ARIZONA BOARD OF APPRAISAL

1400 West Washington, Suite 360
Phoenix, Arizona 85007
(602) 542-1539 Fax (602) 542-1593
Email: appraisal@appraisal.state.az.us
Website: www.appraisal.state.az.us

September 10, 2010

Mr. Ken J. Rhoads
8514 W. Lawrence Lane
Peoria, AZ 85345

Re: Board of Appraisal Case Nos. 2901, 2962 and 2963

Dear Mr. Rhoads:

As you know, the Board received three complaints regarding appraisals you performed on the following properties:

2901 1592 North Plateau Ave, Safford, AZ (date of value of May 29, 2009) (existing single family residence)

2962 1105 Heritage Place, Safford, AZ (date of value of June 17, 2009) (existing single family residence)

2963 367 E. Highway 70, Pima AZ (date of value of May 1, 2009) (manufactured home)

At its August 26, 2010 meeting, the Board of Appraisal held an Informal Hearing and at the conclusion of the Informal Hearing, voted to issue this Letter of Due Diligence in resolution of the above-referenced matters.

In addressing these matters, the Board reviewed the complaints, your responses thereto, the appraisals, the supporting workfiles and the investigative reports.

With respect to **case no. 2901,** the Board concluded that you failed to analyze the prior sale of the subject which occurred within 3 years prior to the appraisal; your statements that there was a declining market and that supply/demand are in supply are contradictory; your signature on page 6 appears to be a stamp; the subject's Rastra walls, while mentioned in the Improvements section, was not addressed in the Sales Comparison Approach; there was no discussion regarding the lack of location adjustment for Comparable Sale nos. 1 and 3; you failed to mention or analyze the 8/06 prior sale of comparable sale no.2; you incorrectly listed the sales price for comparable nos. 4 and 5; you failed to analyze or adjust for the fact the comparable sale no. 5 is located very closely to heavily traveled highway 70-191 (with the associated noise); you incorrectly noted the address of comparable sale no. 6; with respect to the Cost Approach, the value you attributed to the site is not credible and lacking in support; there is no analysis/adjustment for the listing status of Comparable nos. 5 and 6; and many photos of the comparables were identical to the MLS photos suggesting you did not personally visit the comparables.

The Board finds that **with respect to case no. 2901** 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(a), (b) and (c); Standards Rule 1- 4(a) and (b)(i); Standards Rule 1-5(b); and Standards Rule 2-1(a) and (b)

With respect to **case no. 2962**, the Board concluded that you failed to analyze the prior sale of the subject; your statements that there was a declining market and that supply/demand are in supply are contradictory; your signature on page 6 appears to be a stamp; you failed to correctly report the sales price of comparable sales nos. 1, 2, 3 and 5; Comparable sale no. 5 is located in Safford rather than Thatcher; the prior 8/06 sale of Comparable sale no. 4 was not analyzed; you incorrectly noted the listing price of comparable no.6; you also incorrectly noted the subject's site size; with respect to the Cost Approach, the value you attributed to the site is not credible and lacking in support; prior sales of the comparables were not analyzed; many photos of the comparables were identical to the MLS photos suggesting you did not personally visit the comparables; and sales 1, 2, and 4 were approximately 5, 4 and 8 years old respectively and the subject was "new" as appraised but no adjustment, analysis or comment was made in the appraisal report.

The Board finds that **with respect to case no. 2962** 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(a), (b) and (c); Standards Rule 1- 4(a) and (b)(i); Standards Rule 1-5(b); and Standards Rule 2-1(a) and (b)

With respect to **case no. 2963**, the Board concluded that you incorrectly noted the sales price for comparable sale no. 1; there was no discussion or adjustment made for the difference in the site sizes of comparables 1, 2, 3, 4, 5 and 6 and the subject; the subject is located on a busy highway 70 with 4 lanes and comparables 1, 3, 5 and 6 are on interior 2-lane residential streets yet there is not traffic adjustment; similarly, comparable 2 is on collector arterial with adjacent railroad yet you failed to comment about location, traffic, noise or safety for this sale; you also did not discuss or adjustment for sale condition adjustments or time on market for the subject and comparables; many photos of the comparables were identical to the MLS photos suggesting you did not personally visit the comparables; and with respect to the Cost Approach, the value you attributed to the site is not credible and lacking in support.

The Board finds that **with respect to case no. 2963** 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(a), (b) and (c); Standards Rule 1- 4(b)(i); and Standards Rule 2-1(a) and (b)

Pursuant to Arizona Administrative Code (A.A.C.) R4-46-301 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 this matter with a letter of due diligence, if you agree to remedy these violations through exercising greater due diligence **by successfully completing and passing a minimum three (3) credit hour college-level Business Writing Course and a seven (7) hour in course in Highest and Best Use (to include Market Trends). The college-level Business Writing Course may be taken though distance learning. The coursework 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(s). The education **may not** be used toward your continuing education requirements for renewal during your next licensing period. You must submit proof of completion of the coursework to the Board within thirty (30) days of completing 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 proceeding.

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. A 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.

Sincerely,

Dan Pietropaulo
Executive Director

c: Jeanne M. Galvin, Assistant Attorney General

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