



2. Thomas Bone is a natural person and is licensed by the MREAC as a state licensed real estate appraiser, License No. 2003026708. On or about January 14, 2011, Bone and the MREAC entered into a Settlement Agreement which placed Bone's license on probation for a period of two years subject to terms and conditions. Bone's license was current and valid at all relevant times herein.

3. The Settlement Agreement placing Bone's license on probation for two years became effective on February 8, 2011. Bone was required to comply with the terms and conditions of the probationary period outlined in the Settlement Agreement.

4. Paragraph J of the Order states, in pertinent part:

During the disciplinary period, Bone shall comply with all provisions of §§ 339.500 through 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. Any cause to discipline Bone's license as a real estate appraiser under § 339.532.2, RSMo, as amended, that accrues during the disciplinary period shall also constitute a violation of this Settlement Agreement.

5. On or about September 21, 2011, during his disciplinary period, Bone completed a Uniform Residential Appraisal Report for residential property located at 4415 Dunksburg Road, Concordia, Missouri 64020 (Dunksburg Appraisal). The effective date of Bone's Dunksburg Appraisal was September 19, 2011 and Bone valued the Dunksburg property at \$260,000.

6. Bone was required to develop and report the results of the Dunksburg Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2010-2011 Edition.

7. Bone prepared the Dunksburg Appraisal Report for Suntrust Mortgage, a Virginia mortgage company.

8. In the preparation and reporting of the Dunksburg Appraisal Report, Bone made significant and substantial errors of omission and/or commission in violation of USPAP, including, but not limited to:

a. Bone failed to demonstrate awareness, understanding and correct application of the recognized methods and techniques that are necessary to produce a credible appraisal;

b. Bone failed to provide proper analysis and discussion to support an effective age of fifteen years for the Dunksburg property, which was 101 years old;

c. Bone failed to provide proper analysis and discussion to support his choice of comparable sales given the age and location of the Dunksburg property, including, but not limited to, the use of a seven year old home to value a 101 year old home;

d. Bone incorrectly relied on a limited search of comparable sales data by only accessing the Heartland MLS, which has very limited information for the area surrounding the Dunksburg property;

e. Bone failed to adequately describe the physical and economic characteristics of the 36 acre site, describing it only as “Rural Agricultural Small Farm Residential;”

f. Bone failed to analyze or discuss the impact of the Dunksburg property’s outbuildings on its value;

g. Bone failed to provide, identify, analyze, or discuss actual land sales to support his site value;

- h. Bone failed to provide proper analysis and discussion to support the site value;
- i. Bone improperly cites to “lot sales” in support of the site value when the site is 36 acres;
- j. Bone incorrectly used the cost approach when valuing the Dunksburg property in that the home is over 100 years old;
- k. Bone failed to provide proper data, analysis and discussion for age and site adjustments in the sales comparison approach;
- l. Bone failed to provide sufficient information to enable the intended users of the Dunksburg Appraisal Report to understand the report properly.

9. Bone’s calculation of value in the Dunksburg Appraisal Report is not credible, is misleading and was developed and reported in violation of USPAP Standards 1 and 2, which state:

Standard 1: In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

Standard 2: In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion and conclusion in a manner that is not misleading.

10. Bone failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal in violation of USPAP Standard 1 and Standard Rule (SR) 1-1(a), which states:

In developing a real property appraisal, an appraiser must:

- (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal[.]

11. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone committed substantial errors of omission and/or commission that significantly affected the appraisal in violation of USPAP Standard 1 and SR 1-1(b), which states:

In developing a real property appraisal, an appraiser must:

...

- (b) not commit a substantial error of omission or commission that significantly affects and appraisal[.]

12. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone rendered appraisal services in a careless and/or negligent manner in violation of USPAP Standard 1 and SR 1-1(c), which states:

In developing a real property appraisal, an appraiser must:

...

- (c) not render appraisal services in a careless or negligent manner, such as by making a series of errors, that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.

13. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to identify the physical characteristics of the property that are

relevant to the type and definition of value and intended use of the appraisal, in violation of USPAP Standard 1 and SR 1-2(e)(i), which states:

In developing a real property appraisal, an appraiser must:

...

(e) identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including:

(i) its location and physical, legal, and economic attributes[.]

14. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to identify and analyze the use and value of the land included in the Dunksburg property in violation of USPAP Standard 1 and SR 1-3(a), which states:

When necessary for credible assignment results in developing a market value opinion, an appraiser must:

(a) identify and analyze the effect on use and value of existing land use regulations, reasonably probably modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate, and market area trends[.]

15. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, including but not limited to failing to identify and analyze comparable sales data from a range of sources rather than utilizing only the Heartland MLS service and in comparing much newer and remote properties, Bone violated USPAP Standard 1 and SR 1-4(a), which states:

In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results.

- (a) When a sales comparison approach is necessary for credible assignment results, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.

16. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to identify and analyze the site value of the Dunksburg property in violation of USPAP Standard 1 and SR 1-4(b), which states:

In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results.

- (b) When a cost approach is necessary for credible assignment results, an appraiser must:
  - (i) develop an opinion of site value by an appropriate appraisal method or technique;
  - (ii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (if any); and
  - (iii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (accrued depreciation).

17. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to analyze the reliability of the cost approach, an unreliable

approach when valuing a home that is more than 100 years old, in violation of USPAP Standard 1 and SR 1-6(a), which states:

In developing a real estate appraisal, an appraiser must:

- (a) reconcile the quality and quantity of data available and analyzed within the approaches used[.]

18. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to clearly and accurately set forth the appraisal in a manner that would not be misleading and violated USPAP Standard 2 and SR 2-1(a) and (b), which states:

Each written or oral real property appraisal report must:

- (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
- (b) contain sufficient information to enable the intended users of the appraisal to understand the report properly[.]

19. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to prepare a report that contained sufficient information to enable the intended users of the appraisal to understand the report properly and violated USPAP Standard 2 and SR 2-1(b), which states:

Each written or oral real property appraisal report must:

...

- (b) contain sufficient information to enable the intended users of the appraisal to understand the report properly[.]

20. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone failed to summarize information sufficient to identify the real estate involved in the appraisal and failed to summarize the information analyzed, the appraisal methods and techniques employed and the reasoning that supports the analyses, opinions and conclusions in violation of USPAP Standard Rule 2 and SR 2-2(b)(iii) and (viii), which state:

Each written real property appraisal report must be prepared under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.

...

(b) The content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

...

(iv) summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;

...

(viii) summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained[.]

21. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone communicated results in a misleading and/or fraudulent manner in violation of the Conduct provision of the USPAP Ethics Rule, which states:

An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

An appraiser:

- Must not communicate assignment results with the intent to mislead or defraud;
- Must not use or communicate a report that is known by the appraiser to be misleading or fraudulent;
- Must not knowingly permit an employee or other person to communicate a misleading or fraudulent report[.]

22. Based on Bone's errors and/or omissions in developing and reporting the results of the Dunksburg Appraisal Report, as alleged in paragraph 8 above, Bone violated the USPAP Competency Rule, which states, in part:

The appraiser must determine, prior to accepting an assignment, that he or she can perform the assignment competently. Competency requires:

1. The ability to properly identify the problem to be addressed;
2. The knowledge and experience to complete the assignment competently; and
3. Recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

If an appraiser determines he or she is not competent prior to accepting an assignment, the appraiser must:

1. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;

2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

When facts or conditions are discovered during the course of an assignment that cause an appraiser to determine, at that time, that he or she lacks the required knowledge and experience to complete the assignment competently, the appraiser must:

1. Notify the client; and
2. Take all steps necessary or appropriate to complete the assignment competently; and
3. Describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

23. On or about December 18, 2012, the MREAC sent notice by regular mail and certified mail to Bone notifying him of the probation violation complaint and of the probation violation hearing in this matter set for March 13, 2013 at 8:30 a.m. at the Missouri Council of School Administrators Building, 3550 Amazonas Drive, Jefferson City, Missouri. The green card from the certified mail copy was returned as unclaimed and the regular mail copy was not returned to the MREAC.

