



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

**Meeting Minutes for January 13th, 2020
Conference Room 1B
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on January 13th, 2020, 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: Michelle Alexander, Dr. Warren Mackara, Jason Bennett, Jim Atwood, Randall Thomas, Rex Garrison, Brett Mansfield

BOARD MEMBERS ABSENT: Rosemarie Johnson

STAFF MEMBERS PRESENT: Jennifer Peck, Anna Matlock, Caleb Darnell, William Best, Kristen Downey

CALL TO ORDER / ROLL CALL / NOTICE OF MEETING

Chairman Thomas called the meeting to order at 10:05 am, and Director Peck took roll call.

ELECT CHAIR

Mr. Atwood made a motion to nominate Chairman Thomas as the Chair. This was seconded by Dr. Mackara.

Ms. Alexander made a motion to nominate Mr. Garrison Chair. This was seconded by Mr. Mansfield.

Roll call vote was taken with the following board members voting YES for Chairman Thomas to be re-elected: Dr. Mackara, Mr. Bennett, Mr. Atwood, Chairman Thomas, and Mr. Mansfield. Ms. Alexander and Mr. Garrison voted NO. The motion carried by majority roll call vote. Chairman Thomas was re-elected as the Chair.

AGENDA

Ms. Alexander motioned to adopt the agenda as written. This was seconded by Mr. Bennett. The motion carried by unanimous voice vote.

APPEARING BEFORE THE BOARD

Cleoborn Pullum appeared before the board to request a waiver regarding discipline (administrative action) in another state within the appraiser profession. Mr. Atwood made a motion to allow Mr. Pullum to apply as an appraiser in the state of Tennessee, which was seconded by Dr. Mackara. Roll call vote was taken with the following board members voting YES: Ms. Alexander, Dr. Mackara, Mr. Atwood, Mr. Garrison, and Mr. Mansfield. Chairman Thomas voted no. Mr. Bennett abstained. The motion carried by majority roll call vote.

MINUTES

Mr. Mansfield made a motion to adopt the minutes from the October 21, 2019, meeting. This was seconded by Ms. Alexander. The motion carried by unanimous voice vote.

EXPERIENCE INTERVIEWS

Mr. Mansfield conducted the experience interview of **Paul E. Chapman** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Mansfield conducted the experience interview of **Dylan G. Harper** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Mansfield conducted the experience interview of **Molly K. Burke** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Bryan S. Chambers** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Chairman Thomas conducted the experience interview of **Spencer C. Selecman** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Sarah J. Bullington** and recommended that his experience be accepted toward the Certified Residential Upgrade.

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

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

EDUCATION REPORT

Director Peck 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. The motion carried by unanimous voice vote.

APPROVE January 13, 2020 - Education Committee Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
Columbia Institute	2343	Developing Compliant Reports Using TOTAL, no. 124	Joel Baker	CE	7	APPROVE
Appraiser eLearning	2338	Learning Home Measurement - Video Series	Hamp Thomas	CE	5	APPROVE
Appraiser eLearning	2355	Appraising Complex Properties with Unique Characteristics	Bryan Reynolds	CE	3.5	APPROVE
ASFMRA	2357	Appraising Ag Facilities Poultry Seminar	Scott Seely	CE	8	APPROVE
Melissa Bond	2359	ANSI - What's it all about?	Melissa Bond	CE	4	APPROVE
ASA	2364	Developing and Supporting Adjustments	Mike Orman, Mark Evans	CE	7	APPROVE
IRWA	2365	Problems in the Valuation of Partial Acquisitions	Christina Thoreson	CE	9	APPROVE
Melissa Bond	2366	Complaints and the Appraiser	Melissa Bond	CE	4	APPROVE

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
David Horner	IAAO	Commercial/Industrial Modeling Concepts, # 312	30	CE	APPROVE
Timothy Richardson	IAAO	Fundamentals of Real Property Appraisal	14	CE	APPROVE

