



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

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

The Tennessee Real Estate Appraiser Commission met on April 16th, 2018, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 9:00 a.m. and the following business was transacted:

BOARD MEMBERS PRESENT: Randall Thomas, Rex Garrison, Mark Johnstone, Jim Atwood, Jason R. Bennett

STAFF MEMBERS PRESENT: Roxana Gumucio, Brad Harris, Sarah Mathews, Robyn Ryan

CALL TO ORDER / ROLL CALL

Chairman Thomas called the meeting to order at 9:00am. Director Gumucio took roll call and determined that quorum necessary to conduct business was established.

AGENDA

Mr. Bennett made a motion to adopt the agenda. This was seconded by Mr. Garrison. The motion carried by unanimous vote.

MINUTES

Mr. Garrison made a motion to adopt the minutes from the January 22nd meeting. This was seconded by Mr. Atwood. The motion carried by unanimous vote.

EXPERIENCE REVIEWS

Mr. Garrison conducted the experience interview of **Trennille Dwan McClennan** and recommended that her experience be accepted towards the Certified Residential upgrade. Mr. Garrison made a motion to approve. The motion carried by unanimous 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. Mr. Johnstone made a motion to accept Dr. Mackara's recommendation and approve the courses listed. This was seconded by Mr. Garrison. The motion carried by unanimous vote.

April 16, 2018 - Education Committee Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
Bryan Reynolds	2125	USPAP 15 Hour Course	B. Reynolds	QE	15	APPROVE
Allterra	2128	2018 Appraisal Policy & Procedures	C. Walker, J. London, M. Schnetzler, E. Durbin, Z. Dawson, S. Reuter	CE	7	APPROVE
Allterra	2129	2018 Keynote Charleston	E. Pinto, J. Brennan, B. Hulcombe, J. Trice, P. Chandler, D. Oldmixon, L. Trice, J. Bradford	CE	7	APPROVE
Georgia Appraiser School	2136	Current Appraisal Topics	J. Smithmyer	CE	7	APPROVE
Greater TN Chapter of AI	2137	Evaluating Residential Construction	J. Canestaro	CE	7	APPROVE
Greater TN Chapter of AI	2138	Drone Technology Impact	L. Ellis	CE	7	APPROVE
American Society of Appraisers	2141	Uniform Appraisal Standards for Federal Land Acquisitions	M. Evans, M. Orman, B. Wilson	CE	21	APPROVE
American Society of Appraisers	2142	Allocating Components in Going Concern Appraisals	D. Wilson	CE	24	APPROVE
OREP	2143	ON-LINE How to Raise Appraisal Quality and Minimize Risk	T. Andersen	CE	7	APPROVE
Greater TN Chapter of the AI	2148	Case Studies in Complex Valuations, Parts 1&2	L. Sellers	CE	7	APPROVE
Appraisal Institute	2149	Residential Sales and Income Approaches	M. Ratterman	CE QE	28 30	APPROVE
Appraisal Institute	2150	FHA Appraising for Valuation Professionals	M. Smeltzer	CE	7	APPROVE
Appraisal Institute	2151	Application and Interpretation of Simple Linear Regression	M. Wolverton	CE	14	APPROVE
Appraisal Institute	2152	Valuation in Challenging Markets	S. Roach	CE	28	APPROVE
Appraisal Institute	2153	The Appraiser as an Expert Witness	J. Magdziarz	CE	15	APPROVE
Appraisal Institute	2154	Litigation Appraising for Residential Appraisers	S. Adomatis	CE	4	APPROVE
IRWA	2157	Managing the Consultant Process, 303	C. Johnson	CE	8	APPROVE
IRWA	2159	When Public Agencies Collide, 304	C. Johnson	CE	8	APPROVE
IRWA	2160	Reviewing Appraisals in Eminent Domain, 410	C. Thoreson	CE	8	APPROVE
IRWA	2162	United States Land Titles, 801	R. Schreiber	CE	16	APPROVE
ASFMRA	2163	Property Rights	J. Widdoss	CE	8	APPROVE
ASFMRA	2164	Valuing Rural America	J. Bierschwale	CE	8	APPROVE
Appraisal Institute	2165	Appraisal Institute Conference - Day 1	Various speakers (Listed with application)	CE	4.5	APPROVE
Appraisal Institute	2166	Appraisal Institute Conference - Day 2	Various Speakers (Listed with application)	CE	4.5	APPROVE
Appraisal Institute	2167	Evaluating Commercial Leases	G. DeWeese	CE	7	APPROVE

ASFMRA	2174	Thinking Outside the Box	Mark Williams	CE	8	APPROVE
ASFMRA	2178	Valuing Specialty Livestock Facilities: Dairy Farms	Rebecca Stone & Cindy Best	CE	8	APPROVE
McKissock	2179	ONLINE- Evaluating Today's Residential Appraisal: Reliable Review	Alan Simmons	CE	7	APPROVE

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
1. G. Michael Turbyfill	BrightPath Educational Services	Case Studies 7	CE	7	APPROVE

FORMAL HEARING SETTLEMENT

In lieu of a formal hearing in the matter of Tennessee Real Estate Appraiser Commission v. James P. Murdaugh, Docket # 12.36-146913A, Complaint #'s 2015020881 and 2016042691, Disciplinary Counsel Robyn Ryan proposed the following settlement terms:

