

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 In the event that the Board does not approve this Consent Agreement, it is withdrawn and shall be of no evidentiary value and shall not be relied upon nor introduced in any action by any party, except that the parties agree that should the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 will 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.

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2 **FINDINGS OF FACT**

3 On or about February 10, 2012, the Board's investigation revealed the following:

4 1. This complaint involves an appraisal conducted and report written by
5 Respondent of small residential income property located at 463 E. 4th Place, Mesa, AZ
6 85203 with an effective date of value of July 25, 2011.

7 2. Respondent had previously completed an appraisal report and interior
8 inspection of the subject property on November 9, 2010. He did disclose his previous
9 appraisal and inspection in the most recent appraisal.

10 3. The signed certification portion of Respondent's July 25, 2011 appraisal
11 report stated that Respondent had completed an interior inspection of the property.

12 4. Respondent did not complete an interior inspection of the subject property
13 as he certified he did; nor did he disclose in the report the fact that he failed to complete
14 an interior inspection.

15 5. Respondent based his assessment of the condition of the interior of the
16 subject on a previous inspection he conducted on November 9, 2010.

17 6. Respondent also included photographs taken in November of 2010 in the
18 July 25, 2011 appraisal report without disclosing the fact that the photographs were not
19 current.

20 7. The Income Approach is not credible and the GRM is not supported by the
21 comparables.

22 8. Additionally, Respondent's figure of \$30 per square foot in the Cost
23 Approach is not credible.

24 **CONCLUSIONS OF LAW**

25 Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State of
26 Arizona must comply with the standards of practice adopted by the Board. The

1 Standards of Practice adopted by the Board are codified in the USPAP edition applicable
2 at the time of the appraisal.

3 The conduct described above constitutes violations of the following provisions of
4 the USPAP, 2010-2011 edition:

5 **Standards Rule 1-1(a); Standards Rule 1-2(h); Standards Rule 1-4(a) and (b);**
6 **Standards Rule 1-4(c)(iii); Standards Rule 2-1(a); Standards Rule 2-3; and**
7 **Standard Ethics Rule---Competency.**

8
9 **ORDER**

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

12 1. **Upon the effective date of this Consent Agreement, Respondent's**
13 **License as a Licensed Residential Appraiser shall be placed on probation for a**
14 **minimum period of six (6) months.** During probation, Respondent shall comply with
15 USPAP, Arizona Revised Statutes and Appraisal Board rules. The effective date of this
16 Consent Agreement and Order is the date the Order is signed by the Executive Director
17 on behalf of the Board.

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

21 3. Respondent shall complete the following education within six (6) months of
22 the effective date of this Consent Agreement: **a fifteen (15) hour course in Basic**
23 **Appraisal (to include the Income Approach and successful completion of an exam);**
24 **a seven (7) hour course in Report Writing and the seven (7) hour 2012-2013 USPAP**
25 **Update course.** The education required under this paragraph may not be counted
26 toward the continuing education requirements for the renewal of Respondent's

1 certificate except that the seven (7) hour USPAP Update course may be counted for
2 continuing education requirements. The same class may not be repeated to fulfill the
3 education requirements of this Consent Agreement.

4 4. Proof of completion of the required education must be submitted to the
5 Board within 3 weeks of completion of the required coursework.

6 5. During the period of probation, Respondent shall complete a minimum of
7 **twelve (12) appraisal reports** under the supervision of an Arizona Certified Residential
8 or Certified General Appraiser who shall serve as Respondent's mentor ("Mentor"). **The**
9 **appraisal reports may be demonstration reports. At least four (4) of the reports**
10 **must be of multi-family residential income properties with completed income**
11 **approaches.**

12 6. During the probationary period, the Respondent shall not issue a verbal or
13 written appraisal, appraisal review, or consulting assignment without prior review and
14 approval by a Mentor. Each report shall **either** be signed by the Mentor as a supervisory
15 appraiser **or** the Mentor must complete a written review of each report ensuring that the
16 report complies with USPAP and the Board's statutes and rules. The Mentor's review
17 shall comply with the requirements of Standard 3 of the USPAP. The Mentor's Standard
18 3 review shall be completed before the report is issued to the client. Any changes the
19 Mentor requires to ensure the report complies with the USPAP shall be completed by the
20 Respondent and approved by the Mentor before the report is issued. The Mentor's written
21 Standard 3 review shall be maintained by the Mentor and made available to the Board
22 upon request.

