



ARIZONA BOARD OF APPRAISAL

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July 28, 2010

Mr. Christopher J. Bastian
P.O. Box 2137
Gilbert, AZ 85233

Re: Board of Appraisal Case No. 3031

Dear Mr. Bastian:

As you know, the Board received a complaint regarding an appraisal you performed on a single family residence located at 4449 East Walatowa Street, Phoenix, AZ 85044. At its May, 2010, meeting the Board voted to offer you the opportunity to resolve this issue with a Letter of Due Diligence.

In addressing this matter, the Board reviewed the complaint, your response thereto, the appraisal, and the workfile. The Board concluded that distant and dated sales were used in the appraisal report despite the availability of numerous recent comparable sales closer in proximity to the subject property. More recent and proximate sales to the subject property indicate a significantly lower value. Additionally, although the subject property is a two bedroom home, only one two-bedroom sale (Comparable Sale #3) was used in the report, and it indicates a lower value and that a bedroom adjustment was warranted to the other comparable sales having superior bedroom counts to the subject. Furthermore, the subject neighborhood was noted to be in a declining market and data presented in the 1004MC indicates declines of approximately 2% per month, however, the comparable sales were adjusted at only 1% per month, and you failed to provide an explanation for the disparity. With respect to sales of financing concessions related to the comparables, your comment that "1-3%" is boilerplate and unacceptable and does not clarify whether sales were verified for concessions. In addition, appraisals are to have a minimum of two comparable sales that closed within 90 days prior to the effective date of the appraisal and if this is not possible due to a lack of market data, a detailed explanation is required. In the present matter, no sales were provided that had closed within the required 90 day time period and the explanation that older sales were used due to a lack of sales with golf course views is not supportable as Comparable Sales Nos. 1, 2 and 3 used in the report do not have golf course views. Further, the appraiser is required to examine mechanical, plumbing and electrical system of the subject property to ensure they are in proper working order. The addendum you filed states that you did not test the mechanical systems, HVAC or plumbing. The 1004MC reports only 9% of total sales to be foreclosures or short sales and that foreclosures are not a factor in the market. Other sources indicate the number of REO sales to be over 50% of all sales. Finally, you did not attribute any value to the 586 sq. ft. game room addition given its lack of heating and air conditioning. However, you should value the addition appropriately according to its contributory value in the market.

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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 (b); Standards Rule 1-2(h); Standards Rule 1-3(a); Standards Rule 2-1(b) and Scope of Work Rule---Acceptability

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 **by successfully completing not less seven (7) hours in Basic Appraisal (to include Market Trends) and seven (7) hours in USPAP Update for the 2010-2011 edition.**

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). Please note that the education obtained pursuant to this Order **may not be** used toward your continuing education requirements for renewal during your next licensing period **except that the seven (7) hours obtained by completing the USPAP Update for the 2010-2011 edition may be used toward your continuing education requirements for renewal during your next licensing period.**

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 proceeding.

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.

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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 **August 27, 2010**. If you do not return this original document on or before the specified date, the Board may conduct further proceedings.

Sincerely,


Daniel Pietropaulo
Executive Director

ACKNOWLEDGED AND AGREED



Christopher J. Bastian, Respondent

8/27/10

Date

c: Jeanne M. Galvin, Assistant Attorney General