1. Respondent shall pay a civil penalty in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) representing a civil penalty of Two Thousand Dollars (\$2,000.00) for Complaint #2015020881, and Five Hundred Dollars (\$500.00) for Complaint #2016042691 as set forth below.
2. Respondent shall pay the Professional Reviewer investigatory costs in this matter in the amount of One Thousand Two Hundred Dollars (\$1,200.00) and shall pay this amount as set forth below.
3. A total payment of Three Thousand Seven Hundred Dollars (\$3,700.00) shall be made by cashier's check or money order to the State of Tennessee and shall be remitted, along with a copy of the first page of this Order, on or before August 1, 2018.
4. Respondent's Certified Appraiser license shall be suspended for three months, beginning May 1, 2018, and concluding at the end of the business day August 1, 2018. Beginning August 2, 2018, Respondent's Certified Appraiser License shall be automatically reinstated provided that all terms set out in this Agreed Order have been satisfied.
5. Respondent shall complete twenty (20) hours of continuing education with at least seven hours to be in Report Writing. These continuing education hours shall be completed within six (6) months from the date of the execution of this Agreed Order and shall be in addition to any hours necessary for the renewal of Respondent's license.
6. Respondent acknowledges and agrees that this settlement in no way bind any other agency, division, department or political subdivision of the State of Tennessee relative to any factual allegations cited herein.
7. Respondent shall comply with all statutes and rules governing Tennessee Real Estate Appraisers under Tennessee law.
8. Respondent waives all further procedural steps, including the opportunity for a hearing, currently scheduled for July 17, 2018, pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. Title 4, Chapter 5, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Agreed Order.
9. Respondent understands and agrees that the Tennessee Commission has the right to revoke Respondent's license based on Respondent's failure to comply with any term and provision within this Agreed Order. Respondent hereby acknowledges that failure to comply with any term contained within this Agreed Order shall result in the automatic revocation of Respondents'

Certified General Appraiser License, without a hearing before this Commission to adjudicate such revocation.

Motion made by Mr. Atwood and seconded by Mr. Bennett to approve the recommendation of Counsel. The motion carried with Mr. Garrison voting nay.

LEGAL REPORT

1. 2017070811

Licensing History:	Licensed Real Estate Appraiser	2/4/93 – 9/30/18
Disciplinary History:	2016 Consent Order- \$1000 civil penalty plus 7 hr. Manufactured Home course	

Complainant states Respondent provided false information, and that the photos included pictures that were not of property. Complainant states two comp pictures were false. Complainant states Respondent stated that Respondent drove by comp properties and took pictures from the street and Complainant states that this is not true as Respondent included comp pictures of other houses that were not the comp houses Complainant states that the site view were false as Respondent stated all five comp properties were Mtn which was not true and that only Complainant property had Mtn views. Complainant states that in amended appraisal, one comp had woods view, three Mtn view, and one golf course view but that only woods view was correct.

Respondent states that the subject property is in a mountain area and is an octagon shaped home with finished basement. Respondent states that one photo was removed in revised report as photo was not of property. That photo was of a utility room that Respondent believed was correct at the time. Respondent states that the comp photos were revisited on request from the lender client and new photos were attached to report. Respondent states that Respondent reviewed MLS reports of view descriptions for all comps used and make what Respondent believed was appropriate changes with new adjustments that changed final estimated market value. Respondent states Respondent made effort to address all questions and concerns and to correct all errors in original report.

REVIEWER CONCLUSIONS

Reviewer states that Respondent rendered an objection and impartial opinion of value but that the appraisal is not compliant with USPAP requirements.

Identify exposure time: Reviewer states there are inconsistencies and minor errors and omissions.

Market conditions: Reviewer states there are inconsistencies and minor clerical errors and omissions in this section. Comparable sales transacted generally within one to twelve months of effective appraisal date. No adjustment is made for differences in market timing and this trend is not clearly supported by data in MCA or market data grid.

Site data: Minimally discussed. Reviewer states Respondent states the size and shape of lot, and discusses easements, septic and zoning in the addendum and does describe view. Reviewer states that as this characteristic is included in market data grid that a discussion of relative importance or impact on value should be discussed.

Improvements: Reviewer states there are inconsistencies and minor clerical errors and omission within this section. Reviewer states Respondent did put updates on the supplemental addendum and recent improvements were also provided. Respondent notes that improvements influenced estimate of age and overall condition and states that comps are said to have comparable condition and upgrades. Reviewer states however that on page one Respondent stated “no updates were completed in the prior 15 years” and that this is inconsistent with description and UAD definition. The estimate of depreciation used in cost approach is consistent with the effective age description on page one. Reviewer suggests that an explanation of method used to calculate depreciation may clarify method for reader and add validity to report.

Site value: adjustments applied or excluded in market data grid are not adequately discussed and supported from the market. Reviewer states that report should guide the intended user through analytical process upon which adjustments were based.

Cost approach: Reviewer states cost approach was processed but not weighted in reconciliation. Reviewer states the cost approach appears to support value determined by sales comparison but that no explanation or discussion was made regarding the exclusion of the approach in reconciliation of value.

