ARIZONA BOARD OF APPRAISAL

1400 West Washington, Suite 360
Phoenix, Arizona 85007
(602) 542-1558 Fax (602) 542-1598
Email: info@azboa.gov
Website: www.azboa.gov

RECEIVED
2012 SEP 21 AM 11:2
ARIZONA BOARD OF APPRAISAL

August 23, 2012

Mr. Richard T. Salceda
P.O. Box 30901
Flagstaff, AZ 86003

Re: Board of Appraisal Case Nos. 3182 and 3221

Dear Mr. Salceda,

As you know, the Board received the above-referenced complaints against you for two appraisals you performed of the following properties: **Case No. 3182:** a single family residence located at 2035 Paleo Place, Flagstaff, AZ 86001 with an effective date of value of September 16, 2010 and **Case No. 3221:** a single family residence located at 955 South Golf View Drive, Cornville, AZ 86325 with an effective date of value of November 2, 2010.

The Board held an Informal Hearing on these matters on July 13, 2012. In reviewing the matters, the Board considered the complaints, your responses thereto, the appraisals, the workfiles, the investigative reports and the testimony you provided during the Informal Hearing. At the conclusion of its consideration, the Board voted to offer you the opportunity resolve these matters with a letter of due diligence.

With respect to Case No. 3182: The Board concluded that the workfile contained no data in support for, explanation of or results for the adjustments cited. There was no data for, disclosure of, discussion or analysis of fees for transactions in the subject project. In addition, the appraisal report lacks discussion, explanation and support for time adjustments; adjustments were made for minor gross living size, lack of site size, cul-de-sac lot, open-space and view amenity adjustments. Also, there was no site value/adjustment method and technique; only a standardized addendum statement. In addition, there was no disclosure, discussion or analysis of fees charged under terms and conditions of sale. Additionally, there was a statement on each sale and listing for concessions which states, "0 per Agent/MLS." This statement is factually incorrect as several of the MLS sheets disclosed the transaction fees and any confirmation with agents would have revealed the fees associated with the sales in this project. Given the above, the appraisal was misleading.

With respect to Case No. 3221: The Board concluded that while you made time adjustments, you failed to provide any discussion/analysis regarding the necessity of

those time adjustments. In addition, comparable no. 2 had concessions that you failed to disclose or discuss nor did you discuss the pending sale on comparable no. 5. Moreover, you adjusted the comparables for a pool when the subject did not have a pool. The workfile contained no cost data, no site valuation data, no data in support of depreciation, external obsolescence (time adjustment support), age or remaining economic life support, and GLA size adjustment credibility. The report lacks discussion, explanation and support for time adjustments. Adjustments for minor gross living size suggest a precision that is not credible or recognized by participants in the market. This is further evidenced by buyer and sellers typically exchanging for rounded dollar amounts. Additionally, the subject was located in a gated community and you failed to support the fact that you did not adjust for that feature. There was also a statement by the Respondent "Pending/ -5%" then failing to make the adjustments is an example, among others, that you failed to exercise due diligence and due care. There was also a failure to discuss, explain, or support adjustment and there were omissions of salient and significant elements requiring analysis such as views, golf course location, pools and water features, gated versus no-gated subdivisions, backing to busy streets, etc. Overall, the report was misleading.

Case No. 3182: 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) and (b); and Standards Rule 2-2(b)(viii)

Case No. 3221: 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), (b) and (c); Standards Rule 1-4(a), (b)(i)(ii) and (iii); and Standards Rule 2-2(b)(viii)

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 these matters with this letter of due diligence, if you **successfully complete a fifteen (15) hour course in Basic Appraisal and a fifteen (15) hour course in USPAP (with an exam). The education 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. The education **<u>may not</u> 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.

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.

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 22, 2012.** If you do not return this original document on or before the specified date, the Board may conduct further proceedings.

Sincerely,

Margaret Burns

Margaret Burns
Interim Executive Director
Arizona Board of Appraisal

ACKNOWLEDGED AND AGREED

Richard T. Salceda, Respondent

9/20/12
Date

c: Jeanne M. Galvin, Assistant Attorney General

2811121