



**TENNESSEE BOARD OF REAL ESTATE APPRAISERS**

DAVY CROCKETT TOWER  
500 JAMES ROBERTSON PARKWAY  
NASHVILLE, TN 37243  
(615) 741-1831

<https://www.tn.gov/commerce/regboards/treac/public-meeting-information.html>

**MINUTES**

January 18, 2022

The Tennessee Board of Real Estate Appraisers met January 18, 2022, and the following business transacted:

**CALL TO ORDER | ROLL CALL**

Rex Garrison called the meeting to order at 9:04 am and Director Michael Schulz called the roll.

**BOARD MEMBERS PRESENT:** Rex Garrison, Jim Atwood, Brett Mansfield, Michelle Alexander, Melanie Cole, Dr. Pankaj Jain, Karey Haisten

**BOARD MEMBERS ABSENT:** Jason Bennett

**STAFF MEMBERS PRESENT:** Michael Schulz, Caleb Darnell, Cherita Brown, Anna Matlock, Taylor Hilton

**ACKNOWLEDGED GUEST:** Professor Sergio Garate, University of Mississippi  
Professor Garate telephonically participated from the University of Mississippi to provide detailed information about their program that they have applied to the State of Tennessee.

- Program is offered both online and in person
- Program is AQB for 260-hours
- Junior year entrance, with a maximum entry of 140 students per registration
- Program does not offer USPAP, students will need to take the 15-hour USPAP and 4-hour supervisory
- 60 students graduate the program, and 6 out of 60 students go into appraisal

**ADOPT AGENDA**

Motion made adopt the agenda was made by Rex Garrison and seconded by Michelle Alexander. Motion passes unanimously by roll call vote.

**ELECT OFFICIERS**

Motion to nominate Rex Garrison for Chair was made by Jim Atwood and seconded by Michelle Alexander. Motion passes unanimously by roll call vote.

Motion to nominate Jim Atwood for Vice-Chair was made by Michelle Alexander and seconded by Brett Mansfield. Motion passes unanimously by roll call vote.

**REVIEW/APPROVAL NOVEMBER 2021 MINUTES**

Motion made by Brett Mansfield to approve the November minutes as presented and seconded by Michelle Alexander. Motion passes unanimously by roll call.

**LEGAL REPORT**

- Case Review [see attached]

**REPORT OF EXPERIENCE INTERVIEW(S)-RECOMMENDATIONS**

Motion to group and approve experience for Michael Kislauskas, Jacqueline Valentine, Dylan Furr, Derrick Allen, Lendell Lynch, Jacob Harrison, Matthew Anzivino, Thomas Manhein, David Moss excluding Forest Arnold was made by Rex Garrison and seconded by Michelle Alexander. Motion passes unanimously by roll call vote.

**Mr. Rex Garrison**

Name	Upgrade Type	Recommend	Board Vote
Michael Kiselauskas	CR	Yes	Yes
Jacqueline Valentine	CR	Yes	Yes
Dylan Furr	CG	Yes	Yes
Derrick Allen	CR	Yes	Yes

**Mr. Jim Atwood**

Name	Upgrade Type	Recommend	Board Vote
Forrest Arnold	Licensed	No	No
Lendell Lynch	Licensed	Yes	Yes

**Mr. Brett Mansfield**

Name	Upgrade Type	Recommend	Board Vote
Jacob Harrison	CR	Yes	Yes
Matthew Anzivino	CR	Yes	Yes
Thomas Manhein	CR	Yes	Yes
David Moss	CR	Yes	Yes

**Ms. Michelle Alexander**

Name	Upgrade Type	Recommend	Board Vote
N/A			

**EDUCATION REPORT**

**January 18, 2022 - Education Committee  
Report**

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
Appraiser ELearning LLC	2440	Measuring with ANSI and the 2021 ANSI Update	David Hampton Thomas	CE	4	<b>Approve</b>
Melissa Bond	2509	Adjustment Support	Melissa Bond	CE	7	<b>Approve</b>
Columbia Institute	2541	ONLINE - Appraising Pre-Foreclosures, Short Sales, & REOs	Heather Sullivan	CE	4	<b>Approved</b>
Appraiser ELearning LLC	2519	Appraisers Guide to FHA	Ben Maxwell	CE	7	<b>Approved</b>
Appraiser ELearning LLC	2517	Diversifying Your Practice-Inside and Out	Ben Maxwell	CE	7	<b>Approved</b>

**Individual Course Approvals**

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
Melissa Rich	IRWA	Elevating Your Ethical Awareness	8	CE	<b>Approve</b>

## **DIRECTOR'S REPORT**

- **Financial Statements**

## **OLD BUSINESS**

- **Short Term Rentals**

Brett Mansfield drafted a standardized FAQ for short-term rentals. Motion to approve the FAQs was made by Rex Garrison, and Michelle Alexander moved to approve and seconded by Karey Haisten. Motion passes unanimously by roll call vote.

