

**BEFORE THE
MISSOURI REAL ESTATE APPRAISERS
COMMISSION**

MISSOURI REAL ESTATE APPRAISERS COMMISSION,)	
)	
	Petitioner,	
)	
v.)	Case No. 2012001647PV
)	
MIKE BLEILE,)	
)	
	Respondent.	

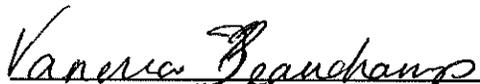
CONSENT ORDER

Having considered the parties' Joint Motion for Consent Order, Joint Stipulations of Fact, Conclusions of Law and Waiver of Hearing Before the Missouri Real Estate Appraisers Commission and Disciplinary Order, filed with this Commission in the above-styled case, the Commission hereby:

- a. Issues a Consent Order incorporating the Stipulated Facts, Conclusions of Law and Joint Disciplinary Order of the Joint Motion filed by the parties;
- b. Approves the Joint Stipulation and Joint Disciplinary Order of the Joint Motion filed by the parties and;
- c. Terminates any further proceedings before the Missouri Real Estate Appraisers Commission based on the complaint filed in the above-captioned cause.

So ordered this 5th day of August, 2015.

MISSOURI REAL ESTATE APPRAISERS COMMISSION



Vanessa Beauchamp, Executive Director

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BEFORE THE
MISSOURI REAL ESTATE APPRAISERS
COMMISSION

MISSOURI REAL ESTATE)	
APPRAISERS COMMISSION,)	
)	
Petitioner,)	
)	No. 2012001647PV
v.)	
)	
MIKE BLEILE,)	
)	
Respondent.)	

JOINT MOTION FOR CONSENT ORDER,
JOINT STIPULATION OF FACTS AND CONCLUSIONS OF LAW,
WAIVER OF HEARING
BEFORE THE MISSOURI REAL ESTATE APPRAISERS
COMMISSION,
AND DISCIPLINARY ORDER

Respondent Mike Bleile (“Bleile”) and Petitioner Missouri Real Estate Appraisers Commission (“MREAC”) enter into this *Joint Motion for Consent Order, Joint Stipulation of Facts and Conclusions of Law, Waiver of Hearing Before the Missouri Real Estate Appraisers Commission, and Disciplinary Order* (“Joint Stipulation”) for the purpose of resolving the Probation Violation Complaint filed against Respondent Mike Bleile. Pursuant to the terms of § 536.060, RSMo¹, the parties move for a consent order and waive the right to a hearing and decision in the above-styled case by the MREAC

¹All references are to the 2000 Revised Statutes of Missouri unless otherwise noted.

pursuant to § 324.042, RSMo, and jointly stipulate and agree that a final disposition of this matter may be effectuated as described below.

Respondent acknowledges that he is aware of and understands the various rights and privileges afforded him by law, including: 1) the right to a hearing of the charges against him; 2) the right to appear and be represented by legal counsel; 3) the right to have all charges against him proven upon the record by competent and substantial evidence; 4) the right to cross-examine any witness appearing at the hearing against him; 5) the right to present evidence on his behalf at the hearing; 6) the right to a decision upon the record of the hearing by the MREAC concerning the complaint pending against him; 7) the right to a ruling on questions of law by the MREAC; 8) the right to a claim for attorneys' fees and expenses, and 9) the right to obtain judicial review of the decisions of the MREAC. Being aware of these rights provided Respondent by operation of law; Respondent knowingly and voluntarily waives each and every one of these rights and freely enters into this Joint Stipulation. Respondent further agrees to abide by the terms of this document as they pertain to Respondent.

Respondent acknowledges that he received a copy of the Probation Violation Complaint in this case, which was filed with the MREAC on November 6, 2014. Respondent stipulates that the factual allegations

contained in this Joint Stipulation are true and stipulates with the MREAC that Bleile's license as a real estate appraiser, license no. 2002008614 is subject to further disciplinary action by the MREAC in accordance with the provisions of § 324.042, RSMo, and §§339.500 to 339.549, RSMo.

