

1 **BEFORE THE ARIZONA STATE BOARD OF APPRAISAL**

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ARIZONA BOARD OF APPRAISAL

2 In the Matter of:

3 **WILLIAM A. BUEHL**
4 **Certified Residential Appraiser**
5 **Certificate No. 20570**

Case Nos. 08F-2439-BOA
08F-2520-BOA
08F-2523-BOA

6 **CONSENT AGREEMENT AND ORDER**
7 **FOR VOLUNTARY SURRENDER**

8 In the interest of a prompt and judicious settlement of the above-captioned matter
9 before the Arizona Board of Appraisal ("Board") and consistent with public interest,
10 statutory requirements and responsibilities of the Board, and pursuant to A.R.S. § 32-3601
11 *et seq.* and A.R.S. § 41-1092.07(F)(5), William A. Buehl, ("Respondent"), holder of
12 certificate no. 20570 and the Board enter into this Consent Agreement, Findings of Fact,
13 Conclusions of Law and Order for Voluntary Surrender ("Consent Agreement for
14 Voluntary Surrender") as the final disposition of this matter.

15 On April 16, 2009, the Board held an Informal Hearing to discuss Case Nos. 2439,
16 2520 and 2523. Despite having been properly noticed, Respondent did not appear at the
17 Informal Hearing. At the conclusion of its consideration of these matters, the Board
18 offered Respondent the opportunity to resolve the matter by entering into a Consent
19 Agreement and Order for Discipline. Respondent declined to enter into the Consent
20 Agreement Order and instead, offered the surrender of his certificate in lieu of further
21 administrative proceedings.

22 **JURISDICTION**

23 1. The Arizona State Board of Appraisal ("Board") is the state agency
24 authorized pursuant to A.R.S. § 32-3601 *et seq.*, and the rules promulgated thereunder,
25 found in the Arizona Administrative Code ("A.A.C." or "rules") at R4-46-101 *et seq.*, to
26 regulate and control the licensing and certification of real property appraisers in the State
of Arizona.

1 reasonable modifications of such land use regulations, economic supply and demand, the
2 physical adaptability of the real estate, and market conditions.

3 4. The subject property was sold December 15, 2005 for \$1,300,000 but
4 Respondent did not mention this sale in the appraisal report nor did Respondent note the
5 water elimination of on-site, which could have a negative effect on the sales.
6

7 2520

8 On or about October 31, 2008, the Board's investigation revealed the following:

9 1. This matter deals with an appraisal conducted and report written by
10 Respondent of a proposed 114 lot subdivision that is recorded in the Pinal County
11 Recorder's Office as COOLIDGE GATEWAY MANOR. The effective date of the
12 appraisal is August 3, 2006.
13

14 2. Several maps were included as exhibits to the appraisal report but the subject
15 property was incorrectly identified on the maps.
16

17 3. While the subject report is addressed to Columbian Bank and Trust
18 Company and to Lawrence G. Malanfand of Freestand Financial Corporation, the client is
19 not clearly identified in the appraisal report. Additionally, Columbian Bank and Trust is
20 not identified in the Engagement Letter.

21 4. The appraisal report was identified as being written in compliance with the
22 1999 Uniform Standards of Professional Appraisal Practice ("USPAP"). However,
23 because the date of the report is August 3, 2006 and the 2006 version of the USPAP
24 became effective on July 1, 2006 all appraisal reports after July 1, 2006 (including the
25 subject appraisal report) must comply with USPAP 2006. The subject report was not
26

1 written in compliance with the 2006 version of USPAP as the report noted that certain
2 departures were taken in the report but the Departure Rule was eliminated in the 2006
3 USPAP.

4
5 5. The Engagement Letter and appraisal report state that the Respondent is to
6 appraise the property at Market Value. However, the Final Market Conclusion of
7 \$23,000,000 that is provided on page 8 is not based upon the definition of market value
8 as provided in Title XI of the Financial Institutions Reform, Recovery, and Enforcement
9 Act (FIRREA).

10
11 6. On page 21 of the appraisal report, Respondent states under Purpose of the
12 Appraisal that the “purpose of the appraisal is for internal financial planning and
13 projections for inter-company use. No federal agency is involved in this assignment.”
14 However, there are statements in the appraisal report that are inconsistent with the
15 report’s stated purpose. Specifically, the report is addressed to Columbian Bank and Trust
16 Company and Freestand Financial Holding Corporation. In addition, on page 4, it is noted
17 that the market value request is part of an acquisition development and bridge loan.”
18 Elsewhere in the report it is noted that the Market Value must be determined for “loan
19 documentation needs.”
20

21 7. On page 23 of the appraisal report the Criteria for the National Register of
22 Historic Places is noted. The subject is not an historic property, thus there is no reason for
23 this to be included in the report.
24

25 8. Respondent identified the “Rights Appraised” as “Market Value in Use.”
26 This is misleading as the Property Rights Appraised typically refers to the particular

1 rights or interest being valued i.e. fee simple, leased fee, leasehold etc. Market Value in
2 Use is not considered a property right or interest.

