



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

**Meeting Minutes for January 14th, 2019
Conference Room 1B
Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met on January 14th, 2019, in the first floor conference room 1-B of the Davy Crockett Tower in Nashville, Tennessee. Randall Thomas called the meeting to order at 10:01 a.m. and the following business was transacted:

BOARD MEMBERS PRESENT: Randall Thomas, Rex Garrison, Warren Mackara, Jim Atwood, Brett Mansfield, Michelle Alexander

BOARD MEMBERS ABSENT: Rosemarie Johnson, Mark Johnstone, Jason R. Bennett

STAFF MEMBERS PRESENT: Roxana Gumucio, Anna Matlock, Heidi Flick, Keith McCarthy, Erica Smith

GUESTS PRESENT: Jenny Tidwell (Appraisal Subcommittee), Vickie Ledbetter (Appraisal Subcommittee)

WELCOME ASC AUDITORS

Director Gumucio introduced Jenny Tidwell and Vickie Ledbetter who provided the board members a brief overview of what to expect during the Biannual Compliance Review.

CALL TO ORDER / ROLL CALL

Chairman Thomas called the meeting to order at 10:01 am. and Director Gumucio took roll call.

AGENDA

Mr. Garrison motioned to adopt the day's agenda as written. This was seconded by Mr. Mansfield. The motion carried by unanimous voice vote.

ROBERTS RULE OF ORDER

Dr. Mackara made a motion to agree and adhere to Roberts Rule of Order. This was seconded by Mr. Garrison. This motion carried by unanimous voice vote.

ELECT CHAIR AND VICE-CHAIR

Dr. Mackara made a motion to nominate Chairman Thomas as the Chair. This was seconded by Mr. Garrison. This motion carried by roll call vote.

Chairman Thomas made a motion to nominate Mr. Garrison as the Vice-Chair. This was seconded by Ms. Alexander. This motion carried by roll call vote.

MINUTES

Mr. Mansfield made a motion to adopt the minutes from the October 21st, 2018 meeting. This was seconded by Dr. Mackara. The motion carried by unanimous voice vote.

EXPERIENCE INTERVIEWS

Chairman Thomas conducted the experience interview of **Brian Coe** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Chairman Thomas conducted the experience interview of **Rebecca Billard** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Will Harvey** and recommended that his experience be accepted toward the Certified General Upgrade.

Mr. Atwood conducted the experience interview of **Nathan Watts** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Ashley Phillips** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Bridget Salazar** and recommended deferment until the next board meeting.

Mr. Atwood conducted the experience interview of **Robert Duhling** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Sherif Ibrahim** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Eric Szalacinski** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Chris Jakubauskas** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Mike Walsh** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Carrie Batey** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Johnstone conducted the experience interview of **Daniel Tenholder** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Dr. Mackara made a motion to accept all the upgrade and/or deferment recommendations made by the board members. This motion was seconded by Mr. Atwood. The motion carried by unanimous voice vote.

GUEST PRESENTATION

Director Gumucio introduced John Hicks to the board members who came before the board to request that consideration be made in regards to him taking some Qualifying Education online due to current life circumstances. The board denied this request due to the provisions set forth in the rules; however, Mr. Mansfield made a motion to extend Mr. Hicks’ application for an additional 18 months to allow him time to complete the required QE for his upgrade. This motion was seconded by Dr. Mackara. The motion carried by unanimous voice 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. Dr. Mackara made a motion to accept recommendation and approve the courses listed. This was seconded by Mr. Garrison. The motion carried by unanimous voice vote.

January 14, 2019 - Education Committee Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
International Right of Way Association	2242	C200 Principles of Real Estate Negotiation	Mike Penick	CE	17	APPROVE
American Society of Appraisers	2243	Understanding the Message	Mike Orman	CE	4	APPROVE
American Society of Appraisers	2245	11.8a Calculating Gross Living Area Using ANSI	Mike Orman	CE	4	APPROVE
Farm Credit Mid-America	2248	Supporting Your Opinion of Value	Larry Disney	CE	7	APPROVE

Appraiser eLearning, LLC	2249	2019 Appraisers Conference and Trade Show (ACTS) Day 1	John Dingeman, John Brenan, Eric Allen, et al	CE	7	APPROVE
Appraiser eLearning, LLC	2250	2019 Appraisers Conference and Trade Show (ACTS) Day 2	Wayne Pugh, Peter Christiansen, Craig Capella, et al	CE	7	APPROVE
Allterra Group, LLC	2251	2019 Collateral Matters Chicago	Brian Quinlan, James Heaslet, Sehar Siddiqi, et al	CE	7	APPROVE
Allterra Group, LLC	2252	2019 Keynote Chicago	Bobby McLean, Scott Reuter, Jeremy Staudenmaier, et al	CE	7	APPROVE

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
Tiffany Marsh	IAAO	500-Assessment of Personal Property	28	CE	APPROVE
Spencer Tenbarga	IUPUI	Real Estate Finance & Investment Analysis	40	QE	APPROVE
Spencer Tenbarga	IUPUI	Intro to Real Estate Analysis	40	QE	APPROVE
Michael William Wilson	Farm Credit Mid America	AgWare Basic Techniques	7	CE	APPROVE
Michael William Wilson	Northern Colorado Assoc. of Real Estate Appraisers	Practical Analytics for Appraisers	7	CE	APPROVE
Stephen Edward Meade	AJ Realty Services, Inc	Evaluations and Validations for Licensed Appraisers	7	CE	APPROVE
Darinda Matlock White	Dennis Badger & Associates	Agware Basic Techniques – Agware Software Training	7	CE	APPROVE

LEGAL REPORT (Presented by Keith McCarthy and Erica Smith)

1. 2018043951

Licensing History: Certified Residential Real Estate Appraiser, 9/27/2002 – 6/30/2019

Disciplinary History: 2017072451 Conditional Dismissal

Date of Appraisal Report: June 13, 2018

Complaint received July 3, 2018 alleges Respondent “held up the sale of the house for days due to an opinion regarding one electrical outlet - a GFI. The outlet was installed by a licensed electrician, it was marked as being ‘open ground’, as is allowed by code. A permit was pulled, the work was inspected by the local Building Department, a ‘green tag’ was issued. Still, [Respondent] refused to allow the closing to go forward. [Respondent] later claimed that the receptacle was wired with ‘reverse polarity’, which was not the case. This delay put the property at risk... given the electrical work done at [subject property] by a licensed electrician, with permits and tags, we feel it was outside the purview of Appraiser [Respondent] to take exception to the electrical work and delay the sale of the property.”

