

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:

Eric Rahn,
1723 Hemlock St
Fairfield, CA 94533

Case No. C 20161017-06 &
C20161116-01

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 2-26-18.

It is so ORDERED 1-26-18.

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
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3 Telephone: (916) 552-9021
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5 **BEFORE THE**
CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS
6 **STATE OF CALIFORNIA**

7 In the Matter of the Administrative Allegation of
8 Violation Against:

9 **Eric A. Rahn**
Real Estate Appraiser License No. 039694

10 Respondent.

Case No. C20161017-06 & C20161116-01

STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER

11
12 In the interest of a prompt and speedy settlement of this matter, consistent with the public
13 interest and mission of the Bureau of Real Estate Appraisers ("Bureau" or "BREA"), the parties
14 hereby agree to the following Stipulated Settlement and Disciplinary Order ("Stipulated
15 Settlement") which will be submitted to the Chief of the Bureau of Real Estate Appraisers
16 ("Bureau Chief" or "Chief of BREA") for approval and adoption as the final disposition of this
17 proceeding:

18 **PARTIES**

- 19 1. Aaron Klinger, acting on behalf of the Bureau of Real Estate Appraisers
20 ("Complainant"), brings this action solely in his official capacity as Chief of Enforcement for
21 Complainant.
- 22 2. Eric A. Rahn ("Respondent") is representing himself and has chosen not to exercise
23 his right to be represented by counsel at this time.
- 24 3. On or about March 3, 2006, the Bureau issued Real Estate Appraiser License Number
25 039694 to Respondent. Respondent's License was in full force and effect at all times relevant to
26 the attached administrative allegation of violation and unless renewed will expire on March 2,
27 2020.

JURISDICTION

4. The Bureau initiated an investigation resulting in administrative allegation of violation.

5. When deemed by the Bureau Chief to be in the public interest, the Bureau Chief has the authority under Business and Professions Code section 11315.5 to enter into a settlement related to administrative allegation of violation of the Real Estate Appraisers' Licensing and Certification Law or regulations promulgated pursuant thereto, upon any terms and conditions as the Bureau Chief deems appropriate.

6. The administrative allegation of violation against Respondent is attached as Exhibit "A" and incorporated herein by reference.

ADVISEMENT AND WAIVERS

7. Respondent has carefully read and understands the charges and allegations in the administrative allegation of violation. Respondent has also carefully read and understands the effects of this Stipulated Settlement.

8. Respondent is fully aware of his or her legal rights in this matter, including the right to a hearing on the administrative allegation of violation; the right to be represented by counsel at his or her own expense; the right to confront and cross-examine the witnesses against him or her; the right to present evidence and to testify on his or her own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

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

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1 CULPABILITY

2 10. Respondent admits the truth of each and every administrative allegation of violation
3 attached as Exhibit "A", and agrees that cause exists for discipline against his or her Real Estate
4 Appraiser License.

5 11. Respondent agrees that his or her Real Estate Appraiser License is subject to
6 discipline and he or she agrees to be bound by the Bureau Chief's imposition of discipline as set
7 forth in the following Disciplinary Order.

8 CONTINGENCY

9 12. This Stipulated Settlement shall be subject to approval by the Bureau Chief.
10 Respondent understands and agrees that counsel for Complainant and Complainant's staff may
11 communicate directly with the Bureau Chief regarding this Stipulated Settlement, without notice
12 to or participation by Respondent or his or her counsel. By signing this Stipulated Settlement,
13 Respondent understands and agrees that he or she may not withdraw his or her agreement or seek
14 to rescind this Stipulated Settlement prior to the time the Bureau Chief considers and acts upon it.
15 If the Bureau Chief fails to adopt this Stipulated Settlement, the Stipulated Settlement shall be of
16 no force or effect, and, except for this paragraph, it shall be inadmissible in any legal action
17 between the parties, and the Bureau Chief shall not be disqualified from further action by having
18 considered this matter.

