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ARIZONA BOARD OF APPRAISAL

**BEFORE THE ARIZONA STATE BOARD OF APPRAISAL**

In the Matter of :

**KURT HOLM**  
Certified General Appraiser  
Certificate No. 31254

Case Nos. 2264 and 2265

**CONSENT AGREEMENT AND ORDER OF DISCIPLINE**

On April 19, 2007, the Arizona Board of Appraisal ("Board") discussed Case No. 2264 regarding Kurt Holm ("Respondent"). After reviewing the information presented, the Board voted to offer Respondent the opportunity to enter into this Consent Agreement and Order of Discipline ("Consent Agreement").

**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 is a Certified General Appraiser in the State of Arizona, holder of Certificate No. 31254, issued on July 28, 2004, pursuant to A.R.S. § 32-3612.

**FINDINGS OF FACT**

**Case No. 2264**

1. This case involves the appraisal of property located at 19305 East Black Rock Trail, Florence, Arizona, with an effective date of August 24, 2005.

2. The Board received a complaint on or about October 23, 2006. The complaint was received from the U.S. Department of Housing and Urban Development ("HUD"), alleging that Respondent was being removed from the FHA Appraiser Roster. Specifically, the complainant alleged that Respondent failed to provide a complete appraisal, failed to correctly identify public water and sewer versus private systems, use of inappropriate comparables, date

1 inaccuracies, lack of proper photographs, lack of support for line-item net and/or gross  
2 adjustments, as well as a failure to discuss a relevant contract with respect to the influence of  
3 concessions. The complainant cites, among other things, violations of USPAP standards Rule  
4 1-1(c), 1-2(e) and (f).

5 3. The Board's investigation revealed the following deficiencies with the report  
6 prepared by Respondent:

7 a. Respondent failed to take into consideration the fact that the property  
8 contract called for the seller to pay up to \$9,000 of the buyer's closing costs.  
9 Respondent should have discussed this information in the report with an adjustment  
10 made as necessary. The lack of detail and adjustment regarding the closing costs is  
11 potentially misleading and not understandable;

12 b. Respondent utilized an incorrect street address for the subject.  
13 Respondent also stated that the subject property's zoning was residential, Pinal County,  
14 when in fact, the specific zoning is GR, General Rural, Pinal County. The report  
15 indicated the property was owner occupied, rather than vacant. The report also included  
16 an incorrect flood map panel number and date of map issuance. Respondent did not  
17 analyze the subject contract to provide detail on negotiations, addendum and seller  
18 participation in the buyer's loan closing costs. Further, the report contains an incorrect  
19 photograph of Comparable #4;

20 c. While the Respondent states that the subject property last sold April 6,  
21 2005, for \$50,694, there is no analysis of the sale in relationship to the sale of the  
22 subject property at the time of the appraisal in August of 2005, for \$139,000. While it is  
23 noted that the real estate market was increasing in value at a rapid pace during 2005,  
24 however, a discussion of the previous sale of the subject in relation to the sale at the  
25 time of the appraisal would be important and expected by an intended user/client;

26



1           3.     The Board's investigation revealed the following deficiencies with the report  
2 prepared by Respondent:

3           a.     Respondent failed to take into consideration the fact that the property  
4 contract called for the seller to pay up to \$12,400 of the buyer's closing costs.  
5 Respondent should have discussed this information in the report with an adjustment  
6 made as necessary. The lack of detail and adjustment regarding the closing costs is  
7 potentially not understandable;

8           b.     Information available in the file would lead a reader to the conclusion that  
9 the site size difference adjustment made in the report did not fully reflect the level  
10 difference existing between the sites;

11          c.     Comparable Sale #1 was included in the report, however, it did not close  
12 as was stated in the report;

13          d.     Respondent stated that the subject property's zoning was residential,  
14 Pinal County, when in fact, the specific zoning is GR, General Rural, Pinal County. The  
15 report also includes an incorrect flood map panel number and date of map issuance.

16          e.     Respondent did not analyze the subject contract to provide detail on  
17 negotiations, addendum and seller participation in the buyer's loan closing costs.  
18 Additionally, the APN's were incomplete for Comparable Sales #4 and #5;

19          f.     The contract for sale on the subject property was reported to be  
20 \$199,500, however, a listing was apparently available at the time of appraisal for  
21 \$188,000. A discussion of factors surrounding this increase in price over the list price  
22 would have been reasonable. Respondent, as a matter of good practice, should have  
23 required a copy of the purchase contract in order to properly analyze market value;

24          g.     As a result of additional available information, it appears that the  
25 Appraiser overstated the market value of the subject property;

26

1 h. Respondent stated that the intended user was the client Cascade  
2 Financial Services on the first page of the report. In the case of the subject property,  
3 however, HUD is also an intended user of the report;

4 i. Respondent's errors in the report as detailed in subparagraphs (a)  
5 through (h) are violations of the HUD Supplemental Standards Rule.

