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**SETTLEMENT AGREEMENT BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION AND ROGER PENNINGTON**

Come now Roger Pennington ("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. The parties jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, 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 Licensee 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 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

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

RA003255 is subject to disciplinary action by the Commission in accordance with the provisions of Chapter 621 and §§ 339.500 to 339.549, RSMo.

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, Roger Pennington, holds a certification from the Commission as a certified residential real estate appraiser, certification number RA003255. The Commission issued Licensee's certification on November 9, 2001. 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 July 29, 2013, the Commission received a complaint regarding Licensee's appraisal of property located at 10882 Rock Falls Road, Orrick, Missouri (Rock Falls Property). The complaint stated that the property was a 250 acre pasture tract being purchased as an investment by an out-of-area buyer. The complaint stated that Licensee appraised Rock Falls Property as a single family residence.

4. On or about August 6, 2013, Licensee provided the Commission with his response to the complaint. Licensee stated that the appraisal request was for the property as a single family residence with outbuildings and 247 acres of vacant ground. Licensee stated he used the sales comparison approach per the instructions of the intended user of the property. He stated he did not appraise it as a working farm or ranch. Licensee included his appraisal log, a copy of the appraisal, the version of the Uniform Standards of Professional Appraisal Practice (USPAP) he used in completing the appraisal and the work file associated with the appraisal.

5. On or about September 11, 2013, the Commission requested three additional appraisals and work files from Licensee's log: Todd's Chapel Road (Todd's Chapel Property), 507 S. Birch Avenue (Birch Property) and 36124 Highway T (Highway T Property). Licensee provided the appraisals and work files to the Commission on or about September 27, 2013.

6. On or about September 11, 2013, the Commission requested that Licensee appear before them to discuss the Rock Falls Property at its December 10, 2013 Commission meeting. On or about October 16,

2013, the Commission informed Licensee that the Commission wished to discuss all four appraisals (Rock Falls Property, Todd's Chapel Property, Birch Property and Highway T Property) (collectively, the Properties) at the December 13, 2013 meeting.

7. Licensee appeared before the Commission during its December 10, 2013 meeting. During his appearance, Licensee answered the Commission's questions about the appraisals on the Properties, defended his appraisals, and provided information as to his education and experience.

8. On or about December 14, 2013, the Commission completed its final review of Licensee's appraisals of the Properties.

9. Licensee's Rock Falls Property appraisal does not comply with several provisions of USPAP:

- a. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-1(a) and (c) because Licensee was not aware of, did not understand and did not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal and rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the results and credibility of the appraisal in that the Rock Falls Property report failed to demonstrate that Licensee knew which approaches to value were appropriate, failed to support conclusions and failed to include an analysis of numerous elements of appropriate methodology necessary to produce a credible report. Moreover, the Rock Falls Property report was prepared on a form designed for a residential property, not agricultural property. Finally, Licensee is a certified residential real estate appraiser, not a certified general real estate appraiser which would be necessary to value of a property of this type. This is misleading for the client. Licensee failed to disclose his lack of competence for the Rock Falls Property. This work is outside the scope of Licensee's certification and violates 20 CSR 2245-9.010.
- b. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-2(b) because in developing a real property appraisal, Licensee did not identify the intended use of the appraiser's opinions and conclusions in that the Rock Falls Property report states "market value" which is not an intended use.

