

1. Loan Charges/Concessions to be Paid by Seller are identified by Respondent as "See
2 Contract." Respondent failed to discuss the charges/concessions in the appraisal report.

3 3. Respondent's workfile did not contain a Competitive Market Analysis
4 (CMA) of the subject neighborhood.

5 4. The PUD Section of the appraisal report states that the total number of units
6 in the subject project is 64 but according to information provided by the Maricopa
7 County Assessor's Office, the subject project contains a total of 72 individually owned
8 condominium units.

9 5. Respondent incorrectly noted the zoning in the appraisal report.

10 6. Respondent included four comparable sales in the Sales Comparison
11 Approach for which he notes MLS as the verification source for all four comparables.
12 However, there was no MLS information for Comparable Sale No. 1. In addition,
13 Comparable Sales Nos. 3 and 4 are outside of the defined subject neighborhood.

14 7. Comparable Sale No. 3 is located outside of the subject neighborhood in a
15 gated master planned community that includes both detached and attached single-family
16 homes. A CMA using ARMLS data show that the average sales price within a one mile
17 radius of Comparable Sale No. 3 is about 16% higher than the defined subject
18 neighborhood. Respondent failed to make an adjustment for location in the Sales
19 Comparison Grid.

20 8. Comparable Sale No. 4 is also located outside the defined neighborhood and
21 in fact, is about five miles east of the subject. The average sales price in this
22 neighborhood was approximately 56% higher than in the defined subject neighborhood.
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1 Despite the higher average sales prices, an upward adjustment is made in the Sales
2 Comparison Grid to this comparable for inferior location.

3 9. Respondent made two additional errors in the Supplemental Addendum
4 regarding the prior sales history of the subject. Specifically, the subject project was listed
5 as consisting of 64 rather than 72 units and the subject unit was characterized as a ground
6 floor unit when in fact it was located on the second floor.
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8 10. The Market rent is estimated at \$750 per month but there is no information in
9 Respondent's workfile to support this estimate. In addition, Respondent stated in the
10 Final Reconciliation that the Income Approach was not utilized due to a lack of reliable
11 rental data. He further noted that the "Cost Approach information is retained in the
12 appraiser's file." However, no cost information was found in the workfile.
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14 11. The Intended use, Intended users and Scope of Work are not identified in the
15 appraisal report.
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17 2695

18 This matter deals with an appraisal conducted and report written by Respondent of
19 a condominium residence located at 3010 W. Camelback Rd. #210, Phoenix, AZ 85017
20 with an effective date of December 2, 2004. On or about February 4, 2009, the Board's
21 investigation revealed the following:

- 22 1. The Respondent noted the incorrect census track for the subject.
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24 2. The Affidavit of Property Value filed as a result of this sale reports the Down
25 Payment as \$0.00 but in fact, the contact that was contained in Respondent's workfile
26 notes that the seller paid all of the buyer's normal closing costs. The Date-of-Sale and

1 Loan Charges/Concessions to be Paid by Seller are identified by Respondent as "See
2 Contract." Respondent failed to discuss the charges/concessions in the appraisal report.

3 3. Respondent's workfile did not contain a Competitive Market Analysis
4 (CMA) of the subject neighborhood.

5 4. The PUD Section of the appraisal report states that the total number of units
6 in the subject project is 64 but according to information provided by the Maricopa
7 County Assessor's Office, the subject project contains a total of 72 individually owned
8 condominium units.

9 5. Respondent incorrectly noted the zoning in the appraisal report.

10 6. Respondent included four comparable sales in the Sales Comparison
11 Approach. Two of the four Comparable Sales (Nos. 3 and 4) are outside of the defined
12 subject neighborhood. In addition, with respect to Comparable No. 1, there is a
13 discrepancy regarding the amount of the down payment between MLS information and
14 information in the Affidavit of Property Value. There is no evidence in the workfile to
15 suggest that the Respondent clarified the discrepancy with the listing agent or other party;
16 nor did he identify any concessions or adjustments made in the Sales Comparison
17 Approach.
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19 7. With respect to Comparable No. 2, the Affidavit of Property Value indicates
20 it was sold with less than one percent of the sales price as a down payment. This
21 information conflicts with what the MLS reported and Respondent failed to note if there
22 were any concessions for this Comparable.
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1 8. Comparable Sale No. 3 is located outside of the subject neighborhood in a
2 gated master planned community that includes both detached and attached single-family
3 homes. A CMA using ARMLS data show that the average sales price within a one mile
4 radius of Comparable Sale No. 3 is about 17% higher than the defined subject
5 neighborhood. Respondent failed to make an adjustment for location in the Sale
6 Comparison Grid.
7