Respondent's response to the complaint was that their Office Manager submitted the work file.

Complainant submitted a Rebuttal to the Department of Commerce on July 19, 2018 stating: "I appreciate your keeping me apprised as to my complaint. My only comment is – **I did not see anything in the response that addressed the inappropriate action by the appraiser regarding the electrical work performed, which was the basis of my complaint.**" (Emphasis added).

Expert Reviewer Received the Complaint, Response, and Rebuttal and thereafter conducted review. **Expert Review Conclusions:**

1. Sales not properly verified.
2. Sales Comparison adjustments are not properly supported.
3. Site value noted in the Cost Approach is not supported.
4. The Cost Approach to value is not supported.
5. Final reconciliation is not properly supported.

In response to the substance of the Complaint itself, the Expert Review found:

"... Complainant alleged that the signing appraiser caused a delay in closing by requiring that a GFI outlet be installed in a bathroom. Per FHA guidelines it is the appraiser's responsibility to require any items which may have a safety concern to be addressed, and in this case replaced." The Expert Review further provided that:

In this assignment, the signing appraiser made the requirement for this GFI outlet to be replaced. It appears the GFI outlet was installed, but upon re-inspection it was not working properly and therefore did not meet the requirement.

HUD/FHA gives the appraiser the latitude to require repairs, however "*the appraiser must state in the appraisal report whether repairs, alterations or inspections are necessary to eliminate conditions threatening the continued use, security, and marketability of the property*" (FHA Handbook 4000.1, II.B.4. Valuation and Reporting Protocols, ii. Appraisal Conditions, (C on page two (2) of the Supplemental Addendum) Required Analysis and Reporting, pg. 498).

HUD/FHA also states that at any time during this process the lender's/client's underwriter can remove or add any repairs noted in an appraisal report, knowing that they would accept responsibility for that repair.

It appears that the lender/client chose not to do this, but instead chose to rely upon the appraiser to make sure the property conformed to HUD/FHA guidelines.

The **2018-19 USPAP** states in the **Ethics Rule** (page 7, lines 177-178) *“An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics”*.

1. Sales not properly verified. [USPAP Scope Of Work Rule; SR 1-1 (a)(b)(c); SR 1-4 (a); SR 2-2 (a)(viii)]

The Intended Users for the Appraisal were identified as the lender/client, FHA/HUD, and the mortgagee. Four sales and one listing were used as comparables in the sales comparison approach. Expert Reviewer found “The report does not indicate that these sales were adequately verified in accordance to the FHA guidelines, reducing the credibility of the report” as there was “no indications or comments provided on how these sales were verified. As noted earlier, one of the identified intended users of this appraisal assignment is HUD/FHA. HUD/FHA has specific appraisal guidelines identified as Handbook 4000.1, which provides guidance for completing appraisal assignments for FHA. These guidelines are considered assignment conditions, and are to be included in the scope of work for this assignment. According to these guidelines, the appraiser has a requirement to verify sales thorough sources with knowledge of the motivation of the sale.¹ Understanding the motivation of the sale allows the appraiser to properly analyze the transaction information and determine the level of confidence and /or reliability of that sale. The lack of verification or discussion of the motivations of the sales used does not allow the client/intended user (HUD/FHA) to properly rely and/or understand the report.”

2. Sales Comparison adjustments are not properly supported. [USPAP Scope Of Work Rule; SR 1-1 (a)(b)(c); SR 1-4(a); SR 2-2(a)(viii)]

As HUD/FHA was the intended user of this assignment, and there being specific HUD requirements for analysis and reporting the Expert Reviewer found non-compliance with HUD standards² in that:

¹ FHA Handbook 4000.1: **II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT**

B. Appraiser and Property Requirements for Title II Forward and Reverse Mortgages

4. Valuation and Reporting Protocols (C) FHA Data Requirements for the Subject and Comparable Properties (Page 500): *“The Appraiser must verify the characteristics of the transaction (such as sale price, date, seller concessions, conditions of sale) and the characteristics of the comparable property at the time of sale through reliable data sources. The Appraiser must verify transactional data via public records and the parties to the transaction: agents, buyers, sellers, Mortgagees, or other parties with relevant information. If the sale cannot be verified by a party to the transaction, the Appraiser may rely on public records or another verifiable impartial source. MLS records and property site visits alone are not acceptable verification sources.”*

² **II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT**

“No support was provided in the report or work file, indicating that a recognized method or technique was utilized in the determination of the adjustments made. No adequate reasoning was provided for the adjustments... The report does not provide sufficient information to enable the clients and intended users (HUD/FHA) to understand the rationale for the opinions and conclusions provided in the sales comparison approach to value. The lack of support and/or analysis does not allow the clients and intended users to properly understand the rationale for the opinions and conclusions presented.”

3. Site value noted in the Cost Approach is not supported. [USPAP SR 1-4 (b)(i); SR 2-2(a)(viii)]

The Expert Reviewer found: “No supporting information, discussion or analysis supporting the site value conclusion was located in the report or work file. There is no evidence that the site value was developed using an appropriate method or technique.”

