

**BEFORE THE REAL ESTATE APPRAISER BOARD
STATE OF OKLAHOMA**

In the Matter of HAL HARTSOCK,) Complaint #16-017, 15-041
Respondent.)

CONSENT ORDER

COMES NOW the Oklahoma Real Estate Appraiser Board (“OREAB”), by and through the Prosecuting Attorney, Stephen McCaleb, and the Respondent HAL HARTSOCK, thru his Counsel Odell Campbell, and enter into this Consent Order pursuant to Oklahoma Statutes Title 59 §858-700, et seq. and Oklahoma Administrative Code 600:10-1-1, et seq. All sections of this order are incorporated together. This Consent Order incorporates two separate complaints.

AGREED FINDINGS OF FACT

1203 Glenwood Avenue, Nichols Hills, Oklahoma

1. In March of 2016, Respondent was hired to complete an appraisal (the “appraisal”) for a property located at 1203 Glenwood Avenue, Nichols Hills, Oklahoma (the “subject”). The client was Bank of Oklahoma (“client”). Respondent completed and transmitted the appraisal with an effective date of March 2, 2016, and was for a refinance transaction.

2. Respondent committed a series of errors in the report which led to a misleading and non-credible report.

3. The subject property’s actual age at the time of the appraisal was 14 years. His comparables actual ages were: comparable 1 was 65 years old; comparable 2 was 68 years old; comparable 3 was 8 years old; comparable 4 was 93 years old; comparable 5 was 65 years old; and comparable 6 was 19 years old. Despite this, Respondent made no adjustments on Actual Age. His explanation in the report is not sufficient.

4. Nichols Hills provides plenty of sales and data available for more appropriate comparable sales in age.

5. Respondent's site value is incorrect and is not supported in the report. Respondent valued the site at \$266,000.00. The lot directly across the street sold for \$700,000.

6. With respect to the basement, Respondent valued it at approximately \$5.00 per square foot. This is a 1,800 square foot completely finished basement with a temperature controlled wine cellar. Respondent states he performed a paired sales analysis and could find no reaction in the market for the basement. This is not accurate. Even had his paired sales analysis shown that, common sense must prevail when you have this level of finished basement.

7. In his cost approach, Respondent valued the basement at \$51.00 per square foot with no support.

8. Respondent's adjustments for the pool and guest house were \$10,000 across the board for all the comparables which did not include a guest house. No support is contained within the report.

9. Respondent submitted his appraisal to his client, and only after he began receiving questions and concerns with the report did he determine that it was a "draft" and advised that he was withdrawing his appraisal.

10. Respondent's narratives in his report to explain his rationale are difficult to follow and hard for the reader to follow.

1409 Kerry Lane, Edmond, Oklahoma

11. In July of 2015, Respondent was hired to complete an appraisal (the "appraisal") for a property located at 1409 Kerry Layne, Edmond, Oklahoma (the "subject"). The client was JP Morgan Chase Bank, NA ("client"). Respondent completed and transmitted

the appraisal with an effective date of July 27, 2015, and was for a purchase transaction.

12. Respondent committed a series of errors in the report which led to a misleading and non-credible report.

13. On a nine year old property, Respondent reported that there were no updates to the property in the past fifteen years, and he also reported in the sales comparison grid that the subject was ten years old.

14. Respondent did not report or analyze that there were documented updates in the amount of \$75,000 to the subject property.

15. Respondent reports that the subject property has a single side garage when it is actually a two-car garage with epoxy flooring, heating, cooling, extra lighting, and extensive build-ins.

16. Respondent's comparable one was a current Multi Listing Services sale where he utilized the sales price of \$567,000.00, which said sale occurred in 2014, instead of using the sale from 2015 for \$469,000.00.

17. Comparable one appears to be a relocation sale and should not have been used as a comparable. The fact that it was a relocation sale was not reported nor analyzed.

18. Respondent made unsupported and questionable adjustments in the sales comparison grid without explanation.

19. The comparables chosen by Respondent are not credible.

CONCLUSIONS OF LAW

1. That Respondent has violated 59 O.S. § 858-723(C)(6) through 59 O.S. §858- 726, in that Respondent violated:

A) The Conduct Section, and the Management sections of the Uniform Standards of

Professional Appraisal Practice Ethics Rule;

B) Standard 1, Standards Rules 1-1, 1-2, 1-3, 1-4, and 1-6; Standard 2, Standards Rules 2-1, and 2-2 of the Uniform Standards of Professional Appraisal Practice.

These include the sub sections of the referenced rules.

