ARIZONA BOARD OF APPRAISAL

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ARIZONA BOARD OF APPRAISAL

May 30, 2012

Mr. Keith J. Holmes
3006 Marlin Dr.
Lake Havasu City, AZ 86406

Re: Board of Appraisal Case Nos. 2952 and 3301

Dear Mr. Holmes,

As you know, the Board received the two complaints against you referenced above. Case number 2952 involves an appraisal you performed of a single family residence located at 385 N. Roadrunner Place, Quartzsite, AZ with an effective date of value of July 21, 2009. The second complaint, #3301, involves an appraisal you performed of a single family residence located at 2049 Jo Ann Ave, Bullhead City, AZ with an effective date of value of May 20, 2011.

In considering this matter, the Board reviewed the complaints, the appraisals, the workfiles and in case no. 2952, the investigative report. At its April 18, 2012 meeting, the Board again met to discuss these cases and to consider your counter-offer of March 7, 2012. At the conclusion of its consideration of the matters the Board voted to offer you the opportunity to resolve these issues with a Letter of Due Diligence with facts that were modified in accordance with your March 7, 2012 correspondence.

With respect to case no. 2952 the Board concluded that you incorrectly noted the address of comparable no. 6 and comparable sale no. 3 was a manufactured home and is not comparable and should not have been used in the report. In addition, you failed to discuss the home's energy efficient features and did not opine whether those features added market value. Additionally, comparable sales 1, 4 and 6 are located in a retirement community approximately 6 miles from Quartzsite and located in a distinctly different area than the subject. Numerous price adjustments should have been made to these homes and were not. Moreover, that lack of consistency regarding the effect of REO and short sales on the market contributes to the lack of credibility of the report. The subject's lack of landscaping was not addressed in the report nor was the site's adjacency to a wash and the corresponding adverse condition addressed. Overall, no effort was made throughout the entire report to explain the selection of the comparable sales, the differences between the sales and the subject property or the price adjustments.

With respect to case no. 3301 the Board concluded that there was inadequate commentary and analysis in the data grid ~~to support your selection of comparables. There were other comparable sales available that could have indicated a different value~~

conclusion even though they may have been older sales. In addition, you included an incorrect photo with one of the comparables and there was insufficient analysis regarding the quality and quantity of data reporting.

2952

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) and (c); Standards Rule 1-2 (e)(i); Standards Rule 1-6(a); Standards Rule 2-2(b)(viii); and Standard Ethics Rule---Conduct

3301

The Board finds that your appraisal development and reporting violate the following standards of the Uniform Standards of Professional Appraisal Practice (USPAP), 2010-2011 edition:

Standards Rule 1-1 (a) and (c); Standards Rule 1-4 (a); Standards Rule 1-6(a) and (b); Standards Rule 2-1(a); and Standards Rule 2-2(b)

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 Report Writing (with an exam) 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 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 **June 30, 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

Keith J. Holmes, Respondent — Date 6-29-12

c: Jeanne M. Galvin, Assistant Attorney General

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