4. The Cost Approach to value is not supported. [USPAP SR 1-1 (a)(b)(c); SR 1-4 (b)(ii); SR 2-1(a)(b); SR2-2 (a)(viii)]

According to the report, a “replacement” cost new was developed utilizing Marshall and Swift Residential Cost Handbook, dated 09/2017, with a “fair” rating indicated. The Expert Reviewer “found no supporting documents, analysis or information in the report or work file (supplied by the Respondent) that would allow the reviewer to recreate the cost approach. A \$10,000 external depreciation adjustment was made in the cost approach to value. A comment found in the report states, “*External obsolescence for prior decline and for vacant and foreclosure properties in the subject immediate market area*”.”

The expert Reviewer further “found no documentation in the report or provided work file to indicate that the external depreciation has been properly analyzed, and no support for how this amount was derived was located. Based on this information, the cost estimates do not appear to have been properly analyzed or supported. There is no support found in the work file or report that indicates the appraiser has correctly employed recognized methods or techniques in completing the cost approach.”

5. Final reconciliation is not properly supported. [USPAP SR 1-6 (a)(b); SR 2-2(a)(viii)]

B. Appraiser and Property Requirements for Title II Forward and Reverse Mortgages

4. Valuation and Reporting Protocols, (E) Approaches to Value, (3) Sales Comparison Approach , (b) Required Analysis and Reporting: “The Appraiser must present the data, points of comparison, and analysis; provide support for the Appraiser’s choice of comparable properties, and the adjustments for dissimilarities to the subject; and include sufficient description and explanation to support the facts, analyses and the Appraiser’s conclusion. If the data from the market area is insufficient to support some of these requirements, the Appraiser must provide the best information available and include an explanation of the issue, the data available, the conclusions reached and the steps taken by the Appraiser to attempt to meet the guidelines”.

Respondent's reconciliation addresses the approaches used to arrive at the noted value conclusions. The report states, "*There is good correlation between the Cost Approach to Value and Sales Comparison Analysis. Major emphasis is placed on the Sales Comparison. The subject's neighborhood is comprised of owner occupied properties, income approach felt not applicable*".

The Expert reviewer accordingly found "These statements provide minimal reporting and analysis to support the opinions and conclusions provided. Minimal analysis and information can reduce the ability of any clients, and /or intended users, to rely on, or understand the report. The quality and quantity of data analyzed within the approaches, the applicability and relevance of the approaches, and the methods and techniques used, have not been properly identified."

Recommendation: Consent Order for thirty (30) hours of coursework, comprised of fifteen (15) hours of Sales Comparison Approach courses and fifteen (15) hours of Report Writing. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

Decision: The Commission voted to authorize a Consent order for forty-five hours of coursework, comprised of thirty (30) hours of Sales Comparison Approach courses and fifteen (15) hours of Report Writing to be completed within one hundred eighty (180) days of execution of the Consent Order. Fifteen (15) hours of the Sales Comparison Approach Course may be used for continuing education; the remaining thirty (30) hours must be above and beyond the minimum CE for license renewal.

2. 2018046211

Licensing History: Certified Residential Real Estate Appraiser, 1/4/2006 – 1/31/2020

Disciplinary History: None

Complainant purchased a condominium and was unhappy with the traffic noise and the location of a street through the property. Their exact complaint in this instance is unclear, but the Complainant quoted a phone call they had with the Respondent about the appraisal in which the Complainant mentions non-disclosure before the purchase of the property. It is unclear what role the Complainant is alleging the Respondent had in the non-disclosure, if any. Complainant also filed a complaint with TREC (which was dismissed) alleging in part, non-disclosure of an easement, non-installation of a gate, as the condominium road serves as main egress and entry to an apartment complex.

The Complainant did not make any specific allegations against the Respondent herein. The Respondent stated that they believe that after a review of the appraisal it is USPAP compliant without the aid of any specific accusations.

Expert Reviewer Conclusions:

1. The report does not provide a summary or an analysis of those relevant factors necessary to support the appraiser's highest and best use conclusion. [USPAP SR 1-3 (b); SR 2-2 (a)(x)]
2. "Some of the physical information noted in the report about these sales and listings appear to have been improperly reported. It is unclear if these are errors of omission (or commission) or are just an indication of a lack of proper preparation or proofing. The differences noted in the report versus the information found in the verification sources reduces the reliability and/or credibility of the report and do not allow the reader/client to properly understand the report. [USPAP SR 1-1 (b)(c); SR 2-2 (a)(viii)]
3. The report does not provide sufficient information to enable the clients and intended users to understand the rationale for the opinions and conclusions provided in the sales comparison approach to value. There is a lack of analysis of the comparable sales data to support the conclusions presented. [USPAP SR 1-1 (a)(b)(c); SR 1-4(a); SR 2-2(a)(viii)]

The Expert reviewer considered the potential issue of an undisclosed easement connecting the condominium to the apartment complex, reviewed property records for the apartment complex and the same does not alter the above findings of the Expert Reviewer.

Recommendation: Letter of Warning for the above USPAP deficiencies.

Decision: The Commission accepted Counsel's recommendation.

3. 2018058721

Licensing History: Certified Residential Real Estate Appraiser, 12/31/2001 – 12/31/2019

Disciplinary History: November 17, 2016 Letter of Warning for violations of USPAP Record Keeping Rule (Lines 319-321), SR 1-3(b), SR 1-6(a)&(b), SR 2-1(b), SR 2-2(a)(viii)

Non-client homeowner dispute about valuation of home (\$70k, only \$20K more than previous appraisal). Complainant states upgrades included new ceiling fans, new roof (metal), new heating system, new floors in 4 rooms, electrical is up to code, additional bathroom, and plumbing is now up to code.

Respondent fully replied to the complaint. Alleges owner and Complainant have their own "value" of the home at \$135k. The effective date of appraisal was August 8, 2018. The property was purchased in 2016 for \$46,900.

