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8 **BEFORE THE**  
9 **CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation and Petition to  
12 Revoke Probation Against:

Case No. C120423-13

13 **PAUL P. ROY**

**ACCUSATION AND PETITION TO  
REVOKE PROBATION**

14 P.O. Box 12450  
15 La Crescenta, CA 91224

16 Certified Residential Appraiser License No.  
012587

17 Respondent.

18  
19 Complainant alleges:

20 **PARTIES**

21 1. Elizabeth Seaters, acting on behalf of the Bureau of Real Estate Appraisers  
22 (“Complainant”), Department of Consumer Affairs brings this Accusation and Petition to Revoke  
23 Probation solely in her official capacity as Chief of Enforcement for Complainant.

24 2. On or about January 18, 1994, the Bureau of Real Estate Appraisers (formerly Office  
25 of Real Estate Appraisers) issued Certified Residential Appraiser License Number 012587 to Paul  
26 P. Roy (“Respondent”). The Certified Residential Appraiser License was in full force and effect  
27 at all times relevant to the charges brought herein and will expire on July 5, 2014, unless renewed.

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1           3.     In a disciplinary action entitled *In the Matter of the Accusation Against Paul P. Roy*,  
2 Case Nos. C091029-01, C100510-08, and C101203-01, the Bureau of Real Estate Appraisers  
3 issued a Decision and Order, effective January 19, 2012, in which Respondent's Certified  
4 Residential Appraiser License was revoked. However, the revocation was stayed and  
5 Respondent's Certified Residential Appraiser License was placed on probation for three (3) years  
6 with certain terms and conditions. A copy of that Decision and Order is attached as **Exhibit A**  
7 and is incorporated by reference.

8                           **JURISDICTION AND STATUTORY PROVISIONS FOR ACCUSATION**

9           4.     This Accusation is brought before the Bureau of Real Estate Appraisers (Bureau) for  
10 the Department of Consumer Affairs, under the authority of the following laws. All section  
11 references are to the Business and Professions Code ("Code") unless otherwise indicated.

12           5.     Business and Professions Code section 11301 states:

13                       “(a) There is hereby created within the Department of Consumer Affairs a  
14 Bureau of Real Estate Appraisers to administer and enforce this part.

15                       “(b) Whenever the term “Office of Real Estate Appraisers” appears in any  
16 other law, it means the “Bureau of Real Estate Appraisers.”

17           6.     Business and Professions Code section 11313 states:

18                       “The bureau is under the supervision and control of the Director of  
19 Consumer Affairs. The duty of enforcing and administering this part is vested in the  
20 chief, and he or she is responsible to the Director of Consumer Affairs therefor. The  
21 chief shall adopt and enforce rules and regulations as are determined reasonably  
22 necessary to carry out the purposes of this part. Those rules and regulations shall be  
23 adopted pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of  
24 Division 3 of Title 2 of the Government Code. Regulations adopted by the former  
25 Director of the Office of Real Estate Appraisers shall continue to apply to the bureau  
26 and its licensees.”

27           7.     Business and Professions Code section 11314 states, in pertinent part:

28                       “The office is required to include in its regulations requirements for  
licensure and discipline of real estate appraisers that ensure protection of the public  
interest.”

          8.     Business and Professions Code section 11319 states:

                      “Notwithstanding any other provision of this code, the Uniform Standards  
of Professional Appraisal Practice constitute the minimum standard of conduct and  
performance for a licensee in any work or service performed that is addressed by  
those standards. If a licensee also is certified by the Board of Equalization, he or she  
shall follow the standards established by the Board of Equalization when fulfilling his

or her responsibilities for assessment purposes.”

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9. Business and Professions Code section 11315.3 states:

“The suspension, expiration, or forfeiture by operation of law of a license or certificate of registration issued by the office, or its suspension, forfeiture, or cancellation by order of the office or by order of a court of law, or its surrender without the written consent of the office, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the office of its authority to institute or continue a disciplinary proceeding against the licensee or registrant upon any ground provided by law or to enter an order suspending or revoking the license or certificate of registration, or otherwise taking disciplinary action against the licensee or registrant on any such ground.”

