

**BEFORE THE MISSOURI  
REAL ESTATE APPRAISERS COMMISSION**

In the Matter of the Application of            )  
  )  
**JOHN ECTON,**    )  
  )  
Applicant.    )

**ORDER OF THE MISSOURI REAL ESTATE APPRAISERS COMMISSION ISSUING  
A PROBATIONARY RESIDENTIAL APPRAISER CERTIFICATION TO  
JOHN ECTON**

The Missouri Real Estate Appraisers Commission (the “Commission”) hereby issues its **ORDER** granting a **PROBATIONARY RESIDENTIAL APPRAISER CERTIFICATION**, Certificate No. 2009035368, to John Ecton (hereafter “Ecton”), pursuant to the provisions of § 324.038, RSMo. As set forth in § 324.038.2, RSMo, Ecton may submit a written request to the Administrative Hearing Commission seeking a hearing and review of the Commission’s decision to issue a probated residential appraiser certification. Such written request must be filed with the Administrative Hearing Commission within 30 days of delivery or mailing of this Order of the Commission. The written request should be addressed to the Administrative Hearing Commission, P.O. Box 1557, Truman State Office Building, Room 640, Jefferson City, MO 65102-1557. If no written request for review is filed with the Administrative Hearing Commission within the 30-day period, the right to seek review of the Commission’s decision shall be considered waived. Should Ecton file a written request for review of this Order, the terms and conditions of this Order shall remain in force and effect unless or until such time as the Administrative Hearing Commission issues an Order to the contrary.

I.

Based upon the foregoing, the Commission hereby states:

**FINDINGS OF FACT**

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.507, RSMo Cum. Supp. 2008, 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 Chapter 339.500 to 339.549, RSMo (as amended).

2. John Ecton currently resides at 4437 NW Indian Lane, Riverside, MO 64150.

3. Ecton is a male born October 18, 1949.

4. Ecton is a Missouri licensed appraiser, license number 1999136995.

5. On or about June 17, 2009, Ecton applied for upgrade from Missouri licensed appraiser to Certified Residential Appraiser. In addition to his application, Ecton submitted work samples of two appraisals: 1819 Holt Court, Liberty, Missouri (“Holt Court”) and 704 S. Queen Ridge, Independence, Missouri (“Queen Ridge”).

6. On or about September 10, 2009, the Commission considered the Holt Court and Queen Ridge appraisals at its meeting. Following the meeting, on or about September 10, 2009, the Commission requested additional information about the Holt Court and Queen Ridge appraisals.

a. With regard to Holt Court, the Commission asked Ecton: “Does the subject’s lake warrant an adjustment vs. any of the comparable sales?”

b. With regard to Queen Ridge, the Commission asked Ecton?

- i. “Comp[arable] 2[‘s] actual age is lesser than the subject’s age; what is the explanation for a positive adjustment in this situation?”
  - ii. “How did you support your garage adjustment in the market grid?”
  - iii. “How did you determine the \$/sq.ft. cost for the garage in the Cost Approach? (Note that this is an average quality garage and the cost is more than the good quality garage in the 1819 Holt Court report.”
- c. Generally, the Commission asked Ecton: “It is noted in both appraisals that \$10/sq.ft. is used for the GLA adjustment, however the properties are different in size, quality, price range, etc. How did you determine the GLA adjustment amount on each report?”

7. On or about September 16, 2009, Ecton provided the Commission with additional information regarding the Holt Court and Queen Ridge appraisals. Ecton provided responses to the Commission’s questions.

- a. With regard to Holt Court, the Commission asked Ecton: “Does the subject’s lake warrant an adjustment vs. any of the comparable sales?”

“Adjustments of comparables concerning view from deck of subject and pond influence was a consideration in development of opinion of current market value of subject. After consideration, in my opinion, some buyers could perceive the pond influence as a positive when compared to similar houses. However, in my opinion, an equal number of prospective informed buyers may view the pond as a negative. Support for my reasoning is as follows:

Safety: The pond backs to the rear of subject lot. There are no margins or offsets at the edge of the pond. This allows easy entry in all seasons for children, guests or pets. Some prospective buyers with children or grandchildren may view the pond as a safety or drowning risk.

