BEFORE THE ARIZONA STATE BOARD OF APPRAISAL

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ARIZONA BOARD OF APPRAISAL

In the Matter of: **DOUGLAS E. GREVER** Licensed Residential Appraiser Certificate No. 11524	Case Nos. 2428, 2429 and 2430 **CONSENT AGREEMENT AND ORDER**

In the interest of a prompt and judicious settlement of the above-captioned matters before the Arizona Board of Appraisal ("Board") and consistent with public interest, statutory requirements and responsibilities of the Board, and pursuant to A.R.S.§ 32-3601 *et seq.* and A.R.S. §41-1092.07(F)(5), Douglas E. Grever, ("Respondent"), holder of certificate no. 11524 and the Board enter into this Consent Agreement, Findings of Fact, Conclusions of Law and Order ("Consent Agreement") as the final disposition of this matter.

On April 17, 2008, the Board held an Informal Hearing to discuss Case Nos. 2428, 2429 and 2430; Respondent, after being properly noticed, did not appear. At the conclusion of the Informal Hearing, the Board voted to offer the Respondent a Consent Agreement and Order of Discipline in lieu of further administrative proceedings.

JURISDICTION

1. The Arizona State Board of Appraisal ("Board") 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 R4-46-101 *et seq.*, to regulate and control the licensing and certification of real property appraisers in the State of Arizona.

2. Respondent holds a license as a Licensed Residential Appraiser in the State of Arizona, Certified License No. 11524, issued on May 17, 2006 pursuant to A.R.S. § 32-3612.

CONSENT AGREEMENT

Respondent understands and agrees that:

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

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

3. Respondent has a right to a public hearing concerning this case. He further acknowledges that at such formal hearing he could present evidence and cross-examine witnesses. Respondent irrevocably waives his right to such a hearing.

4. Respondent irrevocably waives any right to rehearing or review or to any judicial review or any other appeal of this matter.

5. This Consent Agreement shall be subject to the approval of the Board and shall be effective only when signed by the Executive Director and accepted by the Board. In the event that the Board does not approve this Consent Agreement, it is withdrawn and shall be of no evidentiary value and shall not be relied upon nor introduced in any action by any party, except that the parties agree that should the Board reject this Consent Agreement and this case proceeds to hearing, Respondent shall assert no claim that the Board was prejudiced by its review and discussion of this document or any records relating thereto.

6. The Consent Agreement, once approved by the Board and signed by the Respondent, shall constitute a public record which may be disseminated as a formal action of the Board.

FINDINGS OF FACT

Case No. 2428

On or about December 19, 2007, the Board's investigation revealed the following:

1. This matter deals with an appraisal conducted and report written by Respondent of a detached single family residence located at 25841 West Hilton Avenue, Buckeye, Maricopa County, Arizona 85326-9192 with a date of value of April 12, 2007.
2. Other comparable sales data would arguable suggest a differing opinion of value for the subject property.
3. It is reasonable to expect the Respondent should have considered other model match sales from the immediate subdivision. Other comparable data would be considered highly comparable data for comparison to the subject property. These additional sales would conceivably indicate a different value for the subject property.
4. The Respondent recites the previous sale of the subject property that occurred two and one-half months prior to the date of appraisal, however, he did not analyze the sale. An intended user/client would clearly wonder about the circumstances surrounding a sale that closed January 30, 2007, for $248,522, and being appraised April 12, 2007, for $375,000.
5. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze the data in the Sales Comparison Approach to value. The Respondent fails to present and analyze available comparable sales data in a manner that leads the reader to accept the Respondent's opinion of value for the subject property.
6. Information in the Neighborhood Description regarding supply/demand factors and the direction of property values in the area is reasoned to be misleading to a client/intended user of the report.

7. Information at the top of Page #2 of the FNMA form is reasoned to be incomplete, therefore, misleading to a client/intended user of the appraisal report.

8. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze available comparable data in the Sales Comparison Approach to value. The appraisal, as written and using the comparable sales included in the appraisal report, however, omitting other seemingly relevant data, is not reasoned to support the market value opinion provided by the Respondent.

9. Communicating the appraisal report, as written, is misleading.

10. By omitting any discussion in the report regarding other available model match sales from the subject subdivision would clearly lead a knowledgeable reader to believe the Respondent was aiming for a conclusion of value.

