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6 **BEFORE THE**  
7 **DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS**  
8 **STATE OF CALIFORNIA**

9 In the Matter of the Accusation/Petition to  
10 Revoke Probation Against:

11 **MASOOD M. FOADI**  
12 22425 Ventura Boulevard, #140  
13 Woodland Hills, CA 91364

14 Real Estate Appraiser License No. AR028990

15 Respondent.

Case No. CI00525-06 and CI10107-01

**DEFAULT DECISION AND ORDER**

[Gov. Code, §11520]

16 FINDINGS OF FACT

17 1. On or about November 1, 2011, Complainant Bruce Crandall or Elizabeth Seaters, in  
18 either of their official capacity as the Supervising Property Appraiser Investigator of the Office of  
19 Real Estate Appraisers, filed Accusation/Petition to Revoke Probation No. CI00525-06 and  
20 CI10107-01 against Masood M. Foadi (Respondent) before the Director of the Office of Real  
21 Estate Appraisers. (Accusation/Petition to Revoke Probation attached as Exhibit A.)

22 2. On or about October 8, 2004, the Director of the Office of Real Estate Appraisers  
23 (Director) issued Real Estate Appraiser License No. AR028990 to Respondent. The Real Estate  
24 Appraiser License was in full force and effect at all times relevant to the charges brought in  
25 Accusation/Petition to Revoke Probation No. CI00525-06 and CI10107-01 and will expire on  
26 June 17, 2012, unless renewed.

27 3. On or about November 7, 2011, Respondent was served by Certified and First Class  
28 Mail copies of the Accusation/Petition to Revoke Probation No. CI00525-06 and CI10107-01,  
Statement to Respondent, Notice of Defense, Request for Discovery, and Discovery Statutes

1 (Government Code sections 11507.5, 11507.6, and 11507.7) at Respondent's address of record,  
2 which is required to be reported and maintained with the Director, and is 22425 Ventura  
3 Boulevard, #140, Woodland Hills, CA 91364.

4 4. Service of the Accusation/Petition to Revoke Probation was effective as a matter of  
5 law under the provisions of Government Code section 11505, subdivision (c) and/or Business &  
6 Professions Code section 124.

7 5. On or about November 22, 2011, the aforementioned documents were returned by the  
8 U.S. Postal Service marked "Not Deliverable as Addressed, Unable to Forward." The address on  
9 the documents was the same as the address on file with the Director. Respondent failed to  
10 maintain an updated address with the Director and the Director has made attempts to serve the  
11 Respondent at the address on file. Respondent has not made himself available for service and  
12 therefore, has not availed himself of his right to file a notice of defense and appear at hearing.

13 6. Government Code section 11506 states, in pertinent part:

14 (c) The respondent shall be entitled to a hearing on the merits if the respondent  
15 files a notice of defense, and the notice shall be deemed a specific denial of all parts  
16 of the accusation not expressly admitted. Failure to file a notice of defense shall  
constitute a waiver of respondent's right to a hearing, but the agency in its discretion  
may nevertheless grant a hearing.

17 7. Respondent failed to file a Notice of Defense within 15 days after service upon him  
18 of the Accusation/Petition to Revoke Probation, and therefore waived his right to a hearing on the  
19 merits of Accusation/Petition to Revoke Probation No. CI00525-06 and CI10107-01.

20 8. California Government Code section 11520 states, in pertinent part:

21 (a) If the respondent either fails to file a notice of defense or to appear at the  
22 hearing, the agency may take action based upon the respondent's express admissions  
23 or upon other evidence and affidavits may be used as evidence without any notice to  
respondent.

24 9. Pursuant to its authority under Government Code section 11520, the Director finds  
25 Respondent is in default. The Director will take action without further hearing and, based on the  
26 relevant evidence contained in the Default Decision Evidence Packet in this matter, as well as  
27 taking official notice of all the investigatory reports, exhibits and statements contained therein on  
28 file at the Director's offices regarding the allegations contained in Accusation/Petition to Revoke

1 Probation No. CI00525-06 and CI10107-01, finds that the charges and allegations in  
2 Accusation/Petition to Revoke Probation No. CI00525-06 and CI10107-01, are separately and  
3 severally, found to be true and correct by clear and convincing evidence.

4 10. Taking official notice of its own internal records, pursuant to Business and  
5 Professions Code section 11409, it is hereby determined that the reasonable costs for  
6 Investigation and Enforcement is \$1,887.50 as of December 22, 2011.

7 DETERMINATION OF ISSUES

8 1. Based on the foregoing findings of fact, Respondent Masood M. Foadi has subjected  
9 his Real Estate Appraiser License No. AR028990 to discipline.

10 2. The agency has jurisdiction to adjudicate this case by default.

11 3. The Director of the Office of Real Estate Appraisers is authorized to revoke  
12 Respondent's Real Estate Appraiser License based upon the following violations alleged in the  
13 Accusation/Petition to Revoke Probation which are supported by the evidence contained in the  
14 Default Decision Evidence Packet in this case:

15 Accusation

16 a. Violation of USPAP Provisions. Business and Professions Code sections 11313,  
17 11314, 11319 and 11324, California Code of Regulations, title 10, sections 3701 and 3721  
18 (a)(2)(4)(6)(7), Standards Rules sections 1-1(a)(b), 1-2(e)(i), 1-3(a), 1-4(a)(b)(i)(iii), 1-5(a)(b), 2-  
19 1(a)(b), 2-2(b)(iii)(viii) and Ethics Rule.

20 b. Misleading and Inaccurate Appraisal Report. Business and Professions Code sections  
21 11313 and 11319, and California Code of Regulations, title 10, sections 3701, 3705 and  
22 3721(a)(2)(4)(6)(7).

23 c. Dishonest Acts. Business and Professions Code sections 11313, 11319 and 11325(a),  
24 and California Code of Regulations, title 10, sections 3705(a) and 3721(a)(2)(4)(7).

25 d. Failure to Provide Workfile. Business and Professions Code sections 11313, 11314  
26 11319 and 11328 and California Code of Regulations, title 10, section 3721(a)(7).

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ORDER

IT IS SO ORDERED that Real Estate Appraiser License No. AR028990, heretofore issued to Respondent Masood M. Foadi, is revoked.

Pursuant to Government Code section 11520, subdivision (c), Respondent may serve a written motion requesting that the Decision be vacated and stating the grounds relied on within seven (7) days after service of the Decision on Respondent. The agency in its discretion may vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

This Decision shall become effective on 2/6/2012.

It is so ORDERED 1/5/2012

**Original Signed**

FOR THE DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS

51059944.DOC  
DOJ Matter ID:LA2011600673

Attachment:  
Exhibit A: Accusation/Petition to Revoke Probation

# Exhibit A

Accusation/Petition to Revoke Probation

1 KAMALA D. HARRIS  
Attorney General of California  
2 MARC D. GREENBAUM  
Supervising Deputy Attorney General  
3 MORGAN MALEK  
Deputy Attorney General  
4 State Bar No. 223382  
300 So. Spring Street, Suite 1702  
5 Los Angeles, CA 90013  
Telephone: (213) 897-2643  
6 Facsimile: (213) 897-2804  
*Attorneys for Complainant*

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8 **BEFORE THE**  
**DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS**  
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Cases No. CI00525-06 and CI10107-01

11 **MASOOD M. FOADI**  
12 **22425 Ventura Boulevard, #140**  
13 **Woodland Hills, CA 91364**  
14 **Real Estate Appraiser License No.**  
15 **AR028990**

**ACCUSATION AND PETITION TO**  
**REVOKE PROBATION**

Respondent.

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18 Complainant alleges:

19 **PARTIES**

20 1. Elizabeth Scaters acting on behalf of the Office of Real Estate Appraisers  
21 (Complainant) brings this Accusation solely in her official capacity as the Supervising Property  
22 Appraiser/Investigator for Complainant. Complainant is represented in this matter by Deputy  
23 Attorney General Morgan Malek.

24 2. On or about January 25, 2008, the Director of the Office of Real Estate Appraisers  
25 issued Real Estate Appraiser License Number AR028990 to Masood M. Foadi (Respondent).  
26 The Real Estate Appraiser License was in full force and effect at all times relevant to the charges  
27 brought herein and will expire on June 17, 2012, unless renewed.  
28

JURISDICTION

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2       3.    This Accusation is brought before the Director of the Office of Real Estate Appraisers  
3 (Director), under the authority of the following laws. All section references are to the Business  
4 and Professions Code unless otherwise indicated.

5       4.    Business and Professions Code section 11313 states, in pertinent part:

6       "The office [Office of Real Estate Appraisers]<sup>1</sup> is under the supervision and control of the  
7 secretary [secretary of the Business, Transportation and Housing Agency]. The duty of enforcing  
8 and administering this part is vested in the director [director of the Office of Real Estate  
9 Appraisers] and he or she is responsible to the secretary therefor. The director shall adopt and  
10 enforce rules and regulations as are determined reasonably necessary to carry out the purposes of  
11 this part."

12       5.    Business and Professions Code section 11314 states, in pertinent part: "The office is  
13 required to include in its regulations requirements for licensure and discipline of real estate  
14 appraisers that ensure protection of the public interest."

15       6.    Business and Professions Code section 11319 states:

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

21       7.    Business and Professions Code section 11325, subdivision (a) states:

22       "The director shall adopt regulations which determine the parameters of appraisal work  
23 which may be performed by licensed appraisers."