Additional / Course Instructor Approvals

Licensee / Instructor (Qualifications)	Course Provider	Course Listings (all previously approved)	Recommendation
Thomas Humphrey	Bryan Reynolds & Assoc.	See email	APPROVE
Amelia Lovorn	Bryan Reynolds & Assoc.	See email	APPROVE

LEGAL REPORT (Presented by Kristen Downey)

1. **2019054441**
Opened: 6/17/2019
License Type: Certified Residential Real Estate Appraiser

First Licensed: 4/1/1992

Expires: 4/1/2020

Disciplinary History: None

Complainant is the homeowner. Respondent is a licensed real estate appraiser.

Complainant alleges that Respondent came to their home on June 15, 2019 and stepped into their yard to take pictures of their property with a cell phone. Complainant alleges that Respondent

never informed them of Respondent's arrival and did not ask permission to take the pictures of their home. Complainant alleges that Respondent stated that since Complainant's home was FSBO they could obtain the information they needed from the Complainant. Complainant alleges that Respondent gave out information regarding other properties in the area. Respondent refused to give the name of the lender that requested for Respondent to obtain the photographs of Complainant's home. Complainant states that they are not involved in any real estate ventures that would require a real estate appraisal.

Respondent filed a response stating that they do not have a workfile for the property and they have never had an assignment for this property. Respondent states that they saw a FSBO sign on the property and wanted to obtain basic details about the property and a photo of the house for use as a comparable listing or sale in the event that they engaged in a future appraisal assignment for a similar property. Respondent states that they noticed the house and pulled into the Complainant's driveway for a better look and to get a photo. Respondent alleges that they walked toward the house to knock on the door and ask for information; however, as Respondent was walking up to the house the Complainant exited the house. Respondent states that they spoke and gave their name to the Complainant and informed Complainant that they are a real estate appraiser. Complainant inquired as to why Respondent was taking pictures of the home. Respondent informed them that they were taking the pictures to possibly use the house as a comparable listing or sale. Respondent states that they gave Complainant their real estate appraiser identification card and asked Complainant if they could give more information on the property. Complainant did not appear to have an issue with Respondent being on the property. Complainant asked what Respondent thought the house was worth, but Respondent informed Complainant that they could not tell them this information unless they prepared an appraisal of the property. Complainant then became upset and asked whether Respondent was working with a lender. Respondent advised that they were not working for a lender. Complainant then threatened to call the sheriff. Respondent left the property immediately.

Recommendation: Dismiss.

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

2. **2019076281**

Opened: 9/10/2019

License Type: Certified Residential Real Estate Appraiser

First Licensed: 11/5/1991

Expires: 11/30/2021

Disciplinary History: None

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

Complainant alleges that the Respondent provided an inaccurate appraisal of their home. Complainant alleges that the comparables used for their appraisal were not appropriate comparable as they were sales from a neighborhood that was not Complainant's neighborhood. Complainant alleges that Respondent showed bias in performing their appraisal because they had to reschedule as the Respondent arrived unannounced to their home when they were not there. Complainant attached a letter to the VA regarding the incident, the invoice for the appraisal, and the appraisal report.

Respondent filed a response stating all sales used are in the subject development according to the records obtained and the MLS selling agent. Respondent states that they were told that the property was vacant, but when they arrived, the Complainant contacted them asking if they could wait 30 minutes for someone to come meet them at the Complainant's home. Respondent offered to reschedule and Complainant agreed. Respondent came back to the property on the rescheduled date and appraised the home. After the appraisal was complete, Respondent invoked Tidewater. Complainant's real estate licensee submitted five sales, but only three were in the subject subdivision. All sales were only four bedrooms, the subject has five bedrooms. The sales prices on the comparables provided ranged from \$229,500 (2,182 sq. ft.) to \$275,000 (2,672 sq. ft.). Respondent reviewed the sales and could not justify an increase. One of the properties that Complainant wanted considered has not sold and would not be considered for the appraisal. Respondent states that based on the public remarks made on the MLS listing the comparables used by Respondent were comparable to the subject. Respondent attached the MLS listings of the comparable, the invoice, and the appraisal report and workfile.

