



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-1166
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March 10th, 2014
Minutes
First Floor Conference Room (1-B)
Davy Crockett Tower

The Tennessee Real Estate Appraiser Commission met on March 10th, 2014 in Nashville, Tennessee, at the Davy Crockett Tower in the first floor conference room. Mr. Green called the meeting to order at 10:10 a.m. and the following business was transacted.

COMMISSION MEMBERS PRESENT

Michael Green
Norman Hall
Mark Johnstone
Tim Walton
Nancy Point
Rosemary Johnson
Gary Standifer
Eric Collinsworth

COMMISSION MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

Nikole Avers, Keeling Baird, Dennis O'Brien

VISITORS PRESENT

Myra Whithers, James (Jack) Wade, Bryan Reynolds, Vicki Boyd, Michael Tankersley

Chairman Green read the public meeting statement into the record which indicated the agenda was posted to the Tennessee Real Estate Appraiser Commission website on February 27th, 2014.

ADOPT AGENDA

Mr. Hall made a motion to adopt the agenda. It was seconded by Mr. Collinsworth. The motion carried unopposed.

LEGISLATIVE REPORT

Director Avers introduced Greer Kelly who announced that legislation would pass to the effect that going forward, all appraiser applicants would have to be fingerprinted at a cost of \$48 from January 1st, 2015 onwards. This would be done by the provider/s already in use by the Tennessee Corrections Institute and would not affect current licensees unless they lost their licensure and decided to re-apply, at which time they would need to undergo fingerprinting.

She added that there was a possibility that one set of fingerprints could be shared between licensing agencies once an applicant had gone through the process the first time, but that discussion was still a work in progress. She had no other information on the other two bills on the Sunshine law and the removal of the late fee if appraisers were unable to complete their renewals at least 30 days before their licenses expired, at that time.

DIRECTOR'S REPORT

Director Avers requested that the board make a motion to withdraw Mr. Walton's request to travel to San Francisco for the spring AARO conference, based on the recent finding that only two members could be approved for out of state travel at any one time. As such, Mr. Walton's request had not been presented to the Commissioner. This would facilitate the previous vote to send Mr. Green and Mr. Johnstone to the conference as representatives, be approved for travel.

Vote: Mr. Walton made the motion to withdraw his request for travel to the AARO conference. This was seconded by Mr. Hall. The vote carried unanimously.

On the 2015 rule making planning key items for change, she distributed a draft with red lined items for change as requested at the previous meeting. She also mentioned the each member had been given a copy of the criteria book to which references had been made on each item under scrutiny. Among the different items being addressed, of note as to changes suggested, were the items noted here.

A definition for 'good standing' had been added to the section on definitions. Mr. Johnstone suggested that letters of instruction, caution and warning also be properly defined as non-disciplinary action in this section. For clarity, it was decided that a definition to that effect be added at the end of that section.

In the section dealing with trainee experience requirements to become a state licensed appraiser, it was suggested that 24 months of required experience stay in place as per the current rule, since putting in 2000 hours of appraisal experience in less than two years was difficult anyway.

Vote: Mr. Johnstone made a motion to keep the 24 months of experience in place. This was seconded by Mr. Standifer. The motion carried unanimously.

On the trainee/supervisor course section, changes were suggested to where supervisors will need to complete a minimum 7 hour course that would be facilitated by approved instructors and comply with specifications established by the AQB, with a mandatory examination at the end of the course.

At this point, since supervisor/trainee courses were being covered, Chairman Green invited the first of the visitor attendees from approved course provider schools, Myra Whithers, to address the board.

Ms. Whithers of the Appraisal Institute (Greater Tennessee chapter) said that some of her questions had been answered during the rule making change discussions earlier in the meeting and as such, she was only concerned as to what the duration of the supervisor/trainee course would be, whether it would be allowed as CE and whether trainees would also have to attend once the rules were finalized.

