



I.

Based upon the foregoing, the Commission hereby states:

**FINDINGS OF FACT**

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.507, RSMo, for the purpose of licensing all persons engaged in the practice of real estate appraisal in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of §§ 339.500 to 339.549, RSMo.
2. Megan R. Atha currently resides at 7300 SE 50th Road, St. Joseph, Missouri.
3. On or about August 29, 2013, Atha completed the application for a general appraiser certification.
4. On or about May 23, 2014, Atha passed the general appraiser examination.
5. On or about June 6, 2014, Atha submitted her experience log containing thirty months and 3,000 hours of experience. The Commission requested two work samples based on her experience log.
6. On or about June 19, 2014, Atha submitted two appraisals to the Commission for review: one appraisal of a commercial property and one appraisal of an unimproved agricultural property.
7. The Commission met with Atha on September 16, 2014 regarding the two appraisals. Atha also presented the Commission with her qualifications including education, professional education, experience and types of appraisals.
8. On or about September 16, 2014, the Commission completed its final review of Atha's appraisal of an unimproved agricultural property located at 3218 State Route H SE, Faucett, Missouri ("Route H" appraisal).

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

- a. It failed to comply with USPAP Standards Rule 1-1(a) because Atha was not aware of, did not understand, and did not correctly employ recognized methods and techniques necessary to produce a credible appraisal in that Atha's report was deficient in the use of properly developed approaches to value.
- b. It failed to comply with USPAP Standards Rule 1-1(b) because Atha committed a substantial error of omission or commission that significantly affected the appraisal in that the errors in analysis of sales and adjustments combined to impact the credibility of the report.
- c. It failed to comply with USPAP Standards Rule 1-1(c) because Atha 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 in that the report had a series of errors throughout all approaches to value and analysis that negatively impacted the credibility of the report.
- d. It failed to comply with USPAP Standards Rule 1-2(e) because in developing the appraisal, Atha did not identify the characteristics of the property relevant to the type and definition of value and intended use of the appraisal including: its location and physical, legal and economic attributes; the real property interest to be valued; personal property, trade fixtures and intangible items included in the appraisal; any known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances and other items; and whether the subject property is a fractional interest, physical segment

or partial holding in that all the elements listed were addressed in a very limited and remedial manner that lacked sufficiency to fully meet the expectations of the intended user or reader of the appraisal or the requirements of USPAP.

- e. It failed to comply with USPAP Standards Rule 1-2(h) because in developing a real property appraisal, Atha did not determine the scope of work necessary to produce a credible result in accordance with the Scope of Work Rule in that the report contained a limited scope of work with little dealing that did not meet the requirements of USPAP.
- f. It failed to comply with USPAP Standards Rule 1-3(b) because in developing the market value opinion, Atha did not develop an opinion of the highest and best use of the property in that the report was lacking in analysis and detail. The report concluded a highest and best use with the current use and a potential future use but only included a statement of existing conditions. The report contained no analysis of any of the elements, discussion or support for the future use conclusion and no discussion of financially feasible uses or alternative land uses. It also failed to contain any support for the final conclusion.
- g. It failed to comply with USPAP Standards Rule 1-4(a) because in developing a real property appraisal where the sales comparison approach is necessary for credible assignment results, Atha did not analyze comparable sales data available to indicate a value conclusion in that Atha's report had no adequate analysis of the comparable sales data. There was no information within the report to enable the reader to understand how Atha developed the sales data and applied it to the subject property.

- h. It failed to comply with USPAP Standards Rule 1-4(b)(ii) because in developing a real property appraisal when the cost approach to value is necessary for a credible report, Atha did not analyze comparable cost data available to estimate the cost new of any improvements in that the report lacked analysis of the sales which creates a report with no credibility as the user is unable to determine from where the appraiser developed the data.
- i. It failed to comply with USPAP Standards Rule 1-4(c) because in developing a real property appraisal when the income approach to value is necessary for a credible report, Atha did not: analyze comparable rental data available to estimate the 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 rates of discount; and base projections of future rent and expenses on reasonably clear and appropriate evidence in that the income approach was just a statement of land rents and capitalization rates from the sales. There was no data to support from where Atha developed the subject property's rental income, no support of where Atha obtained the operating expenses and no support on how Atha developed the capitalization rates.
- j. It failed to comply with USPAP Standards Rule 1-6(a) because in developing a real property appraisal, Atha did not reconcile the quality and quantity of data available or analyze within the approaches used in that there was no reconciliation of any type in the report.