- **Independent Appraiser Reviews**

Anna Matlock, Legal Counsel provided the commission with interpretation for the following rules: [What the rules say, what it does, and how it applies to and affects the Board and staff when processing and making administrative decisions]

**Tenn. Code Ann. § 62-39-103. License or certificate required**

**Tenn. Code Ann. § 62-39-104. Applicability**

**Tenn. Code Ann. § 62-39-413. License requirement for employees and independent contractors/declining letter of engagement**

- **PAREA Discussion**

No Discussion

## **NEW BUSINESS**

No Discussion

## **ADJOURNMENT**

Motion made to adjourn meeting at 11:19 am was made by Rex Garrison and seconded by Brett Mansfield. Motion passes unanimously by roll call vote.



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
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**TO:** Tennessee Real Estate Appraiser Commission

**FROM:** Taylor Hilton  
Associate General Counsel

**DATE:** January 18, 2022

**SUBJECT:** January 2022 Real Estate Appraiser Commission (APP) Legal Report

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*\*Any consent order authorized by the Commission should be signed by Respondent and returned within thirty (30) days. If said Consent Order is not signed and returned within the allotted time, the matter may proceed to a Formal Hearing.*

1. **2021067361**  
**Opened: 10/11/2021**  
**License Type: Certified Residential Real Estate Appraiser**  
**First Licensed: 9/19/1996**  
**Expires: 4/30/2023**  
**History: None**

Complainant alleges that Respondent did not follow the FNMA guidelines for subject properties located in new (or recently converted) condominiums, subdivisions, or ones that are a part of a planned urban development. Complainant alleges that the subject matter in question is in that type of area and that as such, Respondent was required to select one comparable sale from the subject's subdivision or project and one comparable sale from outside the subject's subdivision or project. However, Complainant alleges that none of the comparable homes selected by Respondent for the appraisal were from outside the subdivision or project. Complainant alleges that therefore, Respondent did not follow the

guidelines issued by the FNMA. Complainant states that they expressed this concern to Respondent and suggested additional comparables for them to use. Complainant states that Respondent replied that the comparables used were only within the development because they were closer in proximity and more similar than comparables in other developments. Complainant also states that Respondent expressed to them that since the subject property was two years old that the FNMA guidelines suggested by Complainant did not apply to the appraisal in question. Complainant alleges that the majority of the comparables used by Respondent were new construction homes and that, as such, Respondent's argument of the age of the home being two years is not applicable.

Respondent alleges that the suggested comparables by Complainant, were not relevant to the appraisal and that is why they did not use them for their report. Additionally, Respondent states that the subdivision that the subject was in was around three to four years old and that, as such, it does not fall under the regulation referenced by Complainant. Respondent states that they feel they used accurate comparables that were in close proximity and similar to the subject. Respondent states that their opinion was based on appropriately applied market data and that the reached value for the subject was supported by that data.

An expert review was completed. The expert reviewer determined that there were no observations in Respondent's report that reflected non-compliance with 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel's recommendation.**

2. **2021061141**  
**Opened: 9/27/2021**  
**License Type: Certified Residential Real Estate Appraiser**  
**First Licensed: 11/27/1991**  
**Expires: 11/27/2021**  
**History: None**

Complainant states that Respondent conducted an external appraisal on their home on August 03, 2021, and that the appraisal was completed on August 13, 2021. Complainant alleges that after reviewing the appraisal they believed that the value given in the report was incorrect and that the gross adjustments were excessive and over the preferred maximum. Complainant states that Respondent was inaccurate and inconsistent with the values they provided for lot sizes. Complainant states that they had a second appraisal done with another bank after Respondent's appraisal and that it came in \$152,000 over what Respondent valued the subject. Complainant alleges that they believe that Respondent used incorrect math and valued opinion rather than fact in their appraisal.

