



## ARIZONA BOARD OF APPRAISAL

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

RECEIVED  
MAR 23 2015  
AZ Board of Appraisal  
15 S. 15th Ave., Suite 103A  
Phoenix, AZ 85007

March 13, 2015

Mr. Scott Swanbery  
4258 E. Edgewood Ave.  
Mesa, AZ 85206

Re: Board of Appraisal Case No. 3707

Dear Mr. Swanbery,

As you know, the Board received a complaint against you for the appraisal you performed on a single family residence located at 12234 S. Honah Lee Court, Phoenix, AZ with an effective date of value of March 31, 2014.

At its November 21, 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.

By way of background, the subject is a 14-year old custom home on an acre lot in Ahwatukee Custom Estates with a total livable area of 16,204 square feet. It borders the mountain preserve. You noted that the subject is highly unique and attracts a limited buyer pool. You further state that you based your search for comparables on properties of similar livable area with similar preserve/mountain views. You used three closed sales and two active listings 12-39 miles from the subject.

With respect to the appraisal report, you report that there have been no recent sales of vacant land in the subject's immediate area to support a site value estimate. As a result, you utilize a Land Value CMA from 2008 that shows site values in Paradise Valley, Scottsdale, Phoenix (Arcadia) and one sale from the subject market. This data reflects similar prices for acre lots and you use this data to support your lack of location adjustments and a site value estimate of \$1,000,000. However, the only sale in this CMA within the subject market is a hilltop lot in Tapestry Canyon that has 360 degree views. This property is currently actively listed for \$1,200,000 and has been on the market for nearly 2 years at that price. According to the listing agent, there have been no offers on

Mr. Scott Swanbery  
March 13, 2015

the property to date. The Board believes that the land value was not supported adequately.

Additionally, the subject is 2-story custom home with a walkout finished basement. You state that the size of the subject is based upon builder's floorplan and approximated measurements. The above grade size is reported to be 11,435 SF with 2,689 SF below grade and a 2,080 SF detached casita/guest house. These figures are reported in the sales grid in the appropriate locations.

Comparable No. 1 is reported to have above grade GLA of 12,971 SF with 5,085 SF below grade level and detached casita. However, you noted in your analysis that the size of the below grade level could not be discerned, so no adjustments were applied. The Board's Investigator contacted the Maricopa County Assessor's office and the listing agent. Both sources provided specific main floor, upper floor and lower level square footages that were consistent with one another. You apparently did not contact anyone to obtain this information. Based upon the information obtained by the Board's Investigator, the 12,971 SF reported in the GLA area of the sales grid is the *total* of all areas; main floor, upper level, lower level *and* the guest quarters. By reporting the main GLA as the total footage and putting the lower level and casita on separate lines, these areas are double counted. Additionally, this property does not have a detached casita, only an attached guest suite with separate entrance. Additionally, you adjust other comparable sales for differences in bathroom counts at a rate of \$15,000/bath. This comparable has 11 bathrooms and is not adjusted. This property also had a 12-car garage with subterranean show room and lift that are not reflected in the sales grid. Based upon information in MLS and provided by the listing agent, this sale's upgrades (elevator, 30' curved glass retractable wall, reclaimed antique pavers/floors) are significantly superior to the subject and no adjustments are applied. A \$500,000 downward adjustment for superior views is applied to this comparable with no support or analysis in the appraisal or workfile.

With respect to Comparable No. 2, it is reported in the sales grid at a sales price of \$7,150,000. The space identified as casita/guest suite of this property is an attached guest suite with separate entrance and approximately 450 SF. This area is identified as a separate line item, yet no adjustment is applied for the difference between this 450 SF area and the subject's 2,080 SF casita. A \$500,000 downward adjustment for superior views and \$650,000 downward adjustment for larger site area are applied to this comparable with no support or analysis in the appraisal or workfile.

Comparable No. 3 is reported to have 11,071 SF of GLA and is not identified as having a guest quarters. However, there is no MLS or Assessor data sheet for this comparable in your workfile. The sales price is reflected in the sales grid as \$5,200,000. Maricopa County Assessor reflects a sales price of \$5,250,000. According to ARMLS, this property has a 1,441 SF guest suite. The sales grid indicates an adjustment for lack of guest quarters at \$50,000. This adjustment

Mr. Scott Swanbery  
March 13, 2015

reflects a price per SF of \$24, compared to \$150/SF for GLA and \$75/SF for lower level finished area. There is no support or analysis for this adjustment. A \$250,000 upward adjustment for inferior views is applied to this comparable with no support or analysis in the appraisal or workfile.

