

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

In the Matter of **DESIREE' Y. JOHNSON** and )  
**KIMBERLY A. BLEVINS,** )  
Disciplinary Hearing )  
Respondents. )

Complaint #05-104

**BOARD'S DECISION ON DISCIPLINARY  
HEARING PANEL RECOMMENDATION**

**ON THE** 2nd day of March, 2007, the above numbered and entitled cause came on for hearing before the Oklahoma Real Estate Appraiser Board (the "Board"). The Disciplinary Hearing Panel (the "Panel") making the recommendation consisted of three members, Connie S. Burk, Betty J. Cagle, and Michele R. Chambers. Connie S. Burk was elected and served as Hearing Panel Chairman. Said panel was represented by the Board's counsel, Assistant Attorney General Joann Stevenson. The case was prosecuted by the Board's prosecutor, Stephen L. McCaleb. The Respondents, Desiree Y. Johnson and Kimberly A. Blevins appeared pro-se after having been mailed a copy of the Recommendation of the Hearing Panel by certified mail with return receipt requested pursuant to the Oklahoma Real Estate Appraiser Act, 59 O.S. § 858-718, and the Oklahoma Administrative Procedures Act, 75 O.S. §§250-323.

The Board, being fully advised in the matter, makes the following Order adopting in part, rejecting in part, and modifying the Panel's Recommendation:

**JURISDICTION**

1. That the Oklahoma Real Estate Appraiser Board has jurisdiction of this cause, pursuant to the provisions of the Oklahoma Real Estate Appraiser Act, 59 O.S. § 858-700 *et seq.*
2. That the proceedings were conducted in accordance with the Oklahoma Real Estate Appraiser Act, 59 O.S. § 858-700 *et seq.*, and the Oklahoma Administrative Procedures Act, 75 O.S., § 301-323.
3. That Respondent Desiree Y. Johnson is a State Licensed Real Estate Appraiser in

the State of Oklahoma, holding credential number 12154SLA.

4. That Respondent Kimberly A. Blevins is a Trainee Appraiser in the State of Oklahoma, holding credential number 90367TRA.

### **FINDINGS OF FACT**

The Board adopts in full the Panel's finding that the following facts were demonstrated by clear and convincing evidence, as follows:

1. United Lending Corporation (the "client") hired Respondents to appraise a parcel of real estate located at 5813 Dundee Terrace, Edmond, Oklahoma 73003 ("the subject property") in the subdivision of Oak Tree. The client's Request for Appraisal stated that the sales price for the property was \$380,000 and the estimated value of the property was \$400,000. (Exh. R).

2. On or about October 24, 2003, Respondents prepared and signed an appraisal report (the "report") for the property and transmitted said report to the client. (Exh. A).

3. The appraisers, through their report, appraised the value of the subject property at \$406,000.00.

4. The property closed on November 19, 2003 for \$380,000.00. (Exh. D).

5. The evidence showed that Respondents used comparable properties that were not the best available comparables for the subject property and then failed to make appropriate adjustments to the comparables they did choose. The Multiple Listing Service ("MLS") data sheet for the subject property located in Respondents' workfiles indicated that the subject property had been on the market for 194 days at an original list price of \$310,000. (Exh. R & S).

A. Respondents' appraisal report (Exh. A) and the MLS documents in Respondents' workfiles showed that Comparable No. 1, which sold for \$449,000 after only one day on the market, was nine (9) years newer than the subject property, yet no adjustment was made. There was no explanation for a low \$3,000 adjustment for Comparable No. 1's pool which would likely be one of high quality and value in a neighborhood Respondents described as a "gated community of custom style homes with

executive style living.” Comparable No. 1 had 215 more square feet than the subject property, yet Respondents only adjusted \$2,150 for the extra square footage, suggesting that the additional square footage would only add \$10 per square foot of market value to Comparable No. 1 as compared to the subject in the neighborhood favorably described by Respondents, significantly undervaluing the additional square footage. Comparable No. 1 was on a golf course lot and the subject was on a greenbelt lot, yet Respondents made no adjustment for Comparable No. 1's superior site. Comparable No. 1 also had one more bedroom, an additional half-bath and two more rooms total than the subject, yet no adjustment was made.