Respondent states that they only completed a drive-by appraisal on the subject property. Respondent alleges that there were no detailed on-site or interior inspections performed by Respondent. Respondent states that the following comments were in the report:

*“BE ADVISED THAT THIS REPORT IS SUBJECT TO SIGNIFICANT CHANGE IF AN ON-SITE AND DETAIL INSPECTION IS PERFORMED! LENDER IS AT SIGNIFICANT RISK! APPRAISER ALWAYS RECOMMENDS TO LENDER/CLIENT TO HAVE AN INTERIOR ON-SITE INSPECTION PERFORMED. AGAIN, BE ADVISED THAT THIS REPORT IS SUBJECT TO SIGNIFICANT CHANGE IF AN ON-SITE AND DETAIL INSPECTION IS PERFORMED!”*

Respondent states that Complainant is referring to full (interior and on-site) appraisals in their complaint, and that Respondent did not perform that type of appraisal on the subject. Likewise, Respondent alleges that the previous appraisal completed on the home was not provided to them until after their report was submitted as the lender/client did not want their opinion to be influenced. Respondent states that, nevertheless, the previous report is still just another appraiser’s opinion of value. Respondent alleges that due to the subject being situated in a rural low-density area, that there were few comparable homes on acreage having sold in the immediate area over the last year. Respondent states that based on the available comparables, and the report being merely a drive-by, that they believe the adjustments/opinions as applied in the report were accurate. Respondent states that they applied important comments in the report to assist the lender’s reviewer regarding site adjustments to comparables and highlighted them with asterisks. In conclusion, Respondent states that they performed a drive-by-only appraisal at the lender/client’s request and that they did not have the ability to perform an on-site/ interior inspection. As such, Respondent states that they believe they picked the most over overall comparable home sales on similar acreage in the immediate area as based on the information available to them at the time.

An expert review was completed. The expert reviewer determined that there were no observations in Respondent's report that reflected non-compliance with 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel’s recommendation.**

3. **2021044001**  
**Opened: 6/14/2021**  
**License Type: Certified Residential Real Estate Appraiser**  
**Expires: 6/30/2023**  
**History: 2018 Letter of Warning**

Complainant alleges that Respondent assessed the value of their home below current market conditions. Complainant states that Respondent made numerous errors in their appraisal report and that they used comparable properties that were not appropriate.

Complainant alleges that Respondent additionally rejected proposed comparables offered to them that Complainant feels would have disqualified Respondent's comparables.

Complainant alleges that the following errors existed in Respondent's appraisal:

- using a comp. that was sold for cash "for pennies on the dollar" because it was in unlivable condition at the time of sale.
- using a comp. that had almost 20% of its space as sub-grade and not making the proper adjustments.
- citing the wrong square footage of the subject property.
- stating the wrong average market value per sq. ft. at the time of the appraisal.
- stating that the demand for housing was "in balance" despite listed inventory being at an all-time historical low at the time of appraisal.
- stating that the subject property was 1.5 stories, when in fact the second story is the same size as the first, has two full bedrooms, a full bathroom, and 9-foot ceilings throughout.
- stating that no updates had been made to the property in the last 15 years even though both bathrooms and kitchen were renovated within the last two years and were just done in a historically accurate style because the home is 120 years old.

Complainant also alleges that there were missed facts in the appraisal by Respondent and that the appraisal was not accurately completed.

Respondent alleges that based on the data they were able to find, the appraised value was not too low and that there were no errors made in the appraisal report. Respondent states that the sales used in the appraisal report are of similar age, design, and were the best available as of the effective date of the appraisal report. In response to Complainant alleging that Respondent used a comparable that was sold undervalue for cash, Respondent states that a cash sale is one of the best indicators of market value. Respondent further alleges that they personally measured the dwelling located on the subject property themselves. Respondent alleges that the subject's basement has a "dug-out area" toward the middle of the dwelling with the outer edges being a crawlspace and so, as such, they only counted the area in which a person could stand up in as basement while considering the rest to be crawlspace. Respondent states that they did not mention anything in the report about the price per square foot. Additionally, Respondent alleges that while the market may not have been in balance for other types of properties in the area that based on the information that they collected for the appraisal the market for the subject property was in balance at the time of the appraisal. Respondent also alleges that the description of the home and how many stories are in the home are both accurate and correct. Additionally, Respondent states that while minor updating may have been done to the kitchen and bathrooms that those areas had not had significant enough updating to be considered as major updating. Respondent states they believe that they did their due diligence, reported the subject property accurately, and researched the market appropriately prior to issuing their report.