I. JOINT STIPULATION

Based upon the foregoing, the MREAC and Respondent jointly stipulate to the following findings of fact and conclusions of law in lieu of the facts and conclusions of law as alleged in the Probation Violation Complaint filed in this case.

STIPULATED FACTS AND CONCLUSIONS OF LAW

1. On or about February 1, 2013, the MREAC and Bleile mutually agreed and stipulated through a "Settlement Agreement Between Missouri Real Estate Appraisers Commission and Mike Bleile" (hereinafter referred to as the "2013 Disciplinary Order") to discipline Bleile's certification as a state certified residential real estate appraiser no. 2002008614, by placing Bleile's license on probation for three (3) years.
2. The 2013 Disciplinary Order became effective on February 1, 2013, when the Executive Director executed the Disciplinary Order.
3. The relevant terms of the probationary period are stated as follows in the 2013 Disciplinary Order:

II. GENERAL REQUIREMENTS

- I. Licensee shall comply with all provisions of §§339.500 to 339.549, RSMo...

4. Bleile violated II.I of the 2013 Disciplinary Order by failing to comply with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation, in violation of Section 339.535, RSMo.

5. On April 11, 2013, Bleile signed a summary uniform residential appraisal report for 13106 Washburn Drive, Versailles, MO 65084 (“Washburn Appraisal”), prepared for MHQ Financial Solutions (“MHQ”), estimating the value of the property at \$168,000. The effective date of the report was April 11, 2013.

6. Pursuant to § 339.535, RSMo, and the terms and conditions of the Disciplinary Order, Bleile was required to develop and report the results of the Washburn Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2012-2013 Edition.

7. The Washburn Appraisal Report was prepared using the Sales Comparison and Cost Approaches. In the Washburn Appraisal Report, the improvements were described in the appraisal as a two-story ranch style

home containing 2,916 square feet gross living area without distinguishing between the upper level containing 1,692 square feet and the 1,224 square foot finished basement below grade.

8. In the development and reporting of the Washburn Appraisal Report, Bleile made the following substantial errors and/or omissions:

- a. When developing the cost approach, Bleile did not include sufficient facts and analysis to support treating the walk-out basement in the Washburn Property as a part of the gross living area;
- b. When developing the sales comparison approach, Bleile did not include sufficient facts and analysis to support comparing the Washburn Property, a one-story ranch house with a finished or partially finished basement, to a two-story home without adjustment;
- c. While doing the sales comparison, Bleile used sales from homes that were significantly older (18-33 years old) than the Washburn Property (7 years old), but did not make an age adjustment or explain why no adjustment was made;
- d. There was insufficient analysis present in the appraisal to show how the subject's land value was calculated;

- e. Bleile selected the box showing that present use is the highest and best use, but did not provide an analysis for the highest and best use of the Washburn Property;
- f. While doing the cost approach, Bleile indicated that the remaining economic life for the Washburn Property was 57 years out of a total economic life of 60 years making the effective age 3 years for a home that is chronologically 7 years old. In doing so, Bleile assigned a C2 condition rating, as defined by the Uniform Appraisal Dataset (UAD). Bleile did not provide supporting explanation for the C2 designation or the difference between the stated effective age and the chronological age;
- g. When doing the sales approach, no reconciliation as to the quality and the quantity of the data was made;
- h. When doing the sales comparison approach, Bleile inaccurately stated that sale #1 in the Washburn Appraisal Report had a deck and a covered deck when, in fact, the property had only one deck that was covered;
- i. In the final reconciliation, Bleile inaccurately stated that the Income Approach was developed, when, in fact, it was not developed.

j. Throughout the Washburn Appraisal Report, Bleile did not provide enough facts in support, did not provide an analysis for, and/or did not explain the conclusions for the sales comparison adjustments and reconciliations to allow a reader of the Washburn appraisal to understand how Bleile came to his conclusions.

9. The Washburn Appraisal Report overestimates the value, is not credible, is misleading, and/or fraudulent, and was developed and reported in violation of USPAP Standards 1 and 2.

