BEFORE THE REAL ESTATE APPRAISER BOARD
STATE OF OKLAHOMA

In the Matter of LARRY PUYEAR	)	
	)	Complaint #12-053 and 12-054
Respondent.	)	

CONSENT ORDER FOR RESPONDENT LARRY PUYEAR

COMES NOW the Oklahoma Real Estate Appraiser Board ("OREAB"), by and through the Prosecuting Attorney, Stephen McCaleb, and Respondent LARRY PUYEAR, 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

For the purposes of entry of this Consent Order, the following facts are hereby stipulated to by the parties and adopted by the Board:

BACKGROUND

This matter concerns two appraisals completed for properties located in Yale, Oklahoma, in 2007. The reports were used to support and effectuate loans that were later foreclosed upon. Respondent, who mostly practices in the Tulsa County area, was the supervisor to a trainee for both of the reports and disclosed in the reports that he did not personally inspect the properties. He further admits that his supervising of Jennifer Hampton was not as "one on one" as his other supervising relationships and all of his supervising was via electronic mail and by telephone. As a matter of fact, Respondent never met Ms. Hampton in person. Generally, for both reports, Respondent admits that he did not have familiarity with properties in Payne County, nor was he geographically competent to do the reports.

COMPLAINT 12-053 301 NE STREET, YALE, OKLAHOMA

1. In September of 2007, Bricktown Mortgage, (the "client") hired trainee Jennifer Hampton ("Hampton") to complete an appraisal (the "appraisal" or "report") for a property located at 301 NE Stret, Yale, Oklahoma (the "subject property"). The opinion of market value for the subject property was $68,000. The Respondent was Hampton's supervisory appraiser: Hampton is no longer licensed with the Board.

2. Respondent completed the appraisal and transmitted the appraisal to the client.

3. A mortgage loan was funded based upon the appraisal. Subsequent to the loan, the loan went into foreclosure proceedings as the borrower defaulted on the loan.

A retrospective review appraisal was completed in which the reviewer derived an opinion of market value at $45,000.

4. Respondent committed a series of errors in the report which led to a misleading report.

NEIGHORHOOD SECTION

5. The Neighborhood Section of the report is not accurate. The neighborhood is not accurately described for location, which is urban versus the reported suburban. The immediate surrounding area is urban in the city of Yale (>75% built-up) rather than suburban (25-75% built-up).

SITE SECTION

6. In the site Section, the site shape is reported as irregular in Respondent's report, but is rectangular in dimensions.

IMPROVEMENTS SECTION

7. The data in the Improvements Section is not accurate and complete. The report states that his data source is PVPlus, and that his verification source is the court house. 2012

Payne county PVPlus records for the subject property reported a 392 sq ft basement rather than the 165 sq ft basement area reported in the Respondent's report, and the Respondent provided no explanation for the discrepancy. Regardless of size, the Respondent did not report that the basement is an exterior access only basement. Thus a walk out basement. Respondent incorrectly reports that the windows are aluminum. MLS reports in four places that this property had a garage with garage apartment. Respondent does not report the garage. Roof condition was reported by Respondent as poor in the tabular description in the report but this assessment was not considered or justified as not being an issue in the physical deficiency section. The original appraisal reports 1,215 square feet ("sq ft") living area, while county records report 1,186 sq ft. with no explanation for the discrepancy.

SALES COMPARISON APPROACH

8. The comparable sales ("comparables" or "sales") selected were not locationally, physically, and functionally similar to the subject. Two of the comparable sales (#1 and #3) used were 10 miles from the subject in a community that typically had higher sale prices than were available in Yale. The other comparable (#2) was in the town of Yale but of much newer construction, with brick exterior, and an attached garage. Photos on its MLS listing show a home in well-maintained condition which the Respondent described as "average" condition which is contrary to the Respondent's assessment of poor roof condition and "superior" condition rating of the subject. Alternative sales in Yale and more representative neighboring communities were available. Respondent's sale #1 was not exposed to any MLS system, and was out of the market area. Respondent's sale #2 was found in the Stillwater MLS, but this was not reported in Respondent's report. Respondent's sale #2 had a fireplace, had superior veneer (more durable and lower maintenance), had a one car garage, and was much larger. It was listed for $59,000 and

sold for $62,500. There were $3,250 in seller contributions to closing costs that should have been reported, and adjusted for. Respondent's sale #3 was not found on any MLS. It has two fair sized agricultural outbuildings that are not noted or adjusted for. It is not comparable as it is a hobby farm and not an urban property. The market it draws is not similar to the market draw of the subject.

9. The data and analysis (including individual adjustments) presented in the sales comparison approach were not complete and accurate. Respondent's report states the subject roof is in poor condition. This fact should have been adjusted across the board as none of the sales had poor conditioned roofs.

10. Respondent did not adjust Sale #1's carport adequately.

11. Respondent failed to adjust sale #2 for age. The "average" condition rating of the sale is not supported per the provided MLS; thus the $5,000 adjustment is not supported. It only helped to boost and bulk the subject's estimate of value. It had a half bathroom that was not adjusted. This should have had a negative adjustment.

