

Real Estate Appraiser Board  
State of Oklahoma

### **Neighborhood**

6. Market area trends were not adequately and reasonably discussed and analyzed.
7. Respondent reports the subject is "rural" and, yet, states in the comments "Metropolitan areas are easily accessed via Hwys 66, 99 and I-44." The subject has Hwy 105 on the south, Hwy 177 to the west and Hwy 33 on the north. Hwy 99 is located to the east. The Respondent does not mention any amenities in the area or how close shopping and employment are to the subject. In this area, it is a good idea to mention the school districts and what school district the subject is located in.

### **Site - Highest and Best Use**

8. An opinion of highest and best use was not provided. The highest and best use box is checked residential, but there is no explanation.

### **Improvements**

9. Relevant characteristics of improvements and any effect they have on value were not adequately described.
10. Relevant conditions or depreciation (physical, functional, or external) factors that affect the improvements were not reported and analyzed.
11. Respondent does not mention the shop on Page 1 of the appraisal. There is no mention of the size, utilities available to the shop, and condition. Respondent reports the kitchen and bathrooms have been updated one- to five-years, but the dwelling is only six years old. The Hinkle Homes website lists the amenities in the homes they build. Respondent should have printed off the list or asked the seller for the contract showing the construction of the home. The home was built off-site and moved to the site as one unit (no axle or wheels so it is not a manufactured home).

### **Cost Approach**

12. The site value was not developed by an appropriate appraisal method or technique.
13. The cost estimates were not analyzed and supported.
14. Per the instructions on the URAR form - the site value analysis has to be on the form, not just in the appraiser's work file. There should be a short summary of land sales in the report. According to the instructions on the URAR form, the client should be able to replicate the cost approach, but there is no form attached showing where the appraiser got the "area

building cost data". The cost approach comes in below the sales price. Typically, the cost approach sets the upper limit of the three approaches. If the buyer could get the same house for \$166,510, then why would the estimate of market value be \$175,000. The cost approach does not include the shop. Respondent has \$20,000 for site improvements, but site improvements should include the well, septic, driveway, etcetera, and should not include any buildings. Any out-buildings should be listed as a separate line item.

### **Sales Comparison Approach**

15. Adequate reasoning was not provided for adjustments, analysis, opinions, and conclusions.

16. The appraisal is not easy to follow. The discussion about the adjustments is not in the area "summary of Sale Comparison Approach". The comments in this section appear to be "canned comments" and not unique to the subject property. Those comments should be moved to another place in the report, and the analysis of the sales used, as well as the comments about the adjustments, should go in the area below the sales. Respondent reports an adjusted sale price of comparables range of \$204,710 (Sale 1), \$147,823 (Sale 2), \$193,915 (Sale 3), and \$157,895 (Sale 4). This is too wide of a range. There is no explanation how Respondent selected \$175,000 for the reconciled value. Sales No. 2 and No. 4 should not have been used.

### **Income Approach**

17. Exclusion of the Income Approach was not supported.

### **Final Reconciliation**

18. Respondent should refrain from "canned" comments in the report. There should be more commentary unique to the subject property. Most of the comments in his report could pertain to any property.

19. Respondent should not include any comments on FHA guidelines, since this was not an FHA appraisal.

### **General Revisited**

20. The appraisal results were misleading.

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

22. It appears the deficiencies in the report were similar to the previous complaint.

**COMPLAINT NO. 21-052**

**AGREED FINDINGS OF FACT**

1. Upon information and belief, in March 2021, Respondent was hired to complete an appraisal (the “appraisal”) for a property located at 39409 Macarthur Street, Shawnee, OK (the “subject”). The Lender/Client was Southwest Funding LP-1161. Respondent completed the appraisal with an effective date of June 9, 2021. The assignment type was for a purchase transaction. The appraisal was purportedly performed in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice.

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

**General**

3. Respondent reports that the Subject neighborhood is comprised of comparable single-family residences on similar lots. In fact, Subject adjoins a subdivision with much smaller homes on much smaller sites (less than 9,000 SF average). These homes are much newer and not similar to Subject in any manner. No mention is made regarding the close proximity to the Shawnee Municipal Airport, the Green Oklahoma Baptist facility, or St. Gregory's Abbey, and the Mabree-Guerer Museum, which are across the street from the Subject neighborhood. Similarly, no mention is made that the Subject neighborhood adjoins an industrial area on the south, or that there are both multi-family and 55+ subsidized housing nearby. In the Appraisal, Respondent reports that days on market for the area are typically 3-6 months; however, the comparable sales indicate days on market of 30 (actually 2), 4, 54, 54 (actually 7), and 180 (actually 122) [all per MLS].

