

**SETTLEMENT AGREEMENT**  
**BETWEEN**  
**MISSOURI REAL ESTATE APPRAISERS COMMISSION**  
**AND**  
**GARY J. HANGER**

Gary J. Hanger (“Hanger”) and the Missouri Real Estate Appraisers Commission (“MREAC”) enter into this Settlement Agreement for the purpose of resolving the question of whether Hanger’s license as a state-licensed residential real estate appraiser, no. 2006015560, will be subject to discipline. Pursuant to § 536.060, RSMo 2000,<sup>1</sup> the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri and, additionally, the right to a disciplinary hearing before the MREAC under § 621.110, RSMo Cum. Supp. 2009. The MREAC and Hanger jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Cum. Supp. 2009.

Hanger acknowledges that he understands the various rights and privileges afforded him by law, including the right to a hearing of the charges against him; the right to appear and be represented by legal counsel; the right to have all charges proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing against him at the hearing; the right to present evidence on his behalf at the hearing; the right to a decision upon the record of the hearing by a fair and impartial

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<sup>1</sup> All statutory citations are to the 2000 Revised Statutes of Missouri unless otherwise noted.

administrative hearing commissioner concerning the charges pending against him; the right to a ruling on questions of law by the Administrative Hearing Commission; the right to a disciplinary hearing before the MREAC at which time Hanger may present evidence in mitigation of discipline; the right to a claim for attorney fees and expenses; and the right to obtain judicial review of the decisions of the Administrative Hearing Commission and the MREAC.

Being aware of these rights provided to him by law, Hanger knowingly and voluntarily waives each and every one of these rights and freely enters into this Settlement Agreement and agrees to abide by the terms of this document as they pertain to him.

Hanger acknowledges that he has received a copy of documents that were the basis upon which the MREAC determined there was cause for discipline, along with citations to law and/or regulations the MREAC believes were violated. Hanger stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREAC that Hanger's license as a state-licensed residential real estate appraiser, license no. 2006015560, is subject to disciplinary action by the MREAC in accordance with the relevant provisions of Chapter 621, RSMo, and §§ 339.500 through 339.549, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREAC and Hanger in Part II herein is based only on the agreement set out in Part I herein.

Hanger understands that the MREAC may take further disciplinary action against him based on facts or conduct not specifically mentioned in this document that are either now known to the MREAC or may be discovered.

**I.**  
**Joint Stipulation of Facts and Conclusions of Law**

Based upon the foregoing, the MREAC and Hanger herein jointly stipulate to the following:

1. Respondent, Gary J. Hanger (“Hanger”), is licensed by the Commission as a state-licensed residential real estate appraiser, license no. 2006015560. Such license is and was at all times relevant to this action current and active.

2. Jurisdiction and venue are proper before the Administrative Hearing Commission pursuant to §§ 621.045 and 339.532.2, RSMo Cum. Supp. 2009.

3. Section 339.532.2, RSMo, states in part:

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

\* \* \*

(6) Violation of any of the standards for the development or communication of real estate appraisals as provided in or pursuant to sections 339.500 to 339.549;

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

(8) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(9) Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;

(10) Violating, assisting or enabling any person to willfully disregard any of the provisions of sections 339.500 to 339.549 or the regulations of the commission for the administration and enforcement of the provisions of sections 339.500 to 339.549[.]

4. Section 339.535, RSMo, states:

State certified real estate appraisers and state licensed real estate appraisers shall comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation.

**Count I**  
**1300 Highway B Appraisal Report**

5. MREAC adopts and incorporates paragraphs 1 through 4 above as though alleged fully herein.

6. On or about May 21, 2007, Hanger completed and signed a Uniform Residential Appraisal Report appraisal report for residential real estate located at 1300 Highway B, Mansfield, MO 65704 (“the 1300 Highway B property”). The effective date of the appraisal report was May 21, 2007. This appraisal valued the property at \$68,500. This appraisal shall be referred to hereinafter as the “1300 Highway B Appraisal Report.”