24. At the March 13, 2013 probation violation hearing, certified general real estate appraiser Randall Bryson testified to the violations discussed above in paragraph 8. Bryson established that Bone's failings in completing the Dunksburg Appraisal, as discussed above, were violations of USPAP. Bryson testified that the violations led to a report that was not credible, that was misleading and that demonstrated incompetence and no reasonable diligence. Bryson testified that Bone's violations in the Dunksburg Appraisal were violations of Stands 1 and 2 of USPAP.

25. The MREAC has jurisdiction in this proceeding, pursuant to the January 14, 2011 Settlement Agreement to determine whether Bone has violated the terms and conditions of the January 14, 2011 Settlement Agreement.

26. The MREAC retained jurisdiction over this matter pursuant to page 11 of the Settlement Agreement which states in pertinent part:

This Settlement Agreement does not bind the MREAC or restrict the remedies available to it concerning any violation by Bone of Section 339.500 et seq., RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Settlement Agreement.

27. The MREAC also has jurisdiction pursuant to § 324.042, RSMo to determine whether Bone has violated the terms and conditions of the January 14, 2011 Settlement Agreement. Section 324.042 states, in pertinent 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.

28. Section 339.532.2, RSMo, 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;

(6) Violation of any of the standards for the development or communication of real estate appraisals as provided in or pursuant to sections 339.500 to 339.549;

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

(8) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(9) Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;

(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[.]

29. Section 339.535, RSMo states, in relevant part:

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.

30. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes incompetency, misconduct, gross negligence, dishonesty, fraud and/or misrepresentation in the performance of the functions and/or duties of a real estate appraiser, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(5), RSMo.

31. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes violation of standards for the development and/or communication of real

estate appraisals as provided in or pursuant to §§ 339.500 to 339.549, RSMo, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(6), RSMo.

32. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes failure and/or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, and/or communicating an appraisal, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(8), RSMo.

33. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes negligence and/or incompetence in developing an appraisal, in preparing an appraisal report, and/or in communicating an appraisal, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(9), RSMo.

34. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes violation of § 339.535, RSMo, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(7) and (10), RSMo.

35. Bone's conduct, as described in paragraphs 3 through 24 above, constitutes violation of professional trust and confidence owed to Bone's clients, the intended users of the appraisal report, and the public, and gives the MREAC cause to discipline Bone's real estate appraiser license pursuant to 339.532.2(14), RSMo.

36. Cause exists to take additional discipline of Bone's license pursuant to paragraph J of the Settlement Agreement and page 11 of the Settlement Agreement for violations of §§ 339.532.2(5), (6), (7), (8), (9), (10), and (14) and 339.535, RSMo.

37. The January 14, 2011 Settlement Agreement and § 324.042 allow the MREAC to take such disciplinary action that the MREAC deems appropriate for failure to comply with the terms of the January 14, 2011 Settlement Agreement.

**Decision and Order**

It is the decision of the MREAC that Bone has violated the terms of the January 14, 2011 Settlement Agreement, and that his license is, therefore, subject to further disciplinary action.

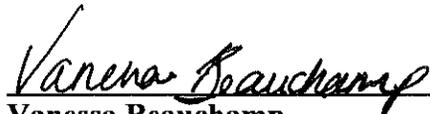
The MREAC orders that Thomas L. Bone's state license as a real estate appraiser, number 2003026708, be and is hereby **REVOKED**.

Respondent shall immediately return all indicia of licensure to the Board.

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

SO ORDERED this 20<sup>th</sup> day of March, 2013.

**MISSOURI REAL ESTATE APPRAISERS  
COMMISSION**

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