

**BEFORE THE MISSISSIPPI REAL ESTATE APPRAISER  
LICENSING AND CERTIFICATION BOARD**

**MISSISSIPPI REAL ESTATE APPRAISER  
LICENSING AND CERTIFICATION BOARD**

**COMPLAINANT**

**VS.**

**CASE NO.: 25-1508**

**JUSTIN W. PARROTT, APPRAISER  
LICENSE NO.: RA-805**

**RESPONDENT**

**CONSENT ORDER**

This matter came before the Mississippi Real Estate Appraiser Licensing and Certification Board (sometimes hereinafter "Board") for entry of a Consent Order regarding the Respondent, JUSTIN W. PARROTT, who has been issued Mississippi Real Estate Appraiser License No. RA-805. This action is before the Board as the result of Respondent's appraisal of real property located at 415 Sanctuary Circle, Canton, Mississippi 39046. By entering into this Consent Order, Respondent Parrott waives his right to a hearing with full due process and the right to appeal any adverse decision resulting from that hearing. Having reached an agreement by consent in this matter, the Board issues its Findings of Fact, Conclusions of Law and Disciplinary Order as follows:

**FINDINGS OF FACT**

I.

The Mississippi Real Estate Appraiser Licensing and Certification Board is charged by law with the regulation of the practice of real estate appraisal in Mississippi including matters relating to real estate appraiser standards, qualifications and licensing, and disciplinary functions pursuant

to §§73-34-1, *et seq.*, Miss. Code Ann. (1972), as amended. The Board, pursuant to this authority, has full, complete and proper jurisdiction over the parties and subject matter herein.

II.

Respondent, Justin W. Parrott is an adult resident of Mississippi whose last known address of record with the Board is 190 Plantation Drive, Madison, Mississippi 39110. Respondent Parrott is the holder of a Mississippi Certified Residential real estate appraiser's license, No. RA-805, issued by the Board pursuant to §§73-34-1, *et seq.*, Miss. Code Ann. (1972), as amended, and, as such, he is subject to all of the provisions, rules, regulations and statutes governing the appraisal of real property and licensing of real estate appraisers under Mississippi law.

III.

On or about July 28, 2015, Respondent Parrott performed an appraisal of property located at 415 Sanctuary Circle, Canton, Mississippi 39046, and issued an Appraisal Report (sometimes hereinafter the "Report"). The owners of the referenced property are Thomas H. Wiggins, D.M.D. and Susan S. Wiggins, (sometimes collectively hereinafter "Wiggins").

IV.

On or about August 5, 2015, the Board received information from Wiggins evidencing a complaint regarding the appraisal of the Wiggins' property by Respondent Parrott. Thereafter, the Board opened an investigation. The Board requested Respondent Parrott provide the Board with any and all documents related to the subject appraisal including complete workfile. On or about September 8, 2015, the Board received documents from Respondent Parrott represented to be the Appraisal Report and workfile for the subject appraisal of the Wiggins property.

V.

Upon the Board's review of documents submitted by Respondent Parrott, significant issues were discovered with the Appraisal Report and workfile submitted by Respondent Parrott.

Respondent does not have verified documentation in the workfile sufficient for analysis of the information reflected in the Report. For each comparable, Respondent stated the verification source was local realtors and tax records. The workfile contained tax records for some of the comparables utilized but there is no evidence that all were verified. The MLS documentation for the comparables in the workfile do not reflect verification.

#### VI.

The Appraisal Report prepared by Respondent incorrectly describes the neighborhood boundaries for the subject property. The Report reflects the subject property boundaries to be “*way rd to the north, hwy 463 to the west, hwy 43 to the east and madison ave to the south*” when, in fact, the geographic location and neighborhood boundaries for the subject property, located in Canton, Mississippi, are significantly different; the boundaries could be more accurately described as Interstate 55 to the East, Virililia Rd. to the South, and Patrick Rd. to the West and North.