19 13. The parties understand and agree that Portable Document Format ("PDF") or
20 facsimile copies of this Stipulated Settlement, including PDF or facsimile signatures thereto, shall
21 have the same force and effect as the originals.

22 14. This Stipulated Settlement is intended by the parties to be an integrated writing
23 representing the complete, final, and exclusive embodiment of their agreement. It supersedes any
24 and all prior or contemporaneous agreements, understandings, discussions, negotiations, and
25 commitments (written or oral). This Stipulated Settlement may not be altered, amended,
26 modified, supplemented, or otherwise changed except by a writing executed by an authorized
27 representative of each of the parties.
28

1 automatic suspension of Respondent's real estate appraiser license. In order to reinstate
2 Respondent's license if it is automatically suspended for failure to comply with the education
3 requirement, Respondent must provide BREa with the following: (i) satisfactory verification of
4 the completion of the education course or courses imposed; (ii) completion and filing of a
5 reinstatement application; (iii) payment of all applicable fees, fines, or penalties.

6 **3. Report Writing vs Form Filling.** Respondent shall take and pass the Appraisal
7 Foundation's on-line corrective education course on "Report Writing vs Form Filling" within 6
8 months of the effective date the Decision and Order. Respondent must submit proof of successful
9 completion of the course within 6 months following the effective date of the Decision and
10 Order. Respondent understands that it is his/her responsibility to ensure that the course meets all
11 of the requirements listed above and to make all necessary and preparatory arrangements to take
12 the course. This educational course may not be credited toward Respondent's continuing
13 education requirements required for renewal of Respondent's real estate appraiser license. Failure
14 to comply with the education requirements as contained in this Order shall result in an automatic
15 suspension of Respondent's real estate appraiser license. In order to reinstate Respondent's
16 license if it is automatically suspended for failure to comply with the education requirement,
17 Respondent must provide BREa with the following: (i) satisfactory verification of the completion
18 of the education course or courses imposed; (ii) completion and filing of a reinstatement
19 application; and (iii) payment of all applicable fees, fines, or penalties.

20 ACCEPTANCE

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

25
26 DATED: 1/22/18

Original Signed

Eric A. Rahn
Respondent

ENDORSEMENT

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

DATED: 11/25/2018 *Original Signed*
Aaron Klinger
Chief of Enforcement

Exhibit A

Administrative Allegation of Violation - Case No. C20161017-06 & C20161116-01

On or about July 29, 2016, Respondent completed an appraisal of the property located at 3275 Corte Valencia, Fairfield, California. The report contains certain errors and omissions in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as follows:

- a) Respondent failed to appropriately discuss and analyze the subject's gated golf course community, including the subject's immediate development that consisted of attached two- and three-home clusters. Additionally, Respondent falsely stated the development's common elements included a public golf course and country club (S.R. 1-2(e)(i) and 2-2(a)(iii));
- b) Respondent failed to appropriately discuss and analyze the subject sided to an arterial street (S.R. 1-2(e)(i) and 2-2(a)(iii));
- c) Respondent falsely stated the subject was located on a public street, whereas the subject was located in a gated community with private streets (S.R. 1-2(e)(i) and 2-2(a)(iii));
- d) Respondent failed to appropriately discuss and analyze the subject was a semi-detached end unit that shared a common wall with the inside unit of three attached homes (S.R. 1-2(e)(i) and 2-2(a)(iii));
- e) Respondent falsely stated the subject's zoning as PUD and the zoning description as Planned Unit Development, whereas the subject had RLM-H-PD zoning, which is Residential-Low Medium Density with Hillside and Planned Development Overlay Districts (S.R. 1-3(a) and 2-2(a)(iii));
- f) 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 failed to appropriately discuss and analyze the subject siding to an arterial street in comparison to the varying locations of the comparable sales used. Respondent failed to utilize any of the available semi-detached comparable sales located within the subject's development while failing to appropriately discuss and analyze the