24       8.    Business and Professions Code section 11328 states, in pertinent part:

25       "To substantiate documentation of appraisal experience, or to facilitate the investigation of  
26 illegal or unethical activities by a licensee, applicant, or other person acting in a capacity that

27 \_\_\_\_\_  
28       <sup>1</sup> Hereinafter referred as OREA

1 requires a license, that licensee, applicant, or person shall, upon the request of the director, submit  
2 copies of appraisals, or any work product which is addressed by the Uniform Standards of  
3 Professional Appraisal Practice, and all supporting documentation and data to the OREA."

4 **FINES**

5 9. Business and Professions Code section 11316, subdivision (a) states:

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

11 **COST RECOVERY**

12 10. Business and Professions Code section 11409, subdivision (a) states:

13 Except as otherwise provided by law, any order issued in resolution of a disciplinary  
14 proceeding may direct a licensee, applicant for licensure, person who acts in a capacity that  
15 requires a license under this part, course provider, applicant for course provider accreditation, or a  
16 person who, or entity that, acts in a capacity that requires course provider accreditation found to  
17 have committed a violation or violations of statutes or regulations relating to real estate appraiser  
18 practice to pay a sum not to exceed the reasonable costs of investigation, enforcement, and  
19 prosecution of the case.

20 **REGULATORY PROVISIONS**

21 11. California Code of Regulations, title 10, (Regulation) section 3701 states:

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

26 12. Regulation section 3702 (a) states, in pertinent part:

27 (a) The Director finds and declares as follows:  
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(1) That the profession of real estate appraisal is vested with a fiduciary relationship of trust and confidence as to clients, lending institutions, and both public and private guarantors or insurers of funds in federally-related real estate transactions and that the qualifications of honesty, candor, integrity, and trustworthiness are directly and substantially related to and indispensable to the practice of the appraisal profession;

...

(3) Every holder of a license to practice real estate appraisal...shall be required to demonstrate by his or her conduct that he or she possesses the qualifications of honesty, candor, integrity, and trustworthiness.

13. Regulation section 3705 states, in pertinent part::

(a) Every appraisal report subject to the Uniform Standards of Professional Appraisal Practice upon final completion shall bear the signature and license number of the appraiser and of the supervising appraiser, if appropriate. The affixing of such signature and number constitute the acceptance by the appraiser and supervising appraiser of full and personal responsibility for the accuracy, content, and integrity of the appraisal under Standards Rules 1 and 2 of USPAP.

...

(c) The license number of the appraiser, and of the review appraiser if the report is a review, shall appear with each signature throughout the appraisal or review document.

14. Regulation section 3721 states, in pertinent part::

(a) The Director may issue a citation, order of abatement, assess a fine or private or public reproof, suspend or revoke any license or Certificate of Registration of any person or entity acting in a capacity requiring a license or Certificate of Registration who has:

...

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

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

3 (6) Violated any provision of USPAP;

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

9 ...

10 **UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

11 15. Uniform Standards of Professional Appraisal Practice (USPAP), Standard 1, states:

12 In developing a real property appraisal, an appraiser must identify the problem to be  
13 solved, determine the scope of work necessary to solve the problem, and correctly complete  
14 research and analyses necessary to produce a credible appraisal.

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

16 In developing a real property appraisal, an appraiser must:

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

19 (b) not commit a substantial error of omission or commission that significantly affects  
20 an appraisal;

21 and

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

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

26 In developing a real property appraisal, an appraiser must:

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

28

- 1 (b) identify the intended use of the appraiser's opinions and conclusions; [footnote  
2 omitted]
- 3 (c) identify the type and definition of value, and, if the value opinion to be developed  
4 is market value, ascertain whether the value is to be the most probable price:
- 5 (i) in terms of cash; or  
6 (ii) in terms of financial arrangements equivalent to cash; or  
7 (iii) in other precisely defined terms; and  
8 (iv) if the opinion of value is to be based on non-market financing or financing with  
9 unusual conditions or incentives, the terms of such financing must be clearly identified and the  
10 appraiser's opinion of their contributions to or negative influence on value must be developed by  
11 analysis of relevant market data;
- 12 (d) identify the effective date of the appraiser's opinions and conclusions; [footnote  
13 omitted]
- 14 (e) identify the characteristics of the property that are relevant to the type and  
15 definition of value and intended use of the appraisal, [footnote omitted] including:
- 16 (i) its location and physical, legal, and economic attributes;  
17 (ii) the real property interest to be valued;  
18 (iii) any personal property, trade fixtures, or intangible items that are not real property  
19 but are included in the appraisal;
- 20 (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants,  
21 contracts, declarations, special assessments, ordinances, or other items of a similar nature; and  
22 (v) whether the subject property is a fractional interest, physical segment, or partial  
23 holding;
- 24 (f) identify any extraordinary assumptions necessary in the assignment;  
25 (g) identify any hypothetical conditions necessary in the assignment; and  
26 (h) determine the scope of work necessary to produce credible assignment results in  
27 accordance with the SCOPE OF WORK RULE. [footnote omitted]

28 18. USPAP Standards Rule 1-3, states

1           When necessary for credible assignment results in developing a market value opinion, an  
2 appraiser must:

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

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

7           19.       USPAP Standards Rule 1-4, states

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 21. USPAP Standards Rule 1-6, states:

21 In developing a real property appraisal, an appraiser must:

22 (a) reconcile the quality and quantity of data available and analyzed within the  
23 approaches used;

24 and

25 (b) reconcile the applicability and relevance of the approaches, methods and  
26 techniques used to arrive at the value conclusion(s).

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22. USPAP Standards Rule 2, states:

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

23. USPAP Standards Rule 2-1, states:

Each written or oral real property appraisal report must:

- (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
- (b) contain sufficient information to enable the intended users of the appraisal to understand the report properly; and
- (c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment.

24. USPAP Standards Rule 2-2, states:

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

- (a) The content of a Self-Contained Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:
  - (i) state the identity of the client and any intended users, by name or type; [footnote omitted]
  - (ii) state the intended use of the appraisal; [footnote omitted]
  - (iii) describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment; [footnote omitted]
  - (iv) state the real property interest appraised;
  - (v) state the type and definition of value and cite the source of the definition;
  - (vi) state the effective date of the appraisal and the date of the report; [footnote omitted]
  - (vii) describe the scope of work used to develop the appraisal; [footnote omitted]

- 1 (viii) describe the information analyzed, the appraisal methods and techniques
- 2 employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of
- 3 the sales comparison approach, cost approach, or income approach must be explained;
- 4 (ix) state the use of the real estate existing as of the date of value and the use of the real
- 5 estate reflected in the appraisal; and, when an opinion of highest and best use was developed by
- 6 the appraiser, describe the support and rationale for that opinion;
- 7 (x) clearly and conspicuously:
- 8 state all extraordinary assumptions and hypothetical conditions; and
- 9 state that their use might have affected the assignment results; and
- 10 (xi) include a signed certification in accordance with Standards Rule 2-3.
- 11 (b) The content of a Summary Appraisal Report must be consistent with the intended
- 12 use of the appraisal and, at a minimum:
- 13 (i) state the identity of the client and any intended users, by name or type; [footnote
- 14 omitted]
- 15 (ii) state the intended use of the appraisal; [footnote omitted]
- 16 (iii) summarize information sufficient to identify the real estate involved in the
- 17 appraisal, including the physical and economic property characteristics relevant to the
- 18 assignment; [footnote omitted]
- 19 (iv) state the real property interest appraised;
- 20 (v) state the type and definition of value and cite the source of the definition;
- 21 (vi) state the effective date of the appraisal and the date of the report; [footnote
- 22 omitted]
- 23 (vii) summarize the scope of work used to develop the appraisal; [footnote omitted]
- 24 (viii) summarize the information analyzed, the appraisal methods and techniques
- 25 employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of
- 26 the sales comparison approach, cost approach, or income approach must be explained;
- 27 ///
- 28

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

4 (x) clearly and conspicuously:

5 state all extraordinary assumptions and hypothetical conditions; and

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

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

8 25. USPAP Standards Rule 2-3, states:

9 Each written real property appraisal report must contain a signed certification that is similar  
10 in content to the following form:

11 I certify that, to the best of my knowledge and belief:

12 — the statements of fact contained in this report are true and correct.

13 — the reported analyses, opinions, and conclusions are limited only by the reported  
14 assumptions and limiting conditions and are my personal, impartial, and unbiased professional  
15 analyses, opinions, and conclusions.

16 — I have no (or the specified) present or prospective interest in the property that is  
17 the subject of this report and no (or the specified) personal interest with respect to the parties  
18 involved.

19 — I have no bias with respect to the property that is the subject of this report or to the  
20 parties involved with this assignment.

21 — my engagement in this assignment was not contingent upon developing or  
22 reporting predetermined results.

23 — my compensation for completing this assignment is not contingent upon the  
24 development or reporting of a predetermined value or direction in value that favors the cause of  
25 the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence  
26 of a subsequent event directly related to the intended use of this appraisal.

27 — my analyses, opinions, and conclusions were developed, and this report has been  
28 prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

1           — I have (or have not) made a personal inspection of the property that is the subject  
2 of this report. (If more than one person signs this certification, the certification must clearly  
3 specify which individuals did and which individuals did not make a personal inspection of the  
4 appraised property.) [footnote omitted]

5           — no one provided significant real property appraisal assistance to the person signing  
6 this certification. (If there are exceptions, the name of each individual providing significant real  
7 property appraisal assistance must be stated.)