Reviewer states the main issue presented by Complainant is one of question of ethics and states that Respondent did not violate ethics rule according to USPAP.

SR2-1 (b) Reviewer states that supporting data, explanation and analysis applied are lacking

SR1-1(c) Reviewer states the report contains inconsistencies and minor clerical errors and omissions.

Recommendation: Letter of warning regarding SR2-1(b) and SR1-1(c).

Decision: The Commission voted for a consent order to require 14 hours of report writing education.

2. 2017071891

Licensing History:	Certified Residential Real Estate Appraiser	6/3/99 – 8/31/19
Disciplinary History:	None	

Complainant states that Respondent did a thirty minute appraisal and that the square footage, number of rooms, and bedroom and bathrooms were reported inaccurately. Complainant states that Respondent failed to include square footage of finished lower level and included additional bedroom, bathroom kitchen and other rooms in the report. Complainant states value stated falls short of other evaluation and monitoring services which has a 5,000 higher value and that past sales prices exceeded \$550K which is more than \$100K over appraisal price.

Respondent states the duration of the time on the property was slightly over one hour. Respondent states that the property was a 1.5 story structure with finished basement. Respondent states above grade and below grade room count and square footage must be listed separately as it was in the report. Respondent states the count included bedrooms and baths and rooms on the above grade levels and that the gross living area reflected the above grade levels.

REVIEWER CONCLUSIONS

Improvements: Reviewer states Respondent correctly noted appropriate sizes/areas and room counts per the form requirements for above grade and below grade areas. Reviewer states square footages of areas were appropriately identified and while there are some typographical or notation errors, there is no services of errors, omissions, nor anything grossly negligent or erroneous that would impact results.

Sales Comparison Approach: Review indicates fairly comparable and recent sales and listings were considered and value concluded appears adequately supported.

Cost Approach: Reliable costs sources and methodology were employed but an opinion of site value is reported with no summary information regarding sales utilized to derive the opinion of site value. Work file documents do not appear to contain any market data support or indicate an appropriate appraisal method or technique utilized for opinion of site value provided. Reviewer states cost approach is not deemed necessary for credible results in the valuation of subject.

Reviewer states the applicability and suitability of approaches utilized to arrive at the value conclusion was sufficiently presented and reconciled. Quality and quantity of data available and analyzed is sufficient and mostly adequately reconciled. Reviewer states final opinion of value is adequately supported with data utilized. Reviewer state there is a potential deficiency regarding Standard 1 and Standard 2.

SR1-4: given information submitted to reviewer the cost approach may not have been properly developed and does not sufficiently meet USAP. No summary information regarding an appropriate appraisal method or technique utilized to develop opinion of site value was included.

SR2-2: Review of cost approach indicated that reliable cost sources and methodology were employed but an opinion of site value was reported with no summary information regarding sales utilized to derive opinion of site value. No appropriately detailed discussion of highest and best that best adequately summarizes support and rationale for opinion was presented.

Recommendation: Letter of warning regarding SR1, SR2 in using Cost Approach.

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

3. 2017072061

Licensing History: Certified Residential Real Estate Appraiser 11/8/13 – 11/30/19

Disciplinary History: None

Complainant states that Complainant is sole owner and occupant of property and as Complainant had to be absent from home when appraised, Complainant requested someone to be there. Complainant states this was relayed to Respondent as well as legal evidence of Tennessee state identification. Complainant states Respondent did not acknowledge Respondent as owner and reported property as vacant. Complainant states Complainant attempted to contact Respondent but could not.

Respondent states Complainant's name was noted on page under owner of public record. The listing of property as vacant was a typographical error that could have been corrected but notes that there property did appear unlisted in. Respondent states that there was no indication of a problem at the time but the issue was corrected but did not impact Respondent's conclusion and opinions.

REVIEWER CONCLUSIONS

Reviewer states the appraisal report and supporting documentation were credible and professionally executed. Reviewer states major complaint was that appraiser reported property as vacant on inspection but Reviewer states that based on review of report and supporting documentation, Reviewer could have come to same conclusion. Reviewer states home photos do appear to show home vacant and unoccupied. Reviewer states report to be in compliance with USAP.

Recommendation: Dismiss

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

4. 2017072451

Licensing History: Certified Residential Real Estate Appraiser 9/27/02 – 6/30/19

Disciplinary History: None

Complainant, a licensee, states that appraisal report on property in question had a comparable sale used over 18 months on and an adjustment down of 25K of the property being of better quality than the subject property. The subject property had been completely renovated. Complainant states that there was a sale less than .25 miles from the subject property, similar but not used in value where the only major difference was price. Complainant states that a previous appraisal done less than six months prior had a value \$30K higher.

Respondents replied with documents of the appraisal.

REVIEWER CONCLUSIONS

Reviewer states that the report met some of the minimum requirements of USPAP with exceptions.

Improvements section: property was noted as completely remodeled including roof, paint, flooring, baths, etc. Reviewer states that condition described should be noted as something other than average.

Sales comparison: Reviewer found that one sale included had no evidence to show sale was in similar condition to subject property. No MLS data on the sale and none of data or verification sources listed gave appraiser information to make that assumption. The photos appeared to show property that was dated and need of some repair, show a one car garage and metal carport not a 3 car garage as noted. Listing also states property has apartment with two bedrooms and a second kitchen and this was not noted in report.

