

**SETTLEMENT AGREEMENT**  
**BETWEEN**  
**MISSOURI REAL ESTATE APPRAISERS COMMISSION**  
**AND**  
**JERRY F. LOCK**

Jerry F. Lock (Lock) and the Missouri Real Estate Appraisers Commission (MREAC) enter into this Settlement Agreement for the purpose of resolving the question of whether Lock's certification as a state-certified general real estate appraiser, no. RA001869, will be subject to discipline. Pursuant to § 536.060, RSMo 2000,<sup>1</sup> 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 and Lock jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Supp. 2011.

Lock acknowledges that he understands the various rights and privileges afforded him by law, including the right to a hearing of the charges against him; 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 him at the hearing; the right to present evidence on his behalf at the hearing; the right to a decision upon the record of the hearing by a fair and impartial

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<sup>1</sup> All statutory citations are to the 2000 Revised Statutes of Missouri unless otherwise noted.

administrative hearing commissioner concerning the charges pending against him; 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 Lock 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 him by law, Lock 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 him.

Lock acknowledges that he has 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. Lock stipulates to the factual allegations contained in this Settlement Agreement and stipulates with the MREAC that Lock's certification as a state-certified general real estate appraiser, certificate no. RA001869, is 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 and Lock in Part II herein is based only on the agreement set out in Part I herein. Lock

understands that the MREAC may take further disciplinary action against him based on facts or conduct not specifically mentioned in this document that are either now known to the MREAC or may be discovered to the extent that such facts or conduct give rise to violations independent of the following identified appraisals.

**I.**  
**Joint Stipulation of Facts and Conclusions of Law**

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

1. Section 339.535, RSMo, which requires real estate appraisers to comply 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.

**Greenwood Farm Appraisal Report**

2. On December 15, 2008, Lock signed an appraisal report for real property commonly known as the David E. Greenwood Farm property located in Caldwell County, Missouri to establish the value of an estate for state taxes. The Greenwood Farm Appraisal Report had an effective date of December 15, 2008 and valued the real property at \$351,000.

3. The preparation of the Greenwood Farm Appraisal Report was to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2008-2009 edition.

4. Based on the following errors and omissions in the preparation of the Greenwood Farm Appraisal Report, Lock is in violation of Section 339.535, RSMo, the USPAP Ethics Rule, the USPAP Competency Rule, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a), (b) and (c), 1-2(b), (e) and (h), 1-4(a), (b) and (e), 2-1(a) and (b), and 2-2(b)(vii) and (viii), 2008-2009 edition:

- a. Inadequately develops and reports the scope of work for an appraisal involving a fractional interest;
- b. The intended use stated in the Function of the Report section of the Comment Addendum inaccurately states “mortgage lending purposes” instead of estate valuation;
- c. The county and neighborhood descriptions are too basic to adequately describe the area;
- d. Inadequately analyzes the fractional interest;
- e. Inadequately addresses the complexity of the valuation of an undivided one-half interest;

- f. In the sales comparison approach, no sales of a fractional interest were considered, and the adjustments for location and productivity are not supported; and
- g. In the cost approach, Neptune uses the term “Reproduction Cost Approach”, but does the Replacement Cost Approach.

**Orear Estate Appraisal Report**

5. On July 14, 2010, Lock signed an appraisal report for three tracts of agricultural real estate located as follows in Saline County and Pettis County, Missouri: Tract I in section 6, Township 49, Range 20 (111 +/- acres) in Saline County; Tract II in section 32, Township 48, Range 20 (187 +/- acres) in Pettis County; and Tract III in sections 27 and 28, Township 48, Range 21 (484 +/- acres) in Pettis County (the Orear Estate Appraisal Report).

6. The preparation of the Orear Estate Appraisal Report was to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2010-2011 edition.