An expert review was completed on the appraisal Respondent performed on Complainant's property. The expert found that Respondent's appraisal appeared to adequately measure

the likely value of the subject. The expert also noted that there were no observations in Respondent's report that reflected non-compliance with 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel's recommendation.**

4. **2021068701**

Opened: 10/25/2021

License Type: Certified Residential Real Estate Appraiser

First Licensed: 4/27/2015

Expires: 10/30/2023

History: None

Complainant alleges that Respondent has multiple personal conflicts of interest and that, as such, they cannot properly fulfill their duties properly as an appraiser. Complainant alleges that Respondent is unable to be impartial or exercise the required independent professional judgment as an appraiser due to being both a Real Estate Broker and part owner in a Real Estate business. Complainant alleges that Respondent owning a Real Estate company impacts their performance as an appraiser. Complainant states that Respondent is doing appraisal reports for the people who work for their Real Estate company, as well as for their Real Estate competitors. Complainant alleges that in some cases Respondent will later do appraisals for houses that they had previously submitted losing offers for. Complainant believes that this undermines Respondent's ability to exercise the required professional independent judgment. Complainant alleges that Respondent is using contracts that fall through because of their appraisals to create an investment property list and then offering to buy the houses through investors.

Respondent states that while they are a part-owner of a Real Estate company, that they are not a Real Estate Broker like the complaint alleges. Respondent states that, nevertheless, being a Real Estate agent and/or broker would not be a conflict of interest in itself. Respondent states that owning a Real Estate company does not negatively impact their ability as an appraiser. Rather, Respondent argues, that their experience as an agent has a positive impact on their appraisal work. Respondent alleges that by law and USPAP Regulations that they are only prevented from appraising a property if they are representing the property's buyer(s) or seller(s), and Respondent states that they have never done that. Respondent alleges that if they have an appraisal request come in and an agent is a realtor who works for their company that they always follow the rules and disclose that to the Appraiser Management Company/lender and/or the client. Respondent states that only then if the client agrees, will they accept the order. Respondent alleges that they always follow the rules, the law, and any USPAP regulations for disclosing the relationship before they accept an order. Additionally, Respondent asserts that as an appraiser they are permitted to do appraisals for other Real Estate competitors. Respondent further alleges that they have never received a complaint about any appraisal they have done for a competitor since they started their appraisal career. Respondent alleges that they have never done any appraisal



work for a property that they have submitted an offer for as a realtor. Respondent states that Complainant addressed a perception and an opinion rather than showing any violation of law or USPAP rules. Respondent states that there has been no proof offered to show a violation of any Ethic Regulations for appraisers. Respondent states that they have never tracked or monitored any properties that have fallen through due to their appraisal and that they have never as a realtor made an offer for any property they had appraised before. Respondent additionally alleges that there is no proof provided of them ever doing anything like that because they have never done it.

Based on the information provided it does not appear that there are any violations of law, Ethic Regulations, or non-compliance with any 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel's recommendation.**

5. **2021073051**

Opened: 11/15/2021

License Type: Certified Residential Real Estate Appraiser

First Licensed: 6/12/1997

Expires: 10/31/2023

History: None

Complainant states that Respondent appraised their home on October 20, 2021. Complainant alleges that they hired Respondent through an appraisal management company. Complainant alleges that at the time of the complaint on November 04, 2021, Respondent had not returned the appraisal nor responded to their attempts to contact them. Complainant states that the appraisal had to be reassigned and that their closing was delayed. Complainant alleges that they feel that Respondent had acted unprofessional and untimely with responses and with returning the appraisal.

Respondent states that their father passed away during the night of October 20th. As such, Respondent states that they had to spend the next few weeks trying to get all of their father's affairs and funeral in order. Respondent immediately notified their client, the appraisal management company, of their situation. Respondent let their client know that due to what was going on that they would not be able to complete the assignment promptly and informed them that they needed to reassign the appraisal.