10. Based on Bleile's errors, omissions, and USPAP violations set forth herein, Bleile has prepared an appraisal that is not credible and which violates USPAP Standard 1, which states:

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.

11. Based on Bleile's errors, omissions, and/or USPAP violations set forth herein, Bleile has prepared an appraisal that is misleading and which violates USPAP Standard 2, which states:

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.

12. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal in violation of USPAP Standard 1 and Standards 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[.]

13. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile committed a substantial error 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 an appraisal[.]

14. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile

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.

15. Based on Bleile's errors and/or omissions in developing and reporting the Washburn Property's location and physical, legal and economic attributes, as alleged herein, Bleile violated USPAP Standard 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[.]

16. Based on Bleile's errors and/or omissions in developing unsupported assumptions or premises about market area trends, as alleged herein, Bleile violated USPAP Standard 1 and SR 1-3(a), which states:

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

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

17. Based on Bleile's Washburn Appraisal Report, Bleile violated USPAP Standard 1 and SR 1-3(b) by failing to perform an analysis or develop an opinion of highest and best use. SR 1-3(b) states:

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

(b) [D]evelop an opinion of the highest and best use of the real estate.

18. Based on Bleile's errors and/or omissions in developing and reporting the results of the Sales Comparison Approach in the Washburn Appraisal, as alleged herein, Bleile 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.

19. Based on Bleile's errors and/or omissions in developing and reporting the results of the Cost Approach in the Washburn Appraisal, as alleged herein, Bleile violated USPAP Standard 1 and SR 1-4(b)(i), (ii) and (iii), 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 available cost data to estimate the cost new of the improvements, if any;
- (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)[.]

20. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile failed to reconcile the quality and quantity of the data used within the different approaches which violated USPAP Standard 1 and SR 1-6(a), which states:

In developing a real property appraisal, an appraiser must:

Reconcile the quantity and quality of the data used within the approaches[.]

21. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile failed to reconcile the applicability and suitability of the approaches used, in violation of USPAP Standard 1 and SR1-6(b), which states:

In developing a real property appraisal, an appraiser must:

(b) reconcile the applicability and suitability of approaches used to develop the final value conclusion(s).

22. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile 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), 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[.]

23. Based on Bleile's errors and/or omissions in developing and reporting the results of the Washburn Appraisal, as alleged herein, Bleile

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[.]

24. Based on the errors and/or omissions alleged herein, Bliele failed to adequately summarize the physical and economic property characteristics of the Washburn Property, violating USPAP Standard 2-2(b)(iii), which states:

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

(iii) summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment[.]

25. Based on the errors and/or omissions alleged herein, and by failing to summarize the information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions, and conclusions, by failing to report a highest and best use analysis, and by

failing to explain exclusion of income approach, Bleile violated USPAP

Standard 2 and SR 2-2(b)(viii) and (ix), which state:

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

.....

(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;

(ix) 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 by the appraiser, summarize the support and rationale for that opinion[.]

26. Bleile's conduct, as alleged herein, demonstrates incompetency, misconduct, gross negligence, dishonesty, fraud and/or misrepresentation in the performance of the functions and duties of a real estate appraiser, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(5), RSMo.

27. Bleile's conduct, as alleged herein, violates standards for the development and communication of real estate appraisals as provided in or pursuant to §§ 339.500 to 339.549, RSMo, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(6), RSMo.

28. Bleile's conduct, as alleged herein, demonstrates a failure and refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, and communicating an appraisal, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(8), RSMo.

29. Bleile's conduct, as alleged herein, demonstrates negligence and incompetence in developing an appraisal, in preparing an appraisal report, and in communicating an appraisal, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(9), RSMo.

30. Each of Bleile's USPAP violations, as alleged herein, constitutes a violation of § 339.535, RSMo, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(7) and (10), RSMo.

