



**Memorandum**

**TO:** State Appraiser Regulatory Agencies and  
Interested Parties  
**FROM:** Joe Traynor, Chair  
Consistent Enforcement Task Force  
**DATE:** February 19, 2010  
**SUBJECT:** Exposure Draft of the *Voluntary Disciplinary Action Matrix*

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In 2009, The Appraisal Foundation Board of Trustees established a Consistent Enforcement Task Force. The charge of this Task Force is to consider the need for developing a set of **voluntary** disciplinary actions for use by State Appraiser Regulatory Agencies when enforcing the *Uniform Standards of Professional Appraisal Practice* (USPAP).

After an extensive survey of State Appraiser Regulatory Agencies and a pre-exposure of a *Voluntary Disciplinary Action Matrix*, I am pleased to present to you the attached Exposure Draft.

The draft *Voluntary Disciplinary Action Matrix* is the culmination of much work from the members of the Consistent Enforcement Task Force and incorporates some recommended disciplinary actions for the Ethics Rule, Competency Rule, Scope of Work Rule, Jurisdictional Exception Rule and Standards 1 and 2.

Please send your comments and feedback by **April 2, 2010** to Paula Douglas Seidel as shown below:

**Paula Douglas Seidel, Executive Administrator**  
**The Appraisal Foundation**  
**1155 15<sup>th</sup> Street NW, Suite 1111, Washington, DC 20005**  
**Email: [paula@appraisalfoundation.org](mailto:paula@appraisalfoundation.org) or fax: 202.347.7727**  
**RE: DISCIPLINARY ACTION MATRIX COMMENTS**

In addition, oral comments will be received on Saturday afternoon, May 1, 2010 at the Association of Appraiser Regulatory Officials (AARO) Conference in San Diego, California. We anticipate adoption of a final draft in May 2010. The Appraisal Foundation plans to revisit the document from time-to-time in the future in order to maintain currency.

On behalf of the Task Force, many thanks to you all for your participation and feedback. We look forward to receiving your thoughts and comments.

**Members of the Consistent Enforcement Task Force**

Joe Traynor, Task Force Chair and Vice Chair, Foundation Board of Trustees  
David Bunton, The Appraisal Foundation  
John Brenan, The Appraisal Foundation  
Larry Disney, Association of Appraiser Regulatory Officials  
Alice Ritter, Appraisal Subcommittee  
Roberta Ouellette, Association of Appraiser Regulatory Officials  
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THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

## ***Voluntary Disciplinary Action Matrix***

### ***Exposure Draft***

**Developed by the Consistent Enforcement Task Force  
of The Appraisal Foundation Board of Trustees**

**February 19, 2010**

**The Appraisal Foundation  
1155 15<sup>th</sup> Street NW ★ Suite 1111 ★ Washington, DC 20005  
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## Levels of Sanctions

LEVEL	VIOLATION	SANCTION
I	Minor violations that do not involve the Ethics Rule or competency.	Letter of warning or equivalent; censure; corrective education (CE or QE); small fine; or any combination of above.
II	Technical errors or carelessness where appraiser would benefit from education and that do not involve the Ethics Rule or competency.	Formal Reprimand or equivalent; corrective education (CE or QE that cannot be used for CE for renewal); short probation; monitoring; small to moderate fine; or any combination of above.
III	Minor violations of the Ethics Rule and/or competency. Other violations that rise to the level of affecting the creditability of an assignment.	Formal Reprimand or equivalent; corrective education (QE that cannot be used for CE for renewal); short suspension; medium probation; monitoring; restriction on scope of practice, area of practice or ability to supervise; moderate fine; payment of restitution and/or costs; or any combination of above.
IV	Significant violations, including violations of the Ethics Rule and/or competency.	Formal Reprimand or equivalent; significant amount of corrective education (QE that cannot be used for CE for renewal); significant suspension; significant probation; monitoring; restriction on scope of practice, area of practice or ability to supervise; large fine; down grade of credential; successful completion of national exam; payment of restitution and/or costs; or any combination of above.
V	Significant Ethics Rule and/or competency violations or willful violations.	Revocation or Voluntary Surrender in lieu of disciplinary action with or without large fine, payment of restitution and/or costs.