Maintenance: The subject is located in White Tail Pond subdivision with no HOA reported by MLS. I assume any maintenance of the pond would be the responsibility of several houses which back to the pond. At the time of inspection several geese were observed in the subject lot. Geese

cause significant damage to yard and landscaping from feeding and waste and increased cost.

Liability: Code restriction required a fence surrounding pools in this area. No such codes restrictions are in effect concerning ponds. Some prospective buyer may view the pond in a negative manner regarding this issue.

Utility: As indicated in the report the pond has limited utility unable to support docks. Prospective buyer would need to see added value in the view while considering negative factors.

In my opinion the appeal of the view is equalized and no adjustment to comparable concerning view is warranted.

- b. With regard to Queen Ridge, the Commission asked Ecton?
- i. “Comp[arable] 2[‘s] actual age is lesser than the subject’s age; what is the explanation for a positive adjustment in this situation?”

Ecton stated: “This is an incorrect adjustment. This mistake was not detected during my final review of the report, or during the underwriting process. I am fully aware this inferior/superior (+/-) adjustment is critical in developed opinion of current market value; especially considering this mistake resulted in a \$4000 swing in adjusted sale price of comp. #2. This error is magnified in dealing with affordable housing in lower price ranges. If the adjustment had been correctly applied the final results of this report would NOT have changed.”

- ii. “How did you support your garage adjustment in the market grid?”

Ecton stated: “Subject actual age is 50+ years and has a two-car garage, with 1 attached garages more common, a contributory value of this feature of \$2500 to \$3000 can be supported from market extracted data. As indicated in the report the owner has added a master bedroom and a portion of one garage stall and the breezeway was utilized in this bedroom addition. This bedroom addition reduced the useable size and utility of the garage stall limiting car storage capability to small car and present use is as a workshop area. The garage stall has been partitioned further limiting utility of one garage stall. In my opinion the contributory value of limited utility of second garage stall, when comparing 1 attached verse 2 attached is \$1200. Jackson County tax information does not provide garage size and I could find no support to adjust comps with full 2 attached garages.”

- iii. “How did you determine the \$/sq.ft. cost for the garage in the Cost Approach? (Note that this is an average quality garage and the cost is more than the good quality garage in the 1819 Holt Court report.”

Ecton responded: “As indicated in the report a portion of one garage stall has been dedicated to the bedroom expansion. This stall is divided for the other stall with unpainted S/R, wall and ceiling with multiple outlets. This stall is fully insulated and has operating heating and cooling ducts not normally found in garage areas. The garage was previously entered via the breezeway; the owner has installed a door from the living room for garage entrance and plans to convert this garage stall area to an addition[al] living area in the future. These improvement[s] resulted in increased replacement costs.”

- c. Generally, the Commission asked Ecton: “It is noted in both appraisals that \$10/sq.ft. is used for the GLA adjustment, however the properties are different in size, quality, price range, etc. How did you determine the GLA adjustment amount on each report?” Ecton responded separately for each appraisal.

Regarding Queen Ridge, Ecton stated:

As indicated in the report subject is larger than typical due to recent expansion. Houses in the age bracket the AGL sq ft ranges from 850 sq ft to 1000 sq ft. In my opinion, the typical buyer’s primary motivation is centered on bedroom count, bathroom count and condition. Floor plans in this type of house are very similar, typically 3 bedrooms and 1 bath. Comparing comp #2 and comp #4 supports square foot adjustment. Both sales are on crawl spaces and have 2 car-attached garages. Comp #2, per county records, AGL is 992 sq ft and sold, less sales concession, at \$77,500. Comp #4, per county records, AGL is 1568 sq ft and sold less sales concession at \$85,500. The difference is sales price of \$8000 and AGL difference of 576 sq ft. or \$13.88 per square foot. Several other match pair sales were also considered with supported adjustments at \$8 to \$10 per square ft AGL adjustments supported. Adjustment of \$10 per square foot is reasonable and can be support[ed] from addition[al] matched sale comparisons in this market.”

