

**BEFORE THE  
BUREAU CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS  
BUREAU OF REAL ESTATE APPRAISERS  
STATE OF CALIFORNIA**

In the Matter of the of the  
Real Estate Appraiser License of:

Case No. C20130319-01

Robert Bailey,  
828 West Mallory Drive  
Bloomington, CA 92316

Respondent.

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the Chief of the Bureau of Real Estate Appraisers, Department of Consumer Affairs as the Decision and Order in the above entitled matter.

This Decision shall become effective on 6-15-14.

It is so ORDERED 5-20-14.

**Original Signed**

\_\_\_\_\_  
JAMES MARTIN, BUREAU CHIEF,  
BUREAU OF REAL ESTATE APPRAISERS  
DEPARTMENT OF CONSUMER AFFAIRS

1 Bureau of Real Estate Appraisers  
1102 Q Street, Suite 4100  
2 Sacramento, CA 95811

3 Telephone: (916) 552-9742  
4 Facsimile: (916) 440-7406

5 **BEFORE THE**  
**CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS**  
6 **STATE OF CALIFORNIA**

7 In the Matter of the Administrative Findings  
8 Against:

Case No. C20130319-01

9 **Robert E. Bailey**  
828 West Mallory Drive  
10 **Bloomington, CA 92316**  
Real Estate Appraiser License No. 039837

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

11 Respondent.

12  
13 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
14 entitled proceedings that the following matters are true:

15 PARTIES

16 1. Elizabeth Seaters, acting on behalf of the Bureau of Real Estate Appraisers  
17 (Complainant), brings this action solely in her official capacity as Chief of Enforcement for  
18 Complainant.

19 2. Robert E. Bailey (Respondent) is representing himself and has chosen not to exercise  
20 his right to be represented by counsel.

21 3. On or about March 22, 2006, Complainant issued Real Estate Appraiser License No.  
22 039837 to Respondent. Respondent's License was in full force and effect at all times relevant to  
23 the attached Administrative Findings, and will expire on March 21, 2016, unless renewed.

24 JURISDICTION

25 4. When deemed by the Chief of the Bureau of Real Estate Appraisers (Bureau Chief) to  
26 be in the public interest, Complainant has the authority under Business and Professions Code  
27 section 11315.5 to enter into a settlement related to administrative allegations of violations of the  
28 regulations governing the conduct of licensed appraisers. The administrative allegations

1 associated with the Complainant's Case No. C20130319-01 against Respondent are attached as  
2 Exhibit A and incorporated herein by reference.

### 3 ADVISEMENT AND WAIVERS

4 5. Respondent has carefully read and understands the charges and allegations in the  
5 Administrative Findings associated with Case No. C20130319-01. Respondent has also carefully  
6 read and understands the effects of this Stipulated Settlement and Disciplinary Order (Stipulated  
7 Settlement).

8 6. Respondent is fully aware of his legal rights in this matter, including the right to a  
9 hearing on the Administrative Findings developed in the Bureau of Real Estate Appraisers Case  
10 No. C20130319-01; the right to be represented by counsel at his own expense; the right to  
11 confront and cross-examine the witnesses against him; the right to present evidence and to testify  
12 on his own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses  
13 and the production of documents; the right to reconsideration and court review of an adverse  
14 decision; and all other rights accorded by the California Administrative Procedure Act and other  
15 applicable laws.

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

### 18 CULPABILITY

19 8. Respondent understands and agrees that the charges and allegation in the  
20 Administrative Findings attached as Exhibit A, if proven at hearing, constitute cause for imposing  
21 discipline against his Real Estate Appraiser License No. 039837.

22 9. Respondent agrees that his Real Estate Appraiser License No. 039837 is subject to  
23 discipline and he agrees to be bound by the Bureau Chief's imposition of discipline as set forth in  
24 the following Disciplinary Order.

### 25 CONTINGENCY

26 10. This Stipulated Settlement shall be subject to approval by the Bureau Chief.  
27 Respondent understands and agrees that counsel for Complainant and Complainant's staff may  
28 communicate directly with the Bureau Chief regarding this Stipulated Settlement, without notice

1 to or participation by Respondent or his counsel. By signing this Stipulated Settlement,  
2 Respondent understands and agrees that he may not withdraw his agreement or seek to rescind  
3 this Stipulated Settlement prior to the time the Bureau Chief considers and acts upon it. If the  
4 Bureau Chief fails to adopt this Stipulated Settlement as Complainant's Decision and Order, the  
5 Stipulated Settlement shall be of no force or effect, and, except for this paragraph, it shall be  
6 inadmissible in any legal action between the parties, and the Bureau Chief shall not be  
7 disqualified from further action by having considered this matter.