Mr. Green informed her that the answers would be made clear as soon as the rules under discussion were passed into law. He added that the board planned to approve the course as CE, both supervisor and trainee would take the course, and that the timing and content would be defined in the new rules going forward. Director Avers would point to the website where the proposed criteria under discussion could be found. Mr. Johnstone agreed to the same.

Mr. Green then invited James (Jack) White of the Appraisal Institute (Memphis chapter) to speak. He shared that he had sent out a request to the membership on this matter but had limited response. His main question was whether or not supervisors with existing trainees would also have to take the class and agreed that it had become clear from earlier discussions by the board that only supervisors taking on new trainees would need to attend this new course. He also looked forward to learning what the new regulations would be for this course.

Mr. Green then invited Bryan Reynolds to address the board. Mr. Reynolds pointed out that the qualification for the course was already published in the criteria book. His concern was whether or not the course would actually cover the supervisor training the trainee in the proper techniques and methodology of appraising, and whether the course would equip supervisors to adequately supervise their trainees as it was a serious responsibility on their part to do so. He mentioned that he had been conducting courses across the country and was often surprised to learn that attending appraisers had obviously not been supervised properly as trainees because they were still in doubt as to the basic criteria as to what creates value or the basic criteria for highest and best use, for instance. Based on these findings as a trainer/facilitator, he felt the course providers had failed to give students a good understanding of core principles and procedures so they stick throughout an appraiser's career so his concern was that this course ensures trainees get adequate supervision after the course was taken.

Mr. Walton agreed that the course should perhaps have a section on how to be a proper teacher/supervisor as well. To a question from Mr. Collinsworth, he also confirmed that the state of Kentucky had already passed a law that made the course mandatory for supervisors and trainees and that the course had to be at least a classroom conducted 7 hour course.

Both Mr. Johnstone and Mr. Green asked that he participate in providing a course outline on suggested course material that would include a section on best practices as well as some input on what would make a supervisor adequate to supervise a trainee. Mr. Reynolds ended by suggesting the commission involve industry professional in banking for instance when outlining a course such as this one.

Mr. Green then invited Vicki Boyd, an instructor with TREES of Chattanooga, to address the board. Ms. Boyd shared that they already offered a 7 hour course for supervisor appraisers that had content similar to the approved AQB minimum standards and that anything added would come from the commission after the new rules went into effect. She added that the only section not totally AQB compliant was the portion on state law which she had in her instructor handbook but was not a part of the course material itself at this time. Her one question was whether students who had taken this course would get CE credit again once the new course was in place. Ms. Avers agreed that if the commission approved it for CE, they could get credit again since they would be taking a new course taken by all supervisors with a new trainee, though that was not likely until after January 1st, 2015.

To questions from board members, Ms. Boyd shared that the course could possibly be longer than 7 hours given the discussions at this meeting on course if it was to equip supervisors and trainees adequately, and that the course they currently offered was in a classroom setting. On Mr. Green's request, she also agreed to share her inputs on course design, length and content.

Mr. Green also invited Michael Tankersley to share his inputs with the board. Mr. Tankersley who is the education chair of the Greater Tennessee chapter of the Appraisal Institute shared that both the schools he was associated with (Chicago and Tennessee), were waiting for the AQB to finalize the criteria for designing this course and that their discussions with the AQB indicated that the course would include a separate section that each state could include as required. He agreed to share his inputs on course design and content per Mr. Green's request.

In summary, the board instructed Ms. Avers to draft the rules to ensure the course was a minimum of 7hours (perhaps even 14 hours over two day period), the content be built from the AQB minimum standards as a baseline, that the course be offered in a classroom, that some qualification criteria for the instructors be included (since all instructors had an approval mechanism in place already), that the exam be mandatory, that some content on best practices be covered and, how often such a course could be taken and approved as CE and /or trainee QE. The Board also suggested that as many interested parties, appraisers, supervisors and trainees get involved through feedback, either online, by survey or newsletter – and that such feedback should be obtained by the end of May, 2014 if possible.

On the matter of course length, Chairman Green suggested a motion be made by the board.

