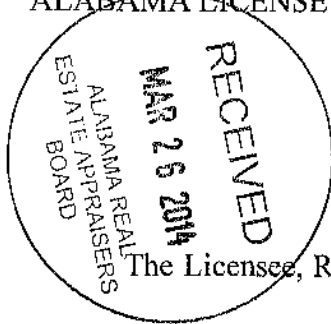


BEFORE THE STATE OF ALABAMA REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF:)
RAY D. BRANNUM)
ALABAMA LICENSE NO. G00260)

DISCIPLINARY ACTION NO.
AB-13-33



CONSENT SETTLEMENT ORDER

The Licensee, Ray D. Brannum, Alabama License No. G00260, practicing as a Certified General Real Property Appraiser in the State of Alabama (hereinafter "Licensee") and the Alabama Real Estate Appraisers Board (hereinafter "Board") hereby settle and resolve the violations of §§34-27A-1, et seq., Code of Alabama, 1975 and the Uniform Standards of Professional Appraisal Practice (hereinafter "USPAP"), 2012-2013 Edition, in Licensee's appraisal dated January 13, 2012, of the real property and improvements identified as Mountain View Resorts, LLC, 260 Goodwin Crest Drive, Homewood, AL 35209.

These violations are more specifically as follows:

2012-2013 USPAP

(Effective January 1, 2012 through December 31, 2013)

SCOPE OF WORK RULE

For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

1. *identify the problem to be solved;*
2. *determine and perform the scope of work necessary to develop credible assignment results; and*
3. *disclose the scope of work in the report.*

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

* * *

The assignment was a Market Value appraisal. Licensee only considered sales of REO / Foreclosed properties and the work file did not contain data to determine if a condition of sale adjustment should have been made. The work file did not contain records of comparable sales of non- REO properties so it is assumed that only REO properties were considered as comparable sales.

STANDARD 1: REAL PROPERTY APPRAISAL, DEVELOPMENT

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.

Standards Rule 1-1(a)

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;*

* * *

Licensee did not perform the income approach because the property had been closed for a substantial period of time demonstrating a lack of understanding of the use of the income approach in this assignment. Licensee developed an opinion of highest and best use for the subject and then used sales in the comparison approach of properties with uses different than Licensee's opinion of highest and best use for subject. This indicated that the licensee did not

correctly employ the Sales Comparison Approach.

Standards Rule 1-1(b)

In developing a real property appraisal, an appraiser must:

* * *

(b) not commit a substantial error of omission or commission that significantly affects an appraisal; and

* * *

Licensee committed a substantial error of omission by not performing the income approach because the property had been closed for a substantial period of time.

Standards Rule 1-4(a)

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.

* * *

Licensee failed to analyze the comparable sales utilized that would produce a credible assignment result. The comparables were REO properties that did not meet the definition of Market Value used in the appraisal and the condition of sale should have been analyzed.

Standards Rule 1-4(b)(iii)

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:*

* * *

(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).*

Licensee has no support or justification in the appraisal report or the licensee's work file for the depreciation utilized. There is also no discussion, support or justification in the report or work file for the depreciated value of furniture utilized in the final value of the Cost Approach.

STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING

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.

Standards Rule 2-1(a)

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;*

* * *

Licensee analyzed and reported the Highest and Best Use of the subject property as one thing but used comparable sales and cost data from properties with different use to develop the opinion of value reported in the report.

Standards Rule 2-2

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

* * *

Licensee reported on the cover page the report that a "limited appraisal report" was performed. It was also noted that in the cover letter the licensee states that "A full report with the Assumptions and Limiting Conditions follow". It was also noted that in the licensee's report under the Assumptions and Limiting Conditions section the licensee states "This Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Limited Appraisal Report" the same statement is made on page 10 of the report under section titled "Type Appraisal and Report".

Standards Rule 2-2(b)(viii)

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

* * *

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

* * *

(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;*

* * *

The licensee states that the income approach was considered but because the property "had been closed for an extended period of time" was not used. An appraisal measures future benefits in to

a present value, therefore the property not being operational for an extended time is not a valid reason for not doing an Income Approach.

The above constitute violations of §34-27A-20(a)(6), Code of Alabama, 1975.

Pursuant to §34-27A-5; §34-27A-20; §34-27A-21, §34-27A-22, and §§41-22-1, et. seq. Code of Alabama, 1975 and §780-X-14-.02, Alabama Real Estate Appraisers Board Administrative Code, March 2009 Edition, Licensee and the Board agree to the following:

A. Licensee admits the factual allegations as set out above and further admits that said facts constitute violations of §34-27A-20(a), Code of Alabama, 1975, and USPAP as set out above.

B. Licensee agrees to pay an administrative fine of \$1000 to the Board within 90 days of the acceptance of this Consent Settlement by the Board. This represents a \$125 fine for each of the eight (8) USPAP standards. For purposes of computing this fine, only one violation of each standard has been assessed.

C. The Licensee further agrees that if the conditions set forth in this Consent Settlement Order are not complied with in a timely manner, his license will be suspended without notice and opportunity for a hearing until such time as compliance is complete. In the event of a suspension pursuant to this provision, notification and publication of the suspension shall be made to the Appraiser Subcommittee and as otherwise provided for in the AREAB Administrative Code, 780-X-14-.07.

D. The Licensee understands that he has the right to a hearing in this matter and hereby freely, knowingly, and voluntarily waives such right and the right to judicial review of these proceedings. The Licensee further understands that disciplinary action is progressive in nature and that this disciplinary action will be considered should any future discipline be warranted. This voluntary agreement shall become effective immediately upon acceptance thereof by the Board. In the event that this Consent Settlement of the violations enumerated herein is not accepted by Licensee, the Board will proceed to take formal action and issue a summons and complaint. The Licensee shall have the right to withdraw any plea of guilt to the violation, if applicable.

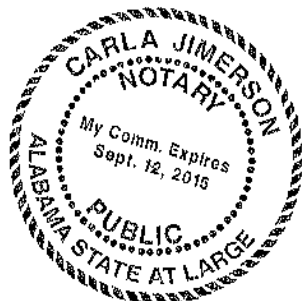
E. The Licensee, Ray D. Brannum, understands that this document will be considered a public record entered as a final disposition of disciplinary proceedings presently pending against him, and that this action shall be considered to be and will be recorded as a final order of the Board.

EXECUTED this the 20th day of March, 2014.

Ray D. Brannum
RAY D. BRANNUM, LICENSEE

SWORN to and subscribed before me this the 20th day of March, 2014.

Carla Jimerson
Notary Public
My Commission Expires: 9-12-15



APPROVED AND ACCEPTED, by the Alabama Real Estate Appraisers Board on the 15th
day of May, 2014.

ALABAMA REAL ESTATE
APPRAISERS BOARD

BY:

Lisa Brooks
LISA BROOKS
EXECUTIVE DIRECTOR