8 9. Comparable Sales No. 4 is also located outside the defined neighborhood and
9 in fact, is about five miles east of the subject. The average sales price in this
10 neighborhood was approximately 56% higher than in the defined subject neighborhood.
11 Despite the higher average sales prices, an upward adjustment is made in the Sales
12 Comparison Grid to this comparable for inferior location.
13

14 10. Respondent incorrectly noted the subject project as consisting of 64 rather
15 than 72 units.
16

17 11. The Market rent is estimated at \$750 per month in the Income Approach but
18 there is no information in Respondent's workfile to support this estimate. In addition,
19 Respondent stated in the Final Reconciliation that the Income Approach was not utilized
20 due to a lack of reliable rental data. He further noted that the "Cost Approach
21 information is retained in the appraiser's file." However, no cost information was found
22 in the workfile.
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24 12. The Intended use, Intended users and Scope of Work are not identified in the
25 appraisal report.
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2 This matter deals with an appraisal conducted and report written by Respondent of
3 a condominium residence located at 3010 W. Camelback Rd. #223, Phoenix, AZ 85017
4 with an effective date of January 19, 2005. On or about February 4, 2009, the Board's
5 investigation revealed the following:
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7 1. The Respondent noted the incorrect census track for this subject.

8 2. The Affidavit of Property Value filed as a result of this sale reports the Down
9 Payment as \$0.00 but in fact, the contact that was contained in Respondent's workfile
10 notes that the seller paid all of the buyer's normal closing costs. The Date-of-Sale and
11 Loan Charges/Concessions to be Paid by Seller are identified by Respondent as "See
12 Contract." Respondent failed to discuss the charges/concessions in the appraisal report.
13

14 3. Respondent's workfile did not contain a Competitive Market Analysis
15 (CMA) of the subject neighborhood.
16

17 4. The PUD Section of the appraisal report states that the total number of units
18 in the subject project is 64 but according to information provided by the Maricopa
19 County Assessor's Office, the subject project contains a total of 72 individually owned
20 condominium units.

21 5. Respondent incorrectly noted the zoning in the appraisal report.

22 6. Respondent included five comparable sales in the Sales Comparison
23 Approach. Comparable Nos. 1, 2, and 3 are reported to be model matches from the
24 subject project. Comparable No. 4 is located in a competing project within the subject
25
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1 neighborhood while Comparable No. 5 is located outside of the defined subject
2 neighborhood.

3 7. It appears that Comparable No. 1 sold for \$5,000 more than it was listed.
4 However, there was no information contained in the Respondent's workfile to verify why
5 this sale closed escrow above the list price or the actual terms of this sale. No concessions
6 were identified in the Sales Comparison Approach adjustment Grid; nor was an
7 adjustment made for terms-of-sale.
8

9 8. The Affidavits of Property Value for Comparable Nos. 2 and 3 both indicate
10 the properties were sold with no down payment, however, Respondent did not report that
11 any concessions were made for these properties.
12

13 9. Information noted in the report by Respondent regarding Comparable no. 4 is
14 incorrect. The property address for Comparable No. 4 did not close escrow on the date
15 provided although another unit in the complex did. Although MLS is identified as a data
16 source, no MLS printout for this property was in Respondent's workfile. In addition,
17 there was no explanation why there was an upward adjustment to this property for
18 location. It was also stated that Comparable No. 4 had a common pool, it does not. The
19 sales history reported for this Comparable does not exist in the public records.
20

21 10. Comparable Sale No. 5 is located outside of the subject neighborhood
22 approximately four miles northeast of the subject. A CMA using ARMLS data show that
23 the average sales price within a one mile radius of Comparable Sale No. 5 is about 72%
24 higher than the defined subject neighborhood. However, an upward, rather than
25 downward adjustment is made to this Comparable for location in the Sales Comparison
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1 Grid. Further, no adjustment is made to this comparable to reflect its "large covered
2 patio".