Based on the information provided it does not appear that there are any violations of law or non-compliance with 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel's recommendation.**

6. **2021066021**

Opened: 11/8/2021

License Type: Certified General Real Estate Appraiser

First Licensed: 12/2/1993

Expires: 12/2/2023

History: 1999 Consent Order for USPAP violations; 2011 Letter of Warning

Complainant states that they are the buyer's agent for the house in question that Respondent appraised. Complainant alleges that Respondent had told the appraisal management company that they performed the appraisal during the first week of December 2020. Complainant states that, however, Respondent then showed up unannounced at the subject property the following week to take pictures of the home. Complainant alleges that Respondent stated that they had forgotten their camera when they were at the property the previous week and just needed to take some pictures to be able to finish the report. However, Complainant alleges that after no one was able to get into contact with Respondent about the appraisal being submitted. Complainant states that the closing was scheduled for December 18, 2020, but that due to Respondent not answering anyone until that same day they had to delay closing. Complainant states that Respondent informed the parties involved that they would have the report to them by the end of business on December 18, 2020. Complainant alleges, however, that the report was never turned in that day. Complainant states that they were not able to close on the house until January 7, 2021, due to the delay of the report. Complainant alleges that they believe Respondent has a pattern of acting unprofessional.

Respondent states that they inspected the subject property on December 10, 2020, and had a due date of December 14, 2020. However, Respondent alleges that their computer crashed and that, as such, they lost all their photos. Respondent states that because of this they had to return to the property and take new photos for their report. Respondent states that they called the subject's listing agent and was informed that the house was vacant and that they could go to the property anytime to get the photos. However, Respondent states that once they arrived at the property the owner's daughter was there. Respondent alleges that they spoke with the daughter, explained to them why they were there, and that they were told that it would not be a problem to come in and take photos. Respondent states that they turned in the report on December 18, 2021, and completed the requested revisions on December 22, 2021. Respondent states this was the last time they had contact with their client, the appraisal management company, about this appraisal. Respondent states that they are "off-put" by Complainant's allegations that they have a pattern of unprofessionalism and that they believe they acted professionally for the appraisal in question. Additionally, Respondent states that they kept in contact with their client the appraisal management company throughout the situation, but that they do not typically communicate with agents, sellers, or buyers unless there is an issue. Respondent states that they feel it is easier to keep communication solely with the client if possible because updating every party involved separately can lead to confusion.

Based on the information provided it does not appear that there are any violations of law or non-compliance with 2020/2021 USPAP Standards. As such, counsel recommends dismissing the complaint.

**Recommendation: Dismiss.**

**Commission Decision: The Commission accepted counsel's recommendation.**

7. **2021067441**

Opened: 11/15/2021

License Type: Certified Residential Real Estate Appraiser

First Licensed: 3/27/2002

Expires: 4/30/2022

History: None

This is an administratively opened complaint due to Respondent's failure to complete their continuing education for renewal. Licensee received an extension in 2020 to complete their continuing education. Licensee failed to fulfill that continuing education.

Respondent states that when they received the complaint that they remembered about receiving an extension to complete their requirements due to them doing having done all their continuing education online. Respondent states that when they received the complaint that they remembered being informed that they were still required to do a certain amount of their continuing education classes via zoom and/or in the classroom. Respondent states that they did not do so within the required time frame. Respondent alleges that they have no excuse for why it was not completed but that they admit to their mistake.

Respondent has since reached out to counsel and signed up for their missing 14 hours of classes via zoom. Respondent is set to finish their requirements with their final class on January 19, 2022, and states that they will supply documentation after completion.

**Recommendation: Authorize a Letter of Caution to Respondent and allow thirty (30) days for Respondent to provide proof finishing of their CE requirements. However, if there is no response from Respondent within thirty (30) days then authorize issuing a Consent Order for a \$250 civil penalty and requiring Respondent to provide proof of CE within 30 days.**

**Commission Decision: The Commission accepted counsel's recommendation.**

8. **2021067411**

Opened: 11/15/2021

License Type: Certified Residential Real Estate Appraiser

First Licensed: 9/23/1992

Expires: 7/17/2022

History: None

This is an administratively opened complaint due to Respondent's failure to complete their continuing education for renewal. Licensee received an extension in 2020 to complete their continuing education. Licensee failed to fulfill that continuing education.

Respondent states that they reached out on June 16, 2020, to see if there would be any extensions to the continuing education requirement as their license expired on July 17, 2020. Respondent alleges that there were not any classes in their area at that time. Respondent states that they received a response on June 17, 2020, informing them to renew their license as normal and that the required continuing education courses could be completed online by July 31, 2020. As such, Respondent renewed their license on July 16, 2020. However, Respondent did not finish their required continuing education hours due to health and money issues from the pandemic. Respondent has since sent a letter voluntarily surrendering their license and no longer plans to practice appraising. As such, counsel recommends closing and flagging the complaint.