8 11. The parties understand and agree that facsimile copies of this Stipulated Settlement,  
9 including facsimile signatures thereto, shall have the same force and effect as the originals.

10 12. This Stipulated Settlement is intended by the parties to be an integrated writing  
11 representing the complete, final, and exclusive embodiment of their agreement. It supersedes any  
12 and all prior or contemporaneous agreements, understandings, discussions, negotiations, and  
13 commitments (written or oral). This Stipulated Settlement may not be altered, amended,  
14 modified, supplemented, or otherwise changed except by a writing executed by an authorized  
15 representative of each of the parties.

16 13. In consideration of the foregoing admissions and stipulations, the parties agree that  
17 the Bureau Chief may, without further notice or formal proceeding, issue and enter the following  
18 Disciplinary Order:

19  
20 **DISCIPLINARY ORDER**

21 IT IS HEREBY ORDERED that Respondent's Certified Residential Real Estate Appraisers  
22 License No. 039837 is revoked. However, this revocation shall be stayed, and Respondent shall  
23 be monitored on probation for one (1) year from the effective date of the Decision and Order on  
24 the terms and conditions described below.

25 **ORDER OF SUSPENSION**

26 1. **Suspension.** Real Estate Appraiser License No. 039837 issued to Robert E. Bailey is  
27 suspended for thirty (30) days, commencing on 6/15/2014. During the period of suspension,  
28

1 Respondent shall engage in no activities for which licensure or certification as a Real Estate  
2 Appraiser is required.

### 3 TERMS AND CONDITIONS OF PROBATION

4 2. **Published Repeval.** Respondent is issued a published reprovall.

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

9 4. **Active License Status.** Respondent shall at all times maintain an active license  
10 status with the Bureau of Real Estate Appraisers, including during any periods of suspension. If  
11 the license is expired at the time the Decision and Order of the Bureau Chief becomes effective,  
12 the license must be renewed within 30 days of the effective date of the Decision and Order.

13 5. **Comply With Probation.** Respondent shall fully comply with the terms and  
14 conditions of the probation imposed by the Bureau Chief and shall cooperate fully with  
15 representatives of the Bureau of Real Estate Appraisers in its monitoring and investigation of  
16 Respondent's compliance with the terms and conditions of probation.

17 6. **Monitoring.** Respondent shall be subject to, and shall permit and cooperate with,  
18 monitoring and investigation of Respondent's professional practice. Such monitoring and  
19 investigation shall be conducted by representatives of the Bureau of Real Estate Appraisers.

20 7. **Appraisal Log/Work Samples.** Commencing on the effective date of the Decision  
21 and Order and continuing through the period of probation, Respondent shall maintain a log of all  
22 appraisals, and appraisal reviews, Respondent performs on a Log of Appraisal Experience form  
23 provided by the Bureau of Real Estate Appraisers. Respondent shall submit a complete and  
24 accurate copy of the log of all appraisals and appraisal reviews completed each six months. Each  
25 six month log shall be submitted to the Bureau of Real Estate Appraisers within 30 days  
26 following the end of each six month period. Respondent understands that the Bureau of Real  
27 Estate Appraisers may (has the option to) select work samples for review from each submitted six  
28 month log.

1           **8. Cost Reimbursement.** Respondent acknowledges that the Bureau of Real Estate  
2 Appraisers has incurred enforcement costs associated with the investigation and prosecution of  
3 the violations identified in the Administrative Findings as attached in Exhibit A. Respondent  
4 understands that failure to comply with the Stipulated Settlement will subject him to additional  
5 disciplinary sanctions, which may include reimbursement for some or all of these enforcement  
6 costs.