10. Business and Professions Code section 11316 authorizes the Director to fine licensees or applicants for statutory or regulatory violations:

“(a) The director may assess a fine against a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation for violation of this part or any regulations adopted to carry out its purposes.

(b) (1) Failure of a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation to pay a fine or make a fine payment within 30 days of the date of assessment shall result in disciplinary action by the office. If a licensee, applicant for licensure, person who acts in a capacity that requires a license under this part, course provider, applicant for course provider accreditation, or a person who, or entity that, acts in a capacity that requires course provider accreditation fails to pay a fine within 30 days, the director shall charge him or her interest and a penalty of 10 percent of the fine or payment amount. Interest shall be charged at the pooled money investment rate.

(2) If a fine is not paid, the full amount of the assessed fine shall be added to any fee for renewal of a license. A license shall not be renewed prior to payment of the renewal fee and fine.

(3) The director may order the full amount of any fine to be immediately due and payable if any payment on the fine, or portion thereof, is not received within 30 days of its due date.

(4) Any fine, or interest thereon, not paid within 30 days of a final order shall constitute a valid and enforceable civil judgment.

(5) A certified copy of the final order shall be conclusive proof of the validity of the order of payment and the terms of payment.

(c) Any administrative fine or penalty imposed pursuant to this section shall be in addition to any other criminal or civil penalty provided for by law.

(d) Administrative fines collected pursuant to this section shall be deposited in the Real Estate Appraisers Regulation Fund.”

1 11. California Code of Regulations, title 10, section 3701 states:

2 "Every holder of a license under this part shall conform to and observe  
3 the Uniform Standards of Professional Appraisal Practice (USPAP) and any  
4 subsequent amendments thereto as promulgated by the Appraisal Standards Board of  
5 The Appraisal Foundation which standards are herein incorporated into these  
6 regulations by reference as if fully set forth herein."

7 12. Title 10, California Code of Regulations section 3702 states that:

8 "(a) The Director finds and declares as follows:

9 (1) That the profession of real estate appraisal is vested with a fiduciary  
10 relationship of trust and confidence as to clients, lending institutions, and both public  
11 and private guarantors or insurers of funds in federally-related real estate transactions  
12 and that the qualifications of honesty, candor, integrity, and trustworthiness are  
13 directly and substantially related to and indispensable to the practice of the appraisal  
14 profession;

15 (2) That registered Appraisal Management Companies are vested with a  
16 relationship of trust and confidence as to their clients, lending institutions, and both  
17 public and private guarantors or insurers of funds in federally-related real estate  
18 transactions and that the qualifications of honesty, candor, integrity, and  
19 trustworthiness are directly and substantially related to and indispensable to their  
20 business operations; and

21 (3) Every holder of a license to practice real estate appraisal, Registrant,  
22 Controlling Person of an Appraisal Management Company, or person or entity acting  
23 in a capacity requiring a license or Certificate of Registration shall be required to  
24 demonstrate by his or her conduct that he or she possesses the qualifications of  
25 honesty, candor, integrity, and trustworthiness.

26 (b) The Director may require such proof as he may deem advisable  
27 concerning the special qualifications of an applicant for or holder of an appraisers'  
28 license or a Certificate of Registration."

13. California Code of Regulations, title 10, section 3721 states:

20 "(a) The Director may issue a citation, order of abatement, assess a fine or  
21 private or public reproof, suspend or revoke any license or Certificate of  
22 Registration, and/or may deny the issuance or renewal of a license or Certificate of  
23 Registration of any person or entity acting in a capacity requiring a license or  
24 Certificate of Registration who has:

25 (1) Been convicted of a felony or any crime which is substantially related  
26 to the qualifications, functions, or duties of the profession of real estate appraisal;

27 (2) Done any act involving dishonesty, fraud or deceit with the intent to  
28 benefit himself or another, or to injure another;

(3) Been convicted for a commission or solicitation of a criminal act  
which involved or threatened bodily harm to others;

(4) Done any act which if done by the holder of a license to practice real  
estate appraisal would be grounds for revocation or suspension of such license;