B. Respondents' appraisal report and the MLS documents in Respondents workfiles showed that Comparable No. 2, which sold for \$400,000 after 38 days on the market, was eight (8) years newer than the subject property, yet no adjustment was made. There was no explanation for a low \$3,000 adjustment for Comparable No. 2's pool which would likely be one of high quality and value in a neighborhood Respondents described as a “gated community of custom style homes with executive style living.” Comparable No. 2 had 193 more square feet than the subject property, yet Respondents only adjusted \$1,930 for the extra square footage, suggesting that the additional square footage would only add \$10 per square foot of market value to Comparable No. 2 as compared to the subject in the neighborhood favorably described by Respondents, significantly undervaluing the additional square footage. Comparable No. 2 was on a golf course lot and the subject was on a greenbelt lot, yet Respondents made no adjustment for Comparable No. 2's superior site.

C. MLS documents in Respondents' workfiles showed that Comparable No. 3, which sold for \$405,000 with an original list price of \$369,500 and stated that, “Sale price reflected funds for buyers to add pool, remodel, and update.” Respondents admitted that they did not confirm the updates were indeed completed (and did not report that Comparable No. 3 had a pool in their appraisal report) or that any updates increased the value of the

property to the \$405,000 sales price they used to reach their adjusted sales price for Comparable No. 3, and Respondent Johnson acknowledged Comparable 3 should not have been used for this reason. Comparable No. 3 was 10 years newer than the subject property, yet no adjustment was made. There was no explanation of what the word "Combo" referred to, which Respondents listed in the area of the report where "Fence, Pool, Etc." was to be noted, or why it merited a \$3,000 negative adjustment.

D. Respondents' appraisal report and the MLS documents in Respondents' workfiles showed that Comparable No. 4, which sold for \$372,500 after 40 days on the market, was eight (8) years newer than the subject property, yet no adjustment was made. Comparable No. 4 was on a golf course lot and the subject was on a greenbelt lot, yet Respondents made no adjustment for Comparable No. 4's superior site. There was no explanation of what the word "Combo" referred to, which Respondents listed in the area of the report where "Fence, Pool, Etc." was to be noted, or why it merited a \$3,000 negative adjustment.

6. Respondents ignored numerous sales of much more comparable properties. Margaret Leatherwood, Certified Residential Appraiser, who had been appraising since 1997, testified that she performed two Comparative Market Analyses ("CMA") for home sales that would have been available to Respondents on the date of their appraisal of the subject property.

A. For her first CMA, Ms. Leatherwood entered into the MLS database the following parameters: Homes in the subject subdivision (Oak Tree) (i) from 3200 to 4000 square feet (homes no more than approximately 400 square feet more or less than the subject as reported by Respondents), (ii) built between 1980 and 1990 (no more than five (5) years older or younger than the subject as reported by Respondents), and (iii) sold from October 24, 2002, through October, 24, 2003 (the year preceding the Respondent's report). Ms. Leatherwood's first CMA report showed nine (9) properties (see Exh. B) with an average year built of 1986, average square footage of 3665 square feet, an average list price of

\$315,455 and an average sold price of \$303,766, all commensurate with the subject's age and square footage as reported by Respondents, and the subject's original list price as shown in Respondents' work files, but none of Respondents' chosen comparables were produced by Ms. Leatherwood's initial search.

B. In her second CMA, Ms. Leatherwood removed the restrictions on the year built. Ms. Leatherwood's second CMA report showed 22 properties (see Exh. C). It included the four (4) comparables selected by Respondents. Three of Respondents' comparables were among the four (4) highest selling properties produced by Ms. Leatherwood's second search.

7. Respondents professed not to recall which sales were produced by their search(es) of MLS at the time they prepared the report, which they indicated in their report they relied upon, but explained that they selected properties newer and larger than the subject (and one that sold in only one day for almost \$50,000 more than even the requesting lender estimated the value of the subject property to be) because they gave the subject property an estimated age of four (4) years because of the subject's superior upgrades, quality and condition. Respondents did not satisfactorily explain why, if they could not inspect the interiors of the comparable properties, how they were sure that properties more commensurate with the subject's age and size in a neighborhood they described as a "gated community of custom style homes with executive style living" and built around a golf course would not be of the same quality and condition.

