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ARIZONA BOARD OF APPRAISAL

**BEFORE THE ARIZONA STATE BOARD OF APPRAISAL**

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In the Matter of :

Case No. 2277

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**EUGENE ROWE**  
Certified Residential Appraiser  
Certificate No. 20677

**CONSENT AGREEMENT AND ORDER  
OF DISCIPLINE**

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On June 21, 2007, the Arizona Board of Appraisal ("Board") discussed Case No.

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2277 regarding Eugene Rowe ("Respondent"). After reviewing the information

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presented, the Board voted to offer Respondent the opportunity to enter into this Consent

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Agreement and Order of Discipline ("Consent Agreement").

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**JURISDICTION**

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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.

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2. Respondent is a Certified Residential Appraiser in the State of Arizona, holder of Certificate No. 20677, issued on November 4, 1994, pursuant to A.R.S. § 32-3612.

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**FINDINGS OF FACT**

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1. This case involves the appraisal of property located at 11575 North 90th Way, Scottsdale, Arizona, with a date of value of April 7, 2006.

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2. The Board received a complaint on or about November 13, 2006. The complaint alleged that the comparables used were not the most suitable comparables, and the distance from the subject to the comparable sales was not correct. The complaint also alleged that a review grid was completed on the subject property, resulting in a review

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1 opinion of value of \$450,000. This compares with a market value opinion from the  
2 submitted appraisal report of \$625,000.

3 3. The Board's investigation revealed the following deficiencies with the  
4 report prepared by Respondent:

5 a. The Respondent, by not considering other available comparable  
6 sales from within the immediate subject market area, committed a substantial error  
7 that may have resulted in a different reported opinion of market value;

8 b. The Respondent is reasoned to have incorrectly computed the  
9 Replacement Cost New of the subject property, resulting in overstating the  
10 conclusion of market value from the Cost Approach. The Respondent included a  
11 Replacement Cost New figure of \$130 per square foot for the subject  
12 improvements. This is not supported by information from Marshall & Swift  
13 Residential Cost Handbook. Additionally, other line items additions (upgrades,  
14 remodeling) included in the Cost Approach are not considered reasonable and  
15 supportable;

16 c. The report is misleading as the Respondent, in the presentation of  
17 comparable sales data, would have the reader believing that the most comparable  
18 sales data was of comparable sales outside of the subject subdivision.  
19 Additionally, by using unsupported cost data in the completion of the Cost  
20 Approach, the Respondent concluded to a Cost Approach conclusion that peers  
21 would not consider reasonable;

22 d. The report could not be fully understood without consideration and  
23 discussion of comparable sales within the immediate subject subdivision.  
24 Including the comparable data from the subject market area would arguably lead a  
25 reader to believe that the market value was something less than the figure reported  
26 in the appraisal report. Additionally, the report did not include factual and

1 supportable information from Marshall & Swift to permit a reader to understand  
2 the report;

3 e. The Respondent included data in support of his conclusion of market  
4 value, however, he did not include data, discussion and analyses of other relevant  
5 comparable market data;

6 f. Based on available information, the Respondent is believed to have  
7 altered the report to reflect a new lender. The original lender was billed \$350 in  
8 April of 2006, and the new lender was billed a "Transfer Fee" of \$100 in June of  
9 2006, to retype the report with a new lender name substituted in place of the  
10 original lender ;

11 g. Based on available information, it appears that Respondent has  
12 altered the report to reflect a new client and intended user.

### 13 **CONCLUSIONS OF LAW**

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

18 2. The conduct described above constitutes violations of the following  
19 provisions of the USPAP, 2005 edition: Standards Rule 1-1(b); Standards Rule 1-4(a);  
20 Standards Rule 1-4(b)(ii); Standards Rule 2-1(a); Standards Rule 2-1(b); Standards Rule  
21 2-2(b)(viii) and SMT-10; and the Ethics Rule- Conduct.

### 22 **ORDER**

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

25 1. Beginning on the effective date of this Consent Agreement, Respondent's  
26 License No. 20677 shall be placed on probation for a minimum of six (6) months.

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

4 2. Within **6 months** from the effective date of this Consent Agreement,  
5 Respondent shall complete at least **12 appraisal reports** under the supervision of an  
6 Arizona Certified General or Certified Residential Appraiser who shall serve as  
7 Respondent's mentor ("Mentor");

8 3. Respondent shall successfully complete the following education within **6**  
9 **months** of the effective date of this Consent Agreement: a fifteen (15) hour USPAP  
10 course (with exam).

11 4. The education required under paragraph 3 may not be counted toward the  
12 continuing education requirements for the renewal of Respondent's certificate. The same  
13 class may not be repeated to fulfill the education requirements in paragraph 3.

14 5. During the probationary period, the Respondent shall not issue a verbal or  
15 written appraisal, appraisal review, or consulting assignment without prior review and  
16 approval by the Mentor. Each report shall be signed by the Mentor as a supervisory  
17 appraiser.

