

701, *et seq.* and to establish administrative procedures for disciplinary proceedings conducted pursuant to the provisions of the Oklahoma Certified Real Estate Appraisers Act.

2. That the OREAB has promulgated rules and regulations to implement the provisions of the Oklahoma Certified Real Estate Appraisers Act in regard to disciplinary proceedings as set forth at the Oklahoma Administrative Code, §§600:15-1-1 thru 600:15-1-22, including administrative hearings.

3. That Respondent **JEFFREY D. PHILLIPS** is a state certified residential appraiser in the State of Oklahoma, holding certificate number 12646CRA and was first licensed with the Oklahoma Real Estate Appraiser Board on September 12, 2005.

FINDINGS OF FACT

The Board adopts in full the findings of the Hearing Panel that the following facts were proved by clear and convincing evidence.

1. That Respondent **JEFFREY D. PHILLIPS** is a state certified residential appraiser in the State of Oklahoma, holding certificate number 12646CRA and was first licensed with the Oklahoma Real Estate Appraiser Board on September 12, 2005.

2. In September of 2007, Fidelity Mortgage Group, LLC, (the "client") hired Respondent to complete an appraisal (the "appraisal") for a property located at 1720 NW 179th Terrace, Edmond, Oklahoma (the "subject property").

3. The Respondent derived an opinion of value of \$420,000.00 on the subject property.

4. In the neighborhood section of the appraisal, Respondent's boundaries exceeded what was necessary to find a sufficient number of comparable sales, as he broadened the boundaries to include a much larger radius consisting of nine square miles while there was a

sufficient number of comparable sales within a one square mile radius of the subject neighborhood based on MLS market comparison data in Exhibit 10.

5. Respondent's site size adjustments are not consistent or supported within the appraisal. Comparable one has 1.4 acres, comparable two has 1.18 acres, and listing one has 1.00 acres (versus subject's 0.21 acres or 9000 square feet as provided in the appraisal). Despite the size discrepancy, Respondent adjusted comparables one, two, and listing one the same amount without explanation. Comparable three has 0.50 acres, and listing two has 0.68 acres, while the subject is 0.21 acres. Despite this size difference, Respondent did not make a site size adjustment to these two properties. Respondent made only minimal site adjustments (comps one and two) but provided no explanation of individual site values to determine adjustment amounts.

6. Listing two is located within the same subdivision as comparable three, but did not receive a location adjustment nor any explanation as to why the adjustment was not applied (comparable three received a negative \$25,000 adjustment).

7. Respondent shows comparable one to be located .71 miles away from the subject property. MLS and Public records show this sale to be located 9.46 miles away. Respondent admitted that this was not correct and that he just made a mistake. Respondent did not have any supporting data in his work file because he claimed that his computer hard drive crashed.

8. There were more similar and more locationally similar sales within a one mile radius (see #4 above). Respondent used comparables sales that were at the very high end value of the overall market, which all had larger lots and acreages, with comparable three sitting on a lake in a superior neighborhood.

9. It appears that Respondent may have inflated the value of the subject property and rendered the appraisal misleading through a combination of inadequate research, poor appraisal

practices, lack of personal observation and inappropriate comparables (comparables ranged from \$103.00 per square foot to \$170.00 per square foot). Respondent admitted that he did not actually view several of his comparables or offer any explanation or disclosure of such fact.

CONCLUSIONS OF LAW

The Board adopts in full the conclusions of law entered by the Hearing Panel:

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 (Record Keeping 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;
 - D) Standard 1, Standards Rules 1, 1-1, 1-2, and 1-4; Standard Rules 2 and 2-1 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)(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."
3. 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."
4. 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."

5. 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."

6. 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."

FINAL ORDER

WHEREFORE, the Board having adopted in full the Findings of Fact and Conclusions of Law as set forth above, sets forth the following Final Order modifying the Recommendation of the Hearing Panel as follows:

1. Respondent shall pay the costs expended by the Board for legal fees and travel costs incurred in the prosecution of this matter, not to exceed \$3,600.00. Board staff will provide a statement of costs incurred to Respondent with the final order. Costs shall be paid in full within one year of the effective date of this order.

2. Respondent shall be prohibited from being a real estate appraiser trainee supervisor for a period of **ONE (1) YEAR** from the date that any final order in this matter is entered.

3. Respondent shall successfully complete corrective education as set forth below. Such courses shall be completed within one (1) year following entry of any final order in this matter with certificates of course completion furnished to the administrative office of the Board. Courses shall be Board-approved courses taken from a Board-approved course provider and may be used for credit as continuing education required for credential renewal.

Courses to be taken shall be as follows:

Course #612 – Residential Site Valuation and Cost Approach (15 Hours).

**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 2nd day of March, 2012.




CHRISTEN WATSON, Board Secretary


BRYAN NEAL, Assistant Attorney General
Counsel to the Board

CERTIFICATE OF MAILING

I, Christine McEntire, hereby certify that on the 13th day of March, 2012 a true and correct copy of the above and foregoing Board's Decision as to Disciplinary Hearing Panel Recommendation was placed in the U.S. Mail by certified mail, return receipt requested to:

Jeffrey D. Phillips
422 Willow Branch Road
Norman, Oklahoma 73072

7010 3090 0000 3334 9367

and that copies were forwarded by first class mail to the following:

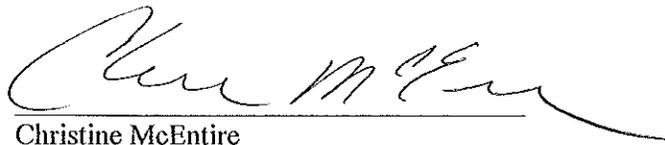
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