Expert Reviewer found, that under the Sales Comparison Approach, the "Adjustments [are] lacking explanation include location for sales 2 and 3. Location is identified as "suburban" for subject and all sales but no reason for adjustments to sales 2 and 3 are reported. These location adjustments are significant ranging from 12 to 19 percent.

USPAP SR 2-1(b) “requires that appraisal contain sufficient information for user’s understanding. Report does not contain discussion relative to formation and application of adjustments. This is especially applicable to the significant location adjustments to sales 2 and 3 where location identification is the same for subject and all sales.”

USPAP SR2-2([a)(viii) “requires report to summarize information analyzed, reasoning that supports the analysis. The standard is cited for the same reason as above. Example is location adjustment to sale 3 of \$20,000 (19%) while location is noted as to being within 0.2 miles from the subject. This would need “explanation” to qualify as sufficient information for user’s understanding.

Recommendation: Consent Order for fourteen (14) hours of Report Writing. Such course must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

Decision: The Commission accepted Counsel’s recommendation, but required fifteen (15) hours of Report Writing.

4. 2018058971

Licensing History: Certified Residential Real Estate Appraiser, 10/11/1993 – 10/32/2019

Disciplinary History: 2012 Consent Order with \$500 civil penalty and a 15 hour Advanced Residential Applications and Studies Course

Complainant is a homeowner unhappy with Respondent’s appraisal. Respondent was hired by the mortgage company. Complainant’s major issue is with the value per square foot, which was not valued as highly as any of the comps, or with the comps picked by the Respondent. Complainant attached six comps they believed would be better suited. Finally, the Complainant alleges that the Respondent undervalued the home by almost \$100,000 and should not be an appraiser.

The Respondent submitted a thorough response, and believes that the Complainant is unhappy with the estimated value of the house. Respondent stands by their appraisal. Respondent used comparables with the same level of updating as the house and some with enhanced updating. Respondent believes they used the best comps available in the Sales Comparison Approach at the time.

Expert Review Conclusions:

Sales Comparison Approach: “The original appraisal used five comparables and two listings. Sale prices ranged from \$190,000 (\$104/SF) to \$315,000 (\$121/SF). **Based on the information within the appraisal and reviewable data, it appears the adjustments are credible.**” (Emphasis added).

Standards Rules and Non-Compliance Issues: “The appraisal contains a cost approach. Land value is stated to be based on land sales. The appraisal nor the workfile submitted does not set

out land sale information or analysis. Refer therefore to **Standard Rule 1-4[b](i)** which requires that the appraiser must develop an opinion of site value by an appropriate appraisal method or technique.”

Recommendation: Dismiss.

Decision: The Commission accepted Counsel’s recommendation.

5. 2018067521

Licensing History: Certified General Real Estate Appraiser, 8/3/2005 - 5/31/2020

Disciplinary History: None

Complainant hired Respondent to appraise their deceased parents’ home and farm. Complainant alleges that Respondent was only at the home around 15 minutes, and then Complainant received the appraisal about four weeks later. Complainant is concerned about the comparables used in the appraisals particularly because the Respondent used Google Earth, CRS, and aerial photos. Complainant is also concerned that Respondent did not consider the possibilities of the location, development potential, similar properties being developed, etc. Complainant tried to meet with Respondent to get his questions answered, and Respondent never replied.

In their response, the Respondent stated that during the appraisal the Complainant left to go to an appointment, and Respondent spent at least 45 minutes at the property. Respondent also drove through a nearby mobile home park to analyze the topography. After sending the appraisal, the Complainant stated that they felt the property was extremely undervalued. Respondent argues that there is limited information available relative to the Complainants specific property aspects, including its 100 plus acres and lack of access to sewer. Respondent uses several different public records for his comparables, including CRS, KAARMLS, KAARCIE, CoStar, and data files. Finally, Respondent states that they have been in communication with Complainant and before this complaint was filed was under the impression that they were still waiting on additional information and comparisons.

Expert Review Conclusions:

“It is my opinion that the report is **generally complete but has several minor reporting errors and some incorrect data/information.** The report generally appears to have relevant data, and appropriate appraisal methods and techniques were followed. The many errors in the report although individually they might not be significant in the aggregate could be misleading and affect the credibility of the assignment results.” (Emphasis added). Specific errors include:

Scope of Work: Statement made in this section that “..cost approach not applied.as the subject is an older home on acreage. On page 43 of the report under Analyses Applied the same statement was made. Yet a Cost Approach was developed in the report. **[USPAP SR 1-1(b & c), SR 2-1(a)]**

Assessment and Taxes: The Total Implied Value, page 35, is added incorrectly should be \$450,100, or it could be the report meant to state the Total Appraised Market value of \$1,215,800, confusing typo. [USPAP SR 1-1(b & c), SR 2-1(a)]

Cost Approach / Sales Comparison Approach – Land: Contrary to statements made in the report that the Cost Approach was not used, the cost approach was considered and included. A site value was developed in this section with a per Acre indicated value. This section has eight Land Comparable addressed and considered, and most of the information concerning them, per the CRS (Public records) and Knoxville MLS appear to be accurate, except for data on two of the sales. [USPAP SR 1-1(a & b & c), SR 1-4 (b), SR 2-1(a)]

Sales Comparison Approach: This section has five Comparables, houses with small land tracts, addressed and considered. Some of the information concerning these sales, per the Knoxville MLS and the CRS (Public records) system appear to be incorrect. [USPAP COMPETENCY RULE, SR1-1 (a) (b) (c), SR 1-4 (a), SR2-2(a)(viii)]

Recommendation: Letter of Warning.

Decision: The Commission recommended a Conditional Dismissal requiring a thirty (30) hour Sales Comparison course and a fifteen (15) hour Report Writing course.

