SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION
AND
KEN D. GROVES AND DAVID F. PARKER

Ken D. Groves (Groves) and David F. Parker (Parker) and the Missouri Real Estate Appraisers Commission (MREAC) enter into this Settlement Agreement for the purpose of resolving the question of whether Groves and Parker's certifications as state-certified residential real estate appraisers, nos. 1999137407 and 2005013669, respectively, will be subject to discipline. Pursuant to § 536.060, RSMo 2000,[1] the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri and, additionally, the right to a disciplinary hearing before the MREAC under § 621.110, RSMo Supp. 2011. The MREAC, Groves, and Parker jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Supp. 2011.

Groves and Parker acknowledge that they understand the various rights and privileges afforded them by law, including the right to a hearing of the charges against them; the right to appear and be represented by legal counsel; the right to have all charges proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing against them at the hearing; the right to present evidence on their

[1] All statutory citations are to the 2000 Revised Statutes of Missouri unless otherwise noted.

behalf at the hearing; the right to a decision upon the record of the hearing by a fair and impartial administrative hearing commissioner concerning the charges pending against them; the right to a ruling on questions of law by the Administrative Hearing Commission; the right to a disciplinary hearing before the MREAC at which time Groves and Parker may present evidence in mitigation of discipline; the right to a claim for attorney fees and expenses; and the right to obtain judicial review of the decisions of the Administrative Hearing Commission and the MREAC.

Being aware of these rights provided to them by law, Groves and Parker knowingly and voluntarily waive each and every one of these rights and freely enter into this Settlement Agreement and agree to abide by the terms of this document as they pertain to them.

Groves and Parker acknowledge that they have received a copy of documents that were the basis upon which the MREAC determined there was cause for discipline, along with citations to law and/or regulations the MREAC believes were violated. Groves and Parker stipulate that the factual allegations contained in this Settlement Agreement are true and stipulate with the MREAC that Groves and Parker's certifications as state-certified residential real estate appraisers, certificate nos. 1999137407 and 2005013669, respectively, are subject to disciplinary action by the MREAC in accordance with the relevant provisions of Chapter 621, RSMo, and §§ 339.500 through 339.549, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREAC, Groves, and Parker in Part II herein is based only on the agreement set out in Part I herein. Groves and Parker understand that the MREAC may take further disciplinary action against them based on facts or conduct not specifically mentioned in this document that are either now known to the MREAC or may be discovered.

I.
Joint Stipulation of Facts and Conclusions of Law

Based upon the foregoing, the MREAC, Groves, and Parker herein jointly stipulate to the following:

1. Respondent Ken D. Groves ("Groves") is certified by the MREAC as a state-certified residential real estate appraiser, certificate no. 1999137407. Such certification is and was at all times relevant to this action current and active.

2. Respondent David F. Parker ("Parker") is certified by the MREAC as a state-certified residential real estate appraiser, certificate no. 2005013669. Such certification is and was at all times relevant to this action current and active.

3. Section 339.535, RSMo, regarding compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), states:

> State certified real estate appraisers and state licensed real estate appraisers shall comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation.

Count I
Ames Place Appraisal Report
(Groves and Parker Only)

4. On or about April 24, 2006, Groves and/or Parker completed and signed a summary appraisal report for residential real estate located at 535 Ames Place, St. Louis, Missouri ("the Ames Place property"). The effective date of the appraisal report was April 19, 2006. This appraisal valued the property at $108,000. This appraisal shall be referred to hereinafter as the "Ames Place Appraisal Report."

5. Groves and Parker were required to develop and report the results of the Ames Place Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition.

6. The Ames Place Appraisal Report was prepared for Point Mortgage located in Texas.

7. Based on the following errors and omissions in the preparation of the Ames Place Appraisal Report, Groves and Parker violated § 339.535, RSMo, the USPAP Ethics Rule regarding Conduct, USPAP Standards 1 and 2, and USPAP Standards Rules (SRs) 1-1(a), (b) and (c), 1-4(a), 1-5(a) and (b), 2-1(a) and (b), and 2-2(b)(ix), 2005 edition:

a. Stating that there were "no current or prior listings or sales history for the subject . . . other than the reported sales for the past 36 months," when the subject property had been listed unsuccessfully for 79 days at $92,500 beginning on February 9, 2005;

b. Failing to analyze, discuss, or explain why the appraised value was significantly higher than the prior listing amount;

c. Failing to adequately explain and reconcile the prior sales of the subject property at a significantly lower amount(s) with the current sale of $106,000; and

d. Failing to analyze, discuss, or explain why the subject property which had been currently listed for 139 days at $105,000 sold for $106,000.

