

SETTLEMENT AGREEMENT BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION AND MIKE BLEILE

Come now Mike Bleile ("Licensee") and the Missouri Real Estate Appraisers Commission ("Commission") and enter into this settlement agreement for the purpose of resolving the question of whether Licensee's certification as a certified residential real estate appraiser will be subject to discipline.

Pursuant to the terms of § 536.060, RSMo,¹ the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri ("AHC") regarding cause to discipline the Licensee's certification, and, additionally, the right to a disciplinary hearing before the Commission under § 621.110, RSMo.

Licensee acknowledges that Licensee understands the various rights and privileges afforded Licensee by law, including the right to a hearing of the charges against Licensee; the right to appear and be represented by legal counsel; the right to have all charges against Licensee proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing at the hearing against Licensee; the right to present evidence on Licensee's own behalf at the hearing; the right to a decision upon the record by a fair and impartial administrative hearing commissioner concerning the charges pending against Licensee and, subsequently, the right to a disciplinary hearing before the Commission at which time Licensee may present evidence in mitigation of discipline; and the right to recover attorney's fees incurred in defending this action against Licensee's certification. Being aware of these rights provided her by operation of law, Licensee 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 Licensee.

Licensee acknowledges that Licensee has received a copy of the investigative report and other documents relied upon by the Commission in determining there was cause to discipline Licensee's certification, along with citations to law and/or regulations the Commission believes was violated.

For the purpose of settling this dispute, Licensee stipulates that the factual allegations contained in this settlement agreement are true and stipulates with the Commission that Licensee's certification, numbered 2002008614 is subject to disciplinary action by the Commission in accordance with the provisions of Chapter 621 and §§ 339.500 to 339.549, RSMo.

¹ All statutory references are to Missouri Revised Statutes 2000, as amended, unless otherwise indicated.

Joint Stipulation of Fact and Conclusions of Law

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. Licensee, Mike Bleile, holds a certification from the Commission as a certified residential real estate appraiser, license number 2002008614. The Commission issued Licensee's certification on April 22, 2002. Licensee's certification expires June 30, 2014. Licensee's Missouri certification was at all times relevant herein, and is now, current and active.

3. On or about March 18, 2012, the Commission received a complaint regarding Licensee. The complaint alleged that violations of the Uniform Standards of Professional Appraisal Practice (USPAP) for an appraisal of property located at 4376 Ski Drive (Ski Drive Property). The complaint alleged that Licensee completed three separate appraisals on the Ski Drive Property in an attempt to address errors in each of the previous versions. The complaint alleged that there were scope of work issues, Licensee failed to understand and correctly employ recognized methods and techniques, Licensee failed to identify characteristics of the Ski Drive Property that were relevant to the assignment and failed to provide support and reconciliation for the three approaches to value that Licensee developed and reported in the appraisal. As a result of the appraisals of the Ski Drive Property, Licensee was placed on the U.S. Bank Exclusionary List. Licensee received no more appraisal orders from U.S. Bank and U.S. Bank would not accept any appraisals from Licensee. As a result of the complaint, the Commission also requested to review two additional appraisals Licensee completed for 35697 Defoe Cemetery Road (Defoe Property) and 2681 Bittersweet Road #3 (Bittersweet Property).

4. On or about May 3, 2012, Licensee provided the Commission with his response to the complaint. Licensee stated that there were no violations of USPAP or Missouri law in the appraisals and discounted the allegations contained in the complaint.

5. Licensee appeared before the Commission during its August 2012 meeting. During his appearance, Licensee answered the Commission's questions about the appraisals on each of the three properties, defended his appraisals, and provided information as to his education and experience.

6. On or about September 30, 2012, the Commission completed its final review of Licensee's appraisals of the Ski Drive Property.