Complainant filed a rebuttal stating that the Respondent used incorrect floorplans to configure the square footage of their home. Complainant alleges that Respondent was upset that they had to reschedule the appraisal and exhibited bias in the appraisal report.

REVIEWER CONCLUSIONS

- The sales comparison adjustments are not properly supported. It was noted that there were some nominal adjustments made. The reasoning for these adjustments was not adequately explained. Although there were no comments found on how the adjustments were derived, overall there is sufficient information to enable the clients and intended users to understand the rationale for the opinions and conclusions provided in the sales comparison approach to value. Overall, the report has been conveyed in an appropriate manner, providing sufficient information to enable the clients, and/or intended users to

understand the rationale for the opinions and conclusions provided. The report indicates that the appraiser understands the appraisal process.

Recommendation: Dismiss.

Decision: The Commission voted to offer the Respondent a Conditional Dismissal requiring a seven (7) hour sales comparison course.

3. **2019092491**

Opened: 11/12/2019

License Type: Certified Residential Real Estate Appraiser

First Licensed: 12/23/1991

Expires: 12/23/2019

Disciplinary History: None

This complaint was opened administratively. Respondent is a licensed real estate appraiser.

The Complaint states that an appraiser willfully attempted to falsify a seven-hour USPAP course completion certificate submitted with 2019 appraiser renewal by writing "2018-2019 USPAP" on the USPAP certificate. This same certificate was submitted with Respondent's 2017 renewal without the "2018-2019 USPAP" written on the certificate. The Respondent was aware of the licensing period and renewal requirements.

Respondent filed a response stating that they had a conversation/email exchange on November 8 with the Department (TDCI) regarding their recent submission for license renewal. The Department indicated that their 7-hour USPAP submission was not completed during the required current two year cycle. Respondent asked if they could send in the USPAP class verification they were taking on December 6 and submit those hours to meet the requirement. The Department stated that this would be fine and to send proof.

Recommendation: Discuss.

Decision: The Commission voted to issue a Letter of Instruction regarding the deadlines and process of the USPAP licensure requirements in a renewal cycle.

4. **2019096941**

Opened: 11/26/2019

License Type: Certified General Real Estate Appraiser

First Licensed: 5/20/2014

Expires: 5/31/2020

Disciplinary History: None

Respondent is a licensed real estate appraiser and reported that they have been disciplined in both Arkansas and California for various USPAP violations.

Recommendation: Dismiss.

Decision: The Commission voted to accept Counsel's recommendation, and to send Respondent a link to the meeting.

Re-Present

5. **2018062301**

Opened: 8/31/2018

Licensing History: Unlicensed

Disciplinary History: None

Complainant alleges unlicensed activity on a mass nationwide appraisal wherein hundreds of millions of dollars of cell phone tower property was appraised.

Review shows approximately a dozen cell phones tower properties in the state of Tennessee were evaluated. Extensive expert review conducted herein. Counsel has corresponded with the attorney representing Respondent and Respondent has submitted numerous documents as requested by Counsel.

After review, it was found that Respondent is not licensed in Tennessee but signed a report stating he was the certified appraiser on the mass multi-state valuation and that he received assistance from several named individuals. One of the individuals received a temporary license from the Commission for the purposes of this transaction and later became fully licensed in the state of Tennessee. Said individual responded to request for production by counsel and the expert reviewer reviewed this matter.