12. Respondent's sale #2 has a masonry fireplace. Fireplaces are generally desirable. This should have resulted in a negative adjustment.

13. Respondent's sale #2 has a one car attached garage. Respondent's $1,000 adjustment is insufficient. Further, MLS reports that at the time of Respondent's report, the subject had a garage, which was omitted by Respondent.

14. Sale #3 is not adequately adjusted for the one acre site. It should have been a larger negative adjustment to reflect the market values of the acre versus the city lot. There is an additional barn in the rear. Respondent omitted this in his report.

15. Overall, none of Respondent's sales were adequately reported and adjusted to reflect the market differences.

COST APPROACH

16. The data and analysis presented in the cost approach are not complete and accurate. In Respondent's report, the cost approach does not accurately consider depreciation associated with the poor roof condition.

17. The opinion of site value is not supported and appears to be over valued at $5,000.

18. The basement cost appears to be too low.

19. The porches and fence are not adequately priced and the appliances should have been added to the extras.

20. The depreciation is not high enough for a house built in the 1930's.

21. Respondent's report does not identify the effective age or the total economic life. It does identify the remaining economic life.

SALES HISTORY

22. The sale or transfer history reported for the subject property and each of the comparable sales is not complete and accurate. Respondent reported only one sale of comparable #1. However, Respondent's comparable #1 was transferred twice in 9 months prior to the sale reported.

RESPONDENT'S ESTIMATE OF MARKET VALUE

23. The opinion of market value in Respondent's report appears to be inflated as of the effective date of the appraisal report based on the sales chosen.

24. More appropriate comparables were available to the Respondent. His adjustments were kept to the barest minimum. His adjustments do not reflect cost.

GEOGRAPHIC COMPETENCE

25. The Respondent nor his trainee had the competence to adequately complete the report. This includes that there were MLS services available for the subject area and the report does not rely on these data sources.

COMPLAINT 12-054 109 S C St, YALE, OKLAHOMA

26. In October of 2007, Bricktown Mortgage, (the "client") hired trainee Jennifer Hampton ("Hampton") to complete an appraisal (the "appraisal" or "report") for a property located at 109 S C St, Yale, Oklahoma (the "subject property"). The opinion of market value for the subject property was $60,000, with an effective of October 30, 2007. The Respondent was Hampton's supervisory appraiser: Hampton is no longer licensed with the Board.

27. Respondent completed the appraisal and transmitted the appraisal to the client.

28. A mortgage loan was funded based upon the appraisal. Subsequent to the loan, the loan went into foreclosure proceedings as the borrower defaulted on the loan.

29. A retrospective review appraisal was completed in which the reviewer derived an opinion of market value at $44,000.

30. Respondent committed a series of errors in the report which led to a misleading report. These errors include the following in paragraphs 11-24.

NEIGHORHOOD SECTION

31. The information in the neighborhood section is not complete and accurate. Respondent reports that the Present Land Use is 80% one-unit and 20% commercial. However, the subject is located in a suburban area with one unit housing 55%, commercial 5%, 2-4 Unit 1%, Multi-family 1% and vacant land at 38%.

32. Respondent reports that the predominant value of the neighborhood was $60,000, when available data shows that it should have been $30,000.

SITE SECTION

33. The information in the site section is not complete and accurate. The subject lot is 50 feet x 140 feet; this is a rectangular shape. Respondent's report stated the lot as an irregular shape.

IMPROVEMENTS SECTION

34. The data in the improvements section is not complete and accurate. Respondent reports that the effective age of the subject is ten (10) years, although it was constructed in 1935. MLS does show that a remodel was completed, however Respondent did not utilize MLS as a data source. Respondent did not report that most homes of similar age to the subject have not been updated like the subject, so therefore the subject does not conform with the neighborhood.

COMPARABLES

35. The comparable sales selected are not locationally, physically, and functionally the most similar to the subject property. Comparable #1 has two houses on the sale that were not noted by the Respondent in the sales grid. Pursuant to PV Plus, Respondent's reported data verification source, one house is 1,186 square feet and the second house is 431 square feet. Comparable #1's sale date was 10/26/2007, this was not accurately stated by Respondent, who reported "10/2007." The main house has been remodeled and updated like the subject. Respondent reports that it has a basement, but there is no verification of this as stated on comparable #1, nor any verification of square footage per Respondent's appraisal report.

36. Comparable #2 per MLS square footage is 942 and per PV Plus is 1,071; the Respondent reports that it has 1,116 square feet with no explanation for the discrepancy. This sale is on small acreage (2.89) acres) and is outside of town. Respondent failed to report that comparable #2 had transferred for $0 from Edwards Stephens to Deutsche Bank on 03/01/2007.

37. Comparable #3 is in the city of Cushing which is not comparable to the city of Yale.

38. The data and analysis (including adjustments) presented in the sales comparison approach are not complete and accurate. The adjustments are not market based adjustments. The adjustments made by the Respondent did not have any market support for the adjustments made across the board. All of the closed sale dates were not accurate as county records had different sale dates.