8           26. USPAP Standards Rule 2-4, states:

9           To the extent that it is both possible and appropriate, an oral real property appraisal report  
10 must address the substantive matters set forth in Standards Rule 2-2(b).

11           27. USPAP **Ethics Rule**, states:

12           An appraiser must promote and preserve the public trust inherent in appraisal practice by  
13 observing the highest standards of professional ethics.

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

18           Conduct:

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

21           An appraiser:

- 22           • must not perform an assignment with bias;
- 23           • must not advocate the cause or interest of any party or issue;
- 24           • must not accept an assignment that includes the reporting of predetermined  
25           opinions and conclusions;
- 26           • must not misrepresent his or her role when providing valuation services that are  
27           outside of appraisal practice;
- 28           • must not communicate assignment results with the intent to mislead or to defraud;

- 1 • must not use or communicate a report that is known by the appraiser to be
- 2 misleading or fraudulent;
- 3 • must not knowingly permit an employee or other person to communicate a
- 4 misleading or fraudulent report;
- 5 • must not use or rely on unsupported conclusions relating to characteristics such
- 6 as race, color, religion, national origin, gender, marital status, familial status, age,
- 7 receipt of public assistance income, handicap, or an unsupported conclusion that
- 8 homogeneity of such characteristics is necessary to maximize value;
- 9 • must not engage in criminal conduct; and
- 10 • must not perform an assignment in a grossly negligent manner.

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

- 13 • any current or prospective interest in the subject property or parties involved; and
- 14 • any services regarding the subject property performed by the appraiser within the
- 15 three year period immediately preceding acceptance of the assignment, as an
- 16 appraiser or in any other capacity.

17 Management:

18 An appraiser must disclose that he or she paid a fee or commission, or gave a thing of  
19 value in connection with the procurement of an assignment.

20 An appraiser must not accept an assignment, or have a compensation arrangement  
21 for an assignment, that is contingent on any of the following:

- 22 1. the reporting of a predetermined result (e.g., opinion of value);
- 23 2. a direction in assignment results that favors the cause of the client;
- 24 3. the amount of a value opinion;
- 25 4. the attainment of a stipulated result (e.g., that the loan closes, or taxes are reduced);

26 or

- 27 5. the occurrence of a subsequent event directly related to the appraiser's opinions
- 28 and specific to the assignment's purpose.

1 An appraiser must not advertise for or solicit assignments in a manner that is false,  
2 misleading, or exaggerated.

3 An appraiser must affix, or authorize the use of, his or her signature to certify recognition  
4 and acceptance of his or her USPAP responsibilities in an appraisal, appraisal review, or  
5 appraisal consulting assignment (see Standards Rules 2-3, 3-6, 5-3, 6-9, 8-3, and 10-3). An  
6 appraiser may authorize the use of his or her signature only on an assignment-by-assignment  
7 basis.

8 An appraiser must not affix the signature of another appraiser without his or her consent.

9 Confidentiality:

10 An appraiser must protect the confidential nature of the appraiser-client relationship.

11 An appraiser must act in good faith with regard to the legitimate interests of the client in  
12 the use of confidential information and in the communication of assignment results.

13 An appraiser must be aware of, and comply with, all confidentiality and privacy laws and  
14 regulations applicable in an assignment.

15 An appraiser must not disclose: (1) confidential information; or (2) assignment results  
16 to anyone other than:

- 17 • the client;
- 18 • persons specifically authorized by the client;
- 19 • state appraiser regulatory agencies;
- 20 • third parties as may be authorized by due process of law; or
- 21 • a duly authorized professional peer review committee except when such  
22 disclosure to a committee would violate applicable law or regulation.

23 A member of a duly authorized professional peer review committee must not disclose  
24 confidential information presented to the committee.

25 Record Keeping:

26 An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal  
27 consulting assignment. A workfile must be in existence prior to the issuance of a written or  
28

1 oral report. A written summary of an oral report must be added to the workfile within a  
2 reasonable time after the issuance of the oral report.

3 The workfile must include:

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

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

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

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

- 21 • submission to state appraiser regulatory agencies;
- 22 • compliance with due process of law;
- 23 • submission to a duly authorized professional peer review committee; or
- 24 • compliance with retrieval arrangements.

25 28. USPAP Competency Rule, states:

26 An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary  
27 competency to perform the assignment; or (3) decline or withdraw from the assignment.

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Being Competent

The appraiser must determine, prior to accepting an assignment, that he or she can perform the assignment competently. Competency requires:

- 1. the ability to properly identify the problem to be addressed; and
- 2. the knowledge and experience to complete the assignment competently; and
- 3. recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

Acquiring Competency

If an appraiser determines he or she is not competent prior to accepting an assignment, the appraiser must:

- 1. disclose the lack of knowledge and/or experience to the client before accepting the assignment;
  - 2. take all steps necessary or appropriate to complete the assignment competently;
- and
- 3. describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

When facts or conditions are discovered during the course of an assignment that cause an appraiser to determine, at that time, that he or she lacks the required knowledge and experience to complete the assignment competently, the appraiser must:

- 1. notify the client, and
- 2. take all steps necessary or appropriate to complete the assignment competently, and
- 3. describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

Lack of Competency

If the assignment cannot be completed competently the appraiser must decline or withdraw from the assignment.

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29. USPAP Scope of Work Rule, states:

For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results.

Problem Identification

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal, appraisal review or appraisal consulting problem to be solved.

Scope of Work Acceptability

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

Disclosure Obligations

The report must contain sufficient information to allow intended users to understand the scope of work performed.

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**RESEDA BLVD PROPERTY**

30. On May 10, 2010, Respondent<sup>2</sup> completed a real estate appraisal report for the property located at 11326 Reseda Blvd., Northridge, California. The report contained errors or omissions, in violation of the provisions of USPAP.

**FIRST CAUSE FOR DISCIPLINE**

(Violation of USPAP Provisions)

31. Respondent is subject to disciplinary action under Business and Profession Code sections 11313, 11314 and 11319, in conjunction with California Code of Regulations, title 10, section 3701, for violating Business and Professions Code section 11324, California Code of Regulations, title 10, section 3721, subdivision (a)(2), (a)(4), (a)(6), (a)(7),; in that Respondent failed to conform to and observe the provisions of USPAP as follows:

a. Respondent misrepresented neighborhood property values as increasing while inconsistently stating that the demand/supply was in balance. (S.R. 1-2(e)(i), 1-3(a) and 2-2(b)(iii));

b. Respondent failed to disclose and analyze the subject's location at two heavily trafficked streets, and its proximity to a freeway. Additionally, Respondent provided a misleading location map that placed the subject's location away from its actual location and proximity to the external influences. (S.R. 1-2(e)(i), and 2-2(b)(iii));

c. Respondent failed to appropriately discuss and analyze the two separate parcels that he included in the subject's stated lot size. Additionally, Respondent overstated the combined size of both parcels. (S.R. 1-2(e)(i), and 2-2(b)(iii));

d. Respondent failed to disclose that the subject's family room and second story were additions and failed to address the market's reaction in his analysis. (S.R. 1-2(e)(i), and 2-2(b)(iii));

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<sup>2</sup> Respondent is a chemical engineer and he started appraising on weekends in 1995.

1 e. Respondent failed to disclose and adjust appropriately for the subject's significant  
2 external obsolescence in the Sales Comparison Approach and the Cost Approach, which resulted  
3 in an overvaluation. (S.R. 1-4(a), 1-4(b)(i)(iii) and 2-2(b)(viii));

4 f. Respondent failed to appropriately discuss and analyze the subject's listing and  
5 marketing history, sale price and date of sale. (S.R. 1-5(a) and 2-2(b)(viii));

6 g. Respondent disclosed, but failed to appropriately analyze the subject's prior purchase  
7 for four hundred seven thousand five hundred dollars (\$407,500). His concluded value of five  
8 hundred sixty thousand dollars (\$560,000) represents a thirty seven percent (37%) increase in  
9 value in approximately four (4) months. (S.R. 1-5(b) and 2-2(b)(viii));

10 h. Based upon the findings noted in paragraph 31 subsections (a), (b), (c), (d), (e), (f)  
11 and (g), Respondent failed to correctly employ those recognized methods and techniques that are  
12 necessary to produce a credible appraisal. Complainant incorporates by reference as though set  
13 forth fully the allegations of paragraph 31 subsections (a), (b), (c), (d), (e), (f) and (g) inclusive,  
14 above. (S.R. 1-1(a));

15 i. Based upon the findings noted in paragraph 31, subsections (a), (b), (c), (d), (e), (f)  
16 and (g), Respondent committed substantial errors of omission or commission that significantly  
17 affected the appraisal. Complainant incorporates by reference as though set forth fully the  
18 allegations of paragraph 31 subsections (a), (b), (c), (d), (e), (f) and (g) inclusive, above. (S.R.  
19 1-1(b));

20 j. Based upon the findings noted in paragraph 31, subsections (a), (b), (c), (d), (e), (f)  
21 and (g), Respondent failed to clearly and accurately set forth the appraisal in a manner that would  
22 not be misleading. Complainant incorporates by reference as though set forth fully the allegations  
23 of paragraph 31 subsections (a), (b), (c), (d), (e), (f) and (g) inclusive, above. (S.R. 2-1(a));

24 k. Based upon the findings noted in paragraph 31, subsections (a), (b), (c), (d), (e), (f)  
25 and (g), Respondent failed to provide sufficient information to enable the intended users of the  
26 report to understand it properly. Complainant incorporates by reference as though set forth fully  
27 the allegations of paragraph 31 subsections (a), (b), (c), (d), (e), (f) and (g) inclusive, above.  
28 (S.R. 2-1(b)); and



1 Respondent failed to facilitate an investigation of illegal or unethical activities in violation of the  
2 California Business and Profession Code 11328.

