



ARIZONA BOARD OF APPRAISAL

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AZ Board of Appraisal
15 S. 15th Ave., Suite 103A
Phoenix, AZ 85007

October 15, 2014

Mr. Erik W. Nordstrom
4125 E. Hide Trail
Phoenix, AZ 85050

Re: Board of Appraisal Case No. 3700

Dear Mr. Nordstrom,

As you know, the Board received a complaint against you for the appraisal you performed on a single family residence located at 15008 E. Greene Valley Road, Fountain Hills, AZ with an effective date of value of January 24, 2013.

At its September 19, 2014, monthly meeting, the Board of Appraisal met to discuss this case. In addressing this matter, the Board reviewed the complaint, your response thereto, the appraisal, the supporting workfile, and the Investigative Review.

The Board concluded that you utilized an age/life method for physical depreciation; however, the economic life is estimated at 100 years and is not reflected in Marshall & Swift. In addition, the comparable sales used are superior quality and superior location without proper analysis or adequately supported adjustments. With respect to upgrades, all five comparables are adjusted downward \$10,000 for superior upgrades but there is no discussion in the appraisal that supports this adjustment. Based upon information presented (photos and ARMLS description), the adjustments applied for superior upgrades are not adequately supported and appear understated. In addition, the subject is a 2-story home but 4 of the 5 comparables are single level homes. You failed to reflect the subject's 2-story design in the sales grid and did not analyze any potential market acceptance or difference between 2-story and single story properties. With respect to the location, the subject and Comparable No. 4 are located outside of a PUD and there is no HOA or HOA fee. Comparables 1-3 are located in Sunridge Canyon, a golf course community with common amenities and HOA fees. Comparable No. 5 is located in North Heights, a planned community with HOA fees. You failed to discuss or analyze the subject location compared to the comparable sales locations. Moreover, the subject was listed for sale for nearly 6 months at an asking price over \$150,000 less than the opinion of market value with no discussion or analysis. Given the above deficiencies, you failed to correctly employ recognized appraisal methods and techniques resulting in substantial errors that significantly affected the appraisal results. Finally, you did not disclose the fee paid in the scope of review.

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice (USPAP), 2012-2013 Edition:

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

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 and **by successfully completing a fifteen (15) hour course in Basic Appraisal. The coursework must be completed within six (6) months from the date of this letter as shown at the top of the first page.** A list of approved remedial and disciplinary education courses is on the Board's website for your convenience in locating the appropriate course(s). The education may not be used toward your continuing education requirements for renewal during your next licensing period. You must submit proof of completion of the coursework to the Board within thirty (30) days of completing the coursework.

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.

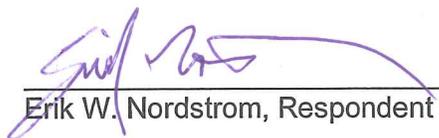
If you agree to accept this letter of due diligence, please execute this document by your signature below. Please return the original signed document to the Board at 15 South 15th Avenue, Ste. 103A, Phoenix, Arizona 85007, on or before **November 14, 2014**. If you do not return this original document 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



Erik W. Nordstrom, Respondent

11-11-2014

Date

c: Jeanne M. Galvin, Assistant Attorney General