**NOTES:**

- *This chart is intended to be used in conjunction with the attached Aggravating and Mitigating Circumstances.*
- *The Sanction in the chart is an average sanction where aggravating and mitigating circumstances balance each other.*
- *Where aggravating circumstances outweigh mitigating circumstances, the level of sanction will increase, and vice versa.*

## **AGGRAVATING AND MITIGATING CIRCUMSTANCES**

### **AGGRAVATING CIRCUMSTANCES**

An aggravating factor is any information or evidence regarding the appraiser or the violation that might result in an increased sanction. Aggravating circumstances include:

- Prior disciplinary history
- Number of appraisals involved in the case
- Number of total violations involved in the case
- Pattern of similar offenses
- Significant financial harm to a lending institution, a consumer or others
- Refusal to reissue a corrected appraisal report when warranted
- Evidence that the violation was willful or intentional
- Evidence that the violation was grossly negligent
- Failure to exercise due diligence in the supervision of others
- Refusal to acknowledge violation
- Lack of cooperation with investigation
- Submission of false statements or evidence, or other deceptive practices (e.g., creating or adding to work file after complaint filed)
- Intimidation of or threats to witnesses or others involved with the investigation

### **MITIGATING CIRCUMSTANCES**

A mitigating factor is any information or evidence regarding the appraiser or the violation that might result in a decreased sanction. Mitigating circumstances include:

- Length of time since the date of violation
- No prior disciplinary history
- No other complaints currently pending against licensee
- No pattern of similar offenses
- No evidence that the violation was willful or intentional
- No evidence that the violation was grossly negligent
- License level at the time of violation

- Licensee was under the supervision of another appraiser at the time (e.g., trainees)
- Additional education taken after violation occurred
- Cooperation with investigation
- Little or no financial harm to consumer or others
- Timely mitigation of financial loss
- Reissuance of a corrected appraisal report before the complaint was filed.
- Understanding and acknowledgement of violation
- Personal problems such as physical, mental or emotional problems at the time of the violation that have since been addressed

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## EXAMPLE OF THE APPLICATION OF LEVELS AND AGGRAVATING AND MITIGATING CIRCUMSTANCES

The following are generic examples of how to apply sanction levels and aggravating and mitigating circumstances.

### Example 1:

An appraiser accepted an appraisal assignment in an area where he is not geographically competent, failed to notify the client that he was not geographically competent and failed to take the necessary steps to become competent. As a result, he produced an appraisal that was not supported by market data.

With no aggravating or mitigating circumstances, the sanction would be Level III.

### Example 1A:

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraisal was done 3 years ago and the appraiser now has achieved competency in that market and others.
- b. The appraiser has no prior disciplinary history.
- c. The appraiser cooperated with the investigation.
- d. Since the appraisal was completed, the appraiser has taken additional education that will help him avoid this issue in the future.

Based on these circumstances, the sanction could be Level I or Level II.

### Example 1B:

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. The appraiser has been disciplined for similar conduct in the past.
- b. The appraiser had already taken education designed to address this issue before he did the appraisal in question.
- c. As a result of the violation, there was significant financial harm to the lender and the consumer.

Based on these circumstances, the sanction could be Level IV or Level V.

**Example 2:**

An appraiser performs an appraisal where she used inappropriate comparable sales with inadequate and unsupported adjustments, resulting in an inflated opinion of value. This is one of several appraisals she has performed for a lender where all properties were sold by the same investor.

With no aggravating or mitigating circumstances, the sanction would be Level IV.

**Example 2A:**

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraiser was under severe emotional stress at the time the appraisals were performed due to the illness of a child.
- b. The appraiser had been licensed for only 8 months when she did the assignments.

Based on these circumstances, the sanction could be Level II or Level III.

**Example 2B:**

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. There are 10 appraisals involved in this case.
- b. The appraiser altered the engagement letters in her work files before sending them the state regulatory agency by removing the “value needed” from them.
- c. The appraiser did not cooperate with the investigation, refusing to meet with the investigator or to provide more information when requested.

Based on these circumstances, the sanction could be Level V.

### Example 3:

An appraiser states in his certification on an appraisal that he inspected the interior and exterior of the subject property, when in fact he only drove by the property. As a result, he stated that the subject property was in average condition when it was actually in poor condition and essentially uninhabitable. He did not use any extraordinary assumptions or hypothetical conditions in the assignment. He knew that the lender required an interior inspection.

With no aggravating or mitigating circumstances, the sanction would be Level IV.

### Example 3A:

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraiser took the 15-hour National USPAP course after the appraisal was done but before the complaint was received.
- b. The appraiser cooperated with investigation and acknowledged his error.
- c. The loan never went through, so there was little or no financial harm to the consumer or others.

Based on these circumstances, the sanction could be Level III.