7. Licensee's Ski Drive Property appraisals versions one and two, which are identical, do not comply with several provisions of USPAP:

- a. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-1(b) because Licensee committed a substantial error of omission or commission that significantly affected the appraisal in that there were multiple errors in data analysis, comparable sales selection, and methodology to produce a report that lacks credibility.
- b. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-1(c) because Licensee rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affected the credibility of the results as described in paragraph 7.a. above.
- c. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(i) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal related to the property's physical, legal and economic attributes in that the data on property failed to clearly support that it is a multi-family dwelling for which construction started, stopped for several years, and resumed at the time of the appraisal. The report also contained incorrect calculations on the site area, due to the shape of the lot, though Licensee places blame for the error on computer software and not his math error.
- d. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(iii) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the related to personal property, trade fixtures, or intangible items that are not real property but are related to the appraisal in that the industry data would indicate the median sale price was declining rapidly but Licensee calls it a stable market. Additionally, Licensee makes a comment that foreclosures are not a market element when the area has a large number of foreclosures and abandoned properties.

- e. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(iv) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the related to easements, restrictions, ordinances, in that Licensee incorrectly identified the zoning as R-2 when it is not.
- f. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-2(h) in that Licensee did not properly determine the scope of work necessary to produce credible assignment results in accordance with USPAP's Scope of Work Rule because Licensee's statement is a generalized statement with no statements specific to the Ski Drive Property as to any difficulties encountered in the appraisal process, peculiarities of the property or market, how Licensee inspected the Ski Drive Property, and who provided information related to the property.
- g. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-3(b) in that in developing a market value opinion, Licensee did not develop an opinion of the highest and best use of the real estate because the report contained just a box to check that the current use was the highest and best use but no explanation. The property is in an area of single and multi family residences so an analysis of sales data would be appropriate to determine if market demand supports the current use.
- h. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(a) because in developing the appraisal and using the sales comparison approach, which is necessary for credible results, Licensee did not analyze available comparable sales data to indicate a value conclusion in that the comparable sales appear to be smaller, older and a different style with no discussion as to why Licensee selected them. Additionally, the gross living area of the comparable sales is all smaller with no explanation or adjustments. In the market grid, Licensee made positive adjustments for the difference in gross living area but he also made a positive adjustment for the basement which doubles up the living space because it overstates the gross living area by adjusting for it twice. Licensee grossly overstated the value. Licensee indicated a top end sale for the comparables at \$350,000 but failed to include the sale in the report to support his value of the Ski Property.

- i. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(i) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not develop an opinion of site value by an appropriate appraisal technique in that Licensee's reports contained site values with no support. Licensee listed three MLS numbers for properties but no data to determine if they were comparable sales.
- j. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(ii) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not analyze available comparable cost data to estimate the cost new of the improvements in that the subject property is 2,823 square feet on two levels. In the cost approach section, the reports double that square footage for the gross building area, and then add in the basement. Therefore, Licensee overstated the size and cost by at least 2,823 square feet which inflates the value indication. The reports contained no analysis of the sales to determine depreciation of any type. In a market with so many foreclosures, an analysis to determine external obsolescence should have been done because it would be appropriate and critical. Finally, Licensee consistently calculated the effective age of properties at 50% of the actual age with no support for the conclusion.
- k. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(iii) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not analyze available comparable data to estimate the difference between the cost new and the present worth of the improvements.
- l. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(i) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable rental data to estimate the market rental of the property in that the reports contain the income approach but the rental comparables are the same as the sale comparables and all are smaller with inferior amenities. The reports contain no discussion as to the comparability of demand and rental rates and no support of the expense data.

- m. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(ii) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable operating expense data to estimate the operating expense of the property.
- n. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(iii) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable data to estimate the rates of capitalization and/or rates of discount in that the reports utilize a gross rental multiplier (GRM) but the reports contain no support for the development of it. Additionally, Licensee uses the GRM as an income approach when it is a sales comparison method.
- o. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-5(b) because in using market value to develop the value opinion, Licensee did not analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal in that the report contained no ownership history to indicate if the market value approach analysis is necessary. Additionally, it appeared the property was vacant and unfinished for years but that is not clear in the report.
- p. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-6(a) because in developing the appraisal, Licensee did not reconcile the quality and quantity of data available and analyze it within the approaches in that there was no comment as to the appropriate quality or quantity of the data Licensee used.
- q. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 1-6(b) because in developing the appraisal, Licensee did not reconcile the applicability or suitability of the approaches used to arrive at the value conclusion in that Licensee's reconciliation indicates a reliance on the income approach which contained errors as detailed above. Licensee also stated he had good support from the cost approach, which, as detailed above, overstated value in excess of \$200,000 and overstated the gross business area by doubling the square footage. Licensee stated the market approach was given little weight due

to the lack of sales data which was not discussed anywhere else in the report despite using sales data for other approaches.