Vote: Mr. Walton made the motion that the course be a minimum of 7 hours. This was seconded by Ms. Johnson. The vote carried unanimously.

To end the Director's report, Ms. Avers announced that Mr. Jesse Joseph would no longer be chief litigator for the Appraiser Commission as he had moved to another area of operations for the state. Mr. Green placed on record the board's appreciation for his service and dedication to the board.

PRESENTATION: OPEN RECORDS REQUIREMENTS

Mr. Sam Payne, deputy general counsel for Commerce and Insurance, introduced Damon Romano who made a presentation on the Sunshine Laws for the state of Tennessee, focusing on the recent changes that had come out of legislation.

MINUTES

The February 10th, 2014 minutes were reviewed. Mr. Hall made the motion to accept the minutes as written. It was seconded by Mr. Collinsworth. The motion carried unopposed.

REPORT OF EXPERIENCE INTERVIEWS

Dale Kimball Berry made an application to upgrade from a registered trainee to a certified general real estate appraiser. Mr. Johnstone was the reviewer and recommended that the experience credit request be granted. Mr. Walton made a motion to approve the request. This was seconded by Ms. Johnson. The motion carried unopposed.

Taylor Vandever made an application to upgrade from a registered trainee to a certified general real estate appraiser. Ms. Point was the reviewer and recommended he submit three additional reports with an effective date after March 11th, 2014, after which a second experience interview could be conducted with a different reviewer. Mr. Collinsworth recused himself from any voting or discussion. Mr. Walton made a motion to approve this recommendation. This was seconded by Mr. Hall. The motion carried unopposed.

Adam Brabson was unable to make it to the appointment.

MARCH 2014 - EDUCATION COMMITTEE REPORT

Mr. Hall and Director Avers reviewed the submissions and read the recommendations into the record, as below:

Course Provider	Course Number	Course Name	Instructors	Hours	Type
TREES/TAPS	1734	Today's FHA and VA	Ron Oslin, Vicki Boyd, Carlos Carter	7	CE
American Continuing Education Institute dba Calypso Continuing Education	1737	On-Line Victorian Era Architecture for Real Estate Professionals IDECC Approved 6/13-6/16	Francis X. Finigan	3	CE

Ms. Johnson made a motion to accept the recommendations. This was seconded by Mr. Walton. The motion carried unopposed.

Vote: Ms. Johnson made a motion to include a legal report to the agenda for the day. Mr. Collinsworth seconded the motion. The motion carried unopposed.

Ms. Baird then presented an update on the 2012 rules as submitted to the Attorney General's office.

Vote: Ms. Point made a motion to accept Ms. Baird's language on the new rules for 1255-01.11 (4). This was seconded by Mr. Collinsworth. The motion carried unanimously.

Vote: Mr. Walton made a motion to accept Ms. Baird's language on the new rules for 1255-01.11 (5). This was seconded by Ms. Point. The motion carried unanimously.

Vote: Mr. Johnstone made a motion to accept Ms. Baird's language on the new rules for 1255-02.03. This was seconded by Mr. Collinsworth. The motion carried unanimously.

LEGAL REPORT

1. 2013024121

This complaint was filed by a homeowner and alleged the undervaluing of the subject residential property. As a result, Complaint alleged that the buyers exercised their right not to proceed with the transaction. Complainant alleged that Respondent misquoted the gross living area of the property. Complainant stated that his complaint stems from Respondent's unprofessional pre-disposition against the finished basement and his use of \$40 per square foot to value the finished basement.

Respondent provided a lengthy response to the complaint, stating that in regard to the basement area, the front wall and left side wall are below grade. Respondent stated that per ANSI Z765-2003, *"The below-grade finished square footage of a house is the sum of finished areas on levels that are wholly or partly below grade."* The basement level is given value as finished basement in keeping with said standard. Respondent stated that the adjustments applied to unfinished and finished basements are extracted from data specific to each assignment.

