

**BEFORE THE MISSOURI  
REAL ESTATE APPRAISERS COMMISSION**

In the Matter of the Application of            )  
  )  
**MICHAEL NORMAN**                                    )  
  )  
Applicant.    )

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

The Missouri Real Estate Appraisers Commission (the "Commission") hereby issues its **ORDER** granting a **PROBATIONARY RESIDENTIAL APPRAISER CERTIFICATION**, Certificate No. 2014043256, to Michael Norman (hereafter "Norman"), pursuant to the provisions of § 324.038, RSMo.<sup>1</sup> As set forth in § 324.038.2, RSMo, Norman 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 Norman 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.

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<sup>1</sup> All statutory references are to Missouri Revised Statutes, 2000, as amended, unless otherwise noted.

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, for the purpose of licensing all persons engaged in the practice of real estate appraisal in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of Sections 339.500 to 339.549, RSMo.

2. Michael Norman currently resides at 403 East Hillcrest Street, Stockton, Missouri 65785.

3. On or about September 19, 2014, Norman completed the application for a residential appraiser certification.

4. On or about November 25, 2014, Norman passed the residential appraiser examination.

5. On or about November 16, 2012, Norman submitted his experience log containing twenty-four months and 2,500 hours of experience. The Commission requested two work samples based on his experience log.

6. On or about October 6, 2014, Norman submitted two demonstration appraisals to the Commission for review.

7. The Commission met with Norman on December 10, 2014 regarding the two appraisals, described below. Norman also presented the Commission with his qualifications including education, professional education, experience and types of appraisals.

8. On or about December 9, 2014, the Commission completed its final review of Norman's appraisal of a residential property located at 27501 E. Stone Road, Milo, Missouri

(Milo Appraisal) and a residential property located at 6600 E. 724 Road, El Dorado Springs, Missouri (El Dorado Springs Appraisal).

9. The Milo Appraisal did not comply with several provisions of the Uniform Standards of Professional Appraisal Practice (USPAP):

- a. It failed to comply with USPAP Standards Rule 1-1(a) because in developing a real property appraisal, Norman was not aware of, understood, or correctly employed the recognized methods and techniques that are necessary to produce a credible appraisal in that Norman did not develop the cost approach appropriately. Norman did not include any site support for the value or approach.
- b. It failed to comply with USPAP Standards Rule 1-1(b) because in developing a real property appraisal, Norman committed a substantial error of omission or commission that significantly affects an appraisal in that Norman did not include sufficient information for the report to be credible.
- c. It failed to comply with USPAP Standards Rule 1-1(c) because in developing a real property appraisal, Norman rendered an appraisal in a careless or negligent manner by making a series of errors that in the aggregate affected the credibility of the results in that Norman's lack of comments concerning the property, the sales used and reconciliation resulted in a report that is not credible.
- d. It failed to comply with USPAP Standards Rule 1-2(e) because in developing a real property appraisal, Norman did not identify the characteristics of the property that are relevant to the type and definition of value and intended use of the property in that the subject property is in Milo and all Norman's comparable sales were 15 or more miles away in more active market areas. Additionally, Norman

did not include any comments concerning what all is on the 10 acre tract of the subject property.

- e. It failed to comply with USPAP Standards Rule 1-3(a) because in developing a market opinion of value, necessary for a credible result, Norman did not identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate and market trends in that Norman did not include any comments as to the highest and best use of the land which is not zoned.
- f. It failed to comply with USPAP Standards Rule 1-3(b) because in developing a market opinion of value, necessary for a credible result, Norman did not develop an opinion of highest and best use of the real estate in that Norman did not provide any highest and best use comments except for checking the box on the form.
- g. It failed to comply with USPAP Standards Rule 1-4(a) because in developing an appraisal where the sales comparison approach to value is necessary for a credible result, Norman did not analyze comparable sales data available to indicate a value conclusion in that the distance between the comparable sales and the subject property ranged from 16 to 40 miles away. Moreover, Norman did not include any comments regarding the comparable sales' distance and did not include support or comments for adjustments for the land adjustments.
- h. It failed to comply with USPAP Standards Rule 1-4(b)(i) because in using the cost approach to value, Norman did not develop an opinion of the site value by an

appropriate appraisal method or technique in that Norman included no support for the site value.

