

1 **BEFORE THE ARIZONA STATE BOARD OF APPRAISAL**

2 IN THE MATTER OF:

3 **DANNA M. SMITH**  
4 Licensed Residential Appraiser  
License No. 10777

Case Nos. 2918, 2919, 2958 and 3043

**CONSENT AGREEMENT  
AND ORDER**

5  
6 In the interest of a prompt and judicious settlement of the above-captioned matter  
7 before the Arizona Board of Appraisal ("Board") and consistent with public interest,  
8 statutory requirements and responsibilities of the Board, and pursuant to A.R.S. § 32-3601  
9 *et seq.* and A.R.S. §41-1092.07(F)(5), Danna M. Smith ("Respondent"), holder of license  
10 no. 10777 and the Board enter into this Consent Agreement, Findings of Fact,  
11 Conclusions of Law and Order ("Consent Agreement") as the final disposition of these  
12 matters.

13 On May 18, 2010, the Board held an Informal Hearing in Case Nos. 2918, 2919  
14 and 2958. Respondent appeared personally and on her own behalf. At the conclusion of  
15 the Board's consideration of these matters, the Board voted to offer the Respondent a  
16 Consent Agreement and Order of Discipline in lieu of further administrative proceedings.  
17 At its June, 2010 meeting, Board met to consider case no. 3043. Despite having been  
18 properly notice, Respondent did not appear. At the conclusion of its consideration of case  
19 no. 3043, the Board voted to consolidate that case with the matters considered in May,  
20 2010.

21 **JURISDICTION**

22 1. The Arizona State Board of Appraisal ("Board") is the state agency  
23 authorized pursuant to A.R.S. § 32-3601 *et seq.*, and the rules promulgated thereunder,  
24 found in the Arizona Administrative Code ("A.A.C." or "rules") at R4-46-101 *et seq.*, to  
25 regulate and control the licensing and certification of real property appraisers in the State  
26 of Arizona.



1 **FINDINGS OF FACT**

2 **2918**

3 On or about May 18, 2010, the Board's investigation revealed the following:

4 1. This matter deals with an appraisal conducted and report written by  
5 Respondent of a single family detached residence located at 6051 East Rolling Ridge  
6 Road, Queen Creek, AZ 85240 with a date of value of July 21, 2009.

7 2. With respect to Comparable Sale No. 4, Respondent's \$20,000 upward  
8 adjustment for the short sale was not credible.

9 3. There was a lack of time adjustments for the comparable sales.

10 4. The workfile contained no data in support of Respondent's stated extraction  
11 method nor where there any notes relating to the methods utilized.

12 5. There was no sale to list ratio provided in the report relating to Comparable  
13 Sales nos. 5 and 6.

14 6. With respect to the Cost Approach, the \$60 per square foot is not credible for  
15 a property that is stated as being in "good" condition.

16 7. Respondent did not explain why Comparable Sales Nos. 1 and 3 sold higher  
17 than the listing price.

18 **2919**

19 On or about May 18, 2010, the Board's investigation revealed the following:

20 1. This matter deals with an appraisal conducted and report written by  
21 Respondent of a town home residence located at 2512 South Kodiak Lane, Flagstaff, AZ  
22 86001-2846 with a date of value of June 18, 2009.

23 2. With respect to Comparable Sale No. 3, there was no time adjustment  
24 applied despite the length of time on the market.

25 3. There were six potential sales from the subject subdivision but yet  
26 Respondent went out of the subject subdivision for three of the comparable sales.





1 2919

2 The conduct described above constitutes violations of the following provisions of  
3 the USPAP, 2008-2009 edition: Standards Rule 1-1(b) and (c); Standards Rule 1-2(c)(i);  
4 Standards Rule 1-3(a); Standards Rule 1-4(a); Standards Rule 1-6(a); Standards Rule 2-  
5 2(b)(iii); and Scope of Work Rule.