REVEIWER CONCLUSIONS [alleged violations included within brackets]:

- The appraisal contains no highest and best use analysis, as vacant, nor support for the site value conclusion provided in the appraisal report other than the statement that, "The neighborhood has little to no vacant land sales from which to draw a value opinion of the site. The allocation method is used to give a site value opinion." [SR 2-2(b)(viii) & (ix)]
- The appraisal report states that the highest and best use is the current use of the property, but there is no adequate summary of the support and rationale for this opinion. [SR 2-2(b)(ix)]
- There is no statement in the certification that the appraiser has or has not performed any services on the subject property within the past 3-year period. [SR 2-3, line 877-879]

Respondent's Response to Reviewer's Conclusions

Respondent sent a response to the reviewer's conclusions stating that the highest and best use analysis is shown on the URAR report, itself. Supporting documentation in the file is the SE zoning, which permits single family residential and only single family residential. As there are no other legally permissible uses, further analysis of other uses was not required beyond the discovery of the SE zoning designation. The summary of the support and rationale for the opinion of highest and best use being the current use is the fact that there is only one legally permissible use. Respondent stated that although this is not written down in his notes, it is clear by the single family zoning that no other uses are permitted on the site. The statement regarding whether Respondent had or had not performed any services on the subject property within the past 3 year period is contained in the report. Respondent stated that such verbiage is on page 3 of 6 on the URAR, just above the cost approach section.

License History: Certified Residential 8/21/2001-Present

Disciplinary History: 200420646-Dismissed

Reasoning and Recommendation: The reviewer found that the appraiser adequately performed his due diligence and provided a report with conclusions that are credible and not misleading. The USPAP violations that are indicated in this appraisal review report are minor and do not adversely affect the credibility of the original assignment results. Respondent has been a certified general

appraiser for approximately twelve (12) years with no prior disciplinary action against him. As such, Counsel recommends that this matter be **Closed with no further action**.

Vote: Mr. Hall made a motion to accept counsel's recommendation. This was seconded by Mr. Collinsworth. The motion carried unopposed.

2. 2013019461

This complaint was filed in October 2013 by an Appraisal Management Company and alleged that the Respondent performed a residential appraisal report in March 2012 that was misleading and confusing to the reader/user of the report, which would be a violation of Standard Rule 2-1.

The Respondent in this matter, prior to any complaint having been filed, had emailed Executive Director Avers, indicating that he was retiring and moving to Texas. He did not place his license into "inactive" status, and the credential has not yet expired.

License History: Certified Residential 11/09/1994-Present

Disciplinary History: 946785-Dismissed; 201100501-Closed with a Letter of Caution; 201102780-Closed with a Letter of Warning

Reasoning and Recommendation: Staff and legal counsel recommend the authorization of a Consent Order, asking Respondent to agree to the single violation and to accept a voluntary surrender of his appraiser credential, in lieu of further disciplinary action. Such terms are to be settled by Consent Order or Formal Hearing.

Vote: Ms. Point made a motion to accept counsel's recommendation. This was seconded by Mr. Hall. The motion carried unopposed.

3. 2014001221

This complaint was filed by a review appraiser and consisted of three commercial property reviews. The Complainant alleged that the Respondent violated USPAP in all 3 appraisal reports. Before these appraisal reports could be sent out to an expert reviewer, Respondent sent correspondence to this office via letter stating that he had reviewed the complaint and that Respondent, himself, agreed with many of the Complainant's conclusions and could see the validity of Complainant's concerns. In an effort to expedite the proceedings, Respondent asked the TREAC to either fine him or reduce his license from a Certified General to a Certified Residential. Respondent was asking for leniency from the Commission.

After such correspondence was sent to the TREAC staff, Respondent requested an informal conference with Executive Director Avers and counsel to discuss the matter. Such informal conference was granted and held on Friday, February 28, 2014. During the informal conference, Respondent explained that during the month of December, the time these reports were completed, he faced significant personal challenges but that he has regained the focus and confidence necessary to meet the standards of the appraisal industry. At this informal conference, Respondent expressed his desire that the Commission downgrade his certified general appraiser credential to certified residential. Respondent seemed to understand where his deficiencies were and expressed that he thought this would be the most appropriate route.