6. 2018069981

Licensing History: Certified Residential Real Estate Appraiser, 8/30/1994 – 4/30/2019

Disciplinary History: None

Complainant is an appraisal company whose client is a mortgage company. Complainant alleges that Respondent failed to inform Complainant that a prior service had been done; that the appraisal is of poor quality and lacks credibility; that the GLA was incorrect; and reports specific problems with comparables.

Respondent admits to mistakes in the report, but denies any intention to mislead the reader. The mistakes Respondent admits to include failing to disclose that they had done prior service and that the GLA was incorrect in the second report because the garage was incorrectly combined, although allegedly this mistake occurred because of computer software. In regards to the issues with the comparables, Respondent again admits mistakes. In Comparable Sale 1, Respondent misidentified the sale as arm's length which was inaccurate. In Comparable Sale 2, the house was built in 1933, not 1977. In Comparable Sale 3, it was incorrectly reported to have a three car garage, when it was a two car garage and one detached garage.

Expert Review Conclusions:

Overall, the expert reviewer believes this report to be lacking in completeness and has several significant errors. Areas of error include:

- Neighborhood description very minimal a lack of significant geographical and market information.
- Sales Comparison Approach had several areas of erroneous data or information.
- Highest and Best Use Analysis not stated or properly summarized.
- Land value stated but no land sales listed or analyzed.
- Reconciliation of the Sales Comparison Approach different values not explained.
- Prior report not disclosed to the client until delivery of the report.
- Indications of multiple appraisal reports during the assignment but the reports were not included in the Workfile.

Recommendation: Based on the Expert's identified areas of concern, Counsel's recommendation is 15 hours continuing education in Highest and Best Use and 15 hours continuing education in Sales Comparison Approach. Additionally, because it appears that the entire workfile was not produced, a civil penalty of \$1,000 may be appropriate.

Decision: The Commission voted to authorize a Consent Order requiring fifteen (15) hours continuing education in Highest and Best Use and thirty (30) hours continuing education in Sales Comparison Approach. Such course must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal.

7. 2018070521

Licensing History: Certified Residential Real Estate Appraiser, 4/2/1997 – 12/31/2018

Disciplinary History: 2013018751 and 2013018621 Letter of Warning regarding report writing and reconciliation requirements, 2014 Consent Order with \$1,000 civil penalty, 30 hours Basic Appraisal Procedures course and 15 hour Residential Report Writing course.

Complainant is an appraisal company whose client is a mortgage company. Complainant alleges that the report is deficient, and questions the appraiser's competency, methodology, and professionalism. Additionally, complainant felt that the appraiser did not use the best comps and made unnecessary adjustments. Complainant alleges specific violations of USPAP including the Ethics Rule, Competency Rule, Scope of Work Rule, Standards Rule 1-1(a-c), 1-2 (e-(i)(h), 1-4(a), 2-1, 2-2 (iii), (vii), (x), and (xi).

Respondent did not believe that the complaint offering any supporting documentation of these allegations. After the appraiser's initial completion of the report, the appraiser was asked to consider an additional sale. However, after reviewing the sale and interviewing the listing agent, the appraiser did not feel it was representative and chose not to include it in the report. Respondent believes the effort to include this sale as a comparable was an effort to increase the appraiser's valuation of the home; however, the Respondent stands by his appraisal due to his onsite visitation of the home.

Expert Review Conclusions:

The expert reviewer determined that the appraisal report was **a credible analysis and that no USPAP violations were noted**. Regarding the specific issue of the sales comparisons, the reviewer stated, “The comparables are reasonably similar and sold within about 4 months to about 1 year of appraisal. Adjustments appear reasonable and reflective of major differences in property characteristics.”

Recommendation: Legal Counsel recommends dismissal based on the Expert Review.

Decision: The Commission accepted Counsel’s recommendation.

8. 2018071631

Licensing History: Certified Residential Real Estate Appraiser, 12/20/1991-12/20/2019

Disciplinary History: None

Complainant alleges Respondent is “intentionally driving down values” and that Respondent intentionally deflates values in the subject area. Complaint received on September 21, 2018.

Two different properties are at issue herein. These reports are referred to as:

“Report 1” dated 09/14/2018.

“Report 2” dated 09/21/2018

Expert Reviewer accordingly conducted two reviews, on Report 1, an Appraisal Desk Review, Form DRF3, containing four (4) pages, with a report date of 09/14/2018, and Report 2, a One-Unit Residential Appraisal Field Review Report, Fannie Mae Form 2000, containing ten (10) pages, with a report date of 09/21/2018.

Expert Review found that: “Without a whole lot more information and incidents it is difficult to determine if the [R]espond[ent] has a bias toward the [subject] area from just two assignments.” The market value opinion in one of the two appraisals was \$225,000 and the market value opinion in the review of the appraisal was \$215,000. **This is a difference of opinion of approximately 4.5 percent; many users of appraisal service consider a 5 percent variance in a difference of value opinions to be an acceptable range.** (*Emphasis added*).

Respondent aptly submitted a written narrative response with supporting documentation and states in part: “I have been appraising property for lenders for approximately 30 years and during this time, I have never been accused of producing a fraudulent report, intentionally deflating or inflating property values or any other unethical practices.”

Expert Reviewer responds: “It is my opinion that the review reports are generally complete but had several minor reporting errors and some incorrect data/information. The review reports generally appear to have relevant data and appropriate appraisal and appraisal review methods

and techniques were followed. Overall, the review reports generally appear appropriate and credible.”

Expert Reviewer Conclusions:

Review report 1 lacked a Scope of Work and required Certification; Review report 2’s Scope of Work lacked information and required Certification statements:

Extraordinary Assumption not properly used and properly reported:

Statement 2 in this section provides: “State all extraordinary assumptions used (i.e. gross living area, room count, condition, etc.). The facts concerning the subject property were taken from tax records, MLS, and the appraisal being reviewed.”