3 11. Respondent stated that "Due to the lack of more recent and similar
4 comparative sales in the immediate subject area, it was necessary to expand the search
5 beyond the recommended 1 mile parameter to a competing project that included Comp 5
6 considered a good indicator of value based on similar design, size and appeal." This
7 statement is not credible. Research indicated 13 additional sales from within the defined
8 subject neighborhood that were not used by Respondent, including two sales that were
9 more recent than Comparable Nos. 4 and 5 used by Respondent.
10

11 12. Respondent incorrectly noted the subject project as consisting of 64 rather
12 than 72 units.
13

14 13. The Market rent is estimated at \$800 per month in the Income Approach but
15 there is no information in Respondent's workfile to support this estimate. In addition,
16 Respondent stated in the Final Reconciliation that the Income Approach was not utilized
17 due to a lack of reliable rental data. He further noted that the "Cost Approach
18 information is retained in the appraiser's file." However, no cost information was found
19 in the workfile.
20

21 14. The Intended use, Intended users and Scope of Work are not identified in the
22 appraisal report.
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24 15. Respondent's workfile contains the appraisal order which contains the
25 following statement: "Value Requested 97,990".
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1
2 This matter deals with an appraisal conducted and report written by Respondent of
3 a condominium residence located at 2537 W. Georgia Avenue, Unit #15, Phoenix, AZ
4 85017 with an effective date of June 23, 2005. On or about February 4, 2009, the
5 Board's investigation revealed the following:
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7 1. Respondent failed to use the proper Assessor's Parcel No. in the appraisal
8 report.

9 2. The Affidavit of Property Value filed as a result of this sale reports the Down
10 Payment as \$0.00 but in fact, the contract that was contained in Respondent's workfile
11 notes that the seller paid all of the buyer's normal closing costs. The Date-of-Sale and
12 Loan Charges/Concessions to be Paid by Seller are identified by Respondent as "See
13 Contract." Respondent failed to discuss the charges/concessions in the appraisal report.

14 3. Respondent's workfile did not contain a Competitive Market Analysis
15 (CMA) of the subject neighborhood.
16

17 4. The PUD Section of the appraisal report states that the total number of units
18 in the subject project is 28 and approximately 8 are for sale. However, public records
19 indicate that 22 units of the total 28 units were unsold.
20

21 5. Respondent incorrectly noted the zoning in the appraisal report. In addition,
22 because the subject property had not been rezoned since being annexed by the City of
23 Phoenix, the existing improvement would not be considered a legal use under the stated
24 R-2 zoning classification. However, Respondent checks the zoning compliance as "legal"
25 in the appraisal report.
26

1 6. The Improvement Description Section of the appraisal notes that the subject
2 has "Dual-Pane" windows. However, an exterior inspection of the subject unit revealed
3 that the subject's windows were single-pane aluminum sliders. Moreover, the majority of
4 the units in the complex appear to be single-pane rather than dual-pane and that the
5 original windows were not replaced as stated by Respondent in the appraisal report.
6

7 7. Respondent included three comparable sales in the Sales Comparison
8 Approach. Comparable Nos. 1 and 2 are from the subject project. Comparable No. 3 is
9 located in a competing project within the subject neighborhood. Comparable No. 1 closed
10 with no down payment being made but Respondent failed to identify any concessions in
11 the Sales Comparison Grid.
12

13 8. With respect to Comparable No. 2, the Respondent incorrectly noted the
14 Assessor's Parcel No. and the date of sale. In addition, the Respondent noted that this sale
15 had "no pool" when in fact, it has a community pool and heated spa. No adjustment was
16 made to reflect the subject's lack of common amenities. There was conflicting
17 information regarding the terms of sale between the public records and the MLS and no
18 evidence in the Respondent's workfile to suggest he confirmed the terms of sale with the
19 listing agent. Finally, no concessions were disclosed in the Sales Comparison Grid or are
20 any adjustment made for terms of sale.
21