e. In the preparation of the Sales Comparison Analysis in the Ames Place Appraisal Report, Groves and Parker made the following significant and substantial errors of omission and commission:

1) Failing to use more similar comparable sales available at the time of the appraisal report;

2) Failing to adjust comparable sale #1 for location when it was in a slightly superior neighborhood made up of slightly higher priced predominantly brick homes;

3) Failing to adjust for the larger lots of comparable sales #1 and #3;

4) Failing to report and analyze seller concessions of $3,000 for comparable sale #2 and $1,500 for comparable sale #3;

5) Adjusting for square footage at the unreasonably low amount of $12 per square foot; and

6) Inaccurately reporting the sales history for comparable sale #2 by failing to include a sale dated September 7, 2005 for $84,250.

f. The Ames Place Appraisal Report overestimates the value, is not credible, and is misleading.

Count II
Minnesota Avenue Appraisal Report
(Groves and Parker Only)

8. On or about January 25, 2006, Groves completed and signed a summary appraisal report for residential real estate located at 6819 Minnesota Avenue ("the Minnesota Avenue property"). The effective date of the appraisal report was January 24, 2006. This appraisal valued the property at $204,000. This appraisal shall be referred to hereinafter as the "Minnesota Avenue Appraisal Report."

9. Groves and/or Parker were required to develop and report the results of the Minnesota Avenue Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2005 Edition.

10. The Minnesota Avenue Appraisal Report was prepared for Pointe Mortgage.

11. Based on the following errors and omissions in the preparation of the Minnesota Avenue Appraisal Report, Groves and Parker violated § 339.535, RSMo, the USPAP Ethics Rule, USPAP Standards 1 and 2, and USPAP SRs 1-1(a), (b) and (c), 1-2(e)(i) and (iv), 1-3(a), 1-4(a) and (b), 2-1(a) and (b), and 2-2(b)(iii) and (ix), 2005 edition:

a. Misstating the range of prices for one-unit housing in the Neighborhood section as $75,000 to $300,000 when it was about $10,000 to $248,000;

b. Misstating the predominant sales prices for one-unit housing in the Neighborhood section as $175,000, when it was about $86,000;

c. Failing to note that the subject property was located in a market that was "REO" driven (i.e., many sales of foreclosed properties);

d. Failing to note that it is common in the market for the seller to provide sales concessions by paying a portion of closing costs;

e. Inaccurately identifying the zoning for the subject property as "single family residential," when it was zoned as two-family residential; and

f. Failing to justify the unreasonable effective age of 8 years when the subject property is 114 years old.

g. In the preparation of the Sales Comparison Analysis in the Minnesota Avenue Appraisal Report, Groves and Parker made significant and substantial errors of omission and commission:

1) Comparable sales #1 and #2 are from a superior location and no location adjustment was made;

2) All comparable sales are superior to the subject property in design and appeal, but no adjustment was made;

3) Comparable sale #2 is superior to the subject property in quality of construction, but no adjustment was made;

4) Failing to adjust for Comparable sale #2's deck; and

5) Making unreasonable adjustments for car storage and amenities.

h. In the preparation of the Cost Approach in the Minnesota Avenue Appraisal Report, Groves and Parker made the following significant and substantial errors of omission and commission:

1) Failing to justify the effective age of 8 years for the subject property which was 114 years old, thus understating depreciation; and

2) Using a quality rating of good, when the subject property's quality was average.

i. The Minnesota Avenue Appraisal Report overestimates the value, is not credible, and is misleading.

Count IV
Michigan Avenue Appraisal Report
(Groves Only)

12. On or about January 30, 2007, Groves completed and signed a summary appraisal report for small residential income real estate located at 4708 Michigan Avenue ("the Michigan Avenue property"). The effective date of the appraisal report was January 25, 2007. This appraisal valued the property at $130,000. This appraisal shall be referred to hereinafter as the "Michigan Avenue Appraisal Report."

