

**BEFORE THE MISSISSIPPI REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD**

**IN THE MATTER OF:
RICHARD LOKEY
LICENSE NO: GA-302**

**CASE NO. 06-1304
& No. 17-1309**

CONSENT ORDER

This matter came before the Mississippi Real Estate Appraiser Licensing and Certification Board (Board) for entry of a Consent Order regarding the Respondent **RICHARD LOKEY**, who has been issued Mississippi Real Estate Appraiser **License No. GA-302**. This action is before the Board as the result of Respondent's appraisal of real property located at **1027 Andre Lane, Magnolia, MS 39652 and 633 Fortenberry Drive, Monticello, MS 39654**. The Board having considered these matters, and Respondent Richard Lokey having voluntarily agreed to the Board's entry of this Consent Order, including the following Findings of Fact, Conclusion of Law and Disposition:

FINDINGS OF FACTS:

1. The Mississippi Real Estate Appraiser Licensing and Certification Board is charged by law with the responsibility for the regulation of the practice of real estate appraisal; and among other things, is responsible for matters relating to real estate appraiser standards, real estate appraiser qualifications and licensing, and disciplinary functions pursuant to Title 73, Chapter 34 of the Mississippi Code of 1972, as amended. The Board pursuant to this authority has full, complete and proper jurisdiction over the parties and the subject matter of this cause. The Respondent, **RICHARD LOKEY**, is a licensee of the Board, holding **License No. GA-302**, and whose address is:

Richard Lokey
508 Brandon Avenue
P.O. Box 1560
Columbia, MS 39429

2. Respondent acknowledges that he has a right to a formal hearing on the allegations of violations against him in this matter. Respondent expressly waives all further procedural steps, and expressly waives any all objections or legal challenges he may have regarding or arising out of this matter, the Board's consideration and entry of this Consent Order or any of its terms.

CASE NO. 13-1307
(1027 Andre Lane, Magnolia, MS 39652)

3. Respondent performed an appraisal of property located at 1027 Andre Lane, Magnolia, MS on June 17, 2013.

4. Respondent does not have any documentation or verified documentation to support the information in the cost approach and the sales comparison approach in the appraisal report. Respondent's actions and conduct in this regard violate Miss. Code Ann. Sections 73-34-35(1)(I) and 73-34-37, and 73-34-39(1)(b), as amended, the Years 2012-2013 USPAP Record Keeping Rule, Scope of Work Rule (Problem Identification, Scope of Work Acceptability and Disclosure Obligations), and Standards Rules 1-2(f),(g),(h), 1-4(a), 1-4(b)(i),(ii),(iii), and 2-2 (b)(vii),(viii)(x).

Respondent states that the cost approach is based on local builders but there is no documentation or verified documentation to support this approach in the workfile.

There is a lack of verified documentation in the workfile to support the Sales Comparison Approach. There is no documentation in the workfile to support the sales prices for Comparables 2 and 3. The MLS documents in the workfile show different sales prices for Comparables 2 and 3 than those stated by the Respondent in the appraisal report.

5. Respondent fails to explain the large difference in the market value concluded and the cost Approach. Respondent's actions and conduct in this regards violate Miss. Code Ann. Sections 73-34-35(1)(I), 73-34-37, as amended, and the Years 2012-2013 USPAP Scope of Work Rule (Problem Identification, Scope of Work Acceptability and Disclosure Obligations) and Standards Rules

1-2(f),(g)(h), and 2-2 (b)(viii)(x).

Respondent does not provide an explanation or analysis for the Sales Comparison conclusion of \$155,000.00 and the Cost Approach value of \$194,902.00. For example, this house could have been overbuilt for the neighborhood requiring further explanation for the difference. The house was built on a concrete block curtain wall which was water sealed as well as the steel beam and reinforced with iron clips foundation. The house also had foam and steel beam truss panels with concrete blocks for exterior walls.

**CASE NO. 17-1307
(633 Fortenberry Drive, Monticello, MS 39654)**

6. Respondent performed an appraisal of property located at 633 Fortenberry Drive, Monticello, MS 39654 on August 5, 2013.
7. Respondent does not have sufficient verified documentation in the workfile to support the conclusion of the sales comparison approach; and has no documentation in the workfile to support the cost approach. Respondent's actions and conduct in this regard violate Miss. Code Ann. Sections 73-34-35(1)(I) and 73-34-37, and 73-34-39(1)(b), as amended, the Years 2012-2013 USPAP Record Keeping Rule, Scope of Work Rule (Scope of Work Acceptability and Disclosure Obligations), and Standards Rules 1-2(h), 1-4(a), 1-4(b)(i),(ii),(iii), and 2-2 (b)(vii)(viii).
8. Respondent fails to explain the large difference in the market value concluded and the Cost Approach. Respondent's actions and conduct in this regards violate Miss. Code Ann. Sections 73-34-35(1)(I) and 73-34-37, as amended, and the Years 2012-2013 USPAP Scope of Work Rule (Problem Identification, Scope of Work Acceptability and Disclosure Obligations) and Standards Rules 1-2(f),(g),(h), and 2-2 (b)(vii)(viii)(x).

Respondent does not provide an explanation or analysis for the Sales Comparison conclusion of \$85,000.00 and the Cost Approach value of \$150, 156.00.

CONCLUSIONS OF LAW

9. Respondent admits and agrees, that his actions and conduct set forth above in paragraphs 4, 5, 7 & 8 violated Miss. Code Ann. Sections 73-34-35(1)(I) and 73-34-37, as amended, which state in pertinent parts:

73-34-35(1): ... [T]he rights of any licensed appraiser or licensed certified real estate appraiser may be revoked or suspended, or the holder of the license may be otherwise disciplined, in accordance with the provisions of this chapter for any of the following acts or omissions:

(I) Any act or conduct, whether, whether the same or of a different character than specified above, which constitutes or demonstrates ... untrustworthiness; or any other violation of the provisions of this chapter and of rules and regulations established by the board."

