



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

**March 12, 2012 - Minutes**  
**Second Floor Conference Room, Andrew Johnson Tower**

The Tennessee Real Estate Appraiser Commission met March 12, 2012 at 9:15 a.m. in Nashville, Tennessee, at the Andrew Johnson Tower in the second floor conference room. Chairperson, Nancy Point, called the meeting to order and the following business was transacted.

**COMMISSION MEMBERS PRESENT**

Nancy Point  
James E. Wade, Jr.  
Norman Hall  
Michael Green  
Rosemarie Johnson  
Herbert Phillips

**COMMISSION MEMBERS ABSENT**

Timothy Walton  
Erik Sanford (resigned 2/9/12)  
Dr. Edward A. Baryla

**STAFF MEMBERS PRESENT**

Nikole Avers  
Aminah Saunders

**ADOPT AGENDA**

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

**MINUTES**

The February 13, 2012 minutes were reviewed. Mr. Phillips made the motion to accept the minutes as written. It was seconded by Mr. Hall. The motion carried unopposed.

**Experience Interviews**

**Daniel M. Craft** made application to upgrade from a registered trainee to become a certified residential real estate appraiser. Mr. Hall was the reviewer and recommended approval of his experience request. Ms. Johnson made a motion to accept the recommendation. Mr. Phillips seconded the motion. The motion carried unopposed.

**Terrell H. Smith**, made application to upgrade from a license real estate appraiser to become a certified residential real estate appraiser. Mr. Green and Mr. Wade were the reviewers and recommended approval of his experience request. Mr. Phillips made a motion to accept the recommendation. Mr. Hall seconded the motion. The motion carried unopposed.

**Education Committee Report**

Dr. Baryla reviewed the education and submitted his recommendations electronically to the Real Estate Appraiser Commission, as seen below. Mr. Hall made a motion to accept Dr. Baryla’s recommendations. Mr. Phillips seconded the motion. The motion carried unopposed.

**March 12, 2012 Education Committee Report**

Course Provider	Course Number	Course Name	Instructors	Hours	Type	Recommendation
ASFMRA	1559	Appraisal Through the Eyes of the Reviewer	Mark Lewis	7	CE	For

**Roger Stacey Letter to Commission**

Mr. Roger Stacey wrote a letter to the Commission asking them to reconsider, at a future time, the decision to not change the education rules to allow distance education for qualifying education. He discussed in his letter quality of on-line education, cost of travel to in-class room education, and lack of availability of in-classroom qualifying education for certified general courses.

Mr. Paul Busdiecker also submitted a letter to the Commission requesting similar consideration for allowance of on-line (distance) education approval of qualifying education.

The Commission members discuss the matter but decided not to revisit changing the education requirements at this time.

**LEGAL REPORT:**

**1. 2011030491 No reviewer in this matter.**

This complaint was filed by TREAC staff after the Respondent self-reported a criminal indictment related to appraisals conducted between 2007 and 2009.

**License History:** Certified Residential 05/12/2006 - Present

**Prior Disciplinary History:** 200802519 and 200900790 (Closed with Consent Order imposing six (6) month probation and \$3150.00 in penalty and costs).

**Reasoning and Recommendation:** To date the Respondent has not complied with TREAC's November 29, 2011 request to provide copies of the appraisals and work file at issue. The Respondent indicates that he is not guilty of the allegations but constrained by the current legal situation. The Respondent states that he is willing to place the license in INACTIVE status until the criminal case is resolved. Counsel recommends the imposition of a Consent Order imposing the SUSPENSION of the appraiser credential until such time as the Respondent complies with the request for the work files. Ms. Point added a request to set for formal hearing if the Respondent does not agree to this settlement offer.

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

**2. 201200454 No reviewer in this matter.**

This complaint was filed by a lender and alleged that the Respondent failed to analyze and report external obsolescence in a 2007 appraisal report.

The Respondent **SURRENDERED** the license on September 17, 2009.

**Prior Disciplinary History:** 200706816, 200708388, 200800066 (Closed w/ Consent Order imposing \$1000.00 civil penalty), 200900881 (Closed with SURRENDER)

**Reasoning and Recommendation:** Legal recommends that the complaint matter be CLOSED and FLAGGED as the Respondent is no longer licensed.