### Example 3B:

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. The violation was intentional.
- b. The appraiser has been licensed since 1991.
- c. When confronted with the issue by the lender, the appraiser refused to inspect the subject property and reissue a new appraisal report.

Based on these circumstances, the sanction could be Level V.

### Example 3C:

Assume in the above scenario that there are **both** the mitigating circumstances in Example 3A and the aggravating circumstances in Example 3B. The sanction, therefore, could be anywhere from Level III to Level V.

Based on these circumstances, it would appear that the aggravating circumstances are more serious and outweigh the mitigating circumstances, thus the sanction could be Level IV or Level V.

#### Example 4:

An appraiser values the subject property at \$120,000. Among the findings:

- The subject had sold one month prior to the effective date of the appraisal for \$80,000, but the appraisal stated that the property had not sold within the past thirty six months.
- The appraisal states that the subject property contains 2400 square feet of gross living area when it actually has only 1200 square feet of finished area and an unfinished, below grade basement.
- The appraiser used comparable sales that contained 2300 – 2800 square feet, which resulted in an inflated appraised value.
- The photographs of the subject property in the appraisal report were of a ranch with a fully finished basement. The appraiser states that his trainee sent the wrong photos with the appraisal.
- Although the trainee did most of the work on the assignment, the appraiser did not mention the trainee's assistance in the report.
- The workfile, which was kept electronically, contained only a copy of the engagement letter and the invoice. The appraiser could not find the appraisal or any of the supporting documentation.

#### Discussion:

In this scenario, there are several violations of the Ethics rule, such as conduct and record keeping, and violations of Standards 1 and 2. In fashioning a sanction, one would start at the lowest level violation (Level II for record keeping) and consider the highest level violation (Level V for preparing a fraudulent appraisal or communicating results in a misleading or fraudulent manner).

*When considering a sanction, the highest level of sanction should be imposed unless substantial mitigating circumstances exist.*

#### Example 4A:

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. There are no other complaints pending or previous disciplinary actions against the appraiser and there is no indication that there has been a pattern of similar offenses.
- b. It appears that the trainee altered the report after the appraiser signed it. It also appears that the trainee deleted the appraisal and supporting documentation for the assignment from the work file.

- c. The appraiser acknowledged that he failed to supervise his trainee.

Based on these circumstances, the sanction could be Level IV or possibly even Level III.

**Example 4B:**

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. There were several violations in the case.
- b. The loan was made and went into foreclosure. The lender subsequently sold the property for \$65,000.
- c. His failure to supervise his trainee was grossly negligent as he knew his trainee had altered his reports in the past.

Based on these circumstances, the sanction could be Level V.

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**EXPOSURE DRAFT**  
**Voluntary Disciplinary Action Matrix**  
**February 19, 2010**

	Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
				1st offense	2nd offense	3rd offense
	<b>ETHICS RULE</b>					
	Failure to perform valuation service, acting as an appraiser, ethically.	Ethics Rule	Intentionally preparing a fraudulent appraisal.	Level V		
	Misrepresentation of role.	Ethics Rule, Conduct				
		<b>Example #1</b>	Preparing an appraisal while pursuing a listing for the subject property without proper disclosure.	Level III	Level IV	Level V
		<b>Example #2</b>	Testifying as an expert without proper experience.	Level II	Level III	Level IV
		<b>Example #3</b>	Acting as unbiased party when there is an interest in the property.	Level IV	Level V	
	<b>Conduct Section</b>					
	Being an advocate for the client's interests.	Conduct & Management				
		<b>Example #1</b>	Inflating the value to benefit a client's position in litigation.	Level IV	Level V	
		<b>Example #2</b>	Selecting only comparable sales that support the contract price when there are more appropriate sales available.	Level III	Level IV	Level V
	Accepting an appraisal assignment that includes the reporting of predetermined opinions and conclusions.	Conduct	Accepting an assignment when the engagement letter specifies that the value must exceed a certain amount.	Level III	Level IV	Level V
	Relying upon any unsupported characteristic of race, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.	Conduct	Assuming that a subdivision where most of the properties are owned by individuals from a certain country will not be desirable to the general market.	Level II	Level III	Level IV
	Allowing an employee or other person to communicate a misleading or fraudulent appraisal report.	Conduct	Knowing that an employee will issue an appraisal report with an inflated opinion of value that is based on incorrect square footage for the subject property.	Level IV	Level V	
	Communicating assignment results with the intent to mislead or to defraud.	Conduct		Level V		
		<b>Example #1</b>	Using a large portion of another appraiser's report without permission.	Level III	Level IV	Level V
		<b>Example #2</b>	Intentionally leaving out the fact that the subject property is listed for sale and substantially less than the contract amount.	Level IV	Level V	