#### VII.

The sales comparison approach section of the Report contains incorrect information and analysis of other information regarding comparables analyzed for the Report. A wide range of seller concessions and amenities were reflected in MLS documents submitted in the workfile but no comments were made within the Report to inform the intended user if adjustments were necessary for the analysis. Examples include but are not limited to the following:

- MLS sheet for Comparable 1 reflects 2194 sq. ft. (approximate) on page 1, but “sold” information on page 2 reflects appraised square feet as 2300. The Report contained no information to show why 2194 was used in the Report. Likewise, discrepancies in reported square footage for Comparables 2 and 3 are unexplained.
- Amenities for Comparable 6 were not properly disclosed or analyzed for necessary adjustments.
- MLS sheet for Comparable 5 reflects a 3-car garage. Respondent reported a 2 car garage in the Report.

- The subject property was reported as a 2 bedroom property while all of the comparables used reflected 3, 4 and 5 bedroom properties. No disclosure of why appraiser felt no adjustments were warranted for the 2 vs. 3, 4, and 5 bedrooms.

#### VIII.

The Report prepared and submitted by Respondent contains no verified documentation or analysis of information utilized to develop the cost approach section of the Report. Respondent reported that depreciation was computed using the age/life method using a 60 year life basis, with 50 years remaining, yet Respondent applied zero depreciation. Respondent states site value was determined based on buyers and sellers in the subject's market area. Two MLS sheets for lot sales were included in the workfile but reflect no third-party verification. No explanation was given to explain Respondent's opinion of site value concluded of \$70,000.00.

#### CONCLUSIONS OF LAW

#### IX.

Respondent, Justin W. Parrott, admits and agrees by consent with the Board, that the foregoing described actions and conduct violated Miss. Code Ann. §73-34-35(1)(I), and §73-34-37, as amended, and more specifically the Years 2014-2015 Uniform Standards of Professional Appraisal Practice (USPAP) Ethics Rule, Conduct, Record Keeping Rule, Scope of Work Rule (*Problem Identification, Scope of Work Acceptability and Disclosure Obligations*), and Standards Rules 1-1(b) and (c), 1-2(c), (e) and (h), 1-4(a) and (b); 2-1(a) and (b), and 2-2(a), which state in relevant parts:

**§73-34-35(1):** ...[T]he rights of any licensed appraiser or licensed certified real estate appraiser may be revoked or suspended, or the holder of the license may be otherwise disciplined, in accordance with the provisions of this chapter for ...:

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(I) Any act or conduct, whether the same or of a different character

than specified above, which constitutes or demonstrates bad faith, incompetency or untrustworthiness; or dishonest, fraudulent or improper dealing; or any other violation of the provisions of this chapter and of rules and regulations established by the board.

~~§73-34-37~~: Each real estate appraiser licensed under this chapter must comply with generally accepted standards of professional appraisal practice and generally accepted ethical rules to be observed by a real estate appraiser. Generally accepted standards of professional appraisal practice are currently evidenced by the uniform standards of professional appraisal practice...

### **2014-2015 USPAP REQUIREMENTS**

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

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**Conduct:** An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

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An appraiser:

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- must not perform an assignment in a grossly negligent manner.

**RECORD KEEPING RULE:** An appraiser must prepare a work file for each appraisal or appraisal review assignment.

The work file must include:

- 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 documentation.

**SCOPE OF WORK RULE:** For each appraisal and appraisal review assignment, an appraiser must:

- Identify the problem to be solved;
- determine and perform the scope of work necessary to develop credible assignment results; and
- 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:

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

**Problem Identification:** An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved.

- Subject of the assignment and its relevant characteristics;
- Assignment conditions

Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work. Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or orders, having legal force, issued by an administrative agency.

**Scope of Work Acceptability:** The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must be prepared to support the decision to exclude any investigation, information, method, or technique that could appear relevant to the client, another intended user, or the appraiser's peers.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

**Disclosure Obligations:** The report must contain sufficient information to allow intended users to understand the scope of work performed.

Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

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**Standard Rule 1-1** In developing a real property appraisal, an appraiser must:

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- (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.

**Standard Rule 1-2:** In developing a real property appraisal, an appraiser must...

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- (c) identify the type and definition of value, and, if the value opinion to be developed is market value, ascertain whether the value is to be the most probable price:

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- (iv) if the opinion of value is to be based on non-market financing with unusual conditions or incentives, the terms of such financing must be clearly identified and the appraiser's opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data.