1 (5) Knowingly made a false statement of material fact required to be  
disclosed in an application for a license authorizing the practice of real estate  
appraisal;

2 (6) Violated any provision of USPAP;

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4 (7) Violated any provision of the Real Estate Appraisers' Licensing and  
Certification Law, Part 3 (commencing with Section 11300) of Division 4 of the  
Business and Professions Code, or regulations promulgated pursuant thereto; or any  
5 provision of the Business and Professions Code applicable to applicants for or holders  
of licenses authorizing appraisals;

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7 (8) Been prohibited from participating in the affairs of an insured  
depository institution pursuant to Section 19(a) of the Federal Deposit Insurance Act  
(12 U.S.C. Section 1829.); or

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9 (9) Submitted a financial instrument to OREA for the payment of any fee,  
fine or penalty which instrument is subsequently dishonored by the issuing institution  
due to an act or omission of that person.

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11 (b) Before issuing any private or public reproof or denying, suspending,  
or revoking any license or Certificate of Registration issued or issuable under the  
12 provisions of the Real Estate Appraisers Licensing and Certification Law or these  
regulations, the Office shall proceed as prescribed by Chapter 5 (commencing with  
Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code (the  
13 Administrative Procedure Act) and the Office shall have all the powers granted  
therein.

14  
15 (c) Any person issued a citation containing a fine or order of abatement  
may contest the citation by filing a written notice with the Office within 30 calendar  
16 days that states with specificity the basis of the appeal. Upon receipt of such notice,  
the Office shall proceed as prescribed by Chapter 5 (commencing with Section 11500)  
of Part 1 of Division 3 of Title 2 of the Government Code (the Administrative  
17 Procedure Act) and the Office shall have all the powers granted therein.”

#### 18 COST RECOVERY

19 14. Business and Professions Code section 11409, subdivision (a) states:

20 “Except as otherwise provided by law, any order issued in resolution of a  
disciplinary proceeding may direct a licensee, applicant for licensure, person who acts  
21 in a capacity that requires a license under this part, registrant, applicant for a  
certificate of registration, course provider, applicant for course provider accreditation,  
22 or a person who, or entity that, acts in a capacity that requires course provider  
accreditation found to have committed a violation or violations of statutes or  
23 regulations relating to real estate appraiser practice to pay a sum not to exceed the  
reasonable costs of investigation, enforcement, and prosecution of the case.”

#### 24 2010-2011 UNIFORM STANDARDS OF PROFESSIONAL APPRAISER PRACTICE

25 15. Uniform Standards of Professional Appraiser Practice (“USPAP”) Standards Rule 1  
26 states:

27 “In developing a real property appraisal, an appraiser must identify the  
28 problem to be solved, determine the scope of work necessary to solve the problem,

1 and correctly complete research and analyses necessary to produce a credible  
2 appraisal.”

3 16. USPAP Standards Rule 1-1, states:

4 “In developing a real property appraisal, an appraiser must:

5 (a) be aware of, understand, and correctly employ those recognized  
6 methods and techniques that are necessary to produce a credible appraisal;

7 (b) not commit a substantial error of omission or commission that  
8 significantly affects an appraisal; and

9 (c) not render appraisal services in a careless or negligent manner, such  
10 as by making a series of errors that, although individually might not significantly  
11 affect the results of an appraisal, in the aggregate affects the credibility of those  
12 results.”

13 17. USPAP Standards Rule 1-2, states:

14 “In developing a real property appraisal, an appraiser must:

15 (a) identify the client and other intended users; [footnote omitted]

16 (b) identify the intended use of the appraiser’s opinions and conclusions;  
17 [footnote omitted]

18 (c) identify the type and definition of value, and, if the value opinion to  
19 be developed is market value, ascertain whether the value is to be the most probable  
20 price:

21 (i) in terms of cash; or

22 (ii) in terms of financial arrangements equivalent to cash; or

23 (iii) in other precisely defined terms; and

24 (iv) if the opinion of value is to be based on non-market financing or  
25 financing with unusual conditions or incentives, the terms of such financing must be  
26 clearly identified and the appraiser’s opinion of their contributions to or negative  
27 influence on value must be developed by analysis of relevant market data;