3 9. A conclusion as to the Highest and Best use of the subject, As Vacant, is
4 missing from the analysis provided on page 25 of the report.

5
6 10. The subject property transferred ownership on December 19, 2005, however,
7 no prior sales of the subject were discussed in the appraisal report. There were inserts
8 attached to the appraisal report relating to warranty deed date, price of the sale and down
9 payment for sales in recent years but the inserts did not relate to the subject parcel; in
10 fact, they identified an unrelated parcel.

11
12 11. The Replacement Cost used in the appraisal report is not supported.

13 12. In addition, the Development Cost of \$16,250 per lot used in the Cost
14 Approach is not supported in the appraisal report or the Respondent's workfile. No
15 support is provided in the appraisal or as part of the workfile for dollar figures for
16 "utilities to the site when complete" and "highway road access, proximity to Safeway and
17 Wal-Mart and economic impact due to overflow from Phoenix, market." Additionally,
18 \$1,140,000 is added to the cost estimate for "estimated land appreciation as development
19 proceeds." However, the Respondent does not explain why this figure is included in a
20 current appraisal, with an effective date of August 3, 2006. The estimated cost to
21 construct 114 single-family homes is included in this approach. Thus, the resulting price
22 estimate of this approach is not that of a 114 lot subdivision but of 114 finished single-
23 family homes.
24
25
26

1 13. The subject property adjoins the Union Pacific Railroad tracks to the east.
2 External obsolescence is not discussed or estimated in the appraisal report.

3 14. The appraisal report references seven sales of residential lots in what is
4 referred to as the Comparable Sales Approach. All of these comparables are located over
5 30 miles southwest of the subject. These comparables are all larger than an acre of land.
6 The unit-of-measure used to analyze these comparables is the price per acre. Out of these
7 seven comparables, significant reporting errors were discovered in four of the
8 comparables. Supporting documentation is not provided in the appraisal or as part of the
9 Respondent's workfile.
10

11 15. Adjustments were made to six of the seven comparables in the appraisal
12 report. The information relied upon for four of these seven comparables was grossly
13 inaccurate. Adjustments made to these comparables are bundled and states as being for
14 quality and location. No narrative discussion of the comparables is provided. No support
15 is provided for these adjustments.
16

17 16. The Respondent fails to explain how the price per acre is converted to a price
18 per lot for the subject subdivision.
19

20 17. Per the appraisal report, the average price range of a single-family house in
21 the subject subdivision is estimated at between \$175,000 and \$215,000. This price range
22 is estimated without having any construction plans or specifications. No information is
23 provided in the appraisal report or in the Respondent's workfile that describes the type or
24 quality of construction or upgraded features.
25
26

1 18. The Respondent failed to consider the Income Approach in the appraisal
2 report. When estimating market value as defined in the appraisal report, the Income
3 Approach is typically considered an important indicator of value. This is especially true
4 when Bulk Lots sales are not available for analysis in the Sales Comparison Approach.
5 The appraisal report fails to address if Bulk Lots Sales were available or why they were
6 not analyzed as part of the appraisal process.
7

8 19. The cash flow that is provided in the appraisal report does not provide a
9 value indication for the subject. The expenses are not supported by market data. The
10 annual projected cash flows are not discounted to present value.
11

12 20. The following statement was made on page 6 of the appraisal report supports
13 the appearance that this appraisal may have been based upon a predetermined opinion of
14 value, or direction of value: "In this regard it should be noted that we reviewed a number
15 of comparable sales and focused on a target number, which we believe to be relevant."
16

17
18 2523

19 On or about December 10, 2008, the Board's investigation revealed the following:

20 1. This matter deals with an appraisal conducted and report written by
21 Respondent of various properties totaling 430.47 acres located southeast of the Town of
22 Buckeye in Maricopa County, AZ. The date of value is July 28, 2006.
23

24 2. Respondent failed to locate and confirm any Comparable Sales.

25 3. The Respondent failed to identify and analyze the effect on use and value of
26 land use regulations, reasonably probable modifications of such land use regulations,

1 economic supply and demand, the physical adaptability of the real estate and market
2 conditions.

