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SETTLEMENT AGREEMENT BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION AND DAN R. PETERSON

Come now Dan R. Peterson ("Licensee") and the Missouri Real Estate Appraisers Commission ("Commission") and enter into this settlement agreement for the purpose of resolving the question of whether Licensee's certification as a certified residential real estate appraiser will be subject to discipline.

Pursuant to the terms of § 536.060, RSMo,¹ the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri ("AHC") regarding cause to discipline the Licensee's certification, and, additionally, the right to a disciplinary hearing before the Commission under § 621.110, RSMo. The parties jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo.

Licensee acknowledges that Licensee understands the various rights and privileges afforded Licensee by law, including the right to a hearing of the charges against Licensee; the right to appear and be represented by legal counsel; the right to have all charges against Licensee proven upon the record by a preponderance of the evidence; the right to cross-examine any witnesses appearing at the hearing against Licensee; the right to present evidence on Licensee's own behalf at the hearing; the right to a decision upon the record by a fair and impartial administrative hearing commissioner concerning the charges pending against Licensee and, subsequently, the right to a disciplinary hearing before the Commission at which time Licensee may present evidence in mitigation of discipline; and the right to recover attorney's fees incurred in defending this action against Licensee's certification. Being aware of these rights provided Licensee by operation of law, Licensee knowingly and voluntarily waives each and every one of these rights and freely enters into this settlement agreement and agrees to abide by the terms of this document, as they pertain to Licensee.

Licensee acknowledges that Licensee has received a copy of the documents relied upon by the Commission in determining there was cause to discipline Licensee's certification, along with citations to law and/or regulations the Commission believes was violated.

For the purpose of settling this dispute, Licensee stipulates that the factual allegations contained in this settlement agreement are true and stipulates with the Commission that Licensee's certification, numbered

¹ All statutory references are to Missouri Revised Statutes 2000, as amended, unless otherwise indicated.

ra002948 is subject to disciplinary action by the Commission in accordance with the provisions of Chapter 621 and §§ 339.500 to 339.549, RSMo.

Joint Stipulation of Fact and Conclusions of Law

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.507, RSMo, for the purpose of licensing all persons engaged in the practice of real estate appraisal in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of Sections 339.500 to 339.549, RSMo.

2. Licensee, Dan R. Peterson, holds a certification from the Commission as a certified residential real estate appraiser, certification number RA002948. The Commission issued Licensee's certification on July 1, 1995. Licensee's certification expires June 30, 2016. Licensee's Missouri certification was at all times relevant herein, and is now, current and active.

3. On or about May 22, 2014, the Commission received a complaint regarding Licensee's appraisal of property located at 114 S. Eastglenn Drive, Lee's Summit, Missouri ("Eastglenn Property"). The complainant stated that in reviewing Licensee's appraisal, the first thing the complainant noticed was that the owner of the home paid \$280,393 for the home one year ago and ten months later, Licensee appraised the home with a value of \$62,393 less than the purchase price even after the homeowner finished the basement of the home. The complaint also stated that all the comparable sales, except comparable sale 5, were from subdivisions outside of the subject property's subdivision. Comparable sale 5 was an active listing and not a new home like the subject property. Comparable sale 5 was eight years older and had a higher bedroom/bathroom count. There were other comparable sales in the subject property's subdivision that were more similar to the subject property which, according to the complainant, makes Licensee's report misleading. The complainant identified 20 sales in the last 365 days, 11 active listings, in the subdivision that Licensee could have used that were more similar in age, square footage, appearance, bedroom/bath count and basement finish. Additionally, Licensee's comparable sales that were in a different subdivision were also 13, 5 and 15 years older than the subject property. The complaint stated Licensee's appraisal deflated the value of the subject property.

4. On or about June 26, 2014, Licensee provided the Commission with his response to the complaint. Licensee stated that he completed the report on his own and used home sales that were not new construction, 1 to 20 years of age, with the same style within one mile. He stated the past sales of the subject

property were omitted from his report in error. He stated that the newly finished basement was included in the sale price of the home. He stated he did not use homes in the same subdivision because there were no similar style homes that were not new construction.

5. On or about July 30, 2014, the Commission entered into an agreement with Missouri certified residential real estate appraiser William Kirn to complete a retrospective Standard 3 review of Licensee's Eastglenn Property appraisal. Mr. Kirn completed his Standard 3 review on behalf of the Commission on or about August 19, 2014. Mr. Kirn's review appraisal resulted in a value of \$280,000 for the subject property.