28 (d) identify the effective date of the appraiser’s opinions and  
conclusions; [footnote omitted]

(e) identify the characteristics of the property that are relevant to the type  
and definition of value and intended use of the appraisal, [footnote omitted]  
including:

(i) its location and physical, legal, and economic attributes;

(ii) the real property interest to be valued;

(iii) any personal property, trade fixtures, or intangible items that are not  
real property but are included in the appraisal;

1 (iv) any known easements, restrictions, encumbrances, leases,  
reservations, covenants, contracts, declarations, special assessments, ordinances, or  
2 other items of a similar nature; and

3 (v) whether the subject property is a fractional interest, physical segment,  
or partial holding;

4 (f) identify any extraordinary assumptions necessary in the assignment;

5 (g) identify any hypothetical conditions necessary in the assignment; and

6 (h) determine the scope of work necessary to produce credible  
7 assignment results in accordance with the SCOPE OF WORK RULE. [footnote  
omitted]”

8 18. USPAP Standards Rule 1-3, states

9 “When necessary for credible assignment results in developing a market  
10 value opinion, an appraiser must:

11 (a) identify and analyze the effect on use and value of existing land use  
12 regulations, reasonably probable modifications of such land use regulations, economic  
supply and demand, the physical adaptability of the real estate, and market area  
trends; and

13 (b) develop an opinion of the highest and best use of the real estate.”

14 19. USPAP Standards Rule 1-4, states

15 “In developing a real property appraisal, an appraiser must collect, verify,  
16 and analyze all information necessary for credible assignment results.

17 (a) When a sales comparison approach is necessary for credible  
18 assignment results, an appraiser must analyze such comparable sales data as are  
available to indicate a value conclusion.

19 (b) When a cost approach is necessary for credible assignment results, an  
appraiser must:

20 (i) develop an opinion of site value by an appropriate appraisal method  
or technique;

21 (ii) analyze such comparable cost data as are available to estimate the  
22 cost new of the improvements (if any); and

23 (iii) analyze such comparable data as are available to estimate the  
24 difference between the cost new and the present worth of the improvements (accrued  
depreciation).

25 (c) When an income approach is necessary for credible assignment  
26 results, an appraiser must:

27 (i) analyze such comparable rental data as are available and/or the  
28 potential earnings capacity of the property to estimate the gross income potential of  
the property;

1 (ii) analyze such comparable operating expense data as are available  
to estimate the operating expenses of the property;

2 (iii) analyze such comparable data as are available to estimate rates of  
3 capitalization and/or rates of discount; and

4 (iv) base projections of future rent and/or income potential and expenses  
on reasonably clear and appropriate evidence. [footnote omitted]

5 (d) When developing an opinion of the value of a leased fee estate or a  
6 leasehold estate, an appraiser must analyze the effect on value, if any, of the terms and  
conditions of the lease(s).

7 (e) When analyzing the assemblage of the various estates or component  
8 parts of a property, an appraiser must analyze the effect on value, if any, of the  
assemblage. An appraiser must refrain from valuing the whole solely by adding  
9 together the individual values of the various estates or component parts.

10 (f) When analyzing anticipated public or private improvements, located  
on or off the site, an appraiser must analyze the effect on value, if any, of such  
11 anticipated improvements to the extent they are reflected in market actions.

12 (g) When personal property, trade fixtures, or intangible items are  
included in the appraisal, the appraiser must analyze the effect on value of such non-  
13 real property items.”

14 20. USPAP Standards Rule 1-5, states:

15 “When the value opinion to be developed is market value, an appraiser  
must, if such information is available to the appraiser in the normal course of  
16 business: [footnote omitted]

17 (a) analyze all agreements of sale, options, and listings of the subject  
property current as of the effective date of the appraisal; and

18 (b) analyze all sales of the subject property that occurred within the three  
19 (3) years prior to the effective date of the appraisal. [footnote omitted]”

20 21. USPAP Standards Rule 2 states:

21 “In reporting the results of a real property appraisal, an appraiser must  
communicate each analysis, opinion, and conclusion in a manner that is not  
22 misleading. [footnote omitted]”

23 22. USPAP Standards Rule 2-1, states:

24 “Each written or oral real property appraisal report must:

25 (a) clearly and accurately set forth the appraisal in a manner that will not  
be misleading;

26 (b) contain sufficient information to enable the intended users of the  
27 appraisal to understand the report properly; and

28 (c) clearly and accurately disclose all assumptions, extraordinary  
assumptions, hypothetical conditions, and limiting conditions used in the

assignment.”