In another comparable, the MLS notes the sales concessions to be zero and another source Maardata states concessions to be \$6800 and this was verified through selling agent. Selling agent also noted property was slightly dated in condition and agent sold property to friend. MLS states property to be completely renovated interior and exterior but photos reflect dated condition as confirmed by selling agent. Third comparable data appeared to be true and correct but there is no commentary in explanation concerning minimal condition adjustment to this one when subject property had numerous renovations.

Cost approach: Appears to be true and correct but reviewer found little data to sufficiently enable intended users to understand how site value was determined and no data concerning the land sales or allocation method utilized to determine the site value.

SR2-1 Reviewer states that in the improvements section, some items are noted as average in condition when in fact items were new. Appraiser must not mislead and appraisal must set forth in a manner not misleading.

SR1-4, SR1-1(b)(c), SR 2-2(viii) In the sales comparison section, some data of the comparables is incorrect. Appraiser must verify all information and must not commit substantial error or omission that significantly affects appraisal and appraiser should not render appraisal services in a careless manner.

SR2-1(b), SR 2-2(a)(viii) Cost approach did not have information to support appraiser's opinions and conclusions. Cost approach must have enough information to enable user to understand how the site value was determined and that information or reasoning should be summarized.

Recommendation: \$1,000 civil penalty for violations of Standard Rules 2-1, 1-4, 1-1, 2-2

Decision: The Commission voted for a consent order to require a 7 hour sales comparison course and a 7 hour cost course.

5. 2017076501

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

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

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

REVIEWER CONCLUSIONS

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

Site Data

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

Building/Improvement Design

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

Sales Comparison Approach

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

Reconciliation and Conclusion

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

SR1-1(b) requires appraiser not commit substantial error of omission or commission that significantly affects appraisal.

Appraisal report identifies site to be served by sewer but incorrect assumption and this affects credibility.

Ownership and sales history would be more appropriately reported to show that estate was placed by final order of conservatorship by a final order with names of that conservatorship.

Sale consisted of transfer of easement for placement of a water line but conveyances were not reported or analyzed.

Two appraisals submitted with the second correcting land area but had same date as original appraisal. This report indicated that Respondent had prepared or provided no services in prior three year period. Second report would have been better to state that the Respondent had previously appraised property and new appraisal was prepared to correct acreage.

SR1-2(e) requires appraiser identify characteristics of property relevant to the type and definition of value and intended use of appraisal.

Respondent identified property as being served by sewer or having sewer available and this was not true. Availability of sewer tends to impact highest and best use.

SR1-2(h) requires appraiser determine scope of work necessary to produce a credible assignment results in accordance with scope of work rule.

Client ordered a market value appraisal and included other requirements that were not addressed in appraisal.

SR 1-4(f) requires that when analyzing anticipated public or private improvements, located on or off site, appraiser must analyze effect on value of such anticipated improvements to extent they are reflected in market actions.

Tennessee Department of Transportation proposed to acquire a strip along frontage for roadway improvement and this was not discussed or analyzed in report.

SR 2-1(a) requires appraiser summarize information sufficient to identify real estate involved including physical, legal and economic property characteristics relative to assignment.

Report states property had sewer which it does not.

SR 2-2(iii) requires appraiser summarize information sufficient to identify real estate involved including physical, legal and economic property characteristics.

Property was reported to have sewer and it did not.

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

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

6. 2017077321

Licensing History:	Certified Residential Real Estate Appraiser	6/18/15 – 6/30/19
Disciplinary History:	None	

Complainant is property owner who states that appraisal of Respondent came in \$20,000 under contract price because Respondent missed 200 sq. ft. and did not actually measure the home. Complainant states both real estate agents realized error and contacted Respondent who refused to return calls. Complainant states Respondent refused to meet agents at home to measure home and correct error and sale fell through.

Respondent states Respondent inspected property and as owners did not attend inspection, used the lock box to enter home. Respondent states Respondent has used the same 100' vinyl measuring tape for 19 years but has invested in a laser measuring device for interior parameters. Respondent states methodology is to measure exterior parameters of all structures and interior when appraising multi-level structures. Respondent states subject property not considered difficult to measure and properly calculate. Respondent states Respondent located 8 sales in subdivision and noticed sales did not support listing/contract price of property. Respondent states that client, VA, requires Respondent to immediately notify point of contact that numbers do not coincide and requires appraiser to send written letter explaining need to forward necessary documentation to support listing price. Respondent states listing agent was given 48 hours to comply but no one did. Respondent states that appraiser is not allowed to discuss any aspect of appraisal with anyone except VA representative or SAR assigned to case once Tidewater is invoked. Respondent states this appraisal was uploaded to the VA and then seller's agent and others in office questioned method of measurement stating property was larger than what was provided in report and the county tax assessor's office. Respondent states agent requested appraiser to come re-measure but Respondent states Respondent has responsibility to protect Veteran, lender, administration and integrity of appraisal profession. Respondent states listing agent did not properly validate listing/contract price using valid market data.

