

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

In the Matter of DAVID T. WATSON, IV,)
Respondent.)

Complaint #19-040

CONSENT ORDER

COMES NOW the Oklahoma Real Estate Appraiser Board (“OREAB”), by and through the Prosecuting Attorney, Stephen McCaleb, and the Respondent DAVID T. WATSON, IV, 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.

AGREED FINDINGS OF FACT

1. In July of 2019, Respondent was hired to complete an appraisal (the “appraisal” or “report”) for a property located at 13 W. 4th Street, Bixby, Tulsa, OK 74008 (the “subject”). Respondent completed the appraisal with an effective date of July 24, 2019. The report was signed on August 12, 2019. Respondent’s opinion of market value came to \$150,000. The assignment type was for a refinance transaction. The report was performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice (“USPAP”).
2. Respondent committed a series of errors in the report which led to a misleading and non-credible report.

SITE/HIGHEST AND BEST USE

3. An opinion to the highest and best use was not provided.
4. Respondent does not have any comments on the highest and best use to summarize

the support and rationale for the opinion. To conform with USPAP, the appraiser must do more than "check the box" on the URAR. There must be a description about how and why the appraiser arrived at the highest and best use.

DESCRIPTION OF IMPROVEMENTS

5. Respondent gave the subject a C3 rating but then described the condition as "average", which is defined in the report as *"[t]he improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained. Note: The improvement is in its first-cycle of replacing short-lived building components (appliances, floor coverings, HVAC, etc.) and is being well maintained. Its estimated effective age is less than its actual age. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation."*

6. The subject has a second-floor addition making it larger than most of the homes in the area. At least five appraisers have appraised the subject property since the addition was built. They all included the area in the square footage. Respondent makes no comments on the first page about the second floor being an addition.

7. Respondent makes a comment in this section that the floor plan is well designed. Respondent does not mention in this section that the dwelling is over built and suffers from functional obsolescence (over-improvement).

8. Respondent reports that there are window units on the second floor. The box is checked for window air, but there is no explanation on the first page of the appraisal.

9. Respondent checked "yes" on the bottom of the first page that the subject property conforms to the neighborhood (functional utility, style, condition, use, construction, etc.); but in

other parts of the report says the subject is overbuilt for the neighborhood.

10. Respondent failed to identify the garage conversion.

COST APPROACH

11. As described further, the site value was not developed by an appropriate method or technique; Respondent has not identified and correctly analyzed depreciation items (physical, functional, external); and did not correctly employ recognized methods and techniques.

12. Per the instructions on the cost approach section, Respondent should have a summary of the land sales used in order for the lender/client to replicate the cost figures and calculations. There is no summary of site sales or how Respondent arrived at adjusting the land values at \$1 per square foot in the sales comparison section.

SALES COMPARISON APPROACH

13. As described further, Respondent did not analyze comparable sales data and use appropriate appraisal methods and techniques that support his conclusions; he did not provide adequate reasoning for his adjustments, analysis, opinions and conclusions; and he did not correctly employ recognized methods and techniques.

14. The neighborhood boundaries include areas other than the subject's immediate area, therefore, these sales outside of the immediate area could be used in the report.

15. Respondent counted the subject's upstairs bedrooms and bath but did not include the upstairs living area for all the gross living area. This area should be included in one all-inclusive figure. Then a deduction should be made under functional utility (for being overbuilt) and under heat/air for the subject's windows air units.

16. The Board's investigation revealed two other sales in the subject's area (neighborhood boundaries) that could have been used in the report. These properties are 8349 East

160th Street South, Bixby, Oklahoma, and 17426 South 91st East Avenue, Bixby, Oklahoma.

17. No deduction was made on Sale 3 for the sales concessions of \$6,000. The subject sale sold for full price and Respondent should have deducted the sales concessions as he did for sale 1 (-\$1,500).

18. The GLA adjustments are either inadequate or lack any support or explanation.

INCOME APPROACH

19. The exclusion of the income approach was not explained nor supported. The explanation that the subject being occupied as a primary residence is not a reason to not use the income approach.

FINAL RECONCILIATION

20. The quality and quantity of data available and analyzed within the approaches used were not adequately reconciled.

21. Applicability and suitability of the approaches used to arrive at the value conclusions have not been adequately reconciled.

22. Respondent should include all the subject's square footage and then make negative adjustments for functional utility, and heat/air. It does not make sense to include the bedrooms and baths on the Above Grade Room count and not use the gross living area for those rooms.

GENERAL

23. The appraisal results were not conveyed in an appropriate manner (not misleading).

24. It does not appear Respondent understands the appraisal process.

25. The report does not contain sufficient information to enable the client and intended user who receive or rely on the report to understand it properly.

26. The salient and factual data were not reported and analyzed in a consistent manner throughout the assignment.

27. Standards Rule 1-1 (c): Appraiser must 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.

AGREED 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 Ethics Rule and the Conduct Section of the Uniform Standards of Professional Appraisal Practice Ethics Rule;
- B) The Competency Rule of the Uniform Standards of Professional Appraisal Practice;
- C) The Scope of Work Rule of the Uniform Standards of Professional Appraisal Practice; and
- D) Standard 1, Standards Rules 1-1, 1-2, 1-3, 1-4, and 1-6; and 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 or refusal without good cause 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 or incompetence 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)(9): "Willfully disregarding or violating any of the provisions of the Oklahoma Certified Real Estate Appraisers Act."