7           **9. Payment of Fine.** Respondent shall pay a fine pursuant to Business and Professions  
8 Code section 11316(a) and California Code of Regulations, Title 10, section 3721(a), in the sum  
9 of Four Thousand Dollars (\$4,000). Payment of this fine shall be made in monthly installments  
10 with payments of not less than Four Hundred Dollars (\$400.00), with the first payment due within  
11 30 days of the effective date of the final Decision and Order as signed by the Bureau Chief.  
12 Payment shall be made to the Real Estate Appraisers Regulation Fund c/o Bureau of Real Estate  
13 Appraisers, 1102 Q Street, Suite 4100, Sacramento, California 95811, by check or money order  
14 and shall indicate on its face the notation: "BREA Case No. C20130319-01." Respondent shall  
15 also submit a copy of the invoice with payment, which will be provided by the Bureau of Real  
16 Estate Appraisers. If full payment is not received by the Bureau of Real Estate Appraisers by the  
17 date due as noted in the invoice, a 10 percent penalty shall be added to the unpaid balance and  
18 interest will accrue on the unpaid balance at the pooled money investment rate in effect at that  
19 time, until full amount is paid. Respondent shall not be eligible to renew his or her license until  
20 such time as full payment of the outstanding fine has been made. Failure to make payment on the  
21 fine shall constitute a violation of the probationary order.

22           **10. Uniform Standards of Professional Appraisal Practice Course/Examination.**  
23 Respondent shall take and pass a Bureau of Real Estate Appraisers approved 15-hour basic  
24 education course on the Uniform Standards of Professional Appraisal Practice within one year of  
25 the date the Decision and Order of the Bureau Chief is final. The course must be "The Appraisal  
26 Foundations National USPAP Course" (or its equivalent as determined solely by the Appraisers  
27 Qualifications Board (AQB) Course Approval Program), and must be taught by an AQB Certified  
28 USPAP Instructor who is also a Certified Residential or Certified Residential appraiser in good

1 standing with the Bureau of Real Estate Appraisers. The course may be taken online or in a  
2 classroom setting and must include an administered closed book final examination. Respondent  
3 must submit proof of successful completion of the course and final exam within one year  
4 following the date the Decision and Order of the Bureau Chief is final. Respondent understands  
5 that it is his responsibility to ensure that the course meets all the requirements listed above and to  
6 apply for, schedule, and make all arrangements to take the course.

7 **11. Minimum Education Requirements.** Educational courses imposed as a term or  
8 condition of probation by the Bureau Chief may not be credited towards Respondent's continuing  
9 education requirements required for renewal of Respondent's real estate appraiser license.

10 **12. Automatic Suspension.** Failure to comply with the education requirements as  
11 contained in this Stipulated Settlement and Disciplinary Order shall result in an automatic  
12 suspension of Respondent's real estate appraiser license.

13 **13. Tolling of Probation For Out-of-State Residence/Practice.** In the event  
14 Respondent should leave California to reside or practice outside this state, Respondent must  
15 notify Complainant, in writing, of the dates of departure and return. Periods of non-California  
16 residency or practice outside the state shall not apply to reduction of the probationary period, or  
17 of any suspension. No obligation imposed herein, including requirements to file written reports,  
18 reimburse Complainant costs, shall be suspended or otherwise affected by such periods of out-of-  
19 state residency or practice except at the written direction of Complainant.

20 **14. Violation of Probation.** If Respondent violates probation in any respect, the Bureau  
21 Chief, after giving Respondent notice and an opportunity to be heard, may revoke probation and  
22 carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation  
23 is filed against Respondent during probation, the Bureau Chief shall have continuing jurisdiction  
24 until the matter is final, and the period of probation shall be extended until the matter is final.

25 **15. License Surrender.** During Respondent's term of probation, if he or she ceases  
26 practicing due to retirement, health reasons or is otherwise unable to satisfy the conditions of  
27 probation, Respondent may surrender his or her license to the Bureau of Real Estate Appraisers.  
28 The Bureau of Real Estate Appraisers reserves the right to evaluate Respondent's request and to

1 exercise its discretion whether to grant the request, or to take any other action deemed  
2 appropriate and reasonable under the circumstances, without further hearing. Upon formal  
3 acceptance of the tendered license, Respondent will no longer be subject to the conditions of  
4 probation. Surrender of Respondent's license shall be considered a disciplinary action and shall  
5 become a part of Respondent's license history with the Bureau of Real Estate Appraisers.  
6 Respondent may petition the Bureau of Real Estate Appraisers for reinstatement pursuant to the  
7 provisions set forth in Government Code Section 11522.