REVIEWER CONCLUSIONS

Neighborhood Reviewer states neighborhood boundary description appears to be inaccurate for the location. Property is located in one community not the other as all schools are the one community. Comments regarding university location are not typical comments for describing aspects of subject neighborhood.

Site Data Reviewer states site size was generated based on multiplying the frontage times the depth of one side. Reviewer states site is irregular rectangle and actual site square footage is 7,003/95 sq./ft. as opposed to 7,268 sq./ft. as listed in report and this information is available from labeled survey which is a public record.

Building/Improvement Description Reviewer states 1,482 square footage for residence is in error when recent measurement of structure indicates an actual sq./ft. of 1,586. Reviewer states it appears that Respondent used a tax sketch and did not complete a measurement of structure. Reviewer states error in square footage plays significant role in credibility of the appraisal conclusion.

Sales Comparison Approach Reviewer states size of living area is incorrect so that sales comparison approach is not credible, adjustments incorrect and therefore sales selection questionable.

Reconciliation & Conclusion Reviewer states as size is not correct, the report that relies only on Sales Comparison Approach is not credible. Reviewer states that the lack of consideration for a Cost Approach for a home that is only one year old is questionable. Sales Comparison Approach used wrong footage relative to comparison of size leads to a flawed conclusion. Reviewer states that from reading the file, Respondent was notified of likely error but failed to follow up with verification of building dimensions.

SR1-1(b) requires appraiser not commit a substantial error of omission or commission that significantly affects appraisal. Reviewer states previous appraisal had a different size Respondent did not measure house. Respondent had opportunity to check size information and did not reinvestigate.

SR1-1(c) requires appraiser not render services in a careless or negligent manner. Reviewer states that outside of square footage error, neighborhood description does not adequately describe location. Site area footage was based on frontage and depth of one side while site is irregular rectangle.

SR2 requires that in reporting, appraiser must not communicate in a misleading manner. Reviewer states the incorrect square footage is misleading especially when Respondent was made aware of error.

SR 2-1(a) requires appraisal to be set forth in a clear and accurate manner that will not be misleading. Impact of square footage is significant to value and would be considered misleading to a reader.

SR 2-2(viii) requires scope of work information include disclosure, research and analysis performed. Reviewer states while Respondent indicated that home was measured it appears more likely that onsite measurement was not complete.

Recommendation: \$4,000 civil penalty for violations of SR 1-1(b), SR101(c), SR 2, SR 2-1(a) and an 7 hour continuing education class in appraisal, USPAP & Review errors

Decision: The Commission voted to dismiss.

7. 2017077281

Licensing History:	Certified Residential Real Estate Appraiser	12/12/91 – 12/12/19
Disciplinary History:	None	

Complainant had a re-inspection of a property listed for sale that did not pass. Complainant told Respondent's assistant that Complainant had never seen any appraiser be so tough on a 60 year old house. Complainant states Respondent then called Complainant and told Complainant that everyone has own opinion and that like Respondent tells son, keep opinion to yourself as "you never know when we might cross paths again and you can take that as a threat".

Respondent states that Respondent preformed an appraisal where property was appraised and inspected twice due to an amendment and that Respondent did require repairs to meet typical guidelines. On final inspection, Respondent found some items corrected and others left not done or completed and Respondent asked that Complainant be called by assistant and advised of what remained to be addressed. In that call, Respondent states Complainant said that Complainant had an attitude and stated could not believe anyone could be so picky. After this conversation, Respondent did call Complainant and Respondent states Respondent was offended by Complainant's remarks. Respondent states that Complainant did say Complainant was entitled to Complainant's opinion and Respondent did tell Complainant statements re son and opinions. Respondent states Respondent told Complainant that Respondent did not make threats but told Complainant that if their paths crossed again, Respondent could tell Complainant what picky was.

This was sent for review but reviewer states that after reviewing the file, reviewer did not see any reason to work up an USPAP compliance review when Complainant did not identify property or issue with an appraisal report.

Recommendation: Dismiss

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

8. 2017078381

Licensing History: Certified Residential Real Estate Appraiser 8/15/13 – 1/27/20

Disciplinary History: None

Complainant works for company that hired Respondent to do an appraisal on property and states that as part of the quality assurance process, Respondent was asked to provide clarification on several matters. Complainant states that Respondent provided a revised report to client on 10/19 but that Complainant client was advised on 10/25 that Respondent had been in unauthorized communication with borrower via text messaging. Complainant states this is in violation of the confidentiality section of the Ethics Rule. Complainant included the screenshot of messages. Complainant states Respondent was notified of this and was given opportunity to respond to Complainant but did not.

Respondent states that Respondent completed appraisal and revisions with the final appraisal submitted on October 19. Respondent states that concerning the ethics violation, Respondent did respond to Complainant and that this was mailed. Respondent provided tracking information showing delivery to Complainant. Respondent states that the screenshot provided by Complainant appear to belong to an unauthorized recipient, fails to show or include date and no way to authenticate message. Respondent states that there is no confidential information exchanged.

REVIEWER CONCLUSIONS

Reviewer states that the report is generally complete but notes that the contract section is lacking a detailed analysis of the contract and notes other issues.