- k. It failed to comply with USPAP Standards Rule 1-6(b) because in developing the appraisal, Atha did not reconcile the applicability or suitability of the approaches used to arrive at the value conclusion in that there was no reconciliation in the report.
- l. It failed to comply with USPAP Standards Rule 2-1(a) and 2-1(b) because in reporting the results of a real property appraisal, Atha did not communicate the analysis, opinion and conclusion in a manner that was not misleading because Atha did not clearly and accurately set forth the appraisal in a non-misleading manner and the report did not contain sufficient information to enable the users of the report to understand it properly in that the report lacked data presentation and analysis to such a degree that the reader would be unable to ascertain where Atha got the numbers used and how Atha applied them.
- m. It failed to comply with USPAP Standards Rule 2-2(b)(vii) because the Summary Appraisal Report was not consistent with the intended use of the appraisal because it did not summarize the scope of work used to develop the appraisal in that the summary of the scope of work was limited and not sufficient to allow the reader to know what Atha did.
- n. It failed to comply with USPAP Standards Rule 2-2(b)(viii) because the Summary Appraisal Report was not consistent with the intended use of the appraisal because it did not summarize the information analyzed, the appraisal methods and techniques used or the reasoning that supports the analyses, opinions and conclusions in that the information in the report was limited to the degree that the reader would be unable to determine where Atha obtained the data from sales,

how she applied it, how she made adjustments and how she supported her conclusion.

- o. It failed to comply with USPAP Standards Rule 2-2(b)(ix) because the Summary Appraisal Report was not consistent with the intended use of the appraisal because it 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 there was no support and rationale for an opinion of highest and best use in that the report lacked a significant highest and best use analysis. The report stated a current and possible future use but did not contain analysis to support either the current or future use. It also lacked demonstration of the Financially Feasible test, critical to the current and future use conclusion.
- p. It failed to comply with USPAP Standards overall as discussed above in paragraphs 9a through 9o.

10. On or about March 20, 2014, the Commission completed its final review of Atha's appraisal of a commercial property located at 1005 W. St. Maartens Drive, St. Joseph, Missouri ("St. Maartens" appraisal).

11. The St. Maartens Appraisal did not comply with several provisions of the Uniform Standards of Professional Appraisal Practice (USPAP):

- a. It failed to comply with USPAP Standards Rule 1-1(a) because Atha was not aware of, did not understand, and did not correctly employ recognized methods and techniques necessary to produce a credible appraisal in that Atha did not understand how to implement the procedures of highest and best use or any of the approaches to value.

- b. It failed to comply with USPAP Standards Rule 1-3(b) because in developing a market value opinion, Atha did not develop an opinion of the highest and best use of the real estate in that she did not complete the section of the report and included only boilerplate language and a regurgitation of the definitions. She did not demonstrate that she knew how to correctly conclude highest and best use.
- c. It failed to comply with USPAP Standards Rule 1-4(b)(i) because the cost approach was necessary for credible assignment results and Atha did not develop an opinion of site value by an appropriate appraisal method or technique in that Atha's site value was determined by the sales comparison method but there was no support for the adjustments. Atha adjusted the comparable sales, which she stated in the report but also with no support.
- d. It failed to comply with USPAP Standards Rule 1-4(b)(iii) because the cost approach was necessary for credible assignment results and Atha did not analyze available comparable data to estimate the difference between the cost new and present worth of the improvements in that her process for determining functional obsolescence was not supported by any form used in appraisal. Rather, Atha obtained information through analysis of comparable sales and simply used the cost of renovating and applied it as functional obsolescence when cost rarely equals value. Even if cost is equivalent to value, the report was still lacking in support.
- e. It failed to comply with USPAP Standards Rule 1-4(c)(i) and (ii) because the income approach was necessary for credible assignment results and Atha did not analyze available comparable rental data and/or potential earnings capacity of the

property to estimate the gross income potential of the property or analyze comparable operating expense data available to estimate the operating expenses of the property in that while Atha showed comparable sales with some narrative, there was no substantive analysis that indicates whether Atha's conclusions were supported by data.

- f. It failed to comply with USPAP Standards Rule 1-4(c)(iv) because the income approach was necessary for credible assignment results and Atha did not base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence in that there was no supportive analysis to ascertain the completeness or correctness of the information provided.
- g. It failed to comply with USPAP Standards Rule 1-6(a) and (b) because in developing a real property appraisal, Atha did not reconcile the quality and quantity of data available or analyze within the approaches used or reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusions in that there was no analysis for reconciliation. Atha merely restated the conclusion and a number she selected as the value.
- h. It failed to comply with USPAP Standards Rule 2-1(b) because the written appraisal report did not contain sufficient information to enable the intended users of the appraisal to understand the report properly in that Atha did not include enough information to determine if any of the adjustments in the land or improved sales approaches were accurate. Additionally, there was not enough information to determine if the highest and best use was accurate or enough information to determine if rents and expenses were accurate.

- i. It failed to comply with USPAP Standards Rule 2-2(a)(x) because the appraisal report was not consistent with the intended use and did not contain the support and rationale for the opinion of highest and best use in that there was insufficient data and analysis in the section of the report.
- j. It failed to comply with USPAP Standards overall because the report did not fully support any approach to value or highest and best use. The report presented limited data and even less analysis. Overall, the report did not have enough support or analysis to be reliable.

