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**BEFORE THE DEPARTMENT OF FINANCIAL INSTITUTIONS**

In the Matter the Appraiser’s License of:

Case No. 3841

**EDWARD L. HAUK**  
Licensed Residential Appraiser  
License No. 11222

**CONSENT AGREEMENT and ORDER  
FOR PROBATION**

Respondent.

In the interest of a prompt and judicious settlement of the above-captioned matter before the Arizona Department of Financial Institutions (“Department”), and consistent with public interest, statutory requirements and responsibilities of the Department, and pursuant to A.R.S. § 32-3601 *et seq.* and A.R.S. § 41-1092.07(F)(5), Edward L. Hauk (the “Respondent”), holder of License No. 11222, and the Department enter into this Consent Agreement, Findings of Fact, Conclusions of Law, and Order (“Consent Agreement”) as the final disposition of this matter.

**JURISDICTION**

1. The Department is the state agency authorized pursuant to A.R.S. § 32-3601 *et seq.*, and the rules promulgated thereunder, found in the Arizona Administrative Code (“A.A.C.” or “Rules”) at Rules 4-46-101 *et seq.*, to regulate and control the licensing and certification of real estate property appraisers in the State of Arizona.

2. Respondent holds a license as a Licensed Residential Appraiser in the State of Arizona, License No. 11222, issued February 4, 2005, pursuant to A.R.S. § 32-3612.

**CONSENT AGREEMENT**

Respondent understands and agrees that:

3. The Department has jurisdiction over Respondent and the subject matter pursuant to A.R.S. § 32-3601 *et seq.*

4. Respondent has the right to consult with an attorney prior to entering into this Consent Agreement.



1 Department's investigation.

2 13. Respondent committed the following errors in appraising the Subject Property:

- 3 a. Respondent's Appraisal Report contained improper adjustment amounts for  
4 location, site improvements, builder upgrades, site size, bathroom counts and  
5 gross living area.
- 6 b. Respondent's Appraisal Report lacked the appropriate and supportive analysis  
7 for his adjustments and conclusions.
- 8 c. Respondent conducted no analysis of the purchase sales contract.
- 9 d. Respondent made numerous careless and competency errors throughout the  
10 Appraisal Report, as evidenced by the following:
- 11 i. Utilizing incorrect sales prices for two of the comparable sales;
  - 12 ii. Failing to list a unit number for a comparable sale;
  - 13 iii. Misstating square footage for a comparable sale;
  - 14 iv. Identifying the appraisal "as is" when it was subject to completion;
  - 15 v. Utilizing outdated terminology such as "complete appraisal  
16 summary report";
  - 17 vi. Utilizing physical depreciation in the cost approach despite its  
18 inapplicability to new construction;
  - 19 vii. Failing to update the dates of the Appraisal Report according to  
20 revisions made;
  - 21 viii. Listing a pool and spa for a comparable sale when no record  
22 indicated the presence of such features; and
  - 23 ix. Listing an ARMLS number for the wrong property.
- 24 e. Respondent performed the Appraisal Report with a predetermined value  
25 opinion and selected comparable sales to support that value.
- 26 f. Respondent did not employ recognized appraisal methodology.



1 disciplinary action; and (b) otherwise comply with the terms of this Consent Agreement.

2           23. Respondent shall successfully complete the following education within **three (3)**  
3 **months** of the Effective Date of this Consent Agreement; **a seven (7) hour USPAP course and**  
4 **either a seven (7) hour course on Determining Appraisal Adjustments or seven (7) hour course**  
5 **on the Sales Comparison Approach.** The education under this paragraph **may not** be counted  
6 toward the continuing education requirements for the renewal of Respondent's license. Respondent  
7 shall provide proof that he completed the required education to the Department within three (3)  
8 weeks of completion. Respondent shall be responsible for all costs associated with completing the  
9 coursework.

10           24. Respondent must obtain a mentor ("Mentor"). Not later than thirty (30) days after the  
11 Effective Date of this Consent Agreement, Respondent shall submit to the Department the name,  
12 resume and letter of agreement of an Arizona Certified Residential or Arizona Certified General  
13 Appraiser who is willing to serve as Respondent's Mentor. If the Department denies Respondent's  
14 proposed Mentor, Respondent shall continue to submit names, resumes, and letters of agreement  
15 from additional potential Mentors until the Department approves of one. The Department must  
16 approve the Mentor in writing. The Mentor is subject to removal by the Department for  
17 nonperformance of the terms of this Consent Agreement.