Subject and Contract Reviewer states this appears mostly complete and adequate but notes that the sale price was raised to cover most of seller concession but that this should have been detailed with effect on net proceeds to owner.

Neighborhood Reviewer states there are "canned statements" with very little real information about neighborhood and area and that the section was inadequate and lacking of meaningful information in violation of **SR 1-2(e) (i), SR 2-1(b), SR 2-2(a)(viii)**.

Sales Comparison Approach Reviewer states this section appears complete, appropriate and adequate except there is a very large positive inflation adjustment and an explanation or analysis of why this range was appropriate should have been included in violation of **SR1-1(a)(b), SR1-4(a), and SR 2-2(a)(viii)**.

Cost Approach Respondent states that due to the home's age, cost approach was probably not necessary and could possibly produce results that were not credible for assignment results. Reviewer states no explanation was provided on why it was included but there was a statement in reconciliation section that cost approach would not be accurate. Reviewer suggests that there should have been a reconciliation of the sales in the cost approach in violation of **SR1-4(b)(i), SR2-2(a)(viii)**.

Ethics Violation Reviewer states that the screen shot of two text messages were reviewed. Concerning the text, Reviewer states the statement in the first shot is rather vague and so vague that it is difficult to say it is a USPAP violation and that it must be proved that the Respondent made the statement which is not clear from the vague screen shot.

Reviewer states that in the second statement, the statement does not disclose anything except that the report had been completed and that the report was justified, and did not disclose anything and Reviewer states in Reviewer's opinion, there is no USPAP violation.

Recommendation: Letter of warning concerning violations of SR1-2(e)(i), SR 2-1(b), SR 2-2(a)(viii).

Decision: The Commission voted to dismiss.

9. 2018007151

Licensing History: Certified Residential Real Estate Appraiser 12/29/92 – 11/30/19
Disciplinary History: 2009 Consent Order

Complainant, home owner, has issues with appraisal done by Respondent and states that the report contained unsubstantiated claims, incorrect calculations, inaccurate and insufficient data, missing information and opinions that do not reflect market. In particular, Complainant states report is incorrect to say no HOA fees, questions the neighborhood comparables, the characterization of the outside building, and the value placed on subject property which is significantly less than listing price.

Respondent states that there is a HOA fee but that this was created in July 2017. Respondent states listing real estate agent did not report HOA fee and when Respondent called to verify the fact, agent stated agent did not know of any fees. Respondent states Respondent did not have Complainant's home phone number. When complaint was filed, Respondent again called agent who stated agent missed the HOA but Respondent states when Respondent performed report there was no HOA fee but there is at present. Concerning the land use Respondent states that Complainant wanted the land use to be 95% single family but Respondent states that this may be true in subject subdivision but not in the neighborhood. Respondent states Complainant has issues of improvements and that Respondent just noted what was on premises. Respondent states the detached building is all storage with one part finished one not. The finished part has a large room with some cabinets, a small fridge, a two burner cooktop and a bathroom with only toilet no sink, no shower or tub and therefore is not a guest house. Respondent states that Respondent believes Complainant believed this building would increase property value.

REVIEWER CONCLUSIONS

Neighborhood Reviewer states the neighborhood was a point of disagreement and complaint but states the issues related are not relevant as neighborhood description used by Respondent included area much larger than subdivision and related to land use percentages, vacant property percentage, etc. Reviewer states the neighborhood with appraisal using larger area appears to be reasonably accurate.

Building/Improvement Description Reviewer states that general description of residence and features appear to be accurate and the issues of details in complaint do not appear to be of any significance relevant to credibility of appraisal.

Sales Comparison Approach Reviewer states the appraisal had three listings and three closed sales. Reviewer states the price per square foot then ranged from \$94.18 to \$117.65 with the concluded value \$103.13 and analysis is credible.

Reconciliation and Conclusion Reviewer states appraisal only considered Sales Comparison Approach and appears that the application of data and analysis is reasonable and credible.

Reviewer did not find any indication of violation of standard rules or other violations.

Recommendation: Dismiss

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

10. 2018018071

Licensing History: Certified Residential Real Estate Appraiser 2/11/94 – 2/11/20
Disciplinary History: None

Complainant states Respondent appraised a home that Complainant had for sale and calculated the home as 47 square feet smaller than the actual size. Prior to putting home on market, it was calculated with different square footage and after appraisal by Respondent recalculated and found Respondent's measurements not correct.

Respondent states Respondent physically measured property and believes measurement to be correct. Respondent states Respondent was contacted by agent handling sale and agent states mortgage company informed agent that value was less than purchase price. Agent stated that another appraiser company had given different square footage and Respondent told agent that Respondent believe Respondent's measurements to be correct. Respondent told agent Respondent would meet and re-measure house but never heard back from agent. Respondent states Respondent has not talked nor met Complainant who initiated this complaint.

Complainant later asked that this complainant be withdrawn.

Recommendation: Dismiss

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

11. 2018002951

Licensing History:	Certified General Real Estate Appraiser	12/12/91 – 12/12/19
Disciplinary History:	None	

Complainant is homeowner and Respondent was hired by lending group for Complainant's refinancing. Complainant states that report from Respondent had discrepancies and that Complainant attempted to contact Respondent to correct same but could not. Complainant sent finance company original appraisal from 2015 together with some values given by Respondent for comparable sales, but Complainant states some figures were from homes sold nearly 8 months prior to Complainant's original purchase of home. Complainant states no comps listed have 4 bedrooms as does Complainants' home.