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				1st offense	2nd offense	3rd offense
		<b>Example #3</b>	Intentionally claiming property was inspected under false pretenses.	Level IV	Level V	
	Failure to disclose things of value in connection with the procurement of an assignment.	Conduct	Failing to report any gratuity outside of the fee typically charged by the appraiser	Level IV	Level V	
	Criminal Conduct	Conduct				
		<b>Example #1</b>	Being convicted of a crime that does not result in incarceration.	Level IV	Level V	
		<b>Example #2</b>	Being convicted of a crime that does result in incarceration.	Level V		
	Failure to disclose interest with respect to the subject property .	Conduct	Issuing a report where the intended use of the appraisal assignment is for a foreclosure and the appraiser plans to bid on the property at auction.	Level III	Level IV	Level V
	Failure to disclose to the client that services were provided by the appraiser regarding the subject property within the three years immediately preceding the date of the assignment.	Conduct	Failing to inform a client prior to accepting an assignment that he appraiser performed an appraisal of the subject property for another client two weeks ago.	Level II	Level III	Level IV
<b>Management Section</b>						
	Failure to disclose payment of undisclosed fees, commissions, or things of value in connection with the procurement of the assignment.	Management	Paying a real estate broker \$50 for each appraisal assignment the broker arranges but failing to report that in the report.	Level II	Level IV	Level V
	False, deceptive or misleading advertising.	Management		Level IV	Level V	Level V
		<b>Example #1</b>	Advertising the an appraiser, who is also a real estate agent, will include an appraisal at no fee for mortgage lending purposes when a broker fee will be received from closing.	Level II	Level IV	Level V
		<b>Example #2</b>	Advertising that an appraiser's firm guarantees the value or the client will not owe the appraiser a fee.	Level IV	Level V	
	Accepting an assignment when the employment and/or fee to be paid is contingent upon the opinion, conclusion, or valuation reached.	Management				
		<b>Example #1</b>	Charging a fee based upon a percentage of value conclusion.	Level IV	Level V	
		<b>Example #2</b>	Charging a fee based upon the appraised value.	Level IV	Level V	
	Accepting an assignment based on the attainment of a stipulated result.	Management	Agreeing that the appraiser will not be paid unless the loan closes (in an appraisal done for refinance) or the property taxes are reduced (in an appraisal done to challenge a reevaluation).	Level II	Level III	Level IV

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				1st offense	2nd offense	3rd offense
	Attaching the signature of another appraiser without that appraiser's consent.	Management	Attaching an appraiser's signature to a report while the appraiser is on vacation without the consent of the appraiser.	Level III	Level IV	
<b>Confidentiality Section</b>						
	Violation of Appraiser-Client Confidentiality	Confidentiality				
		<b>Example #1</b>	Revealing the name of a client to a third party when the client had requested the appraiser not disclose the client name or identity.	Level I or II	Level III or IV	Level V
		<b>Example #2</b>	Supplying a copy of an appraisal report to a borrower who was not an intended user when the lender has gone out of business.	Level II	Level III	Level IV
		<b>Example #3</b>	Sending sample appraisal reports to potential clients without that client's permission and without redacting confidential information or assignment results.	Level I	Level II	Level III
<b>Record Keeping Section</b>						
	Failure to retain required work files for 5 years commencing on the date signed or 2 years after the final disposition of any litigation the appraisal or report may be involved in.	Record Keeping	Testifying 4 years after the appraisal was signed but destroying the file 5 years after it was signed.	Level II or III	Level IV	Level V
	Failure to produce workfile when required.	Record Keeping				
		<b>Example #1</b>	Failure to provide the workfile to a state enforcement agency.	Level III	Level IV	Level V
		<b>Example #2</b>	Failure to provide the workfile to someone who has provided significant professional assistance in the completion of the assignment.	Level III	Level IV	Level V
	Failure to maintain necessary data, information, and documentation in the workfile.	Record Keeping		Level II or III	Level IV	Level V
		<b>Example #1</b>	Keeping only the last revision of an appraisal report and not the original.	Level I	Level II	Level III
		<b>Example #2</b>	Performing an oral appraisal report by testifying in court and then failing to maintain a summary or transcript of the testimony.	Level II	Level III	Level IV
<b>COMPETENCY RULE</b>						
	Failure to determine whether the appraiser is competent to perform an assignment prior to accepting the assignment.	Competency				
		<b>Example #1</b>	Accepting an assignment to appraise a golf course without having the requisite competency to do so.	Level III	Level IV	Level V