7. Based on the following errors and omissions in the preparation of the Orear Estate Appraisal Report, Lock is in violation of Section 339.535, RSMo, the USPAP Ethics Rule, the USPAP Competency Rule, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a), (b), and (c), 1-2(a), (b), (e)(i), and (h), 1-3(a) and (b), 1-4(a) and

(c), 1-6(a) and (b), 2-1(a) and (b), and 2-2(b)(i), (ii), (iii) (v), (vii), (viii), (ix) and (xi)

2010-2011 edition:

- a. Failed to identify whether the appraisal report was a self-contained, summary, or restricted use appraisal;
- b. Failed to identify the client and/or intended user;
- c. Failed to identify the intended use;
- d. Failed to identify characteristics of the subject property that are relevant to the type and definition of value, such as market area, market conditions, and market activity;
- e. Failed to set forth the scope of work necessary to produce credible assignment results;
- f. Failed to identify and analyze the effect on use and value of land use regulations, economic demand, the physical adaptability of the real estate, and market area trends;
- g. Provided an extremely limited Highest and Best Use discussion without any explanation of the concept, the application of the four highest and best use tests, or the support for the current use of growing small grains;
- h. Failed to reconcile or opine regarding the quality and relevancy of the comparable sales;

- i. Failed to provide any reconciliation of the applicability or suitability of the Sales Comparison Approach and the Income Approach;
- j. Used an out-of-date residential certification form that was not relevant to the assignment and which did not include all of the required elements;
- k. In the Sales Comparison Analysis in the Orear Estate Appraisal Report:
  - i. No analysis of the comparable sales regarding the land types, the percent tillable, improved vs. unimproved, etc.;
  - ii. No support for the capitalization rates noted for the comparable sales; and
  - iii. No support or explanation for how adjustments were made to the comparable sales for items such as size, location, land quality, and building values;
- l. In the Income Approach in the Orear Estate Appraisal Report:
  - i. No explanation for how the capitalization rates noted for the comparable sales were developed, the type of income estimated, or the expenses deducted;
  - ii. No explanation of the expenses deducted to determine a 1/3 to 1/2 share basis for the subject;

- iii. No support for the use of a 4 percent capitalization rates on all three tracts of the subject property when two tracts are highly tillable and one tract used for grass/hay is not highly tillable; and
- iv. The projection of rent based on “thirds” is very subjective and unsupported by analysis, and failed to use a cash rental rate which would be verifiable and, therefore, more supportable.

**Miller Trust Appraisal Report**

8. On November 14, 2010, Lock signed an appraisal report for 72 +/- acres of agricultural real estate located in Carroll County, Missouri in Section 6, Township 51, Range 25 (48.6 acres) and Section 7, Township 51, Range 25 (23.5 acres) (the Miller Trust Appraisal Report).

9. The preparation of the Miller Trust Appraisal Report was to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2010-2011 edition.

10. Based on the following errors and omissions in the preparation of the Miller Trust Appraisal Report, Lock is in violation of Section 339.535, RSMo, the USPAP Ethics Rule, the USPAP Competency Rule, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a), (b), and (c), 1-2(a), (b), (e)(i), (ii), (iv), and (h), 1-3(a) and (b),

1-4(a) and (c), 1-6(a) and (b), 2-1(a) and (b), and 2-2(b)(i), (ii), (iii), (v), (vii), (viii), (ix) and (xi) 2010-2011 edition:

- a. Failed to identify the client and/or intended user;
- b. Failed to identify the intended use;
- c. Failed to identify characteristics of the subject property that are relevant to the type and definition of value, such as market area, market conditions, and market activity;
- d. Failed to indicate the property interest to be valued;
- e. Failed to set forth the scope of work necessary to produce credible assignment results;
- f. Failed to identify and analyze the effect on use and value of land use regulations, economic demand, the physical adaptability of the real estate, and market area trends;
- g. Provided an extremely limited Highest and Best Use discussion without any explanation of the concept, the application of the four highest and best use tests, or the support for the current use of growing small grains;
- h. Failed to reconcile or opine regarding the quality and relevancy of the comparable sales;

