

BEFORE THE IOWA REAL ESTATE APPRAISER EXAMINING BOARD
OF THE STATE OF IOWA

COPY

IN THE MATTER OF:

CASE NO. 03-52, 04-23

Chuck A. Fazio
CR01357
RESPONDENT

STATEMENT OF CHARGES

COMES NOW, the Complainant, Susan A. Griffel, and states:

1. Susan A. Griffel is the Executive Officer of the Iowa Real Estate Appraiser Examining Board ("Board") and files this Statement of Charges on behalf of the Board solely in her official capacity.
2. The Board has jurisdiction of this matter pursuant to Iowa Code chapters 17A, 272C, and 543D (2003, 2005).
3. Respondent is a certified residential real estate appraiser in Iowa. He was issued Certificate No. CR01357 in 1992.
4. Certificate No. CR01357 is currently valid and in good standing, and is scheduled to expire on June 30, 2006.
5. Respondent first came to the Board's attention when the Board received a complaint in November 2003, concerning an appraisal report Respondent completed on 10/26/03, on a property located at 7300 Southview Drive, Des Moines, IA. The Board submitted the report for a Standard 3 review which revealed numerous USPAP violations.
6. The Board requested that the Respondent submit a log and that he select two appraisals that he felt represented his most USPAP compliant work product. Respondent submitted appraisal reports regarding property located at 1020 22nd Street, West Des Moines, IA and 1217 56th Street, West Des Moines, IA. Both reports were submitted for Standard 3 reviews and were found to contain various USPAP violations.
7. In July 2004, the Board issued Respondent a cautionary letter identifying the Board's concerns. The Board suggested that Respondent complete a report writing class and that he have his work product reviewed before delivery to clients.

8. In December 2004, the Board requested an appraisal log to follow up on the Respondent's progress and to see whether he had completed the course work that the Board had recommended. After multiple requests, Respondent sent a log and the appraisal reports requested by the Board, regarding property located at 840 17th Street, Des Moines, IA, and 1809 78th Street, Windsor Heights, IA. The reports were submitted for Standard 3 reviews and were found to contain the same types of USPAP violations found in the Respondent's earlier reports.

9. All of the Standard 3 review reports revealed numerous violations of the Uniform Standards of Professional Appraisal Practice (USPAP). As more fully itemized in each review report, the violations include but are not limited to:

- a. Failure to adequately identify and report the site description. 1-2(e)(I-iv), 2-2(b)(viii)
- b. Failure to adequately identify and report physical, functional and external market factors. 1-2(e)(i-v); 2-2(b)(iii),(ix).
- c. Failure to employ recognized methods and techniques incorrectly. 1-1(a), 2-2(b)(iii)(vii)(ix).
- d. Failure to collect, verify, analyze, and reconcile comparable sales, adequately identified and described. 1-4(a), 2-2(b)(iii)(vii)(ix).
- e. Failure to consider, analyze and report prior sales of the property being appraised. 1-5(a), 2-2(b)(iii)(vii)(ix).
- f. Failure to clearly and accurately set forth the appraisal in a manner that is not misleading. 2-1(a)(b)(c).
- g. Failure to sufficiently identify and report the relevant characteristics of improvements and any effect they have on the appraisal. 1-2(e)(I-v), 2-2(b)(iii).
- h. Appraiser has rendered appraisal services in a careless or negligent manner. 1-1(c), 2-1(a)(b)(c).
- i. Appraisal report does not contain sufficient information to enable the client(s) and intended user(s) who receive or rely on the report to understand it properly. 1-1(a)(b)(c), 2-1(a)(b)(c).
- j. Failure to correctly invoke and report departure. 2-2(b)(xi)
- k. Failure to sufficiently identify and comment on any physical, functional or external factors that affect value conclusions. 1-2(e)(I-v), 2-2(b)(iii)

1. Appraiser has committed a substantial error or omission or commission that significantly affects the appraisal. 1-1(b), 2-1(a)(b)(c)

10. On the 14th day of June, 2005, the Board found probable cause to file the following charges and to order a hearing in this case:

COUNT I

11. Respondent repeatedly failed to adhere to appraisal standards in the development and communication of appraisals; failed to exercise reasonable diligence in the development, preparation and communication of appraisals; and, demonstrated negligence or incompetence in the development, preparation and communication of appraisals, in violation of Iowa Code sections 543D.17(1)(d), (e), and (f), and 543D.18(1) (2003, 2005), and 193F Iowa Admin. Code 7.2 and (5).

WHEREFORE, the complainant prays that a hearing be held in this matter and that the Board take such action as it deems appropriate under the law.