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23. USPAP Standards Rule 2-2, states, in pertinent part:

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3 “Each written real property appraisal report must be prepared under one  
4 of the following three options and prominently state which option is used: Self-  
5 Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal  
6 Report. [footnote omitted]

7 ...

8 (b) The content of a Summary Appraisal Report must be consistent with  
9 the intended use of the appraisal and, at a minimum:

10 (i) state the identity of the client and any intended users, by name or  
11 type; [footnote omitted]

12 (ii) state the intended use of the appraisal; [footnote omitted]

13 (iii) summarize information sufficient to identify the real estate involved  
14 in the appraisal, including the physical and economic property characteristics relevant  
15 to the assignment; [footnote omitted]

16 (iv) state the real property interest appraised;

17 (v) state the type and definition of value and cite the source of the  
18 definition;

19 (vi) state the effective date of the appraisal and the date of the report;  
20 [footnote omitted]

21 (vii) summarize the scope of work used to develop the appraisal; [footnote  
22 omitted]

23 (viii) summarize the information analyzed, the appraisal methods  
24 and techniques employed, and the reasoning that supports the analyses, opinions, and  
25 conclusions; exclusion of the sales comparison approach, cost approach, or income  
26 approach must be explained;

27 (ix) state the use of the real estate existing as of the date of value and the  
28 use of the real estate reflected in the appraisal; and, when an opinion of highest and  
best use was developed by the appraiser, summarize the support and rationale for that  
opinion;

(x) clearly and conspicuously:

state all extraordinary assumptions and hypothetical conditions; and

state that their use might have affected the assignment results; and

(xi) include a signed certification in accordance with Standards Rule 2-  
3.”

24. USPAP Ethics Rule, states, in pertinent part:

“An appraiser must promote and preserve the public trust inherent in

1 appraisal practice by observing the highest standards of professional ethics.

2 An appraiser must comply with USPAP when obligated by law or  
3 regulation, or by agreement with the client or intended users. In addition to these  
4 requirements, an individual should comply any time that individual represents that he  
5 or she is performing the service as an appraiser.

4 Conduct:

5 An appraiser must perform assignments with impartiality, objectivity, and  
6 independence, and without accommodation of personal interests.

7 An appraiser:

- 8 • must not perform an assignment with bias;
- 9 • must not advocate the cause or interest of any party or issue;
- 10 • must not accept an assignment that includes the reporting of predetermined  
11 opinions and conclusions;
- 12 • must not misrepresent his or her role when providing valuation services that are  
13 outside of appraisal practice;
- 14 • must not communicate assignment results with the intent to mislead or to defraud;
- 15 • must not use or communicate a report that is known by the appraiser to be  
16 misleading or fraudulent;
- 17 • must not knowingly permit an employee or other person to communicate a  
18 misleading or fraudulent report;
- 19 • must not use or rely on unsupported conclusions relating to characteristics such  
20 as race, color, religion, national origin, gender, marital status, familial status, age,  
21 receipt of public assistance income, handicap, or an unsupported conclusion that  
22 homogeneity of such characteristics is necessary to maximize value;
- 23 • must not engage in criminal conduct; and
- 24 • must not perform an assignment in a grossly negligent manner.

25 If known prior to accepting an assignment, and/or if discovered at any time during the  
26 assignment, an appraiser must disclose to the client, and in the subsequent report certification:

- 27 • any current or prospective interest in the subject property or parties involved; and

28

- any services regarding the subject property performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

...

Record Keeping:

An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting assignment. A workfile must be in existence prior to the issuance of a written or oral report. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

The workfile must include:

- the name of the client and the identity, by name or type, of any other intended users;
- true copies of any written reports, documented on any type of media (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire signed report transmitted to the client satisfies the requirement of a true copy.);
- summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and
- all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other documentation.