3 **SIXTH CAUSE FOR DISCIPLINE**

4 (Failure to Provide Workfile)

5 35. Respondent is subject to disciplinary action under Business and Profession Code  
6 section 11313, 11314 and 11319, in conjunction with California Code of Regulations, title 10,  
7 section 3721, subdivision (a)(7), for violating section 11328, in that Respondent failed to submit,  
8 upon OREA's requests on or about January 7, 2011 and on February 15, 2011, a copy of the  
9 appraisal report, work file, and all supporting documentation for the Marvin Trial Property to the  
10 OREA which Respondent is to keep in accord with USPAP, Ethic Rule, Record Keeping Section.  
11 Complainant refers to and by this reference incorporates the allegations set forth above in  
12 paragraph 34, inclusive, as though set forth fully.

13 **PETITION TO REVOKE PROBATION**

14 36. In a prior disciplinary action entitled *In the Matter of Accusation Against Masood*  
15 *Foadi*, Case No. C070302-07<sup>3</sup>, Before the Office of Real Estate Appraisers, State of California,  
16 the Director of the Office of Real Estate Appraisers issued a Decision, effective December 16,  
17 2009, in which Respondent's Real Estate Appraisers License was revoked. However, revocation  
18 was stayed and Respondent's license was placed on probation for a period of two (2) years with  
19 certain terms and conditions. A copy of the Decision is attached as Exhibit "A" and is  
20 incorporated herein by reference. The Decision, at Condition 10 provides "[I]f Respondent  
21 violates probation in any respect, the Director of the Office of Real Estate Appraisers, after giving  
22 Respondent notice and an opportunity to be heard, may revoke probation and carry out the  
23 disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed

24  
25 <sup>3</sup> Respondent was alleged to violate USPAP S.R. 1 and 2, Conduct and Record Keeping sections of the Ethics Rule,  
26 Competency Rule, for failure to accurately analyze the relevant property characteristics of a subject property;  
27 commission of a series of errors in the Sales Comparison Approach for two properties including the use of  
28 inappropriate sales comparable and the misrepresentation of relevant property characteristics of the sales  
comparables resulting in misleading appraisal reports.

1 against Respondent during probation, the Director shall have continuing jurisdiction until the  
2 matter is final, and the period of probation shall be extended until the matter is final.”

3 37. The terms and conditions included:

4 **Condition 1 of Probation:**

5 “1. **Obey All Laws.** Respondent shall comply with all federal, state and local  
6 laws, and conform to the minimum guidelines set forth under the Uniform Standards of  
7 Professional Appraisal Practice (USPAP), and all other laws and regulations pertaining to  
8 real estate appraisers.”

9 **Condition 3 of Probation:**

10 “3. **Appraisal Log / Work Samples.** Commencing on the effective date of the  
11 Decision and Order and continuing through the period of probation, Respondent shall  
12 maintain a log of all appraisals Respondent performs on the Log of Appraisal Experience  
13 (REA 3004) form. Respondent will submit a complete and accurate copy of the log of all  
14 appraisals completed each six months. Each six-month log shall be submitted to the Office  
15 of Real Estate Appraisers within 30 days following the end of each six-month period.  
16 Respondent understands that the Office of Real Estate Appraisers will select work samples  
17 for review from each submitted six-month appraisal log.”

18 **Condition 4 of Probation:**

19 “4. **Monitoring Costs.** Respondent shall pay costs associated with monitoring each  
20 and every year of probation. Respondent shall comply with the Office's probation  
21 compliance monitoring program. Failure to pay costs or comply with probation monitoring  
22 shall be considered a violation of probation. Said costs shall be in a sum sufficient to cover  
23 the costs incurred by the Office in reviewing appraisals, and other monitoring, in an amount  
24 not to exceed \$250 per six-month period.”

25 **Condition 12 of Probation:**

26 “12. **Cost Reimbursement.** Respondent shall reimburse the Office of Real Estate  
27 Appraisers \$2,500.00 for its investigation and prosecution costs. The payment shall be  
28 made in quarterly payments (due with quarterly written reports), the final payment being

1 due not later than six months before probation is scheduled to terminate. Payment shall be  
2 made to the Real Estate Appraisers Regulation Fund, c/o Office of Real Estate Appraisers,  
3 1102 Q Street, Suite 4100, Sacramento, California 95814 by check or money order and  
4 shall indicate on its face the notation: OREA Case No.C070302-07. Failure to reimburse  
5 the Office of Real Estate Appraiser's costs of its investigation and prosecution shall  
6 constitute a violation of the probationary order, unless the Office of Real Estate Appraiser  
7 agrees in writing to payment by an installment plan because of financial hardship.  
8 However, full payment must be received no later than the scheduled termination of the  
9 stayed revocation."

10 **Condition 13 of Probation:**

11 **"13. Uniform Standards of Professional Appraisal Practice Course**

12 /**Examination.** Respondent shall take and pass an Office of Real Estate Appraisers  
13 approved 15-hour basic education course on the Uniform Standards of Professional  
14 Appraisal Practice within 12 months of the date the Decision and Order of the  
15 Director of the Office of Real Estate Appraisers is final. The course must be The  
16 Appraisal Foundation's National USPAP Course (or its equivalent as determined  
17 solely by the Appraiser Qualifications Board (AQB) Course Approval Program), and  
18 must be taught by an AQB Certified USPAP Instructor who is also a Certified  
19 Residential or Certified General appraiser in good standing with OREA. The course  
20 must be in a classroom setting and administer a closed book final examination.  
21 Respondent must submit proof of successful completion of the course and final  
22 examination within 12 months following the date the Decision and Order of the  
23 Director of the Office of Real Estate Appraisers is final. Respondent understands that  
24 it is his responsibility to ensure that the course meets all of the requirements listed  
25 above and to apply for, schedule, and make all arrangements to take the course."

26 **Condition 14 of Probation:**

27 **"14. Basic Education Courses.** Respondent shall take and successfully complete,  
28 within 120 days from the effective date of the Decision and Order of the Director of the

1 Office of Real Estate Appraisers, 15 hours of Office of Real Estate Appraisers approved  
2 basic education courses covering the following topics: Advanced Residential Applications  
3 and Case Studies. The course may be completed online. The courses must be approved in  
4 advance by the Director of the Office of Real Estate Appraisers or the Director's designee.  
5 Respondent has the burden of applying for, scheduling, and otherwise making arrangements  
6 to take the course. Respondent must timely report successful completion of the course  
7 within 30 days from the date of completion, by submitting to the Office of Real Estate  
8 Appraisers a course completion certificate or transcript verifying Respondent's successful  
9 completion of the course and passage of the final examination.

10 **Condition 16 of Probation:**

11 "16. **Payment of Outstanding Fine.** Respondent further acknowledges and agrees  
12 to pay a fine pursuant to Business and Professions Code section 11316(a) and California  
13 Code of Regulations, title 10, section 3721(a), for the sum of \$2,000. Said sum shall be  
14 received by the Office of Real Estate Appraisers within 30 days of the effective date of the  
15 Decision and Order of the Director of Real Estate Appraisers. Payment shall be made to  
16 the Real Estate Appraisers Regulation Fund, c/o Office of Real Estate Appraisers, 1102 Q  
17 Street, Suite 4100, Sacramento, California 95814 by check or money order and shall  
18 indicate on its face the notation: OREA Case No. C070302-07. Respondent shall also  
19 submit the *Remittance Notification* (REA 2032) form with payment, which will be provided  
20 by the Office upon acceptance of this Stipulation and Waiver. If full payment is not  
21 received by the Office by the date due as noted in the invoice, a 10 percent late penalty  
22 shall be added to the unpaid balance and interest will accrue on the unpaid balance at the  
23 pooled money investment rate in effect at that time, until the full amount is paid. If the  
24 unpaid balance plus 10 percent late penalty and interest on the unpaid balance are not  
25 received by the Office within 30 days thereafter, my appraiser license may be automatically  
26 suspended without further notice from the Office and will not be eligible for reinstatement  
27 prior to receipt of the full payment of the unpaid balance, penalty, and interest. Respondent  
28 shall not be eligible to renew his license until such time as full payment of the outstanding

1 fine has been made.

2 **GROUND FOR REVOKING PROBATION**

3 38. Grounds exist for revoking probation and re-imposing the Order of revocation of  
4 Respondent's Real Estate Appraisers License in that Respondent failed to comply with the  
5 following terms of probation:

6 a. Probation Term No. 1: Obey All Laws. Respondent failed to obey all laws and  
7 regulations governing the practice of Real Estate Appraiser in California in that (1) he failed to  
8 facilitate an investigation of illegal or unethical activities in violation of the California Business  
9 and Profession Code 11328; (2) failed to conform to and observe the provisions of USPAP;  
10 (3) made a significant errors of omissions and commissions, as set forth above in paragraphs 24  
11 (a)-(l), which affected the credibility of those results; (4) committed acts involving dishonesty,  
12 fraud, deceit with the intent to benefit himself or another, or to injure another; and (5) failed to  
13 perform his assignments without impartiality, objectivity, and independence, pertaining to  
14 the Reseda Blvd Property, as more fully set forth in paragraphs 31 (a)-(l).

15 b. Probation Term No. 3: Respondent failed to submit a complete and an accurate  
16 copy of the log of all appraisals each six months.