Violations Noted by Review Appraiser

- Respondent failed to utilize and prominently state the appropriate format [SR 2-2]
- Respondent failed to sufficiently describe the real estate to include the physical and economic property characteristics. [SR 2-2]
- The report did not include an accurate legal description [SR 2-2(a)(iii)]

- The report did not contain an appropriate analysis of prior and current sales, options or listings for the last three years. [SR 2-2(a)(v)]
- The zoning description was inaccurate. [SR 1-3(a)]
- The report did not include a meaningful highest and best use analysis relevant to the subject characteristic for both the “as if vacant” and “as improved/proposed”. [SR 1-3(b)]
- Sufficient detail was not provided for each sale as required by the scope of work decision in the sales comparison method. [SR 1-4(a)]
- Land value was not well-supported or reasonable. [SR 1-4(a)]
- The reconciliation did not take into account the approaches used, listing the strengths and weaknesses of each. [SR 1-6]

Additional Comments by Review Appraiser

- The appraiser utilized one page land appraisal report form for a property that appears to be very complex and consist of four separate parcels of property. A narrative type report would have allowed the appraiser more flexibility to describe and analyze the subject site.
- The physical characteristics of the site were poorly described and include erroneous information and conflicting details. The lack of comprehensive factual data has substantial effect on the credibility of the report. The zoning classification was listed as SE in the description section and SU in the sales grid section, when in fact the site is zoned ER.
- The legal description included in the report included the description of five tracts. The subject consists of only four tracts. The fifth tract listed in the report is for a tract in a totally different section of the county. This appears to be an error when compiling the report. The appraisal report lacks the clear description of what is being appraised, and the exhibits do not provide adequate clarification.
- The sales history was very brief and not included in a descriptive section of the report.
- The scope of work was inadequate for the subject property. The appraiser failed to identify the appraisal problem, determine the solution, or competently apply the solution in this assignment.
- The appraiser provided no details for extraordinary assumption, which are almost always included for this type assignment. Some assumptions may have included the limitations on inspection and possibility of re-zoning.
- The appraisal report lacked details of the tracts included in the subject description. The location map was incorrect and gave no details for the subject or comparable sales. The appraiser inserted the wrong map.
- No property tax analysis was included in the report.
- A portion of the property is located in the flood hazard area. The appraiser failed to describe the acreage within this area and address the impact on value or the impact on the reminent.
- The appraiser stated that the reasonable exposure time was extracted from the market, however, no analysis was included in the report.
- Based upon the analyses, it is not reasonably ascertainable that the appraiser possesses the adequate credentials or competency to complete this type report.

Licensing History: Certified General 5/21/1992-Present

Disciplinary History: 9417777-Closed with a Consent Order (USPAP 15 hours & Report Writing 15 hours); 199901940-Closed with a Letter of Warning; 200801235-Closed with a Consent Order (Forecasting 7 hours, Analyzing Operating Expenses 7 hours, Small Hotel/Motel Valuation 7 hours, Report Writing & Valuation 40 hours)

Reasoning and Recommendation: Based on the events explained above and Respondent’s admitting his conduct and essentially restricting his own practice to exclude anything non-residential over \$250,000 without supervision of a certified general, it is the recommendation of

staff and Counsel that the Commission downgrade Respondent's appraiser credential from Certified General to Certified Residential, as well as place Respondent on a 1 year probationary period, during which time Respondent is prohibited from having any trainees. Such terms are to be satisfied by Consent Order or Formal Hearing.

Vote: Mr. Collinsworth recused himself from the discussion and vote.

Ms. Point made a motion to accept counsel's recommendation. This was seconded by Mr. Standifer. The motion carried unanimously.

4. 2014003211

This complaint was filed by a consumer and alleged that Respondent cashed a check for a property appraisal, which was never provided. Complainant stated in his complaint this his desire was to have the money returned to him, with interest.