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- (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;

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- (h) determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE.

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**Standard Rule 1-4:** In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignments 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.
- (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 such comparable cost data as are available 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).

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**Standard Rule 2-1:** Each written or oral real property appraisal report must:

- (a) clearly and accurately set forth the appraisal in a manner that is not misleading;
- (b) contain sufficient information to enable the intended users of the appraisal to understand the report properly;

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**Standard Rule 2-2:** Each written real property appraisal report must be prepared under one of the following options and prominently state which option is used: Appraisal Report or Restricted Appraisal Report;

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

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

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- (vii) summarize the scope of work used to develop the appraisal; and
- (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.

### **DISCIPLINARY ORDER**

X.

The Board, by Respondent **JUSTIN W. PARROTT'S** agreement and consent, hereby imposes discipline as follows:



- A)** Respondent's license is suspended for 90 days, said suspension to be held in abeyance. Respondent may continue to appraise real property in Mississippi during the period of suspension in abeyance provided he otherwise complies with applicable Mississippi and federal law, the Rules and Regulations of the Board, the applicable Uniform Standards of Professional Appraisal Practice (USPAP), and all other terms and conditions of this Consent Order.
- B)** Respondent must take and complete a fifteen (15) hour 2016 – 2017 National USPAP Course, and pass the accompanying examination, within one hundred and eighty (180) days of the date of this Consent Order.
- C)** Respondent must take and complete a fifteen (15) hour Advanced Residential Applications and Case Study Part I, and pass any accompanying examination within one hundred and eighty (180) days of the date of this Consent Order.
- D)** Respondent must take and complete a thirty (30) hour Advance Report Writing Part II, and pass any accompanying examinations within one hundred and eighty (180) days of the date of this Consent Order.
- E)** The Board Staff recommends that the Respondent take and complete the mandated courses in a classroom environment; if available. The credit hours generated by the successful completion of the mandated courses may not be used to satisfy the twenty-eight (28) hours of continuing education that is required for license renewal.
- F)** Respondent expressly agrees that if he fails to deliver to the Board Administrator evidence that he has successfully completed, by passing all of the exams of the above fifteen (15) hour 2015 – 2016 National USPAP Course, the fifteen (15) hour Advance Residential Applications and Case Study Part I, and the thirty (30) hour Advance Report Writing Part

II, within the above respective required time periods, such failure shall constitute grounds for additional disciplinary action without further notice to Respondent.

G) This disciplinary action shall be reported to and posted with the appropriate authorities.

This action shall also be published in the Board's newsletter.

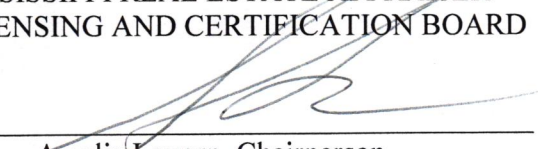
H) This action and order of the Board shall be public record and shall be spread upon the Minutes of the Board as its official act and deed.

I) Respondent, by his signature, waives any and all objections or legal challenges he may have regarding or arising out of this matter, the entry of this Consent Order or any of its terms. He agrees to and waives any legal objections that may otherwise be available to him as to the Board taking this matter up preliminarily for purpose of considering and voting on whether or not to enter into this Consent Order.

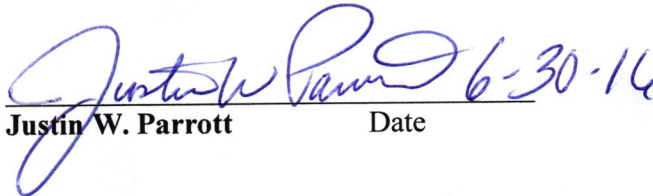
J) Should the Board decline the entry of this Consent Order, Respondent understands and acknowledges that he remains entitled to a fair and impartial hearing of this matter.

SO ORDERED, this the 28<sup>th</sup> day of July, 2016

MISSISSIPPI REAL ESTATE APPRAISER  
LICENSING AND CERTIFICATION BOARD

By:   
Amelia Lovorn, Chairperson

**AGREED AS TO FORM AND CONTENT:**

  
Justin W. Parrott Date 6-30-16