

CONSENT AGREEMENT

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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 In the event that the Board does not approve this Consent Agreement, it is withdrawn and shall be of no evidentiary value and shall not be relied upon nor introduced in any action by any party, except that the parties agree that should the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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1 FINDINGS OF FACT

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3 On or about February 25, 2013, the Board's investigation revealed the following:

4 1. This complaint involves an appraisal by Respondent of a single family
5 residence located at 23702 N. Dobson Road, Scottsdale, AZ with an effective date of
6 value of December 7, 2012.

7 2. The Respondent identified the market as "stable" but yet the MC Form
8 indicates median sales prices rose from \$1,237,500 12 months prior to \$2,192,500 in the
9 current 3 months.

10 3. Additionally, the Respondent cites a lack of recent land sales and bases the
11 site value on extraction under the opinion of site value section. However, in the Cost
12 Approach comments the Respondent states that site value is based upon sales as well as
13 extraction. The Respondent's reply includes 75 land sales in the market area, indicating a
14 site value closer to \$400,000 than \$600,000. The Respondent's conclusion of site value
15 represents 37.5% of market value.

16 4. Moreover, there is a line item cost figure of \$100,000 for the subject's barn,
17 pool and decking. An additional \$155,000 is listed for the "as is" value of the site
18 improvements. It is unclear what is included in this figure and it appears to be double
19 counting the site improvements.

20 5. A number of errors occurred in the report. For instance, bathroom
21 adjustments are applied at \$5,000/bath, except Comparable 2, which is adjusted at
22 \$3,333/bath. The MLS number is incorrect for Comparable 7. There is a %5,050
23 adjustment applied to Comparable 1 for southwest design, which is the same design as
24 the subject. Comparable no. 3 is reported to have 4.23 acres; however, public records
25 indicate the sale included 3 additional parcels that total nearly 9 acres. Adjustments for
26 difference in site area are applied at \$20,000 per acre for Comparable 2, and \$35,000 per

1 acre for Comparables 6 and 7. Comparable 3 is a working horse ranch with multiple
2 dwellings and commercial grade horse facilities that include lab facilities, equine therapy
3 pool and event sized lighted arena. This sale does not represent a private residential horse
4 property and should not have been considered. Comparable no. 4 has a private tennis
5 court that is not reported or adjusted. Four of the comparables are at least 10 years newer
6 than the subject, yet no age or condition adjustments are applied. Based upon interior
7 MLS photos, several comparables appear to have superior upgrades, yet no adjustments
8 are applied. No commentary is provided to support or explain most of the adjustments.
9 Overall, adjustments applied to the comparables are applied inconsistently with no
10 discussion of the analysis performed. The use of a commercial horse operation as a
11 residential property indicates a lack of understanding of recognized methods and
12 techniques.

13 6. The Respondent reports that the subject is not currently listed for sale or
14 offered in the past 12 months when the subject was under contract on the date of the
15 appraisal. There were substantial adjustments to the comparable sales with little or no
16 discussion or support.

17 7. The appraisal report contained numerous errors and omissions that impact
18 the credibility of the appraisal report. The report under review is the second version of the
19 appraisal after additional corrections were requested by the client.

20 8. Finally, the report was completed for an AMC, but the fee is not disclosed
21 in the Scope of Work.

22 CONCLUSIONS OF LAW

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

1 The conduct described above constitutes violations of the following provisions of
2 the USPAP, 2012-2013 edition:

3 **Standards Rule 1-1 (a), (b) and (c); Standards Rule 1-2(e)(i); Standards Rule**
4 **1-3(a); Standards Rule 1-4(a); Standards Rule 1-4(b)(i), (ii) and (iii); Standards**
5 **Rule 2-1(a), and Standards Rule 2-2(b)(iii) and (viii).**

6 **ORDER**

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

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

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

18 3. Respondent shall complete the following education within six (6) months of
19 the effective date of this Consent Agreement: **the fifteen (15) hour USPAP course (with**
20 **an exam) that includes complex properties.** The education required under this
21 paragraph **may NOT be counted toward the continuing education requirements for**
22 **the renewal of Respondent's certificate.**

23 4. Proof of completion of the required education must be submitted to the
24 Board within 3 weeks of completion of the required coursework. Respondent shall be
25 responsible for all costs associated with completing the coursework and exam as required
26 in paragraph 3.

1 5. During the period of probation, Respondent shall complete a minimum of
2 **twelve (12) appraisal reports.** The Respondent shall file an appraisal log with the Board
3 on a monthly basis listing every Arizona appraisal that he has completed within the prior
4 calendar month by property address, appraisal type, valuation date, the date the appraisal
5 was issued, and the number of hours worked on each assignment. The log shall be filed
6 monthly beginning the 1st day of the first month following the start of Respondent's
7 probationary period and continuing each month thereafter until the Board terminates the
8 probation. If the log reporting date falls on a Saturday, Sunday, or holiday, the report log
9 is due on the next business day. **Even if Respondent performs no appraisals within a**
10 **given month, he must still file an appraisal log with the Board showing that no**
11 **appraisals were performed.** The monthly log report may be filed by mail, email or
12 facsimile.

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

18 7. Respondent's probation shall continue until: (a) Respondent petitions the
19 Board for termination as provided in paragraph 8 and (b) the Board terminates the
20 probation. Upon petition by the Respondent for termination of the probation, the Board
21 will select and audit 3 of Respondent's appraisal reports.

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

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

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

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

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

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

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

3 15. The parties agree that this Consent Agreement constitutes final resolution
4 of this disciplinary matter.

5 16. Time is of the essence with regard to this agreement.

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

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

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

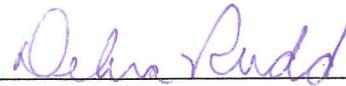
25 20. Respondent understands that this Consent Agreement is a public record that
26 may be publicly disseminated as a formal action of the Board.

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

4 DATED this ^{28th} ~~26th~~ day of June, 2013.

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8
9 Paul B. Johnson
Respondent

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8
9 Debra Rudd
Executive Director
Arizona Board of Appraisal

11
12 **ORIGINAL** of the foregoing filed
this 28 day of June, 2013 with:

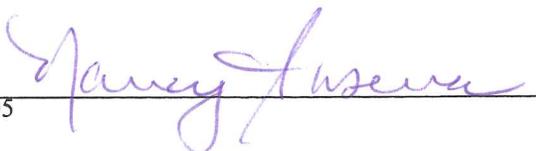
13 Arizona Board of Appraisal
14 1400 West Washington Street, Suite 360
Phoenix, Arizona 85007

15 **COPY** of the foregoing mailed regular
16 and certified mail 7012 3050 0002 0740 5059
this 28 day of June, 2013 to:

17 Paul B. Johnson
18 37775 N. 93rd Street
Scottsdale, AZ 85262

19 **COPY** of the foregoing sent or delivered
20 this 28 day of June, 2013 to:

21 Jeanne M. Galvin
22 Assistant Attorney General
Arizona Attorney General's Office
23 1275 West Washington, CIV/LES
Phoenix, Arizona 85007

24
25 
26 By: _____
3441905