If a reviewer is developing his own opinion of value he is not required to replicate the steps completed by the original appraiser. The items the reviewer concludes are credible can be extended to the reviewer’s development process on the basis of an Extraordinary Assumption. The Extraordinary Assumption listed in section 2 is not adequately stated to perform this extension as it does not conclude what items were “credible” an extended and what items were not extended. As well the required statement “*that the use of the Extraordinary Assumption might have affected the assignment results*” was missing. [SR 3-2(e), SR 3-2(g), SR 3-3(c)(i)(ii)(Comment), SR 4-1 (b & c), SR 4-2(g& i)(i & iv)]

Significant GLA reporting errors in the Sales Comparison Approach

The report states “*The facts concerning the subject property were taken from tax records, MLS and the appraisal being reviewed.*” The report does not define what is meant by “*the facts*”. [SCOPE OF WORK RULE, SR 3-1(b & c), SR 3-2(e & g), SR 4-1 (b & c), SR 4-2 (g & i)]

Use of a sale after the effective date of the appraisal report - comparable sale five, as noted in the review report, closed after the “effective date of the appraisal” yet the review report’s market value opinion used the same date and did not adjust it to a date after the sale closed. [USPAP SR1-1 (a), (b) & (c), SR 1-2(e)(ii), SR2-1(a & b), SR2-2(a)(viii)]

The report does have a signed Certification as required, but it does not contain some of the current required information. There is no statement about having performed prior services regarding the subject of the work under review within the 3 years preceding acceptance of the assignment. [USPAP SR 4-3]

Cost and Income approaches were not included and no statement why: The Cost and Income approaches were not included and no statement was made that they were not used and no statement was made as to whether or not the cost or income approach were considered. Exclusion of the cost and income approach must be explained as one is required to follow Standard One and Two when a new Market Value is developed. [SR1-1 (a) & (b), SR 1-4 (c)(i), SR2-1(b & c), SR 2-2(a)(viii)]

The 09/14/2018 report does not state the Intended Use or the Purpose of the review; it does not state or have a Scope of Work [SCOPE OF WORK RULE, USPAP SR 3-2(b, c & d), SR 3-2(g), SR 4-2 (b, c & g)]

Recommendation: Letter of Warning.

Decision: The Commission accepted Counsel's recommendation.

RE-PRESENTS

9. 2017076501

Licensing History: Certified General Real Estate Appraiser, 6/8/93 – 3/10/19

Disciplinary History: None

Previous Information Summary:

Complainant states that in requesting Respondent do an appraisal, Complainant gave Respondent a complete scope of work Complainant expected Respondent to comply with as 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 the appraisal state the photograph is not part of the scope, the acreage was incorrect, the owner is incorrect, sales history incorrect, and no definitive address for two comparables.

Respondent states the original appraisal was revised to correct the acreage. Respondent states the owner was obtained from tax records and did not show that property was now owned by the estate. Respondent states other typographical errors and other changes were made in the 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 the first. Reviewer states that the second or edited report should be treated as a new appraisal and should have a more recent date.

Site Data

Reviewer states the second appraisal notes the 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 a 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 the 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.

July 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).**

July 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.

UPDATE #1:

This matter was reviewed by another expert who found that the reports had several errors and missing information, minimal neighborhood description with a lack of significant geographical and market information, sales comparison approach had missing or confusing information, and that the final value reconciliation was lacking in a logical discussion of final value. Reviewer also found the report to be in violation of Standard Rules 1-1(b), (c), 2-1(a), 1-2(e) (i), 2-2(a)(viii), 1-2(h), 2-2(a)(vi). Concerning the specific issues listed above, the Reviewer determined the following:

1. Scope of assignment: USPAP has no term “scope of assignment” but a definition of assignment in USPAP is an agreement between appraiser and client to provide a valuation service. Reviewer states that this appraiser and client did not have a “meeting of the minds” concerning the assignment. Reviewer states that Respondent could not open the “provide appraisal” document and therefore never saw the requested different assignment requests.
2. Comparison of the scope of engagement letter and instructions of client: Reviewer states there was not an engagement letter in provided documentation and it was not clear as to how the assignment and engagement were done by phone or by email request.
3. If scope was communication to respondent: Reviewer states that there was nothing provided that complainant ever confirmed that paper work was received to and agreed to by Respondent.
4. How appraiser did or did not meet scope: Reviewer states the report had a “scope of work” section in which it appears Respondent followed except for the hypothetical condition which was reported to have been included in error and was typographical error.
5. How did sewer relate to highest and best use and did sewer have impact on value: Reviewer states that Respondent stated sewer was available at street so that Reviewer states sewer sill relates to reports of highest and best use conclusion. Reviewer states Reviewer cannot opine on sewers value to site but states that typically in developing commercial sites, a developer must start with planning and development from what is available at the site or at the street.

6. Was appraisal in compliance with TDOT: Reviewer states TDOT was not listed as an intended user. Reviewer states Reviewer is not competent in TDOT requirements and cannot offer opinion on TDOT compliance but does state report is lacking in some of the requirements of a Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) appraisal report.

UPDATE #2:

Respondent is represented by an attorney. Respondent had this report reviewed by another licensee in another state. That reviewer looked at the original report of Respondent as well as the proposed consent order which outlined the facts and State reviewer's conclusions. Licensee Reviewer, in a detailed review, determined that while there was a potential violation of Standards Rule 2-2(a)(viii) as the sales comparison approach was analyzed but not summarized, none of the other facts and proposed violations were, in reviewer's opinion, violations of the USPAP requirements. Attorney states that, therefore, Respondent will not agree to the terms of the conditional dismissal.

October Recommendation: This is the third review and does offer many conflicts in determination of violations. While Respondent's reviewer is not a Tennessee licensee, reviewer is licensed in a border state and their resume shows a history of experience. This likely would result in a conflict of experts in a hearing. As there was support of violation of Standards Rule 2-2(a)(viii) Counsel's recommendation is a consent order with terms providing a 7 hour class in sales comparison.