**Recommendation: Close and Flag.**

**Commission Decision: The Commission accepted counsel's recommendation.**

9. **2021067451**

Opened: 11/15/2021

License Type: TRN – Registered Trainee

First Licensed: 3/12/2002

Expires: 3/31/2022

History: None

This is an administratively opened complaint due to Respondent's failure to complete their continuing education for renewal. Licensee received an extension in 2020 to complete their continuing education. Licensee failed to fulfill that continuing education within the required time limit.

Respondent states that they are a registered trainee with the State of Tennessee. Respondent alleges that they requested an extension for their continuing education requirements in 2020 due to being very ill and being in and out of the hospital. Respondent alleges that they were informed that automatic extensions until May 8th, 2020, were being given. Respondent states that they paid their dues and sent in the continuing education classes that were required for them to meet their educational requirements in April 2020. Once Respondent received the complaint, they allege that they reached out to the Tennessee Real Estate Commission on October 8, 2021, and that they were informed that one of their required classes was missing. Respondent expresses that they were instructed to send email proof of completion of the missing class in question. Respondent alleges that they then emailed over what they believed to be what was missing. Complainant states they were told that they would be reached out to if there was any other information needed but never heard anything else until they received this complaint. Respondent states that they were very sick from COVID-19 and that they are still dealing with lingering after-effects of it.

Respondent alleges that they truly thought they completed their continuing education requirements. However, Counsel informed Respondent that they were still in fact missing 5-hours of continuing education hours. Respondent then signed up for and completed their last 5-required hours of continuing education within two weeks of counsel reaching out to them and informing them about the missing hours. Complainant provided documentation of them completing the last of their required hours.

**Recommendation: Letter of Caution regarding their failure to complete CE prior to renewal.**

**Commission Decision: The Commission accepted counsel's recommendation.**

10. **2021035321**

**Opened: 5/10/2021**

**License Type: Certified Residential Real Estate Appraiser**

**First Licensed: 3/15/2000**

**Expires: 12/31/2021**

**History: 2009 Consent Order**

Complainant states that they hired Respondent to perform an appraisal for their new home. Complainant alleges that Respondent discounted the downstairs area of the house and listed on the summary fewer bedrooms and bathrooms than what is present in the home. Complainant alleges that the downstairs of the home consists of 3 full bedrooms, 2 full baths, plus a rec room. Complainant states that the appraisal performed by Respondent only listed the house having 1 bedroom and 1.5 baths. Complainant alleges that Respondent's issued value is significantly less than the actual build cost of the property. Complainant alleges that a letter was sent from their bank to Respondent after the appraisal asking why all the rooms in the downstairs area were not accounted for in the appraisal's value determination. Complainant alleges that Respondent answered that letter with a snapshot of a table in the appraisal that showed the rooms. However, Complainant alleges that Respondent did not explain why all the rooms were not included in the report. Complainant alleges that Respondent failed to take into consideration the rising construction costs and the cost of building the subject when determining the value of the property. Complainant states that Respondent's unresponsiveness and unwillingness to reconsider their appraisal cost an extra \$1200 in additional closing costs and is the basis for their complaint.

Respondent states that their report was completely unbiased and was based on the market for the development rather than the cost to construct. Respondent alleges that the subject has only one bedroom on the above grade level and that is why it was the only one included in the summary. Respondent states that while a broad cost approach was supplied it was given no weight, as they noted in their report, and that the value was based on the market. Respondent alleges that the subject property was smaller than any other sale in the subject's devolvement for above-grade square footage. Respondent states that, however, full consideration was given for the finished basement. Respondent alleges that the market was not keeping up with the inflation in market materials at the time of the appraisal. Likewise,

Respondent states that the report was a market appraisal that was ordered by a management company and fully reviewed by them before they submitted it to their client. Respondent alleges that they answered every contact request that was sent to them from their client, the management company. Respondent states that they received a total of 5 separate requests from their client and answered each of them in a timely manner.

An expert review was conducted. The expert found the following violations in Respondent's appraisal report:

**Neighborhood Section:**

- The Neighborhood section on page was very canned and did not describe the neighborhood.
- Later in the report, in an Addendum, there was a copy of out of City Data, but still nothing about the neighborhood except canned statements.
- A report should have sufficient information in it for a reader to understand the neighborhood and its composition, and it is very difficult to obtain that information from the report.