8. The report fails to list the upgrades that merited such a reduction from actual to effective age of the subject the property. The Comment Addendum of the appraisal only states, "There appears to be more upgrades than could be mentioned."

9. Respondents also reported the square footage of the subject property to be 3,612 square feet. However, the only sketch of the property in Respondents' workfiles is the sketch printed from the web site of the Oklahoma County Assessor. The Oklahoma County Assessor's web page and the sketch printed from the Oklahoma County assessor's website in Respondents'

workfiles report the square footage to be 3,342 square feet. The dimensions on the computerized sketch in Respondents' report lists the same round number dimensions listed on the Oklahoma County Assessor's sketch. Respondent Blevins asserted that she measured the subject property and sketched her measurements on graph paper, but that the sketch was inadvertently missing from her workfile. There was no explanation in Respondent's report regarding the square footage discrepancy, and beyond Respondent Blevins' assertion regarding the "lost" graph paper sketch, no testimonial explanation from Respondents regarding the discrepancy.

10. The report stated that "No contract or listing on the subject was known to appraiser." Later in the report, however, the Respondents acknowledge that a contract for \$380,000 existed on the subject property (Respondent Blevins admitted never asking for the contract, and Respondent Johnson asserted that the lender would never provide it after multiple requests), and the Respondents' workfiles indicate the subject property had listed for \$310,000 for 194 days. Respondent Blevins testified she interpreted the statement on the Fannie Mae Form 1004 (used to generate Respondents' Uniform Residential Appraisal Report), "Analysis of any current agreement of sale, option, or listing of the subject property," as any listing other than the one generating the request for the appraisal and that she did not think the prior listing was significant to her valuation, and Respondent Johnson described it as an "oversight" on her part in supervising Blevins.

11. On September 2, 2004, a foreclosure action was filed on the property in the District Court of Oklahoma County, styled as CJ-2004-7300. A final Journal Entry of Judgment was issued in the matter on December 9, 2005 (Exh. T).

12. On November 8, 2006, the sales broker and buyer of the subject property were indicted (Exh. V) on federal felony charges of Wire Fraud for an alleged scheme in which indicted persons allegedly assisted the buyer in purchasing the subject property at "a fraudulently inflated value." The settlement statement (Exh. P) for the subject property states that \$91,000 was to be paid by the seller for "home repairs/improvement". The indicted parties were accused of "artificially inflating the sales prices of homes . . . to personally profit by funneling substantial sums of money

back to themselves and others from the excess sales proceeds under the guise of remodeling, repair costs or marketing service fees.”

13. Respondents stood by their opinion of value and had no explanation for how anyone could profit criminally from the opinion of value they testified they derived in good faith.

### **CONCLUSIONS OF LAW**

That the Board adopts in part and modifies the Panel’s conclusions of law as follows:

That such conduct by the Respondents is in violation of:

1. 59 O.S. § 858-723(A)(6) through 59 O.S. §858-726, in that Respondents violated:
  - A. The Conduct and Management Sections of the 2003 Edition of the Uniform Standards of Professional Appraisal Practice Ethics Rule;
  - B. The Competency Rule in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice;
  - C. Standards Rule 1 in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice;
  - D. Standards Rule 1-1(a), (b) and (c) in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice;
  - E. Standards Rule 1-5(a) and (b) in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice;
  - F. Standards Rule 2 in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice; and
  - G. Standards Rule 2-1(a), (b) and (c) in the 2003 Edition of the Uniform Standards of Professional Appraisal Practice.
2. 59 O.S. § 858-723(A)(7): "Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report or communicating an appraisal."
3. 59 O.S. § 858-723(A)(8): "Negligence or incompetence in developing an appraisal, in

preparing an appraisal report, or in communicating an appraisal."

4. 59 O.S. § 858-723(A)(9): "Willfully disregarding or violating any of the provisions of the Oklahoma Certified Real Estate Appraisers Act or the regulations of the Board for the administration and enforcement of the provisions of the Oklahoma Certified Real Estate Appraisers Act."