7. Hanger was required to develop and report the results of the 1300 Highway B Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2006 Edition.

8. The 1300 Highway B Appraisal Report was prepared for Missy Montgomery of Southern Missouri Bank, a Missouri Bank.

9. In preparation of the 1300 Highway B Appraisal Report, Hanger made significant and substantial errors of omission and/or commission, including but not limited to:

- a. Failed to exhibit adequate competency of the sales comparison approach by failing to discuss, explain and analyze acreage adjustments for differences in acreage, design style, adjustments and age;
- b. Improperly used comparable sales that were much larger than the subject property;
- c. Failed to accurately state the second bedroom was below grade;
- d. Improperly states the dimensions of the property as 2.6 acres, yet indicates under area that there is 3.0 acres;
- e. States that there is a hypothetical condition of renovations, but fails to include the actual proposed renovation in his appraisal;
- f. Failed to discuss the land value or support his conclusion; and

- g. Failed to discuss why the income approach was not completed and why it would not be applicable.
- h. Improperly based the appraisal “after renovation” when the contract was for “as is.”

10. The 1300 Highway B Appraisal Report is not credible and is misleading in violation of USPAP Standards 1 and 2.

11. USPAP Standard 1, regarding the development of an appraisal, states:

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

12. USPAP Standard 2, regarding reporting the results of an appraisal, states:

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

13. Hanger’s errors and/or omissions in the preparation of the Sales

Comparison Analysis, the Cost Approach, and/or the Income Approach, as alleged in this Count, constitute violations of USPAP Standard 1 and Standards Rule (“SR”) 1-4(a), (b), and (c), respectively, which state:

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.

- (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); and
  - (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).
  
- (c) When an income approach is necessary for credible assignment results, an appraiser must:
  - (i) analyze such comparable rental data as are available and/or the potential earning capacity of the property to estimate the gross income potential of the property;
  - (ii) analyze such comparable operating expense data as are available to estimate the operating expenses of the property;
  - (iii) analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and
  - (iv) base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence.

14. Based on Hanger's errors and/or omissions in developing and reporting the results of the 1300 Highway B Appraisal, as alleged in this Count, Hanger failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal in violation of USPAP Standard 1 and SR 1-1(a), which states:

In developing a real property appraisal, an appraiser must:

- (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal[.]

15. Based on Hanger's errors and/or omissions in developing and reporting the results of the 1300 Highway B Appraisal, as alleged in this Count, Hanger committed substantial errors of omission and/or commission that significantly affected the appraisal in violation of USPAP Standard 1 and SR 1-1(b), which states:

In developing a real property appraisal, an appraiser must:

...

- (b) not commit a substantial error of omission or commission that significantly affects an appraisal[.]

16. Based on Hanger's errors and/or omissions in developing and reporting the results of the 1300 Highway B Appraisal, as alleged in this Count, Hanger rendered appraisal services in a careless and/or negligent manner in violation of USPAP Standard 1 and SR 1-1(c), which states:

In developing a real property appraisal, an appraiser must:

...

- (c) not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.

17. Based on Hanger's errors and/or omissions in developing and reporting the results of the 1300 Highway B Appraisal, as alleged in this Count, Hanger failed to

clearly and accurately set forth the appraisal in a manner that would not be misleading and violated USPAP Standard 2 and SR 2-1(a), which states:

Each written or oral real property appraisal report must:

- (a) clearly and accurately set forth the appraisal in a manner that will not be misleading[.]

18. Based on Hanger's errors and/or omissions in developing and reporting the results of the 1300 Highway B Appraisal, as alleged in this Count, Hanger failed to prepare a report that contained sufficient information to enable the intended users of the appraisal to understand the report properly and violated USPAP Standard 2 and SR 2-1(b), which states:

Each written or oral real property appraisal report must:

...

- (b) contain sufficient information to enable the intended users of the appraisal to understand the report properly[.]