- r. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-1(b) because, in reporting the results of the appraisal, Licensee's reports did not contain sufficient information to enable the intended users of the appraisal to understand the reports properly in that the reports omitted details as to the condition of the property and the degree of completion. Also, the reports have incorrect math calculations in the cost section and overstate the size of the property.
- s. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal, Licensee did not summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment in that the reports do not accurately reflect the condition of the property at the time of the appraisal. Licensee concludes "as is" value on a dwelling with no appliances or landscaping without sufficient detail, description or adjustment.
- t. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(v) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not state the purpose of the appraisal, including the type of definition of value and its source in that Licensee does not clearly define the purpose. He states only "refinance transaction" with no support.
- u. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not summarize the scope of work used to develop the appraisal in that the scope of work statements is generalized and not specific at all to the Ski Drive Property. It does not provide any level of specificity regarding the level of inspection, type of analysis, data sources, or difficulties encountered in completing the appraisal.

- v. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee 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 any of the approaches to value in that the reports had no support for market adjustments and some of the adjustments made were inconsistent. Additionally, the cost approach to value was misleading in that it overstated the building size by 2,800 square feet. The reports have no support for the gross rental multiplier. Finally, by utilizing a doubled gross living area and taking multiple adjustments for the area and basement, the reports overstate the value.
- w. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal, and, Licensee did not summarize the support and rationale for the opinion of highest and best use in that the reports have no development of highest and best use in an area of single and multi family residences where either use could have a greater value.

8. The third version of Licensee's Ski Drive Property appraisal also does not comply with several provisions of USPAP:

- a. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-1(b) because Licensee committed a substantial error of omission or commission that significantly affected the appraisal in that there were multiple errors in data analysis, comparable sales selection, and methodology to produce a report that lacks credibility.
- b. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-1(c) because Licensee rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affected the credibility of the results as described in paragraph 8.a. above.

- c. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(i) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal related to the property's physical, legal and economic attributes in that the data on property failed to clearly support that it is a multi-family dwelling for which construction started, stopped for several years, and resumed at the time of the appraisal. The report also contained incorrect calculations on the site area, due to the shape of the lot, though Licensee places blame for the error on computer software and not his math error.
- d. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(iii) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the related to personal property, trade fixtures, or intangible items that are not real property but are related to the appraisal in that the industry data would indicate the median sale price was declining rapidly but Licensee calls it a stable market. Additionally, Licensee makes a comment that foreclosures are not a market element when the area has a large number of foreclosures and abandoned properties.
- e. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-2(e)(iv) because Licensee failed to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the related to easements, restrictions, ordinances, in that Licensee incorrectly identified the zoning as R-2 when it is not.
- f. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-2(h) in that Licensee did not properly determine the scope of work necessary to produce credible assignment results in accordance with USPAP's Scope of Work Rule because Licensee's statement is a generalized statement with no statements specific to the Ski Drive Property as to any difficulties encountered in the appraisal process, peculiarities of the property or market, how Licensee inspected the Ski Drive Property, and who provided information related to the property.
- g. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-3(b) in that in developing a market value opinion, Licensee did not develop an opinion of the highest

and best use of the real estate because the report contained just a box to check that the current use was the highest and best use but no explanation. The property is in an area of single and multi family residences so an analysis of sales data would be appropriate to determine if market demand supports the current use.

- h. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(a) because in developing the appraisal and using the sales comparison approach, which is necessary for credible results, Licensee did not analyze available comparable sales data to indicate a value conclusion in that the comparable sales appear to be smaller, older and a different style with no discussion as to why Licensee selected them. Additionally, the gross living area of the comparable sales is all smaller with no explanation or adjustments. Licensee indicated a top end sale for the comparables at \$350,000 but failed to include the sale in the report to support his value of the Ski Property. Additionally, for comparable sale number 4, an active listing, the report's grid states it has no basement, there is no basement on the subject property, and yet Licensee makes a positive adjustment for a basement and takes the gross living adjustment so it is misadjusted by \$30,000.
- i. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(i) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not develop an opinion of site value by an appropriate appraisal technique in that Licensee's reports contained site values with no support. Licensee listed three MLS numbers for properties but no data to determine if they were comparable sales.
- j. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(ii) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not analyze available comparable cost data to estimate the cost new of the improvements in that the subject property is 2,823 square feet on two levels. In the cost approach section, the reports double that square footage for the gross building area, and then add in the basement. Therefore, Licensee overstated the size and cost by at least 2,823 square feet which inflates the value indication. The reports contained no analysis of the sales to determine depreciation of any type. In a market with so many foreclosures, an analysis to