Regarding Holt Court, Ecton stated:

Subject is a 2 bedroom 2 baths AGL single-family house often sold in this market as Rev 1.5 story. In developing an AGL adjustment for a R-Ranch, Split entry, F/B Split 1.5 story or 2 story floor plans are very similar and allows a standard comparisons of matched sales to develop AGL adjustments. This is not the case

for Ranch/Rev 1.5 st[o]ry in this market. Typical similar style ranch/rev 1.5 st[o]ry have 1300 to 1700 sq ft AGL in a price range from \$180,000 to \$240,000 price range. Basement finish has a dramatic effect in sale price, with the typical buyer perceiving the basement as lower level or 2<sup>nd</sup> living area. Basement finishes in the ranch/reverse 1.5 story are often equal to AGL level finish. The AGL floor plans vary significantly with comp #2 and #3 with 3 bedrooms and 2 baths and comp #4 with 1 bedroom and 1.5 baths. Informed buyers in this market are motivated by personal taste and perceived utility of this style of house. A review of multiple match paired sales in the market support adjustments from \$5 to \$15 per sq ft AGL. The typical buyer of this style of house, in this market, appears to find limited value when only considering the AGL sq ft. In my opinion, in dealing with a wide array of floor plans in this type of house, within this market, an[] adjustment of \$10 to \$15 AGL is supported in this market.”

8. On or about November 4, 2009, the Commission reviewed the Holt Court appraisal. The Commission determined that the Holt Court appraisal violated numerous Uniform Standards of Professional Appraisal Practice (USPAP) requirements:

- a. The Holt Court appraisal violated Rule 1-1(a) in that it used \$10/sq. ft. on GLA adjustments without any support and indicated a lake view but did not adjust or explain versus comparables without a lake view. The Holt Court appraisal also violated Rule 1-1(a) in that it contained adjustments that were not supported.
- b. The Holt Court appraisal violated Rule 1-1(b) in that it omitted information about the lake view of the subject property and what affect, if any, it had on the market.
- c. The Holt Court appraisal violated Rule 1-1(c) in that it was done in a careless or negligent manner for the reasons stated as violations for Rules 1-1(a) and (b).
- d. The Holt Court appraisal violated Rule 1-4(a) in that it contained no support for the adjustments.
- e. The Holt Court appraisal violated Rule 1-4(b) in that there was no support for the site value in either the report or the workfile.

- f. The Holt Court appraisal violated Rules 2-1(a) and (b) in that the appraisal made adjustments but they were not supported. Additionally, the Holt Court appraisal violated Rules 2-1(a) and (b) in that there was no support for the site valuation and it did not explain the lake view.
- g. The Holt Court appraisal violated Rule 2-2(b)(viii) in that the cost approach and sales comparison approaches to valuation were deficient and lacking proper support.
- h. The Holt Court appraisal violated Rule 2-2 in that it violates:
  - i. The Ethics Rule with regard to conduct, management, confidentiality and record keeping.
  - ii. The Competency Rule.
  - iii. The Scope of Work Rule with regard to problem identification, scope of work acceptability, and disclosure obligations.
  - iv. The Jurisdictional Exception Rule.
- 9. Additionally, the Commission determined that:
  - a. Ecton's responses did not contain support for the substance of Ecton's methods of performing an appraisal.
  - b. The appraisal did not contain support for the substance of Ecton's methods of performing an appraisal.
  - c. Ecton's explanation for his use of \$10/sq. ft. for GLA in the Holt Court appraisal (as well as the Queen Ridge appraisal which is a home of completely different marketability) was ineffective and deficient. Ecton did not supply any paired sales but states that the market supports a \$5 to \$15 range without actual support,

making it difficult to accept the given range on Holt Court type of property. Even \$15 is a low figure. There is no confidence that Ecton has any competency with GLA adjustments and their derivation.

