

BEFORE THE MISSOURI
STATE REAL ESTATE APPRAISERS COMMISSION

MISSOURI REAL ESTATE APPRAISERS)
COMMISSION,)

Petitioner,)

v.)

No. 2003-001258PV1

STEVEN A. GOLDMAN,)

Respondent.)

**FINDINGS OF FACT, CONCLUSIONS OF LAW
AND DISCIPLINARY ORDER**

I.

Statement of the Case

On or about April 7, 2006, the Missouri Real Estate Appraisers Commission (MREAC) and Steven A. Goldman (Goldman) entered into a Settlement Agreement which placed Goldman's state residential real estate certification (Certification) on probation for five years following a three month suspension. The Settlement Agreement is adopted and incorporated by reference herein.

On or about June 4, 2009, the MREAC filed a probation violation complaint against Goldman for the failure to comply with Uniform Standards of Professional Appraisal Practice in completing appraisals in violation of §§ 337.532 and .535, RSMo and the Settlement Agreement.

Pursuant to notice and § 324.042, RSMo, the MREAC held a hearing on November 3, 2009, at approximately 1:00 p.m. at the Missouri Council of School Administrators Building, 3530 Amazonas Drive, Jefferson City, Missouri, for the purpose of determining the appropriate disciplinary action against Respondent's certification. The MREAC was represented by Assistant Attorney General Yamini Laks. Goldman was present for the hearing and was

represented by Leonard Frankel, Frankel, Rubin, Bond, Dubin, Siegel & Klein, P.C. After being present and considering all of the evidence presented during the hearing, the MREAC issues the following Findings of Facts, Conclusions of Law and Order.

II.

Findings of Fact

1. The MREAC is an agency of the state of Missouri created and established pursuant to § 339.507, RSMo Cum. Supp. 2008, for the purpose of licensing all persons engaged in the practice of real estate appraisal in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of Chapter 339.500 to 339.549, RSMo (as amended).

2. Goldman holds a state residential real estate certification from the MREAC (certification # RA001763).

3. The MREAC hereby adopts and incorporates herein the findings of fact and conclusions of law contained in the Settlement Agreement between the MREAC and Goldman signed by the parties on or about April 7, 2006.

4. The Settlement Agreement placed Goldman's Certification on probation for five years following a suspension of three months.

5. The Settlement Agreement, paragraph 22G, states in part:

G. During the disciplinary period, Goldman shall comply with all provisions of §§ 339.500 to 339.549, RSMo, all rules and regulations promulgated thereunder, and all federal and state laws. "State" includes the state of Missouri and all other states and territories of the United States.

6. On or about August 1, 2006, Goldman authorized an appraisal report of 2278 Castlegate Drive, Imperial, MO 63052 ("Castlegate").

7. The improvements on Castlegate are 1,297 square feet and Goldman's appraisal estimated the value of Castlegate at \$290,000.

8. Goldman's appraisal compared Castlegate to five properties:

- a. Comparable 1: 1,926 square feet at \$269,900;
- b. Comparable 2: 1,660 square feet at \$265,000;
- c. Comparable 3: 2,452 square feet at \$299,900;
- d. Comparable 4: 1,620 square feet at \$320,000; and
- e. Comparable 5: 2,160 square feet at \$317,000.

9. The Castlegate neighborhood does not contain the five comparable sales. The comparable sale homes are in a superior neighborhood and Goldman made no adjustment for the location.

10. In the cost approach for Castlegate, Goldman quoted the cost of the first floor at \$132.68 per square foot. The amount was excessive and would be appropriate for a superior quality home.

11. In the cost approach for Castlegate, Goldman quoted the cost of the basement at \$34.68 per square foot. The amount was excessive and would be appropriate for a superior quality home.

12. In the preparation of the Castlegate Appraisal Report, Goldman violated: the USPAP Ethics provision regarding conduct, USPAP Standards Rules 1-1(a), (b), (c), Rule 1-2(c), Rule 1-4(a), Rule 2-1(a), Rule 2-2(b)(viii) and therefore the terms and conditions of the Settlement Agreement in that:

- a. In the Sales Comparison Approach, Goldman used comparable sales from superior neighborhoods when better comparables were available in the neighborhood and Goldman used comparable sales with greater square footage, failing to make adequate adjustment for the difference;