determine external obsolescence should have been done because it would be appropriate and critical. Finally, Licensee consistently calculated the effective age of properties at 50% of the actual age with no support for the conclusion.

- k. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(b)(iii) because in developing the appraisal and using the cost approach, which is necessary for a credible result, Licensee did not analyze available comparable data to estimate the difference between the cost new and the present worth of the improvements.
- l. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(i) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable rental data to estimate the market rental of the property in that the reports contain the income approach but the rental comparables are the same as the sale comparables and all are smaller with inferior amenities. The reports contain no discussion as to the comparability of demand and rental rates and no support of the expense data.
- m. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(ii) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable operating expense data to estimate the operating expense of the property.
- n. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-4(c)(iii) because in using the income approach, which is necessary for a credible result, Licensee did not analyze available comparable data to estimate the rates of capitalization and/or rates of discount in that the reports utilize a gross rental multiplier (GRM) but the reports contain no support for the development of it. Additionally, Licensee uses the GRM as an income approach when it is a sales comparison method.
- o. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-5(b) because in using market value to develop the value opinion, Licensee did not analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal in that the report contained no ownership history to indicate if the market value

approach analysis is necessary. Additionally, it appeared the property was vacant and unfinished for years but that is not clear in the report.

- p. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-6(a) because in developing the appraisal, Licensee did not reconcile the quality and quantity of data available and analyze it within the approaches in that there was no comment as to the appropriate quality or quantity of the data Licensee used.
- q. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-6(b) because in developing the appraisal, Licensee did not reconcile the applicability or suitability of the approaches used to arrive at the value conclusion in that Licensee's reconciliation indicates a reliance on the income approach which contained errors as detailed above. Licensee also stated he had good support from the cost approach, which, as detailed above, overstated value in excess of \$200,000 and overstated the gross business area by doubling the square footage. Licensee stated the market approach was given little weight due to the lack of sales data which was not discussed anywhere else in the report despite using sales data for other approaches.
- r. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-1(b) because, in reporting the results of the appraisal, Licensee's reports did not contain sufficient information to enable the intended users of the appraisal to understand the reports properly in that the reports omitted details as to the condition of the property and the degree of completion. Also, the reports have incorrect math calculations in the cost section and overstate the size of the property.
- s. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal, Licensee did not summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment in that the reports do not accurately reflect the condition of the property at the time of the appraisal. Licensee concludes "as is" value on a dwelling with no appliances or landscaping without sufficient detail, description or adjustment.

- t. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(v) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not state the purpose of the appraisal, including the type of definition of value and its source in that Licensee does not clearly define the purpose. He states only "refinance transaction" with no support.
- u. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not summarize the scope of work used to develop the appraisal in that the scope of work statements is generalized and not specific at all to the Ski Drive Property. It does not provide any level of specificity regarding the level of inspection, type of analysis, data sources, or difficulties encountered in completing the appraisal.
- v. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee 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 any of the approaches to value in that the reports had no support for market adjustments and some of the adjustments made were inconsistent. Additionally, the cost approach to value was misleading in that it overstated the building size by 2,800 square feet. The reports have no support for the gross rental multiplier. Finally, by utilizing a doubled gross living area and taking multiple adjustments for the area and basement, the reports overstate the value.
- w. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal, and, Licensee did not summarize the support and rationale for the opinion of highest and best use in that the reports

have no development of highest and best use in an area of single and multi family residences where either use could have a greater value.