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					1st offense	2nd offense	3rd offense
			<b>Example #2</b>	Accepting an assignment to appraise a wetlands area for the EPA without the necessary knowledge or understanding of federal laws and regulations applying to restrictions on the uses of wetlands.	Level III	Level IV	Level V
	Failure to disclose the lack of knowledge or experience to the client before accepting the assignment.	Competency		Accepting an assignment to appraise a citrus orchard without informing the client that the appraiser has never done anything similar before.	Level III	Level IV	Level V
	Failure to take all the steps necessary or appropriate to complete the assignment competently.	Competency					
			<b>Example #1</b>	Accepting an assignment in an unfamiliar market without having access to data sources for comparable sales.	Level II	Level III	Level IV
			<b>Example #2</b>	Accepting an assignment in an unfamiliar market where there are several niche markets that would be unknown to anyone outside the area.	Level II	Level III	Level IV
	Failure to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.	Competency		Accepting an assignment in an unfamiliar market and associating with a local appraiser, but failing to explain the process in the report.	Level III	Level IV	Level V
	Failing to withdraw from an assignment when it is discovered that the appraiser lacks the required knowledge and experience to complete the assignment competently.	Competency		Accepting an assignment with the understanding that the appraiser would be able to retain experts with knowledge and experience in a specific appraisal methodology needed but not being able to retain such experts and completing the assignment in an incompetent manner as a result.	Level IV	Level V	
<b>SCOPE OF WORK RULE</b>							
	Failure to gather and analyze information about assignment elements that are necessary to properly identify the problem to be solved.	Scope of Work					
			<b>Example #1</b>	Appraising a property "subject to plans and specifications" for a property under construction when the client wants it done "as is".	Level II	Level III	Level IV
			<b>Example #2</b>	Accepting an appraisal assignment without first asking about all intended users and then failing to meet conditions imposed by those intended users.	Level II	Level III	Level IV
	Failure to determine and perform the research and analysis necessary to develop credible assignment results.	Scope of Work					

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					1st offense	2nd offense	3rd offense
			<b>Example #1</b>	Using three comparable sales in the sales comparison analysis when the client required four or more.	Level II	Level III	Level IV
			<b>Example #2</b>	Performing a drive by appraisal on an older property that has been abandoned without determining from the client what type of inspection is required for the intended use of the report.	Level II	Level III	Level IV
		Allowing assignment conditions to limit the scope of work to such a degree that the assignment results are not credible.	Scope of Work				
			<b>Example #1</b>	Using only properties that sold within 6 months of the effective date of the assignment, per the client's instructions, even those properties were not comparable to the subject.	Level III	Level IV	Level V
			<b>Example #2</b>	Performing a drive by appraisal on a newly constructed property without the use of an extraordinary assumption or hypothetical condition, per the client's instructions, when an occupancy permit has not been issued.	Level III	Level IV	Level V
		Allowing the intended use of an assignment or a client's objectives to cause the assignment results to be biased.	Scope of Work				
			<b>Example #1</b>	Appraising a subject property for tax purposes then appraising it for the same party on the same effective date at three times the value of the tax appraisal for a condemnation case.	Level IV	Level V	
			<b>Example #2</b>	Choosing comparable sales that support the sales contract, and not sales that are most comparable to the subject.	Level IV	Level V	
		Failing to disclose sufficient information in the report to allow intended users to understand the scope of work performed.	Scope of Work				
			<b>Example #1</b>	Failing to disclose that a hypothetical condition was used in an appraisal.	Level II	Level III	Level IV
			<b>Example #2</b>	Failing to disclose that the appraiser signing the appraisal did not inspect the subject property but that he relied on an inspection performed by another,	Level III	Level IV	Level V
<b>JURISDICTIONAL EXCEPTION RULE</b>							
		Failure to identify or cite the law or regulation that precludes compliance with USPAP.	Jurisdictional Exception	Appraising a property for a state agency that requires, by law, the appraiser to use a specific, noncompliant form to report the appraisal, but not citing the law that precludes compliance with Standard 2 of USPAP.	Level II	Level III	Level IV