17 c. Probation term No. 4: Respondent failed to (1) pay costs associated with  
18 monitoring each and every year of probation; (2) comply with the Offices' probation compliance  
19 monitoring program.

20 d. Probation term No. 12: Respondent failed to reimburse the Office of Real Estate  
21 Appraisers (OREA) \$2,500 for its investigation and prosecution costs.

22 e. Probation term No. 13: Respondent failed to take and pass an OREA approved 15-  
23 hour basic education course on the Uniform Standards of Professional Appraisal Practice within  
24 12 months of the date the Decision and Order of the Director of the OREA was final.

25 f. Probation term No. 14: Respondent failed to take and successfully complete,  
26 within 120 days from the effective date of the Decision and Order of the Director of the Office of  
27 Real Estate Appraisers, 15 hours of Office of Real Estate Appraisers approved basic education  
28 courses covering the following topics: Advanced Residential Applications and Case Studies.

1 g. Probation term No. 16: Respondent failed to pay a fine pursuant to Business and  
2 Professions Code section 11316(a) and California Code of Regulations, title 10, section 3721(a),  
3 for the sum of \$2,000. Said sum should have been received by the Office of Real Estate  
4 Appraisers within 30 days of the effective date of the Decision and Order of the Director of Real  
5 Estate Appraisers.

6 It should be noted that Respondent failed to pay the fines plus 10 percent late penalty  
7 and interest on the unpaid balance within 30 days, which is a ground to *automatically* suspend  
8 Respondent's license. Respondent shall not be eligible to renew his license until such time as full  
9 payment of the outstanding fine has been made.

10 **PRAYER**

11 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
12 and that following the hearing, the Director of the Office of Real Estate Appraisers issue a  
13 decision:

14 1.1. Revoking or suspending Real Estate Appraiser License Number AR028990, issued to  
15 Masood M. Foadi

16 1.2. Ordering Masood M. Foadi to pay the Director of the Office of Real Estate  
17 Appraisers the reasonable costs of the investigation and enforcement of this case, pursuant to  
18 Business and Professions Code section 11409;

19 1.3. Taking such other and further action as deemed necessary and proper.  
20

21  
22 ***Original Signed***

23 DATED: 11/1/11

24 ELIZABETH SEATERS  
25 Supervising Property Appraiser Investigator  
26 Office of Real Estate Appraisers  
27 State of California  
28 *Complainant*

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EXHIBIT "A"

BEFORE THE  
DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS  
OFFICE OF REAL ESTATE APPRAISERS  
STATE OF CALIFORNIA

In the Matter of the Accusation Against,

Case No.: C070302-07

MASOOD M. FOADI  
22425 Ventura Boulevard, #140  
Woodland Hills, CA 91364  
Certified Residential Real Estate Appraiser  
License No. AR028990

Respondent.

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the Director of the Office of Real Estate Appraisers, Office of Real Estate Appraisers, as its Decision in this matter.

This Decision shall become effective on

12/16/09

It is so ORDERED

12/16/09

**Original Signed**

\_\_\_\_\_  
FOR THE DIRECTOR OF THE OFFICE OF REAL  
ESTATE APPRAISERS  
OFFICE OF REAL ESTATE APPRAISERS

1 EDMUND G. BROWN JR.  
Attorney General of California  
2 GREGORY J. SALUTE  
Supervising Deputy Attorney General  
3 ALVARO MEJIA  
Deputy Attorney General  
4 State Bar No. 216956  
300 So. Spring Street, Suite 1702  
5 Los Angeles, CA 90013  
Telephone: (213) 897-0083  
6 Facsimile: (213) 897-2804  
*Attorneys for Complainant*  
7

8 **BEFORE THE**  
**DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS**  
9 **OFFICE OF REAL ESTATE APPRAISERS**  
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against,

Case No.: C070302-07

12 **MASOOD M. FOADI**  
13 **22425 Ventura Boulevard, #140**  
14 **Woodland Hills, CA 91364**  
15 **Certified Residential Real Estate Appraiser**  
16 **License No. AR028990**

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

Respondent.

17  
18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
19 entitled proceedings that the following matters are true:

20 **PARTIES**

21 1. Greg Harding (Complainant) is the Chief of Licensing and Enforcement of the Office  
22 of Real Estate Appraisers. He brought this action solely in his official capacity and is represented  
23 in this matter by Edmund G. Brown Jr., Attorney General of the State of California, by Alvaro  
24 Mejia, Deputy Attorney General.

25 2. Respondent Masood M. Foadi (Respondent) is represented in this proceeding by  
26 attorney Kouros Lahooti, whose address is 18321 Ventura Blvd., Suite 880, Tarzana, CA 91367.

27 3. On or about January 25, 2008, the Office of Real Estate Appraisers issued Certified  
28 Residential Real Estate Appraiser License No. AR028990 to Masood M. Foadi (Respondent).

1 The Certified Residential Real Estate Appraiser License was in full force and effect at all times  
2 relevant to the charges brought in Accusation No. C070302-07 and will expire on June 17, 2010,  
3 unless renewed.

4 **JURISDICTION**

5 4. Accusation No. C070302-07 was filed before the Director of the Office of Real Estate  
6 Appraisers (Director), for the Office of Real Estate Appraisers (Director), and is currently  
7 pending against Respondent. The Accusation and all other statutorily required documents were  
8 properly served on Respondent on March 25, 2009. Respondent timely filed his Notice of  
9 Defense contesting the Accusation. A copy of Accusation No. C070302-07 is attached as exhibit  
10 A and incorporated herein by reference.

11 **ADVISEMENT AND WAIVERS**

12 5. Respondent has carefully read, fully discussed with counsel, and understands the  
13 charges and allegations in Accusation No. C070302-07. Respondent has also carefully read, fully  
14 discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary  
15 Order.

16 6. Respondent is fully aware of his legal rights in this matter, including the right to a  
17 hearing on the charges and allegations in the Accusation; the right to be represented by counsel at  
18 his own expense; the right to confront and cross-examine the witnesses against him; the right to  
19 present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel  
20 the attendance of witnesses and the production of documents; the right to reconsideration and  
21 court review of an adverse decision; and all other rights accorded by the California  
22 Administrative Procedure Act and other applicable laws.

23 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and  
24 every right set forth above.

25 **CULPABILITY**

26 8. Respondent admits the truth of each and every charge and allegation in Accusation  
27 No. C070302-07.

28 ///



1 Appraisal Practice (USPAP), and all other laws and regulations pertaining to real estate  
2 appraisers.

3       3.     **Appraisal Log / Work Samples.** Commencing on the effective date of the Decision  
4 and Order and continuing through the period of probation, Respondent shall maintain a log of all  
5 appraisals Respondent performs on the Log of Appraisal Experience (REA 3004) form.  
6 Respondent will submit a complete and accurate copy of the log of all appraisals completed each  
7 six months. Each six-month log shall be submitted to the Office of Real Estate Appraisers within  
8 30 days following the end of each six-month period. Respondent understands that the Office of  
9 Real Estate Appraisers will select work samples for review from each submitted six-month  
10 appraisal log.

11       4.     **Monitoring Costs.** Respondent shall pay costs associated with monitoring each and  
12 every year of probation. Respondent shall comply with the Office's probation compliance  
13 monitoring program. Failure to pay costs or comply with probation monitoring shall be  
14 considered a violation of probation. Said costs shall be in a sum sufficient to cover the costs  
15 incurred by the Office in reviewing appraisals, and other monitoring, in an amount not to exceed  
16 \$250 per six-month period.

17       5.     **Personal Appearances.** Respondent shall, during the period of probation, appear in  
18 person at interviews/meetings as directed by the Office of Real Estate Appraisers or its designated  
19 representatives, provided such notification is accomplished in a timely manner.

20       6.     **Comply With Probation.** Respondent shall fully comply with the terms and  
21 conditions of the probation imposed by the Director of the Office of Real Estate Appraisers and  
22 shall cooperate fully with representatives of the Office in its monitoring and investigation of  
23 Respondent's compliance with the terms and conditions of probation.

24       7.     **Monitoring.** Respondent shall be subject to, and shall permit, monitoring and  
25 investigation of Respondent's professional practice. Such monitoring and investigation shall be  
26 conducted by representatives of the Office of Real Estate Appraisers.

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1           8.    **Active License Status.** Respondent shall at all times maintain an active license status  
2 with the Office of Real Estate Appraisers, including during any period of suspension. If the  
3 license is expired at the time the Decision and Order of the Director of the Office of Real Estate  
4 Appraisers becomes effective, the license must be renewed within 30 days of the effective date of  
5 the Decision and Order.

6           9.    **Tolling of Probation For Out-of-State Residence/Practice.** In the event  
7 Respondent should leave California to reside or practice outside this state, Respondent must  
8 notify the Office of Real Estate Appraisers, in writing, of the dates of departure and return.  
9 Periods of non-California residency or practice outside the state shall not apply to reduction of the  
10 probationary period, or of any suspension. No obligation imposed herein, including requirements  
11 to file written reports, reimburse the Office costs, or make restitution to consumers, shall be  
12 suspended or otherwise affected by such periods of out-of-state residency or practice except at the  
13 written direction of the Office of Real Estate Appraisers.

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

20           11.    **Completion of Probation.**

21           Notwithstanding the continued effect of the Public Repeal, upon successful completion of  
22 probation, Respondent's license will be fully restored.