- b. In the Cost Approach, Goldman used a home with superior quality in determining the cost per square foot;
 - c. The Castlegate Appraisal Report was not credible, it was misleading and over-inflated the value estimate, and/or was fraudulent.
13. On or about August 27, 2007, Goldman authorized an appraisal report of 3044 Summerfield Manor Drive, St. Louis, Missouri 63129 (“Summerfield”).
14. The Summerfield property is 2,182 square feet and Goldman’s appraisal estimated its value at \$365,000.
15. Goldman’s appraisal compared Summerfield to three properties:
- a. Comparable 1: 2,417 square feet at \$439,900;
 - b. Comparable 2: 3,235 square feet at \$397,000; and
 - c. Comparable 3: 2,765 square feet at \$328,800.
16. The Summerfield property’s neighborhood contains none of the three comparables Goldman selected.
17. In the Cost Approach, Goldman’s appraisal quoted the first floor of Summerfield at \$122.12 per square foot and the basement at \$32.17 per square foot.
18. In the preparation of the Summerfield Appraisal Report, Goldman violated: the USPAP Ethics provision regarding conduct, USPAP Standards Rules 1-1(a), (b), (c), Rule 1-2(c), Rule 1-4(a), Rule 2-1(a), Rule 2-2(b)(vii) and therefore the terms and conditions of the Settlement Agreement in that:
- a. In using the Sales Comparison Approach, Goldman used comparable sales from superior neighborhoods when better comparables were available;

- b. In using the Sales Comparison Approach, Goldman used comparable sales with greater square footage and failed to make adequate adjustments for the difference; and
- c. In using the Cost Approach, Goldman quoted a cost per square foot that was for a superior quality home.

19. Based on the foregoing violations of Goldman's probation, on or about June 4, 2009, the MREAC filed a probation violation Complaint.

20. The MREAC set this matter for disciplinary hearing and served notice of the disciplinary hearing upon Respondent in a proper and timely fashion.

21. At the hearing, the MREAC accepted documentary evidence regarding Goldman's appraisals. The MREAC heard testimony from Goldman regarding the appraisals. The MREAC also heard evidence from the MREAC's expert witness John Burghoff. Mr. Burghoff presented evidence and testimony regarding Goldman's appraisals of Castlegate and Summerfield. Based on all this evidence, the MREAC concluded that Goldman's appraisals not only violated USPAP but also were intentionally misleading or fraudulent.

III.

CONCLUSIONS OF LAW

22. The MREAC has jurisdiction and venue over this proceeding pursuant to the terms of Goldman's probation which read, in relevant part:

27. If any alleged violation of this Agreement occurred during the disciplinary period, the parties agree that the MREAC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Goldman agrees and stipulates that the MREAC has

continuing jurisdiction to hold a hearing to determine if a violation of this Agreement has occurred.

23. The MREAC also has jurisdiction over this proceeding pursuant to § 324.042, RSMo Cum Supp. 2008, which states in relevant part:

Any board, commission, or committee within the division of professional registration may impose additional discipline when it finds after hearing that a licensee, registrant, or permittee has violated any disciplinary terms previously imposed or agreed to pursuant to settlement. The board, commission, or committee may impose as additional discipline any discipline it would be authorized to impose in an initial disciplinary hearing.

24. The MREAC expressly adopts and incorporates by reference the Findings of Fact and Conclusions of Law contained in the April 7, 2006 Settlement Agreement.

25. Section 339.535, RSMo, which requires compliance with the Uniform Standards of Professional Appraisal Practice, (“USPAP”), states:

State certified real estate appraisers and state licensed real estate appraisers shall comply with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

26. By failing to comply with USPAP Standards Rules 1-1(a), (b), (c), Rule 1-2(c), Rule 1-4(a), Rule 2-1(a), Rule 2-2(b)(vii), Goldman violated §§ 339.535, RSMo and paragraph 22G of the Settlement Agreement.

27. Section 339.532.2(5), RSMo allows the MREAC to seek discipline of an appraiser’s license or certification for “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 339.529.”

28. Based on all the evidence adduced, Goldman completed appraisals for Castlegate and Summerfield that were intentionally misleading or fraudulent in violation of Section 339.532.2(5), RSMo.

29. As a result of the foregoing, Goldman's state residential real estate certification is subject to disciplinary action by the MREAC, pursuant to § 324.042, RSMo.

30. The MREAC has determined that this Order is necessary to ensure the protection of the public.

IV.

Order

A. Having fully considered all the evidence before the MREAC, it is the **ORDER** of the MREAC, that Goldman's state residential real estate certification is hereby **REVOKED** from the effective date of this Order. Upon receipt of this Order, Goldman shall immediately return all evidence of licensure to the Commission.

B. The MREAC will maintain this Order as an open record of the MREAC as provided in Chapters 324, 339, and 610, RSMo, as amended.

SO ORDERED EFFECTIVE THIS 13th day of November, 2009.

**MISSOURI REAL ESTATE
APPRAISERS COMMISSION**



Vanessa Beauchamp,
Executive Director
Missouri Real Estate Appraisers Commission