

1 section of the Cost Approach. Additionally, this adjustment for external
2 obsolescence does not carry forward into the Sales Comparison Approach.

- 3 6. No adjustment was made to Comparable Sale #2 for the fact that it backed
4 to an open area.
- 5
- 6 7. Information in the Cost Approach Section of the appraisal is not supported
7 by Marshall & Swift Residential Cost Handbook.
- 8
- 9 8. The Respondent does not, as the report is written, reconcile sufficient data
10 and properly analyze available comparable data in the Sales Comparison
11 Approach to value. The appraisal, as written and using the comparable sales
12 included in the appraisal report, however, omitting other seemingly relevant
13 data, is not reasoned to support the market value opinion provided by the
14 Respondent.
- 15 9. Communicating the appraisal report, as written, is misleading.
- 16
- 17 10. By omitting any discussion in the report regarding other available
18 seemingly comparable sales from the subject subdivision would clearly lead
19 a knowledgeable reader to believe the Respondent was aiming for a
20 conclusion of value.

21 **CONCLUSIONS OF LAW**

- 22
- 23 1. Pursuant to A.R.S. § 32-3635, a certified or licensed appraiser in the State
24 of Arizona must comply with the standards of practice adopted by the Board. The
25 Standards of Practice adopted by the Board are codified in the USPAP edition applicable
26 at the time of the appraisal.

1 Residential or Certified General Appraiser who shall serve as Respondent's mentor
2 ("Mentor"). The Mentor shall be either an Arizona Certified Residential or General
3 Appraiser.

4 5. **During the probationary period, the Respondent shall not issue a**
5 **verbal or written appraisal, appraisal review, or consulting assignment without**
6 **prior review and approval by a Mentor.** Each report shall be signed by the Mentor
7 as a supervisory appraiser. After six (6) months, the requirement of pre-approval of
8 appraisals by a mentor may be terminated upon approval by the Board if Respondent
9 has complied with the conditions set out in this Order.

10 6. The Mentor must be approved by the Board and is subject to removal by
11 the Board for nonperformance of the terms of this Consent Agreement. The Mentor
12 may not have a business relationship with Respondent except for the Mentor/Mentee
13 relationship nor may the Mentor be related to Respondent. Any replacement Mentor
14 is subject to the Board's approval and the remaining terms of this Consent Agreement.
15 The Board's Executive Director may give temporary approval of the Mentor until the
16 next regular meeting of the Board.

17 7. Not more than **30 days** after the effective date of this Consent
18 Agreement, Respondent shall submit to the Board the name and resume of an Arizona
19 Certified Residential or Arizona Certified General Appraiser who is willing to serve as
20 Respondent's Mentor together with a letter from the potential Mentor agreeing to
21 serve as Respondent's Mentor. If requested by Board staff, Respondent shall continue
22 to submit names, resumes, and letters agreeing to serve as Mentor until a Mentor is
23 approved by the Board. Any Mentor must be approved in writing by the Board.

24 8. Respondent shall bear all costs and expenses associated with the
25 mentorship and incurred by attending the courses.

26

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

13 10. The Respondent shall file an appraisal log with the Board on a monthly
14 basis listing every Arizona appraisal that he has completed within the prior calendar
15 month by property address, appraisal type, valuation date, the Mentor's review date,
16 the date the appraisal was issued, and the number of hours worked on each
17 assignment. The report log shall be filed monthly beginning the 15th day of the first
18 month following the start of Respondent's probationary period and continuing each
19 month thereafter until the Board terminates the probation. If the log reporting date
20 falls on a Saturday, Sunday, or holiday, the report log is due on the next business day.
21 **Even if Respondent performs no appraisals within a given month, he must still**
22 **file an appraisal log with the Board showing that no appraisals were performed.**
23 The monthly log report may be filed by mail or facsimile.

24 11. The Board reserves the right to audit any of Respondent's reports and
25 conduct peer review, as deemed necessary, during the probationary period. The Board
26 may, in its discretion, seek separate disciplinary action against the Respondent for any

1 violation of the applicable statutes and rules discovered in an audit of the
2 Respondent's appraisal reports provided to the Board under the terms of this Consent
3 Agreement.

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

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

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

19 15. Respondent shall comply with the Uniform Standards of Professional
20 Appraisal Practice in performing all appraisals and all Board statutes and rules.

21 16. If, between the effective date of this Consent Agreement and the
22 termination of Respondent's probation by the Board, Respondent fails to renew his
23 license while under this Consent Agreement and subsequently applies for a license or
24 certificate, the remaining terms of this Consent Agreement, including probation and
25 mentorship, shall be imposed if the application for license or certificate is granted.
26

1 17. Respondent has read and understands this Consent Agreement as set
2 forth herein, and has had the opportunity to discuss this Consent Agreement with an
3 attorney or has waived the opportunity to discuss this Consent Agreement with an
4 attorney. Respondent voluntarily enters into this Consent Agreement for the purpose
5 of avoiding the expense and uncertainty of an administrative hearing.

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

13 Respondent affirmatively agrees that this Consent Agreement shall be irrevocable.

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

16 20. The parties agree that this Consent Agreement constitutes final
17 resolution of this disciplinary matter.

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

19 22. If Respondent fails to comply with the terms of this Consent Agreement,
20 the Board shall properly institute proceedings for noncompliance with this Consent
21 Agreement, which may result in suspension, revocation, or other disciplinary and/or
22 remedial actions. Respondent agrees that any violation of this Consent Agreement is a
23 violation of A.R.S. § 32-3631(A)(8), which is willfully disregarding or violating any
24 of the provisions of the Board's statutes or the rules of the Board for the
25 administration and enforcement of its statutes.

26

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

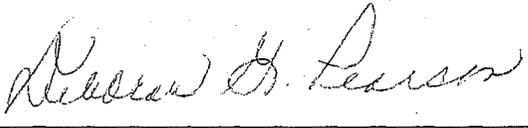
9 24. Respondent understands that the foregoing Consent Agreement shall not
10 become effective unless and until adopted by the Board of Appraisal and executed on
11 behalf of the Board. Any modification to this original document is ineffective and
12 void unless mutually approved by the parties in writing.

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

15 26. Pursuant to the Board's Substantive Policy Statement #1, the Board
16 considers the violations in the above-referenced matter to constitute to a **Level III**
17 **Violation.**

18 DATED this ^{13th} ~~9th~~ day of May, 2008.

19
20
21 
22 Michael B. Schendel, Respondent

20
21 
22 Deborah G. Pearson, Executive Director
Arizona Board of Appraisal

23
24 **ORIGINAL** of the foregoing filed
this 13th day of May, 2008 with:
25 Arizona Board of Appraisal
1400 West Washington Street, Suite 360
26 Phoenix, Arizona 85007

1 **COPY** of the foregoing mailed regular mail *and certified mail / 7006 0110 0002 865-*
this 13th day of May, 2008 to: *3837*

2 Michael D. Schendel
3 855 East Warner Road, No. 102
4 Chandler, Arizona 85255

5 **COPY** of the foregoing sent or delivered
6 this 13th day of May, 2008 to:

7 Jeanne M. Galvin
8 Assistant Attorney General
9 Arizona Attorney General's Office
10 1275 West Washington, CIV/LES
11 Phoenix, Arizona 85007

12 By: *Andrew R. Pearson*

13 194451

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