- c. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-2(e)(i) because in developing a real property appraisal, Licensee did not identify the characteristics of the property relevant to the type and definition of value and intended use of the appraisal related to its location and physical, legal and economic attributes in that the Rock Falls Property appraisal report has no complete legal description, no discussion of the market area or any elements affecting supply and demand. Additionally, the Rock Falls Property report has no site description of sufficient detail to describe the property features, location or access.
- d. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-2(h) because in developing a real estate appraisal, Licensee did not determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule in that the report was for a large agricultural property. There was no detailed scope of work, only canned form comments. There was no discussion of what the assignment was or what was required by the client.
- e. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-3(b) because, in developing a market value opinion, Licensee did not develop an opinion of the highest and best use of the real estate in that Licensee did not include any development or analysis of the highest and best use. In particular, Licensee misidentified zoning uses, failed to deal with legally permissible uses, included no analysis of financially feasible use which, based on comparable sales, would be critical in appropriateness of sales.
- f. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-4(a) because in utilizing the sales comparison approach to value for a credible assignment report, Licensee did not analyze comparable sales data available to indicate a value conclusion in that Licensee utilized comparable sales that were from more residential locations with no adjustment. Additionally, there was no analysis of any sales data to determine or support adjustments.
- g. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-4(b)(i), (ii) and (iii) because in completing the cost approach, Licensee did not develop an opinion of site value by an appropriate appraisal method in that the cost approach was completely deficient. There was no credible support for the site value and no vacant land sales in the report. There was no

detail on improvements or determination of cost new. Licensee included no analysis of the sales to determine any market abstracted depreciation yet the sales were adjusted for improvement value.

- h. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-4(c)(i), (ii), (iii) and (iv) because in when the income approach was necessary for credible assignment results, Licensee did not analyze comparable rental data to estimate market rental of the property, analyze comparable operating expense data available to estimate the operating expenses of the property, analyze comparable data available to estimate the rates of capitalization and/or discount or base projections of future rent and expenses on reasonably clear and appropriate evidence in that the Rock Falls Property is a pasture farm with buildings. Licensee should have considered the income approach because it is applicable and relevant. Licensee included no explanation in the scope of work to support exclusion of the income approach. His failure to do so indicates he was not familiar with the methods necessary to value this type of property.
- i. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-5(b) because in developing the 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.
- j. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-6(a) because in developing a real property appraisal, Licensee did not reconcile the quality and quantity of data available and analyzed within the approaches used in that Licensee failed to include the reconciliation in the report.
- k. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 1-6(b) because in developing a real property appraisal, Licensee did not reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at his value conclusion in that there was no reconciliation of the approaches to value as would be expected.
- l. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-1(a) because, in reporting the results of the real property appraisal, Licensee communicated the analysis, opinion and conclusion in a misleading manner by failing to clearly and accurately set forth the appraisal in that Licensee used a reporting form that was not appropriate for this type of

property and presented the report in a manner that was misleading, not credible and lacked meaning.

- m. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-1(b) because, in reporting the results of the real property appraisal, Licensee communicated the analysis, opinion and conclusion in a misleading manner by failing to contain sufficient information to enable the intended users of the appraisal to understand the report in that the report lacks information to clearly convey what was done, what was considered and how the report was prepared.
- n. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(i) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the identity of the client and any intended users by name or type in that Licensee stated the name of the client or user but included no additional detail.
- o. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(ii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the intended use of the appraisal in that the report stated the market value as the intended use which would be a probable use and therefore is not a reasonable statement.
- p. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 there was no legal description, no imagery other than one plat map and no description of the property or any of its features.
- q. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not summarize the scope of work used to develop the appraisal in that there was no adequate scope of work at all, just canned statements. There was no discussion of the assignment or the client's needs.

- r. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because the content of the summary 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 in that there was no analysis of the sales or data considered for a value conclusion. The cost and income approaches were excluded with no explanation when both would be relevant and applicable and should have been considered. The result is a misleading report due to lack of analysis and detail.
 - s. Licensee's Rock Falls Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 an opinion of highest and best use was developed, a summary of support and rationale for the opinion in that Licensee included no analysis of highest and best use which would have been important for selection of comparable sales. Additionally, Licensee failed to correctly identify zoning, utilizing the assessor's property class, in error, as the class.
 - t. Licensee's Rock Falls Property appraisal did not comply with USPAP as stated above in paragraphs 9a through 9s.
10. Licensee's Todd's Chapel Property appraisal did not comply with several provisions of USPAP:
- a. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-1(a) and (c) because Licensee was not aware of, did not understand and did not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal and rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the results and credibility of the appraisal in that the Todd's Chapel Property report failed to demonstrate that Licensee knew which approaches to value were appropriate, failed to support conclusions and failed to include an analysis of numerous elements of appropriate methodology necessary to produce a credible report.

