



ARIZONA BOARD OF APPRAISAL

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ARIZONA BOARD OF APPRAISAL

August 17, 2011

Mr. Martin A. Riley
22410 N. 36th Way
Phoenix, AZ 85058

Re: Board of Appraisal Case No. 3232

Dear Mr. Riley:

As you know, the Board received a complaint against you regarding an appraisal you performed on a single family residence located at 5926 N. 14th Place, Phoenix, AZ 85014-2403 with an effective date of value of December 21, 2010. At its July 22, 2011 meeting, the Board again considered your testimony and written letter dated June 16, 2011 and voted to offer you the opportunity to resolve this issue with a Letter of Due Diligence.

In addressing this matter, the Board reviewed the complaint, your response thereto, the appraisal, and the supporting workfile. The Board concluded that the comparable sales you utilized were a greater distance from the subject than what is typically acceptable. In addition, you incorrectly characterized sale no. 2 as "good" when in fact, it was in "average" condition and according to the MLS, was to be sold "as is" with issues of minor repairs and maintenance. Similarly, you stated that comparable no. 4 was in "average" condition when it was in "good" condition. Comparable Sales nos. 3 and 5 are inferior to the subject but there were no adjustments made. Moreover, information in the workfile showed that there was a counteroffer on the subject for \$531,000 which you failed to discuss or disclose. Finally, the home was *not* vacant at the time of inspection; you entered the subject property without permission.

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); Standards Rule 1-2(h); Standards Rule 1-4(a); Standards Rule 1-5(a); Standards Rule 2-1(a); Standards Ethics Rule---Competency; and Scope of Work Rule.

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 this matter with this letter of due diligence, if you **successfully complete all resident classes necessary to obtain your SRA designation from the Appraisal Institute. The coursework must be completed within twelve (12) months from the date of this letter as shown at the top of the first page.** The education may not be used toward your continuing education requirements for renewal during your next licensing period. Proof of successful completion of the required course must be promptly submitted to the Board within **fourteen (14) days** of taking the coursework.

In addition, it is the Board's understanding that you are currently voluntarily consulting with a mentor. During the Board's proceeding on July 22, 2011, you stated that you would voluntarily submit twelve appraisal reports to your mentor for him to review and comment. The Board approved of this voluntary measure on your part while requesting that the mentor notify the Board if there are possible USPAP violations in the reviewed reports. The Board therefore requests that you provide a copy of this Letter of Due Diligence to your mentor.

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.

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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 **September 16, 2011**. 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



Martin A. Riley, Respondent



Date

c: Jeanne M. Galvin, Assistant Attorney General
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