23 7. The Mentor must be approved by the Board and is subject to removal by
24 the Board for nonperformance of the terms of this Consent Agreement. The Mentor may
25 not have a business relationship with Respondent except for the Mentor/Mentee
26 relationship nor may the Mentor be related to Respondent. Any replacement Mentor is

1 subject to the Board's approval and the remaining terms of this Consent Agreement. The
2 Board's Executive Director may give temporary approval of the Mentor until the next
3 regular meeting of the Board.

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

11 9. Respondent shall bear all costs and expenses associated with the
12 mentorship and incurred by attending the course(s).

13 10. The Mentor shall submit monthly reports to the Board for each calendar
14 month during Respondent's probationary period reflecting the quantity and quality of
15 Respondent's work, including, but not limited to, improvement in Respondent's practice
16 and resolution of those problems that prompted this action. The Mentor's report shall be
17 filed monthly beginning the 1st day of the first month following the start of Respondent's
18 probationary period and continuing each month thereafter until termination of the
19 probationary period by the Board. **Even if the Mentor reviews no appraisals during a**
20 **given month, a report stating that no appraisals were reviewed or approved must be**
21 **submitted.** It is the Respondent's responsibility to ensure that the Mentor submits
22 his/her reports monthly. If the monthly reporting date falls on a Saturday, Sunday, or
23 holiday, the report is due on the next business day. The monthly report may be filed by
24 mail or facsimile.

25 11. The Respondent shall file an appraisal log with the Board on a monthly
26 basis listing every Arizona appraisal that he has completed within the prior calendar

1 month by property address, appraisal type, valuation date, the Mentor's review date, the
2 date the appraisal was issued, and the number of hours worked on each assignment. The
3 report log shall be filed monthly beginning the 1st day of the first month following the
4 start of Respondent's probationary period and continuing each month thereafter until the
5 Board terminates the probation. If the log reporting date falls on a Saturday, Sunday, or
6 holiday, the report log is due on the next business day. **Even if Respondent performs**
7 **no appraisals within a given month, he must still file an appraisal log with the Board**
8 **showing that no appraisals were performed.** The monthly log report may be filed by
9 mail or facsimile.

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

15 13. Respondent's probation, including mentorship, shall continue until: (a)
16 Respondent petitions the Board for termination as provided in paragraph 14 and (b) the
17 Board terminates the probation and mentorship. Upon petition by the Respondent for
18 termination of the probation and mentorship, the Board will select and audit 3 of
19 Respondent's appraisal reports.

20 14. At the end of **six (6) months** from the effective date of this Consent
21 Agreement, the Respondent may petition the Board for termination of his mentorship and
22 probation. If the Board determines that Respondent has not complied with **all** the
23 requirements of this Consent Agreement, the Board, at its sole discretion, may either: (a)
24 continue the probation, including mentorship; or (b) institute proceedings for
25 noncompliance with this Consent Agreement, which may result in suspension,
26 revocation, or other disciplinary and/or remedial action.

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

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

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

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

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

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

26

1 21. The parties agree that this Consent Agreement constitutes final resolution
2 of this disciplinary matter.

3 22. Time is of the essence with regard to this agreement.

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

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

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

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

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

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ARIZONA BOARD OF APPRAISAL

1
2
3 DATED this 12 day of April, 2012.

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6 
7 Jeff A. Hylands

8 Respondent

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10
11 
12 Dan Pietropaulo

13 Executive Director

14 Arizona Board of Appraisal

15
16 ORIGINAL of the foregoing filed
17 this 12 day of April, 2012 with:

18 Arizona Board of Appraisal
19 1400 West Washington Street, Suite 360
20 Phoenix, Arizona 85007

21 COPY of the foregoing mailed regular
22 and certified mail 7009 1680 0000 7387 0149
23 this 12 day of April, 2012 to:

24 Jeff A. Hylands
25 2372 E. Sequoia Dr.
26 Chandler, AZ 85286

COPY of the foregoing sent or delivered
this 12 day of April, 2012 to:

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

By: 
2613413

Rebecca M. Loar,

Regulatory Compliance Officer