Case No. 2429

On or about December 19, 2007, the Board's investigation revealed the following:

11. This matter deals with an appraisal conducted and report written by Respondent of a detached single family residence located at 115327 West Turney Avenue, Goodyear, Maricopa County, Arizona 85395-6324 with a date of value of March 22, 2007.

12. Other comparable sales data would arguable suggest a differing opinion of value for the subject property.

13. It is reasonable to expect the Respondent should have considered other comparable sales from the immediate subdivision. Other comparable data would be considered highly comparable data for comparison to the subject property. These additional sales would conceivably indicate a different value for the subject property.

14. The Respondent recites the previous sale of the subject property that occurred slightly over three and one-half months prior to the date of the appraisal however, he did not analyze the sale. An intended user/client would clearly wonder about the circumstances surrounding a sale that closed December 1, 2006, for $440,000, and being appraised March 22, 2007, for $586,000.

15. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze the data in the Sales Comparison Approach to value. The Respondent fails to present and analyze available comparable sales data in a manner that leads the reader to accept the Respondent's opinion of market value for the subject property.

16. Information in the Neighborhood Description regarding supply/demand factors and the direction of property values in the area is reasoned to be misleading to a client/intended user of the report.

17. Information at the top of Page #2 of the FNMA form is reasoned to be incomplete, therefore, misleading to a client/intended user of the appraisal report.

18. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze available comparable data in the Sales Comparison Approach to value. The appraisal, as written and using the comparable sales included in the appraisal report, however, omitting other seemingly relevant data, is not reasoned to support the market value opinion provided by the Respondent.

19. Communicating the appraisal report, as written, is misleading.

20. By omitting any discussion in the report regarding other available seemingly comparable sales from the subject subdivision would clearly lead

a knowledgeable reader to believe the Respondent was aiming for a conclusion of value.

Case No. 2430

On or about December 19, 2007, the Board's investigation revealed the following:

21. This matter deals with an appraisal conducted and report written by Respondent of a detached single family residence located at 1093 South 225th Avenue, Buckeye, Maricopa County, Arizona 85326-9192 with a date of value of April 12, 2007.

22. Other comparable sales data would arguable suggest a differing opinion of value for the subject property.

23. It is reasonable to expect the Respondent should have considered other model match sales from the immediate subdivision. Other comparable data would be considered highly comparable data for comparison to the subject property. These additional sales would conceivably indicate a different value for the subject property.

24. The Respondent recites the previous sale of the subject property, albeit incorrectly, that occurred five and one-half months prior to the date of the appraisal however, he did not analyze the sale. An intended user/client would clearly wonder about the circumstances surrounding a sale that closed October 30, 2006, for $196, 842, and being appraised April 12, 2007, for $340,000.

25. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze the data in the Sales Comparison Approach to value. The Respondent fails to present and analyze available comparable sales data in a manner that leads the reader to accept the Respondent's opinion of value for the subject property.

26. Information in the Neighborhood Description regarding supply/demand factors and the direction of property values in the area is reasoned to be misleading to a client/intended user of the report.

27. Information at the top of Page #2 of the FNMA form is reasoned to be incomplete, therefore, misleading to a client/intended user of the appraisal report.

28. The Respondent does not, as the report is written, reconcile sufficient data nor does he properly analyze available comparable data in the Sales Comparison Approach to value. The appraisal, as written and using the comparable sales included in the appraisal report, however, omitting other seemingly relevant data, is not reasoned to support the market value opinion provided by the Respondent.

29. Communicating the appraisal report, as written, is misleading.

30. By omitting any discussion in the report regarding other available model match sales from the subject subdivision would clearly lead a knowledgeable reader to believe the Respondent was aiming for a conclusion of value.

CONCLUSIONS OF LAW

Case Nos. 2428, 2429 and 2430

1. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State of Arizona must comply with the standards of practice adopted by the Board. The Standards of Practice adopted by the Board are codified in the USPAP edition applicable at the time of the appraisal.

2. The conduct described above constitutes violations of the following provisions of the USPAP, 2006 edition: Standards Rule 1-1(b); Standards Rule 1-4(a);

Standards Rule 1-5(b); Standards Rule 1-6(a); Standards Rule 2-1(a) and (b); Standards Rule 2-2 (b)(ix); and Standards Ethics Rule – Conduct.

ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the parties agree to the following:

1. **Upon the effective date of this Consent Agreement, Respondent's Certificate as a Licensed Residential Appraiser shall be placed on probation for a minimum period of twelve (12) months.** During probation, Respondent shall comply with USPAP, Arizona Revised Statutes and Appraisal Board rules.

2. Respondent shall successfully complete the following education within **six (6) months** of the effective date of this Consent Agreement: **Seven (7) hours of sales comparison approach, seven (7) hours of cost approach, six (6) hours of mortgage fraud and three (3) hours of ethics.** The education required under this paragraph **may not** be counted toward the continuing education requirements for the renewal of Respondent's certificate. The same class may not be repeated to fulfill the education requirements of this Consent Agreement. If the Respondent requires additional time within which to complete this education, he may request an extension of time by submitting a written request to the Board at least thirty (30) days prior to the expiration of the six months.

Proof of completion of the required education must be submitted to the Board within 3 weeks of completion of the required courses.

3. During the term of probation, Respondent shall: (a) demonstrate resolution of the problems that resulted in this disciplinary action; and (b) otherwise comply with the terms of this Consent Agreement.

4. During the period of probation, Respondent shall complete a minimum of **twenty-four (24) appraisal reports** under the supervision of an Arizona Certified Residential or Certified General Appraiser who shall serve as Respondent's mentor

("Mentor"). The Mentor shall be either an Arizona Certified Residential or General Appraiser.

5. **During the probationary period, the Respondent shall not issue a verbal or written appraisal, appraisal review, or consulting assignment without prior review and approval by a Mentor.** Each report shall be signed by the Mentor as a supervisory appraiser. After one (1) year, the requirement of pre-approval of appraisals by a mentor may be terminated upon approval by the Board if Respondent has complied with the conditions set out in this Order.

6. The Mentor shall be approved by the Board and is subject to removal by the Board for nonperformance of the terms of this Consent Agreement. The Mentor shall not have a business relationship with Respondent except for the Mentor/Mentee relationship nor may the Mentor be related to Respondent. Any replacement Mentor is subject to the Board's approval and the remaining terms of this Consent Agreement. The Board's Executive Director may give temporary approval of the Mentor until the next regular meeting of the Board.

7. Not more than **30 days** after the effective date of this Consent Agreement, Respondent shall submit to the Board the name and resume of an Arizona Certified Residential or Arizona Certified General Appraiser who is willing to serve as Respondent's Mentor together with a letter from the potential Mentor agreeing to serve as Respondent's Mentor. If requested by Board staff, Respondent shall continue to submit names, resumes, and letters agreeing to serve as Mentor until a Mentor is approved by the Board. Any Mentor must be approved in writing by the Board.

8. Respondent shall bear all costs and expenses associated with the mentorship and incurred by obtaining the required education.

9. The Mentor shall submit monthly reports to the Board for each calendar month during Respondent's probationary period reflecting the quantity and quality of Respondent's work, including, but not limited to, improvement in Respondent's

practice and resolution of those problems that prompted this action. The Mentor's report shall be filed monthly beginning the 15th day of the first month following the start of Respondent's probationary period and continuing each month thereafter until termination of the probationary period by the Board. **Even if the Mentor reviews no appraisals during a given month, a report stating that no appraisals were reviewed or approved must be submitted.** It is the Respondent's responsibility to ensure that the Mentor submits his/her reports monthly. If the monthly reporting date falls on a Saturday, Sunday, or holiday, the report is due on the next business day. The monthly report may be filed by mail or facsimile.

10. The Respondent shall file an appraisal log with the Board on a monthly basis listing every Arizona appraisal that he has completed within the prior calendar month by property address, appraisal type, valuation date, the Mentor's review date, the date the appraisal was issued, and the number of hours worked on each assignment. The report log shall be filed monthly beginning the 15th day of the first month following the start of Respondent's probationary period and continuing each month thereafter until the Board terminates the probation. If the log reporting date falls on a Saturday, Sunday, or holiday, the report log is due on the next business day. **Even if Respondent performs no appraisals within a given month, he must still file an appraisal log with the Board showing that no appraisals were performed.** The monthly log report may be filed by mail or facsimile.