**Site – Highest & Best Use**

4. Easements, restrictions, or other items of a similar nature were not adequately reported and considered.

5. Respondent reports “Easements are typical”; however, no mention is made as to whether the easements are for utility, roadway, or access purposes. Although the report shows the property is being used in its highest and best use, no analysis of this is provided within the report.

### **Cost Approach**

6. The site value was not developed by an appropriate appraisal method or technique.
7. Respondent did not correctly employ recognized methods and techniques.
8. Respondent did not explain why the cost approach was not utilized, and no information was provided pertaining to site value.
9. Appraiser did not explain why the cost approach was not utilized, and no information was provided pertaining to site value.

### **Sales Comparison Approach**

10. Respondent did not provide adequate reasoning for adjustments, analysis, opinions, and conclusions.
11. Respondent did not correctly employ recognized methods and techniques.
12. The days on market for sale 1 shows 30, while MLS reports 2. Sale 4 reports 54 days on market, while MLS shows 7. Sale 5 shows 180 days on market, while MLS shows 122. Respondent states in his summary of sales comparisons that "no sales, listing, or pending activity were discovered within the past 1 year of homes with a similar basement amenity"; however, sale 2 was reported by MLS to have a basement with moisture, similar to Subject. Comments in the summary state that the across-the-board adjustments are warranted and market-supported from past analysis in this market area; however, there is no explanation for across-the-board adjustments for number of baths, auto storage and basement. In fact, sale 2 had a basement and appraiser showed in the grid that it did not have a basement, and made a plus adjustment for that amenity. An adjustment of +\$15,000 was made to sale 1 for lack of a guest house/storage. MLS reports sale 1 had a 30x48 (1,440 SF) shop building, with a loft, as well as a 6-8 person storm shelter. The Subject guest house is 872.2 SF and appears rustic in nature. No support was provided for this large adjustment. Sale 1 is in a suburban area, while the other 4 comparables are on city lots with sale 3, 4, and 5 being in areas that are more upscale than Subject area. There 3 other MLS comparable properties that reflect the location type of the Subject (1 Granada Drive, 35 Pam Drive, and a county sale at 18406 Rock Creek Road). Appraiser states he viewed each of the comparable properties; however, MLS photos were used for all 5. Respondent also states that a weighted average was used. Respondent failed to identify VA financing on sale 5 and did not report the \$6,000 sales concession.

### **Income Approach**

13. Exclusion of the Income Approach was not supported.
14. No explanation was provided for the omission of the income approach, other than to say it was not necessary to arrive at a credible market value.

### **Final Reconciliation**

15. The quality and quantity of data available and analyzed within the approaches used was not adequately reconciled.
16. The final reconciliation section, there was no reconciliation, but merely a statement that the market approach was given the most weight. This is after stating that the other approaches were not utilized.

### **General Revisited**

17. The appraisal results were misleading.
18. It does not appear Respondent understands the appraisal process.
19. The appraisal report does not contain sufficient information to enable the client(s) and intended user(s) who receive or rely on the report to understand it properly.
20. The salient and factual data reported and analyzed were not in a consistent manner throughout the assignment.
21. Summary of Sales Comparison again reflects a value of \$5,000 for the guest house, with no supporting documentation. Adjustments for baths and garage were also not supported. A percentage of sales price was stated as the basis for the garage adjustments. Comments pertaining to similar views of comparables to Subject are vague and, in fact, none of the comparable sales have a similar view as the Subject. Appraiser says MLS has no reliable search function and, therefore, information may not be reliable. MLS does have a search function. Appraiser says common contributory values established and checked through research as processes of Gibson Appraisal Service. He states GLA adjustments are market supported at a percentage of SF average and SF difference. Appraiser states photos are original or file photos, while the photos used were from the MLS. Appraiser makes conflicting statements regarding the neighborhood, market, and comparable properties.

### **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, 1-5, 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)(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."

6. The OREAB reserves the right to amend or addend these allegations should evidence presented or discovered during the proceeding constitute clear and convincing proof that such amendments or addenda are warranted.

### **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 her; 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 both his right to contest these findings in any subsequent proceedings before the Board and his right 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.<sup>1</sup>

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 as effective as if they were the originals.

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

---

<sup>1</sup> Currently, the next Board meeting is scheduled for February 3, 2023, at 9:30 a.m.