6. During its August 2014 regularly scheduled Commission meeting, the Commission completed its final review of Licensee's appraisal of the Eastglenn property as well as the Standard 3 review of the property completed by Mr. Kirn on behalf of the Commission. Mr. Kirn identified the following errors and/or omissions in Licensee's Eastglenn Property appraisal which constituted violations of the USPAP:

7. Licensee's Eastglenn Property appraisal did not comply with several provisions of USPAP:
 - a. Licensee's Eastglenn Property appraisal did not comply with USPAP Rule 1-1(a) because Licensee was not aware of, did not understand and did not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal in that the sales approach did not consider correct adjustments or more applicable comparable sales. Licensee went outside of the subdivision for comparable sales when more applicable comparable sales were in the same subdivision as the subject property.
 - b. Licensee's Eastglenn Property appraisal did not comply with USPAP Rule 1-1(c) because Licensee rendered appraisal services in a careless and negligent manner by making a series of mistakes that in the aggregate affected the credibility of the results in that Licensee did not report the previous sale of the subject property on January 16, 2012 and June 13, 2013 when a three year history is required under USPAP.
 - c. Licensee's Eastglenn Property appraisal did not comply with USPAP Rule 1-4(a) because in utilizing the sales comparison approach to value for a credible assignment report, Licensee did not analyze comparable sales data available to indicate a value conclusion in that Licensee chose comparable sales from outside the subdivision there were inferior in quality and with a lower price point. Comparable sales were available within the same subdivision. Licensee's

use of inferior comparable sales in a different subdivision resulted in an under valuation of the subject property.

- d. Licensee's Eastglenn Property appraisal did not comply with USPAP Rule 2-1(a) because, in reporting the results of the real property appraisal, Licensee communicated the analysis, opinion and conclusion in a misleading manner by failing to clearly and accurately set forth the appraisal in that by using comparable sales from an inferior area and of an inferior quality, the report misleads the reader into accepting a lower value for the subject property.
- e. Overall, Licensee's Eastglenn Property appraisal did not comply with USPAP because Licensee's sales comparison approach, as discussed above, results in a lower value for the subject property that is misleading to the reader. Additionally, Licensee failed to provide or analyze the three year sales' history of the property.

8. Licensee's conduct, as described in paragraphs 3 through 7 above constitutes misconduct in the performance of the duties of a state certified residential real estate appraiser for which the Commission has cause to discipline Licensee's certification.

9. Licensee's conduct, as described in paragraphs 3 through 7 above constitutes failure to comply with the requirements of USPAP for which the Commission has cause to discipline Licensee's certification.

10. Licensee's conduct, as described in paragraphs 3 through 7 above, constitutes violation of a professional trust or confidence for which the Commission has cause to discipline Licensee's certification.

11. Cause exists for the Commission to take disciplinary action against Licensee's certification under § 337.532.2(5), (7) and (14), RSMo, which states in pertinent part:

2. The Commission may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621, RSMo, against any state-certified real estate appraiser, state-licensed real estate appraiser, or any person who has failed to renew or has surrendered his or her certificate or license for any one or any combination of the following causes:

...

(5) Incompetency, misconduct, gross negligence, dishonesty, fraud, or misrepresentation in the performance of the functions or duties of any profession licensed or regulated by sections 339.500 to 339.549;

...

(7) Failure to comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation;

...

(14) Violation of any professional trust or confidence[.]

Joint Agreed Disciplinary Order

12. Based upon the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the Commission in this matter under the authority of §§ 536.060, 621.045.4 and 621.110, RSMo.

13. The terms of discipline shall include that Licensee's certification shall be placed on **PROBATION** for a period of two (2) years ("disciplinary period"). During Licensee's probation, Licensee shall be entitled to engage as a state certified residential real estate appraiser under Sections 339.500 to 339.549, RSMo, provided Licensee adheres to all of the terms of this Settlement Agreement.

I. EDUCATIONAL REQUIREMENTS

- A. Within six months after the effective date of this Settlement Agreement, Licensee shall submit verification to the Commission of successful completion of a Commission approved Ethics course.
- B. Licensee shall not apply the education required by this Settlement Agreement to satisfy the continuing education hours required for license renewal.

II. GENERAL REQUIREMENTS

- A. During the disciplinary period, Licensee shall not sign appraisal reports as a supervising appraiser.
- B. During the disciplinary period, Licensee shall not serve as a supervising appraiser to trainee real estate appraisers under 20 CSR 2245-3.005. Within ten days of the effective date of this Settlement Agreement, Licensee shall advise each trainee real estate appraiser working under Licensee that the supervisory relationship is terminated and comply with all other requirements of 20 CSR 2245-3.005 regarding the termination of the supervisory relationship.
- C. Whenever during the disciplinary period Licensee provides others with a copy of Licensee's certification as a Missouri state certified real estate appraiser, Licensee shall provide the most recent version of Licensee's certification issued by the Commission.
- D. During the disciplinary period, Licensee shall maintain a log of all appraisal assignments completed, including appraisal values. Licensee shall submit a true and accurate copy of his log to the MREAC by no later than January 15, April 15, July 15 and October 15, during each year of the disciplinary period. Each log, except for the final log, shall be submitted within 15 days after the end of the respective six month period. Licensee shall submit the final log 30 days prior to the end of the probationary period. All logs shall comply with rule 20 CSR 2245-2.050. With the copy of the log, Licensee shall also submit a written report to the Commission stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. Licensee is responsible for assuring that the reports and logs are submitted to and received by the Commission.