- i. Failed to provide any reconciliation of the applicability or suitability of the Sales Comparison Approach and the Income Approach;
- j. Used an out-of-date residential certification form that was not relevant to the assignment and which did not include all of the required elements;
- k. In the Sales Comparison Analysis:
  - i. No analysis of the comparable sales regarding the land types, the percent tillable, improved vs. unimproved, etc.;
  - ii. No support for the capitalization rates noted for the comparable sales;
  - iii. No support or explanation for how adjustments were made to the comparable sales for items such as size, location, land quality, and building values; and
  - iv. The adjustments for size on Comparable Sales 2 and 3 are inconsistent;
- l. In the Income Approach:
  - i. No explanation for how the capitalization rates noted for the comparable sales were developed, the type of income estimated, or the expenses deducted;

- ii. No explanation of the expenses deducted to determine a 1/3 to 1/2 share basis for the subject;
- iii. No support for the use of a 4 percent capitalization rate on all three tracts of the subject property when two tracts are highly tillable and one tract used for grass/hay is not highly tillable;  
and
- iv. The projection of rent based on “thirds” is very subjective and unsupported by analysis, and failed to use a cash rental rate which would be verifiable and, therefore, more supportable.

11. Based on the facts and violations set forth above, cause exists to discipline Lock’s certification as a state-certified general real estate appraiser pursuant to § 339.532.2(5), (6), (7), (8), (9), (10), and (14), RSMo, which states:

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;

(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. **Lock's certification is on probation.** Lock's certification as a state-certified general real estate appraiser is hereby placed on PROBATION for a period of ONE YEAR. The period of probation shall constitute the "disciplinary period." During the disciplinary period, Lock shall be entitled to practice as a state-certified general real

estate appraiser under §§ 339.500 through 339.549, RSMo, as amended, provided Lock adheres 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. Lock shall submit written reports to the MREAC by no later than January 15, April 15, July 15 and October 15, during each year of the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. Lock is responsible for assuring that the reports are submitted to and received by the MREAC.

B. During the disciplinary period, Lock shall maintain a log of all appraisal assignments as required by 20 CSR 2245-2.050. A true and accurate copy of which shall be submitted to the MREAC every three (3) months after the disciplinary period goes into effect with the written reports required under subparagraph B., above. Lock is responsible for assuring that the logs are submitted to and received by the MREAC. Upon MREAC request, Lock shall submit copies of his work samples for MREAC review.

C. Within <sup>one year</sup> ~~two years~~ after the effective date of this Settlement Agreement, Lock shall submit verification to the MREAC of successful completion of an approved course, including examination, on fractional interest. The course may be taken online.

D. Lock 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, Lock shall not sign appraisal reports as a supervising appraiser.

F. During the disciplinary period, Lock 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, Lock shall advise each trainee real estate appraiser working under him 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, Lock shall keep the MREAC apprised at all times in writing of his current work and home addresses and telephone numbers at each place of residence and employment. Lock shall notify the MREAC in writing of any change in address or telephone number within 15 days of a change in this information.

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

I. During the disciplinary period, Lock 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 Lock’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. Lock 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. Lock 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, Lock 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 certification of Lock shall be fully restored if all requirements of law have been satisfied; provided, however,

that in the event the MREAC determines that Lock has 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 Lock'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 Lock 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. Lock agrees and stipulates 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. Lock, together with his partners, heirs, assigns, agents, employees, representatives and attorneys, does 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.

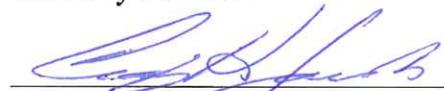
LICENSEE

MISSOURI REAL ESTATE  
APPRAISERS COMMISSION

  
Jerry F. Lock  
Date: 11-20-2012

  
Vanessa Beauchamp, Executive Director  
Date: 12-3-12

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