Respondent filed a lengthy response to the complaint, stating that during the last several months since he viewed Complainant's home for the original intent of providing an appraisal of his property, Respondent has had numerous conversations with Complainant. Respondent stated that Complainant originally told him that his desire for an appraisal was that he wanted to inquire as to what the home should sell for if he was to put it on the market. Respondent explained to Complainant that there were numerous difficulties in doing his appraisal, due to several factors, including the condition of his home, the numerous repairs that were needed, the unkempt manner of the house, etc. Respondent advised Complainant that the value of the home, in his opinion, would be greatly enhanced if vacant and repaired, else the value would fall in line with many foreclosure properties he had seen in the area. Respondent later found out from Complainant's wife that Complainant was suffering from dementia. Subsequently, Respondent and Complainant mutually agreed that Respondent would return Complainant's money and send him a list of all of the listings of active and most similar sales that Respondent could find within the past 2 years so that maybe he could draw his own conclusions to a range of value, but Respondent did not offer to supply him a value. Respondent claimed that on January 19, 2014, he sent Complainant a check for the amount of the appraisal, along with a list of the most similar properties he could find. Respondent claimed he mailed the check to Complainant's home address, but the check never cleared the bank. Thus, Respondent stopped payment of the check and had another check sent to Complainant by certified mail/return receipt. Respondent does not believe that he has taken part in any wrongdoing in this matter.

Licensing History: Certified Residential 12/23/1991-Present

Disciplinary History: None

Reasoning and Recommendation: This matter seems to fall outside the jurisdiction of the Commission, in that it primarily involves a dispute over money. It seems Respondent has attempted to remedy the situation by returning the money to Complainant. If for some reason there is still a dispute from Complainant over the return of the money, Complainant would need to file a civil suit, in order to attempt to recover the money, thus, this matter would be better resolved in a civil arena. As such and without further information from Complainant, Counsel recommends that this matter be **Closed with no further action.**

Vote: Mr. Hall made a motion to accept counsel's recommendation. This was seconded by Mr. Walton. The motion carried unanimously.

5. 2013017581 RE-PRESENTATION

This matter is being re-presented from the February 10, 2014 Commission meeting. At the previous Commission meeting, the Commission voted to assess a One Thousand Dollar (\$1,000) civil penalty, along with a fifteen (15) hour Residential Site Valuation and Cost

Approach Course for the violations of USPAP noted by the reviewer. The following information was given at the last Commission meeting regarding the complaint.

This complaint was filed by the attorney for Complainant and alleged that Respondent appraised the subject property with apparent errors, which resulted in an inflated value opinion.

Respondent sent a lengthy response to the complaint, in addition to a lengthy response to the reviewer's conclusions, so I will summarize the responses in the response to reviewer's conclusions section.

REVEIWER CONCLUSIONS [alleged violations included within brackets]:

- The market conditions section does not contain any data, analysis or support for the opinion of one-unit housing trends. [SR 1-1(a)(b)(c); SR 1-2(e)(i); SR 1-3(a); SR 1-4(a); SR 1-6(a); SR 2-1(a)(b); SR 2-2(b)(iii)(viii)]
- The appraisal lacks detail and discussion regarding the exterior features and interior quality of construction and features that would support the subject's price point and help in the determination of the cost approach quality rating. [SR 1-2(e)(i)]
- The FNMA/FreddieMac requires use of at least one sale from different development and from a different builder. None of the sales used in the appraisal were from a different subdivision or builder. Only listing #1 was located in a different development, but the MLS sheet indicated that it was pending on 3/8/2012 and listed on 3/8/2012 and was not an active listing and listing 2 was not found to be in the MLS system.
- The appraisal stated that "Paired Sales Analysis" and the "Extraction Method" were used in the determination of the cost approach. The 1004 form states, "Support for the opinion of site value" "(summary of land sales or other methods for estimating land value)". The appraisal does not provide support for the opinions and methods used in the appraisal. There was no summary of the sales or market data researched or the additional homes outside of the development that were utilized in the extraction method. [SR 1-1(a)(b)(c); SR 1-4(b)(i); SR 1-6(a); SR 2-1(a)(b); SR 2-2(b)(viii)]
- Based on the available information provided, the income approach is based only and solely on the data provided by the seller. A search of the rental data on the MTRMLS system did not indicate any properties, lake view or otherwise, that leased for the monthly amounts shown in the leases provided to the appraiser by the seller. [SR 1-1(a)(b)(c); SR 1-4(c)(i); SR 106(a)(b); SR 2-2(b)(viii)]