These observations reflect non-compliance with 2020/2021 USPAP Standards: SR 1-1(b & c), SR 2-1(a & b).

**Highest and Best Use Analysis Section:**

- The URAR form has a Highest and Best Use (HBU) check box and HBU question in the site section. This box was checked indicating the HBU was necessary for credible assignment results therefore, the appraiser was required to develop an opinion of the HBU of the real estate. There was an HBU statement about the property in its "as is" use but nothing about the "if vacant" use was included. This does not meet the USPAP required HBU discussion requirement.

This observation reflects non-compliance with 2020/2021 USPAP Standards: SR 1-1(a, b), SR 1-3(b), SR 2-1(b), SR 2-2 (a)(xii).

**Sales Comparison Approach:**

- Some of the comparable sales used were not appropriate. The report has nine comparable sales, and two of the sales are over a million dollars- which typically buyers in the indicated market value range of the subject would not be considering homes in this price range.
- The sale prices of the nine (9) comparables range from \$380,000 to \$1,425,000. Additionally, the report states there were only eight (8) sales in the neighborhood in the last 12 months.
- Five of the sales had an adjustment of \$100,000 for view but there was not an explanation for this large adjustment.
- Several pages of graphed statistics are in the report but with no explanation of what was included in the charts.
- Some of the sales and adjustments could be confusing to the reader of the report.

These observations reflect non-compliance with 2020/2021 USPAP Standards: SR 1-1(c), SR 1-4(a), SR 2-1(a & b), SR 2-2 (a)(x) (1, 3, & 5).

**Cost Approach Section:**

- A cost approach was developed. The report contains several different statements about the Cost approach, statements ranging from “The cost approach supports the sales comparison approach to the “the cost approach is not given any consideration in the appraiser’s final analysis” to “the cost approach has been attempted by the appraiser; however, it was given no weight in arriving at the final opinion of value”.
- Statements were made about the subject's age and depreciation, yet the subject is a new not yet occupied home. These comments will lead to confusion.
- A statement about the site value was included in the Revision Request page that said “Site value has been adjusted based on the sale of the following parcels. The original number was based on the Tax Assessor as stated.” There was a list of sales on the page but no reconciliation of any sales and no list in the Workfile.

These observations reflect non-compliance with 2020/2021 USPAP Standards: SR 1-1(a, b & c), SR1-4(b)(i), SR2-1(a & b), SR2-2(a)(x)).

**Income Approach Section:**

- The income approach was not developed and there was not an appropriate statement as to why it was not applicable included in the report.

**Reconciliation Section:**

- Contradicting statements in this section; statement in the report “Appraisal is made with property in its as-is condition” yet the “subject to completion” block is checked by the “This appraisal is made” statement.

This observation reflects non-compliance with 2020/2021 USPAP Standards: SR2-1(a & b).

**Workfile Section:**

- A Workfile was submitted but it did not contain any copies of the subject appraisal report or other reports and there are indications in the report.
- One page of the pdf is listed as Revision Request, which indicates there may have been revisions to the report therefore there was more than one report.
- The Record-Keeping Rule states the Workfile must contain true copies of all written reports. This information indicates there may have been 2 different reports submitted to the client.

These observations reflect non-compliance with the Record Keeping Rule.

**Extraordinary Assumptions:**

- There were several Extraordinary Assumptions listed in the report in the Addendum Comments sections. The assumptions were not properly worded to state that their use “might have affected the assignment results”.

- The report contained two different Definitions of Market Value, although very close, the report does not define which definition was used for the report's Market Value.

These observations reflect non-compliance with 2020/2021 USPAP Standards: SR 2(a) (xv), SR 2-2(a) (vi).

**Recommendation: Authorize a Consent Order assessing a \$1,250 fine for the USPAP violations found and require seven (7) hours of Report Writing, seven (7) hours of Cost Approach, seven (7) hours of Sales Comparison, four (4) hours of Highest and Best Use, and four (4) hours of Income Approach continuing education coursework to be completed within 180 days of the execution of the Consent Order. These classes are to be completed in addition to the continuing education minimum requirements for license renewal.**

**Commission Decision: The Commission voted to authorize a Consent Order assessing continuing education requirements of a fifteen (15) hour Report Writing Course and a seven (7) hour Sales Comparison Course to be completed within 180 days of the execution of the Consent Order. These hours are to be completed in addition to the continuing education minimum requirements for license renewal.**