- b. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-2(a) because in developing a real property appraisal, Licensee did not identify the intended use of the his opinions and conclusions in that Licensee included no detail specific to the assignment.
- c. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-2(e)(i) because in developing a real property appraisal, Licensee did not identify the characteristics of the property relevant to the type and definition of value and intended use of the appraisal related to its location and physical, legal and economic attributes in that the report has no complete legal description, no discussion of the market area or any elements affecting supply and demand. Moreover, there is no site description of any detail to describe the property features, location or access.
- d. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-2(h) because in developing a real estate appraisal, Licensee did not determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule in that there was no detailed scope of work, only canned form comments. There was no discussion of what the assignment was or what was required by the client.
- e. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-3(b) because, in developing a market value opinion, Licensee did not develop an opinion of the highest and best use of the real estate in that Licensee did not include any development or analysis of the highest and best use. In particular, Licensee misidentified zoning uses, failed to deal with legally permissible uses, included no analysis of financially feasible use which, based on comparable sales, would be critical in appropriateness of sales.
- f. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-4(a) because in utilizing the sales comparison approach to value for a credible assignment report, Licensee did not analyze comparable sales data available to indicate a value conclusion in that Licensee utilized comparable sales that were from more residential locations with no adjustment. Additionally, there was no analysis of any sales data to determine or support adjustments.
- g. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-5(b) because in developing a market opinion of value, Licensee must, if it is available, analyze all sales of the

subject property that occurred within the three years prior to the effective date of the appraisal. Licensee failed to do so.

- h. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-6(a) because in developing a real property appraisal, Licensee did not reconcile the quality and quantity of data available and analyzed within the approaches used in that Licensee failed to include the reconciliation in the report.
- i. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 1-6(b) because in developing a real property appraisal, Licensee did not reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at his value conclusion in that there was no reconciliation of the approaches to value as would be expected.
- j. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-1(b) because in reporting the results of a real property appraisal, the appraiser must communicate the analysis, opinion and conclusion in a manner that is not misleading and every property appraisal report must contain sufficient information to enable the intended users of the appraisal to understand the report property in that the report lacks information to clearly convey what Licensee did, what he considered and how he prepared the report.
- k. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(i) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the identity of the client and any intended users by name or type in that Licensee stated the name of the client or user but included no additional detail.
- l. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(ii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the intended use of the appraisal in that there was no specific statement of use.
- m. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 there was no legal description, no imagery other than one plat map and no description of the property or any of its features.

- n. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not summarize the scope of work used to develop the appraisal in that there was no adequate scope of work at all, just canned statements. There was no discussion of the assignment or the client's needs.
 - o. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because the content of the summary 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 in that there was no analysis of the sales or data considered for a value conclusion. The cost and income approaches were excluded with no explanation when both would be relevant and applicable and should have been considered. The result is a misleading report due to lack of analysis and detail.
 - p. Licensee's Todd's Chapel Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 an opinion of highest and best use was developed, a summary of support and rationale for the opinion in that Licensee included no analysis of highest and best use which would have been important for selection of comparable sales. Additionally, Licensee failed to correctly identify zoning, utilizing the assessor's property class, in error, as the class.
 - q. Licensee's Todd's Chapel Property appraisal did not comply with USPAP as stated above in paragraphs 10a through 10p.
11. Licensee's Birch Property appraisal did not comply with several provisions of USPAP:
- a. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-1(a) and (c) because Licensee was not aware of, did not understand and did not correctly employ those recognized

methods and techniques that are necessary to produce a credible appraisal and rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the results and credibility of the appraisal in that the Birch Property report failed to demonstrate that Licensee knew which approaches to value were appropriate, failed to support conclusions and failed to include an analysis of numerous elements of appropriate methodology necessary to produce a credible report.