13. Groves was required to develop and report the results of the Michigan Avenue Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2006 Edition.

14. The Michigan Avenue Appraisal Report was prepared for U.S. Lending.

15. Based on the following errors and omissions in the preparation of the Michigan Avenue Appraisal Report, Groves has violated § 339.535, RSMo, the USPAP Ethics Rule, USPAP Standards 1 and 2, and USPAP SRs 1-1(a), (b) and (c), 1-2(e)(i), 1-4(a), 1-6(a), 2-1 (a) and (b), and 2-2(b)(iii) and (viii), 2006 edition:

a. Failing to identify MLS listing #622384 which listed the subject property at $110,000 for 28 days beginning April 7, 2006;

b. Misrepresenting that the homes in the neighborhood are "typically well maintained and in good conformity with one another" and that "other homes in the area are generally similar in style and value," when the neighborhood had a range of homes including boarded up properties in poor condition and extremely well-rehabbed properties;

c. Misrepresenting the range of sales prices for 2-4 unit housing in the neighborhood as $100,00 to $155,000 with a predominant value of $130,000, when the range was closer to $22,000 to $170,000 with an average price of $82,000; and

d. Inaccurately reported the present land use in the neighborhood as 83 percent for one-unit properties and 8 percent for 2-4 unit properties, when the percentages are closer to 60 and 35 percent, respectively.

e. In the preparation of the Sales Comparison Analysis in the Michigan Avenue Appraisal Report, Groves made the following significant and substantial errors of omission and commission:

1) Comparable sales were available that were more similar to the subject property in condition, proximity, date of sale, and size;

2) Comparable sale #1 is more than a mile away in a neighborhood having 2-4 family units in predominantly

superior condition and value than in the subject property's neighborhood;

3) The adjustments for square footage are inadequate; and

4) Failing to reconcile the four indicators of value: value per unit, value per room, value per gross building area, and value per bedrooms. Only the value per unit supports the appraised value.

f. The Michigan Avenue Appraisal Report overestimates the value, is not credible, and is misleading.

16. Based on the conduct of Groves and Parker stipulated to herein regarding the Ames Place Appraisal Report, the Minnesota Avenue Appraisal Report, and the Michigan Avenue Appraisal Report, cause exists to discipline their certifications as state-certified residential real estate appraisers under section 339.532.2(5), (6), (7), (8), (9), (10), and (14), RSMo Supp. 2011, which states:

> 2. The commission may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 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:
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> . . . . .
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> (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;

(6) Violation of any of the standards for the development or communication of real estate appraisals as provided in or pursuant to 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;

(8) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(9) Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;

(10) Violating, assisting or enabling any person to willfully disregard any of the provisions of sections 339.500 to 339.549 or the regulations of the commission for the administration and enforcement of the provisions of sections 339.500 to 339.549;

. . . . .

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

II.
Joint Agreed Disciplinary Order

Based on the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the MREAC in this matter under the authority of § 536.060, RSMo, and §§ 621.045.3 and 621.110, RSMo Supp. 2011.

1. **Groves and Parker's certifications are on probation.** Groves' and Parker's certifications as state-certified residential real estate appraisers are hereby placed

on PROBATION for a period of THREE YEARS. The period of probation shall constitute the "disciplinary period." During the disciplinary period, Groves and Parker shall be entitled to practice as state-certified residential real estate appraisers under §§ 339.500 through 339.549, RSMo, as amended, provided Groves and Parker adhere to all the terms of this agreement.

2. **Terms and conditions of the disciplinary period.** The terms and conditions of the disciplinary period are as follows:

A. Groves and Parker shall each submit a written report to the MREAC by no later than January 1 and July 1, during each year of the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. The first written report shall be submitted on or before July 1, 2012. The final written report shall be submitted to the MREAC 90 days prior to the end of the disciplinary period. Each written report shall be submitted no earlier than 30 days prior to the respective due date. Groves and Parker are each responsible for assuring that their respective reports are submitted to and received by the MREAC.