19. By failing to provide adequate support for the reasoning and conclusions in the Sales Comparison Analysis, the Cost Approach, and/or the Income Approach in the 1300 Highway B Appraisal Report, as alleged in this Count, Hanger failed to summarize the information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions, and conclusions, in violation of USPAP SR 2-2(b)(viii), which states:

- (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[.]

20. Hanger's conduct, as alleged in this Count, violates standards for the development and/or communication of real estate appraisals as provided in or pursuant to §§ 339.500 to 339.549, RSMo, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(6), RSMo.

21. Hanger's conduct, as alleged in this Count, demonstrates a failure and/or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, and/or communicating an appraisal, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(8), RSMo.

22. Hanger's conduct, as alleged in this Count, demonstrates negligence and/or incompetence in developing an appraisal, in preparing an appraisal report, and/or in communicating an appraisal, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(9), RSMo.

23. Each of Hanger's USPAP violations, as alleged in this Count, constitutes a violation of § 339.535, RSMo, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(7) and (10), RSMo.

24. Hanger's conduct, as alleged in this Count, demonstrates that Hanger rendered appraisal services in violation of the USPAP Ethics Rule, USPAP Standards 1 and 2, the USPAP Standards Rules cited in this Count, and § 339.535, RSMo, providing cause to discipline Hanger's license as a residential real estate appraiser pursuant to §§ 339.532.2(6), (7), (8), (9), and (10), RSMo.

**Count II**  
**10431 Highway AA Appraisal Report**

25. MREAC adopts and incorporates paragraphs 1 through 24 above as though alleged fully herein.

26. On or about May 21, 2007, Hanger completed and signed a Desktop Underwriter Quantitative Analysis Appraisal Report for Residential real estate located at 10431 Highway AA, Grovespring, MO 65662 ("the 10431 Highway AA property"). The effective date of the appraisal report was May 21, 2007. This appraisal valued the property at \$182,600. This appraisal shall be referred to hereinafter as the "10431 Highway AA Appraisal Report."

27. Hanger was required to develop and report the results of the 10431 Highway AA Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2006 Edition.

28. The 10431 Highway AA Appraisal Report was prepared for Southern Missouri Bank, a Missouri Bank.

29. In preparation of the 10431 Highway AA, Hanger made significant and substantial errors of omission and/or commission, including, but not limited to:

- a. Failed to exhibit adequate competency of sales comparison approach by failing to discuss or analyze acreage adjustments, design-style adjustments, and age differences'
- b. Improperly combined the square footage above and below ground together;
- c. Did not complete exterior street inspection of comparables;
- d. Failed to provide enough information so that the report could be understood.

30. The 10431 Highway AA Appraisal Report is not credible and is misleading in violation of USPAP Standards 1 and 2, as set forth above.

31. Based on Hanger's errors and/or omissions in developing and reporting the results of the 10431 Highway AA Appraisal, as alleged in this Count, Hanger failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal in violation of USPAP Standard 1 and SR 1-1(a), as set forth above.

32. Based on Hanger's errors and/or omissions in developing and reporting the results of the 10431 Highway AA Appraisal, as alleged in this Count, Hanger committed substantial errors of omission and/or commission that significantly affected the appraisal in violation of USPAP Standard 1 and SR 1-1(b), as set forth above.

33. Based on Hanger's errors and/or omissions in developing and reporting the results of the 10431 Highway AA Appraisal, as alleged in this Count, Hanger rendered appraisal services in a careless and/or negligent manner in violation of USPAP Standard 1 and SR 1-1(c), as set forth above.

34. Based on Hanger's errors and/or omissions in developing and reporting the results of the 10431 Highway AA Appraisal, as alleged in this Count, Hanger failed to clearly and accurately set forth the appraisal in a manner that would not be misleading and violated USPAP Standard 2 and SR 2-1(a), as set forth above.

35. Based on Hanger's errors and/or omissions in developing and reporting the results of the 10431 Highway AA Appraisal, as alleged in this Count, Hanger failed to prepare a report that contained sufficient information to enable the intended users of the appraisal to understand the report properly and violated USPAP Standard 2 and SR 2-1(b), as set forth above.