- b. Licensee's Birch Property appraisal did not comply USPAP Rule 1-2(b) because in developing a real property appraisal, Licensee did not identify the intended use of the appraiser's opinions and conclusions in that they were not clear anywhere in the report.
- c. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-2(c) because in developing a real property appraisal, Licensee did not identify the type and definition of value, and if the value opinion was market value, ascertain whether the value is to be the most probable price in that there was no detail and only canned statements.
- d. Licensee's Birch Proper Property appraisal did not comply with USPAP Rule 1-2(e)(i) because in developing a real property appraisal, Licensee did not identify the characteristics of the property relevant to the type and definition of value and intended use of the appraisal related to its location and physical, legal and economic attributes in that the report has no complete legal description, no discussion of the market area or any elements affecting supply and demand. Moreover, there is no site description of any detail to describe the property features, location or access.
- e. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-2(h) because in developing a real estate appraisal, Licensee did not determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule in that there was no detailed scope of work, only canned form comments. There was no detail as to what was specific to the assignment and what actions Licensee took.
- f. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-3(b) because, in developing a market value opinion, Licensee did not develop an opinion of the highest and best

use of the real estate in that Licensee did not develop the highest and best use and there was no defense or support for the conclusion he made in the report.

- g. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-4(a) because in developing a real property appraisal, Licensee did not collect, verify, and analyze all information necessary for credible assignment results and, when the sales comparison approach is necessary for a credible result, did not analyze comparable sales data available to indicate a value conclusion in that Licensee utilized two of three comparable sales not similar to the subject property. A search of the market should have been widened to find more similar style houses that would have better represented the market for the property. Additionally, there was no analysis of sales data to determine or support the adjustments. Essentially, then the report had one comparable sale with adjustments made for various elements, including a \$5,000 adjustment for an outbuilding, with no support for the adjustment.
- h. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-4(b)(i), (ii) and (iii) because in developing a real property appraisal, Licensee did not collect, verify, and analyze all information necessary for credible assignment results and, when the cost approach is necessary for a credible assignment result, Licensee did not develop an opinion of site value by an appropriate appraisal method or technique, analyze comparable cost data available to estimate the cost new of improvements or analyze comparable data available to estimate the difference between cost new and the present worth of the improvements in that the cost approach was completely deficient. There was no credible support for the site value and no vacant land sales in the report. There was no detail on improvements or determination of cost new. Licensee included no analysis of the sales to determine any market abstracted depreciation yet the sales were adjusted for improvement value.
- i. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-6(a) because in developing a real property appraisal, Licensee did not reconcile the quality and quantity of data available and analyzed within the approaches used in that Licensee failed to include the reconciliation in the report.

- j. Licensee's Birch Property appraisal did not comply with USPAP Rule 1-6(b) because in developing a real property appraisal, Licensee did not reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at his value conclusion in that there was no reconciliation of the approaches to value as would be expected.
- k. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-1(a) because, in reporting the results of the real property appraisal, Licensee communicated the analysis, opinion and conclusion in a misleading manner by failing to clearly and accurately set forth the appraisal in that Licensee presented the report in a manner that was misleading, not credible and lacked meaning.
- l. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-1(b) because, in reporting the results of the real property appraisal, Licensee communicated the analysis, opinion and conclusion in a misleading manner by failing to contain sufficient information to enable the intended users of the appraisal to understand the report in that the report lacks information to clearly convey what was done, what was considered and how the report was prepared.
- m. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(i) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the identity of the client and any intended users by name or type in that Licensee stated the name of the client or user but included no additional detail.
- n. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(ii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the intended use of the appraisal in that report the contained only canned comments.
- o. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 there was no legal description, no imagery other than one plat map and no description of the property or any of its features.

