

**BEFORE THE ARKANSAS APPRAISER
LICENSING AND CERTIFICATION BOARD**

**IN THE MATTER OF:
Charles Jordan Hylle, RA-4573**

CASE# 22-1077

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

A hearing on the above- referenced matter was held before the Arkansas Appraiser Licensing and Certification Board ("the Board") on October 25, 2022 in the 3rd Floor Conference Room at 900 West Capitol Avenue, Little Rock, Arkansas, 72201. Respondent appeared personally and was not represented by counsel. Assistant Attorney General Lacie Kirchner appeared on behalf of the Board.

Finding proper notice had been given Respondent, the Board, from all the evidence presented, makes the following Finding of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

F-1. That Respondent is and at all times relevant hereto, has been licensed by this Board as a Registered Apprentice Appraiser, (RA-4573.) The Respondent was licensed by this Board as a State Registered Appraiser from August 6, 2019, until October 21, 2019, when his RA credential was issued.

F-2. That Respondent developed and reported appraisal reports of two (2) properties. 50 Highway 350, Wynne, AR 72396. This report will hereinafter be referred to as "Report A." And, 408 McClesky Drive, Forrest City, AR 72335. This report will hereinafter be referred to as "Report B."

F-3. That Respondent has signed Report A and Report B in October of 2021 as a State Registered Appraiser at a time in which his credential level was as a Registered Apprentice Appraiser with an expiration date of 12/31/2021.

F-4. That Respondent submitted with Report A and Report B a copy of his Residential Apprentice Appraiser credential and indicated on his credentials that he was working under the supervision of Dwight Brown. There is no signature by his supervisor on either report. A Registered Apprentice Appraiser must be under the direct supervision of his supervisory appraiser.

F-5. That Respondent has signed and applied to upgrade to a Certified Residential credential level. However, respondent did not provide true copies of the appraisal reports as submitted to the client for review.

F-6. That Respondent has submitted two different versions of Reports A and B. Report A that was submitted in response to the complaint has an effective date of 10/25/2021 and a report date of 10/28/2021. The version of Report A submitted to upgrade to a

certified residential appraiser indicates an effective date of 10/25/2021 and report date of 03/14/2022. For Report B, the report submitted in response to the complaint indicated an effective date of 10/21/2021 and report date of 10/25/2021. Report B to upgrade to a certified residential appraiser indicates an effective date of 10/21/2021 and report date of 03/14/2022. There are substantial differences in these reports with no explanation.

F-7. In Report A, with a report date of 03/14/2022, that Respondent did not summarize the support and rationale that the highest and best use of the subject property is, "The highest and best use of the subject property is for single family residential use."

F-8. In the Sales Comparison Approach for Report A, with a report date of 03/14/2022, there is no support in the report or workfile for the 4% location adjustment made for the subject proximity to a farming operation. A comment is made addressing external obsolescence, but there was no supporting market data for the 4% adjustment.

F-9. In the Sales Comparison Approach for Report A, with a report date of 03/14/2022, there is no support in the report or workfile for the age adjustments made for the differences in actual age.

F-10. In the Sales Comparison Approach for Report A, with a report date of 03/14/2022, the site values for the subject and each comparable sale are taken directly from the Cross County Assessor's tax cards. This is not a recognized method of developing site value. There is no development of site values from the market.

F-11. In Report A, with a report date of 03/14/2022, there are a series of errors that affect the credibility of the appraisal report. These include the following.

- In the ages of One-Unit Housing, the low is 25 and the high is 5. These appear to be backwards.
- In the Present Land Use section indicates 100% One-Unit. However, an adjustment is made for the subject property's location next door to a farming operation and there are comments concerning farming in the area.
- A Fannie Mae 1004 Form was used for an appraisal with the Intended Use of, "To determine fair market value in order to make an informed decision on whether or not to put the property on the open market." On page 4 of 6, the form is hard-coded with an "Intended Use: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction."
- Page 1 of 6 reflects that the subject has a two-car carport. However, page 2 of 6 in the grid, an adjustment is made for the subject's two-car garage.
- Comments in Report A, with a report date of 03/14/2022, state "The appraisal does not qualify for FDIC financing. As defined in USPAP." USPAP does not define "FDIC financing."
- No floorplan was included in the appraisal report or workfile. It appears the square footage for the subject was taken from the Cross County Assessor's Office Records.