31. Bleile's conduct, as alleged herein, violates the professional trust and confidence he owed to his clients, the intended users of the appraisal report, and the public, providing cause to discipline his real estate appraiser certification pursuant to § 339.532.2(14), RSMo.

32. Bleile's conduct, as alleged herein, demonstrates that Bleile rendered appraisal services in violation of the USPAP Standards 1 and 2, the USPAP Standards Rules cited herein, and § 339.535, RSMo, thus violating §

339.532.2(5), (6), (7), (8), (9), (10) and/or (14), RSMo, and violating paragraph II.I. of the 2013 Disciplinary Order's terms of probation.

33. Based on the violation of the terms of the Disciplinary Order, cause exists to further discipline his certification as a state-certified residential real estate appraiser under § 324.042, RSMo.

II. JOINT DISCIPLINARY ORDER

Based on the foregoing, the parties hereby mutually agree and stipulate that the following shall constitute the order regarding discipline of Bleile's license as a real estate appraiser, subject to the following terms and conditions, and entered by the MREAC in this matter under the authority of §§ 536.060 and 621.110, RSMo. This disciplinary order shall become effective immediately upon the issuance of the consent order of the MREAC without further action by either party.

1. Probation. Bleile's certification as a state-certified residential real estate appraiser, no. 2002008614, shall continue under the probation set forth in the 2013 Disciplinary Order and said certification is hereby placed on **FURTHER PROBATION for ONE (1) ADDITIONAL YEAR**, to run consecutively and on the same terms and conditions set forth in the 2013 Disciplinary Order. The total period of probation is referred to hereinafter as either "the probationary period" or "the disciplinary period". During the

period of probation, Bleile shall be entitled to practice as a real estate appraiser provided he pays all required fees, has maintained his license current and active, and adheres to all the terms stated herein. In addition, Bleile is to complete and report the completion of the following four (4) continuing education classes on or before June 30, 2016:

- “Unraveling the Mystery of Fannie Mae Appraisal Guidelines;”
- “Residential Report Writing and Case Studies;”
- “Advanced Residential Applications and Case Studies;”
- “Residential Report Writing: More than Forms.”

(See Ex. 1).

2. Upon the expiration of the disciplinary period, the license of Bleile shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Bleile has violated any term or condition of this Joint Stipulation, the MREAC may, in its discretion, vacate and set aside the discipline imposed herein and impose such further discipline as it shall deem appropriate.

3. No additional discipline shall be imposed by the MREAC pursuant to the preceding paragraph of this Joint Stipulation without notice and opportunity for hearing before the MREAC as a contested case in

accordance with the provisions of Chapter 536, RSMo. If any alleged violation of this Joint Stipulation occurred during the disciplinary period, the MREAC may choose to conduct a hearing before it to determine whether a violation occurred and may impose further discipline.

4. This Joint Stipulation does not bind the MREAC or restrict the remedies available to it concerning any future violations by Bleile of §§ 339.500 through 339.549, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Joint Stipulation.

5. This Joint Stipulation does not bind the MREAC or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Joint Stipulation that are either now known to the MREAC or may be discovered.

6. If any alleged violation of this Joint Stipulation 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. Bleile agrees and stipulates that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Joint Stipulation has occurred.

7. Each party agrees to pay all their own fees and expenses incurred as a result of this case, its litigation, and/or its settlement.

8. The terms of this Joint Stipulation are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained herein, neither this Joint Stipulation 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.

9. The parties to this Joint Stipulation understand that the MREAC will maintain this Joint Stipulation as an open record as required by Chapters 339, 610, and 324, RSMo, as amended.

10. Respondent, together with his heirs, assigns, agents, partners, employees, representatives and attorneys, does hereby waive, release, acquit and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo, as amended, or any claim arising under 42 U.S.C. § 1983, which now or in the

future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation, or from the negotiation or execution of this Joint Stipulation. The parties acknowledge that this paragraph is severable from the remaining portions of the Joint Stipulation in that it survives in perpetuity even in the event that any court of law or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

II. CONCLUSION

In consideration of the foregoing, the parties consent to the approval of this Joint Stipulation and to the termination of any further proceedings before the MREAC based upon the complaint filed in the above-captioned cause.