An appraiser must retain the workfile for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

An appraiser must have custody of his or her workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.

An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

- submission to state appraiser regulatory agencies;



- 1           • reported the bedroom and bathroom count of both the upper and lower levels but only  
2           reported the Gross Living Area (GLA) for the lower level, and  
3           • failed to report why he was applying a cost to cure for permits when the upper level  
4           could not be permitted.

5           Respondent's actions violated USPAP Standards Rules 1-2(e)(i) and 2-2(b)(iii).

6           b)    Respondent reported that the subject property was legally conforming when it was an  
7           illegal use because the upper level, guest house, and bonus room were not legally established with  
8           the required permits and/or would not have been able to be legally established with permits.

9           Respondent's actions violated USPAP Standards Rules 1-2(e)(i) and 2-2(b)(iii).

10          c)    Respondent reported inconsistent one-unit property value trends when he reported  
11          that property values were declining in one area of the appraisal report, but reported that they were  
12          stable in another area of the report. Respondent's actions violated USPAP Standards Rules 1-3(a)  
13          and 2-2(b)(iii).

14          d)    Respondent developed and reported a misleading Sales Comparison Approach to  
15          value by utilizing comparable sales that were not adequate substitute properties for the subject  
16          property "as-is" condition because the comparable sales were selected utilizing search criteria  
17          based on a fallacious reporting of the subject property characteristics. Additionally, he  
18          fallaciously reported, or failed to report and analyze information about the comparable sales  
19          utilized. Respondent's actions violated USPAP Standards Rules 1-4(a) and 2-2(b)(viii).

20          e)    Respondent failed to analyze the prior sale for the subject property that occurred  
21          within the three (3) years prior to the effective date of the appraisal. He also failed to reconcile  
22          why the appraised value for the subject property was in excess of 27% higher than this sale that  
23          occurred 19 months prior in a market that he reported as having declining or stable property  
24          values. Respondent's actions violated USPAP Standards Rules 1-5(b) and 2-2(b)(viii).

25          f)    Respondent failed to maintain a workfile with the required data, information, and  
26          documentation necessary to support his opinions and conclusion and to show compliance with  
27          USPAP, or references to the location of this required documentation. Respondent's actions  
28          violated the USPAP Record Keeping Section of the Ethics Rule.

1 g) Based on findings a, b, c, d, and e above, Respondent knowingly prepared a  
2 misleading appraisal report and participated in unethical appraisal practices that resulted in the  
3 production of a misleading appraisal report. Respondent's actions violated USPAP Standards  
4 Rules 1-1(a), 1-1(b), 2-1 (a), 2-1(b), and the Conduct Section of the Ethics Rule.

5 **SECOND CAUSE FOR DISCIPLINE**

6 **(USPAP Violations)**

7 27. Respondent is subject to disciplinary action under California Code of regulations, title  
8 10, section 3721(a)(6) and (a)(7) in conjunction with California Code of Regulations, title 10,  
9 section 3701 and Business and Professions Code section 11319 in that Respondent violated  
10 USPAP. The circumstances are, as follows:

11 28. On or about December 8, 2011, Respondent completed an appraisal of the property  
12 located at 8039 Nestle Avenue, Reseda, CA 91335 ("Nestle subject"). The report contains certain  
13 errors or omissions, in violation of the provisions of the Uniform Standards of Professional  
14 Appraisal Practice (USPAP), listed as follows:

15 a) Respondent failed to identify the characteristics of the property that were relevant to  
16 the type and definition of value and intended use of the appraisal assignment when he failed to  
17 report that an attached patio was in significant disrepair, but instead reported that the subject  
18 property met or exceeded HUD safety guidelines. Respondent's actions violated USPAP  
19 Standards Rules 1-2(e)(i) and 2-2(b)(iii).

20 b) Respondent reported inconsistent one-unit property value trends when he reported  
21 that property values were declining in one area of the appraisal report, but reported that they were  
22 stable in another area of the report. Respondent's actions violated USPAP Standards Rules 1-3(a)  
23 and 2-2(b)(iii).