6 2958

7 The conduct described above constitutes violations of the following provisions of  
8 the USPAP, 2008-2009 edition: Standards Rule 1-1(c); Standards Rule 1-2(c)(i);  
9 Standards Rule 1-4(a) and (b)(i); Standards Rule 2-2(b)(viii); and Standard Ethics Rule—  
10 Recordkeeping.

11 3043

12 The conduct described above constitutes violations of the following provisions of  
13 the USPAP, 2008-2009 edition: Standards Rule 1-1(a); Standards Rule 1-4(a) and (b);  
14 Standards Rule 1-5(b); and Standard Ethics Rule—Recordkeeping.

15 ORDER

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

18 1. **Upon the effective date of this Consent Agreement, Respondent's**  
19 **License as a Licensed Residential Appraiser shall be placed on probation for a**  
20 **minimum period of six (6) months.** During probation, Respondent shall comply with  
21 USPAP, Arizona Revised Statutes and Appraisal Board rules.

22 2. Respondent shall successfully complete the following education within  
23 **twelve (12)** months of the effective date of this Consent Agreement: **Fifteen (15) hours**  
24 **of Basic Appraisal (to include Report Writing or Sales Analysis) (with an exam) and**  
25 **seven (7) hours of Cost Approach.** The education required under this paragraph may  
26 not be counted toward the continuing education requirements for the renewal of

1 Respondent's certificate. The same class may not be repeated to fulfill the education  
2 requirements of this Consent Agreement

3 3. Proof of completion of the required education must be submitted to the  
4 Board within 3 weeks of completion of the required course.

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

8 5. During the period of probation, Respondent shall complete a minimum of  
9 **twelve (12) appraisal reports** under the supervision of an Arizona Certified Residential  
10 or Certified General Appraiser who shall serve as Respondent's mentor ("Mentor"). The  
11 Mentor shall be either an Arizona Certified Residential or General Appraiser.

12 6. During the probationary period, the Respondent shall not issue a verbal or  
13 written appraisal, appraisal review, or consulting assignment without prior review and  
14 approval by a Mentor. Each report shall **either** be signed by the Mentor as a supervisory  
15 appraiser **or** the Mentor must complete a written review of each report ensuring that the  
16 report complies with USPAP and the Board's statutes and rules. The Mentor's review  
17 shall comply with the requirements of Standard 3 of the USPAP. The Mentor's Standard  
18 3 review shall be completed before the report is issued to the client. Any changes the  
19 Mentor requires to ensure the report complies with the USPAP shall be completed by the  
20 Respondent and approved by the Mentor before the report is issued. The Mentor's written  
21 Standard 3 review shall be maintained by the Mentor and made available to the Board  
22 upon request.

23 7. The Mentor must be approved by the Board and is subject to removal by the  
24 Board for nonperformance of the terms of this Consent Agreement. The Mentor may not  
25 have a business relationship with Respondent except for the Mentor/Mentee relationship  
26 nor may the Mentor be related to Respondent. Any replacement Mentor is subject to the

1 Board's approval and the remaining terms of this Consent Agreement. The Board's  
2 Executive Director may give temporary approval of the Mentor until the next regular  
3 meeting of the Board.

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

11 9. Respondent shall bear all costs and expenses associated with the mentorship  
12 and incurred by attending the courses.

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

25 11. The Respondent shall file an appraisal log with the Board on a monthly basis  
26 listing every Arizona appraisal that he has completed within the prior calendar month by

1 property address, appraisal type, valuation date, the Mentor's review date, the date the  
2 appraisal was issued, and the number of hours worked on each assignment. The report  
3 log shall be filed monthly beginning the 15<sup>th</sup> day of the first month following the start of  
4 Respondent's probationary period and continuing each month thereafter until the Board  
5 terminates the probation. If the log reporting date falls on a Saturday, Sunday, or  
6 holiday, the report log is due on the next business day. **Even if Respondent performs**  
7 **no appraisals within a given month, she must still file an appraisal log with the**  
8 **Board showing that no appraisals were performed.** The monthly log report may be  
9 filed by mail or facsimile.