73-34-37: "Each real estate appraiser licensed under this chapter must comply with generally accepted standards of professional appraisal practice and generally accepted ethical rule to be observed by a real estate appraiser. Generally accepted standards of professional appraisal practice are currently evidenced by the uniform standards of professional appraisal practice..." (USPAP).

10. Respondent admits and agrees that his actions and conduct set forth above in paragraphs 4 & 7 violated Miss. Code Ann. Section **73-34-39**, as amended, which states in pertinent part:

(1) A licensed real estate appraiser shall retain for a period of five (5) years the original or a true copy of: ... (b) all supporting data assembled and formulated by the appraiser in preparing each such appraisal report.

11. Respondent admits and agrees that his actions and conduct set forth above in paragraphs 4 & 7 violated the Years 2012 and 2013 Uniform Standards of Professional Appraisal Practice ("USPAP") Ethic Rule (Record Keeping) which states in pertinent parts:

RECORD KEEPING RULE: An appraiser must prepare a work file for each appraisal, or appraisal review, or appraisal consulting assignment. A work file must be in existence prior to the issuance of any report.

The workfile must include: ... all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the locations(s) of such other documentation.

12. Respondent admits and agrees that his actions and conduct set forth above in paragraphs 4, 5, 7 & 8 violated the Years 2012 and 2013 Uniform Standards of Professional Appraisal Practice ("USPAP") Scope of Work Rule (Problem Identification, Scope of Work Acceptability and Disclosure Obligations) which states in pertinent parts:

SCOPE OF WORK RULE: For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- 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:

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

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.

- Subject of the assignment and its relevant characteristics; and
- Assignment conditions

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 be prepared to support the decision to exclude any investigation, information, method, or technique that would appear relevant to the client, another intended user, or the appraiser's peers.

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.

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

13. Respondent admits and agrees that his actions and conduct set forth above in paragraphs 4, 5, 7 & 8 violated the Years 2012 and 2013 Uniform Standards of Professional Appraisal Practice ("USPAP") Standards Rules 1-2(f),(g),(h), 1-4(a), 1-4(b)(i),(ii),(iii), and Standard Rules 2-2(b)(iii),(vii),(viii),(x), which state in pertinent parts:

Standards Rule 1-2: In developing a real property appraisal, an appraiser must....

- (f) identify any extraordinary assumptions necessary in the assignment;
- (g) identify any hypothetical conditions necessary in the assignment; and
- (h) determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE;

Standards Rule 1-4: 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 conclusion.
- (b) When a cost approach is necessary for credible assignment results, an appraiser must:
 - (i) develop an opinion of site value by an appropriate appraisal method or technique;
 - (ii) analyze such comparable cost data as are available to estimate the cost new of the improvements, if any; and
 - (iii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (accrued depreciation).

Standards Rule 2-2: Each written real property 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;

- (b) The content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:
 - (iii) summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant in the assignment;
 - (vii) summarize the scope of work used to develop the appraisal;
 - (viii) summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;

(x) Clearly and conspicuously:

- 1) state all extraordinary assumptions and hypothetical conditions; and
- 2) state that their use might have affected the assignment results.

14. Respondent's violations of Miss. Code Ann. Sections 73-34-5(1)(I), 73-34-37 and 73-34-39(1)(b), as amended, and his violations of all sections of the Years 2012-2013 USPAP cited above, constitute grounds for the imposition of discipline, including revocation, suspension or other disciplinary action against his license with the Board, in accordance with Section 73-34-35(1).

DISPOSITION

15. Based upon the foregoing Findings of Fact and Conclusions of law, the Board, with Respondent s **RICHARD LOKEY's** consent, hereby Orders that:

- A) Respondent must complete a fifteen (15) hour national USPAP 2014- 2015 course and pass the accompanying examination, no later than one hundred eighty (180) days after the date of this Consent Order.
- B) Respondent must complete a four (4) hour workfile continuing education course, no later than one hundred eighty (180) days after the date of this Consent Order.
- C) Respondent must complete a fifteen (15) hour Residential Report Writing and Case Studies Course and pass any accompanying examination, no later than one hundred eighty (180) days after the date of this Consent Order.
- D) The Board Staff recommends that the Respondent complete the mandated courses in a classroom environment; if available. The credit hours generated by the successful completion of the mandated courses may not be used to satisfy the twenty-eight (28) hours of continuing education that is required for license renewal.

- E) Respondent expressly agrees that if he fails to comply with any of the terms of this Consent Order within the time period ordered, that such failure shall constitute grounds for additional disciplinary action by the Board.
- F) This action shall be public record and shall be spread upon the Minutes of the Board as its official act and deed.
- G) Respondent expressly waives any all objections or legal challenges he may have regarding or arising out of this matter, the entry of this Consent Order or any of its terms. He further agrees to and expressly waives any objections or legal challenges to the Board taking this matter up preliminarily for purpose of considering and voting on whether or not to enter into this Consent Order.
- H) Should the Board decline the entry of this Consent Order, Respondent understands and acknowledges that he remains entitled to a fair and impartial hearing of this matter.

SO ORDERED AND ENTERED, this the 27 day of February, 2014.

MISSISSIPPI REAL ESTATE APPRAISER
LICENSING AND CERTIFICATION BOARD

By: _____

GERALD BARBER, CHAIRMAN

AGREED TO:

RICHARD LOKEY

