BEFORE THE ARIZONA STATE BOARD OF APPRAISAL

In the Matter of : **THOMAS A. REEB** Certified Residential Appraiser Certificate No. 20234	Case Nos. 2159, 2161, 2163, 2165, 2167, 2169, and 2171 **CONSENT AGREEMENT AND ORDER OF DISCIPLINE**

On February 15, 2007, the Arizona Board of Appraisal ("Board") discussed Case Nos. 2159, 2161, 2163, 2165, 2167, 2169, and 2171 regarding Thomas A. Reeb ("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 Residential Appraiser in the State of Arizona, holder of Certificate No. 20234, issued on August 15, 1991, pursuant to A.R.S. § 32-3612.

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FINDINGS OF FACT

Case No. 2159

1. This case involves the appraisal of property located at 1440 North Thomason Avenue in Ajo, Arizona, with an effective date of December 21, 2005.

2. The workfile did not contain Marshall and Swift cost data in support of the cost approach in the report. The site sales data in the workfile shows that this data was added after the date of the report. There is no support in the workfile for the statement in the report that "remaining economic life = 40 years" or "depreciation is based on age life method."

3. The appraisal report failed to disclose that the subject had a concrete pond on the north side, that the carport was enclosed with a wall ac/heat unit, or that the utility room in the rear was an addition.

4. The appraisal report failed to disclose and/or adequately adjust for relevant features in sales used as comparables.

5. The appraisal report contained the wrong picture for the sale used as comparable 2.

Case No. 2161

6. This case involves the appraisal of property located at 10625 South Nogales Highway in Tucson, Arizona, with an effective date of March 21, 2006.

7. There was no supporting data in the workfile for site value. The lot and land CMA were added after the date of the report. There was no data on the cost approach in the workfile.

8. There was no data in the workfile in support of multiple adjustments between the subject and sales selected as comparables. This is especially significant because the sales prices of the sales used as comparables ranged from $245,000 to $365,000.

9. The appraisal report failed to disclose and/or adequately adjust for relevant features of sales used as comparables.

10. The Respondent failed to inspect the exteriors of the sales used as comparables. The Respondent certified in the appraisal report that he had inspected the sales used as comparables at least from the street.

11. The appraisal report gives the wrong location for the sale used as comparable 1. The appraisal report states that the sale used as comparable 2 has a two-car carport when that sale has a three-car garage. The appraisal report incorrectly states that the sale used as comparable 3 has no guest quarters. The appraisal report incorrectly states that that the sale used as comparable 4 has no basement.

Case No. 2163

12. This case involves the appraisal of property located at 207 Paseo Tamex in Rio Rico, Arizona, with an effective date of December 18, 2005.

13. The workfile did not contain Marshall and Swift cost data in support of the cost approach in the report. There is no support in the workfile for the statement in the report that "remaining economic life = 55 years" or the statement that "depreciation is based on age life method."

14. The appraisal report misidentified the carport as a covered patio.

15. The appraisal report failed to disclose and/or adequately adjust for relevant features of sales used as comparables.

16. The appraisal report states that the property used as comparable sale 2 is 0.9 miles southeast of the subject when that sale is actually one block north of the subject.

17. The appraisal report states that the sale used as comparable 3 is southeast of the subject when that sale is actually north of the subject.

18. Respondent failed to disclose or analyze the sales prices for the sales used as comparables 1 and 2 when the asking prices for those sales were lower than the selling prices.

19. The Respondent failed to inspect the exteriors of the sales used as comparables. The Respondent certified in the appraisal report that he had inspected the sales used as comparables at least from the street.

Case No. 2165

20. This case involves the appraisal of property located at 5656 South Vine Avenue in Tucson, Arizona, with an effective date of December 10, 2005.

21. The workfile did not contain Marshall and Swift cost data in support of the cost approach. A list of sold lots/land CMA was in the workfile, but the workfile failed to contain any analysis of that list.

22. There was no support in the workfile for the report's statement that depreciation was based on the age/life method or the statement that the remaining economic life of the subject was 58 years.

23. Respondent failed to disclose that the subject was adjacent to 220Kv lines and towers running through the subdivision. Respondent stated in the report that there were no adverse easements, encroachments, or other adverse conditions noted.

24. Respondent failed to disclose and/or adequately adjust for relevant features of sales used as comparables.

Case No. 2167

25. This case involves the appraisal of property located at 325 Paseo Vendao in Rio Rico, Arizona, with an effective date of January 5, 2006.

26. The workfile did not contain Marshall and Swift cost data in support of the cost approach in the report. The appraisal report stated that the land market data was kept in the Respondent's file. There was no supporting land/site data in the workfile. There was no support in the workfile for the appraisal report's conclusion regarding the remaining economic life of the subject or the statement in the report that depreciation was based on the age/life method.

27. The sale used as comparable 3 is located on the wrong place on the sales map. Further, the report states that sale 3 is located 2.19 miles west of the subject when sale 3 is actually located 3 blocks south of the subject.