9. On or about September 30, 2012, the Commission completed final review of Licensee's appraisal of the Defoe Property following its meeting with Licensee.
10. Licensee's Defoe Property appraisal does not comply with several provisions of USPAP:
 - a. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-1(a) because Licensee was not aware of, understand or failed to correctly employed recognized methods and techniques necessary to produce a credible appraisal in that there were errors, omissions and inconsistencies in the direct sales comparison approach that limited the reliability of the report. Additionally, the land sales for the cost approach and lack of adjustment for the outbuilding limited the reliability of the report. The report contained no comments concerning the present land use which made the report unclear whether it was used for income production. The report contained no analysis of the contract. Additionally, the report failed to note that comparable sale number 2 was totally remodeled in 2004 and comparable sale number 3 was set up for horses and had two large outbuildings with the land set up for row crops. The report failed to note that comparable sale 4 had 1,725 square feet of basement and 1,725 square feet of finished space. The report failed to note that comparable sale number 5 had a large commercial shop and indoor basketball court. The report incorrectly reported the age of comparable sale 6. The report failed to note that comparable sale 7 was completely remodeled with a bedroom and bathroom finished downstairs, a one car garage and carport. Further, the zoning was incorrect and all but one of the land sales was in Cole County instead of Moniteau County.
 - b. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-1(b) in that Licensee committed multiple errors in data analysis, comparable property selection and methodology to produce a report that lacked credibility and significantly affected the appraisal as described in paragraph 9.a. above.

- c. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-1(c) in that Licensee rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affected the credibility of the results as described in paragraph 9.a. above.
- d. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-2(e)(i) in that Licensee did not identify the characteristics of the property relevant to the type and definition of value and intended use of the property related to its location and physical, legal and economic attributes in that the report utilized the same land use and other details as others of Licensee's reports that were in the Lake of the Ozarks area when this property is in a rural area. Additionally the report identified the property as being zoned R-1 when it is in unincorporated Moniteau County when has no zoning regulations.
- e. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-2(h) in that Licensee did not properly determine the scope of work necessary to produce credible assignment results in accordance with USPAP's Scope of Work Rule because Licensee's statement is a generalized statement with no statements specific to the Defoe Property as to any difficulties encountered in the appraisal process, peculiarities of the property or market, how Licensee inspected the Defoe Property, and who provided information related to the property.
- f. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-3(a) in that in developing a market value opinion, Licensee did not identify and analyze the effect on use and value of land use regulations in that Licensee stated the zoning was R-1 when there is no zoning in Moniteau County.
- g. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-3(b) in that in developing a market value opinion, Licensee did not develop an opinion of the highest and best use of the real estate because the report contained just a box to check that the current use was the highest and best use but no explanation. The property is in an area of single family residences and agricultural properties so an analysis of sales data would be appropriate to determine if market demand supports the current use.
- h. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-4(b)(i) because in developing the appraisal, and collecting, verifying and analyzing information to create a credible

report, in using the cost approach, Licensee did not develop an opinion of site value by an appropriate appraisal technique in that all but one of the land sales Licensee used were all in better locations in Cole County. The one location in Moniteau County was in a subdivision with mostly custom homes, not an unzoned country setting.

- i. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-4(b)(ii) because Licensee did not analyze comparable cost data available to estimate the cost new of improvements in that Licensee omitted the outbuilding from the cost approach to value. The garage/carport is measured at 1,326 square feet with no explanation as to what Licensee included in the square footage.
- j. Licensee's Defoe Property appraisal did not comply with USPAP Rule 1-5(a) because Licensee did not analyze all agreements of sale, options, and listings of the subject property current as of the date of the appraisal in that the property was listed within the prior year for \$234,000. The report indicated that Licensee was given a one-day access code to obtain access to the property. The report contained no analysis of the contract only a statement as to an arms-length sale.
- k. Licensee's Defoe Property appraisal did not comply with USPAP Rule 2-1(a) because Licensee did not clearly and accurately set forth the appraisal in a manner that would not be misleading in that the errors and omissions in the sales comparison approach were misleading, there was no explanation of age adjustments, no explanation of basement adjustment and finished basement adjustment, no site description, no legal description and no dimensions for the acreage tract.
- l. Licensee's Defoe Property appraisal did not comply with USPAP Rule 2-1(b) because the report did not contain sufficient information to enable the intended users of the appraisal to understand the report properly in that the report contained no analysis of highest and best use.
- m. Licensee's Defoe Property appraisal did not comply with USPAP Rule 2-2(b)(iii) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not summarize information sufficiently to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment because the report lacked sufficient highest and best use analysis.