- p. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not summarize the scope of work used to develop the appraisal in that there was no adequate scope of work at all, just canned statements. There was no discussion of the assignment or the client's needs.
 - q. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because the content of the summary 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 in that there was no analysis of the sales or data considered for a value conclusion. The result is a misleading report due to lack of analysis and detail.
 - r. Licensee's Birch Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 an opinion of highest and best use was developed, a summary of support and rationale for the opinion in that Licensee included no analysis of highest and best use and no support for the conclusion in the report.
 - s. Licensee's Birch Property appraisal did not comply with USPAP as stated above in paragraphs 11a through 11r.
12. Licensee's Highway T Property appraisal did not comply with several provisions of USPAP:
- a. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-1(a) and (c) because Licensee was not aware of, did not understand and did not correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal and rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the results and credibility of the appraisal in that the Highway T report failed to demonstrate that Licensee knew which approaches to value were appropriate, failed to

support conclusions and failed to include an analysis of numerous elements of appropriate methodology necessary to produce a credible report.

- b. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-2(a) because in developing a real property appraisal, Licensee did not identify the client and other intended users in that Licensee included only canned comments and no specific detail.
- c. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-2(b) because in developing a real property appraisal, Licensee did not identify the intended use of the appraiser's opinions and conclusions in that Licensee included only canned comments and no specific detail.
- d. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-2(e)(1) because in developing a real property appraisal, Licensee did not identify the characteristics of the property relevant to the type and definition of value and intended use of the appraisal regarding its location and physical, legal and economic attributes in that the report has not complete legal description, no discussion of the market area or any elements affecting supply and demand. Moreover, there is effectively no site description of any detail to describe the property features, location or access.
- e. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-2(h) because in developing a real property appraisal, Licensee did not determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule in that there is only a canned scope of work statement with no specific reference to the assignment request or what was done for the valuation assignment.
- f. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-3(b) because, in developing a market value opinion, Licensee did not develop an opinion of the highest and best use of the real estate in that Licensee did not develop or analyze the highest and best use of the property.
- g. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-4(a) because in developing a real property appraisal, Licensee did not collect, verify or analyze all information necessary for a credible result and though the sales comparison approach was necessary, did

not analyze comparable sales data available for a value conclusion in that there was no analysis of any sales data to determine or support any adjustments. Licensee could not explain how or why there were adjustments for site area, gross living area, and outbuildings were or were not made. Licensee could not support why the comparable sales were chosen, why there were comparable and why he did not look to other markets for more similar sales to this unique historical dwelling.

- h. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-4(b)(i), (ii) and (iii) because in developing a real property appraisal, Licensee did not collect, verify or analyze all information necessary for a credible result and when the cost approach was necessary for a credible approach, Licensee did not develop an opinion of site value by an appropriate method or technique, analyze comparable cost data available to estimate the cost new of improvements or analyze comparable data available to estimate the difference between the cost new and present worth of improvements in that the cost approach was not developed and would likely have been difficult on an early 1900s dwelling with numerous updates.
- i. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-6(a) because in developing a real property appraisal, Licensee did not reconcile the quality and quantity of data available or analyze within the approaches used in that Licensee failed to include this requirement in his report.
- j. Licensee's Highway T Property appraisal did not comply with USPAP Rule 1-6(b) because in developing a real property appraisal, Licensee did not reconcile the applicability or suitability of the approaches used to arrive at the value conclusion in that there is no reconciliation as would be required or expected for the property.
- k. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-1(a) because in reporting the results of a real property appraisal, Licensee did not communicate the analysis, opinion and conclusion in a manner that was not misleading. Licensee's report did not clearly and accurately set forth the appraisal in a manner that would not be misleading.
- l. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-1(b) because in reporting the results of a real property appraisal, Licensee did not communicate the analysis,

opinion and conclusion in a manner that was not misleading. Licensee's report did not contain sufficient information to enable the intended users of the appraisal to understand the report properly in that the report lacked information to clearly convey what was done, what was considered and how the report was prepared.

