



## ARIZONA BOARD OF APPRAISAL

1400 West Washington, Suite 360  
Phoenix, Arizona 85007  
(602) 542-1539 Fax (602) 542-1598  
Email: appraisal@appraisal.state.az.us  
Website: www.appraisal.state.az.us

March 8, 2012

Mr. Jack L. Newman  
1409 Terrace View Dr.  
Prescott, AZ 86301

Re: Board of Appraisal Case Nos. 3023 and 3024

Dear Mr. Newman,

As you know, the Board received the two complaints against you referenced above. Case number 3023 involves an appraisal you performed of a single family residence located at 4261 North Tonto Way, Prescott Valley, AZ 86314 with an effective date of value of April 27, 2009. The second complaint, # 3024, involves an appraisal you performed of a single family residence located at 1145 West Antelope Run Road, Poulden, AZ 86334 with an effective date of value of February 16, 2009.

In considering this matter, the Board reviewed the complaints, the appraisals, the workfiles and the investigative reports. At its January 27, 2012 meeting, the Board held an Informal Hearing to consider both cases. At the conclusion of the Informal Hearing, the Board voted to offer you the opportunity to resolve these issues with a Letter of Due Diligence.

**With respect to case no. 3023**, the Board concluded that the workfile contained no cost data, no site value/extraction data, no data in support of depreciation or age adjustment data. You also failed to note the external obsolescence for the declining market. Similarly, you did not make the appropriate time adjustments given the declining market. Additionally, the reconciliation with weighted sales without support or explanation and the contradictory statement that most weight is given Sale no. 1 is not a recognized method of technique. The age adjustments were not adequately explained or supported. With respect to site value, there was no supporting data for method and technique for site value and your statement that "reproduction cost" was used is incorrect. Also, there was no supporting analysis for physical depreciation or external obsolescence in a declining market. Overall, your failure to explain and/or support site valuation, depreciation, cost data, time and age adjustments and the use of non-supported reconciliation and conclusions renders the report misleading.

**With respect to case no. 3024**, the Board concluded that the workfile contained no cost data, no site value/extraction data, no data in support of depreciation or age adjustment data. Nor was there support for market stability. Moreover, the reconciliation with weighted sales without support or explanation is not a recognized method and technique and the calculation of the weighting did not reconcile with the conclusion. The appraisal failed to support the lack of time adjustments, explain, or support site and age adjustments in the market Approach to value. Also, there was no supporting data for

method and technique for site value and your statement that "reproduction cost" was used is incorrect. Moreover, there was no supporting analysis for physical depreciation. In addition, there was a lack of discussion on how you arrived at the land value. You also failed to explain/support your lack of adjustment for location given the subject's location to that of the comparables. Overall, your failure to explain and/or support site valuation, depreciation, cost data, paved or nearby paved road/access, time and age adjustments and the use of non-supported reconciliation and conclusion renders the report misleading.

**3023**

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice (USPAP), 2008-2009 edition:

**Standards Rule 1-1 (a); Standards Rule 1-4(a) and (b)(i), (ii) and (iii); Standards Rule 2-2(b)(viii); and Standard Ethics Rule---Recordkeeping**

**3024**

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice (USPAP), 2008-2009 edition:

**Standards Rule 1-1 (a) and (b); Standards Rule 1-4 (a) and (b)(i), (ii) and (iii); Standards Rule 2-2(b)(viii); and Standard Ethics Rule--Recordkeeping**

Pursuant to Arizona Administrative Code (AAC) R4-46-31 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 these matters with this letter of due diligence, if you **successfully complete a seven (7) hour course in Basic Appraisal (to include market trends); a seven (7) hour course in Cost Approach; and the seven (7) hour 2012-2013 USPAP update course. The education 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. The education **may not be used toward your continuing education requirements for renewal during your next licensing period except that the 2012-2013 USPAP update course may be used for continuing education renewal purposes.** Please recall that the USPAP update course **may not be taken through distance education.** Proof of successful completion of the required course must be promptly submitted to the Board within **fourteen (14) days** of taking the coursework. **Although not mandatory, the Board RECOMMENDS that you also complete a seven (7) hour course in Report Writing within the next 6 months.**

**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.**

Mr. Jack L. Newman  
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ARIZONA BOARD OF APPRAISAL

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.

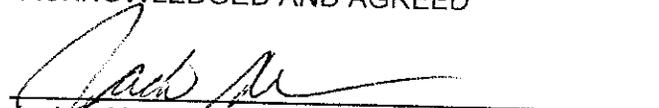
If you agree to accept this letter of due diligence, please execute this document by your signature below. Please return the original signed document to the Board at 1400 W. Washington, Suite 360, Phoenix, Arizona 85007, on or before **April 7, 2012**. If you do not return this original document on or before the specified date, the Board may conduct further proceedings.

Sincerely,



Dan Pietropaulo  
Executive Director

ACKNOWLEDGED AND AGREED

  
\_\_\_\_\_  
Jack L. Newman, Respondent

3-10-12  
Date

c: Jeanne M. Galvin, Assistant Attorney General



## ARIZONA BOARD OF APPRAISAL

1400 West Washington, Suite 360  
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October 3, 2012

JACK L. NEWMAN  
1409 TERRACE VIEW DR.  
PRESCOTT, AZ 86301

RE: Complaint(s) #3023/3024

Dear Mr. Newman:

This will acknowledge receipt of your certificate(s) of education for the completion of the following courses: 7 hours of continuing education for National USPAP Update Equivalent 2012-2013, 7 hours of continuing education for the Residential Market Analysis and Highest and Best Use, and 7 hours of continuing education for Cost Approach Overview. This complies with the disciplinary education requirements of your March 8, 2012, letter of due diligence.

This complaint has now been closed.

Sincerely,

Rebecca M. Loar  
Regulatory Compliance Officer