5. 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 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."

6. That Respondent has violated 59 O.S. § 858-723(C)(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."

7. 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.

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 his 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.

7. Respondent acknowledges this will be placed on the Board's agenda for its next monthly meeting after receipt of the executed Order from Respondent, and notice for the Order's placement on that agenda is accepted.¹

8. All parties to this Consent Order have been represented by counsel.

9. This Consent Order may be executed in one or more counterparts, but all of such counterparts, taken together, shall constitute only one Consent Order. When delivered to the other party, facsimile and visual digital reproductions of original signatures shall be effective the same as if they were the originals.

¹ Currently the next Board meeting is scheduled for 9:30 a.m. on September 11, 2020.

10. This Consent Order shall be governed by the internal laws of the State of Oklahoma without regard to the conflict of law principles.

11. This Consent Order contains the entire agreement between the parties hereto and all provisions of this Consent Order are contractual and not a mere recital. The Parties acknowledge that no presentation or promise not expressly set forth in this Consent Order has been made by any of the Parties hereto or any of their agents, employees, representatives, or attorneys. No modification of, or amendment to, this Consent Order shall be valid unless it is in writing and signed by the Parties. In the event any portion of this Consent Order shall be declared illegal or unenforceable as a matter of law, the remainder of the Consent Order shall remain in full force and effect.

12. This Consent Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understanding, discussions, negotiations, and commitments (written or oral). This Consent Order may not be altered, amended, modified, supplemented or otherwise changed except by a writing executed by an authorized representative of each of the parties.

13. The undersigned Respondent agrees that presentation of this Consent Order to the OREAB without the undersigned Respondent being present shall not constitute an improper *ex parte* communication between the OREAB and its counsel.

14. The Parties represent and warrant to one another that each party has authority to enter into this binding Consent Order. The OREAB represents and warrants that the undersigned have full authority to execute this Consent Order on behalf of the OREAB and bind the OREAB to the terms set forth herein.

15. The parties understand and agree that Portable Document Format (PDF) and facsimile copies of this Consent Order, including PDF and facsimile signatures thereto, shall have the same force and effect as the originals.

16. The parties acknowledge that they understand the provisions of this Consent Order.

CONSENT ORDER TO BE ACCEPTED OR REJECTED BY THE BOARD

The Oklahoma Real Estate Appraiser Board will not submit this Consent Order for the Board's consideration until its agreement and execution by the Respondent(s). It is hereby agreed between the parties that this Consent Order shall be presented to the Board with recommendation for approval of the Board at the next scheduled meeting of the Board. The Respondent understands that the Board is free to accept or reject this Consent Order and, if rejected by the Board, a formal hearing on the complaint may be held. If the Board does not accept the Consent Order, it shall be regarded as null and void. Admissions by Respondent in the rejected Consent Order will not be regarded as evidence against him at the subsequent disciplinary hearing. Respondent will be free to defend himself and no inferences will be made from his willingness to have entered this agreement. It is agreed that neither the presentation of the Consent Order nor the Board's consideration of the Consent Order will be deemed to have unfairly or illegally prejudiced the Board or its individual members and therefore will not be grounds for precluding the Board or any individual Board member from further participation in proceedings related to the matters set forth in the Consent Order.

ORDER

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

1. Respondent shall take the following corrective education courses: a) 601 or 60B - Basic

Appraisal Principles - 30 Hours; and b) 602 or 60C - Basic Appraisal Procedures – 30 hours; both to be completed within 60 days of the Board’s approval of the Consent Order.

2. Respondent agrees that he will successfully complete, pass the test, and provide proof of completion and passing of the tests to the Board’s office for the courses completed. Failure to complete and pass the courses in a timely matter will result in suspension until the courses are passed and completed with proof of completion and passing of the tests to the Board’s office.

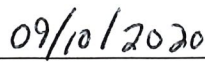
DISCLOSURE

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.

RESPONDENT:



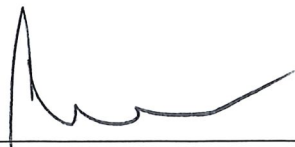
DAVID T. WATSON, IV



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
400 NE 50th Street

Oklahoma City, Oklahoma 73105

9-25-2020
DATE

IT IS SO ORDERED on this 25th day of October, 2020.

Eric M. Schoen

ERIC SCHOEN, Board Secretary
Oklahoma Real Estate Appraiser Board



**OKLAHOMA REAL ESTATE
APPRAISER BOARD**

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

CERTIFICATE OF MAILING

I, Jenelle LePoint, hereby certify that on the 9th day of October, 2020 a true and correct copy of the above and foregoing Consent Order was placed in the U.S. Mail, with postage pre-paid, by certified mail, return receipt requested to:


David T. Watson
1528 S. Owasso Avenue
Tulsa, OK 74120-6229

9214 8902 0982 7500 0315 21

and by First Class Mail to:

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

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



JENELLE LEPOINT