22 9. According to the Affidavit of Property Value recorded in the public records,
23 Comparable No. 3 sold for \$90,000 with a down payment of \$1,000, or 1% of the
24 purchase price. However, no concessions were reported for this comparable.
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1 2. The Contract Section of the appraisal indicates that the Respondent did
2 analyze the purchase contract and that there were no concessions to be paid on behalf of
3 the borrower. There was not a complete copy of the sales contract found in the
4 Respondent's workfile. The purchase price is reported as \$86,990 but the recorded
5 purchase price is \$82,990. The Affidavit of Property Value filed as a result of this sale
6 reports the Down Payment as \$0.00. The FHA loan amount is \$84,680.
7

8 3. The Respondent's workfile did not contain a Competitive Market Analysis
9 (CMA) of the subject neighborhood.
10

11 4. Respondent incorrectly noted the zoning in the appraisal report. In addition,
12 because the subject property had not been rezoned since being annexed by the City of
13 Phoenix, the existing improvement would not be considered a legal use under the stated
14 R-2 zoning classification. However, Respondent checks the zoning compliance as "legal"
15 in the appraisal report.
16

17 5. Respondent included three comparable sales in the Sales Comparison
18 Approach. Comparable Nos. 1 and 2 are from the subject project. Comparable No. 3 is
19 located in a competing project within the subject neighborhood. MLS is identified as a
20 verification source for Comparables Nos. 1 and 2 however, an independent search of
21 these records did not reveal any MLS information available for these two comparables.
22 Additionally, no MLS printouts for these comparables were included in the Respondent's
23 workfile. According to the public records, Comparable Nos. 1 and 2 closed with no
24 down payment being made but Respondent failed to identify any concessions in the Sales
25 Comparison Grid for either comparable.
26

1 6. Comparable No. 3 is a resale from a competing condominium project that has
2 a swimming pool and heated spa. These features are not reflected in the Sales
3 Comparison Grid in the appraisal report and Respondent failed to make an adjustment for
4 differences in the common amenities.
5

6 7. The Respondent failed to provide the correct legal description for the subject
7 property. In the Prior Subject sales history, Respondent notes that "Public Records
8 currently reflects (sic) one assessor number for the entire project." This statement appears
9 to be false as of the date of this appraisal since Comparables Nos. 1 and 2 are sales from
10 within the subject project and both comparables have individual parcel numbers that are
11 different from what is reported on page one of the appraisal.
12

13 8. The Market rent is estimated at \$650 per month in the Income Approach but
14 there is no information in Respondent's workfile to support this estimate. In addition,
15 Respondent stated in the Final Reconciliation that the Income Approach was not utilized
16 due to a lack of reliable rental data. He further noted that the "Cost Approach information
17 is retained in the appraiser's file." However, no cost information was found in the
18 workfile.
19

20 9. The PUD Section of the appraisal reports states that the total number of units
21 in the subject project is 28 and that approximately 8 units were sold. In fact, according to
22 the public records, 9 units were unsold and not the 20 as reported by the Respondent.
23 There is no information in the Respondent's workfile to support this estimate. The
24 Respondent also states in this section of the report that the subject project contains multi-
25
26

1 dwelling units. This statement is false since the subject project only consists of 28
2 individual condominium units.

3 CONCLUSIONS OF LAW

4 Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State of
5 Arizona must comply with the standards of practice adopted by the Board. The
6 Standards of Practice adopted by the Board are codified in the USPAP edition applicable
7 at the time of the appraisal.
8

9 The conduct described above constitutes violations of the following provisions of
10 the USPAP, 2004 or 2005 editions: Standards Rule 1-1(a), (b) and (c) (all cases);
11 Standards Rule 1-2 (a) and (b) (case nos. 2694/2695/2698/ and 2700); Standards Rule 1-
12 5(a) (all cases); Standards Rule 2-1(a) and (b) (all cases); Standards Rule 2-2(b)(i), (ii),
13 (vii) and (ix) (case nos. 2695/2696/2698/ and 2700); Standards Ethics Rule—Conduct (all
14 cases); Standards Ethics Rule—Recordkeeping (all cases); Standards Ethics Rule-
15 Management (case no. 2698) and A.R.S. § 32-3635 (a) and (b) Standards of Practice (all
16 cases).
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19 ORDER

