

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

2 **IN THE MATTER OF:**

2010 APR 22 11:05

CASE NO. 2990

3 **KERMIT L. STEPTER**
4 Certified General Appraiser
Certificate No. 31225

**CONSENT AGREEMENT
AND ORDER OF DISCIPLINE**

5
6 In the interest of a prompt and judicious settlement of the above-captioned matters
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), Kermit L. Stepter ("Respondent"), holder of
10 Certificate No. 31225 and the Board enter into this Consent Agreement, Findings of Fact,
11 Conclusions of Law and Order ("Consent Agreement") as the final disposition of this
12 matter.

13 On April 22, 2010, the Board met to discuss Case No. 2990. Respondent appeared
14 personally and on his own behalf. At the conclusion of the Board's consideration of
15 this matter, the Board voted to offer the Respondent a Consent Agreement and Order of
16 Discipline in lieu of further administrative proceedings.

17 **JURISDICTION**

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

23 2. Respondent holds a certificate as a Certified General Appraiser in the State
24 of Arizona, Certificate No. 31225 issued on March 18, 2004, pursuant to A.R.S. § 32-
25 3612.

26

1 Standards Rule 1-1(a); Standards Rule 1-3(a); Standards Rule 1-4(a); Standards
2 Rule 2-1(a); Ethics Rule---Conduct; and Scope of Work---Acceptability.

3 **ORDER**

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

6 1. **Upon the effective date of this Consent Agreement, Respondent's**
7 **Certificate as a Certified General Appraiser shall be placed on probation for a**
8 **minimum period of six (6) months.** During probation, Respondent shall comply with
9 USPAP, Arizona Revised Statutes and Appraisal Board rules.

10 2. Respondent shall successfully complete the following education within **six**
11 **(6) months** of the effective date of this Consent Agreement: **Seven (7) hours of Market**
12 **Trends and fifteen (15) hours of Basic Appraisal (with an exam).** The education under
13 this paragraph **may not** be counted toward the continuing education requirements for the
14 renewal of Respondent's certificate. The same class may not be repeated to fulfill the
15 education requirements of this Consent Agreement

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

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

21 5. During the period of probation, Respondent shall complete a minimum of
22 **twelve (12) appraisal reports** under the supervision of an Arizona Certified Residential
23 or Certified General Appraiser who shall serve as Respondent's mentor ("Mentor").

24 6. During the probationary period, the Respondent shall not issue a verbal or
25 written appraisal, appraisal review, or consulting assignment without prior review and
26 approval by a Mentor. Each report shall **either** be signed by the Mentor as a supervisory

1 appraiser or the Mentor must complete a written review of each report ensuring that the
2 report complies with USPAP and the Board's statutes and rules. The Mentor's review
3 shall comply with the requirements of Standard 3 of the USPAP. The Mentor's Standard
4 3 review shall be completed before the report is issued to the client. Any changes the
5 Mentor requires to ensure the report complies with the USPAP shall be completed by the
6 Respondent and approved by the Mentor before the report is issued. The Mentor's written
7 Standard 3 review shall be maintained by the Mentor and made available to the Board
8 upon request.

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

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

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

25 10. The Mentor shall submit monthly reports to the Board for each calendar
26 month during Respondent's probationary period reflecting the quantity and quality of

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

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

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

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

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

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

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

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

23 18. Respondent has read and understands this Consent Agreement as set forth
24 herein, and has had the opportunity to discuss this Consent Agreement with an attorney
25 or has waived the opportunity to discuss this Consent Agreement with an attorney.
26

1 Respondent voluntarily enters into this Consent Agreement for the purpose of avoiding
2 the expense and uncertainty of an administrative hearing.

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

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

13 21. The parties agree that this Consent Agreement constitutes final resolution
14 of this disciplinary matter.

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

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

23 24. Respondent understands that this Consent Agreement does not constitute a
24 dismissal or resolution of other matters currently pending before the Board, if any, and
25 does not constitute any waiver, express or implied, of the Board's statutory authority or
26 jurisdiction regard any other pending or future investigation, action or proceeding.

1 Respondent also understands that acceptance of this Consent Agreement does not
2 preclude any other agency, subdivision or officer of this state from instituting other civil
3 or criminal proceedings with respect to the conduct that is the subject of this Consent
4 Agreement.

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

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

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

14 DATED this 24 day of June, 2010.

15
16 Kermit L. Stepter
17 Kermit L. Stepter
18 Respondent

Daniel Pietropaulo
Daniel Pietropaulo
Executive Director
Arizona Board of Appraisal

19 ORIGINAL of the
20 this 24 day of

21 Arizona Board of
22 1400 West Washi
Phoenix, Arizona

23 COPY of the fore
24 and certified mail
this 24 day of

25 Mr. Kermit L. Ste
26 4027 E. Wilshire I
Phoenix, AZ 8500

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <input checked="" type="checkbox"/> <u>Kermit L. Stepter</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	B. Received by (Printed Name)
1. Article Addressed to:		C. Date of Delivery <u>6-25-10</u>	
KERMIT L. STEPTER 4027 E. WILSHIRE DRIVE PHOENIX, AZ 85008		D. Is delivery address different from item 12? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from sei)		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
7009 1680 0000 7387 4031			
Domestic Return Receipt		102595-02-M-1540	

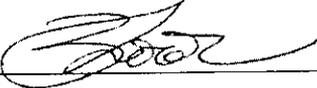
1 **COPY** of the foregoing sent or delivered
this 24 day of June, 2010 to:

2 Jeanne M. Galvin
3 Assistant Attorney General
4 Arizona Attorney General's Office
1275 West Washington, CIV/LES
Phoenix, Arizona 85007

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By: 
825620

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Rebecca M. Loar

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