Respondent's Response to Reviewer's Conclusions

Respondent sent a response to both the complaint and the reviewer's conclusions stating that with regard to the market conditions section, the Market Conditions Addendum to the appraisal report, Fannie Mae form 1004MC utilized the information available to the appraiser in the normal course of business as required by USPAP and provided an appropriate disclaimer noting the limitations of the data available to the appraiser under the Fannie Mae guidelines, therefore, there has been no violation of the applicable rules and regulations. With regard to bullet point number 2, Respondent stated that additional detail and discussion regarding the exterior features and the interior quality of construction and features were not required by the USPAP Standards or Fannie Mae guidelines beyond that which was included in the report, therefore, there has been no violation of the applicable rules and regulations. With regard to bullet point number 3, Respondent stated that the aforementioned FNMA requirements do not apply to his appraisal, and, therefore, there has been no violation of the applicable rules and regulations. With regard to bullet point number 4, Respondent stated that details of the methodology used in the Paired Sales Analysis and the Extraction Methods would typically only be provided at the lender's preference. Such detailed discussion is not required by either the USPAP or the Fannie Mae guidelines when utilized in considering the cost approach, therefore, there has been no violation. With regard to bullet point number 5, with regard to the income approach, Respondent stated he took reasonable measures according to standard business practices to obtain accurate lease information and made proper

disclosures as to where he obtained said leasehold information, therefore, there has been no violation. Respondent stated he conducted a reasonable appraisal using the data available to him in the usual course of business in order to complete his evaluation of the subject property.

License History:	Registered Trainee	11/13/2002-10/28/2007
	Certified Residential	10/29/2007-Present

Disciplinary History: 201200545-Closed with a Letter of Warning

Reasoning and Recommendation: The reviewer found that the appraisal lacks research of the immediate and surrounding lake communities sales, listings, lots, etc., and has possible violations of the Ethics Rule Conduct section, which states “must not advocate the cause or interest of any party or issue” and “must not perform an assignment in a grossly negligent manner”. The reviewer also found that the **subject’s value is overstated** by comparison of the other sales surveyed and retained in the workfile for this review. All sales and listings used in the original appraisal were from the same subdivision and not a reflection of the lake community markets. Respondent has been a certified residential appraiser for almost 7 years with one prior matter that was closed with a Letter of Warning specific to failing to support the site value and cost data included in the cost approach [SR 1-1(a); SR 1-4 (b)(i)(ii); SR 2-1 (b); SR 2-2 (b) (viii)]. USPAP deficiencies were identified in this complaint and the past complaint reviewed by a different reviewer, which seems to illustrate a pattern of deficiency in the cost approach. The review cited an Ethics Rule-Conduct section violation for overvaluation.

After the Consent Order was sent out to Respondent, Respondent’s counsel contacted the office to discuss a possible change in the language of the Order, which would not require Respondent to accept liability based on the language in the Order, should future civil litigation arise from this matter. Respondent’s attorney suggested that his client is agreeable to the punishment set for in the Order, but he is not comfortable with admitting to any wrongdoing. Respondent’s attorney suggests that it opens Respondent up to any lawsuit without the ability to set for any of his defenses. Thus, Respondent would like to settle without admitting fault.

Vote: Mr. Walton made a motion to accept counsel’s recommendation for a no-contest plea, with appropriate language as proposed by counsel. . This was seconded by Mr. Collinsworth. The motion carried unanimously.

Having no further business, Mr. Green adjourned the meeting.