10. On or about November 4, 2009, the Commission reviewed the Queen Ridge appraisal. The Commission determined that the Holt Court appraisal contained numerous USPAP violations:

- a. The Queen Ridge appraisal violated Rule 1-1(a) in that it made incorrect adjustment on the effective age for Comp. 2 and an incorrect garage adjustment. Additionally, the Queen Ridge appraisal violated Rule 1-1(a) in that the cost figures for garage use were not supported or reasonable and there was no functional depreciation given for lesser functional use of garage area. Finally, the Queen Ridge appraisal violated Rule 1-1(a) in that it used \$10/sq. ft. on GLA adjustments without any support.
- b. The Queen Ridge appraisal violated Rule 1-1(b) in that it omitted information about garage functionality and use.
- c. The Queen Ridge appraisal violated Rule 1-1(c) in that it was done in a careless or negligent manner for the reasons stated as violations for Rules 1-1(a) and (b).
- d. The Queen Ridge appraisal violated Rule 1-4(a) in that it contained incorrect application of adjustments.
- e. The Queen Ridge appraisal violated Rule 1-4(b) in that it contained no support for site value in either the report or the workfile. The Queen Ridge appraisal also violated Rule 1-4(b) in that there was no support for garage cost and the cost was unreasonably high.

- f. The Queen Ridge appraisal violated Rules 2-1(a) and (b) in that the appraisal made adjustments but they were not supported. Additionally, the garage situation was not explained or reported in any fashion. The cost approach was not credible and it did not contain any support for site valuation.
  - g. The Queen Ridge appraisal violated Rule 2-2(b)(viii) in that cost approach and sales comparison approaches to valuation were both deficient and the garage functional issues were not discussed.
  - h. The Queen Ridge appraisal violated Rule 2-2 in that it violates:
    - i. The Ethics Rule with regard to conduct, management, confidentiality and record keeping.
    - ii. The Competency Rule.
    - iii. The Scope of Work Rule with regard to problem identification, scope of work acceptability, and disclosure obligations.
    - iv. The Jurisdictional Exception Rule.
11. Additionally, the Commission determined that:
- a. Ecton's responses did not contain support for the substance of Ecton's methods of performing an appraisal.
  - b. The appraisal did not contain support for the substance of Ecton's methods of performing an appraisal.
  - c. Ecton admitted the adjustment for effective age for comparable #2 was in error but does not support how he chose the adjustment.
  - d. In his response to the Commission's questions, Ecton went into a lengthy description regarding the remodel to the subject home which caused the GLA to

extend into a garage bay, creating a garage bay only able to accommodate a small car. However, Ecton adjusts differently for this functional situation when comparing to inferior garage situations but does not address or subtract from fully functional garage situations. Either the remodel has an effect or it does not but Ecton stated both situations apply.

- e. Ecton stated he used an extraction/allocation for the site value but did not show proof of the extraction in the workfile or report.
- f. Ecton combined the basement and above grade areas in the Cost Approach which is not the traditional method. Ecton used a garage cost per square foot that cannot be supported from the source given and appears unreasonably high. Ecton used an average cost on the Queen Ridge appraisal and good cost on the Holt Court appraisal but the garage costs are higher on Queen Ridge without any explanation.
- g. Ecton used \$10/square foot for GLA which he also used for the Holt Court appraisal, a home of completely different marketability. His reply to the Commission regarding this issue was ineffective and deficient. The one paired sale Ecton provided gave an indication different from what he used. The remainder of the explanation was that the Commission should just trust the rest of the market data gives results (which the Commission finds unreasonable) without providing market data.

## **II.**

### **CONCLUSIONS OF LAW**

20. The Commission has authority to deny or refuse any certificate or license application pursuant to § 339.532.1, RSMo 2000, which provides:

The Commission may refuse to issue or renew any certificate or license issued pursuant to sections 339.500 to 339.549 for one or any combination of causes stated in subsection 2 of this section. The Commission shall notify the applicant in writing of the reasons for the refusal and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621, RSMo.

21. The Commission has cause to deny or refuse Ecton's application for a certified residential appraiser license pursuant to § 339.532.2, RSMo 2000, which provides:

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:

...

- (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;

...

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

22. As a result of Ecton's non-compliance with numerous provisions of USPAP in the Holt Court and Queen Ridge appraisals, the Commission has cause to deny or refuse Ecton's application for a residential appraiser certification pursuant to § 339.532.1, RSMo, and § 339.532.2 (6), (7), (8) and (14), RSMo.