The alleged "Appraisal Report" was provided to the expert reviewer as well as over 1,000 pages of supporting documentation. The appraisal report was identified as a "Valuation of Certain Assets of _____." The Client had asked an accounting firm to provide a retrospective valuation services related to its recapitalization transaction as of July 29, 2016 ("Valuation Date"). The objective of the alleged appraisal report was to assist the Client in estimating the fair value of the acquired identified tangible and intangible assets ("Assets"). The valuation will conclude the **fair value** and fair value of one unit in the Company on a minority, non-marketable per unit basis. Page 4 of the report stated, "This valuation analysis was conducted for financial reporting purposes in connection with U.S. GAAP and ASC 805, Business Combinations and ASC 805, Fair Value Measurements."

The expert reviewer found that the alleged Appraisal Report constituted a Fair Value Report with no association to USPAP. Accordingly, the expert reviewer concluded report is not a USPAP report despite being signed by an appraiser licensed in a state other than Tennessee wherein assistance was certified as being provided by a Tennessee licensee.

The expert reviewer concluded his review by finding “This report is a disservice to USPAP as well as an appraisal report of real property as defined by Market Value. Although the report is disguised to represent a market value appraisal report with respect to its construction and included USPAP DEFINITIONS, its clarity is deceiving.”

Recommendation: Dismiss.

Decision: The Commission voted to authorize a Consent Order with a one thousand dollar (\$1,000.00) civil penalty per property that had been appraised and to open a complaint against the temporary licensee.

NEW INFORMATION

- **Counsel met with Respondent’s Counsel on October 28, 2019. Respondent states they now require all appraisal professionals who provide significant assistance to an engagement sign the certification of each appraisal report.**
- **Respondent agrees to attend courses related to the violations. Respondent proposes completion of a 7-hour USPAP course for non-residential real property and the 4-hour “that’s a violation” course.**

New Decision: The Commission voted to keep their original recommendation, and to open an administrative complaint against the individual with a temporary license.

ANNA MATLOCK

Re-Present

6. **2018091301**

Type of License: Certified Residential Real Estate Appraiser

First Licensed: 11/17/2014

Expires: 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 Decision: The Commission voted to issue a Consent Order requiring Respondent to complete a Highest and Best Use fifteen (15) hour course and Sales Comparison Approach for thirty (30) hours within one hundred eighty (180) days, and to assess a \$1,000 civil penalty per USPAP violation.

Proposed Rule: ASC request- Instructor Certification Course

Staff Attorney Anna Matlock informed the board that the proposed rules, approved by the commission on July 15, 2019, submitted to the Attorney General's office was reworded due to conflicting language in existing legislature. The proposed red-line rules were carried by unanimous roll call vote.

DIRECTOR'S REPORT

Budget

Director Peck reviewed the overall expenditures throughout FY20, noting that there has been a recent spike in fees, as the new AMC dues are being paid as of October 2019.

NEW BUSINESS

Clarification on Rollover CE

Per request, the board discussed if continuing education, taken outside of a present renewal cycle, can be used in a present renewal cycle. Per statute and federal requirements, this is not permissible. Mr. Atwood asked if our board was allowed to have differing AQB requirements as opposed to the federal Appraisal Foundation. Staff Attorney Anna Matlock stated that she would undergo further research to see if this was possible.

AARO Conference Spring 2020

Director Peck brought to the board's attention the upcoming spring AARO conference. After discussion, the board members that requested to attend were Mr. Atwood, Mr. Garrison, and Chairman Thomas. Mr. Mansfield mentioned he would not be able to attend in the spring, but would like to attend in the fall. Director Peck stated she would like to attend and would verify if Staff Attorney Anna Matlock could attend.

Follow Up Research

Staff Attorney Anna Matlock presented to the board the follow up research about AMC's and how former panelists, from liquidated AMC's, would submit claims to be paid for outstanding work.

ADJOURNMENT

Dr. Mackara made a motion to adjourn the meeting. Mr. Atwood seconded this motion. The motion carried by unanimous voice vote and was adjourned at 12:05 p.m.