

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

IN THE MATTER OF MICHAEL K. SHREWSBURY,)	
)
Respondent,)	Complaint No. 05-124
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, Rick L. Carlile, Kelly A. Davis, and Robert J. Dunkle. Rick L. Carlile 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 the Respondent is a State Licensed Real Estate Appraiser in the State of Oklahoma holding credential number 12177SLA.

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 June 8, 2005, Respondent developed an appraisal and wrote an appraisal report for the property located at 909 East Park, Tecumseh, Oklahoma. Exhibit 2 represents the appraisal report board submitted to the board giving rise to the complaint (hereinafter the "as-is report").

2. That before Respondent's appraisal, the subject property had been listed for sale at \$45,000.00. After sixty-two days on the market, on May 2, 2005, the property was purchased for \$37,000.00.

3. That one month later, on June 8, 2005, Respondent valued the property at \$80,000.00 (Exh. 2).

4. That Respondent stated "the new owners have completed extensive remodeling to the interior of the property including new flooring, doors, kitchen cabinets, appliances and bathrooms".

5. Roderick J. Munsie, a certified residential appraiser who has been appraising since approximately January, 2000, was directed by a client DiTech.com to do a drive-by appraisal on the subject property on or about November 21, 2005. In gathering data on the

subject property from the Multiple Listing Service (“MLS”) for the area, county records and Market Data Corporation (“MDC”), Mr. Munsie noted that the data sources indicated that the subject property had sold for \$37,000 on May 2, 2005. This concerned Mr. Munsie because his client gave him an estimated value of approximately \$84,000.00. Mr. Munsie asked his client if he could perform a full appraisal due these concerns, anticipating major updates to the subject to justify such an increase in value.

3. Mr. Munsie arranged to inspect the subject property and was accompanied during the inspection by the owner of the subject property, Charles Houge on or about December 1, 2005. Mr. Houge was listed current owner and occupant on the appraisal. By Mr. Munsie’s observation the property was “barely in fair condition.” Mr. Munsie took photographs to document his observations. The cabinets shown in the photos and by Mr. Munsie’s testimony appeared to be the original cabinets. Mr. Munsie testified that the owner, Mr. Houge, informed him there was no intention to remove the cabinets and that they had been refinished. Mr. Munsie testified and his photos showed new appliances in the garage, not installed or connected and that the kitchen floor had been torn out and only sub-flooring was in place. Mr. Munsie also testified that Mr. Houge told him that there had been a second floor balcony, which he removed upon purchase because it had been in such bad condition and was so dangerous. The photographs showed that the subject property was in the process of being remodeled or upgraded and remodeling or upgrade was not at all complete upon the date of Mr. Munsie’s inspection. Mr. Houge also told Mr. Munsie that he was anxious for the remodeling to be complete so that he could move in the property.

8. Mr. Munsie reported that the owner expressed concerns about the value Mr. Munsie would derive, and then the owner indicated that he had an appraisal report valuing

the property at \$80,000.00. Mr. Munsie expressed interest in such a report. The owner forwarded the "as-is report" signed by Respondent to Mr. Munsie as an electronic mail attachment as it has been forwarded to him from the lender identified in the "as-is report" as the client.

9. Respondent's workfile for the "as-is report" on the subject property was subpoenaed by the Board in approximately February of 2006. That when Respondent's work file was subpoenaed, he reported that: "At this time, I have found no records pertaining to the appraisal in question." Respondent did not submit records (represented by Exhibit 7 and hereinafter "workfile") until on or about April 12, 2007 over a year subsequent to the subpoena and one week prior to the instant hearing.

10. The workfile submitted by Respondent did not contain the "as is report" but contained a report stating that it was "subject to completion per plans and specifications." The workfile contained no plans or specifications and had only a list Respondent stated was a list of planned updates communicated to him by the loan officer requesting the appraisal. The workfile also contained a different invoice for a different amount of money, numbered 0000897, than the one included in the "as is report", numbered 0000665, and the workfile invoice had a different appraiser's address than the "as is report" invoice. The workfile report also listed the subject property as vacant, while the "as is report" indicated the owner occupied the subject property.

11. The evidence indicated clearly and convincingly that the workfile report was created many appraisal reports later in time than the "as is report". The panel finds that clear and convincing evidence established that Respondent fabricated the workfile report for use at the instant hearing.

12. Respondent acknowledged that he submitted the "as is report" represented

by Exhibit 2 to the lender, and that the updates that had been communicated by the loan officer and which he had listed in his workfile report and on the “as is report” were not completed. Respondent explained that the workfile report was submitted first, but after submitting the workfile report the loan officer asked for the “as is report” to aid the owner in converting construction financing to permanent financing, Respondent testified he submitted the “as is report” to comply with that request because he trusted the loan officer..

13. Respondent suggested that he thought he omitted the signature on the “as is report” to prevent its use, but later testified that the “as is report” was submitted because many underwriters would not approve permanent financing based upon “subject to” appraisal reports, but did not explain how underwriters would be satisfied with an unsigned report.

14. There were other errors in the “as is report” and workfile report. Both reported the age of the subject property as 60 years but did not adjust values on the newer comparable properties (40 and 35 years in age, respectively for Comparable Nos. 2 and 3) or, alternatively, explain how updates reduced the effective age of the subject property (county records in Respondent’s workfile did indicate a remodel in 1988). Respondent did not report that Comparable 3 had an inground pool, adjust for its value or explain why an adjustment was not necessary. Respondent testified that the balcony the owner had removed was not present upon Respondent’s inspection and that he thought its absence was “dangerous” as there were double-doors on the second floor which would have led to the balcony but would necessarily lead to just a drop to the ground from the second floor. However Respondent did not report this in any report. Respondent also did not state in hypothetical conditions or extraordinary assumptions in either the workfile report or the “as is report.”

15. That Respondent's submission of the "as is report" was dishonest, fraudulent and misleading and, Respondent testimony showed clearly and convincingly that it was submitted to substantially benefit another.

CONCLUSIONS OF LAW

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

That Respondent's conduct as alleged above is in violation of the following:

1. 59 O.S. § 858-723 C. (5), (6), (7), (8) & (13).
2. 59 O.S. § 858-723 C (6) by violation of:
 - a. Ethics Rule, Conduct Section USPAP (2005 edition)
 - b. Competency Rule, USPAP (2005 edition)
 - c. Standard 1 and Standards Rule 1-1(b) & (c); and Rule 1-2(e).
 - d. Standard 2 and Standards Rule 2-1(a) & (b).
3. 59 O.S. § 858-723 C. 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 be **REVOKED with the right to reapply. Consideration of any re-application is contingent upon Respondent reapplying as a Trainee appraiser, and meeting the requirements of 600:10-1-16 with qualifying education taken from one of the sponsoring organizations of the Appraisal Foundation.**

**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 7 th day of June, 2007 to:

Michael K. Shrewsbury
225 N. Peters, Ste 7
Norman, OK 73069

VIA CERTIFIED MAIL
7006 0100 0000 9939 5423

and that copies were mailed first class mail to:

Rick L. Carlile, Hearing Panel Member, 4407 Briarwood, Enid, OK 73703;
Kelly A. Davis, Hearing Panel Member, 117 E. Russell, El Reno, OK 73036;
Robert J. Dunkle, Hearing Panel Member, 1600 E 126th St N, Skiatook, OK 74070;
F. Richard Ellis II, Alternate Hearing Panel Member, 7121 S 297th E Ave, Broken Arrow, OK
74014
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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