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

**3. 2011030011 Mr. Michael Orman was the reviewer.**

This complaint was filed by an AMC and alleged that the Respondent misreported the sales price of a comparable, used sales that were not exposed through the MLS, used sales outside the market area and utilized an extraordinary assumption involving over 30K in repair costs in a 2008 appraisal report.

**REVIEWER CONCLUSIONS [alleged violations included within brackets]:**

- The listing information was improperly analyzed. [Scope of Work Rule, SR 1-5(a), SR 2-2(b)(viii)]
- Neighborhood market trends not adequately described and/or analyzed. [SR 1-2(e)(i), SR 2-1, SR 2-2(b)(iii)]
- Highest and Best Use not properly analyzed.[SR 1-3(b), SR 2-2(b)(ix)]
- No analysis of recent repairs, renovations in relation to previous sale. [SR 1-2(e), SR 2-2(b)(iii)]
- Sales Comparison Approach not properly completed. [Competency Rule, Scope of Work Rule, SR 1-1(a)(b)(c), SR 1-4(a), SR 2-1(a)(b), SR 2-2(b)(viii)]

- Site Value and Cost Approach not supported. [SR 1-1(a)(b)(c), SR 1-4(b)(i)(ii), SR 2-1(b), SR 2-2(b)(viii)]
- Income Approach not improperly summarized.[Competency Rule, Scope of Work Rule, SR 1-1(a)(b)(c), SR 1-4(c)(ii)(iii)(iv), SR 2-2(b)(viii)]
- Reconciliation fails to address the quality and quantity of data in arriving at the final value conclusion. [SR 1-6(a)(b), SR 2-2(b)(viii)]

**License History:** Certified Residential 05/01/1998 - Present

**Prior Disciplinary History:** None.

**Reasoning and Recommendation:** The Respondent has been licensed CR for fourteen (14) years and has no prior discipline. The complaint involves a 2008 appraisal report. The review indicates significant violations of USPAP resulting in conclusions which have not been developed in compliance with the applicable standards and requirements. As the appraisal indicates competency issues Legal recommends the imposition of a Consent Order imposing a thirty (30) hour Basic Appraisal Procedures course and a fifteen (15) hour Residential Report Writing course to be completed within one hundred and eighty (180) days of execution. The proposed corrective education should assist the Respondent in becoming a more competent appraiser thereby protecting the interests of the public. Ms. Point added a request to set for formal hearing if the Respondent does not agree to this settlement offer.

**Vote:** Mr. Green made a revised recommendation and motion to accept the legal recommendation, but to add a five hundred dollar (\$500) civil penalty. Mr. Phillips seconded the motion. The motion carried unopposed.

**4. 2011029021 Mr. Michael Orman was the reviewer.**

This complaint was filed by a lender and alleged that the Respondent overvalued a residential property by using sales that were not exposed through MLS on the extreme high side of the market and failed to develop the income approach for an income property.

**REVIEWER CONCLUSIONS [alleged violations included within brackets]:**

- Owner of record not properly identified. [SR 1-1(b), SR 2-1(b)]
- Listings within twelve months of effective date not analyzed. [Scope of Work Rule, SR 1-1(a), SR 1-5(b), SR 2-1(b), SR 2-2(b)(v)(iii)]
- Neighborhood market conditions/trends not adequately described or analyzed. [SR 1-2(e)(i), SR 2-1, SR 2-2(b)(iii)]
- Sales used not properly verified or analyzed. No clear analysis or conclusion presented. No discussion of other area sales and their effect. [Scope of Work Rule, SR 1-1(a)(b), SR 1-4(a), SR 1-6(a), SR 2-2(b)(viii)]
- Site value not supported. Cost Approach data unsupported. [SR 1-1(a), SR 1-6(a), SR 1-4(b)(i)(ii), SR 2-2(b)(v)(iii)]
- Exclusion of the Income Approach not adequately explained. [SR 1-1(a), SR 1-6(a), SR 1-4(b)(i)(ii), SR 2-2(b)(viii)]

- Reconciliation does not address the quality or quantity of data or the applicability or suitability of approaches used in arriving at the final value. [SR 1-1(a)(b)(c), SR 1-6(a)(b), SR 2-1(a)(b), SR 2-2(b)(iii), SR 2-2(b)(viii)]
- Work file not provided. [Ethics Rule: Recordkeeping]