23. As an alternative to refusing to issue a certification, the Commission may, at its discretion, issue a certification subject to probation, pursuant to § 324.038.1, RSMo, which provides:

Whenever a Commission within or assigned to the division of professional registration, including the division itself when so empowered, may refuse to issue a license for reasons which also serve as a basis for filing a complaint with the administrative hearing commission seeking disciplinary action against a holder of a license, the Commission, as an alternative to refusing to issue a license, may, at its discretion, issue to an applicant a license subject to probation.

24. The Commission issues this Order in lieu of denial of Ecton's application for upgrade to a residential appraiser certification. The Commission has determined that this Order is necessary to ensure the protection of the public.

III.

**ORDER**

Based on the foregoing, John Ecton is granted a residential appraiser certification, which is hereby placed on **PROBATION** for a period of one (1) year from the effective date of this Order, subject to the terms and conditions set forth below.

IV.

**TERMS AND CONDITIONS**

During the aforementioned probation, John Ecton shall be entitled to present himself and serve as a certified residential appraiser subject to the following terms and conditions:

- A. During the probationary period, Ecton shall not supervise any real estate appraisal, as defined by § 339.503(1), RSMo (as amended), of property located in the state of Missouri nor sign any appraisal for property located in Missouri as an appraisal supervisor.
- B. During the probationary period, Ecton shall maintain a log of all appraisal assignments completed, including appraisal values. Ecton shall submit a true and accurate copy of his log to the MREAC every six (6) months after the effective date of this Order. Each log, except for the final log, shall be submitted within 15 days after the end of the respective

six month period. Ecton 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.

- C. During the disciplinary period, Ecton shall successfully complete an approved 15-hour continuing education course regarding the Sales Comparison approach to valuation.
- D. During the disciplinary period, Ecton shall keep the Commission informed of his current work and home telephone numbers. Ecton shall notify the Commission in writing within ten days (10) of any change in this information.
- E. During the probationary period, Ecton shall timely renew his certification granted hereby and shall timely pay all fees required for certification and comply with all other Commission requirements necessary to maintain said license in a current and active state.
- F. During the probationary period, Ecton shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Order.
- G. During the disciplinary period, Ecton shall appear in person for interviews with the Commission or its designee upon request.
- H. Ecton shall submit written reports to the Commission every six (6) months during the probationary period stating truthfully whether there has been compliance with all terms and conditions of this Order. The first such report shall be received by the Commission on or before January 1, 2010.
- I. Ecton shall execute any release or provide any other authorization necessary for the Commission to obtain records of her employment during the terms of the permit.
- J. Ecton 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. Ecton shall immediately report any violation of this provision to the Commission in writing. Ecton shall also immediately report any allegation that he 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. Ecton 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.
- K. Ecton is hereby informed that the Missouri Real Estate Appraisers Commission will maintain this Order as an open record of the Commission as provided in Chapters 610 and 324, RSMo. He shall truthfully answer any inquiry regarding her license status or disciplinary history.

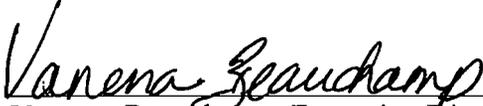
- L. Ecton shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- M. In the event the Commission determines that Ecton has violated any term or condition of this Order, the Commission may, in its discretion, after an evidentiary hearing, suspend, revoke, or otherwise lawfully discipline Ecton'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 probationary period, Ecton changes his address from the state of Missouri, or ceases to maintain his certified residential appraiser license current or active under the provisions of Chapter 339, RSMo (as amended), 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 probationary 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 Ecton to comply with any condition of discipline set forth herein constitutes a violation of this Order.

This Order does not bind the Commission or restrict the remedies available to it concerning any violation by Respondent of the terms and conditions of this Order, Chapter 339, RSMo (as amended), or the regulations promulgated thereunder.

The Commission will maintain this Order as an open, public record of the Commission as provided in Chapters 324, 339 and 610, RSMo (as amended).

**SO ORDERED, EFFECTIVE THIS 17<sup>th</sup> DAY OF NOVEMBER, 2009.**

MISSOURI REAL ESTATE APPRAISERS COMMISSION

  
\_\_\_\_\_  
Vanessa Beauchamp, Executive Director