## II.

### CONCLUSIONS OF LAW

12. The Commission has authority to deny or refuse any certificate or license application pursuant to § 339.532.1, RSMo, which provides:

The Commission may refuse to issue or renew any certificate or license issued pursuant to sections 339.500 to 339.549 for one or any combination of causes stated in subsection 2 of this section. The Commission shall notify the applicant in writing of the reasons for the refusal and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621, RSMo.

13. The Commission has cause to deny or refuse Atha's application for a certified general appraiser certification pursuant to § 339.532.2, RSMo, which provides:

The Commission may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621, RSMo, against any state-certified real estate appraiser, state-licensed real estate appraiser, or any person who has failed to renew or has surrendered his or her certificate or license for any one or any combination of the following causes:

...

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

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

14. As a result of Atha's non-compliance with numerous provisions of USPAP in the Route H and St. Maartens appraisals, the Commission has cause to deny or refuse Atha's application for a general appraiser certification pursuant to § 339.532.1, RSMo, and § 339.532.2 (7) and (8), RSMo.

15. As an alternative to refusing to issue a certification, the Commission may, at its discretion, issue a certification subject to probation, pursuant to § 324.038.1, RSMo, which provides:

Whenever a Commission within or assigned to the division of professional registration, including the division itself when so empowered, may refuse to issue a license for reasons which also serve as a basis for filing a complaint with the administrative hearing commission seeking disciplinary action against a holder of a license, the Commission, as an alternative to refusing to issue a license, may, at its discretion, issue to an applicant a license subject to probation.

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

### III.

#### **ORDER**

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

IV.

**TERMS AND CONDITIONS**

16. During the aforementioned probation, Megan R. Atha shall be entitled to present herself and serve as a certified general appraiser subject to the following terms and conditions:

**I. Education Requirements**

- A. Within twelve months after the effective date of this Order, Atha shall submit verification to the Commission of successful completion of: 1) a thirty hour approved qualifying education course, including examination, on the sales comparison approach to valuation; 2) a thirty hour approved qualifying education course, including examination, on the cost approach to value; and 3) the "Yellow Book" course.

**II. General Requirements**

- A. During the probationary period, Atha shall not supervise any real estate appraiser, 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, Atha shall maintain a log of all appraisal assignments completed, including appraisal values. Atha shall submit a true and accurate copy of her 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, Atha shall keep the Commission informed of her current work and home telephone numbers. Atha shall notify the Commission in writing within ten days (10) of any change in this information.
- D. During the probationary period, Atha shall timely renew her certification granted hereby and shall timely pay all fees required for certification and comply with all other Commission requirements necessary to maintain said license in a current and active state.
- E. During the probationary period, Atha shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Order.
- F. During the disciplinary period, Atha shall appear in person for interviews with the Commission or its designee upon request.
- G. Atha shall submit written reports to the Commission every six (6) months during the probationary period stating truthfully whether there has been compliance with all terms

and conditions of this Order. The first such report shall be received by the Commission on or before six months from the effective date of this Order.

- H. Atha shall execute any release or provide any other authorization necessary for the Commission to obtain records of her employment during the terms of the permit.
- I. Atha 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. Atha shall immediately report any violation of this provision to the Commission in writing. Atha shall also immediately report any allegation that she 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. Atha 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. Atha is hereby informed that the Missouri Real Estate Appraisers Commission will maintain this Order as an open record of the Commission as provided in Chapters 610, 339 and 324, RSMo. She shall truthfully answer any inquiry regarding her license status or disciplinary history.
- K. Atha shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- L. In the event the Commission determines that Atha 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 Atha's certification.
- M. No Order shall be entered by the Commission pursuant to the preceding paragraph of this Order without notice and an opportunity for hearing before the Commission in accordance with the provisions of Chapter 536, RSMo.
- N. If, at any time during the probationary period, Atha changes her address from the state of Missouri, or ceases to maintain her certified general appraiser license current or active under the provisions of Chapter 339, RSMo, or fails to keep the Commission advised of all current places of residence, the time of such absence, unlicensed or inactive status, or unknown whereabouts shall not be deemed or taken to satisfy any part of the probationary period.
- O. Unless otherwise specified by the Commission, all reports, documentation, notices, or other materials required to be submitted to the Commission shall be forwarded to: Missouri Real Estate Appraisers Commission, P.O. Box 1335, Jefferson City, Missouri 65102.

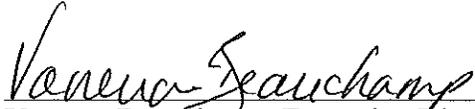
P. Any failure by Atha to comply with any condition of discipline set forth herein constitutes a violation of this Order.

17. This Order does not bind the Commission or restrict the remedies available to it concerning any violation by Atha of the terms and conditions of this Order, Chapter 339, RSMo, or the regulations promulgated thereunder.

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

**SO ORDERED, EFFECTIVE THIS 29<sup>th</sup> DAY OF SEPTEMBER, 2014.**

MISSOURI REAL ESTATE APPRAISERS COMMISSION



Vanessa Beauchamp, Executive Director