### 6 CONCLUSIONS OF LAW

#### 7 Case No. 2264

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

12 2. The conduct described above constitutes violations of the following provisions of  
13 the USPAP, 2005 edition: Standards Rule 1-1(b); Standards Rule 1-1(c); Standards Rule 1-  
14 5(a); Standards Rule 1-5(b); Standards Rule 2-1(a); Standards Rule 2-1(b); Standards Rule 2-  
15 2(b)(i) and the HUD Supplemental Standards Rule.

#### 16 Case No. 2265

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

21 2. The conduct described above constitutes violations of the following provisions of  
22 the USPAP, 2005 edition: Standards Rule 1-1(b); Standards Rule 1-1(c); Standards Rule 1-  
23 5(a); Standards Rule 2-1(a); Standards Rule 2-1(b); and Standards Rule 2-2(b)(i) and the HUD  
24 Supplemental Standards Rule.

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**ORDER**

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

1. Respondent shall successfully complete the following education within **six (6) months** of the effective date of this Consent Agreement: **a.** A qualifying (with exam) fifteen (15) hour national USPAP course; **b.** Not less than seven (7) hours of continuing (no test required) education in manufactured housing; **c.** Not less than seven (7) hours of continuing (no test required) education in HUD/FHA Regulation. Within three (3) weeks after completion of the course, Respondent must submit proof of successful completion to the Board.

2. The education required under paragraph 2 may not be counted toward the continuing education requirements for the renewal of Respondent's certificate.

3. Respondent shall bear all costs and expenses incurred in attending the course.

4. Respondent's probation shall continue until: (a) Respondent petitions the Board for termination as provided in paragraph 6, and (b) the Board terminates the probation.

5. At the end of six (6) months from the effective date of this Consent Agreement, the Respondent must petition the Board for termination of his 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; or (b) institute proceedings for noncompliance with this Consent Agreement, which may result in suspension, revocation, or other disciplinary and/or remedial action.

6. 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.

1           7.       Respondent shall comply with the Uniform Standards of Professional  
2 Appraisal Practice in performing all appraisals.

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

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

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

21          11.       Respondent understands that his Consent Agreement, or any part thereof,  
22 may be considered in any future disciplinary action against him.

23          12.       The parties agree that this Consent Agreement constitutes final resolution of  
24 this disciplinary matter.

25          13.       Time is of the essence with regard to this agreement.

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1           14.    If Respondent fails to comply with the terms of this Consent Agreement, the  
2 Board shall properly institute proceedings for noncompliance with this Consent Agreement,  
3 which may result in suspension, revocation, or other disciplinary and/or remedial actions.  
4 Any violation of this Consent Agreement is a violation of A.R.S. § 32-3631(A)(8), which is  
5 willfully disregarding or violating any of the provisions of the Board's statutes or the rules of  
6 the Board for the administration and enforcement of its statutes.

7           15.    Respondent understands that this Consent Agreement does not constitute a  
8 dismissal or resolution of other matters currently pending before the Board, if any, and does  
9 not constitute any waiver, express or implied, of the Board's statutory authority or jurisdiction  
10 regard any other pending or future investigation, action or proceeding. Respondent also  
11 understands that acceptance of this Consent Agreement does not preclude any other  
12 agency, subdivision or officer of this state from instituting other civil or criminal proceedings  
13 with respect to the conduct that is the subject of this Consent Agreement.

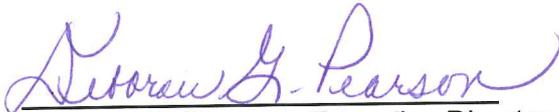
14           16.    Respondent understands that the foregoing Consent Agreement shall not  
15 become effective unless and until adopted by the Board of Appraisal and executed on behalf  
16 of the Board. Any modification to this original document is ineffective and void unless  
17 mutually approved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

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

20           18.    Pursuant to the Board's Substantive Policy Statement #1, the Board  
21 considers this violation to amount to a Level III Violation.

22 DATED this <sup>14th</sup> 14 day of JUNE, 2007.

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Kurt D. Holm, Respondent

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Deborah G. Pearson, Executive Director  
Arizona Board of Appraisal

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**ORIGINAL** of the foregoing filed  
this 18<sup>th</sup> day of JUNE, 2007 with:

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

**COPY** of the foregoing mailed regular and U.S.  
Certified Mail # 7005 1820 0000 586 9096  
this 19<sup>th</sup> day of June, 2007 to:

Kurt D. Holm  
2264 S. Sorrelle  
Mesa, Arizona 85209  
Respondent

**COPY** of the foregoing sent or delivered  
this 19<sup>th</sup> day of June, 2007 to:

Dawn Walton Lee  
Assistant Attorney General  
Arizona Attorney General's Office  
1275 West Washington, CIV/LES  
Phoenix, Arizona 85007

By: *Stephen H. Pearson*