UPDATE #3:

Administrative error in the October Legal Report stated the Commission previously approved offer for discipline from the July, 2018 meeting for a consent order was 7 hour sales comparison course and a 7 hour cost course. Accordingly, the Commission approved offering 7 hour sales comparison course and a 7 hour cost course at the October, 2018 meeting. However, the Commission's actual approved offer for discipline from the July 2018 Commission meeting was a 15 hour USPAP course and a 14 hour report writing course. On January 2, 2019 Respondent signed a proposed Consent Order agreeing to the original July terms of 15 hour USPAP course and a 14 hour report writing course subject to the approval of the proposed consent order by the Commission at the January 14, 2019 meeting.

Timeline:

July 2018 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).

July 2018 Decision: The Commission voted to issue a Consent Order requiring a 15 hour USPAP course and a 14 hour writing course.

October 2018 Recommendation: Counsel's recommendation is a consent order with terms providing for a 7 hour class in sales comparison.

October 2018 Decision: The Commission voted to issue a conditional dismissal requiring a 7 hour sales comparison course and a 7 hour cost course.

January 14, 2019 Recommendation: Adopt the signed proposed consent order that complies with initial July determination of a Consent Order requiring a 15 hour USPAP course and a 14 hour writing course.

Recommendation: Legal Counsel Recommends the Commission approve the signed proposed consent order and adopt the same as a fully executed Consent Order herein.

Decision: The Commission accepted Counsel's recommendation.

10. 2017035671

Licensing History: Certified Residential Appraiser 1/10/00 – 5/31/18

Disciplinary History: None

This was originally presented at the November 2017 meeting:

This complaint was filed by the Officer of an LLC based in MN whose job title is "Appraisal Compliance Manager" for U.S. Bank. The complaint itself is a "Recommendation for State Referral" pursuant to Dodd-Frank Wall Street Reform and Consumer Protection Act, Title XIV, Subtitle F, Section. 129E, Mandatory Reporting and was received on 6/6/17. This recommendation states possible deficiencies were identified in the appraisal report for the subject property and U.S. Bank sent a summary of these concerns to Respondent to allow Respondent a chance to respond in writing. The following is a summary of the concerns in Respondent's report:

- *The letter of engagement (exhibit 4) states the appraiser shall notify the client immediately if unable to perform interior inspection of outbuildings. Respondent did not inspect outbuildings until a later date, and did not notify client immediately. Respondent did not communicate details of inspection of outbuildings within report or whether or not an extraordinary assumption was made that the condition of outbuildings, as of the date of building inspection, was assumed to be equal to date of appraisal inspection. This lack of detail and communication does not allow client to properly understand the report.*
- *Client assignment conditions were not followed in terms of use of MLS photos as outlined in letter of engagement which states original photos shall be used. However, if certain conditions existed, then MLS photos would be permissible with supported reason. Respondent disputed this concern by quoting Fannie Mae, which was not the concern.*
- *Client assignment conditions not followed in terms of including additional comments re: adjustments that are not reasonable in nature. Respondent was asked to explain and support adjustments applied for location, site, and porch/patio/deck, and disputed this concern by again quoting Fannie Mae, which was not the concern.*
- *Respondent used sales dated 21 and 14 months prior to the appraisal effective date without an adequate rationale explaining why it was necessary to use such dated sales. Additionally, market adjustments were not applied without summary rationale and market data to explain and support the lack of the adjustment.*

- *Respondent used a sale that is a wood/log design with personal elevator and HOA dues which are all characteristically different from subject property. Respondent did not address these issues with market data and support in the appraisal or in his response to complainant's notification letter.*
- *According to interior photos of comparable sales available through online sources, sales have varying degrees of quality and customization. However, the subject property and sales are noted to be equal in quality not warranting an adjustment. Respondent's report lacks rationale to support this opinion and conclusion.*

Complainant alleges Respondent specifically violated the following USPAP Rules as a result of the above mentioned deficiencies:

- *1-2(e)(i) and 2-1(a)(iii) by failing to clarify concerns re: legal characteristics of subject property*
- *Scope of Work Rule, 1-2(h), 2-1(b), 2-2(a)(vii) and 2-2(a)(viii) by failing to comply with client assignment conditions in various ways mentioned above.*
- *2-2(a)(viii) because report lacks summary rationale and market data to explain/support opinions and conclusions that adjustments for location and site were extracted from the market.*
- *1-4(a) and 2-2(a)(viii) by failing to use publicly available sources to explain and support opinions re: quality and condition of comparable sales.*
- *1-4(a), 2-1(b) and 2-2(a)(viii) by using a closed sale with inherently different characteristics from subject property, failing to analyze or discuss impact to value and/or marketability of such characteristics and then giving equal consideration to this sale in the reconciliation; which does not allow client to adequately understand report. Complainant feels these material deficiencies resulted in a possible failure to comply with USPAP and may have significantly affected the value assigned to the subject property.*

Respondent does not believe this complaint is warranted and states he determined the scope of work required for this assignment, applied it, and performed the due diligence necessary to produce a credible report. Respondent further states he indicated the highest and best use as deemed reasonable by The Dictionary of Real Estate Appraisal (4th Edition) and Fannie Mae appraisal requirements. Respondent reported to Complainant's requests and takes issues with the fact it took ten (10) months to address the issues Complainant alleges now.

The expert reviewer found the following violations in the Respondent's report:

- *SR 1-3 – Respondent failed to discuss the allowance provided by the A-2 zoning.*
- *SR 1-4(a) – Respondent only provided a limited degree of analysis for property used as comparisons and provided no discussion relative to the comparisons made in sales comparison approach.*
- *SR 1-4(b)(i) – Respondent failed to include information to demonstrate the method or technique used to develop the land value.*

- SR 2-1(b) – Respondent failed to include sufficient information to enable the Complainant to understand the report properly because there was no explanation as to the duration of adjustment allowances.
- SR 2-2(viii) – Respondent’s report lacks supporting discussion of the adjustment duration for items within the sales comparison approach.