- n. Licensee's Defoe Property appraisal did not comply with USPAP Rule 2-2(b)(ix) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal and when did not summarize the opinion of highest and best use because there was no comment in the report as to the use of the 20.5 acre tract on which the property sits.
 - o. Licensee's Defoe Property appraisal did not comply with USPAP overall in that Licensee made numerous errors and omissions in the sales comparison approach, made omissions and errors with the sales data, did not include an analysis of highest and best use, used land sales from other areas closer to the economic base of the region, used incorrect zoning, had no analysis of the contract or disclosure of the listing of the property, had no legal or site description or dimensions, no explanation of age adjustments and no consistency of adjustment, the cost approach did not include the outbuilding and there was no explanation as to the basement and finished basement adjustment.
11. On or about September 30, 2012, the Commission completed its final review of Licensee's appraisal of the Bittersweet Property following its meeting with Licensee.
12. Licensee's Bittersweet Property does not comply with several provisions of USPAP:
- a. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-1(b) because it contained multiple errors in data analysis, selection of comparable properties, and methodology which combined to produce a report that lacked credibility.
 - b. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-1(c) in that Licensee rendered appraisal services in a careless and negligent error by making a series of errors as described below that in the aggregate affected the credibility of the results of the appraisal.
 - c. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-2(e)(i) in that Licensee failed to identify the characteristics of the property that were relevant to the type and definition of value and intended use of the appraisal related to the property's location and physical, legal and economic attributes in that the appraisal report used the same land use and

details as other reports Licensee created for properties that were in remote rural areas when the Bittersweet Property was in a suburban area around a large lake community. Additionally, according the industry data indicates that the median sale price was declining rapidly but Licensee stated it was a stable market. Finally, Licensee stated that foreclosures were not a market element when the lake area had a large number of foreclosed or abandoned properties.

- d. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-2(e)(iv) in that Licensee failed to identify the characteristics of the property that were relevant to the type and definition of value and intended use of the appraisal related to easements, restrictions, ordinances, in that Licensee identified two zoning classes on the same property which is extremely unlikely in a municipality such as where Bittersweet is located.
- e. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-2(f) in that Licensee did not identify any extraordinary assumptions necessary for the assignment when he inspected only one unit of a four-plex and assumed that all four units where in a similar condition.
- f. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-2(h) in that Licensee did not properly determine the scope of work necessary to produce credible assignment results in accordance with USPAP's Scope of Work Rule because Licensee's statement is a generalized statement with no statements specific to the Bittersweet property as to any difficulties encountered in the appraisal process, peculiarities of the property or market, how Licensee inspected the Bittersweet Property, and who provided information related to the property.
- g. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-3(b) in that Licensee did not develop an opinion of the highest and best use of the property. Licensee checked a box on a form that it was being used for the highest and best use but did not provide an opinion. The property is in an area of single and multi family residences so an analysis of sales data would have been appropriate to determine if the market demand supported the current use.

- h. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(a) in that because the sales comparison approach was necessary for credible assignment results, Licensee did not appropriately analyze comparable sales data available to indicate a value conclusion in that the comparable sales were smaller, older and different styles and Licensee included no discussion as to why he used them. Additionally, the gross living area of the comparable sales was smaller and there was no support by pairing of sales for adjustments. Further, the subject property was at the upper end of the lake and the comparable sales were more remote locations farther from amenities the subject property could enjoy. Finally, the four actual closed comparable sales did not support the \$150,000 value conclusion.
- i. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(b)(ii) because, in using the cost approach which is necessary for a credible report, Licensee did not develop an opinion of site value by an appropriate method or technique because the report contained site values but no support for them. It contained three Multistate Listing Service (MLS) numbers listed but no data to determine if they were actually comparable sales.
- j. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(b)(iii) because in using the cost approach which is necessary for a credible report, Licensee did not analyze available comparable data to estimate the difference between the cost new and the present worth of the improvements in that the report contained no analysis of the sales to determine depreciation of any type. In the market, with a large number of foreclosures, an analysis to determine external obsolescence would be appropriate and critical. Licensee's report consistently states effective age at 50% of actual age with no support for the conclusion.
- k. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(c)(i) because in using the income approach, which is necessary for credible assignment results, Licensee did not analyze comparable rental data to estimate the market rental of the property in that the report used rental comparables the same as sale comparable with no discussion of the comparability of demand and rental rates. There was no support of expense data and the rental comparables were from areas farther removed from the subject and not as well located around the lake such that they would not have the same appeal or market.