Comparable No. 4 is an active listing in Desert Mountain that is listed for \$6,200,000. This property is identified as 11,139 SF of livable area. According to MLS and the listing agent, this livable area includes a detached 2 Bedroom/2 Bathroom casita that is not identified on the sales grid and an upward adjustment is applied for this properties lack of a casita. Additionally, the room count in the GLA reflects a total of 4 bedrooms. According to the listing agent, this bedroom count includes the 2 bedrooms in the detached casita and the lack of more bedrooms in the main home has severely impacted the marketability of the property, resulting in a marketing time of nearly 2 years. A 10,000+ SF house with only 2 bedrooms reflects functional obsolescence and should have been addressed. A \$500,000 downward adjustment for superior location is applied to this comparable with no support or analysis in the appraisal or workfile.

Comparable No. 5 is an active listing in Phoenix near Camelback Mountain. The property is listed in MLS and the sales grid as having 21,013 SF of livable area. You reported that this property does not have a lower level and applied an upward adjustment of \$201,675. According to MLS and Maricopa County Assessor's records, this property has a 7,248 SF finished lower level. As a result, you overstated the above grade GLA and understated the below grade livable area and the corresponding adjustments are incorrect.

Comparable No. 7 is adjusted upward \$250,000 for inferior quality with no analysis or support in the appraisal or workfile. There are no MLS or public records data sheets for this comparable in the workfile.

Comparable No. 8 is adjusted upward \$500,000 for site area of 1.14 acres when compared to the subject's 1.06 acres. You state that this adjustment is based upon the non-useable acreage of the comparable's hillside lot. However, there are no MLS or public records data sheets for this comparable in the appraiser's workfile and no support or analysis for this adjustment. This comparable is also adjusted downward \$500,000 for superior views with no analysis or support in the appraisal or workfile.

As noted, the subject is located in Ahwatukee Custom Estates and is identified as an over-improvement. The appraisal was clearly a very complex assignment. However, your exclusive use of comparable sales from Scottsdale, Paradise Valley and Central Phoenix (Arcadia) without significant analysis of location adjustments is a failure to identify a proper scope of work. You reference the CMA of 2008 for lot sales as your support for no location adjustments. While it is reasonable to utilize older

Mr. Scott Swanbery  
March 13, 2015

sales from each location if there are no current land sales, the data presented in the CMA does not support your conclusions. The opinion of site value in the report is not supported. Therefore, the assertion that the lot sales presented in the CMA support an analysis of location adjustments is not sufficiently supported.

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice (USPAP), 2014-2015 edition:

**Standards Rule 1-1(a), (b) and (c); Standards Rule 1-2(h); Standards Rule 1-4(a) and (b)(i); Standards Rule 1-5(b); Standards Rule 2-1(a) and (b); Standards Rule 2-2(a)(viii); Record Keeping Rule; and Scope of Work Rule.**

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 II 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 seven (7) hour course in Complex Properties and a fifteen (15) hour USPAP course (with exam). 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.

Mr. Scott Swanbery  
March 13, 2015

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.

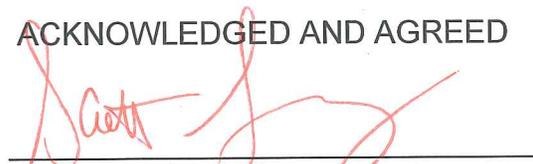
If you fail to comply with the terms of this letter of due diligence, the Board may properly institute proceedings for noncompliance, which may result in suspension, revocation, or other disciplinary and/or remedial actions. By signing this letter of due diligence you are agreeing that any violation 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.

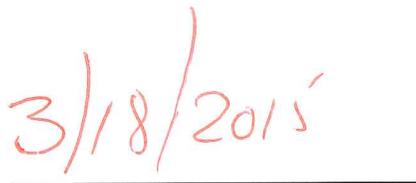
If you agree to accept this letter of due diligence, please execute this document by your signature below. Please return the original signed document to the Board at 15 South 15<sup>th</sup> Avenue, Ste. 103A, Phoenix, Arizona 85007, on or before **April 6, 2015**. If you do not return this original 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.

Sincerely,

  
Debra Rudd  
Executive Director

ACKNOWLEDGED AND AGREED

  
\_\_\_\_\_  
Scott Swanbery, Respondent

  
\_\_\_\_\_  
Date

c: Jeanne M. Galvin, Assistant Attorney General

4367513