- m. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(i) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the identity of the client and any intended users by name or type in that Licensee stated the name of the client or user but included no additional detail.
- n. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(ii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not state the intended use of the appraisal in that the report contained only canned comments with no specific detail.
- o. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(iii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 there was no legal description, no imagery other than one plat map and no description of the property or any of its features.
- p. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(vii) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and did not summarize the scope of work used to develop the appraisal in that there was no adequate scope of work at all, just canned statements. There was no discussion of the assignment or the client's needs.
- q. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because the content of the summary 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 in that there was no analysis of the sales or data considered for a value conclusion. The result

is a misleading report due to lack of analysis and detail. Two of the three comparable sales were not the same style or era which is important for an early 1900s dwelling. Moreover, Licensee failed to consider other nearby markets that would have had similar homes.

- r. Licensee's Highway T Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because the content of the summary appraisal report was not consistent with the intended use of the appraisal and 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 an opinion of highest and best use was developed, a summary of support and rationale for the opinion in that Licensee included no analysis of highest and best use and no support for the conclusion in the report. Moreover, Licensee failed to correctly identify zoning, utilizing the assessor's property class, in error, as the zoning class.
- s. Licensee's Highway T Property appraisal did not comply with USPAP as stated above in paragraphs 12a through 12r.

13. Regulation 20 CSR 2245-9.010 states:

(1) Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser shall properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively, must:

- (A) Disclose the lack of knowledge and/or experience to the client before accepting the assignment;
- (B) Take all steps necessary or appropriate to complete the assignment competently; and
- (C) Describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

(2) If an appraiser discovers during the course of an appraisal assignment that he or she lacks the required knowledge or experience to complete the assignment competently, at the point of such discovery, the appraiser shall notify the client and comply with subsections (1)(B) and (1)(C) of this rule.

(3) Notwithstanding the requirements and allowances of sections (1) and (2) of this rule, state-certified and state-licensed real estate appraisers shall limit their practice to the development and communication of real estate appraisals as follows:

- (A) State-certified general real estate appraisers may perform appraisals on all types of real estate regardless of complexity or transaction value and may perform appraisal consulting, if, and

only if, performed in compliance with all state and federal laws, rules and regulations pertaining to the appraisal assignment;

(B) State-certified residential real estate appraisers may perform appraisals on residential real estate of one to four (1–4) residential units without regard to transaction value or complexity and may perform appraisal consulting in the area of residential real estate, if, and only if, performed in compliance with all state and federal laws, rules and regulations pertaining to the appraisal assignment. This designation permits the appraisal of vacant or unimproved land that may be utilized for one- to four- (1–4) family purposes. This certification does not permit the appraisal of subdivisions or of agricultural real estate. Individual parcels of property located within a residential subdivision shall be considered residential real estate. For all other appraisals, the appraisal report shall be signed by the state-certified residential real estate appraiser and a state-certified general real estate appraiser. For the purposes of this rule, “agricultural real estate” shall be defined as improved or unimproved land with a highest and best use and primary purpose devoted to income production by crops, livestock and other products of the soil (fruit, pasture, timberland, etc).

(C) State-licensed real estate appraisers may perform appraisals of real property consisting of one (1) residential unit, if, and only if, performed in compliance with all state and federal laws, rules and regulations pertaining to the appraisal assignment. For all other appraisals, the appraisal report shall be signed by the state-licensed real estate appraiser and a state-certified real estate appraiser.

(4) A state-licensed or state-certified real estate appraiser shall be exempt from the provisions of section (3) of this rule if providing valuation services in a setting for which licensure or certification would not be required under section 339.501.5, RSMo. In all other instances, a real estate appraiser must comply fully with sections (1), (2) and (3) of this rule. Sections (1), (2) and (3) shall not be interpreted so as to except a real estate appraiser from compliance with the other sections.

(5) Prior to July 1, 2007, the provisions of section (3) of this rule shall not apply to any person that was certified or licensed as a real estate appraiser before the effective date of this rule.

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

15. 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.