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

22 1. **Upon the effective date of this Consent Agreement, Respondent's**
23 **Certificate as a Certified Residential Appraiser shall be suspended for a period of**
24 **six (6) months.** During the period of suspension, Respondent shall not issue a verbal or
25 written appraisal, appraisal review or consulting assignment involving real property in the
26 State of Arizona. The effective date of this Consent Agreement is that date that the

1 Consent Agreement is signed by the Board President or by the Board's Executive
2 Director on behalf of the Board.

3 2. If, between the effective date of this Consent Agreement and the cessation of
4 Respondent's period of suspension, Respondent fails to renew his license while under
5 this Consent Agreement and subsequently applies for a license or certificate, the
6 remaining terms of this Consent Agreement, including any remaining period of
7 suspension, shall be imposed if the application for license or certificate is granted.

8 3. Respondent shall successfully complete the following education **within six**
9 **(6) months** of the effective date of this Consent Agreement: **A fifteen (15) hour USPAP**
10 **course to include successful completion of an examination; a minimum of six (6)**
11 **hours in mortgage fraud and three (3) hours of ethics.** The education required under
12 this paragraph **may not** be counted toward continuing education requirements or for the
13 renewal of Respondent's certificate. Proof of completion of the required education must
14 be submitted to the Board within 3 weeks of completion of the required courses.
15 Respondent shall bear all costs and expenses incurred in obtaining the education.

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

21 5. Respondent understands that he has a right to a public administrative hearing
22 concerning each and every allegation set forth in the above-captioned matter, at which
23 administrative hearing he could present evidence and cross-examine witnesses. By
24 entering into this Consent Agreement, Respondent freely and voluntarily relinquishes all
25 rights to such an administrative hearing, as well as all rights of rehearing, review,
26 reconsideration, appeal, judicial review or any other administrative and/or judicial action,

1 concerning the matters set forth herein. Respondent affirmatively agrees that this
2 Consent Agreement shall be irrevocable.

3 6. Respondent understands that this Consent Agreement, or any part thereof,
4 may be considered in any future disciplinary action against him.

5 7. The parties agree that this Consent Agreement constitutes final resolution of
6 this disciplinary matter.

7 8. Time is of the essence with regard to this agreement.

8 9. If Respondent fails to comply with the terms of this Consent Agreement, the
9 Board shall properly institute proceedings for noncompliance with this Consent
10 Agreement, which may result in suspension, revocation, or other disciplinary and/or
11 remedial actions. Respondent agrees that any violation of this Consent Agreement is a
12 violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of
13 the provisions of the Board's statutes or the rules of the Board for the administration and
14 enforcement of its statutes.

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

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

1 12. Respondent understands that this Consent Agreement is a public record that
2 may be publicly disseminated as a formal action of the Board.

3 13. Pursuant to the Board's Substantive Policy Statement #1, the Board considers
4 the violations in the above-referenced matters to constitute to a **Level V Violation**.

5 DATED this 21st day of August, 2009.

6
7
8 Douglas B. Clithero
9 Douglas B. Clithero
10 Respondent

Deborah G. Pearson
Deborah G. Pearson, Executive Director
Arizona Board of Appraisal

11 ORIGINAL of the foregoing filed
12 this 21st day of August, 2009 with:

13 Arizona Board of Appraisal
14 1400 West Washington Street, Suite 360
15 Phoenix, Arizona 85007

16 COPY of the foregoing mailed regular mail *and certified mail 7008 1140 0004 9529 4.*
17 this 21st day of August, 2009 to:

18 Mr. Douglas B. Clithero
19 1649 E. Salt Sage Dr.
20 Phoenix, AZ 85048

21 COPY of the foregoing mailed regular mail
22 this 21st day of August, 2009 to:

23 Ms. Tina Ezzell
24 SACKS TIERNEY, P.A.
25 4250 N. Drinkwater Blvd., 4th Floor
26 Scottsdale, AZ 85251

27 Jeanne M. Galvin *(Interagency mail)*
28 Assistant Attorney General
29 Arizona Attorney General's Office
30 1275 West Washington, CIV/LES
31 Phoenix, Arizona 85007

32 By: Deborah G. Pearson
33 495899