23           12.    **Cost Reimbursement.** Respondent shall reimburse the Office of Real Estate  
24 Appraisers \$2,500.00 for its investigation and prosecution costs. The payment shall be made in  
25 quarterly payments (due with quarterly written reports), the final payment being due not later than  
26 six months before probation is scheduled to terminate. Payment shall be made to the Real Estate  
27 Appraisers Regulation Fund, c/o Office of Real Estate Appraisers, 1102 Q Street, Suite 4100,  
28 Sacramento, California 95811 by check or money order and shall indicate on its face the notation:

1 OREA Case No.C070302-07. Failure to reimburse the Office of Real Estate Appraiser's costs of  
2 its investigation and prosecution shall constitute a violation of the probationary order, unless the  
3 Office of Real Estate Appraiser agrees in writing to payment by an installment plan because of  
4 financial hardship. However, full payment must be received no later than the scheduled  
5 termination of the stayed revocation.

6 **13. Uniform Standards of Professional Appraisal Practice Course /Examination.**

7 Respondent shall take and pass an Office of Real Estate Appraisers approved 15-hour basic  
8 education course on the Uniform Standards of Professional Appraisal Practice within 12 months  
9 of the date the Decision and Order of the Director of the Office of Real Estate Appraisers is final.  
10 The course must be The Appraisal Foundation's National USPAP Course (or its equivalent as  
11 determined solely by the Appraiser Qualifications Board (AQB) Course Approval Program), and  
12 must be taught by an AQB Certified USPAP Instructor who is also a Certified Residential or  
13 Certified General appraiser in good standing with OREA. The course must be in a classroom  
14 setting and administer a closed book final examination. Respondent must submit proof of  
15 successful completion of the course and final examination within 12 months following the date  
16 the Decision and Order of the Director of the Office of Real Estate Appraisers is final.

17 Respondent understands that it is his responsibility to ensure that the course meets all of the  
18 requirements listed above and to apply for, schedule, and make all arrangements to take the  
19 course.

20 **14. Basic Education Courses.** Respondent shall take and successfully complete, within  
21 120 days from the effective date of the Decision and Order of the Director of the Office of Real  
22 Estate Appraisers, 15 hours of Office of Real Estate Appraisers approved basic education courses  
23 covering the following topics: Advanced Residential Applications and Case Studies. The course  
24 may be completed online. The courses must be approved in advance by the Director of the Office  
25 of Real Estate Appraisers or the Director's designee. Respondent has the burden of applying for,  
26 scheduling, and otherwise making arrangements to take the course. Respondent must timely  
27 report successful completion of the course within 30 days from the date of completion, by  
28 submitting to the Office of Real Estate Appraisers a course completion certificate or transcript

1 verifying Respondent's successful completion of the course and passage of the final examination.

2 15. **Minimum Education Requirements.** Educational courses imposed as a term or  
3 condition of probation by the Director of Real Estate Appraisers may not be credited towards  
4 Respondent's continuing education requirements required for renewal of Respondent's real estate  
5 appraiser license.

6 16. **Payment of Outstanding Fine.** Respondent further acknowledges and agrees to pay  
7 a fine pursuant to Business and Professions Code section 11316(a) and California Code of  
8 Regulations, title 10, section 3721(a), for the sum of \$2,000. Said sum shall be received by the  
9 Office of Real Estate Appraisers within 30 days of the effective date of the Decision and Order of  
10 the Director of Real Estate Appraisers. Payment shall be made to the Real Estate Appraisers  
11 Regulation Fund, c/o Office of Real Estate Appraisers, 1102 Q Street, Suite 4100, Sacramento,  
12 California 95811 by check or money order and shall indicate on its face the notation: OREA Case  
13 No. C070302-07. Respondent shall also submit the *Remittance Notification* (REA 2032) form  
14 with payment, which will be provided by the Office upon acceptance of this Stipulation and  
15 Waiver. If full payment is not received by the Office by the date due as noted in the invoice, a 10  
16 percent late penalty shall be added to the unpaid balance and interest will accrue on the unpaid  
17 balance at the pooled money investment rate in effect at that time, until the full amount is paid. If  
18 the unpaid balance plus 10 percent late penalty and interest on the unpaid balance are not received  
19 by the Office within 30 days thereafter, my appraiser license may be automatically suspended  
20 without further notice from the Office and will not be eligible for reinstatement prior to receipt of  
21 the full payment of the unpaid balance, penalty, and interest. Respondent shall not be eligible to  
22 renew his license until such time as full payment of the outstanding fine has been made.

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**ACCEPTANCE**

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Kouros Lahooti. I understand the stipulation and the effect it will have on my Certified Residential Real Estate Appraiser License. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Director of the Office of Real Estate Appraisers, Office of Real Estate Appraisers.

DATED: 06/17/2009

**Original Signed**

\_\_\_\_\_  
MASOOD M. FOADI  
Respondent

I have read and fully discussed with Respondent Masood M. Foadi the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: June-16-09

**Original Signed**

\_\_\_\_\_  
Kouros Lahooti  
Attorney for Respondent

**ENDORSEMENT**

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the Director of the Office of Real Estate Appraisers, Office of Real Estate Appraisers.

Dated: May 26, 2009

Respectfully Submitted,

EDMUND G. BROWN JR.  
Attorney General of California  
GREGORY J. SALUTE  
Supervising Deputy Attorney General

**Original Signed**

\_\_\_\_\_  
ALVARO MEJIA  
Deputy Attorney General  
Attorneys for Complainant

DOJ Matter ID: LA2008601440  
60412156.doc

**Exhibit A**

**Accusation No. C070302-07**

1 EDMUND G. BROWN JR., Attorney General  
of the State of California  
2 GREGORY J. SALUTE  
Supervising Deputy Attorney General  
3 ALVARO MEJIA, State Bar No. 216956  
Deputy Attorney General  
4 300 So. Spring Street, Suite 1702  
Los Angeles, CA 90013  
5 Telephone: (213) 897-0083  
Facsimile: (213) 897-2804  
6

7 Attorneys for Complainant

8 **BEFORE THE**  
9 **DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS**  
10 **OFFICE OF REAL ESTATE APPRAISERS**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. C070302-07

13 MASOOD M. FOADI  
22425 Ventura Boulevard, #140  
Woodland Hills, CA 91364

**A C C U S A T I O N**

14 Certified Residential Real Estate Appraiser  
License No. AR028990

15 Respondent.  
16

17 Complainant alleges:

18 **PARTIES**

- 19 1. Greg Harding (Complainant) brings this Accusation solely in his official  
20 capacity as the Chief of Licensing and Enforcement of the Office of Real Estate Appraisers.
- 21 2. On or about May 17, 2002, the Director of the Office of Real Estate  
22 Appraisers (Director) issued Real Estate Appraiser Trainee License No. AR028990 to Masood  
23 M. Foadi (Respondent). On or about June 18, 2004, the Real Estate Appraiser Trainee License  
24 was upgraded to a Residential Real Estate Appraiser License. On or about June 18, 2006, the  
25 Residential Real Estate Appraiser License was upgraded to a Certified Residential Real Estate  
26 Appraiser License. The Certified Residential Real Estate Appraiser License was in full force and  
27 effect at all times relevant to the charges brought herein and will expire on June 17, 2010, unless  
28 renewed.

1 JURISDICTION

2 3. This Accusation is brought before the Director for the Office of Real  
3 Estate Appraisers under the authority of the following laws. All section references are to the  
4 Business and Professions Code unless otherwise indicated.

5 STATUTORY PROVISIONS

6 4. Section 11313 states, in pertinent part:

7 "The office [Office of Real Estate Appraisers] is under the supervision and control  
8 of the secretary [secretary of the Business, Transportation and Housing Agency]. The duty of  
9 enforcing and administering this part is vested in the director [director of the Office of Real  
10 Estate Appraisers] and he or she is responsible to the secretary therefor. The director shall adopt  
11 and enforce rules and regulations as are determined reasonably necessary to carry out the  
12 purposes of this part."

13 5. Section 11314 states, in pertinent part: "The office is required to include  
14 in its regulations requirements for licensure and discipline of real estate appraisers that ensure  
15 protection of the public interest."

16 6. Section 11319 states:

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

22 7. Section 11325, subdivision (a) states:

23 "The director shall adopt regulations which determine the parameters of appraisal  
24 work which may be performed by licensed appraisers."

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27 ///

28 ///

**REGULATORY PROVISIONS**

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

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

9. California Code of Regulations, title 10, section 3705, subdivision (a) states:

"Every appraisal report subject to the Uniform Standards of Professional Appraisal Practice upon final completion shall bear the signature and license number of the appraiser and of the supervising appraiser, if appropriate. The affixing of such signature and number constitute the acceptance by the appraiser and supervising appraiser of full and personal responsibility for the accuracy, content, and integrity of the appraisal under Standards Rules 1 and 2 of USPAP."

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

"(a) The Director may issue a citation, order of abatement, assess a fine or private or public reproof, suspend or revoke any license, and/or may deny the issuance or renewal of a license of any person who has:

....  
"(6) Violated any provision of USPAP. . . ."

**COST RECOVERY**

11. Section 11409, subdivision (a), states:

"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 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 found to have committed a violation or violations of statutes or 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."

PROFESSIONAL STANDARDS

12. USPAP Standard 1 [Real Property Appraisal, Development] states:

"In developing a real property appraisal, an appraiser must identify the problem to be solved and the scope of work necessary to solve the problem, and correctly complete research and analysis necessary to produce a credible appraisal."

13. USPAP Standards Rule 1-1 states, in pertinent part:

"In developing a real property appraisal, an appraiser must:

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

"(b) not commit a substantial error of omission or commission that significantly affects an appraisal . . . ."