11. The Board reserves the right to audit any of Respondent's reports and conduct peer review, as deemed necessary, during the probationary period. The Board may, in its discretion, seek separate disciplinary action against the Respondent for any violation of the applicable statutes and rules discovered in an audit of the Respondent's appraisal reports provided to the Board under the terms of this Consent Agreement.

12. Respondent's probation, including mentorship, shall continue until: (a) Respondent petitions the Board for termination as provided in paragraph 13, and (b) the Board terminates the probation and mentorship. Upon petition by the Respondent for termination of the probation and mentorship, the Board will select and audit 3 of Respondent's appraisal reports.

13. At the end of **twelve (12) months** from the effective date of this Consent Agreement, the Respondent must petition the Board for termination of his mentorship and probation. If the Board determines that Respondent has not complied with **all** the requirements of this Consent Agreement, the Board, at its sole discretion, may either: (a) continue the probation, including mentorship; or (b) institute proceedings for noncompliance with this Consent Agreement, which may result in suspension, revocation, or other disciplinary and/or remedial action.

14. Respondent shall not act as a supervising appraiser for other appraisers or trainees, nor shall he act as a mentor, during the term of the probation. Respondent shall also not teach any course related to real estate appraisals during the term of the probation.

15. Respondent shall comply with the Uniform Standards of Professional Appraisal Practice in performing all appraisals and all Board statutes and rules.

16. If, between the effective date of this Consent Agreement and the termination of Respondent's probation by the Board, Respondent fails to renew his license while under this Consent Agreement and subsequently applies for a license or certificate, the remaining terms of this Consent Agreement, including probation and mentorship, shall be imposed if the application for license or certificate is granted.

17. Respondent has read and understands this Consent Agreement as set forth herein, and has had the opportunity to discuss this Consent Agreement with an attorney or has waived the opportunity to discuss this Consent Agreement with an attorney. Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding the expense and uncertainty of an administrative hearing.

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

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

20. The parties agree that this Consent Agreement constitutes final resolution of this disciplinary matter.

21. Time is of the essence with regard to this agreement.

22. If Respondent fails to comply with the terms of this Consent Agreement, the Board shall properly institute proceedings for noncompliance with this Consent Agreement, which may result in suspension, revocation, or other disciplinary and/or remedial actions. Respondent agrees that any violation of this Consent Agreement 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.

23. Respondent understands that this Consent Agreement does not constitute a dismissal or resolution of other matters currently pending before the Board, if any, and does not constitute any waiver, express or implied, of the Board's statutory authority or jurisdiction regard any other pending or future investigation, action or proceeding. Respondent also understands that acceptance of this Consent Agreement does not preclude any other agency, subdivision or officer of this state from instituting

other civil or criminal proceedings with respect to the conduct that is the subject of this Consent Agreement.

24. Respondent understands that the foregoing Consent Agreement shall not become effective unless and until adopted by the Board of Appraisal and executed on behalf of the Board. Any modification to this original document is ineffective and void unless mutually approved by the parties in writing.

25. Respondent understands that this Consent Agreement is a public record that may be publicly disseminated as a formal action of the Board.

26. Pursuant to the Board's Substantive Policy Statement #1, the Board considers the violations in the above-referenced matter to constitute to a **Level IV Violation**.

DATED this ~~30th~~ 3rd day of ~~May~~ June, 2008.

Douglas E. Grever
Douglas E. Grever, Respondent

Deborah G. Pearson
Deborah G. Pearson, Executive Director
Arizona Board of Appraisal

ORIGINAL of the foregoing filed this 2nd day of June, 2008 with:

Arizona Board of Appraisal
1400 West Washington Street, Suite 360
Phoenix, Arizona 85007

COPY of the foregoing mailed regular mail and certified mail #7006 0100 0002 8652 3806 this 3rd day of June, 2008 to:

Douglas E. Grever
19610 N. 43rd Drive
Glendale, Arizona 85308

COPY of the foregoing sent or delivered this 3rd day of June, 2008 to:

Jeanne M. Galvin
Assistant Attorney General
Arizona Attorney General's Office
1275 West Washington, CIV/LES
Phoenix, Arizona 85007

By: Robert G. Pearson

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