36. By failing to provide adequate support for the reasoning and conclusions in the 10431 Highway AA Appraisal, as alleged in this Count, Hanger failed to summarize the information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions, and conclusions, in violation of USPAP SR 2-2(b)(vii), as set forth above.

37. Hanger's conduct, as alleged in this Count, violates standards for the development and/or communication of real estate appraisals as provided in or pursuant to

§§ 339.500 to 339.549, RSMo, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(6), RSMo.

38. Hanger's conduct, as alleged in this Count, demonstrates a failure and/or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, and/or communicating an appraisal, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(8), RSMo.

39. Hanger's conduct, as alleged in this Count, demonstrates negligence and/or incompetence in developing an appraisal, in preparing an appraisal report, and/or in communicating an appraisal, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(9), RSMo.

40. Each of Hanger's USPAP violations, as alleged in this Count, constitutes a violation of § 339.535, RSMo, providing cause to discipline his real estate appraiser license pursuant to § 339.532.2(7) and (10), RSMo.

41. Hanger's conduct, as alleged in this Count, demonstrates that Hanger rendered appraisal services in violation of the USPAP Ethics Rule, USPAP Standards 1 and 2, the USPAP Standards Rules cited in this Count, and § 339.535, RSMo, providing cause to discipline Hanger's license as a residential real estate appraiser pursuant to §§ 339.532.2(6), (7), (8), (9), and (10), RSMo.

**II.**  
**Joint Agreed Disciplinary Order**

Based on the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the MREAC in this matter under the authority of § 536.060, RSMo, and §§ 621.045.3 and 621.110, RSMo Cum. Supp. 2009.

1. **Hanger's license is on probation.** Hanger's license as a state-licensed residential real estate appraiser is hereby placed on PROBATION for a period of TWO YEARS. The period of probation shall constitute the "disciplinary period." During the disciplinary period, Hanger shall be entitled to practice as a state-licensed residential real estate appraiser under §§ 339.500 through 339.549, RSMo, as amended, provided Hanger adheres to all the terms of this agreement.

2. **Terms and conditions of the disciplinary period.** The terms and conditions of the disciplinary period are as follows:

A. Hanger shall submit written reports to the MREAC by no later than January 1 and July 1, during each year of the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. The first written report shall be submitted on or before January 1, 2011. The final written report shall be submitted to the MREAC 90 days prior to the end of the disciplinary period. Each written report shall be submitted no earlier than 30 days prior to the respective due date. Hanger is responsible for assuring that the reports are submitted to and received by the MREAC.

B. During the disciplinary period, Hanger shall maintain a log of all appraisal assignments as required by 20 CSR 2245-2.050. A true and accurate copy of the log shall be submitted to the MREAC by no later than January 1 and July 1 during each year of the disciplinary period. The first log shall be submitted on or before January 1, 2011. The last log shall be submitted to the MREAC 90 days prior to the end of the disciplinary period. Each log submitted shall be current to at least 30 days prior to the respective due date. Hanger is responsible for assuring that the logs are submitted to and received by the MREAC. Upon MREAC request, Hanger shall submit copies of his work samples for MREAC review.

C. During the period of probation, Hanger shall not sign appraisal reports as a supervising appraiser.

D. During the disciplinary period, Hanger shall not serve as a supervising appraiser to trainee real estate appraisers under 20 CSR 2245-3.005. Within ten days of the effective date of this Settlement Agreement, Hanger shall advise each trainee real estate appraiser working under him that the supervisory relationship is terminated and comply with all other requirements of 20 CSR 2245-3.005 regarding the termination of the supervisory relationship.

E. During the disciplinary period, Hanger shall keep the MREAC apprised at all times in writing of his current work and home addresses and

telephone numbers at each place of residence and employment. Hanger shall notify the MREAC in writing of any change in address or telephone number within 15 days of a change in this information.

