appraisal.

SR1-1b, SR1-2e, and SR1-3a

The appraisal fails to provide a meaningful Highest & Best use analysis primarily with legal permissibility. The report states, the zoning districts provide a wide range of “commercial and retail uses.” The permitted uses are imperative to the Highest & Best Use summary, and conclusion of an ideal improvement of which was not provided. In addition, it is unknown if the comparable set have a similar H&BU conclusion as no mention of legally permitted uses was identified within the report.

SR2-2x

The appraisal concludes the Highest & Best Use of the site as improved is for redevelopment and employs a Sales Comparison Approach within the valuation, but fails to discuss or account for the current improvements or demolition thereof. It is concluded the report violated SR2-1(a). The appraisal includes multiple sales from the area and surrounding areas. These sales include both commercial and residential sales. There is little information within the valuation section aside from the actual sales, a summary table, a location map, and conclusion. It is unknown how the appraisal arrives at the conclusion or the methods utilized to arrive at these conclusions. There is no adjustment grid or explanation of adjustments contained in a workfile. The report does not contain sufficient information to enable the intended user of the appraisal to understand the report properly.

SR2-1b

Within the report there is little support for the 25-acre conclusion of commercial land. This is inconsistent with the Zoning Section, Site Section, or Analysis. It is unknown how the appraisal arrives at this conclusion with no assumptions, hypothetical conditions, or zoning changes mentioned. The C-1 component mentioned in the zoning section appears to be less than 10 acres. There is no support for these conclusions or rational. The report does not contain sufficient information to enable the intended user of the appraisal to understand the report properly.

The sales comparison approach does not summarize, support, or include an adjustment grid, summary of adjustments, or reference to adjustments retained in work file. The report does not contain sufficient information to enable the intended users of the appraisal to understand the report properly.

The H&BU section states the maximally productive use as vacant is for commercial development along the frontage and residential development along the rear of the site. In the valuation section, the report contains a conclusion for each component of the property

but does not discuss value discounts or lack thereof when split zoned properties are sold to a single buyer with separate highest and best use conclusions. The appraisal does not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

SR1-1a and SR2-1a

A brief reconciliation was included; however, the information was not specific to the report, techniques utilized in the report, or relevant information within the report. It appears this was primarily canned comments not specific to the appraisal methods evoked. The report does not reconcile the quality and quantity of data available and analyzed within the approach utilized.

Recommendation: Consent Order for thirty (30) hours of coursework, comprised of fifteen (15) hours of Highest and Best Use courses and fifteen (15) hours of Report Writing. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

Decision: The Commission voted to authorize a Consent Order for sixty (60) hours of coursework, comprised of thirty (30) hours of General Highest and Best Use courses and thirty (30) hours of Report Writing. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

New Information (July 2019): Following dissemination of the consent order, Respondent hired an attorney. Counsel has communicated extensively with Respondent's attorney in hopes of a settlement agreement. Respondent's attorney has hired an appraiser to review Respondent's report. Respondent's attorney has submitted a statement and an affidavit of the appraiser reviewer for the Commission's review. Respondent's attorney is submitting a counter-offer of a Letter of Instruction requiring Respondent to take the sixty (60) hours of coursework, comprised of thirty (30) hours of General Highest and Best Use courses and thirty (30) hours of Report Writing. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

New Recommendation: Discuss.

New Decision: The Commission voted to reinstate their original recommendation.

New Information: Since previously presented to the Commission, this matter was transferred to litigation counsel to file formal charges and bring this case to a formal hearing before the Commission. Upon further review by litigation counsel, discussions with the Respondent's attorney and Respondent's review by additional outside experts, there appears to be relevant and key information the Commission was not provided concerning the zoning of the parcel of land. As a result, this necessitated a review of both the exact language of the county and city zoning ordinances. Also, the Appraisal Report did not clearly delineate the

zoning nuances or provide the specific zoning information language and the reviewer did not have the actual zoning ordinances applicable to the parcel in question. Both city and county zoning ordinances are applicable in this matter because of the location of the parcel. The city portion of this parcel is zoned commercial and the county portion of the same parcel is zoned agricultural. Although zoned agricultural, the language of the ordinance does not use this term strictly. The county parcel zoned agricultural falls under Article 9 of the county zoning ordinance, specifically, the zoning is B-2 – Central Business District and permitted uses allow for zoning of this land for commercial uses. It provides additional non-traditional definitions for agricultural use. The county zoning ordinance refers to the classification of this land as Agricultural-Forestry District, however, this is classified to allow for Convenience Commercial Activities which includes retail establishments such as grocery stores, drug stores, etc. Therefore, the appraisal conducted in this matter was proper and correct and the parcel meets the legally permissible uses as identified in the appraisal report. Finally, the bank reviewed the appraisal and accepted and relied upon it. Additionally, the bank submitted the appraisal for a second review and no errors were found in the appraisal each time it was reviewed by the bank.

New Recommendation: Dismiss and Close.

New Decision: The Commission voted to reinstate their original recommendation.

DIRECTOR'S REPORT

Desktop Appraisals

Mr. Bennett advised Randy Thomas with Fanie May all clarified. About 25% Covid appraisals where they are not going inside.

Virtual Courses

Adopt guidelines from ABQ/ASC for Continue education with meeting the four requirements. 1. Must be currently approved course by the board. 2. Must be live and interactive. 3. My check for valid photo. 4. Attendance randomly during the course.

Chairman Randall Thomas made a motion to adopt The Guidelines from the ABQ/ASC has given for Continue Education. This was seconded by Brett Mansfield. The motion carried by roll call voice vote.

Rex Garrison made a motion to adopt The Guidelines from the ABQ/ASC for Qualifying Education once it becomes available. This was seconded by Michelle Alexander. The motion carried by roll call voice vote.

90 Day Extension for License/Certification renewal

Currently 7 renewals approved with pending online education.

NEW BUISSNESS

PSI

Chairman Randall Thomas made a motion to allow PSI testing online available. This was seconded by Brett Mansfield. The motion carried by roll call voice vote.

ADJOURNMENT

Chairman Randall Thomas made a motion to adjourn the meeting. Vice Chairman Rex Garrison seconded this motion. The motion carried by unanimous voice vote and was adjourned at 11:55 a.m.