- i. It failed to comply with USPAP Standards Rule 1-4(b)(ii) because in using the cost approach to value, Norman did not analyze comparable cost data available to estimate the cost new of the improvements in that Norman indicated that he used Age-Life depreciation but did not apply any physical depreciation and there was no “as is” value of the site improvements.
- j. It failed to comply with USPAP Standards Rule 1-4(b)(iii) because in using the cost approach to value, Norman did not analyze available comparable data to estimate the difference between the cost new and the present worth of the improvements in that Norman indicated that he used Age-Life depreciation but did not apply any physical depreciation and there was no “as is” value of the site improvements.
- k. It failed to comply with USPAP Standards Rule 1-6(a) because in developing a real property appraisal, Norman did not reconcile the quality and quantity of data available and analyze within the approaches used in that Norman’s appraisal had very poor reconciliation. Norman indicated the cost and market approaches to value but did not reconcile the quality and quantity of the data.
- l. It failed to comply with USPAP Standards Rule 1-6(b) because in developing a real property appraisal, Norman did not reconcile the applicability and relevance of the approaches, methods, and techniques used to arrive at the value conclusions in that Norman’s final value came from the market approach to value but he failed to comment on why.

appropriate appraisal method or technique in that Norman included no support for the site value.

- i. It failed to comply with USPAP Standards Rule 1-4(b)(ii) because in using the cost approach to value, Norman did not analyze comparable cost data available to estimate the cost new of the improvements in that Norman indicated that he used Age-Life depreciation but did not apply any physical depreciation and there was no “as is” value of the site improvements.
- j. It failed to comply with USPAP Standards Rule 1-4(b)(iii) because in using the cost approach to value, Norman did not analyze available comparable data to estimate the difference between the cost new and the present worth of the improvements in that Norman indicated that he used Age-Life depreciation but did not apply any physical depreciation and there was no “as is” value of the site improvements.
- k. It failed to comply with USPAP Standards Rule 1-6(a) because in developing a real property appraisal, Norman did not reconcile the quality and quantity of data available and analyze within the approaches used in that Norman’s appraisal had very poor reconciliation. Norman indicated the cost and market approaches to value but did not reconcile the quality and quantity of the data.
- l. It failed to comply with USPAP Standards Rule 1-6(b) because in developing a real property appraisal, Norman did not reconcile the applicability and relevance of the approaches, methods, and techniques used to arrive at the value conclusions in that Norman’s final value came from the market approach to value but he failed to comment on why.

- m. It failed to comply with USPAP Standards Rule 2-1(a) because the written appraisal report did not clearly and accurately set forth the appraisal in a manner that will not be misleading in that Norman's lack of information in the report is misleading.
- n. It failed to comply with USPAP Standards Rule 2-1(b) because the written appraisal report did not contain sufficient information to enable the intended users of the appraisal to understand the report properly in that Norman's lack of information as to the site and improvement makes the appraisal unreliable.
- o. It failed to comply with USPAP Standards Rule 2-2(a)(iii) because the appraisal report was not consistent with the intended use of the appraisal and did not summarize the information sufficient to identify the real estate involved in the appraisal including the physical, legal and economic property characteristics in that there was no information to support the fact that the property included 10 acres of unzoned land.
- p. It failed to comply with USPAP Standards Rule 2-2(a)(viii) because the appraisal report was not consistent with the intended use of the appraisal and did not summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions and conclusions; and did not explain the exclusion of the sales comparison approach, cost approach and/or income approach in that there was no reasoning to support the analyses, opinions and conclusions.
- q. It failed to comply with USPAP Standards Rule 2-2(a)(x) because the appraisal report was not consistent with the intended use of the appraisal and did not

develop an opinion of highest and best use when necessary or summarize the support and rationale for the opinion of highest and best use in that the report lack comments as to why the highest and best use of the property was residential use.

- r. Overall, the Milo Appraisal failed to comply with USPAP because the report had very limited information on the site, improvements and location. The information provided was not clear and did not lead the reader/client to reliable conclusions. There were no comments as to whether he performed any service on the property within the past three years as required by USPAP. There were no comments as to exposure time as required by USPAP. The sales were from different market areas. There was no reconciliation of each approach to value or the final value. There was no support for the land adjustments in the direct sales comparison approach, no site support and no comments as to why the cost approach indicated a significantly higher value than the sales comparison approach.
- s. The El Dorado Springs Appraisal also did not comply with several provisions of the USPAP:
  - t. It failed to comply with USPAP Standards Rule 1-1(a) because in developing a real property appraisal, Norman was not aware of, understood, or correctly employed the recognized methods and techniques that are necessary to produce a credible appraisal in that Norman used replacement cost instead of reproduction cost for a 36 year-old home and did not include site value.
  - u. It failed to comply with USPAP Standards Rule 1-1(b) because in developing a real property appraisal, Norman committed a substantial error of omission or

commission that significantly affects an appraisal in that Norman did not include sufficient information for the report to be credible.