F. Hanger shall timely renew his license and timely pay all fees required for license renewal and comply with all other MREAC requirements necessary to maintain his license in a current and active state.

G. During the disciplinary period, Hanger shall comply with all provisions of §§ 339.500 through 339.549, RSMo, all rules and regulations promulgated thereunder, and all federal and state laws. "State" includes the state of Missouri and all other states and territories of the United States. Any cause to discipline Hanger's license as a real estate appraiser under § 339.532.2, RSMo, as amended, that accrues during the disciplinary period shall also constitute a violation of this Settlement Agreement.

H. Hanger shall accept and comply with reasonable unannounced visits from the MREAC's duly authorized agents to monitor compliance with the terms and conditions stated herein.

I. Hanger shall appear before the MREAC or its representative for a personal interview upon the MREAC's written request.

J. If, at any time within the disciplinary period, Hanger removes himself from the state of Missouri, ceases to be currently licensed under the

provisions of §§ 339.500 through 339.549, RSMo, or fails to keep the MREAC advised of all current places of residence and business, the time of absence, unlicensed status or unknown whereabouts shall not be deemed or taken as any part of the disciplinary period.

3. Upon the expiration of the disciplinary period, the license of Hanger shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Hanger has violated any term or condition of this Settlement Agreement, the MREAC may, in its discretion, after an evidentiary hearing, vacate and set aside the discipline imposed herein and may suspend, revoke or otherwise lawfully discipline Hanger's license.

4. No additional discipline shall be imposed by the MREAC pursuant to the preceding paragraph of this Settlement Agreement without notice and opportunity for hearing before the MREAC as a contested case in accordance with the provisions of Chapter 536, RSMo.

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

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

7. If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREAC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. Hanger agrees and stipulates that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

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

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

10. The parties to this Settlement Agreement understand that the MREAC will maintain this Settlement Agreement as an open record of the MREAC as required by Chapters 339, 610, and 324, RSMo, as amended.

11. Hanger, together with his partners, heirs, assigns, agents, employees, representatives and attorneys, does hereby waive, release, acquit and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo (as amended), or any claim arising under 42 U.S.C. § 1983, which now or in the future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation or from the negotiation or execution of this Settlement Agreement. The parties acknowledge that this paragraph is severable from the remaining portions of the Settlement Agreement in that it survives in perpetuity even in the event that any court or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

12. If Hanger does not request review by the Administrative Hearing Commission, this Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREAC.

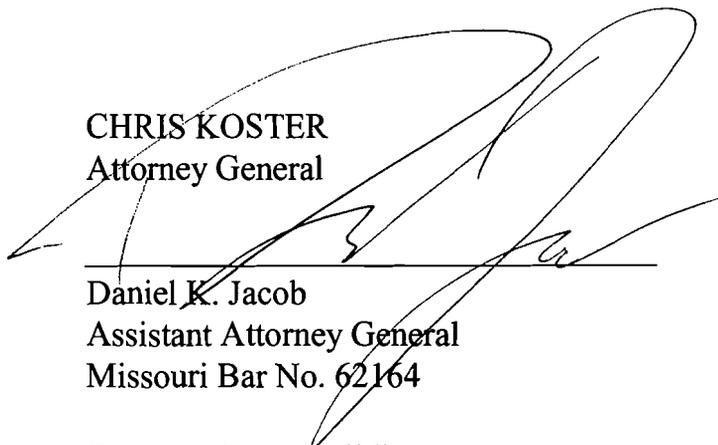
LICENSEE

  
\_\_\_\_\_  
Gary J. Hanger                      Date                      9-21-2010

MISSOURI REAL ESTATE  
APPRAISERS COMMISSION

  
\_\_\_\_\_  
Vanessa Beauchamp, Executive Director  
Date: 9-24-10

CHRIS KOSTER  
Attorney General

A large, stylized handwritten signature in black ink, which appears to be "Daniel K. Jacob", is written over a horizontal line. The signature is fluid and cursive, with a prominent loop at the end.

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