RESPONDENT

PETITIONER
MISSOURI REAL ESTATE
APPRAISERS COMMISSION

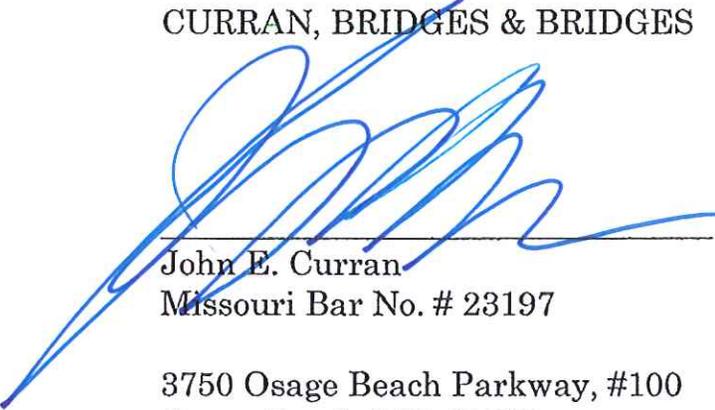


Mike Bleile

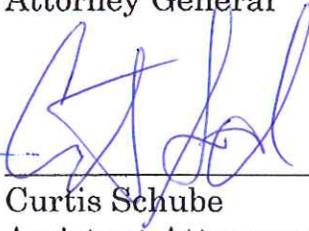
Date
By: Vanessa Beauchamp 8/15/15
Vanessa Beauchamp Date
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ATTORNEYS FOR RESPONDENT

ATTORNEYS FOR PETITIONER

**SETTLEMENT AGREEMENT BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION AND MIKE BLEILE**

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

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

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

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

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

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

Joint Stipulation of Fact and Conclusions of Law

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

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

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

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

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

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

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

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

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

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

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

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

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

- v. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(viii) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not summarize the information analyzed, the appraisal methods and techniques employed and the reasoning that supports the analyses, opinions and conclusions and did not explain the exclusion of any of the approaches to value in that the reports had no support for market adjustments and some of the adjustments made were inconsistent. Additionally, the cost approach to value was misleading in that it overstated the building size by 2,800 square feet. The reports have no support for the gross rental multiplier. Finally, by utilizing a doubled gross living area and taking multiple adjustments for the area and basement, the reports overstate the value.
 - w. Licensee's first and second versions of the Ski Property appraisal did not comply with USPAP Rule 2-2(b)(ix) because in creating a summary appraisal report, which must be consistent with the intended use of the appraisal because Licensee did not state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal, and, Licensee did not summarize the support and rationale for the opinion of highest and best use in that the reports have no development of highest and best use in an area of single and multi family residences where either use could have a greater value.
8. The third version of Licensee's Ski Drive Property appraisal also does not comply with several provisions of USPAP:
- a. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-1(b) because Licensee committed a substantial error of omission or commission that significantly affected the appraisal in that there were multiple errors in data analysis, comparable sales selection, and methodology to produce a report that lacks credibility.
 - b. Licensee's third version of the Ski Property appraisal did not comply with USPAP Rule 1-1(c) because Licensee rendered appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affected the credibility of the results as described in paragraph 8.a. above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

...

(5) Incompetency, misconduct, gross negligence, dishonesty, fraud, or misrepresentation in the performance of the functions or duties of any profession licensed or regulated by sections 339.500 to 339.549;

...

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

...