Counsel recommends no civil penalty and a total of 30 hours of educational courses above and beyond the requirement for licensed appraisers due to the lack of disciplinary history and based on the five (5) violations stated above.

Recommendation: Counsel recommends the authorization of a Consent Order and thirty (30) hours of coursework, with fifteen (15) hours of Sales Comparison Approach courses and fifteen (15) hours of Report Writing education course. Such courses must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing.

Decision: The Commission voted for an authorization of a Consent Order and fifteen (15) hours in a Report Writing education course. Such course must be completed within one hundred eighty (180) days of execution of the Consent Order and the CE must be above and beyond the minimum CE required for license renewal. Such terms are to be settled by Consent Order or Formal Hearing. The Commission also voted to authorize that the Consent Order contain language requiring respondent to use the most recent version of the Dictionary of Real Estate Appraisal (6th Edition).

NEW INFORMATION: Respondent sent in a written response to the proposed Consent Order and Counsel then spoke with Respondent at length by phone after reviewing their response. Respondent makes the following arguments in support of their request that the Commission reconsider their decision to assess public discipline. Respondent asks the Commission to assess private discipline instead of the proposed public discipline, noting they have been licensed for 18 years without any complaints or issues, with this being their first complaint. Respondent also informed Counsel they had already complied with the discipline in full as required by the terms of the proposed Consent Order. Respondent provided Counsel with proof of completion of 15 classroom hours of Residential Report Writing and Case Studies less than 30 days after they received the proposed Consent Order. Respondent chose to immediately take the continuing education course because Respondent takes the appraiser rules and standards, as well as their job as an appraiser very seriously, and wanted to learn more about how to avoid violations and prepare better appraisal reports. Respondent also wanted to understand how and why the expert found that Respondent committed violations referenced in the proposed Consent Order, and asked to discuss this with Counsel. Counsel and Respondent reviewed the documents that were provided to the expert for review and it was discovered that the expert only reviewed the original appraisal report and did not consider the multiple revised reports and addenda that Respondent submitted to Complainant per their requests. Respondent explained to Counsel that the Complainant began asking Respondent to provide additional clarification, analyses and explanations immediately after the original report dated June 30, 2016 was

submitted to Complainant all the way through November 2016. Respondent complied with all of Complainant's requests and provided the entire work file with the original response to the complaint (over 100 pages). Respondent provides documentation of the conversations between them and the Complainant which show how much work was done by Respondent to provide a competent appraisal report to Complainant. Counsel believes the expert did not review the entire file and only reviewed the original appraisal report as stated in their expert review. Counsel notes the revised appraisal reports and addenda, as well as the emails and communications, all show that Respondent addressed all of the Complainant's numerous and persistent concerns, and further revised the original report numerous times to include data and analyses not included in the original report reviewed by the expert.

Counsel reviewed the expert review, the entire work file and reconsidered Respondent's responses to each of the alleged violations after reviewing all of the revised appraisal reports in addition to the original report. Counsel feels Respondent made significant changes and improvements to the original report which were not reviewed by the expert, and thus corrected many of the issues referenced in the expert review as violations. Counsel also considers Respondent's lack of any disciplinary history despite being licensed for 18 years and further considers that Respondent took the continuing education courses required by the Commission and thus already complied with the discipline assessed. Counsel recommends voiding the Consent Order and issuing a Letter of Warning to Respondent citing SR 1-3, 1-4(a) and (b)(i), 2-1(b) and SR 2-2(viii).

NEW RECOMMENDATION: Void the Consent Order and issue a Letter of Warning citing SR 1-3, 1-4(a) and (b)(i), 2-1(b) and SR 2-2(viii)

NEW DECISION: The Commission voted to dismiss the complaint.

RULEMAKING HEARING *(Presented by Anna Matlock)*

Ms. Matlock provided the board an update on the current rulemaking revisions. Mr. Atwood made a motion to accept the revisions as written. Mr. Garrison seconded this motion. The motion carried by unanimous voice vote.

LETTER OF WARNING *(Presented by Anna Matlock)*

Dr. Mackara made a motion to keep the same use of the Letter of Warning, but to introduce the use of a Letter of Instruction. Ms. Alexander seconded the motion. The motion carried by unanimous voice vote.

DIRECTORS REPORT

BUDGET

Director Gumucio reviewed the overall expenditures for the fiscal year noting that there were bigger than normal costbacks resulting in the current fiscal health for the past three months. Director Gumucio explained that along with the traditional admin costbacks, there was the costbacks for annual database and equipment fees. Additionally, Director Gumucio briefed the board members regarding the application fee reductions.

OPEN COMPLAINTS REPORT

Director Gumucio informed the board that there are currently 22 open appraiser cases and 5 open AMC cases.

SPRING AARO CONFERENCE (3 – 5 MAY 2019)

Chairman Thomas made a motion for the following to attend (in order): Mr. Atwood, Mr. Mansfield, Chairman Thomas and Anna Matlock. This was seconded by Mr. Garrison. The motion carried by unanimous voice vote. Chairman Thomas did make a note to ask those board members who were absent in this meeting if they would like to attend.

MEETING WITH FINANCIAL INSTITUTIONS

No discussion was needed as all board members stated they knew where to go for this meeting and what to expect.

NEW BUSINESS

Mr. Atwood had questions regarding the criteria for reviewers, during which time it was decided that this would be discussed during the April board meeting.

ADJOURNMENT

Mr. Garrison made a motion to adjourn the meeting. Mr. Atwood seconded this motion. The motion carried by unanimous voice vote and was adjourned at 12:52 p.m.