B. During the disciplinary period, Groves and Parker shall each maintain a log of all appraisal assignments as required by 20 CSR 2245-2.050. Each shall submit a true and accurate copy of the log to the MREAC by no later than January 1 and July 1 during each year of the disciplinary period. The first log

shall be submitted on or before July 1, 2012. The last log shall be submitted to the MREAC 90 days prior to the end of the disciplinary period. Each log submitted shall be current to at least 30 days prior to the respective due date. Groves and Parker are each responsible for assuring that their respective logs are submitted to and received by the MREAC. Upon MREAC request, Groves and Parker shall submit copies of their work samples for MREAC review.

C. Within six months after the effective date of this Settlement Agreement, Groves and Parker shall each submit verification to the MREAC of successful completion of a thirty (30)-hour approved course, including examination, on market approach.

D. Groves and Parker may not apply the education required by this Settlement Agreement to satisfy the continuing education hours required for certification renewal.

E. During the period of probation, neither Groves nor Parker shall sign appraisal reports as a supervising appraiser.

F. During the disciplinary period, neither Groves nor Parker shall 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, Groves and Parker shall advise each trainee real estate appraiser working under them 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.

G. During the disciplinary period, Groves and Parker shall each keep the MREAC apprised at all times in writing of their current work and home addresses and telephone numbers at each place of residence and employment. Groves and Parker shall notify the MREAC in writing of any change in address or telephone number within 15 days of a change in this information.

H. Groves and Parker shall timely renew their certification and timely pay all fees required for certification renewal and comply with all other MREAC requirements necessary to maintain their certification in a current and active state.

I. During the disciplinary period, Groves and Parker shall comply with all provisions of §§ 339.500 through 339.549, RSMo, all rules and regulations promulgated thereunder, and all federal and state laws. "State" includes the state of Missouri and all other states and territories of the United States. Any cause to discipline Groves and Parker's certification as a real estate appraiser under § 339.532.2, RSMo, as amended, that accrues during the disciplinary period shall also constitute a violation of this Settlement Agreement.

J. Groves and Parker shall accept and comply with reasonable unannounced visits from the MREAC's duly authorized agents to monitor compliance with the terms and conditions stated herein.

K. Groves and Parker shall appear before the MREAC or its representative for a personal interview upon the MREAC's written request.

L. If, at any time within the disciplinary period, either Groves or Parker removes himself from the state of Missouri, ceases to be currently certified under the provisions of §§ 339.500 through 339.549, RSMo, or fails to keep the MREAC advised of all current places of residence and business, the time of absence, uncertified status or unknown whereabouts shall not be deemed or taken as any part of the disciplinary period.

3. Upon the expiration of the disciplinary period, the certifications of Groves and Parker shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Groves or Parker have violated any term or condition of this Settlement Agreement, the MREAC may, in its discretion after an evidentiary hearing, vacate and set aside the discipline imposed herein and may suspend, revoke or otherwise lawfully discipline Groves' or Parker's certification.

4. No additional discipline shall be imposed by the MREAC pursuant to the preceding paragraph of this Settlement Agreement without notice and opportunity for hearing before the MREAC as a contested case in accordance with the provisions of Chapter 536, RSMo.

5. This Settlement Agreement does not bind the MREAC or restrict the remedies available to it concerning any future violations by Groves or Parker of

§§ 339.500 through 339.549, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Settlement Agreement.

6. This Settlement Agreement does not bind the MREAC or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Settlement Agreement that are either now known to the MREAC or may be discovered.

7. If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREAC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Groves and Parker agree and stipulate that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

8. Each party agrees to pay all their own fees and expenses incurred as a result of this case, its litigation, and/or its settlement.

9. The terms of this Settlement Agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained 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.

10. The parties to this Settlement Agreement understand that the MREAC will maintain this Settlement Agreement as an open record of the MREAC as required by Chapters 339, 610, and 324, RSMo, as amended.

11. Groves and Parker, together with their partners, heirs, assigns, agents, employees, representatives and attorneys, do hereby waive, release, acquit and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo (as amended), or any claim arising under 42 U.S.C. § 1983, which now or in the future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation or from the negotiation or execution of this Settlement Agreement. The parties acknowledge that this paragraph is severable from the remaining portions of the Settlement Agreement in that it survives in perpetuity even in the event that any court or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

12. This Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREAC.

LICENSEES

2/7/12

Ken D. Groves Date

2/7/12

David F. Parker Date

MISSOURI REAL ESTATE
APPRAISER COMMISSION

Vanessa Beauchamp, Executive Director
Date: 2-21-12

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