8 If, following a surrender of his or her license, Respondent ever applies for licensure or any  
9 certification of registration to the Bureau of Real Estate Appraisers and/or petitions for  
10 reinstatement in the State of California, the Bureau Chief shall treat it as a new application for  
11 licensure or certification. Respondent must comply with all the laws, regulations and procedures  
12 for licensure or certification in effect at the time the application or petition is filed, and all of the  
13 charges and allegations contained in the attached Administrative Findings will be deemed true  
14 when the Bureau Chief determines whether to grant or deny the application, certification or  
15 petition. Further, Respondent shall pay the enforcement costs, fine and complete the education,  
16 as specified in this Stipulated Settlement and Disciplinary Order prior to filing any application for  
17 reinstatement or issuance of a new license or certificate of registration.

18  
19 ACCEPTANCE

20 I have carefully read the above Stipulated Settlement and Disciplinary Order. I understand  
21 the stipulation and the effect it will have on my Real Estate Appraiser License. I enter into this  
22 Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree  
23 to be bound by the Decision and Order of the Bureau Chief.

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25 DATED: 5/12/14

**Original Signed**  
Robert E. Bailey  
Respondent

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ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for the Bureau Chief's consideration.

DATED: 5/20/14

**Original Signed**

Elizabeth Seaters  
Chief of Enforcement  
Bureau of Real Estate Appraisers

## Exhibit A

### Administrative Findings - Case No. C20130319-01

#### Count One

##### **FINDINGS**

On or about September 9, 2011, Respondent altered and submitted a fraudulent errors and omissions (E&O) insurance policy to Complainant. Respondent's actions were in violation of the Uniform Standards of Professional Appraisal Practice, and the California Code of Regulations, Title 10 Chapter 6.5 Section 3500, *et seq.*, listed as follows:

- a) Respondent altered and submitted a fraudulent Foundation of Real Estate Associates errors and omissions insurance policy to Complainant. Under this fraudulent insurance policy, Respondent performed appraisal assignments without a valid/active errors and omissions insurance policy, which he knew was a client requirement (California Code of Regulation 3702(a)(1), (3), 3721(a)(2), (4), (6), 3722(a), (1), (3), and the Conduct and Management sections of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice).

#### Counts Two and Three

##### **FINDINGS**

On or about November 15, 2010 and August 21, 2012, Respondent altered and submitted a fraudulent errors and omissions (E&O) insurance policies to Complainant. Respondent's actions were in violation of the Uniform Standards of Professional Appraisal Practice, and the California Code of Regulations, Title 10 Chapter 6.5 Section 3500, *et seq.*, listed as follows:

- a) Respondent altered and submitted fraudulent Foundation of Real Estate Associates errors and omissions insurance policies to Complainant (California Code of Regulation 3702(a)(1), (3), 3721(a)(2), (4), (6), 3722(a), (1), (3), and the Conduct and Management sections of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice).

#### Count Four

##### **FINDINGS**

On or about December 16, 2011, Respondent completed a real estate appraisal report for the property located 902 E. Elma Street, Ontario, California. The report contained errors or omissions, in violation of the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as follows:

- a) Respondent provided fabricated rental information for the rental, listing and sales comparables used (S.R. 1-2(h), 2-2(b)(vii) and the Scope of Work Rule);

- b) Respondent created a misleading report by failing to collect, verify, and analyze all information necessary for credible assignment results via the Sales Comparison Approach. Specifically, Respondent provided false current monthly rents for Comparable Sales One, Two, Three, Four and Five. Additionally, Respondent misrepresented the current monthly rents with inflated monthly rents for Comparable Listings One and Two (S.R. 1-4(a) and 2-2(b)(viii));
- c) Respondent fabricated rental comparable data to establish the rent potential of the subject. Respondent also fabricated the rents of the sale comparable to establish their gross rent multiplier and subsequently, the gross rent multiplier applicable to the subject. Either error invalidated the Income Approach (S.R. 1-4(c)(i)(iii)(iv) and 2-2(b)(viii));
- d) Based upon the findings noted in above items a, b and c, Respondent failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal (S.R. 1-1(a));
- e) Based upon the findings noted in above items a, b and c, Respondent committed substantial errors of omission or commission that significantly affected the appraisal (S.R. 1-1(b));
- f) Based on the findings noted in above items a, b and c, Respondent failed to clearly and accurately set forth the appraisal in a manner that would not be misleading (S.R. 2-1(a));
- g) Based on the findings noted in above items a, b and c, Respondent failed to provide sufficient information to enable the intended users of the report to understand it properly (S.R. 2-1(b)); and
- h) Based on the findings noted in above items a, b and c, in addition to an appraisal that was not credible, Respondent violated the Conduct section of the Ethics Rule.