Respondent states that concerning no response to Complainant regarding initial appraisal, that the assignment from the VA prohibits an appraiser from discussing appraisal with borrower after the appraisal has been submitted to the VA. After the first report, Respondent states client requested a reconsideration of value to allow Respondent to broaden sales search to include additional comparables not originally included. Respondent states that the only sales within the allotted 6 month sales analysis period were such different design that it would have required extensive adjustment for differences for basement living areas, and garage differences between attached and built in garages. Respondent states adjustments would not have generated a creditable analysis. Respondent states the appraisal value of Complainant's 4 bedroom, 2 bath home as significantly impacted by the lack of a half bath on the main level. Respondent states there was a half bath in 2015 but that since purchase the half bath has been sealed off and not accessible for use. Respondent states other deficiencies affecting value include an absence of permanent floor covering on steps and second story landing, and large deck with missing boards which Complainant indicated Complainant planned to remove.

In rebuttal, Complainant states that concerning the half bath, the bath was closed off and sealed due to the foundation not being done correctly. As for the deck, Complainant states Complainant told Respondent that the deck was going to be removed to make way for expansion for the rear of the home to include relocation of half bath. Complainant included other 4 bedroom homes and values.

REVIEWER CONCLUSIONS

Both the original and second review were considered and reviewed by Reviewer.

Concerning the first report, the Reviewer found most to have been adequately and reasonably defined and reported with the following exceptions:

Site Reviewer states the site section of the URAR report asks "is the highest and best value of subject property as improved (or proposed as per plans and specifications) the present use?" Reviewer states report was marked yes but does not provide a summary or an analysis of the relevant factors necessary to support conclusion in violation of **SR 1-3(b), SR 2-2(a)(x)**.

Sales Comparison Approach Reviewer states three sales were utilized and that the physical information noted appears to be properly reported for the most part but that adjustments to the sales were noted but without adequate reasoning or

analysis in the report or the work file to indicate how the adjustments were derived or supported. Reviewer states report does not provide sufficient information for clients and intended users to understand the rationale for the opinions and conclusion in violation of **SR1-1(c), SR 2-2(a)(viii)**.

Reviewer states that for the second report, the highest and best use was not properly summarized, the relevant property condition characteristics were not properly reported, the sales comparison adjustments not properly supported, and that the reconciliation provided minimal analysis to support the opinions and conclusions provided. Reviewer states the comments concerning updates are inconsistent as the report states no updates in the prior 15 years but notes that the living and dining room floor coverings have been updated which is a change from the original report. Reviewer states there is no adequate reasoning or analysis in the report or work file to indicate how the sales comparison adjustments were derived or supported and that the report does not provide sufficient information to enable clients and users to understand rationale for opinions and conclusions provided in the sales comparison approach to value. Reviewer states the final reconciliation provides minimal reporting and analysis to support opinions and conclusions provided.

Site In the comment section, Reviewer notes that the report states no updates in the prior 15 years but that the living room and dining room updated within the last five years with hardwood flooring. Report states that the home without stated repairs is not marketable. Reviewer states comments are inconsistent and a change from comments provided in original report. Based on the information gathered, researched, relevant characteristics, factors affecting improvement and condition of improvements not adequately reported and analyzed, and inconsistent comments from original report, second report in violation of **SR1-1 (c), SR 2-2 (a)(iii)**.

Sales Comparison Approach Reviewer states that six sales were utilized and physical information noted have been mostly properly reported. Reviewer states there were adjustments noted to some of the sales originally used but the adjustments were not included in original report. Reviewer states there is no adequate reasoning or analysis in report or work file to indicate how adjustments were derived or supported and that the report does not provide sufficient information for clients and intended users to understand opinions and conclusions in violation of **SR1-1 (c), SR 2-2(a)(viii)**.

Reviewer further states that comments in report are concerning as report discusses sales found in price range that seems to indicate that sales were searched by price. Reviewer states there are comments discussing lack of half bath impacting the subject, but no supporting data. Reviewer states comments note that adjustment for land value differences is supported by county tax assessors or each site which is not considered an appropriate method of valuation. Reviewer states the appropriate appraisal methods and techniques have not been properly employed to support opinions and conclusions in violation of **SR 1-1(a)(b)(c), SR 1-4(a) and SR 2-2(a)(viii)**.

Reconciliation Reviewer states the reconciliation addresses the applicability and suitability of approaches used to arrive at the value noted conclusions. Reviewer notes that the report states that “the number of comparable sales available makes the sales comparison approach the most appropriate method to use in arriving at the final reconciliation of value. The cost report was not used because of the age of the home. The income approach was not applicable since the subject home is predominantly an owner-occupied neighborhood”. Reviewer notes that these statements provide minimal reporting and analysis to support opinions and conclusions provided and can reduce ability of clients or intended users to rely on or understand report.

Recommendation: Letter of warning concerning SR1-1(a)(b)(c), SR 1-4 and SR 2-2(a)(viii).