Dated this 12th day of July, 2005


Susan A. Griffel, Executive Officer

Iowa Real Estate Appraiser Examining Board

8. Failure to comply with the provisions of this Order shall be grounds for disciplinary action pursuant to Iowa Code section 272C.3(2)(a) (2005). However, no action may be taken against Respondent for violations of these provisions without a hearing, or waiver of hearing.

9. This Order is subject to approval of the Board:

(a) If the Board fails to approve this Order, it shall be of no force or effect on either party, and it shall not be admissible for any purpose in further proceedings in this matter.

(b) If the Board approves this Order, it shall fully dispose of all issues in this case.

IT IS THEREFORE ORDERED:

A. Education

Respondent shall complete the following educational courses by December 31, 2005, and shall forward certificates of completion to the Board within 10 calendar days of completion:

- (1) a 15-hour tested USPAP course; and,
- (2) a 30-hour pre-approved classroom course on the three approaches to value.

B. Probation and Desk Review

- (1) Respondent's certificate is placed on probationary status until the terms of this Consent Order have been fully complied with, and Respondent has been released from probation by Board order.
- (2) On or before January 15, 2006, Respondent shall enter into a desk review consultation agreement with a desk review appraiser pre-approved by the Board.
- (3) Respondent shall submit a copy of the consultation agreement to the Board no later than January 25, 2006. The agreement may be in letter-form, but shall attach a copy of the Consent Order to assure the desk reviewer is familiar with the terms of this Order.
- (4) By March 15, 2006, Respondent shall submit a total of six appraisal reports to his pre-approved desk reviewer. Respondent may select which appraisal reports he will subject to desk review. The Board suggests that Respondent submit two reports shortly following the completion of education and four additional reports after making any adjustments suggested by the desk reviewer.

- (5) By April 1, 2006, Respondent shall submit to the Board, a copy of the appraisal reports as he submitted them to desk review, a copy of the desk reviewer's review reports, work files on all submitted appraisals, and a copy of any reissued appraisal report.
- (6) For as long as Respondent is on probationary status, he shall submit a monthly log of all appraisals he has completed, providing a written log by the 10th of each month for the preceding month.
- (7) The reviewing appraiser shall perform a Standard Three desk review of each appraisal report submitted by Respondent. The review shall be for facial compliance with USPAP. The reviewer will not perform inspections or warrant the accuracy of Respondent's work product, but will review work papers, calculations and any other documents reasonably needed. Along with appraisal reports and work files, Respondent shall provide the reviewing appraiser copies of all documents verifying the accuracy of factual representations in each draft appraisal.
- (8) The reviewer shall prepare written comments on each appraisal's compliance with USPAP, and shall provide copies of the written comments both to the Board and to Respondent. If the desk reviewer's comments reveal significant USPAP violations that render misleading the previously issued appraisal report, Respondent shall correct and reissue the appraisal report to the client. In the event a report is reissued, Respondent shall disclose the professional assistance of the desk reviewer in the reissued report.
- (9) If the desk review comments and appraisals do not reveal significant USPAP violations and Respondent has complied with all terms of this Consent Order, the Board shall release Respondent from probation. The Board intends the reviews to be educational and shall accordingly give most weight to the latter reviews.
- (10) If the desk review comments and/or appraisals do reveal significant USPAP violations, the Board shall continue Respondent's probation on such terms as will address the issues revealed in desk review. The Board may accordingly order additional education or desk reviews, or other rehabilitative measures. No such order will be issued without affording Respondent reasonable notice and an opportunity to request hearing on such additional probationary terms.
- (11) Respondent may not change desk reviewers without prior written approval by the Board.
- (12) This settlement shall not preclude the Board from filing additional changes if one or more of the appraisals submitted for desk review demonstrate probable cause to take such an action on an appraisal that was issued to the public. Respondent agrees Board review of desk review reports or appraisals subject to desk review

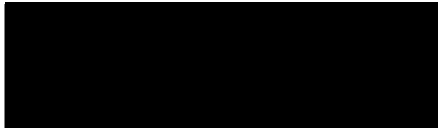
shall not constitute "personal investigation" or otherwise disqualify a Board member from acting as a presiding officer in any subsequent contested case.

- (13) Until released from the desk review process, Respondent agrees he shall not act as a review appraiser and shall not co-sign appraisals with any other associate or certified appraiser. Respondent shall not supervise the work product of an associate appraiser or unlicensed appraiser until released from desk review.

- (14) The dates set forth above provide the deadlines within which education and desk review must be completed. Respondent is free to escalate the time frames by completing the education and desk review earlier than the deadlines. However, at least four of the desk reviews must be completed after Respondent completes all required education.

AGREED AND ACCEPTED:

The Respondent



Chuck A. Fazio

7/23/05
Date

**The Iowa Real Estate Appraiser
Examining Board**



Karen Oberman, Chair

8/25/05
Date