- 1 detached comparable sales used with superior designs, bedroom and garage amenities and
2 site sizes (S.R. 1-4(a) and 2-2(a)(viii));
- 3 g) Based upon the findings noted in above items a, b, c, d, e and f, Respondent failed to
4 correctly employ those recognized methods and techniques that are necessary to produce a
5 credible appraisal (S.R. 1-1(a));
- 6 h) Based upon the findings a, b, c, d, e and f, Respondent committed substantial errors of
7 omission or commission that significantly affected the appraisal (S.R. 1-1(b));
- 8 i) Based on the findings a, b, c, d, e and f, Respondent failed to clearly and accurately set
9 forth the appraisal in a manner that would not be misleading (S.R. 2-1(a));
- 10 j) Based on the findings a, b, c, d, e and f, Respondent failed to provide sufficient
11 information to enable the intended users of the report to understand it properly
12 (S.R. 2-1(b)); and
- 13 k) Based on the findings a, b, c, d, e and f, in addition to appraisal that was not credible,
14 Respondent violated the Conduct section of the Ethics Rule.

15 The above violations of USPAP subject Respondent's license to discipline pursuant to
16 Title 10 of California Code of Regulations, section 3721(a)(6).

17 On or about August 18, 2016, Respondent completed an appraisal of the property located
18 at 440 Stinson Avenue, Vacaville, California. The report contains certain errors and omissions in
19 violation of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as follows:

- 20 a) Respondent provided false photographs for three of the four comparable sales used in his
21 appraisal report (S.R. 1-2(h), 2-2(vii) and Scope of Work Rule);
- 22 b) Respondent created a misleading report by failing to collect, verify, and analyze all
23 information necessary for credible assignment results via the Sales Comparison Approach.
24 Specifically, Respondent failed to utilize any of the available comparable sales located
25 within the subject's development while failing to appropriately discuss and analyze the
26 comparable sales used from a superior development. Respondent also failed to provide
27 market based data and rationale to support the adjustments applied to each of the
28 comparable sales used, including bathroom, fireplace and garage amenities. Additionally,

- 1 Respondent failed to discuss and analyze the adjusted sale price disparity between one-
2 and two-story end and inside units (S.R. 1-4(a) and 2-2(a)(viii));
- 3 c) Respondent disclosed, but failed to appropriately analyze and support why his concluded
4 value of \$250,000 was 47% (\$80,000) above its prior sale approximately 17 months
5 earlier for \$170,000 (S.R. 1-5(b) and 2-2(a)(viii));
- 6 d) Based upon the findings a, b and c, Respondent failed to correctly employ those
7 recognized methods and techniques that are necessary to produce a credible appraisal
8 (S.R. 1-1(a));
- 9 e) Based upon the findings a, b and c, Respondent committed substantial errors of omission
10 or commission that significantly affected the appraisal (S.R. 1-1(b));
- 11 f) Based on the findings a, b and c, Respondent failed to clearly and accurately set forth the
12 appraisal in a manner that would not be misleading (S.R. 2-1(a));
- 13 g) Based on the findings a, b and c, Respondent failed to provide sufficient information to
14 enable the intended users of the report to understand it properly (S.R. 2-1(b)); and
- 15 h) Based on the findings a, b and c, in addition to appraisal that was not credible, Respondent
16 violated the Conduct section of the Ethics Rule.

17 The above violations of USPAP subject Respondent's license to discipline pursuant to
18 Title 10 of California Code of Regulations, section 3721(a)(6).

19 On or about February 11, 2016, Respondent submitted an application for appraisal
20 approval using a false errors and omissions (E&O) insurance policy to Complainant.

21 Respondent's actions were in violation of the California Code of Regulations, Title 10 Chapter
22 6.5 Section 3500, *et seq.*, listed as follows:

23 (a) Respondent submitted an application to Complainant that misrepresented another
24 appraiser's errors and omission (E&O) insurance policy as his own. Under this false claim of
25 insurance, Respondent was able to obtain and perform an appraisal assignment without a
26 valid/active errors and omissions insurance policy, which he knew was a client requirement
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28 The above action subjects Respondent's license to discipline pursuant to Title 10 of

California Code of Regulations, section 3702(a)(3) and 3721(a)(2) and (7)).

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