

SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION
AND
JOE G. NEWSOME

Joe G. Newsome (Newsome) and the Missouri Real Estate Appraisers Commission (MREAC) enter into this Settlement Agreement for the purpose of resolving the question of whether Newsome's license as a state-licensed real estate appraiser, no. RA002900, 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 and Newsome jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Supp. 2011.

Newsome 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

¹ 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 Newsome 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, Newsome 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.

Newsome 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. Newsome stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREAC that Newsome's license as a state-licensed real estate appraiser, license no. RA002900, 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 Newsome in Part II herein is based only on the agreement set out in Part I herein.

Newsome 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.

I.
Joint Stipulation of Facts and Conclusions of Law

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

1. Section 339.535, RSMo, 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.

2. On January 3, 2007, Newsome signed a residential appraisal report for 3317 East 23rd Street, Kansas City, Missouri (the East 23rd Street Appraisal Report).

3. The preparation of the East 23rd Street Appraisal Report was to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2006 edition.

4. Based on the following errors and omissions in the preparation of the East 23rd Street Appraisal Report, Newsome is in violation of Section 339.535, RSMo, the USPAP Ethics Rule regarding Record Keeping, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a), (b) and (c), 1-2(e)(i) and (h), 1-4(a), (b)(i) and (c)((i), (ii), (iii) and (iv), 1-5(a) and (b), 1-6(a) and (b), and 2-2(b)(iii) and (ix), 2006 edition:

- a. Failed to provide a legal description;
- b. Newsome failed to maintain a workfile;
- c. Newsome failed to discuss the declining market and the number of foreclosures in the immediate area in the market conditions and the neighborhood sections.
- d. Newsome provided the contract price and date of the contract pending at the time of the appraisal, but did not analyze it;
- e. Newsome identified a prior sale of the subject property for \$9,000, but did not analyze it;
- f. In the Sales Comparison Approach, Newsome included inaccurate and incomplete information for the comparable sales;
- g. In the Sales Comparison Approach, Newsome did not address concessions;
- h. In the Sales Comparison Approach, Newsome used comparable sales in superior condition due to extensive remodeling, but made no adjustment for condition;
- i. In the Cost Approach, Newsome failed to provide support for the site value;

j. Newsome failed to develop the Income Approach when the subject property was in a rental neighborhood;

k. Newsome failed to comment regarding the reliability of the approaches used;

l. Newsome provided an inadequate explanation of why the Income Approach was not used;

m. Newsome failed to explain why he relied on the Sales Comparison Approach over the Cost Approach and the Income Approach; and

n. Based on the errors set forth above, Newsome overstated the value of the subject property and created an appraisal that was not credible and was misleading.

5. Based on the facts and violations set forth above, cause exists to discipline Newsome's license as a state-licensed real estate appraiser pursuant to § 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, 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. **Newsome's license is on probation.** Newsome's license as a state-licensed real estate appraiser is hereby placed on PROBATION for a period of TWO YEARS. The period of probation shall constitute the "disciplinary period." During the disciplinary period, Newsome shall be entitled to practice as a state-licensed real estate appraiser under §§ 339.500 through 339.549, RSMo, as amended, provided Newsome 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. Newsome shall submit written reports 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. Newsome is responsible for assuring that the reports are submitted to and received by the MREAC.

B. During the disciplinary period, Newsome shall maintain a log of all appraisal assignments as required by 20 CSR 2245-2.050. A true and accurate copy of the log shall be submitted 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. Newsome is responsible for assuring that the logs are submitted to and received by the MREAC. Upon MREAC request, Newsome shall submit copies of his work samples for MREAC review.

C. Within six months after the effective date of this Settlement Agreement, Newsome shall submit verification to the MREAC of successful completion of a four (4)-hour approved course, including examination, on Ethics.

D. Within six months after the effective date of this Settlement Agreement, Newsome shall submit verification to the MREAC of successful completion of a thirty (30)-hour approved course, including examination, on Market Data Analysis.

E. Newsome may not apply the education required by this Settlement Agreement to satisfy the continuing education hours required for license renewal.

F. During the period of probation, Newsome shall not sign appraisal reports as a supervising appraiser.

G. During the disciplinary period, Newsome 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, Newsome 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.

H. During the disciplinary period, Newsome 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. Newsome shall notify the MREAC in writing of any change in address or telephone number within 15 days of a change in this information.

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

J. During the disciplinary period, Newsome 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 Newsome's license 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.

K. Newsome 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.

L. Newsome shall appear before the MREAC or its representative for a personal interview upon the MREAC's written request.

M. If, at any time within the disciplinary period, Newsome removes himself from the state of Missouri, ceases to be currently licensed 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, unlicensed 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 license of Newsome shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Newsome 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 Newsome's license.

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 Newsome 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. Newsome 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.

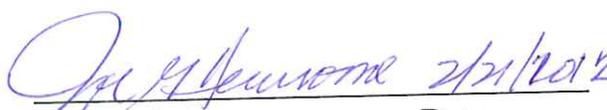
11. Newsome, together with his partners, heirs, assigns, agents, employees, representatives and attorneys, does hereby waive, release, acquit and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from 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. Newsome understands that he may, either at the time the Settlement Agreement is signed by all parties, or within fifteen days thereafter, submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties constitute grounds for disciplining Newsome's license. If Newsome desires

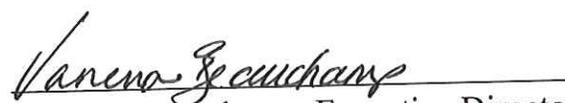
the Administrative Hearing Commission to review this Settlement Agreement, Newsome may submit his request to: Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65102.

13. If Newsome requests review, this Settlement Agreement shall become effective on the date the Administrative Hearing Commission issues its order finding that the Settlement Agreement sets forth cause for disciplining Newsome's license. If the Administrative Hearing Commission issues an order stating that the Settlement Agreement does not set forth cause for discipline, then the MREAC may proceed to seek discipline against Newsome as allowed by law. If Newsome does not request review by the Administrative Hearing Commission, the Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREAC.

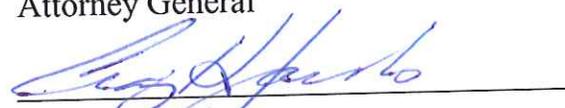
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Joe G. Newsome Date

MISSOURI REAL ESTATE
APPRAISERS COMMISSION


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