F-12. Report A, with a report date of 03/14/2022, indicates an appraised value of the subject property of \$120,000. Report A, with a report date of 10/28/2021, indicates an appraised value of the subject property of both \$125,000 and \$126,000. There is no support or rationale for the difference in the report or workfile. There is no indication in the report or workfile that an updated copy of the report was provided to the client.

F-13. There are significant differences in the versions of Report A. These include the following.

- Differences in the Scope of Work, Subject, and Contract Sections.
- The numbers and errors in the One-Unit Housing section were corrected.
- The Neighborhood, Site, and Highest and Best Use sections were revised.
- In the Sales Comparison Approach a 4% adjustment for location was added, the age adjustments were changed, and a Fireplace adjustment was added.
- The Prior Sale section was revised to reflect the current sale of the comparable sales used.
- Both the Summary and Reconciliation Sections were revised.
- Additional Comments were added, and the Cost Approach was removed.
- A Supplemental Addendum and Comparable Sales Photo Page were added to the report.
- There is no explanation for the revisions and changes

F-14. In Report B, with a report date of 03/14/2022, that Respondent did not summarize the support and rationale that the highest and best use of the subject property is, "The highest and best use of the subject property is for single family residential use."

F-15. In the Sales Comparison Approach for Report B, with a report date of 03/14/2022, there is no support in the report or workfile for the 2% location adjustment made for the subject's urban location.

F-16. In the Sales Comparison Approach for Report B, with a report date of 03/14/2022, the site values for the subject and each comparable sale are taken directly from the St. Francis County Assessor's tax cards. This is not a recognized method of developing site value. There is no development of site values from the market.

F-17. In the Sales Comparison Approach for Report B, with a report date of 03/14/2022, there is no support in the report or workfile for the \$10 per year age adjustments made for the differences in actual age. Also, the adjustments appear to be made backwards.

F-18. In Report B, with a report date of 03/14/2022, there are a series of errors that affect the credibility of the appraisal report.

- In the values of One-Unit Housing, the low is \$40,000, the high is \$80,000, and the predominate value is \$90,000. In the age of homes, the low is 20 years and the high is 9 years. These appear backwards.
- A Fannie Mae 1004 Form was used for an appraisal with the Intended Use of, "To make a decision about refinancing options." On page 4 of 6, the form is hard-

coded with an "Intended Use: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction."

- Comments in Report B, with a report date of 03/14/2022, state "The appraisal does not qualify for FDIC financing. As defined in USPAP." USPAP does not define "FDIC financing."
- No floorplan was included in the appraisal report or workfile. It appears the square footage for the subject was taken from the St. Francis County Assessor's Office Records.
- The check box on page 1 indicates that the marketing time is 3-6 months. A statement is made that the marketing time is over six months.
- The subject property is tenant occupied, however, no income approach is developed due to "inadequate rental data."
- There is a statement in the report that indicates the subject is in "excellent" condition. However, the grid page 2 of 6 indicates "average" condition.

F-19. Report B, with a report date of 03/14/2022, indicates an appraised value of the subject property of \$94,000. Report B, with a report date of 10/25/2021, indicates an appraised value of the subject property of \$80,000. There is no support or rationale for the difference in the report or workfile. There is no indication in the report or workfile that a revised copy of the appraisal report was provided to the client.

F-20. There are significant differences in the versions of Report B. These include the following.

- The FIRREA/USPAP addendum has additional comments.
- Differences Subject, and Contract Sections. Including changes to the assignment type.
- The numbers and errors in the One-Unit Housing section were corrected.
- The Neighborhood, Site, and Highest and Best Use sections were revised.
- The effective age was changed from 13 years to 9 years.
- The Improvements section is different.
- In the Sales Comparison Approach a 2% adjustment for location was added and the Comps 1 and 2 were changed from "Urban" to "Rural."
- The Site Value adjustments were reversed.
- The Gross Living Area adjustments were changed to \$26 per square foot from \$15 per square foot, and additional adjustments were added.
- The bathroom count adjustments were reversed.
- The Garage/Carport, Porch/Patio, Improvements and Fireplace adjustments amounts were changed or added.
- The Prior Sale section was revised to reflect the current sale of the comparable sales used.
- Both the Summary and Reconciliation Sections were completed or revised.
- Additional Comments were added.
- The Cost Approach was removed. However, in Report B, with a report date of 10/25/2021, the Cost Approach did not include a site value.