- v. It failed to comply with USPAP Standards Rule 1-1(c) because in developing a real property appraisal, Norman rendered an appraisal in a careless or negligent manner by making a series of errors that in the aggregate affected the credibility of the results in that Norman's lack of comments concerning the property, the sales used and reconciliation resulted in a report that is not credible.
- w. It failed to comply with USPAP Standards Rule 1-2(e) because in developing a real property appraisal, Norman did not identify the characteristics of the property that are relevant to the type and definition of value and intended use of the property in that there were no specific comments provided for the subject property's location or concerning the subject property's 13 acre tract and the highest and best use of it.
- x. It failed to comply with USPAP Standards Rule 1-3(a) because in developing a market opinion of value, necessary for a credible result, Norman did not identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate and market trends in that the land is a 13 acre unzoned parcel. There were no comments as to the highest and best use or possible uses of the property.
- y. It failed to comply with USPAP Standards Rule 1-3(b) because in developing a market opinion of value, necessary for a credible result, Norman did not develop an opinion of highest and best use of the real estate in that the land is a 13 acre

unzoned parcel. There were no comments as to the highest and best use or possible uses of the property.

- z. It failed to comply with USPAP Standards Rule 1-4(b)(i) because in using the cost approach to value, Norman did not develop an opinion of the site value by an appropriate appraisal method or technique in that Norman included no support for the site value. There were no comments as to the storm shelter on the property
- aa. It failed to comply with USPAP Standards Rule 1-4(b)(ii) because in using the cost approach to value, Norman did not analyze comparable cost data available to estimate the cost new of the improvements in that the property is 36 years old with no updates reported. Norman identified the effective age as 12 years and Norman's cost approach to value was considerably higher than the direct sales comparison approach because the depreciation figures were low.
- bb. It failed to comply with USPAP Standards Rule 1-5(a) because Norman did not analyze all agreements of sales, options and listings of the subject property current as of the effective date of the appraisal in that there was no analysis of the agreement, listings, whether it was an arms-length transaction or whether it was for sale by owner or through MLS.
- cc. It failed to comply with USPAP Standards Rule 1-6(a) because in developing a real property appraisal, Norman did not reconcile the quality and quantity of data available and analyze within the approaches used in that Norman's appraisal had very poor reconciliation. The report includes only the statement "the cost and market approach were both figured" but does not include an actual reconciliation.

- dd. It failed to comply with USPAP Standards Rule 1-6(b) because in developing a real property appraisal, Norman did not reconcile the applicability and relevance of the approaches, methods, and techniques used to arrive at the value conclusions in that there is no reconciliation of why the most emphasis was placed on the direct sales comparison approach.
- ee. It failed to comply with USPAP Standards Rule 2-1(a) because the written appraisal report did not clearly and accurately set forth the appraisal in a manner that will not be misleading in that Norman's lack of comments throughout the entire report is misleading.
- ff. It failed to comply with USPAP Standards Rule 2-1(b) because the written appraisal report did not contain sufficient information to enable the intended users of the appraisal to understand the report properly in that there was not sufficient information to enable the user to have a clear picture of the site and the improvements or the development of the approaches to value.
- gg. It failed to comply with USPAP Standards Rule 2-2(a)(iii) because the appraisal report was not consistent with the intended use of the appraisal and did not summarize the information sufficient to identify the real estate involved in the appraisal including the physical, legal and economic property characteristics in that the information about the location of the subject was lacking.
- hh. It failed to comply with USPAP Standards Rule 2-2(a)(viii) because the appraisal report was not consistent with the intended use of the appraisal and did not summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions and conclusions;

and did not explain the exclusion of the sales comparison approach, cost approach and/or income approach in that there was no reasoning or support for the approaches to value.

- ii. It failed to comply with USPAP Standards Rule 2-2(a)(x) because the appraisal report was not consistent with the intended use of the appraisal and did not develop an opinion of highest and best use when necessary or summarize the support and rationale for the opinion of highest and best use in that the report contained no support.
- jj. Overall, the El Dorado Springs Appraisal failed to comply with USPAP because there was no statement as to prior service in the report or exposure time as required by USPAP. The reasoning for the highest and best use was not clearly stated in the report. The lack of comments throughout the appraisal concerning the site, improvements and location was inadequate such that the client could not have a clear understanding of the property. There was no site support for the land adjustments in the direct sales comparison approach and no analysis of the contract. The effective age and cost depreciation were not supported. The reconciliations throughout the report were inadequate and there was no comments as to why the comment/sale price was \$1470,000, the offering price was \$147,000 but the final value opinion was \$163,800.