5. 59 O.S. § 858-723(A)(13), in that Respondents violated 59 O.S. § 858-732(A)(1): "An appraiser must perform ethically and competently and not engage in conduct that is unlawful, unethical or improper. An appraiser who could reasonably be perceived to act as a disinterested third party in rendering an unbiased real property valuation must perform assignments with impartiality, objectivity and independence and without accommodation of personal interests."

**The Board additionally finds that the facts found by the panel, especially those in paragraph 5 of Findings of Fact of the Hearing Panel Recommendation, give rise to an unmistakable inference of an intent to defraud and have no other reasonable explanation, and accordingly, finds that such conduct by Respondents is in violation of, as originally charged in the Notice of Hearing:**

6. 59 O.S. § 858-723(A)(5): "An act or omission involving dishonesty, fraud or misrepresentation with the intent to substantially benefit the certificate holder or another person or with the intent to substantially injure another person."

### **FINAL ORDER**

The Board, having adopted in full the Panel's Findings of Fact, and adopted in part and modified in part the Panel's Conclusions of Law as set forth above, sets forth the following final order.

#### **With Respect to Respondent Desiree Y. Johnson:**

1. That Respondent Johnson's appraisal credential be **REVOKED** without the right of reinstatement.

#### **With Respect to Respondent Kimberly A. Blevins:**



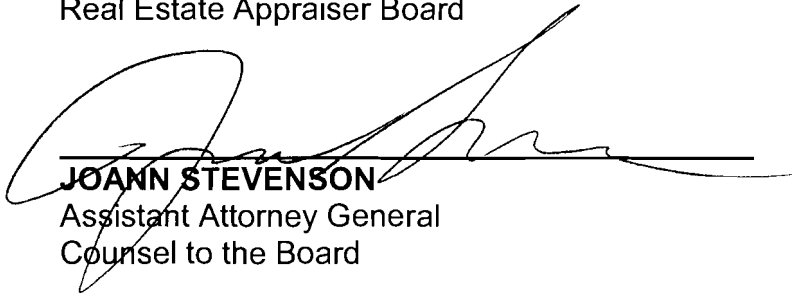
2. That Respondent Blevins' appraisal credential be **REVOKED** without the right of reinstatement.

**THE BOARD WISHES TO ADVISE THE RESPONDENTS THAT THEY HAVE THIRTY (30) DAYS TO APPEAL THIS ORDER WITH THE APPROPRIATE DISTRICT COURT.**

**IT IS SO ORDERED** this 2nd day of March 2007.



**KIM HOLLAND**, Chairperson  
Real Estate Appraiser Board



**JOANN STEVENSON**  
Assistant Attorney General  
Counsel to the Board

**CERTIFICATE OF MAILING**

I, George R. Stirman III, hereby certify that a true and correct copy of the above and foregoing Board's Decision on Disciplinary Hearing Panel Recommendation was mailed by certified mail, return receipt requested, on the 6th day of March, 2007 to:

Kimberly A. Blevins  
1317 Nebraska  
Norman, OK 73069

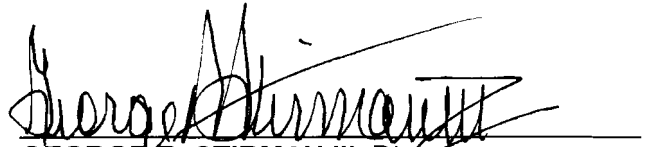
**VIA CERTIFIED MAIL  
7006 0100 0000 9939 5287**

Desiree Y. Johnson  
542 Claremont Drive  
Norman, OK 73069

**VIA CERTIFIED MAIL  
7006 0100 0000 9939 5294**

and that copies were mailed by first class mail to:

Connie S. Burk, Hearing Panel Member, 100 USDA, Suite 102, Stillwater, OK 74074;  
Betty J. Cagle, Hearing Panel Member, 305 E. Will Rogers Loop, Oologah, OK 74053;  
Michele R. Chambers, Alternate Panel Member, 8615 Shadywood Drive, Tulsa, OK 74131;  
Stephen L. McCaleb, Derryberry Law Firm, 4800 N. Lincoln Blvd, Oklahoma City, OK 73105; and  
Joann Stevenson, Board Counsel, 313 N.E. 21st Street, Oklahoma City, OK 73105.



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