- The Income Approach was removed.
- A Supplemental Addendum and Comparable Sales Photo Page were added to the report.
- There is no explanation for the revisions and changes.

F-21. In Report B, with a report date of 10/25/2021, the Income Approach was not developed using a recognized method or technique. A gross rent multiplier was not developed from the market. \$6,000 is the annualized gross rent.

F-22. That Respondent received feedback regarding Report B from his supervisor two (2) days prior to the revised Report B being signed on March 14, 2022 for submission to the Board which indicated that Respondent has continued to make the same errors repeatedly in his reports.

F-23. The workfile does not contain information and documentation necessary to support the respondent's opinions and conclusions.

F-24. That the respondent has not proven the competency to complete an appraisal report in compliance the Uniform Standards of Professional Appraisal Practice or Arkansas Appraiser Licensing and Certification Board Statutes and Rules.

CONCLUSIONS OF LAW

Charge 1. *The foregoing described in paragraphs F-3 is a violation of A. C. A. § 17-14-206 (a) (4), USPAP Standard Rule 2, and the Ethics Rule.*

(a) (4) Any actions demonstrating untrustworthiness, incompetence, dishonesty, gross negligence, material misrepresentation, fraud, or unethical conduct in any dealing subject to the Arkansas Appraiser Licensing and Certification Act., § 17-14-101 et seq., § 17-14-201 et seq., § 17-14-301 et seq.

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

Ethics Rule An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.

Charge 2. *The foregoing described in paragraph F-4 is a violation of A. C. A. § 17-14-102 (a) (3), USPAP Standard Rule 2, and the Ethics Rule..*

(a) (3) A fifth class is created for an appraiser who is subject to direct control and supervision by a qualified state-certified appraiser supervisor as part of upgrading his or her classification to state-licensed or state-certified, which shall be known as "registered apprentice appraiser";

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

Ethics Rule An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.

Charge 3. *The foregoing described in paragraphs F-5 and F-6 is a violation of A. C. A. § 17-14-206 (a) (2) and (a) (4).*

(a) (2) Falsifying any application for licensure or certification or otherwise providing any false information to the Board;

(a) (4) Any Actions demonstrating untrustworthiness, incompetence, dishonesty, gross negligence, material misrepresentation, fraud, or unethical conduct in any dealing subject to the Arkansas Appraiser Licensing and Certification Act., § 17-14-101 et seq., § 17-14-201 et seq., § 17-14-301 et seq.

Charge 4. *The foregoing described in paragraphs F-7 and F-14 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 2-2 (a) (xii).*

SR 2-2 (a) The content of an Appraisal report must be appropriate for the Intended Use of the appraisal and, at a minimum:

(xii) when an opinion of highest and best use was developed by the appraiser, state that opinion and summarize the support and rationale for that opinion;

Charge 5. *The foregoing described in paragraphs F-8, F-9, F-15, and F-17 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 2-2 (a) (x) (5), and the Scope of Work Rule.*

SR 2-2 (a) The content of an Appraisal report must be appropriate for the Intended Use of the appraisal and, at a minimum:

(x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:

(5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;

Scope of Work: 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. Comment: Credible assignment results require support by relevant evidence and logic.

Charge 6. *The foregoing described in paragraphs F-10 and F-16 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 1-1 (a), Standards Rule 1-4 (b (i)), and Standards Rule 2-2 (a) (x) (1) and (5).*

SR 1-1 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;

SR 1-4 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;

SR 2-2 (a) The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a minimum:

(x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:

(1) summarizing the appraisal methods and techniques employed;

(5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;

Charge 7. *The foregoing described in paragraphs F-11 and F-18 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 1-1 (c) and Standards Rule 2.*

SR 1-1 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.