## II.

### CONCLUSIONS OF LAW

10. The Commission has authority to deny or refuse any certificate or license application pursuant to § 339.532.1, RSMo, 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.

11. The Commission has cause to deny or refuse Norman's application for a certified residential appraiser certification pursuant to § 339.532.2, RSMo, 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:

...

- (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[.]

12. As a result of Norman's non-compliance with numerous provisions of USPAP in the Milo and El Dorado Springs Appraisals, the Commission has cause to deny or refuse Norman's application for a residential appraiser certification pursuant to § 339.532.1, RSMo, and § 339.532.2(7) and (8), RSMo.

13. 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.

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

### III.

#### **ORDER**

16. Based on the foregoing, Michael Norman is granted a residential appraiser certification, which is hereby placed on **PROBATION** for a period of two (2) years from the effective date of this Order, subject to the terms and conditions set forth below.

### IV.

#### **TERMS AND CONDITIONS**

17. During the aforementioned probation, Michael Norman shall be entitled to present himself and serve as a certified residential appraiser subject to the following terms and conditions:

##### **I. Education Requirements**

- A. Within six months after the effective date of this Settlement Agreement, Licensee shall submit verification to the Commission of successful completion of: 1) a fifteen hour approved qualifying education, in classroom course, including examination, on the sales comparison approach to value; 2) a fifteen hour approved qualifying education, in classroom course, including examination, on the cost approach to value; and 3) a fifteen hour approved qualifying education, in classroom course, including examination on residential report writing.
- B. Licensee shall not apply the education required by this Order to satisfy the continuing education hours required for license renewal.

## II. General Requirements

- A. During the probationary period, Norman shall not supervise any real estate appraisal, as defined by § 339.503(1), RSMo, of property located in the state of Missouri nor sign any appraisal for property located in Missouri as an appraisal supervisor.
- B. During the disciplinary period, Licensee shall maintain a log of all appraisal assignments completed, including appraisal values. Licensee shall submit a true and accurate copy of his log to the MREAC by no later than January 15, April 15, July 15 and October 15, during each year of the disciplinary period. Each log, except for the final log, shall be submitted within 15 days after the end of the respective six month period. Licensee shall submit the final log 30 days prior to the end of the probationary period. All logs shall comply with rule 20 CSR 2245-2.050. With the copy of the log, Licensee shall also submit a written report to the Commission stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. Licensee is responsible for assuring that the reports and logs are submitted to and received by the Commission.
- C. During the disciplinary period, Norman shall keep the Commission informed of his current work and home telephone numbers. Norman shall notify the Commission in writing within ten days (10) of any change in this information.
- D. During the probationary period, Norman 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.
- E. During the probationary period, Norman shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Order.
- F. During the disciplinary period, Norman shall appear in person for interviews with the Commission or its designee upon request.
- G. Norman 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 six months from the effective date of this Order.
- H. Norman shall execute any release or provide any other authorization necessary for the Commission to obtain records of his employment during the terms of the permit.
- I. Norman 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. Norman shall immediately report any violation of this provision to the Commission in writing. Norman

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. Norman 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.

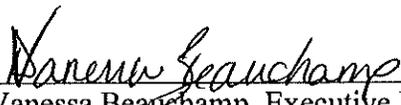
- J. Norman is hereby informed that the Missouri Real Estate Appraisers Commission will maintain this Order as an open record of the Commission as provided in Chapters 610, 339 and 324, RSMo. He shall truthfully answer any inquiry regarding his license/certification status or disciplinary history.
- K. Norman shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- L. In the event the Commission determines that Norman 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 Norman's certification.
- M. 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.
- N. If, at any time during the probationary period, Norman 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, 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.
- O. 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.
- P. Any failure by Norman to comply with any condition of discipline set forth herein constitutes a violation of this Order.

18. 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, or the regulations promulgated thereunder.

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

SO ORDERED, EFFECTIVE THIS 17<sup>th</sup> DAY OF DECEMBER, 2014.

MISSOURI REAL ESTATE APPRAISERS COMMISSION

  
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Vanessa Beauchamp, Executive Director