2. That Respondent has violated 59 O.S. § 858-723(C)(7): "Failure to exercise reasonable diligence in developing an appraisal, preparing an appraisal report or communicating an appraisal."

3. That Respondent has violated 59 O.S. § 858-723(C)(8): "Negligence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal."

4. That Respondent has violated 59 O.S. § 858-723(C)(13) in that Respondent violated 59 O.S. § 858-732(A)(1): "An appraiser must perform competently." .

5. That Respondent has violated 59 O.S. § 858-723(C)(6): "Violation of any of the standards for the development or communication of real estate appraisals as provided in the Oklahoma Certified Real Estate Appraisers Act."

CONSENT AGREEMENT

The Respondent, by affixing his signature hereto, acknowledges:

1. That Respondent has been advised to seek the advice of counsel prior to signing this document, and
2. That Respondent possesses the following rights among others:
 - a. the right to a formal fact finding hearing before a disciplinary panel of the Board;
 - b. the right to a reasonable notice of said hearing;
 - c. the right to be represented by counsel;
 - d. the right to compel the testimony of witnesses;

- e. the right to cross-examine witnesses against him; and
- f. the right to obtain judicial review of the final decision of the Board.

3. The Respondent stipulates to the facts as set forth above and specifically waives him right to contest these findings in any subsequent proceedings before the Board and to appeal this matter to the District Court.

4. The Respondent consents to the entry of this Order affecting his professional practice of real estate appraising in the State of Oklahoma.

5. The Respondent agrees and consents that this Consent Order shall not be used by him for purposes of defending any other action initiated by the Board regardless of the date of the appraisal.

6. All other original allegations in this matter are dismissed.

ORDER

WHEREFORE, on the basis of the foregoing Findings of Fact and Conclusions of Law, it is ordered and that:

1. The Respondent shall complete the following education courses, which can be taken in person or on-line:
 - a) 15 Hour USPAP Course (Tested, No continuing education credit);
 - b) Course #611 – Residential Market Analysis & Highest and Best Use (15 Hours and tested); and
 - c) Course #613 – Residential Sales Comparison and Income Approach (30 Hours and tested).
2. All costs of prosecution.
3. The Respondent has ninety days from the final approval and filing of this consent order to complete the courses. If the corrective education courses are not completed

timely, Respondent's license will be suspended until proof of completion is filed with the Board's office.

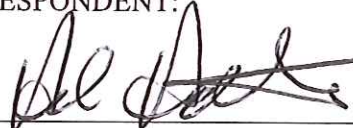
DISCLOSURE

Pursuant to the Oklahoma Open Records Act, 51 O.S. §§24-A.1 – 24A.21, the signed original of this Consent Order shall remain in the custody of the Board as a public record and shall be made available for public inspection and copying upon request.

FUTURE VIOLATIONS

In the event the Respondent fails to comply with any of the terms and conditions of this Consent Order, Respondent will be ordered to show cause for his failure to comply which could result in additional penalties.

RESPONDENT:



HAL HARTSOCK

6-6-17

DATE



ODELL CAMPBELL, COUNSEL FOR HAL HARTSOCK

June 6, 2017

DATE

CERTIFICATE OF BOARD PROSECUTING ATTORNEY

I believe this Consent Order to be in the best interests of the Oklahoma Real Estate Appraiser Board, the State of Oklahoma and the Respondent with regard to the violations alleged in the formal Complaint.



STEPHEN MCCALED, OBA #15649
Board Prosecutor
3625 NW 56th Street, Suite 100
Oklahoma City, Oklahoma 73112



DATE

IT IS SO ORDERED on this 7th day of June, 2017.



ERIC SCHOEN, Board Secretary
Oklahoma Real Estate Appraiser Board



**OKLAHOMA REAL ESTATE
APPRAISER BOARD**

By:



BRYAN NEAL, OBA #6590
Assistant Attorney General
Attorney for the Board
313 NE 21st Street
Oklahoma City, Oklahoma 73105

CERTIFICATE OF MAILING

I, Christine McEntire, hereby certify that on the 14 day of July, 2017 a true and correct copy of the above and foregoing Consent Order was mailed by certified mail, return receipt requested as follows:

Odell D. Campbell
The Campbell Law Firm, PLLC
4920 N. Meridian Ave., Suite C
Oklahoma City, Oklahoma 73112-2301
Attorney for Respondent, Hal Hartsock

7016 3010 0000 2706 6865

and that copies were forwarded by first class mail to the following:

Stephen L. McCaleb
DERRYBERRY & NAIFEH
4800 N. Lincoln Boulevard
Oklahoma City, OK 73105