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

Joint Agreed Disciplinary Order

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

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

I. EDUCATIONAL REQUIREMENTS

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

II. GENERAL REQUIREMENTS

- A. During the probationary period, Licensee shall not supervise any real estate appraisal, as defined by § 339.503(1), RSMo, of property located in the state of Missouri nor sign any appraisal for property located in Missouri as an appraisal supervisor.
- B. During the probationary period, Licensee shall maintain a log of all appraisal assignments completed, including appraisal values. Licensee shall submit a true and accurate copy of his log to the MREAC every three (3) months after the effective date of this Order. Each log, except for the final log, shall be submitted within 15 days after the end of the respective six month period. Licensee shall submit the final log 30 days prior to the end of the probationary period. All logs shall comply with rule 20 CSR 2245-2.050.
- C. During the disciplinary period, Licensee shall keep the Commission informed of Licensee's current work and home telephone numbers. Licensee shall notify the Commission in writing within ten days (10) of any change in this information.
- D. During the probationary period, Licensee shall timely renew Licensee's certification granted hereby and shall timely pay all fees required for certification and comply with all other Commission requirements necessary to maintain said certification in a current and active state.
- E. During the probationary period, Licensee shall accept and comply with unannounced visits from the Commission's representatives to monitor compliance with the terms and conditions of this Agreement.
- F. During the disciplinary period, Licensee shall appear in person for interviews with the Commission or its designee upon request.

- G. Licensee shall submit written reports to the Commission every six (6) months during the probationary period stating truthfully whether there has been compliance with all terms and conditions of this Agreement. The first such report shall be received by the Commission on or before January 1, 2013.
- H. Licensee shall execute any release or provide any other authorization necessary for the Commission to obtain records of Licensee's employment during the terms of the permit.
- I. Licensee shall comply with all provisions of §§ 339.500 to 339.549, RSMo; all federal and state drug laws, rules, and regulations; and all federal and state criminal laws. "State" here includes the state of Missouri, all other states and territories of the United States, and the ordinances of political subdivisions of any state or territory. Licensee shall immediately report any violation of this provision to the Commission in writing. Licensee shall also immediately report any allegation that Licensee has violated this provision to the Commission, in writing. Examples of allegations of such a violation include, but are not limited to, any arrest, summons, inquiry by any law enforcement official into these topics, or inquiry into these topics by a health oversight agency. Licensee shall sign releases or other documents authorizing and requesting the holder of any closed record related to this paragraph to release such records to the Commission.
- J. Licensee shall immediately submit documents showing compliance with the requirements of this Order to the Commission when requested.
- K. In the event the Commission determines that Licensee has violated any term or condition of this Order, the Commission may, in its discretion, after an evidentiary hearing, suspend, revoke, or otherwise lawfully discipline Licensee's certification.
- L. No Order shall be entered by the Commission pursuant to the preceding paragraph of this Order without notice and an opportunity for hearing before the Commission in accordance with the provisions of Chapter 536, RSMo.
- M. If, at any time during the probationary period, Licensee changes Licensee's address from the state of Missouri, or ceases to maintain Licensee's certification current or active under the provisions of §§ 339.500 to 339.549, RSMo, or fails to keep the Commission advised of all current places of residence, the time of such absence, unlicensed or inactive status, or unknown whereabouts shall not be deemed or taken to satisfy any part of the probationary period.
- N. Unless otherwise specified by the Commission, all reports, documentation, notices, or other materials required to be submitted to the Commission shall be forwarded to: Missouri Real Estate Appraisers Commission, P.O. Box 1335, Jefferson City, Missouri 65102.
- O. Any failure by Licensee to comply with any condition of discipline set forth herein constitutes a violation of this Order.

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

20. The terms of this settlement agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise provided herein, neither this settlement agreement nor any of its provisions may be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.

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

22. If no contested case has been filed against Licensee, Licensee has the right, either at the time the settlement agreement is signed by all parties or within fifteen days thereafter, to submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties to the settlement agreement constitute grounds for denying or disciplining the certification of Licensee. If Licensee desires the Administrative Hearing Commission to review this Agreement, Licensee may submit this request to:
Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65101.

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

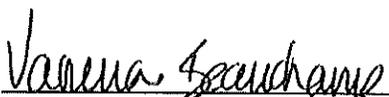
LICENSEE



Mike Bleile

Date 1/30/13

COMMISSION



Vanessa Beauchamp
Executive Director
Missouri Real Estate Appraisers Commission

Date 2-1-13