28. The appraisal report incorrectly states that the sale used as comparable 1 has fireplace, fencing and landscaping.

29. Respondent failed to disclose and/or adequately adjust for relevant features of the sales used as comparables.

Case No. 2169

30. This case involves the appraisal of property located at 1063 Brazo Court in Rio Rico, Arizona, with an effective date of January 3, 2006.

31. The workfile did not contain Marshall and Swift cost data in support of the cost approach. The was no supporting data in the workfile for the Respondent's conclusions regarding the remaining economic life of the subject of Respondent's statement that depreciation was based on the age life method. There was insufficient support and analysis in the workfile to support Respondent's site value conclusion.

32. Respondent failed to adequately disclose and/or adequately adjust for relevant features of sales used as comparables.

33. The sale used as comparable 5 had substantial features not disclosed in the report and was located in the wrong location on the sales map. This demonstrates that Respondent did not inspect this sale as per the certification and scope of work.

34. The sale used as comparable 4, a two bedroom home with a den/office, was adjusted for lack of a third bedroom. Sale No. 5 was also a two bedroom home with a den/office, but it was not reported as such and was not adjusted like the sale used as comparable 4.

Case No. 2171

35. This case involves the review of an appraisal of property located at 11201 North Anway Road in Marana, Arizona, with a report date of December 19, 2005.

36. The workfile shows that Sandra Fata assisted with the appraisal assignment by at least taking pictures and researching sales. The review failed to state the extent of Sandra Fata's assistance.

37. The review failed to identify the extraordinary assumption, which was that the information regarding the interior of the subject as stated in the underlying appraisal was accurate.

38. There are documents in the workfile requesting corrections after December 19, 2005. However, there is no documentation in the workfile for these corrections.

CONCLUSIONS OF LAW

1. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State or 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 in relation to Case No. 2159 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping Section; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-3, and Standards Rule 1-4(b)(ii); Standards Rule 2-1(a); and Standards Rule 2-2(b)(ix).

3. The conduct described above in relation to Case No. 2161 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping Section and Conduct Section; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-4; Standards Rule 2-1(a); and Standards Rule 2-2(b)(ix).

4. The conduct described above in relation to Case No. 2163 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping Section; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-2(c)(iv); Standards Rule 1-3; and Standards Rule 1-4(b); Standards Rule 2-1(a); Standards Rule 2-2(b)(ix); and Supplemental Standards Rule.

5. The conduct described above in relation to Case No. 2165 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-4(b); Standards Rule 2-1(a); and Standards Rule 2-2(b)(ix).

6. The conduct described above in relation to Case No. 2167 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-3; Standards Rule 1-4(b); Standards Rule 2-1(a); and Standards Rule 2-2(b)(ix).

7. The conduct described above in relation to Case No. 2169 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping; Standards Rule 1-1(a); Standards Rule 1-1(b); Standards Rule 1-3; Standards Rule 1-4(b); Standards Rule 2-1(a); Supplemental Standards Rule.

8. The conduct described above in relation to Case No. 2171 constitutes violations of the following provisions of the USPAP, 2005 edition: Ethics Rule – Record Keeping Section; Standards Rule 3-1(c); and Standards Rule 3-2(c).

ORDER

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

1. Beginning on the effective date of this Consent Agreement, Respondent's License No. 20234 shall be placed on probation for a minimum of one (1) year. 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.

2. Respondent shall successfully complete the following education within **one (1) year** of the effective date of this Consent Agreement: the 15 hour qualifying (with a test) USPAP course. Within three (3) weeks after completion of the course, Respondent must submit proof of successful completion to the Board.

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

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

5. The Respondent shall file an appraisal log with the Board on a monthly basis listing every Arizona appraisal and appraisal review that he has completed within the prior calendar month by property address, appraisal type, valuation 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 field by mail or facsimile.

6. 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.

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

8. At the end of **one (1) year** 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.

9. 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.

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

11. 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.

12. 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.

13. 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.

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

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

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

17. 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. 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.

18. 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.

19. 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.

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

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

DATED this 11th day of ~~April~~ May, 2007.

Thomas A. Reeb, Respondent

Deborah G. Pearson, Executive Director
Arizona Board of Appraisal

ORIGINAL of the foregoing filed
this 11th day of ~~April~~ May, 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 5286 8525
this 11th day of ~~April~~ May, 2007 to:

Thomas A. Reeb
5675 N. Oracle Road, Suite 3101
Tucson, Arizona 85704
Respondent

COPY of the foregoing sent or delivered
this 11th day of ~~April~~ May, 2007 to:

~~Elizabeth A. Campbell~~ Dawn Walton Lee
Assistant Attorney General
Arizona Attorney General's Office
1275 West Washington, CIV/LES
Phoenix, Arizona 85007

By: Deborah A. Pearson
#492760