11. **2021041521**

**Opened: 6/1/2021**

**License Type: Certified Residential Real Estate Appraiser**

**First Licensed: 5/3/1999**

**Expires: 1/31/2022**

**History: 2009 Agreed Order for allegedly over-valuing a property; 2011 Consent Order also for allegedly over-valuing a property.**

Complainant states that Respondent was hired by an appraisal management company to appraise their home. Complainant alleges that they received a copy of the report on May 14, 2021, and that they were troubled by the quality and level of analysis within the report. Complainant states that they felt the issues were severe enough that they had no choice but to file a complaint. Complainant alleges that they were aware of the issues because they also work in the Real Estate field. Complainant alleges that Respondent failed to properly analyze and report the contract on the property. Additionally, Complainant alleges that Respondent made comments that were false as to the scope of their analysis. Complainant also states that Respondent failed to fully analyze sales used in the comparison section, ignored more recent transactions, and misrepresented the market conditions at the time of appraisal.

Respondent states that the sales contract for the home was properly analyzed within the file. Respondent states that their client reached out to them on May 19, 2021, and asked them to fully disclose the terms of the subject contract. Respondent states that they then placed that request information into the addendum of the report and returned it to their



client on May 24, 2021. Respondent states that their client also asked them to explain a section on the report about a statement indicating that there was a conversation with the homeowner that took place on a date before the appraisal took happened. Respondent states that section was a typo accidentally left on the report. Respondent alleges that they did fully analyze the comparables. Respondent states that their client, the appraisal management company, requested them to consider three other comparables to be provided by them. Respondent states that they did review and analyze the requested comparables but that they, nevertheless, did not change their conclusion on the value.

An expert review was conducted. The expert found the following violations in Respondent's appraisal report:

**Highest and Best Use Analysis Section:**

- The URAR form has a Highest and Best Use (HBU) check box and HBU question in the site section. This box was checked indicating the HBU was necessary for credible assignment results therefore, the appraiser was required to develop an opinion of the HBU of the real estate. There was an HBU statement about the property in its "as is" use but nothing about the "if vacant" use was included. This does not meet the USPAP required HBU discussion requirement.

This observation reflects non-compliance with 2020/2021 USPAP Standards: SR 1-1(a, b), SR 1-3(b), SR 2-1(b), SR 2-2 (a)(xii).

**Cost Approach Section:**

- A cost approach was not developed and there was not an appropriate statement as to why it was not applicable included in the report, but an opinion of the site value was included.
- A statement was made "the extraction method was utilized in determining the site value" but no land sales were listed, or any reconciliation of any sales and no list of land sales were in the Workfile. The "Opinion of a Site Value" requires a land appraisal that meets Standard 1 and 2.

These observations reflect non-compliance with 2020/2021 USPAP Standards: SR 1-1(a, b), SR1-4(b)(i), SR2-1(b), SR2-2(a)(x)(2).

**Income Approach Section:**

- The income approach was not developed and there was not an appropriate statement as to why it was not applicable included in the report.

This observation reflects non-compliance with 2020/2021 USPAP Standard: SR2-2(a)(x)(2).

**Reconciliation Section:**

- The reviewed reports were desktop appraisal reports. There was a very short statement in the Improvement Section; stating it was a desktop report with no visual of the interior. The primary statements about the report being a desktop report and

what that entailed were in a Supplemental Addendum. This addendum contradicts the earlier Scope of Work (SOW) in the report and explains a new SOW and what kind of inspections were being made and what inspections were not made. Per the revised SOW a desktop report does not inspect the subject but relies on other data for the information about the subject property.

This observation reflects non-compliance with 2020/2021 USPAP Standards: SR2-1(b & c)

**Recommendation: Authorize a Consent Order assessing a \$1,000 fine for the USPAP violations found and require seven (7) hours of Desktop Appraisals, seven (7) hours of Cost Approach, four (4) hours of Highest and Best Use, and four (4) hours of Income Approach continuing education coursework to be completed within 180 days of the execution of the Consent Order. These classes are to be completed in addition to the continuing education minimum requirements for license renewal.**

**Commission Decision: The Commission voted to authorize a Consent Order assessing a continuing education requirement of a fifteen (15) hour Report Writing Course to be completed within 180 days of the execution of the Consent Order. These hours are to be completed in addition to the continuing education minimum requirements for license renewal.**