- I. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(c)(ii) because in using the income approach, which is necessary for credible assignment results, Licensee did not analyze comparable operating expense data that was available to estimate the operating expense of the Bittersweet Property.
- m. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-4(c)(iii) because in using the income approach, which is necessary for credible assignment results, Licensee did not analyze available comparable data to estimate the rates of capitalization and/or discount in that the report used a gross rent multiplier (GRM) but had no support for the development of the factor used. Further, the GRM was used in the income method when, in fact, it should be used in the sales comparison approach to value.
- n. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-5(b) because with the value opinion developed being a market value, Licensee did not analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal in that the report contains no ownership history to indicate if the analysis was necessary or not. It appears the property has been vacant and partially vandalized by the former owner or tenant but there is no discussion in the report.
- o. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-6(a) in that in developing the appraisal, Licensee did not reconcile the quality and quantity of data available and analyzed within the approaches used in that the report has no comment as to the appropriate quality or quantity of data available.
- p. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 1-6(b) in that in developing the appraisal, Licensee did not reconcile the applicability or suitability of the approaches to value used to arrive at value conclusions in that the reconciliation indicates a reliance on the income approach with good support from the cost approach. In the report, Licensee states the market approach was given little weight due to the lack of sales data, an issue not discussed anywhere else in the report. If there really was a lack of sales, there would be a lack of data to support depreciation, land value, and it would be unlikely that there were good enough sales to use and rely on the sales approach and not the market approach.

- q. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 2-2(b)(iii) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not summarize information sufficiently to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment in that the report does not accurately reflect the condition of the property at the time of valuation. Additionally, the report did not address the condition of the market relative to foreclosures and vacancies.
- r. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 2-2(b)(v) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not state the purpose of the appraisal, including the type of definition of value and its source in that the report does not clearly define the purpose. The report states only "refinance transaction" and is unclear as to why it would be a refinance transaction when it appears that the client/user was the lender/owner.
- s. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 2-2(b)(vii) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not summarize the scope or work used to develop the appraisal in that the scope of work was a generalized statement, non-specific to the property. It had no specificity with regard to level of inspection, type of analysis, data sources, difficulties encountered and other topics.
- t. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 2-2(viii) in that the content of the summary appraisal report, which must be consistent with the intended use of the appraisal, did not summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions and conclusions, or explain the exclusion of any method of value in that the report had no support for market adjustments or support for the GRM factor. Additionally, Licensee did not give support for as-is foreclosure or as repaired values.
- u. Licensee's Bittersweet Property appraisal did not comply with USPAP Rule 2-2(ix) in that the content of the summary appraisal report, which must be consistent with the intended use of the

appraisal, did not state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal and when did not summarize the opinion of highest and best use in that there was no development of highest and best use in the report in an area of single and multi-family residences where either use could have a greater value.

13. Licensee's conduct, as described in paragraphs 3 through 12 above constitutes misconduct in the performance of the duties of a certified residential real estate appraiser for which the Commission has cause to discipline Licensee's certification.

14. Licensee's conduct, as described in paragraphs 3 through 12 above constitutes failure to comply with the requirements of USPAP for which the Commission has cause to discipline Licensee's certification.

15. Licensee's conduct, as described in paragraphs 3 through 12 above, constitutes violation of a professional trust or confidence for which the Commission has cause to discipline Licensee's certification.

16. Cause exists for the Commission to take disciplinary action against Licensee's certification under § 337.532.2(5), (7), and (14), RSMo, which states in pertinent part:

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;

...

(7) Failure to comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation;

...

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

Joint Agreed Disciplinary Order

17. Based upon the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the Commission in this matter under the authority of § 621.045.3, RSMo.

18. The terms of discipline shall include that Licensee's certification shall be placed on **PROBATION** for a period of three (3) years ("probationary period"). During Licensee's probation, Licensee shall be entitled to engage as a certified residential real estate appraiser under Sections 339.500 to 339.549, RSMo, provided Licensee adheres to all of the terms of this Settlement Agreement.