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

15 13. Respondent's probation, including mentorship, shall continue until: (a)  
16 Respondent petitions the Board for termination as provided in paragraph 14, and (b) the  
17 Board terminates the probation and mentorship. Upon petition by the Respondent for  
18 termination of the probation and mentorship, the Board will select and audit 3 of  
19 Respondent's appraisal reports.

20 14. At the end of six <sup>6</sup>~~12~~ months from the effective date of this Consent  
21 Agreement, the Respondent may petition the Board for termination of her mentorship and  
22 probation. If the Board determines that Respondent has not complied with **all** the  
23 requirements of this Consent Agreement, the Board, at its sole discretion, may either: (a)  
24 continue the probation, including mentorship; or (b) institute proceedings for  
25 noncompliance with this Consent Agreement, which may result in suspension,  
26 revocation, or other disciplinary and/or remedial action.

1           15. Respondent shall not act as a supervising appraiser for other appraisers or  
2 trainees, nor shall she act as a mentor, during the term of the probation. Respondent shall  
3 also not teach any course related to real estate appraisals during the term of the probation.

4           16. Respondent shall comply with the Uniform Standards of Professional  
5 Appraisal Practice in performing all appraisals and all Board statutes and rules.

6           17. If, between the effective date of this Consent Agreement and the termination  
7 of Respondent's probation by the Board, Respondent fails to renew her license while  
8 under this Consent Agreement and subsequently applies for a license or certificate, the  
9 remaining terms of this Consent Agreement, including probation and mentorship, shall be  
10 imposed if the application for license or certificate is granted.

11           18. Respondent has read and understands this Consent Agreement as set forth  
12 herein, and has had the opportunity to discuss this Consent Agreement with an attorney  
13 or has waived the opportunity to discuss this Consent Agreement with an attorney.  
14 Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding  
15 the expense and uncertainty of an administrative hearing.

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

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

26

1           21. The parties agree that this Consent Agreement constitutes final resolution of  
2 this disciplinary matter.

3           22. Time is of the essence with regard to this agreement.

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

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

19           25. Respondent understands that the foregoing Consent Agreement shall not  
20 become effective unless and until adopted by the Board of Appraisal and executed on  
21 behalf of the Board. Any modification to this original document is ineffective and void  
22 unless mutually approved by the parties in writing.

23           26. Respondent understands that this Consent Agreement is a public record that  
24 may be publicly disseminated as a formal action of the Board.

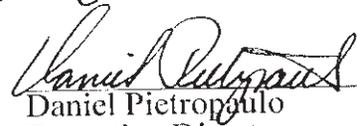
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1 27. Pursuant to the Board's Substantive Policy Statement #1, the Board  
2 considers the violations in the above-referenced matters to constitute to a **Level III**  
3 **Violation.**

4 **DATED** this 21 day of July, 2010. September

5  
6   
7 Danna M. Smith  
8 Respondent

6   
7 Daniel Pietropaulo  
8 Executive Director  
9 Arizona Board of Appraisal

9 **ORIGINAL** of the foregoing filed  
10 this 21 day of July, 2010 with:  
11 September  
12 Arizona Board of Appraisal  
13 1400 West Washington Street, Suite 360  
14 Phoenix, Arizona 85007

13 **COPY** of the foregoing mailed regular  
14 and **certified** mail 7009 1680 0000 7387 6240  
15 this 1 day of September, 2010 to:

15 Ms. Danna M. Smith  
16 P.O. Box 31811  
17 Mesa, AZ 85275

17 **COPY** of the foregoing sent or **delivered**  
18 this 1 day of September, 2010 to:

18 Jeanne M. Galvin  
19 Assistant Attorney General  
20 Arizona Attorney General's Office  
21 1275 West Washington, CIV/LES  
22 Phoenix, Arizona 85007

23 By:   
24 866125 Rebecca M. Loar