



ARIZONA BOARD OF APPRAISAL

15 S. 15th Ave., Suite 103A
Phoenix, Arizona 85007
(602) 542-1558 Fax (602) 542-1598
Email: info@azboa.gov
Website: www.boa.az.gov

December 16, 2014

Mr. Todd Barnhart
1643 N. Alvernon Way
Ste. 108
Tucson, AZ 85712

Re: Board of Appraisal Case Nos. 3654, 3655, and 3656

Dear Mr. Barnhart,

As you know, the Board received a complaint against you for the appraisals you performed on single family residences located at the following addresses:

- **(3654)** 4540 E. Fairmount Street, Tucson, AZ, with an effective date of value of September 27, 2012.
- **(3655)** 973 W. Connecticut Drive, Tucson, AZ, with an effective date of value of October 16, 2012.
- **(3656)** 9126 E. Calle Diego, Tucson, AZ, with an effective date of value of December 7, 2012.

At its November 21, 2014 monthly meeting, the Board of Appraisal held an Informal Hearing in the above-referenced matters. You appeared personally and with legal counsel, Ms. Tina Ezzell. In addressing this matter, the Board reviewed the complaints, your responses thereto, the appraisals, the supporting workfiles, and the Investigative Reviews. The Board also considered your verbal testimony during the Informal Hearing.

3654: 4540 E. Fairmount Street, Tucson, AZ, with an effective date of value of September 27, 2012. The subject property is located on a rear lot that is accessed via an easement across the adjacent property fronting the street. You failed to disclose or analyze this unusual location and access. Additionally, you failed to analyze the subject's location/access and its impact on marketability. Moreover, although the neighborhood is identified as having increasing prices, no

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time adjustments are applied to older sales. Although you reported seller concessions in the subject contract, there is no analysis of the impact on the purchase price. Additionally, the reconciliation states that the income and cost approaches were applicable, but not necessary to develop a reliable estimate of value and were not used. However, in the cost approach section, you state the approach was *not* applicable and was completed at the client's request. Finally, the median selling price of the comparable sales is approximately \$113/SF. The cost approach utilizes \$100/SF for replacement cost of the improvements. However, in the sales comparison approach the adjustment for differences in livable area are applied at \$20/SF. This adjustment appears to be low based upon costs and current selling prices.

3655: 973 W. Connecticut Drive, Tucson, AZ, with an effective date of value of October 16, 2012. The subject property backs to a drainage area that borders Interstate -19 and is in close proximity to high-voltage power lines and an above-ground storage tank. You failed to disclose, discuss or analyze whether these external factors impact value. There is no market support in the report or the workfile to support your assertions. Moreover, upward condition adjustments are applied to comparables that do not appear to be inferior to the subject and the adjustments are applied inconsistently. Specifically, the subject and Comparables 2, 4 and 5 are identified as C2 condition. Comparables 1, 3 and 6 are identified as C3, however, the adjustments for condition are not applied consistently. Comparable No. 1 is adjusted at \$5,000 and Comparables 3 and 6 are adjusted upward \$3,000. Additionally, a review of MLS data and photos do not support these condition ratings and adjustments. Further, although you report seller concessions in the subject contract, there is no analysis of the impact on the purchase price. Similarly, you report the recent prior sale of the subject but fail to provide an analysis of the transaction. One of the subject's additional features is identified as being mature landscaping. Based upon appraisal and MLS photos, the property appears to have minimal, if any landscaping. Moreover, the \$11.00/SF adjustment applied to Comparable No. 4 for its detached 2-bedroom, 1-bathroom guest house appears very low for this additional livable area. The reconciliation states that the most weight was placed upon Comparable No. 3 due to its location on the same street as the subject. However, this sale represents the highest unadjusted sale price and required the 2nd highest net adjustments. None of the other closed sales support the opinion of market value. Finally, prior transfers of Comparable No. 2 are not identified or analyzed.