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

Charge 8. *The foregoing described in paragraphs F-12 and F-19 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 2 and Ethics Rule.*

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

Ethics Rule An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.

Charge 9. *The foregoing described in paragraphs F-13 and F-20 are a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 2, Standards Rule 1-1 (a), (b), and (c), and Standards Rule 2-2 (a) (x) (5).*

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

SR 1-1 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;
- (b) not commit a substantial error of omission or commission that significantly affects an appraisal; and
- (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.

SR 2-2 (a) The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a minimum:

- (x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:
 - (5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;

Charge 10. *The foregoing described in paragraphs A21 is a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Standards Rule 1-1 (a) and Standards Rule 2-2 (a) (x) (1) and (5).*

SR 1-1 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;

SR 2-2 (a) The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a minimum:

- (x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:
 - (1) summarizing the appraisal methods and techniques employed;
 - (5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;

Charge 11. *The foregoing described in paragraphs A22 is a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Competency Rule.*

An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. In all cases, the appraiser must perform competently when completing the assignment.

An appraiser must determine, prior to agreeing to perform an assignment, that he or she can perform the assignment competently. Competency require:

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

Charge 12. *The foregoing described in paragraphs A23 is a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Record Keeping Rule.*

An appraiser must prepare a workfile for each appraisal or appraisal review assignment. A workfile must be in existence prior to the issuance of any report or other communication of assignment results. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

The workfile must include:

- the name of the client and the identity, by name or type, of any other intended users;**
- true copies of all written reports, documented on any type of media. (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report transmitted to the client satisfies the requirement of a true copy.);**
- summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and**
- all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation.**

Charge 13. *The foregoing described in paragraphs A24 is a violation of The Uniform Standards of Professional Appraisal Practice (USPAP), Competency Rule.*

An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. In all cases, the appraiser must perform competently when completing the assignment.

An appraiser must determine, prior to agreeing to perform an assignment, that he or she can perform the assignment competently. Competency require:

- 4. The ability to properly identify the problem to be addressed;**
- 5. The knowledge and experience to complete the assignment competently; and**
- 6. Recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.**

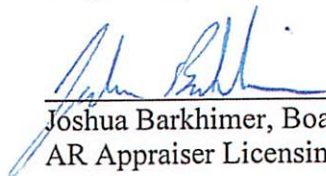
ORDER

1. Respondent's Registered Apprentice Appraiser, License #RA-4573 is hereby suspended until such time as Respondent successfully completes the following courses:
 - a. Basic Appraisal Principals – 30 hours
 - b. Basic Appraisal Procedures – 30 hours
 - c. 15-Hour National USPAP Course (or its equivalent) – 15 Hours
 - d. Residential Appraiser Market Analysis and Highest and Best Use – 15 hours
 - e. Residential Appraiser Site Valuation and Cost Approach – 15 hours
 - f. Residential Sales Comparison and Income Approaches – 30 hours; and
 - g. Residential Report Writing and Case Studies – 15 hours.
2. Upon the Board's receipt of documentation for the successful completion of courses a-g above, Respondent's license shall be reinstated and Respondent shall:
 - a. Complete five hundred (500) hours of supervised appraisal work; and
 - b. Submit to the Board staff a monthly log of all appraisal reports that he has completed, and the staff will notify him of the reports they want him to submit for review.

Pursuant to the Arkansas Administrative Procedure Act, Ark. Code Ann. § 25-15-212, Respondent may petition for judicial review of this decision by filing a petition in the Circuit Court in the county in which he resides or does business or in the Circuit Court of Pulaski County within thirty (30) days after service of this order.

DATE: November 4, 2022

Respectfully,



Joshua Barkhimer, Board Chair for the
AR Appraiser Licensing & Cert. Board

CERTIFICATE OF SERVICE

I, Diana Piechocki, Director of the Arkansas Licensing and Certification Board, do hereby certify that I have served a copy of these Findings of Fact, Conclusions of Law and Order by mailing a copy of same, U.S. Mail, postage prepaid on this 7th day of November, 2022 to the following: Mr. Charles Jordan Hylle.


DIANA PIECHOCKI
DIRECTOR