I. EDUCATIONAL REQUIREMENTS

- A. Within the first year of Licensee's probation, Licensee shall submit verification to the Commission of successful completion of a fifteen hour approved qualifying education course, including examination, on site valuation and cost approach course. The course shall be in addition to regular continuing education requirements for the renewal period.
- B. Within the first year of Licensee's probation, Licensee shall submit verification to the Commission of successful completion of a fifteen hour approved qualifying education course, including examination, on the Uniform Standards for Professional Appraisal Practice (USPAP). The course shall be in addition to regular continuing education requirements for the renewal period.

II. GENERAL REQUIREMENTS

- A. During the probationary period, Licensee 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 probationary 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 every three (3) 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. 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.
- C. During the disciplinary period, Licensee shall keep the Commission informed of Licensee's current work and home telephone numbers. Licensee shall notify the Commission in writing within ten days (10) of any change in this information.
- D. During the probationary period, Licensee shall timely renew Licensee's certification granted hereby and shall timely pay all fees required for certification and comply with all other Commission requirements necessary to maintain said certification in a current and active state.
- E. During the probationary period, Licensee shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Agreement.
- F. During the disciplinary period, Licensee shall appear in person for interviews with the Commission or its designee upon request.

- G. Licensee 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 Agreement. The first such report shall be received by the Commission on or before January 1, 2013.
- H. Licensee shall execute any release or provide any other authorization necessary for the Commission to obtain records of Licensee's employment during the terms of the permit.
- I. Licensee 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. Licensee shall immediately report any violation of this provision to the Commission in writing. Licensee shall also immediately report any allegation that Licensee 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. Licensee 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. Licensee shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- K. In the event the Commission determines that Licensee 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 Licensee's certification.
- L. 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.
- M. If, at any time during the probationary period, Licensee changes Licensee's address from the state of Missouri, or ceases to maintain Licensee's certification current or active under the provisions of §§ 339.500 to 339.549, 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.
- N. 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.
- O. Any failure by Licensee to comply with any condition of discipline set forth herein constitutes a violation of this Order.

19. The parties to this Agreement understand that the Missouri Real Estate Commission will maintain this Agreement as an open record of the Commission as provided in Chapters 339, 610, 324, RSMo.

20. The terms of this settlement agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise provided 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.

21. Licensee, together with Licensee's heirs and assigns, and Licensee's attorneys, do hereby waive, release, acquit and forever discharge the Commission, its respective members and any of its employees, agents, or attorneys, including any former Commission members, employees, agents, and attorneys, of, or from, any liability, claim, actions, causes of action, fees, costs and expenses, and compensation, including but not limited to, any claims for attorney's fees and expenses, including any claims pursuant to § 536.087, RSMo, or any claim arising under 42 U.S.C. § 1983, which may be based upon, arise out of, or relate to any of the matters raised in this case, its settlement, or from the negotiation or execution of this settlement agreement. The parties acknowledge that this paragraph is severable from the remaining portions of this settlement agreement in that it survives in perpetuity even in the event that any court of law deems this settlement agreement or any portion thereof to be void or unenforceable.

22. If no contested case has been filed against Licensee, Licensee has the right, either at the time the settlement agreement is signed by all parties or within fifteen days thereafter, to submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties to the settlement agreement constitute grounds for denying or disciplining the certification of Licensee. If Licensee desires the Administrative Hearing Commission to review this Agreement, Licensee may submit this request to:

Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65101.

23. If Licensee has requested review, Licensee and Commission jointly request that the Administrative Hearing Commission determine whether the facts set forth herein are grounds for disciplining Licensee's certification and issue findings of act and conclusions of law stating that the facts agreed to by the parties are grounds for disciplining Licensee's certification. Effective the date the Administrative Hearing Commission determines that the agreement sets forth cause for disciplining Licensee's certification, the agreed upon discipline set forth herein shall go into effect.

LICENSEE

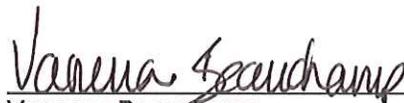


Mike Bleile

Date

1/30/13

COMMISSION



Vanessa Beauchamp
Executive Director
Missouri Real Estate Appraisers Commission

Date

2-1-13