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

LEGISLATIVE UPDATE

Ms. Mathews provided a summary of two bills currently in legislative committee: Senate Bill No. 2458 / House Bill No. 2537 and Senate Bill No. 2465 / House Bill No. 2248.

PROPOSED RULES: NEW AQB STANDARDS, FEE REDUCTION

Ms. Mathews proposed a rules package in order to address recent updates to the Appraiser Qualifications Board (AQB) criteria for evaluation of education and qualifications and to further reflect a reduction of fees.

Mr. Johnstone made a motion to adopt the first three (3) rules as written. Mr. Garrison seconded. The motion was carried by unanimous vote.

In regards to Rule 1255-01-.05(1)(b)1, Mr. Atwood made a motion to decline adopting the proposed rule which would allow fifty percent (50%) distance education. Mr. Garrison seconded. The motion failed by roll call vote as Thomas, Bennett, and Johnstone voted to allow distance education as proposed.

Mr. Garrison made a motion to allow the proposed rules already adopted to be separated from the rest of the package in order to avoid any further delays in processing. Mr. Atwood seconded. The motion was carried by unanimous vote.

Mr. Garrison made a motion to adopt the first amendment to the Regulatory Flexibility Addendum. Mr. Atwood seconded. The motion was carried by unanimous vote. Mr. Atwood made a motion to adopt the second amendment to the Regulatory Flexibility Addendum. Mr. Garrison seconded. The motion was carried by unanimous vote. Mr. Atwood made a motion to adopt the third amendment to the Regulatory Flexibility Addendum. Mr. Garrison seconded. The motion was carried by unanimous vote.

In regards to Rule 1255-01-.05(1)(b)1, Mr. Atwood made a motion to decline adopting the proposed rule which would allow any distance education and to leave the rule as it currently stands without any proposed redlines. Mr. Garrison seconded. The motion failed by roll call vote as Thomas, Bennett, and Johnstone voted "nay".

In regards to Rule 1255-01-.05(1)(b)1, Mr. Bennett made a motion to adopt the proposed rule as written which would allow fifty percent (50%) distance education and to request a rule making hearing. Mr. Johnstone seconded. The motion passed by majority roll call vote with Atwood and Garrison voting "nay".

Mr. Atwood made a motion to change the Supervisor Trainee Course requirement from seven (7) hours to four (4) hours. Mr. Garrison seconded. The motion was carried by unanimous vote.

PROPOSED EXPEDITED COMPLAINTS

Director Gumucio and Ms. Mathews presented an agreed schedule which assigns either a letter of warning, a letter of instruction, or continuing education for each noted violation of statute according to predetermined categories where there was no prior disciplinary history. If the respondent complies with the instructions or continuing education assessed, the complaint will be dismissed. Mr. Garrison made a motion to accept the Counsel's recommendations as amended. Mr. Bennett seconded. The motion was carried by unanimous vote.

DIRECTOR'S REPORT

Director Gumucio provided an analysis of the past four (4) years of revenues and expenses to provide a reference for the fee reductions that were passed as well as provide a context for the strategic trajectory for any future modifications. Mr. Bennett inquired as to what percentage of the revenue is generated by AMC licensure to be presented at the next meeting.

NATIONAL ASSOCIATION OF APPRAISERS CONFERENCE

Director Gumucio provided an update from her attendance to the Spring Conference for the National Association of Appraisers (NAA) held in Nashville, TN from April 8-10.

UPDATE ON WAIVER REQUEST

At the November meeting, The Commission received a letter from ASC Executive Director Jim Park, from TriStar bank requesting that the ASC waive all appraisal requirements for a period of one year due to a shortage of CG appraisers in their geographic proximity. In December, Mr. Garrison provided a reply that respectfully disputed TriStar's claims that there exists a shortage of CG appraisers resulting in trends towards higher fees and longer turnaround times. Mr. Park recently submitted another letter in response to Mr. Garrison and the Commission presented by Director Gumucio. As for access to data detailing the current number of appraisers available by market and by license type, Ms. Mathews commented that the information provided to Mr. Park is available to anyone who submits a Public Records Request with the Commission or with any other state agency for that matter.

AARO 2018 SPRING CONFERENCE

Director Gumucio reminded the Commission that Chairman Thomas, Mr. Garrison, and Ms. Mathews were selected to attend the conference in Seattle, WA from May 3-7, 2018.

NATIONAL REGISTRY OF AMC'S

Director Gumucio provided a copy of Policy Statements provided by the Appraisal Subcommittee (Revised- March 2018) then shifted to discuss auditing the AMC's at a rate of ten percent (10%) per renewal cycle. Mr. Bennett made a motion to accept the Administration's recommendation of a ten percent (10%) randomized AMC audit per renewal cycle. Mr. Garrison seconded. The motion was carried by unanimous vote.

NEW BUSINESS

Chairman Thomas introduced for discussion the possibility of requiring licensees within the first six (6) months of their renewal cycle to take the current USPAP course.

In addressing the current complaint reviewer shortage, the Commission addressed varying options and tabled the discussion until the next meeting.

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There being no other business, Mr. Garrison moved to adjourn the meeting at 2:30 pm. This was seconded by Mr. Johnstone and so accepted by Chairman Randall Thomas.