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				1st offense	2nd offense	3rd offense
	Failure to comply with the law or regulation that precludes compliance with USPAP.	Jurisdictional Exception	Appraising a property for a federal agency that requires, by law, an appraiser to report a value on a noncompliant form, but then sending a letter reporting value instead of the required form.	Level III	Level IV	Level V
<b>STANDARD 1</b>						
	Failure to comply with Standards Rule 1-1.	SR 1-1				
	Failure to be aware of, understand, and correctly employ recognized methods and techniques necessary to produce credible assignment results.	SR 1-1(a)				
		<b>Example #1</b>	An appraiser failed to utilize the sales comparison approach to value in appraising a single family residence in a neighborhood consisting of recent, proximate, similar comparable sale properties.	Level III or IV	Level V	
		<b>Example #2</b>	An appraiser developed an opinion of market value without analyzing and adjusting for sales concessions that existed in the comparable sales.	Level III or IV	Level V	
	Committing a substantial error of omission or commission that significantly affects an appraisal.	SR 1-1(b)				
		<b>Example #1</b>	An appraiser failed to apply any discounting to account for the absorption of vacant space in a retail center which was only 15% occupied, and was not anticipated to reach stabilized occupancy for 4 years.	Level IV	Level V	
		<b>Example #2</b>	An appraiser provided an opinion of the leasehold interest in a property, when the bundle of rights being appraised was the leased fee interest.	Level IV	Level V	
		<b>Example #3</b>	An appraiser miscalculates the square footage of a home, basing the opinion of value on 3,800 square feet when the home only consisted of 1,600 square feet.	Level III or IV	Level V	
	Rendering appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the credibility of the assignment results.	SR 1-1(c)				
		<b>Example #1</b>	An appraiser inaccurately describes the subject property's roof covering, type of windows, insulation, and type of heating. The appraiser also misstates the subject property's year built, type of foundation, and topography.	Level II or III	Level III or IV	Level V