16. Licensee's conduct, as described in paragraphs 3 through 12 above constitutes violation of the Commission's regulations promulgated pursuant to sections 339.500 to 339.549, as set forth in paragraph 13 above, for which the Commission has cause to discipline Licensee's certification.

17. 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.

18. Cause exists for the Commission to take disciplinary action against Licensee's certification under § 337.532.2(5), (7), (10) 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;

...

(10) Violating, assisting or enabling any person to willfully disregard any of the provisions of sections 339.500 to 339.549 or the regulations of the commission for the administration and enforcement of the provisions of sections 339.500 to 339.549;

...

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

Joint Agreed Disciplinary Order

19. 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 §§ 536.060, 621.045.4 and 621.110, RSMo.

20. The terms of discipline shall include that Licensee's certification shall be placed on **PROBATION** for a period of two (2) years ("disciplinary period"). During Licensee's probation, Licensee shall be entitled to engage as a state 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 six months after the effective date of this Settlement Agreement, Licensee shall submit verification to the Commission of successful completion of a fifteen hour approved qualifying education course, including examination, on residential cost approach to valuation.
- B. Within six months after the effective date of this Settlement Agreement, Licensee shall submit verification to the Commission of successful completion of a fifteen hour approved qualifying education course, including examination, on residential market analysis.

II. GENERAL REQUIREMENTS

- A. During the disciplinary period, Licensee shall not sign appraisal reports as a supervising appraiser.
- B. During the disciplinary period, Licensee shall not serve as a supervising appraiser to trainee real estate appraisers under 20 CSR 2245-3.005. Within ten days of the effective date of this Settlement Agreement, Licensee shall advise each trainee real estate appraiser working under Licensee that the supervisory relationship is terminated and comply with all other requirements of 20 CSR 2245-3.005 regarding the termination of the supervisory relationship.
- C. Whenever during the disciplinary period Licensee provides others with a copy of Licensee's certification as a Missouri state certified real estate appraiser, Licensee shall provide the most recent version of Licensee's certification issued by the Commission.
- D. 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.
- E. 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.
- F. During the disciplinary period, Licensee shall timely renew Licensee's certification granted hereby and shall timely pay all fees required for license and comply with all other Commission requirements necessary to maintain said certification in a current and active state.
- G. During the disciplinary 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.
- H. During the disciplinary period, Licensee shall appear in person for interviews with the Commission or its designee upon request.

- I. Licensee shall submit written reports to the Commission every six (6) months during the disciplinary 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 July 1, 2014.
- J. Licensee shall execute any release or provide any other authorization necessary for the Commission to obtain records of Licensee's employment during the disciplinary period.
- K. 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.
- L. Licensee 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 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.
- 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 disciplinary 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 disciplinary 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 Licensee to comply with any condition of discipline set forth herein constitutes a violation of this Order.

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

22. 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.

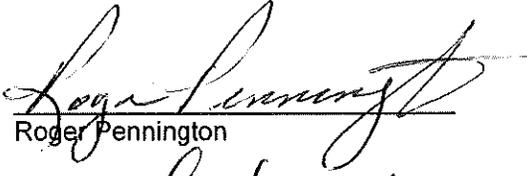
23. Licensee, together with Licensee's heirs and assigns, and Licensee's attorneys, do hereby waive, release, acquit and forever discharge the Commission, its respective members and any of its employees, agents, or attorneys, including any former Commission members, employees, agents, and attorneys, 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.

24. 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 license 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.

25. 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 license and issue findings of act and conclusions of law stating that the facts agreed to by the parties are grounds for disciplining Licensee's license. Effective the date the Administrative Hearing Commission determines that the agreement sets forth cause for disciplining Licensee's license, the agreed upon discipline set forth herein shall go into effect.

LICENSEE



Roger Pennington

Date 3/1/2014

COMMISSION



Vanessa Beauchamp
Executive Director
Missouri Real Estate Appraisers Commission

Date 3-6-14