14. USPAP Standards Rule 1-2 states, in pertinent part:

"In developing a real property appraisal, an appraiser must:

. . . .

"(e) identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal, including:

"(i) its location and physical, legal, and economic attributes."

15. USPAP Standards Rule 1-3 states, in pertinent part:

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

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

16. USPAP Standard Rule 1-4 states, in pertinent part:

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

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

1 conclusion.

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

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

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

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

11                   17. USPAP Standards Rule 1-5 states:

12                   "When the value opinion to be developed is market value, an appraiser must, if  
13 such information is available to the appraiser in the normal course of business:

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

16                   (b) analyze all sales of the subject property that occurred within the three (3)  
17 years prior to the effective date of the appraisal."

18                   18. USPAP Standard 2 [Real Property Appraisal, Reporting] states:

19                   "In reporting the results of a real property appraisal, an appraiser must  
20 communicate each analysis, opinion, and conclusion in a manner that is not misleading."

21                   19. USPAP Standards Rule 2-1 states, in pertinent part:

22                   "Each written or oral real property appraisal report must:

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

25                   (b) contain sufficient information to enable the intended users of the appraisal  
26 to understand the report properly."

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

28                   "Each written real property appraisal report must be prepared under one of the

1 following three options and prominently state which option is used: Self-Contained Appraisal  
2 Report, Summary Appraisal Report, or Restricted Use Appraisal Report.

3  
4 (b) The content of a Summary Appraisal Report must be consistent with the  
5 intended use of the appraisal, and, at a minimum;

6 (iii) summarize information sufficient to identify the real estate involved  
7 in the appraisal, including the physical and economic property characteristics relevant to the  
8 assignment;

9  
10 (viii) summarize the information analyzed, the appraisal methods and  
11 techniques employed, and the reasoning that supports the analyses, opinions, and conclusions;  
12 exclusion of the sales comparison approach, cost approach, or income approach must be  
13 explained.”

14 21. The USPAP Ethics Rule states, in pertinent part:

15 “ETHICS RULE

16 “To promote and preserve the public trust inherent in professional appraisal  
17 practice, an appraiser must observe the highest standards of professional ethics. This ETHICS  
18 RULE is divided into four sections: Conduct, Management, Confidentiality, and Record Keeping.  
19 The first three sections apply to all appraisal practice, and all four sections apply to appraisal  
20 practice performed under Standards 1 through 10.

21 “Compliance with these standards is required when either the service or the  
22 appraiser is obligated by law or regulation, or by agreement with the client or intended users, to  
23 comply. In addition to these requirements, an individual should comply any time that individual  
24 represents that he or she is performing the service as an appraiser.

25 “An appraiser must not misrepresent his or her role when providing valuation  
26 services that are outside of appraisal practice.

27 “Conduct:

28 “An appraiser must perform assignments ethically and competently, in accordance

1 with USPAP.

2 “An appraiser must not engage in criminal conduct.

3 “An appraiser must perform assignments with impartiality, objectivity, and  
4 independence, and without accommodation of personal interests.

5 “An appraiser must not advocate the cause or interest of any party or issue.

6 “An appraiser must not accept an assignment that includes the reporting of  
7 predetermined opinions and conclusions.

8 “An appraiser must not communicate assignment results in a misleading or  
9 fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report  
10 or knowingly permit an employee or other person to communicate a misleading or fraudulent  
11 report.

12 “An appraiser must not use or rely on unsupported conclusions relating to  
13 characteristics such as race, color, religion, national origin, gender, marital status, familial status,  
14 age, receipt of public assistance income, handicap, or an unsupported conclusion that  
15 homogeneity of such characteristics is necessary to maximize value.”

16 “Record Keeping:

17 “An appraiser must prepare a workfile for each appraisal, appraisal review, or  
18 appraisal consulting assignment. The workfile must include:

19 “the name of the client and the identity, by name or type, of any other intended  
20 users;

21 “true copies of any written reports, documented on any type of media;

22 “summaries of any oral reports or testimony, or a transcript of testimony, including  
23 the appraiser’s signed and dated certification; and

24 “all other data, information, and documentation necessary to support the  
25 appraiser’s opinions and conclusions and to show compliance with this Rule and all other  
26 applicable Standards, or references to the location(s) of such other documentation.

27 “An appraiser must retain the workfile for a period of at least five (5) years after  
28 preparation or at least two (2) years after final disposition of any judicial proceeding in which the

1 appraiser provided testimony related to the assignment, whichever period expires last.

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

5           22.    The USPAP Competency Rule states, in pertinent part:

6           “COMPETENCY RULE

7           “Prior to accepting an assignment or entering into an agreement to perform any  
8 assignment, an appraiser must properly identify the problem to be addressed and have the  
9 knowledge and experience to complete the assignment competently; or alternatively, must:

10                   “1.    disclose the lack of knowledge and/or experience to the client  
11 before accepting the assignment;

12                   “2.    take all steps necessary or appropriate to complete the assignment  
13 competently; and

14                   “3.    describe the lack of knowledge and/or experience and the steps  
15 taken to complete the assignment competently in the report.

16           23.    The USPAP Scope of Work Rule states, in pertinent part:

17           “For each appraisal, appraisal review, and appraisal consulting assignment, an  
18 appraiser must:

19                   “1.    identify the problem to be solved;

20                   “2.    determine and perform the scope of work necessary to develop  
21 credible assignment results; and

22                   “3.    disclose the scope of work in the report.

23           An appraiser must properly identify the problem to be solved in order to determine  
24 the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of  
25 work is sufficient to produce credible assignment results.”

26 ///

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28 ///

1 **TANGERINE PROPERTY**

2 24. On or about January 25, 2007, Respondent appraised real property located  
3 at 468 Tangerine Place, Brea, California (the Tangerine Property). The subject property is a two-  
4 year-old dwelling with 2,806 square feet of gross living area, on a lot size of 9,000 square feet,  
5 four bedrooms, three baths, granite counter tops in kitchen, recessed lighting, master bedroom  
6 retreat, formal dining room, tile entry, interior utility room, oversized two-car garage, fireplace,  
7 and patio.

8 **FIRST CAUSE FOR DISCIPLINE**

9 **(Violations of USPAP Provisions)**

10 25. Respondent is subject to disciplinary action under section 11313 and  
11 11319, in conjunction with California Code of Regulations, title 10, section 3721, subdivision  
12 (a)(6), in that on the Tangerine Property Respondent failed to conform to and observe the Uniform  
13 Standards of Professional Appraisal Practice in performing the January 25, 2007 appraisal and  
14 report of the Tangerine Property, as follows:

15 a. Respondent violated USPAP Standards Rule 1-1(b), USPAP Standards  
16 Rule 1-4(a), and USPAP Standards Rule 2-1(a) when he misrepresented the comparable sales by  
17 incorrectly stating the gross living areas and depicting erroneous exterior photos, resulting in an  
18 overvaluation of the properties he had presented as comparable sales.

19 i. Comparable Sale Two was reported to have 2,811 square feet of  
20 gross living area. The exterior photo depicted a one-story style home with a two-car garage.  
21 However, this property featured 3,688 square feet of gross living area and was a two-story home  
22 with a three-car garage.

23 ii. Comparable Sale Three was reported to have 2,967 square feet of  
24 gross living area. The exterior photo depicted a one-story style home with a two-car garage.  
25 However, this property featured 4,131 square feet of gross living area and was a two-story home  
26 with a three-car garage.

27 iii. Comparable Sale Four was reported to have 2,811 square feet of  
28 gross living area. The exterior photo depicted a one-story style home with a two-car garage.

1 However, this property featured 4, 100 square feet of gross living area and was a two-story home  
2 with a three-car garage.

3           b.       Respondent violated USPAP Standards Rule 2-1(a), and USPAP Standards  
4 Rule 2-2(b)(viii), by reporting data sources in the Sales Comparison Approach that were  
5 misleading. The report indicated "Win2Data/Inspection" as the data source. However, this data  
6 source failed to provide gross living area data for the comparable sales used in the report, resulting  
7 in the presentation of insufficient information in a misleading manner.

8           c.       Respondent violated USPAP Standards Rule 1-1(b), USPAP Standards  
9 Rule 1-4(a), and USPAP Standards Rule 1-5, when he failed to analyze the prior sale and listing  
10 of the subject property. On or about February 17, 2006, 11 months prior to the date of the  
11 appraisal, the property had sold for \$950,000. Respondent disclosed the subject property's prior  
12 sale, however, he failed to adequately analyze it in the report.

13           d.       Respondent violated USPAP Standards Rule 1-1(a), USPAP Standards  
14 Rule 1-1(b), USPAP Standards Rule 1-4(a), and USPAP Standards Rule 1-5, when he failed to  
15 disclose prior market exposure of the Tangerine Property. On or about October 27, 2006, the  
16 Tangerine Property was listed at an asking price of \$1,150,000. This listing was canceled and  
17 taken off the market after 31 days on November 27, 2006. Respondent failed to disclose this  
18 market exposure.

19           e.       Respondent violated the USPAP Scope of Work Rule, USPAP Standards  
20 Rule 1-1(a), USPAP Standards Rule 1-1(b), USPAP Standards Rule 1-2(h), USPAP Standards  
21 Rule 2-1(a), USPAP Standards Rule 2-1(b), and USPAP Standards Rule 2-2(b)(viii), when he  
22 failed to select, verify or inspect any of the comparable sales in his report. Respondent relied  
23 upon erroneous information of a prior appraisal report performed by another appraiser, resulting in  
24 a misleading report and inadequate support of the concluded value.