**License History:** Certified Residential 08/30/2001 - present

**Prior Disciplinary History:** 200708985 (Consent Order imposing 52 hours of corrective education)

**Reasoning and Recommendation:** The 2008 appraisal at issue was not developed in compliance with the applicable standards and requirements thereby reducing the credibility of the report. The Respondent has been licensed eleven (11) years and was previously disciplined for a 2007 complaint matter. The Respondent completed fifty two (52) hours of education after the appraisal at issue. Significantly, the Respondent failed to provide the work file for review. As such Legal recommends the imposition of a Consent Order imposing a sixty (60) day suspension for the apparent failure to comply with the Ethics Rule: Recordkeeping Section of USPAP. Ms. Point added a request to set for formal hearing if the Respondent does not agree to this settlement offer.

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

**5. 2011024231 Mr. Michael Orman was the reviewer.**

This complaint was filed by an AMC and alleged that the Respondent failed to properly analyze the subject's listing and sales history in a 2007 appraisal report.

**REVIEWER CONCLUSIONS [alleged violations included within brackets]:**

- Previous listing of subject not analyzed. [Scope of Work, Competency Rule, SR 2-2(b)(viii)]
- Ingress/Egress easement not addressed or analyzed. [SR 1-2(e)(vi), SR 2-2(b)(iii)]
- Factors that affect the improvements have not been properly analyzed. [SR 1-2(e), SR 2-2(b)(iii)]
- Sales Comparison adjustments not supported, prior transfer not analyzed, verification/analysis of a sale, opinions/conclusions not supported. [Scope of Work, Competency Rule, SR 1-1(a)(b), SR 1-4(a), SR 2-2(b)(viii)]
- Site value not supported. Cost Approach not supported. [Competency Rule, SR 1-1(a)(b)(c), SR 1-4(b)(i)(ii)(iii), SR 2-2 (b)(viii)]
- No analysis of rent comparable sales. Operating Income statement not properly completed. Income information not properly summarized and exclusion of Income Approach has not been supported. [Competency Rule, SR 1-1(a)(b)(c), SR 1-4(c)9i(ii), SR 2-2(b)(viii)]
- Reconciliation does not address the quality or quantity of data in arriving at the final value. [Competency Rule, SR 1-6(a)(b), SR 2-1(b), SR 2-2(b)(viii)]

- Work file information provided is inadequate and does not support the report under review. [Ethics Rule: Recordkeeping]

**License History:** Certified Residential 06/20/1996 - Present

**Prior Disciplinary History:** None.

**Reasoning and Recommendation:** The Respondent has been CR for sixteen (16) years and has no prior discipline. The appraisal at issue was performed in 2007. The inconsistencies in the report diminish the reliability of the report and the information provided does not contain sufficient information to enable the client and/or intended users to properly understand the opinions and conclusions. As the report demonstrates competency issues Legal recommends the imposition of a Consent Order imposing a thirty (30) hour Basic Appraisal Procedures Course and a fifteen (15) hour Residential Report Writing course to be completed within one hundred and eighty (180) days of execution. Ms. Point added a request to set for formal hearing if the Respondent does not agree to this settlement offer.

**Vote:** Mr. Green made a revised recommendation and motion to impose a consent order which shall include a five hundred dollar (\$500) civil penalty, a 30 hour procedures course which must be completed within one hundred and eighty (180) days of execution and authorization to proceed to formal hearing if settlement is rejected. Mr. Hall seconded the motion. The motion carried unopposed.

## **NEW BUSINESS**

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The Commission members discussed not allowing education required as part of disciplinary actions to count towards continuing education. It was decided to continue to consider this on a case by case basis rather than establish this as a firm policy.

Mr. Green made a motion to allow legal to set any complaint matter for formal hearing where settlement is not reached through a consent order. Mr. Wade seconded the motion. The motion carried.

Mr. Wade made a motion to cancel the June Real Estate Appraiser Commission meeting due to conflicting schedules with Nashville tourism activity at that time which causes a scarcity of hotel rooms. Mr. Phillips seconded that motion. The motion carried.

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Being no further business, the meeting was adjourned at 10:00 a.m.

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Chairperson, Nancy Point

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Nikole Avers, Executive Director