

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

In the Matter of WILLIAM E. DAVIS)	
)	
Respondent.)	Complaint #05-043
Disciplinary Hearing.)	

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

ON THE 1st day of June, 2007, the panel recommendation in the above numbered and entitled cause came on for decision before the Oklahoma Real Estate Appraiser Board (the "Board"). The Disciplinary Hearing Panel (the "Panel") making the recommendation consisted of three members, Randal M. Boevers, Connie S. Burk, and Betty J. Cagle. Randal M. Boevers was elected and served as Hearing Panel Chairman. Said panel was represented by the Board's counsel, Joann Stevenson, Assistant Attorney General. The case was prosecuted by the Board's prosecutor, Sue Wycoff. The Respondent appeared pro se after having been mailed a copy of the Notice of Disciplinary Proceedings and Appointment of 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 full 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 William E. Davis is a state licensed appraiser in the State of Oklahoma, holding Oklahoma Appraiser credential number 11946SLA.

4. That on or about February 3, 2006, the Probable Cause Committee of the Real Estate Appraiser Board reviewed the grievance and recommended to the Board that it be prosecuted and set for hearing, and that the Board concurred with that recommendation.

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. That on or about November 29, 2004, Respondent developed an appraisal and wrote an appraisal report ("the report") for the property located at 1544 S. Meade Place, Midwest City, Oklahoma ("the subject property").

2. Respondent did not identify the client/intended user or intended use of the report. Respondent testified that the owner of the subject property asked for the report because he was advancing in age and could no longer care for the 2.5-acre property and wanted to sell it to a purchaser he had already had discussions with. The owner ultimately sold the property to the purchaser, the complainant giving rise to the instant matter.

3. The report indicated square footage for the subject property to be 2,024 sq. ft., but Respondent's notes from his work file and the county assessor website both show the subject property was 1,870 sq. ft. Respondent admitted that he artificially inflated the

square footage of the property so that he would not have to make adjustments to his chosen comparables that would exceed 25% of their sales prices. He testified that the “25% rule” was a USPAP rule when it actually is a FNMA guideline. Respondent apparently had no grasp of the concept of comparable selection.

4. Respondent reported the land use to be 100% single family residential, but admitted that the property adjoins a commercial zone, but maintained he did not have to report this as the commercial property had “been there for 10 years” and the owner and prospective purchaser “knew” that the property was partially connected to a commercial zone. Respondent did not appear to understand reporting how commercial influence might impact a market valuation.

5. Respondent reported the property to have an actual age of 20 years and an effective age of 5 years. County records in Respondent’s workfile showed the property to have been built in 1972 giving it an actual age of approximately 32 years at the time of the report. Respondent reported no updates to justify the actual or effective age reported by him. Respondent testified that the owner who requested the report told him that a remodel occurred at some point in the 1980s which he considered to be a “rebuilt” date justifying his report of actual age and that the property’s condition by his observation justified the reported effective age. However, Respondent was unable to point out any particular update when prompted by the panel that could justify his age reporting and agreed that the owner communicated no specific update to him. Respondent testified that he could just “see” that updating had occurred and nothing was left undone or incomplete.

6. Respondent’s report and testimony indicated that he had no understanding of the cost approach and he could provide no explanation for how he derived his site value, other than county assessor reported values. Respondent asserted he could find no

comparable land sales. Respondent did not justify any of the adjustments on his sales comparison grid and was unable to adequately explain them to the Panel when asked to explain how they were derived.

7. Respondent also testified that his impression in appraising the subject property was that although the owner wanted it appraised as an intact residential property, that this was not the highest and best use for the property and that some of the acreage needed to be split from 2.5-acre parcel and sold off. Respondent indicated that his valuation was attempting to account for this, but his report in no way mentions or explains this nor offers different valuation approaches nor informs the client or owner how values might differ based on alternative uses. Respondent performed an analysis (the "analysis") a few days prior to the instant hearing on or about April 6, 2007 to show how the value in the report was justified by the lot split. When asked how Respondent even knew a lot split was possible at the time he first completed the report, Respondent testified that he just "knew" it and that the owner informed him that city utilities, including water were installed. However, Respondent's report reported the utilities as well and septic.