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					1st offense	2nd offense	3rd offense
		Failure to comply with Standards Rule 1-2.	SR 1-2				
		<b>Example #1</b>	SR 1-2(b)	An appraiser identifies that the appraisal is being used for mortgage finance purposes, when it is actually being used for a divorce settlement proceeding.	Level II or III	Level III or IV	Level V
		<b>Example #2</b>	SR 1-2(g)	An appraiser fails to identify that the appraisal is based on a lot split being considered by the property owner that has not yet occurred.	Level III or IV	Level V	
		<b>Example #3</b>	SR 1-2(h)	An appraiser fails to perform the sales comparison approach although it was necessary for credible assignment results.	Level IV	Level V	
		Failure to comply with Standards Rule 1-3.	SR 1-3				
		<b>Example #1</b>	SR 1-3(a)	An appraiser fails to recognize that the major employer in the region has announced that it will be closing, which has resulted in declining market values for the area.	Level III or IV	Level V	
		<b>Example #2</b>	SR 1-3(b)	An appraiser fails to consider the subject property's zoning in developing an opinion of the highest and best use.	Level III or IV	Level V	
		Failure to comply with Standards Rule 1-4.	SR 1-4				
		<b>Example #1</b>	SR 1-4(b)(i)	An appraiser develops a cost approach but does not develop an opinion of the site value using an appropriate method or technique.	Level II or III	Level III or IV	Level V
		<b>Example #2</b>	SR 1-4(e)	In providing an opinion of seven (7) contiguous buildable lots, an appraiser simply adds together the value of the individual parcels to arrive at an overall opinion of value.	Level II or III	Level III or IV	Level V
		<b>Example #3</b>	SR 1-4(g)	In performing an appraisal for the purchase of a hotel, an appraiser does not analyze the effect on value of the personal property included in the sale price.	Level III or IV	Level V	
		Failure to comply with Standards Rule 1-5.	SR 1-5				
		<b>Example #1</b>	SR 1-5(a)	An appraiser fails to analyze the current agreement of sale on the subject property, even though it was available during the normal course of business.	Level II or III	Level III or IV	Level V
		<b>Example #2</b>	SR 1-5(b)	An appraiser fails to analyze the fact that the subject property sold 18 months prior for an amount 30% above its current pending sale price.	Level IV	Level V	
		Failure to comply with Standards Rule 1-6.	SR 1-6				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		<b>Example #1</b>	SR 1-6(a)	In the sales comparison approach, an appraiser simply adds the adjusted value of the three comparable sales used and divides by three for an indicated value, even though some sales were far better indicators of value than others.	Level III or IV	Level V	
		<b>Example #2</b>	SR 1-6(b)	An appraiser is asked by a builder to perform an appraisal only using the sales comparison approach; however, the home is newly constructed in an area where lot sales are abundant and cost figures are readily available. Because the builder requested only a sales comparison approach, the appraiser gives no consideration to the cost approach in rendering a final opinion of value.	Level III or IV	Level V	
		<b>STANDARD 2</b>					
		Failure to clearly and accurately set forth the appraisal in a manner that is not misleading.	SR 2-1(a)				
		<b>Example #1</b>		Preparing a restricted use report knowing that there are more intended users than just the client.	Level III	Level IV	Level V
		Failure to contain sufficient information to enable the intended user(s) of the appraisal to understand the report properly.	SR 2-1(b)				
		<b>Example #1</b>		Preparing a cost approach solely at the client's request even though the results were not meaningful. Failing to report that the cost approach was given no weigh in the final reconciliation and why.	Level I	Level II	Level III
		<b>Example #2</b>		An appraiser submitted a written report identified as a "summary appraisal report." The assignment agreement signed by the client and the appraiser contained a requirement that the appraiser must include a summary of each adjustment, including the paired sales analysis, applied within the sales comparison approach. However, the report contents included only a listing of each of the five adjustments for each sale without summary of analysis or reasoning.	Level I	Level II	Level III
		Failure to clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment.	SR 2-1(c)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		Failure to prepare a written real property appraisal report under one of the following three options and prominently state which option is used: Self Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.	SR 2-2				
		<b>Example # 1</b>		An appraiser submitted the results of an appraisal assignment on a form listed as "Multi-Purpose Appraisal Assignment Report". Although the depth of reported information was summarized, there was no identification of the reporting option used.	Level I	Level II	Level III
		<b>Example # 2</b>		An appraiser sent a text message to his client notifying him of his final value conclusion. No other information was included.	Level III	Level IV	Level V
		In a Self-Contained report, failure to include content consistent with the intended use of the report.	SR 2-2(a)				
		In a Self-Contained report, failure to state the identity of the client and any intended users by name or type.	SR 2-2(a)(i)				
		<b>Example # 1</b>		An appraiser was engaged by a local attorney to complete an appraisal assignment for use in litigation. The appraiser submitted a report, labeled as self-contained, to the Judge and identified "Court" as the client and named no intended users.	Level II	Level III	Level IV
		In a Self-Contained report, failure to state the intended use of the report.	SR 2-2(a)(ii)				
		In a Self-Contained report, failure to describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.	SR 2-2(a)(iii)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		<b>Example # 1</b>		An appraiser was engaged to develop an opinion of market value for a property that included a building that had been partially destroyed by a recent fire. The engagement agreement requested a self-contained report that would be used for insurance settlement purposes. The insurance company requested that the appraiser describe the "as is" condition of the building interior. The appraiser delivered a report containing only a statement that the building interior exhibited significant damage.	Level I	Level II	Level III
		In a Self-Contained report, failure to state the real property interest appraised.	SR 2-2(a)(iv)				
		In a Self-Contained report, failure to state the type and definition of value and its source.	SR 2-2(a)(v)				
		In a Self-Contained report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(a)(vi)				
		In a Self-Contained report, failure to describe the scope of work used to develop the appraisal.	SR 2-2(a)(vii)				
		<b>Example # 1</b>		A self-contained report of a strip take in an eminent domain proceeding did not include the scope of work used to develop the appraisal.	Level I	Level II	Level III
		In a Self-Contained report, failure to describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. Failure to explain exclusion of any of the approaches to value.	SR 2-2(a)(viii)				
		In a Self-Contained report, failure to state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(a)(ix)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		<b>Example # 1</b>		A self-contained report of a tract of land with a large commercial building did not include the support and rationale for the highest and best use opinion of multi-family residential development.	Level II	Level III	Level IV
		In a Self-Contained report, failure to clearly and conspicuously: <ul style="list-style-type: none"> <li>• state all extraordinary assumptions and hypothetical conditions; and</li> <li>• state that their use might have affected the assignment results.</li> </ul>	SR 2-2(a)(x)				
		In a Self-Contained report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(a)(xi)				
		In a Summary report, failure to include content consistent with the intended use of the report.	SR 2-2(b)				
		In a Summary report, failure to state the identity of the client and any intended users by name or type.	SR 2-2(b)(i)				
		In a Summary report, failure to state the intended use of the report.	SR 2-2(b)(ii)				
		<b>Example # 1</b>		An Appraiser was engaged to prepare a real property appraisal for use in setting the listing price for property. The Summary report was delivered to the client without identification of the intended use of the report.	Level II	Level III	Level IV
		In a Summary report, failure to summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.	SR 2-2(b)(iii)				
		In a Summary report, failure to state the real property interest appraised.	SR 2-2(b)(iv)				
		In a Summary report, failure to state the type and definition of value and its source.	SR 2-2(b)(v)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		<b>Example # 1</b>		An appraiser was engaged to develop a value opinion and prepare a summary report of the replacement cost of a residential dwelling for insurance purposes. The appraiser reported the opinion, including the cost and sales comparison approaches to value, but failed to state the type and definition of value.	Level I	Level II	Level III
		In a Summary report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(b)(vi)				
		In a Summary report, failure to summarize the scope of work used to develop the appraisal.	SR 2-2(b)(vii)				
		In a Summary report, failure to summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. Failure to explain exclusion of any of the approaches to value.	SR 2-2(b)(viii)				
		<b>Example # 1</b>		A summary report included the sales comparison approach as the only approach to value developed. The report contained no explanation for the reason to exclude the cost and the income approaches to value.	Level I	Level II	Level III
		In a Summary report, failure to state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(b)(ix)				
		In a Summary report, failure to clearly and conspicuously:  <ul style="list-style-type: none"> <li>• state all extraordinary assumptions and hypothetical conditions; and</li> <li>• state that their use might have affected the assignment results.</li> </ul>	SR 2-2(b)(x)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		In a Summary report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(b)(xi)				
		In a Restricted Use report, failure to include content consistent with the intended use of the report.	SR 2-2(c)				
		In a Restricted Use report, failure to state the identity of the client by name or type. Failure to state a prominent use restriction that limits use of the report to the client and warns that the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file.	SR 2-2(c)(i)				
		<b>Example # 1</b>		An appraiser was requested by a Judge to complete an assignment of market value for property settlement purposes with instructions that the Judge would be the client and there would be two additional intended users. Upon completion of the assignment a written report was submitted that was labeled "Restricted Use Report." The report did not include a prominent use restriction.	Level III	Level IV	Level V
		In a Restricted Use report, failure to state the intended use of the report.	SR 2-2(c)(ii)				
		In a Restricted Use report, failure to state information sufficient to identify the real estate involved in the appraisal.	SR 2-2(c)(iii)				
		In a Restricted Use report, failure to state the real property interest appraised.	SR 2-2(c)(iv)				
		In a Restricted Use report, failure to state the type of value and the source of its definition.	SR 2-2(c)(v)				
		In a Restricted Use report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(c)(vi)				
		In a Restricted Use report, failure to state the scope of work used to develop the appraisal.	SR 2-2(c)(vii)				