3656: 9126 E. Calle Diego, Tucson, AZ, with an effective date of value of December 7, 2012. The neighborhood description and MC addendum both identify the subject market as having increasing prices. However, no time adjustments are applied to any of the comparables even though one of the sales is 12 months old. The subject lacked covered parking; the subject's 2-car garage

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has been enclosed into livable area. While there were no sales to bracket this feature, the lack of any sales without parking should have resulted in a discussion and analysis of market acceptance. Your failure to discuss or analyze the impact on marketability of the subject's garage enclosure indicates a lack of knowledge of recognized appraisal methodology. Moreover, you did not provide the proper photos; nor did you identify the covered patio in the sketch. In addition, you report that the sellers are paying \$3,225 toward the buyer's closing costs; however, there is no analysis of the impact on the purchase price. Comparable No. 3 is reported in MLS and in the appraisal as having a third bathroom, however, no analysis or adjustment is applied for this superior feature. Furthermore, the subject listing history reflects that the property was listed for sale for over 14 months with an original list price of \$149,000. The asking price was most recently reduced in October 2012 from \$119,900 to \$109,900 and finally to \$99,000 on November 20, 2012. As of the effective date of appraisal, the subject was under contract for \$107,500 and the opinion of value is \$115,000. There is no discussion or analysis why the opinion of value is higher than both the current list and offer price after an extended marketing time.

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice:

3654

The conduct described above constitutes violations of the following provisions of the USPAP, 2012-2013 Edition:

Standards Rule 1-1(a), (b) and (c); Standards Rule 1-2(e)(i); Standards Rule 1-4 (a); Standards Rule 1-5(a); Standards Rule 2-1(a) and (b); and Standards Rule 2-2(b)(iii) and (b)(viii).

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The conduct described above constitutes violations of the following provisions of the USPAP, 2012-2013 Edition:

Standards Rule 1-1(a), (b) and (c); Standards Rule 1-2(e)(i); Standards Rule 1-4 (a); Standards Rule 1-5(a) and (b); Standards Rule 2-1(a) and (b); and Standards Rule 2-2(b)(iii) and (b)(viii).

3656

The conduct described above constitutes violations of the following provisions of the USPAP, 2012-2013 Edition:

Standards Rule 1-1(a); Standards Rule 1-4 (a); Standards Rule 1-5(a); Standards Rule 2-1(a) and (b); and Standards Rule 2-2(b)(iii) and (b)(viii).

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Pursuant to Arizona Administrative Code (A.A.C.) R4-46-301 and the Board's Substantive Policy Statement #1, the Board considers these violations to amount to a Level III Violation. In lieu of further proceedings, and pursuant to Arizona Revised Statutes (A.R.S.) §32-3632(B) and A.A.C. R4-46-301(C), the Board is willing to resolve this matter with a letter of due diligence, if you agree to remedy these violations through exercising greater due diligence in the future. In addition, the Board accepts the thirty-seven (37) hour of continuing education you recently completed in satisfaction of any education it may have prescribed.

A letter of due diligence is a disciplinary action and is a matter of public record in your Board file and may be used in any future disciplinary proceedings. By signing below, you acknowledge that you have read and understand this letter of due diligence. You have the right to consult with legal counsel regarding this matter, and have done so or choose not to do so.

By signing this letter of due diligence, you are voluntarily relinquishing your right to an informal hearing, formal hearing, and judicial review in state or federal court with regard to the matter herein.

Upon signing this letter of due diligence and returning it to the Board, you may not revoke acceptance of this letter of due diligence. In addition, you may not make any modifications to this letter of due diligence. Any modifications to this letter of due diligence are ineffective and void unless mutually approved by you and the Board.

If any part of this letter of due diligence is later declared void or otherwise unenforceable, the remainder of the letter of due diligence in its entirety shall remain in force and effect.

If you fail to comply with the terms of this letter of due diligence, the Board may properly institute proceedings for noncompliance, which may result in suspension, revocation, or other disciplinary and/or remedial actions. By signing this letter of due diligence you are agreeing that any violation of this letter of due diligence is a violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of the provisions of the Board's statutes or the rules of the Board for the administration and enforcement of its statutes.

If you agree to accept this letter of due diligence, please execute this document by your signature below. Please return the original signed document to the Board at 15 South 15th Avenue, Ste. 103A, Phoenix, Arizona 85007, on or before **January 5, 2015**. If you do not return this original document on or before the specified date, the Board may conduct further proceedings, including but not limited to a formal hearing before the Office of Administrative Hearings.

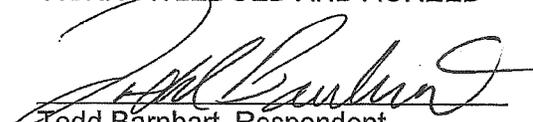
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Sincerely,



Debra Rudd
Executive Director

ACKNOWLEDGED AND AGREED


Todd Barnhart, Respondent

12-19-2014
Date

c: Jeanne M. Galvin, Assistant Attorney General