24 c) Respondent developed and reported a misleading Sales Comparison Approach to  
25 value by fallaciously reporting or failing to report and analyze information about the reported  
26 comparable sales. Respondent's actions violated USPAP Standards Rules 1-4(a) and 2-2(b)(viii).

27 d) Respondent failed to maintain a workfile with the required data, information, and  
28 documentation necessary to support his opinions and conclusion and to show compliance with

1 USPAP, or references to the location of this required documentation. Respondent's actions  
2 violated the USPAP Record Keeping Section of the Ethics Rule.

3 Based on findings a, b, and c above, Respondent knowingly prepared a misleading appraisal  
4 report and participated in unethical appraisal practices that resulted in the production of a  
5 misleading appraisal report. Respondent's actions violated USPAP Standards Rules 1-1(a), 1-  
6 1(b), 2-1 (a), 2-1(b), and the USPAP Conduct Section of the Ethics Rule.

7 **JURISDICTION FOR PETITION TO REVOKE PROBATION**

8 29. This Petition to Revoke Probation is brought before the Bureau of Real Estate  
9 Appraisers (Bureau) for the Department of Consumer Affairs under Probation Term and  
10 Condition Number 10 of the Decision and Order in the disciplinary proceeding entitled *In the*  
11 *Matter of the Accusation Against Paul P. Roy*, Case No. C091029-01, C100510-08, C101203-01.  
12 Condition Number 10 states:

13 **“Violation of Probation.** If Respondent violates probation in any  
14 respect, the Director of the Office of Real Estate Appraisers, after giving Respondent  
15 notice and an opportunity to be heard, may revoke probation and carry out the  
16 disciplinary order that was stayed. If an accusation or a petition to revoke probation is  
filed against Respondent during probation, the Director shall have continuing  
jurisdiction until the matter is final, and the period of probation shall be extended  
until the matter is final.”

17 **FIRST CAUSE TO REVOKE PROBATION**

18 **(Appraisal Log/Work Samples)**

19 7. At all times after the effective date of Respondent's probation, Condition 3 stated:

20 **“Appraisal Log/Work Samples.** Commencing on the effective date of  
21 the Decision and Order and continuing for a period of 30 months, Respondent shall  
22 maintain a log of all appraisals Respondent performs on the Log of Appraisal  
23 Experience (REA 3004) form. Respondent shall submit a complete and accurate copy  
24 of the log of all appraisals completed each six months. Each six month log shall be  
submitted to the Office of Real Estate Appraisers within 30 days following the end of  
each six-month period. Respondent understands that the Office of Real Estate  
Appraisers has the option to select work samples for review from each submitted six-  
month appraisal log.”

25 8. Respondent's probation is subject to revocation because he failed to comply with  
26 Probation Condition 3, referenced above. The facts and circumstances regarding this violation  
27 are, as follows:

28 ///

1 A. Respondent has failed to provide OREA with any Appraisal Logs. Therefore,  
2 Respondent has failed to timely comply with Condition 3 of the Stipulated Settlement and  
3 Disciplinary Order.

4 **SECOND CAUSE TO REVOKE PROBATION**

5 **(Cost Reimbursement)**

6 7. At all times after the effective date of Respondent's probation, Condition 12 stated:

7 "Cost Reimbursement. Respondent shall reimburse the Office of Real  
8 Estate Appraisers the sum of \$3,0000 for its investigation and prosecution costs. Said  
9 payment may be made under a payment plan as follows: as sum of not less than \$375  
10 shall be made within 30 days of the effective date of the Decision and Order.  
11 Thereafter, payments of not less than \$375 shall continue to be made on a quarterly  
12 basis. Full and final payment must be received by OREA within 24 months of the  
13 effective date of the Decision and Order. Payment shall be made to the Real Estate  
14 Appraisers Regulation Fund, c/o Office of Real Estate Appraisers, 1102 Q Street,  
15 Suite 4100, Sacramento, California 95811 by check or money order and shall indicate  
16 on its face the notation: OREA Case Nos. C091029-01, C100510-08, and C1001203-  
17 01. Failure to reimburse the Office of Real Estate Appraisers cost of its investigation  
18 and prosecution shall constitute a violation of the probationary order."