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 affixed 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. 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, 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 herself and no inferences will be made from his willingness to have entered into 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 that:

1. Respondent shall take the following corrective education:

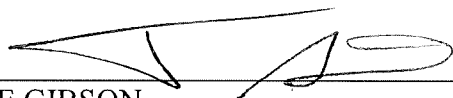
A.	601	Basic Appraisal Principles	15 Hours
B.	602	Basic Appraisal Procedures	15 Hours
2. Respondent agrees that he will successfully complete, pass the test, and provide proof of completion and passing of the tests to the Board's office for the courses completed, within sixty (60) days from the date the Board approves this Order. Respondent shall receive no credit for the courses. 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.
3. Respondent shall pay an administrative fine in the amount of one thousand five hundred dollars (\$1,500), to be paid within thirty (30) days of notification of Respondent of the Board's Order imposing the administrative fine, pursuant to 59 O.S. §858-723 (B)(2).
4. Respondent shall pay costs for attorney fees in the amount of one thousand dollars (\$1,000), to be paid within thirty (30) days of notification of Respondent of the Board's Order imposing the administrative fine, pursuant to 59 O.S. §858-723 (A)(9).
5. Respondent shall be SUSPENDED for a period of THIRTY (30) DAYS, beginning on March 6, 2023, pursuant to 59 O.S. §858-723(A)(2).
6. Respondent shall be placed on PROBATION for a period of SIXTY (60) DAYS beginning immediately upon the date he timely completes the courses listed in paragraph 1 of this section OR after the suspension expires, whichever occurs last. During the period of probation, Respondent shall provide an appraisal log on REA Form 3 to the administrative office of the Board no later than the fifth (5<sup>th</sup>) day of each month detailing all his appraisal activity during the preceding month. The Board may select and require samples of work product from these appraisal logs be submitted for review.

7. Failure to comply with the preceding paragraphs in a timely manner will result in an instant suspension of Respondent's license. For good cause, an extension may be granted by the Board. An application for an Extension of Time should be filed at least five (5) business days in advance of the Board meeting to be placed on a Board meeting agenda in advance of the deadline to comply with this Consent Order.

**DISCLOSURE**

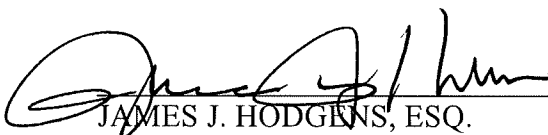
Pursuant to the Oklahoma Open Records Act, 51 O.S. §24-A.1 through §24-A.21, the signed original of this Consent Order shall remain in the custody of the Board as a public record and shall be made available for public inspection and copying upon request.

RESPONDENT:

  
\_\_\_\_\_  
JOE GIBSON

01/30/2023  
\_\_\_\_\_  
DATE

RESPONDENT'S COUNSEL:

  
\_\_\_\_\_  
JAMES J. HODGKINS, ESQ.

1/31/23  
\_\_\_\_\_  
DATE

**CERTIFICATE OF BOARD'S 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.

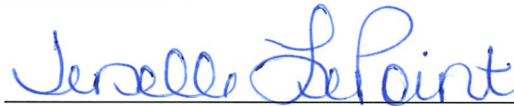


STEPHEN L. MCCALED, OBA NO. 15649  
Board Prosecutor  
400 NE 50<sup>th</sup> St.  
Oklahoma City, OK 73105

2-22-23

DATE

IT IS SO ORDERED on this 3<sup>rd</sup> day of March, 2023.



JENELLE LEPOINT, Board Secretary  
Oklahoma Real Estate Appraiser Board



**OKLAHOMA REAL ESTATE  
APPRAISER BOARD:**

By:



BRYAN NEAL, OBA NO. 6590  
Assistant Attorney General  
Attorney for the Board  
313 NE 21<sup>st</sup> St  
Oklahoma City, OK 73105

**CERTIFICATE OF MAILING**

I, Kelly Ann Reynolds, hereby certify that on the 3<sup>rd</sup> day of March 2023, a true and correct copy of the above and foregoing Consent Order was sent via first-class U.S. Mail, certified and return-receipt requested, with proper postage prepaid thereon, to the following:

**James J. Hodgens, Esq.**

**9214 8902 0982 7500 0524 65**

James J. Hodgens, P.C.  
301 West Main St  
Stroud, OK 74079

**Joe Gibson**

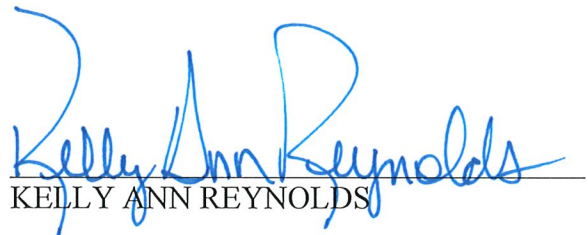
**9214 8902 0982 7500 0524 72**

216 W 10<sup>th</sup> St  
Stroud, OK 74079

and by first-class U.S. Mail to:

Bryan Neal, Assistant Attorney General  
OFFICE OF THE ATTORNEY GENERAL  
313 NE 21<sup>st</sup> St  
Oklahoma City, OK 73105

Stephen L. McCaleb, Esq.  
DERRYBERRY & NAIFEH, LLP  
4800 N. Lincoln Blvd  
Oklahoma City, OK 73105

  
KELLY ANN REYNOLDS