8. Respondent introduced evidence that a 1-acre portion of the subject property's lot was indeed split off, but it was not sold. Respondent suggested that the county assessor's valuation of the 1-acre portion added to the assessor's valuation of the remaining 1.5-acre portion of the subject property which included the residential structure justified his reported value, but did not recognize that assessor values are based partially on a property's prior sales.

9. Respondent's analysis of the subject property prepared on or about April 6, 2007 (Resp. Exh. 1) used different comparables and accounted for the subsequent lot split, but Respondent still failed to report the commercial influence and the intended use and

user. Respondent still could not explain his adjustments and more than doubled the adjustment for the detached garage on the subject property without explanation. Respondent reported both parcels of the separated subject property in his sales comparison grid and adjusted for them using inappropriate comparables of subdivision platted lots of substantially smaller size than the unplatted, non-subdivision lot of the subject property, yet still separately valued the two parcels and added them together to derive an even higher value with respect to the subject on his more recent analysis.

10. Respondent also stated in his subsequent analysis that the "1.0 Acre Lot that has been divided off the original 2.5 acres. I can show you smaller lots than one acre in this one mile square that are selling by the builder for \$35,000 and I have the paper to prove this statement. But lets go with the County Assessor Market Value as \$20,465.00." Respondent used the most recent (2007) valuation of the lot rather than any valuation historic to the date of his report on the subject property and also showed no grasp of land sales comparisons in the above statement and his testimony.

11. That the errors resulted in Respondent producing a misleading report in violation of the Oklahoma Certified Real Estate Appraiser Act and Rules.

12. Respondent was sanctioned by the Board in 2002 and was ordered to complete two 30-hour tested courses in Principles of Real Estate Appraising and Market Data Analysis, respectively. Respondent's report, his testimony and the analysis he conducted on about April 6, 2007 that he introduced as Resp. Exh. 1 to show how he would have appraised the subject now that he is better informed of proper appraisal practice reflect an appalling lack of knowledge regarding basic appraisal principles, practices and procedures and show no improvement in knowledge, skills, ethics or competence resulting from the ordered corrective education or subsequent experience.

CONCLUSIONS OF LAW

That the Board adopts in full the Panel's conclusions of law as follows:

1. 59 O.S. § 858-723 A. (7) & (8)
2. 59 O.S. § 858-723 A (6) by violation of:
 - a. Ethics Rule, Conduct Section USPAP (2004 edition)
 - b. Standard 1 and Standards Rule 1-1(a), (b) & (c)
 - c. Standards Rule 1-2 (a), (b), (c) & (e)(i)
 - d. Standard 2 and Standards Rule 2-1(a) & (b)
 - e. Standards Rule 2-2 (b) (i), (ii), (iii), & (ix)
3. 59 O.S. § 858-723 A. 13 by violation of 59 O.S. § 858-732 A.1.

FINAL ORDER

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

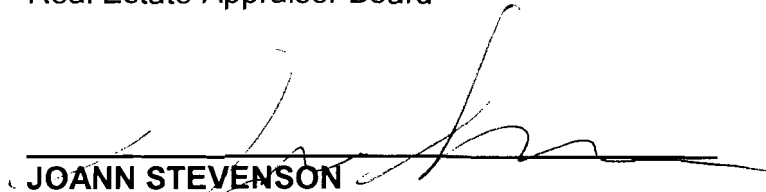
Respondent's appraiser credential is **REVOKED WITHOUT THE RIGHT OF REINSTATEMENT.**

THE BOARD WISHES TO ADVISE THE RESPONDENT THAT HE HAS THIRTY (30) DAYS TO APPEAL THIS ORDER WITH THE APPROPRIATE DISTRICT COURT.

IT IS SO ORDERED this 1st day of June 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 7th day of June, 2007 to:

William E. Davis
3700 Blackjack Lane
Oklahoma City, OK 73150

**VIA CERTIFIED MAIL
7006 0100 0000 9939 5416**

and that copies were mailed first class mail to:

Randal M. Boevers, Hearing Panel Member, Route 4, Box 130, Okarche, OK 73762;
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;
Sue Wycoff, Moore and Vernier, 301 NW 63rd St, Suite 550, Oklahoma City, OK 73116; and
Joann Stevenson, Board Counsel, 313 N.E. 21st Street, Oklahoma City, OK 73105.



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