3 4. The fact that a majority of the subject land is in the floodway of the Salt
4 River is not adequately addressed or analyzed by Respondent and the remainder of the
5 land is either not mentioned or also disregarded concerning the height of any
6 improvement in a floodplain.
7

8 5. The Respondent failed to locate and confirm the correct size and location of
9 the comparable sales. Respondent also failed to adequately discuss and analyze the
10 property's location in a floodplain. Respondent also failed to discuss and analyze the
11 recent purchase of an adjacent property for \$4,000,000 less than sixty days after it was
12 purchased for \$2,000,000.
13

14 2439

15 The conduct described above constitutes violations of the following provisions of
16 the USPAP 2006 edition: Standards Rule 1-1(b); Standards Rule 1-2(c) and Standards
17 Rule 2-1(a).
18

19 2520

20 The conduct described above constitutes violations of the following provisions of
21 the USPAP 2006 edition: Standards Rule 1-1(a),(b) and (c); Standards Rule 1-2(a), (e)(i)
22 (ii), (f), (g) and (h); Standards Rule 1-3(a) and (b); Standards Rule 1-4(a), (b)(i)(ii) and
23 (c)(ii)(iii)(iv); Standards Rule 1-5(b); Standards Rule 2-1(a) and (b); Standards Rule 2-2
24 (b)(i)(ii)(iii)(iv)(vii)(viii) and (ix) Standard Ethics Rule—Conduct; Standard Ethics
25
26

1 Rule—Recordkeeping; Competency Rule, Scope of Work Rule, and Scope of Work
2 Acceptability and A.R.S. §32-3635.

3 2523

4 The conduct described above constitutes violations of the following provisions of
5 the USPAP 2006 edition: Standards Rule 1-1(b); Standards Rule 1-3(a); and Standards
6 Rule 2-1(a).
7

8 ORDER

9 Based upon the foregoing Findings of Fact and Conclusions of Law, the parties
10 agree to the following:

11
12 1. **Upon the effective date of this Consent Agreement for Voluntary**
13 **Surrender, Respondent's Arizona Certificate as a Certified Residential Appraiser**
14 **shall be surrendered.** Once the surrender is effectuated, Respondent **shall not issue a**
15 **verbal or written appraisal, appraisal review, or consulting assignment in the State**
16 **of Arizona.** The effective date of this Consent Agreement is the date the Consent
17 Agreement is accepted by the Board as evidenced by the signature of the Board's
18 Executive Director.

19 2. Respondent has read and understands this Consent Agreement as set forth
20 herein, and has had the opportunity to discuss this Consent Agreement with an attorney
21 or has waived the opportunity to discuss this Consent Agreement with an attorney.
22 Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding
23 the expense and uncertainty of an administrative hearing.

24 3. Respondent understands that he has a right to a public administrative hearing
25 concerning each and every allegation set forth in the above-captioned matter, at which
26 administrative hearing he could present evidence and cross-examine witnesses. By

1 entering into this Consent Agreement, Respondent freely and voluntarily relinquishes all
2 rights to such an administrative hearing, as well as all rights of rehearing, review,
3 reconsideration, appeal, judicial review or any other administrative and/or judicial action,
4 concerning the matters set forth herein. Respondent affirmatively agrees that this
5 Consent Agreement shall be irrevocable.

6 4. Respondent understands that this Consent Agreement, or any part thereof,
7 may be considered in any future disciplinary action against him or in any future decision
8 regarding re-licensure.

9 5. The parties agree that this Consent Agreement constitutes final resolution of
10 this disciplinary matter.

11 6. Time is of the essence with regard to this agreement.

12 7. Respondent understands that this Consent Agreement does not constitute a
13 dismissal or resolution of other matters currently pending before the Board, if any, and
14 does not constitute any waiver, express or implied, of the Board's statutory authority or
15 jurisdiction regarding any other pending or future investigation, action or proceeding.
16 Respondent also understands that acceptance of this Consent Agreement does not
17 preclude any other agency, subdivision or officer of this state from instituting other civil
18 or criminal proceedings with respect to the conduct that is the subject of this Consent
19 Agreement.

20 8. Respondent understands that the foregoing Consent Agreement shall not
21 become effective unless and until adopted by the Board of Appraisal and executed on
22 behalf of the Board. Any modification to this original document is ineffective and void
23 unless mutually approved by the parties in writing.

24 9. Respondent understands that this Consent Agreement is a public record that
25 may be publicly disseminated as a formal action of the Board.

26

1 10. Pursuant to the Board's Substantive Policy Statement #1, the Board
2 considers the violations in the above-referenced matters to constitute a Level III
3 Violation.

4 DATED this 21st day of September, 2009.

5
6 William A. Buehl Deborah G. Pearson
7 William A. Buehl Deborah G. Pearson, Executive Director
8 Respondent Arizona Board of Appraisal

8 ORIGINAL of the foregoing filed
9 this 21st day of September, 2009 with:

10 Arizona Board of Appraisal
11 1400 W. Washington Street, Suite 360
12 Phoenix, AZ 85007

12 COPY of the foregoing mailed regular and 7008 1140 0004 9529 4958
13 certified mail this 21st day
14 of September, 2009 to:

14 William A. Buehl
15 848 N. Standage
16 Mesa, AZ 85201

16 COPY of the foregoing sent or delivered
17 this 21st day of September, 2009 to:

18 Jeanne M. Galvin
19 Assistant Attorney General
20 Arizona Attorney General's Office
21 1275 W. Washington, CIV/LES
22 Phoenix, AZ 85007

22 By Deborah G. Pearson
23 5422307