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		In a Restricted Use report, failure to state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work file. Failure to explain the exclusion of an approach to value.	SR 2-2(c)(viii)				
		<b>Example # 1</b>		A restricted use report on a new residential dwelling was delivered to a client. The cost approach to value was not reported and there was no explanation for its exclusion.	Level I	Level II	Level III
		In a Restricted Use report, failure to state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(c)(ix)				
		In a Restricted Use report, failure to clearly and conspicuously: <ul style="list-style-type: none"> <li>• state all extraordinary assumptions and hypothetical conditions; and</li> <li>• state that their use might have affected the assignment results.</li> </ul>	SR 2-2(c)(x)				
		<b>Example # 1</b>		Although the restricted use report included an extraordinary assumption that a building could be placed upon the site and a hypothetical condition that zoning approval must be obtained to do so, there was no statement that the assumption and the condition might have affected the assignment results developed.	Level II	Level III	Level IV
		In a Restricted Use report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(c)(xi)				
		Failure to include in each written appraisal report a signed certification with content similar to the one in SR 2-3.	SR 2-3				
		<b>Example # 1</b>		A certified appraiser failed to include in the certification a statement regarding significant real property assistance. A Trainee did provide significant real property assistance on the report.	Level II	Level III	Level IV

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		Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
					1st offense	2nd offense	3rd offense
		In an oral appraisal report, failure to address to the extent possible and appropriate, the substantive matters set forth in SR2-2(b).	SR 2-4				
		Example # 1		An appraiser reported an opinion of value verbally to his client with no other documentation. The state appraiser regulatory agency investigator was informed by the appraiser that the assignment was considered ongoing and not complete; therefore, there was no requirement to create workfile documentation until the client acknowledged completion.	Level III	Level IV	Level V