18           25. The Mentor must review all of Respondent's reports in the initial phase of the  
19 probationary period, during which the Respondent will complete **a minimum of 12 appraisal**  
20 **reports.** Sample reports may be utilized to satisfy this requirement. Each report shall either be  
21 signed by the Mentor as a supervisory appraiser or the Mentor must complete a written Standard 3  
22 Review of each report ensuring that it complies with USPAP and the Department's Statutes and  
23 Rules. The Mentor's review shall comply with the requirements of Standard 3 of the USPAP. The  
24 Mentor's Standard 3 review shall be completed before the report is issued to the client. Respondent  
25 shall make all changes that the Mentor requires to all reports to ensure that all reports comply with  
26 USPAP prior to issuance. The Mentor shall maintain a copy of his/her written Standard 3 review to

1 make available to the Department upon request. **The mentorship shall continue until such time**  
2 **Respondent requests in writing that the Board terminate his mentorship.** Upon petition by the  
3 Respondent for termination of the mentorship, the Division will select and audit 3 of Respondent's  
4 appraisal reports.

5 26. The Mentor shall not have a business relationship with Respondent except for the  
6 Mentor/Mentee relationship nor may the Mentor be related to the Respondent. Any replacement  
7 Mentor is subject to approval by the Department and the remaining terms of this Consent  
8 Agreement.

9 27. Respondent shall bear all costs and expenses associated with mentorship.

10 28. The Mentor shall submit a monthly report to the Department for each calendar month  
11 during Respondent's initial probationary period reflecting the quantity and quality of Respondent's  
12 work, including, but not limited to, improvement in Respondent's practice and resolution of those  
13 problems that prompted this action. The Mentor shall file the report on the first day of each month,  
14 beginning with the second month of the probation period and each month thereafter until termination  
15 of the initial probationary period. **The Mentor shall submit a report regardless of whether**  
16 **Respondent performs any appraisals in that month. If Respondent performs no appraisals in**  
17 **a given month, the Mentor's report must state the same. It is the Respondent's responsibility**  
18 **to ensure that the Mentor submits his/her reports monthly.** If the monthly reporting date falls on  
19 a Saturday, Sunday or holiday, the report is due on the next business day. The monthly report may  
20 be filed by regular mail, email or facsimile.

21 29. The Respondent shall file an appraisal log with the Department on a monthly basis  
22 listing every Arizona appraisal that he has completed within the prior calendar month by property  
23 address, appraisal type, valuation date, the Mentor's review date (for the initial probationary period),  
24 the date the appraisal was issued, and the number of hours worked on each assignment. Respondent  
25 shall file the report log monthly, beginning the first day of the month following the start of  
26 Respondent's probationary period and continuing each month thereafter until the Department

1 terminates the probation. If the log reporting date falls on a Saturday, Sunday or holiday, the report  
2 log is due on the next business day. **Respondent must still file an appraisal log with the**  
3 **Department even if Respondent performs no appraisals within a given month.** The monthly log  
4 report may be filed by regular mail, email or facsimile.

5 30. The Department reserves the right to audit any of Respondent's reports during the  
6 probationary period. The Department may seek separate disciplinary action against the Respondent  
7 for any violation of the applicable Statutes and Rules discovered in an audit of the Respondent's  
8 appraisal reports provided under the terms of this Consent Agreement.

9 31. Respondent's probation, after mentorship is terminated, shall continue for at least two  
10 additional months until: (a) Respondent petitions the Department or the Superintendent for  
11 termination as provided in paragraph 32 and (b) the Department terminates the probation. Upon  
12 petition by the Respondent for termination of the probation, the Department will select and audit  
13 three (3) of Respondent's appraisal reports.

14 32. At the end of two (2) months after the termination of the mentorship, the Respondent  
15 may petition the Department for termination of his probation. If the Department determines, after  
16 auditing the three (3) reports mentioned in paragraph 31, that Respondent has not complied with all  
17 the requirements of this Consent Agreement, the Department, at its sole discretion, may continue the  
18 probation or institute proceedings for noncompliance with this Consent Agreement, which may  
19 result in suspension, revocation, or other disciplinary and/or remedial action.