- E. During the disciplinary period, Licensee shall keep the Commission informed of Licensee's current work and home telephone numbers. Licensee shall notify the Commission in writing within ten days (10) of any change in this information.
- F. During the disciplinary period, Licensee shall timely renew Licensee's certification granted hereby and shall timely pay all fees required for license and comply with all other Commission requirements necessary to maintain said certification in a current and active state.
- G. During the disciplinary period, Licensee shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Agreement.
- H. During the disciplinary period, Licensee shall appear in person for interviews with the Commission or its designee upon request.
- I. Licensee shall submit written reports to the Commission every six (6) months during the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this Agreement. The first such report shall be received by the Commission on or before January 1, 2015.
- J. Licensee shall execute any release or provide any other authorization necessary for the Commission to obtain records of Licensee's employment during the disciplinary period.
- K. Licensee shall comply with all provisions of §§ 339.500 to 339.549, RSMo; all federal and state drug laws, rules, and regulations; and all federal and state criminal laws. "State" here includes the state of Missouri, all other states and territories of the United States, and the ordinances of political subdivisions of any state or territory. Licensee shall immediately report any violation of this provision to the Commission in writing. Licensee shall also immediately report any allegation that Licensee has violated this provision to the Commission, in writing. Examples of allegations of such a violation include, but are not limited to, any arrest, summons, inquiry by any law enforcement official into these topics, or inquiry into these topics by a health oversight agency. Licensee shall sign releases or other documents authorizing and requesting the holder of any closed record related to this paragraph to release such records to the Commission.
- L. Licensee shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- M. In the event the Commission determines that Licensee has violated any term or condition of this Order, the Commission may, in its discretion, after an evidentiary hearing, suspend, revoke, or otherwise lawfully discipline Licensee's certification.
- N. No Order shall be entered by the Commission pursuant to the preceding paragraph of this Order without notice and an opportunity for hearing before the Commission in accordance with the provisions of Chapter 536, RSMo.
- O. If, at any time during the disciplinary period, Licensee changes Licensee's address from the state of Missouri, or ceases to maintain Licensee's certification current or active under the provisions of §§ 339.500 to 339.549, RSMo, or fails to keep the Commission advised of all current places of residence, the time of such absence, unlicensed or inactive status, or unknown whereabouts shall not be deemed or taken to satisfy any part of the disciplinary period.
- P. Unless otherwise specified by the Commission, all reports, documentation, notices, or other materials required to be submitted to the Commission shall be forwarded to: Missouri Real Estate Appraisers Commission, P.O. Box 1335, Jefferson City, Missouri 65102.
- Q. Any failure by Licensee to comply with any condition of discipline set forth herein constitutes a violation of this Order.

14. The parties to this Agreement understand that the Missouri Real Estate Appraisers Commission will maintain this Agreement as an open record of the Commission as provided in Chapters 339, 610 and 324, RSMo.

15. The terms of this settlement agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise provided herein, neither this settlement agreement nor any of its provisions may be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.

16. Licensee, together with Licensee's heirs and assigns, and Licensee's attorneys, do hereby waive, release, acquit and forever discharge the Commission, its respective members and any of its employees, agents, or attorneys, including any former Commission members, employees, agents, and attorneys, of, or from, any liability, claim, actions, causes of action, fees, costs and expenses, and compensation, including but not limited to, any claims for attorney's fees and expenses, including any claims pursuant to § 536.087, RSMo, or any claim arising under 42 U.S.C. § 1983, which may be based upon, arise out of, or relate to any of the matters raised in this case, its settlement, or from the negotiation or execution of this settlement agreement. The parties acknowledge that this paragraph is severable from the remaining portions of this settlement agreement in that it survives in perpetuity even in the event that any court of law deems this settlement agreement or any portion thereof to be void or unenforceable.

17. If no contested case has been filed against Licensee, Licensee has the right, either at the time the settlement agreement is signed by all parties or within fifteen days thereafter, to submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties to the settlement agreement constitute grounds for denying or disciplining the license of Licensee. If Licensee desires the Administrative Hearing Commission to review this Agreement, Licensee may submit this request to:

Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65101.

18. If Licensee has requested review, Licensee and Commission jointly request that the Administrative Hearing Commission determine whether the facts set forth herein are grounds for disciplining Licensee's license and issue findings of act and conclusions of law stating that the facts agreed to by the parties are grounds for disciplining Licensee's license. Effective the date the Administrative Hearing Commission

determines that the agreement sets forth cause for disciplining Licensee's license, the agreed upon discipline set forth herein shall go into effect.

LICENSEE

Dan R. Peterson

Dan R. Peterson

Date 12/21/2014.

COMMISSION

Vanessa Beauchamp

Vanessa Beauchamp

Executive Director

Missouri Real Estate Appraisers Commission

Date 12-29-14