19 8. Respondent's probation is subject to revocation because he failed to comply with  
20 Probation Condition 12, referenced above. The facts and circumstances regarding this violation  
21 are, as follows:

22 A. Respondent made one payment in the amount of \$750.00 on July 5, 2012. As of June  
23 3, 2013, Respondent failed to make any other payments. Therefore, Respondent has failed to  
24 timely comply with Condition 12 of the Stipulated Settlement and Disciplinary Order.

25 **THIRD CAUSE TO REVOKE PROBATION**

26 **(Payment of Outstanding Fine)**

27 7. At all times after the effective date of Respondent's probation, Condition 15 stated:

28 "Payment of Outstanding Fine. Respondent further acknowledges and  
agrees to pay a fine pursuant to Business and Professions Code section 11316(a) and  
California Code of Regulations, title 10, section 3721(a), for the sum of \$2,500.00.  
Said payment may be made under a payment plan as follows: as a sum of not less  
than \$312.50 shall be made within 30 days of the effective date of the Decision and  
Order. Thereafter, payments of not less than \$312.50 shall continue to be made on a  
quarterly basis. Full and final payment must be received by OREA within 24 months  
of the effective date of the Decision and Order. Payment shall be made to the Real  
Estate Appraisers Regulation Fund, c/o Office of Real Estate Appraisers, 1102 Q  
Street, Suite 4100, Sacramento, California 95811 by check or money order and shall  
indicate on its face the notation: OREA Case Nos. C091029-01, C100510-08,

1 C101203-01. Respondent shall also submit the *Remittance Notification* (REA 2032)  
2 form with payment, which will be provided by the Office upon acceptance of this  
3 Stipulation and Waiver. If full payment is not received by the Office by the due date  
4 as noted in the invoice, a 10 percent late penalty shall be added to the unpaid balance  
5 and interest will accrue on the unpaid balance at the pooled money investment rate in  
6 effect at the time, until the full amount is paid. If the unpaid balance plus 10 percent  
7 late penalty and interest on the unpaid balance are not received by the Office within  
8 30 days thereafter, my appraiser license may be automatically suspended without  
9 further notice by the Office and will not be eligible for reinstatement prior to receipt  
10 of the full payment of the unpaid balance, penalty, and interest. Respondent shall not  
11 be eligible to renew his license until such time as full payment of the outstanding fine  
12 has been made.”

13 8. Respondent's probation is subject to revocation because he failed to comply with  
14 Probation Condition 15, referenced above. The facts and circumstances regarding this violation  
15 are, as follows:

16 A. Respondent made one payment in the amount of \$625.00 on July 5, 2012. As of June  
17 3, 2013, Respondent failed to make any other payments. Therefore, Respondent has failed to  
18 timely comply with the terms of Condition 15 of the Stipulated Settlement and Disciplinary  
19 Order.

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**PRAYER**

WHEREFORE, Complainant requests that a hearing be held on the matters alleged in this Accusation and Petition to Revoke Probation, and that following the hearing, the Bureau of Real Estate Appraisers issue a decision:

1. Revoking the probation that was granted by the Bureau of Real Estate Appraisers in Case No. C091029-01, C100510-08, C101203-01 and imposing the disciplinary order that was stayed thereby revoking Certified Residential Appraiser License No. 012587 issued to Paul P. Roy;

2. Revoking or suspending Certified Residential Appraiser License No. 012587, issued to Paul P. Roy;

3. Ordering Paul P. Roy to pay a fine to the Bureau of Real Estate Appraisers, pursuant to Business and Professions Code section 11316;

4. Ordering Paul P. Roy to pay the Bureau of Real Estate Appraisers the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 11409;

5. Taking such other and further action as deemed necessary and proper.

DATED: 11/26/13

**Original Signed**

ELIZABETH SEATERS  
Chief of Enforcement  
Bureau of Real Estate Appraisers  
Department of Consumer Affairs  
State of California  
*Complainant*

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# **Exhibit A**

## **Decision and Order**

**Bureau of Real Estate Appraisers Case No. C091029-01, C100510-08, C101203-01**