25           f.       Respondent violated the Record Keeping Section of the USPAP Ethics  
26 Rule when failed to retain a true and correct copy and work file of the appraisal report for the  
27 Tangerine Property for at least five (5) years after its preparation.

28

1 g. In conducting his appraisal of the Tangerine Property, Respondent violated  
2 the Conduct provisions of the Ethics Rule. Complainant refers to and incorporates all the  
3 allegations contained in paragraphs 23-24, including all subparagraphs, as though set forth fully.

4 h. In conducting his appraisal of the Tangerine Property, Respondent violated  
5 the Competency provisions of the Ethics Rule. Complainant refers to and incorporates all the  
6 allegations contained in paragraphs 23-24, including all subparagraphs, as though set forth fully.

#### 7 YANKEE VALLEY PROPERTY

8 26. On or about October 27, 2006, Respondent appraised real property located  
9 at 20766 Yankee Valley Road, Middletown, California (the Yankee Valley Property). The subject  
10 property is an 18-year-old dwelling with 1,625 square feet of gross living area, on a lot size of five  
11 acres, three bedrooms, two baths, central heating and air conditioning, two-car garage, large barn,  
12 and wood decking.

#### 13 SECOND CAUSE FOR DISCIPLINE

##### 14 (Violations of USPAP Provisions)

15 27. Respondent is subject to disciplinary action under section 11313 and  
16 11319, in conjunction with California Code of Regulations, title 10, section 3721, subdivision  
17 (a)(6), in that Respondent failed to conform to and observe the Uniform Standards of Professional  
18 Appraisal Practice in performing the October 27, 2006 appraisal and report of the Yankee Valley  
19 Property, as follows:

20 a. Respondent violated the USPAP Competency Rule, USPAP Standards  
21 Rule 1-1(a), USPAP Standards Rule 1-1(b), USPAP Standards Rule 1-2(e), USPAP Standards  
22 Rule 1-4(a), USPAP Standards Rule 2-1(a), and USPAP Standards Rule 2-2(b)(viii), when he  
23 failed to disclose and analyze the quality of construction of the Yankee Valley Property, failed to  
24 choose appropriate properties for reference as comparable sales, and failed to disclose the superior  
25 quality of construction and superior appeal of the properties he referenced as comparable sales.  
26 Although the Yankee Valley Property is a manufactured home, Respondent failed to select any  
27 manufactured homes as comparable sales, resulting in an overstated value conclusion and a  
28 confusing and misleading report.

1                   b.       Respondent violated the Conduct Section of the USPAP Ethics Rule, the  
2 USPAP Competency Rule, USPAP Standards Rule 1-1(a), USPAP Standards Rule 1-1(b),  
3 USPAP Standards Rule 1-4(a), USPAP Standards Rule 2-1(a), and USPAP Standards Rule 2-  
4 2(b)(viii), when he appraised the Yankee Valley Property, which was located approximately 450  
5 miles from Respondent's office, despite his lack of knowledge about the geographic area of the  
6 Yankee Valley Property and his further failure to take steps to obtain knowledge of the geographic  
7 area of the Yankee Valley Property. He further failed to possess, or take steps to possess, the  
8 skills necessary to appraise a manufactured home.

9                   c.       Respondent violated the Conduct Section of the USPAP Ethics Rule,  
10 USPAP Standards Rule 1-1(b), USPAP Standards Rule 1-2(e)(i), USPAP Standards Rule 1-3(a),  
11 USPAP Standards Rule 2-1(a), USPAP Standards Rule 2-1(b), and USPAP Standards Rule 2-  
12 2(b)(iii), when he failed to adequately describe the pertinent property characteristics of the subject  
13 property, including failing to identify the subject property as a manufactured home, incorrectly  
14 reporting the subject property's foundation as concrete slab, reporting that the subject property  
15 featured a large barn amenity,<sup>1</sup> and incorrectly reporting the specific zoning as "R1" when the  
16 correct zoning was "RR Rural Residential."

17                   d.       Respondent violated the USPAP Competency Rule, the Conduct Section of  
18 the Ethics Rule, USPAP Standards Rule 1-1(a), USPAP Standards Rule 1-1(b), USPAP Standards  
19 Rule 2-1(a), and USPAP Standards Rule 2-2(b)(viii), when he misrepresented the subject property  
20 as a superior quality construction stick built home and prepared the report on a Fannie Mae Form  
21 1004, Uniform Residential Appraisal Report, used for stick built homes, although the correct form  
22 was a Fannie Mae Form 1004C, Manufactured Home Appraisal Report, used for manufactured  
23 homes.

24                   e.       Respondent violated the USPAP Competency Rule, USPAP Standards  
25 Rule 1-4(b), USPAP Standards Rule 2-1(a), and USPAP Standards Rule 2-2(b)(viii), when he  
26

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27                   1. However, the barn amenity was excluded in the Sales Comparison and Cost Approaches  
28 to value.

1 overstated the cost per square foot of \$190 for the Yankee Valley Property in the Cost Approach  
2 to value, even though the Marshall and Swift Residential Cost Handbook reports a cost range of  
3 \$37 to \$48 per square foot for average to good quality construction for a manufactured home.

4 f. Respondent violated the Record Keeping provisions of the USPAP Ethics  
5 Rule when failed to retain a true and correct copy and work file of the appraisal report for the  
6 Yankee Valley Property for at least five (5) years after its preparation.

7 g. Based on Respondent's conduct in appraising the Yankee Valley Property,  
8 Respondent violated the USPAP Competency Rule. Complainant refers to and incorporates all  
9 the allegations contained in paragraphs 26-27, including all subparagraphs, as though set forth  
10 fully.

11 **PRAYER**

12 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
13 alleged, and that following the hearing, the Director issue a decision:

- 14 1. Revoking or suspending Certified Residential Real Estate Appraiser  
15 License No. AR028990, issued to Respondent.
- 16 2. Ordering Respondent to pay the Director a fine, pursuant to section 11316,  
17 subdivision (a).
- 18 3. Ordering Respondent to pay the Director the reasonable costs of the  
19 investigation and enforcement of this case, pursuant to section 11409;
- 20 4. Taking such other and further action as deemed necessary and proper.

21  
22 DATED: 3/12/09

23 **Original Signed**

24  
25 GREG HARDING  
26 Chief of Licensing and Enforcement  
27 Office of Real Estate Appraisers  
28 State of California  
Complainant

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1 KOUROS LAHOOTI SBN: 209888  
18321 Ventura Blvd., suite 880  
2 Tarzana, CA 91367  
(818) 300-5777

3  
4 BEFORE THE  
DIRECTOR OF THE OFFICE OF REAL ESTATE APPRAISERS  
5 OFFICE OF REAL ESTATE APPRAISERS  
STATE OF CALIFORNIA

6  
7 Case No.: C070302-07  
8 In the Matter of the Accusation  
9 Against;  
10 MASOOD M. FOADI,  
11 Respondent.

12  
13 I, Massod M. Foadi, through my attorney, Kouros Lahooti, move this  
14 motion for proposed stipulation for the above stated matter.

15  
16 STATEMENT OF FACTS

17 Due to recent market conditions I have been under tremendous amount of stress  
18 that unfortunately land me in the current situation with your office. First  
19 and foremost, in March of 2007, I was hit with a devastating blow when my  
20 only grand-child passed away after a surgery procedure, which rendered me  
21 unable to work and suffer financially instability. Obviously, I had to help  
22 my daughter, and many medical bills had to be paid, both for my grand-child  
23 and for my own medical conditions related to the trauma of his death. Since  
24 then, my wife's hours were significantly cut down which contributed and  
25 escalated our recent financial hardship. The Real Estate market is so bad in  
26

1 Southern California that my own income dropped as well. The real estate  
2 market has continued to tumble, which has forced me to use almost all of my  
3 savings and credit cards to pay my current mortgage loan, even though the  
4 property that has continued to decrease in value. I am currently having  
5 extreme difficulty and distress paying the existing mortgage loan amount.  
6 I would appreciate any assistance you can provide to help me overcome this  
7 very difficult period, while being able to keep my license which is the only  
8 source of income for me and my family.

9 I agree that I have violated the USPAP as set forth in your complaint;  
10 however this was not done with intention to commit fraud or to make things  
11 easier for myself.

12 With regards to Tangerine property, misstating the gross living area  
13 and exterior photos were due to my haste of using an appraisal report  
14 provided to me by the lender. I believed that lender's report was correct  
15 and accurate, but I still take full responsibility for not doing my own due  
16 diligence.

17 With regards to Yankee Valley property I take full responsibility and  
18 remorse. Being under stress from my grandson's medical condition, I should  
19 have never take that job, but I guess my work kept me sane during this  
20 period.

21 Please understand that I love my job and I love to do appraisals and as  
22 such I am willing to take full responsibility and face the consequences of my  
23 actions; however, I respectfully ask to be punished without losing the  
24 privilege of my livelihood. I proposed to pay the Director a fine, pursuant  
25 to section 11316, and as you suggested pay the Director the reasonable costs  
26 of the investigation and enforcement of this case, pursuant to section 11409.

1 In addition I have already made arrangements to enroll in USPAP class  
2 with Appraisal Institute, and any other class that your office deems  
3 appropriate to improve my skills and knowledge to make sure this never  
4 happens again.

5  
6  
7 Dated this April 28, 2009

8  
9 **Original Signed**

10  Kouros Lahooti

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