Bryan Neal, Assistant Attorney General
OFFICE OF THE ATTORNEY GENERAL
313 N.E. 21st Street
Oklahoma City, OK 73105


Christine McEntire



OFFICE OF ATTORNEY GENERAL
STATE OF OKLAHOMA

FILED

JUL 14 2017

Real Estate Appraiser Board
State of Oklahoma

ATTORNEY GENERAL OPINION
2017-522A

Christine McEntire, Director
Oklahoma Real Estate Appraiser Board
3625 N.W. 56th St., Ste. 100
Oklahoma City, OK 73112

July 13, 2017

Dear Director McEntire:

This office has received your request for a written Attorney General Opinion regarding agency action that the Oklahoma Real Estate Appraiser Board intends to take pursuant to a consent agreement with licensee 11454CGA regarding Board Complaints 16-017 and 15-041. The proposed action is to require the licensee to pay prosecution costs and complete a 15-hour USPAP course and education courses in residential market analysis and highest and best use and residential sales comparison and income.

In July 2015, the licensee produced an appraisal report for a refinance transaction and the homeowner filed a complaint alleging that the information in the report is incomplete and inaccurate. The licensee committed a series of errors in the report which led to a misleading and non-credible report, including but not limited to stating there were no updates to the property in the past fifteen years when the house was only nine years old and had documented updates totaling \$75,000; reporting a single-side garage when the property had a two-car garage with epoxy flooring, heating, cooling, extra lighting, and extensive built-ins; incorrectly using a comparable sales price from a relocation sale; making unsupported and questionable adjustments in the sales grid without explanation; and choosing questionable comparables. In March 2016, the licensee produced an appraisal report for a refinance transaction and the homeowner filed a complaint alleging that inaccurate comparables resulted in a low appraised value. The licensee committed a series of errors in the report which led to a misleading and non-credible report, including but not limited to using comparable properties ranging from 65-93 years old for property that was 14 years old without sufficient explanation or adjustments; providing an incorrect and unsupported site value; failing to perform an accurate paired sales analysis for a finished basement with a temperature controlled wine cellar; failing to provide supported value for the basement; failing to make appropriate adjustments for the pool and guest house; and submitting and then withdrawing an appraisal.

The Oklahoma Certified Real Estate Appraisers Act, 59 O.S.2011 & Supp.2016, §§ 858-700-858-732, authorizes the Board to discipline licensees based on a "[v]iolation of any of the standards for the development or communication of real estate appraisals," "[f]ailure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report or

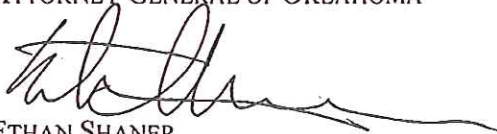
communicating an appraisal,” “[n]egligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal,” or “[v]iolati[on] of any of the provisions in the code of ethics set forth in [the Act].” 59 O.S.Supp.2016, § 858-723(C)(6-8),(13). The Act requires adherence to the “current edition of” the Uniform Standards of Professional Appraisal Practice (“USPAP”), which is the 2016-2017 edition. 59 O.S.2011, § 858-726.

The Ethics Rule of the USPAP requires an appraiser to “promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics” and “comply with USPAP when obligated by law or regulation.” USPAP-8. Components of the Ethics Rule pertaining to conduct and management state that “[a]n appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests” and provide that “[a]n appraiser affix[es] ... his or her signature to certify recognition and acceptance of his or her USPAP responsibilities in an appraisal.” USPAP-9. USPAP also contains standards such as Standard 1, which requires the appraiser to “complete research and analyses necessary to produce a credible appraisal.” USPAP-17. Components of Standard 1 clarify that this means the appraiser must employ proper valuation techniques, identify relevant characteristics of the property, avoid making unsupported assumptions when developing a market value opinion, analyze relevant factors, and reconcile data and approaches used to arrive at a value conclusion. USPAP-17, 18, 19, 20, 21. Further, Standard 2 requires that appraisal reports communicate all analyses, opinions, and conclusions clearly and accurately and to summarize the information sufficient to identify the real estate involved in the appraisal. USPAP-22. The action seeks to enforce requirements of professionalism embodied in the Act and in the USPAP. The Board may reasonably believe that the disciplinary action is necessary to prevent future violations.

It is, therefore, the official opinion of the Attorney General that the Oklahoma Real Estate Appraiser Board has adequate support for the conclusion that this action advances the State of Oklahoma’s policy to uphold standards of competency and professionalism among real estate appraisers.



MIKE HUNTER
ATTORNEY GENERAL OF OKLAHOMA



ETHAN SHANER
DEPUTY GENERAL COUNSEL