18 6. The Mentor must be approved by the Board and is subject to removal by  
19 the Board for nonperformance of the terms of this Consent Agreement. The Mentor may  
20 not have a business relationship with Respondent or be related to respondent. Any  
21 replacement Mentor is subject to the Board's approval and the remaining terms of this  
22 Consent Agreement. The Board's Executive Director may give temporary approval of  
23 the Mentor until the next regular meeting of the Board.

24 7. Not more than **30 days** after the effective date of this Consent Agreement,  
25 Respondent shall submit to the Board the name and resume of an Arizona Certified  
26 Residential or Arizona Certified General Appraiser who is willing to serve as

1 Respondent's Mentor together with a letter from the potential Mentor agreeing to serve as  
2 Respondent's Mentor. If requested by Board staff, Respondent shall continue to submit  
3 names, resumes, and letters agreeing to serve as Mentor until a mentor is approved by the  
4 Board. Any Mentor must be approved in writing by the Board.

5 8. Respondent shall bear all costs and expenses associated with the  
6 mentorship and incurred in attended the courses.

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

19 10. The Respondent shall file an appraisal log with the Board on a monthly  
20 basis listing every Arizona appraisal that she has completed within the prior calendar  
21 month by property address, appraisal type, valuation date, the Mentor's review date, the  
22 date the appraisal was issued, and the number of hours worked on each assignment. The  
23 report log shall be filed monthly beginning the 15<sup>th</sup> day of the first month following the  
24 start of Respondent's probationary period and continuing each month thereafter until the  
25 Board terminates the probation. If the log reporting date falls on a Saturday, Sunday, or  
26 holiday, the report log is due on the next business day. **Even if Respondent performs**

1 **no appraisals within a given month, he must still file an appraisal log with the Board**  
2 **showing that no appraisals were performed.** The monthly log report may be field by  
3 mail or facsimile.

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

9 12. Respondent's probation, including mentorship, shall continue until: (a)  
10 Respondent petitions the Board for termination as provided in paragraph 13, and (b) the  
11 Board terminates the probation and mentorship. Upon petition by the Respondent for  
12 termination of the probation and mentorship, the Board will select and audit 3 of  
13 Respondent's appraisal reports.

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

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

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

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1           16.    If, between the effective date of this Consent Agreement and the  
2 termination of Respondent's probation by the Board, Respondent fails to renew his  
3 license while under this Consent Agreement and subsequently applies for a license or  
4 certificate, the remaining terms of this Consent Agreement, including probation and  
5 mentorship, shall be imposed if the application for license or certificate is granted.

6           17.    Respondent has read and understands this Consent Agreement as set forth  
7 herein, and has had the opportunity to discuss this Consent Agreement with an attorney  
8 or has waived the opportunity to discuss this Consent Agreement with an attorney.  
9 Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding  
10 the expense and uncertainty of an administrative hearing.

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

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

21           20.    The parties agree that this Consent Agreement constitutes final resolution  
22 of this disciplinary matter.

23           21.    Time is of the essence with regard to this agreement.

24           22.    If Respondent fails to comply with the terms of this Consent Agreement,  
25 the Board shall properly institute proceedings for noncompliance with this Consent  
26 Agreement, which may result in suspension, revocation, or other disciplinary and/or

1 remedial actions. Respondent agrees that any violation of this Consent Agreement is a  
2 violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any of  
3 the provisions of the Board's statutes or the rules of the Board for the administration and  
4 enforcement of its statutes.

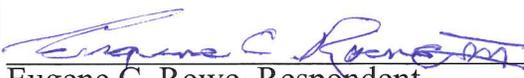
5 23. Respondent understands that this Consent Agreement does not constitute a  
6 dismissal or resolution of other matters currently pending before the Board, if any, and  
7 does not constitute any waiver, express or implied, of the Board's statutory authority or  
8 jurisdiction regard any other pending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

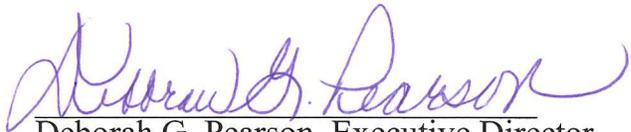
13 24. Respondent understands that the foregoing Consent Agreement shall not  
14 become effective unless and until adopted by the Board of Appraisal and executed on  
15 behalf of the Board. Any modification to this original document is ineffective and void  
16 unless mutually approved by the parties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

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

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

21 DATED this <sup>18th</sup>~~20~~ day of ~~June~~<sup>July</sup>, 2007.

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24   
Eugene C. Rowe, Respondent

  
Deborah G. Pearson, Executive Director  
Arizona Board of Appraisal

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**ORIGINAL** of the foregoing filed  
this 17<sup>th</sup> day of ~~June~~ <sup>July</sup>, 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 1800 0000 5286 9137  
this 18<sup>th</sup> day of ~~June~~ <sup>July</sup>, 2007 to:

Eugene C. Rowe  
413 East 5<sup>th</sup> Street  
Casa Grande, Arizona 85222  
Respondent

By:   
DWL:yfl - PHX-#19526-VI-ROWE\_CONSENT\_AGREEMENT.DOC