COST APPROACH

39. The data and analysis presented in the cost approach was not complete and accurate. The cost approach could not be replicated from the information contained in Respondent's report. Respondent did not offer any supporting data on the replication cost or the value of the lot.

RESPONDENT'S ESTIMATE OF MARKET VALUE

40. The opinion of market value in Respondent's report appears to be inflated as of the effective date of the appraisal report based on the sales chosen.

41. More appropriate comparables were available to the Respondent.

42. The opinion of market value in the appraisal report is not accurate as of the effective date of the appraisal report. The Respondent did not make adjustments to the comparable sales that were market based adjustments. Respondent's comparable #2 closed after the effective date of his report. Respondent used a sale from neighboring superior town. Respondent's comparable #1 has two houses but only one was reported.

GEOGRAPHIC COMPETENCE

43. The Respondent nor his trainee had the competence to adequately complete the report. This includes that there were MLS services available for the subject area and the report does not rely on these data sources.

AGREED CONCLUSIONS OF LAW

The Board and Respondent consent to the following Agreed Conclusions of Law in settlement of this matter:

1. That Respondent has violated 59 O.S. § 858-723(C)(6) through 59 O.S. §858-726, in that Respondents 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;

D) Standard 1, Standards Rules 1-1, 1-2, 1-3, 1-4, and 1-6; 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."

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, and

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 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 is solely responsible for any of the costs associated with the completion of the above-referenced conditions.

8. Respondent understands and agrees that should any future instances be brought to the attention of the Board in which Respondent has violated the Act, the Board reserves the right to prosecute such violations and to consider this Consent Order as a factor in the determination of any sanctions and penalties, if any, should the Board determine any violation has occurred.

9. Failure to comply with any of the terms of this Consent Order may result in further disciplinary action against Respondent, including, but not limited to, the suspension or

revocation of Respondent's license and/or the imposition or extension of a supervisory or probationary period.

ORDER

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

1. Respondent pay an administrative fine in the amount of Three Thousand Dollars ($3,000). Said fine is pursuant to 59 O.S. §858-723 and shall be paid in accordance with said section.

2. Respondent is permanently barred from supervising trainee appraisers.

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.

FUTURE VIOLATIONS

In the event the Respondent fails to comply with any of the terms and conditions of this Consent Order, Respondent will be suspended immediately until said terms and conditions are met.

ACCEPTANCE BY THE BOARD

1. This Consent Order will not be submitted for Board consideration until it has been agreed to and executed by Respondent. The Consent Order shall not become effective until it has been approved by a majority of the Board and endorsed by a representative member of the Board.

2. It is hereby agreed between the parties that this Consent Order shall be presented to the Board with a recommendation of approval from the Board at the next scheduled meeting of the Board.

3. Respondent understands that the Board is free to accept or reject this Consent Order and, if rejected by the Board, a formal disciplinary hearing on the complaint against Respondent may be conducted.

4. If the Consent Order is not accepted by the Board, it shall be regarded as null and void. Admissions by Respondent in the 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 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.

VOLUNTARY WAIVER OF RIGHTS

Respondent is fully aware of his rights to contest the charges pending against him. These rights include: representation by an attorney at his own expense; the right to a public hearing on any charges or allegations filed; the right to confront and cross-examine witnesses called to testify against him; the right to present evidence on his own behalf; the right to compulsory process to secure attendance of such witnesses; the right to testify on his on behalf; the right to receive written findings of fact and conclusions of law supporting the decision on the merits of the complaint and the right to obtain judicial review of the Board's decision. Respondent in exchange for the Board's acceptance of this Consent Order voluntarily waives all of these rights.

COMPLETE AGREEMENT

This Consent Order embodies the entire agreement between the Board and Respondent. It may not be altered and modified without the express consent of the parties.

RESPONDENT:

LARRY PUYEAR

7-25-13

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 MCCALEB, OBA #15649
Board Prosecutor
3625 NW 56th Street, Suite 100
Oklahoma City, Oklahoma 73112

8-7-13

DATE

IT IS SO ORDERED on this 7th day of August, 2013.

ERIC SCHOEN, Board Secretary
Oklahoma Real Estate Appraiser Board

OKLAHOMA REAL ESTATE APPRAISER BOARD

By: _____
BRYAN NEAL, OBA #6590
Assistant Attorney General
Attorney for the Board
313 N.E. 21st St.
Oklahoma City, OK 73105

CERTIFICATE OF MAILING

I, Rebecca Keesee, hereby certify that on the 12th day of August, 2013 a true and correct copy of the above and foregoing Consent Order for Respondent Larry Puyear was placed in the U.S. Mail, with postage pre-paid, by certified mail, return receipt requested to:

Larry D. Puyear **7012 2210 0000 8959 6466**
6116 East 49th Street
Tulsa, Oklahoma 74135

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

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

Rebecca Keesee
REBECCA KEESEE