

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

2 IN THE MATTER OF:

3 **SHERI L. FARRELL**
4 Licensed Residential Appraiser
License No. 11420

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Case Nos. 2822 and 2844

**CONSENT AGREEMENT AND
ORDER**

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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), Sheri L. Farrell ("Respondent"), holder of license
10 no. 11420 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 August 20, 2009, the Board held an Informal Hearing in Case No. 2822 and
14 further discussed case no. 2844. Respondent appeared personally and on her own behalf.
15 At the conclusion of the Board's consideration of these matters, the Board voted to offer
16 the Respondent a Consent Agreement and Order of Discipline in lieu of further
17 administrative proceedings.

18 **JURISDICTION**

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

24 2. Respondent holds a license as a Licensed Residential Appraiser in the State
25 of Arizona, License No. 11420 issued on November 30, 2005, pursuant to A.R.S. § 32-
26 3612.

CONSENT AGREEMENT

Respondent understands and agrees that:

1. The Board has jurisdiction over Respondent and the subject matter pursuant to A.R.S. § 32-3601 *et seq.*

2. Respondent has the right to consult with an attorney prior to entering into this Consent Agreement.

3. Respondent has a right to a public hearing concerning this case. She further acknowledges that at such formal hearing she could present evidence and cross-examine witnesses. Respondent irrevocably waives her right to such a hearing.

4. Respondent irrevocably waives any right to rehearing or review or to any judicial review or any other appeal of this matter.

5. This Consent Agreement shall be subject to the approval of the Board and will be effective only when signed by the Executive Director and accepted by the Board. In the event that the Board does not approve this Consent Agreement, it is withdrawn and shall be of no evidentiary value and shall not be relied upon nor introduced in any action by any party, except that the parties agree that should the Board reject this Consent Agreement and this case proceeds to hearing, Respondent will assert no claim that the Board was prejudiced by its review and discussion of this document or any records relating thereto.

6. The Consent Agreement, once approved by the Board and signed by the Respondent, shall constitute a public record which may be disseminated as a formal action of the Board.

1 FINDINGS OF FACT

2 2822

3 On or about August 20, 2009, 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 11430 W. Laurelwood Lane,
6 Avondale, AZ 85392 with a date of value of September 16, 2008.

7 2. The costs attributed to certain items (i.e. patio, pool, appliances) in the Cost
8 Approach were not credible.

9 3. There was no support for the market trends as stated.

10 4. Respondent failed to analyze another sale in the subject subdivision with a
11 pool and more square footage.

12 5. There were two other listings on the market or recently expired listings from
13 the subject subdivision at \$229,000 and \$264,000 that Respondent failed to note or
14 discuss; there is inadequate support for the value conclusion of \$305,000.

15 6. There were eight (8) sales in the Garden Lakes subdivision in the previous
16 year that were not analyzed relative to the subject.

17 2844

18 On or about August 20, 2009, the Board's investigation revealed the following:

19 1. This matter deals with an appraisal conducted and report written by
20 Respondent of a single family detached residence located at 186 N. Jefferson Street,
21 Wickenburg, AZ 85390 with a date of value of March 30, 2009.

22 2. The house is 100 years old; it is therefore incredible to give great weight to
23 the Cost Approach as Respondent did. The home is located in Wickenburg and
24 Respondent did not demonstrate that she was geographically competent to appraise the
25 property.

26 3. Respondent failed to provide any analysis for the market trends.

1 6. During the probationary period, the Respondent shall not issue a verbal or
2 written appraisal, appraisal review, or consulting assignment without prior review and
3 approval by a Mentor. Each report shall **either** be signed by the Mentor as a supervisory
4 appraiser **or** the Mentor must complete a written review of each report ensuring that the
5 report complies with USPAP and the Board's statutes and rules. The Mentor's review
6 shall comply with the requirements of Standard 3 of the USPAP. The Mentor's Standard
7 3 review shall be completed before the report is issued to the client. Any changes the
8 Mentor requires to ensure the report complies with the USPAP shall be completed by the
9 Respondent and approved by the Mentor before the report is issued. The Mentor's written
10 Standard 3 review shall be maintained by the Mentor and made available to the Board
11 upon request.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 21. The parties agree that this Consent Agreement constitutes final resolution of
19 this disciplinary matter.

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

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

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

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

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

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

20 DATED this 24 day of June, 2010.

21
22 Shari L. Farrell Alan Outzraub
23 Respondent Executive Director
Arizona Board of Appraisal

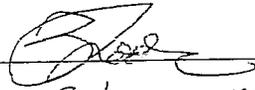
24 ORIGINAL of the foregoing filed
25 this 24 day of June, 2010 with:
26 Arizona Board of Appraisal
1400 West Washington Street, Suite 360
Phoenix, Arizona 85007

1 COPY of the foregoing mailed regular
and certified mail 7009 1680 0000 7387 4024
2 this 24 day of June, 2010 to:

3
4 Ms. Sheri L. Farrell
1718 W. Yosemite Place
Chandler, AZ 85248

5 COPY of the foregoing sent or delivered
6 this 24 day of June, 2010 to:

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

10 By: 
11 567252 _____
12 *Rebecca M. Lear*

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