20 33. Respondent shall not act as a supervising appraiser for other appraisers or trainees,  
21 nor shall Respondent act as a mentor, during the term of the probation.

22 34. Respondent shall not teach any course related to real estate appraisals during the term  
23 of the probation.

24 35. Respondent shall comply with the Uniform Standards of Professional Appraisal  
25 Practice in performing all appraisals and all Department Statutes and Rules.

26 36. Respondent has read and understands this Consent Agreement as set forth herein, and

1 has had the opportunity to discuss this Consent Agreement with an attorney or has waived the  
2 opportunity to discuss this Consent Agreement with an attorney. Respondent voluntarily enters into  
3 this Consent Agreement for the purpose of avoiding the expense and uncertainty of an administrative  
4 hearing.

5 37. Respondent understands that he has a right to an administrative hearing concerning  
6 each and every allegation set forth in the above-captioned matter, at which administrative hearing he  
7 could present evidence and cross-examine witnesses. By entering into this Consent Agreement,  
8 Respondent freely and voluntarily relinquishes all rights to such an administrative hearing, as well as  
9 all rights of rehearing, review, reconsideration, appeal, judicial review or any other administrative  
10 and/or judicial action, concerning the matters set forth herein. Respondent affirmatively agrees that  
11 this Consent Agreement shall be irrevocable.

12 38. Respondent understands that this Consent Agreement, or any part thereof, may be  
13 considered in any future disciplinary action against him.

14 39. The parties agree that this Consent Agreement constitutes final resolution of this  
15 disciplinary matter.

16 40. If Respondent fails to comply with the terms of this Consent Agreement, the  
17 Department shall institute proceedings for noncompliance with this Consent Agreement, which may  
18 result in suspension, revocation, or other disciplinary and/or remedial actions. Respondent agrees  
19 that any violation of this Consent Agreement is a violation of A.R.S. § 32-3631(A)(8), which is  
20 willfully disregarding or violating any of the provisions of the Statutes or the Rules regulating the  
21 professional appraisal practice.

22 41. Respondent understands that this Consent Agreement does not constitute a dismissal  
23 or resolution of other matters currently pending before the Department, if any, and does not  
24 constitute any waiver, express or implied, of the Department's statutory authority or jurisdiction  
25 regarding any other pending or future investigation, action or proceeding. Respondent also  
26 understands that acceptance of this Consent Agreement does not preclude any other agency

1 subdivision or officer of this state from instituting other civil or criminal proceedings with respect to  
2 the conduct that is the subject of this Consent Agreement.

3 42. Respondent understands that the foregoing Consent Agreement shall not become  
4 effective unless and until adopted by the Division Manager and executed on behalf of the  
5 Superintendent. Any modification to this original document is ineffective and void unless mutually  
6 approved by the parties in writing.

7 43. Respondent understands that this Consent Agreement is a public record that may be  
8 publicly disseminated as a formal action.

9 44. Pursuant to the Real Estate Appraisal Division's Complaint Resolution Chart, the  
10 Department considers the violation in the above-referenced matter to constitute a Level III Violation.

11  
12 RESPECTFULLY SUBMITTED this 26<sup>th</sup> day of April, 2016.

13 Robert D. Charlton  
14 Superintendent

15 By: Debra Rudd  
16 Debra Rudd, Manager  
17 Real Estate Appraisal Division

18 DATED this 26<sup>th</sup> day of April, 2016.

19  
20 By: Edward L. Hauk  
21 Edward L. Hauk

1 ORIGINAL of the foregoing e-filed this  
2 <sup>il</sup> 26<sup>th</sup> day of April, 2016,  
3 in the office of:

4 Arizona Department of Financial Institutions  
5 ATTN: Kelly Luteijn  
6 2910 N. 44th Street, Suite 310  
7 Phoenix, AZ 85018  
8 KLuteijn@azdfi.gov

9 COPY of the foregoing mailed/emailed same date to:

10 Debra Rudd, Manager  
11 Arizona Department of Financial Institutions  
12 Real Estate Appraisal Division  
13 2910 N. 44th Street, Suite 310  
14 Phoenix, AZ 85018  
15 DRudd@azdfi.gov

16 Edward L. Hauk  
17 3810 E. Shangri-La Rd.  
18 Phoenix, AZ 85028  
19 edhaukx@cs.com

20 *Respondent*

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