



## ARIZONA BOARD OF APPRAISAL

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ARIZONA BOARD OF APPRAISAL

March 8, 2012

Mr. Ryan A. P. Fortuna  
1222 W. Baseline Rd.  
#220  
Tempe, AZ 85283

Re: Board of Appraisal Case No. 3144

~~Dear Mr. Fortuna,~~

As you know, the Board received the above-referenced complaint against you for an appraisal you conducted and report written of a single family residence located at 5730 E. 14<sup>th</sup> Street, Tucson, AZ 85711 with an effective date of value of September 8, 2009.

The Board held an Informal Hearing on February 10, 2012 and in considering this matter, the Board reviewed the complaint, your reply thereto, the appraisal, the workfile, the investigative report and your testimony. At the conclusion of the Informal Hearing, the Board voted to offer you the opportunity to resolve this matter with a Letter of Due Diligence.

The Board concluded the following:

1. You noted that the subject's addition did not have county permits; however, the subject is located within the limits of the City of Tucson. The permits would have been issued by the City and not the County.
2. There is no evidence that anyone other than you performed the appraisal.
3. You did not include the 800+ square foot addition in the GLA and you did not identify it as an addition. You failed to mention that the Game/Arizona room was excluded from the living area. The lack of explanation resulted in a misleading report that was not credible. Moreover, the time adjustments were not consistent and were not credible.
4. You incorrectly reported the length of the east wall of the Arizona/Game room, which in turn affected your calculations for both the living area and the addition.
5. Further, living area adjustments in the Sales Comparison Analysis were not supported by market data. These unsupported adjustment had a significant downward effect on the value conclusion. The problem was compounded by the

(25)

fact that three of the six comparables used were several hundred square feet smaller than the subject.

6. The addition was treated as an enclosed patio on the adjustment grid of the Sales Comparison Analysis. The 800+ square foot, finished, heated and cooled addition was given a value approximately equivalent to that of a 400 square foot two car garage. There was no support or rationale for this adjustment in the report or the workfile. The unsupported "enclosed patio" adjustments had a downward effect on the value conclusion.
7. Moreover, the Cost Approach was not properly developed. For example, the pool and grill were included in the "Dwelling" section, instead of under "Site improvements." The garage cost figure is not supported by the cited data source. There was an unidentified item under "Site Improvements." Further, the addition should have been included in the "Dwelling" section and the 800+ square foot addition was not mentioned in the Cost Analysis. The \$8 per square foot for the GLA was not supported.
8. Finally, you stated in your reply that the discrepancy between your calculated living area (2,591 square feet) and the assessor's reported living area (2,975 square feet) was due to the assessor including the garage in the living area. Per the subject property's record card, the assessor did not include the garage in the living area. Your explanation of the living area discrepancy was false and misleading.

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), (b) and (c); Standards Rule 1-4; Standards Rule 2-1 (a) and (b); Standards Rule 2-2(b)(iii) and (viii); and Standard Ethics Rule---Conduct**

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 fifteen (15) hour course in Basic Appraisal (with an exam); a seven (7) 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. **A letter of**

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**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 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



Ryan A.P. Fortuna, Respondent

3/29/12

Date

c: Jeanne M. Galvin, Assistant Attorney General