



ARIZONA BOARD OF APPRAISAL

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MINUTES OF THE REGULAR BOARD MEETING January 17th, 2013 10:15 A.M.

Call to order and roll call

The meeting was called to order by Kevin Yeanoplos, Chairman.

Those Board members present at roll call:

Mike Trueba
Erik Clinite
Joe Stroud
James Heaslet
Kevin Yeanoplos
Michael Petrus

Staff Attendance:

Debra Rudd, Executive Director
Jeanne Galvin, Assistant Attorney General
Amanda Benally, Staff
Juanita Coghill, Staff

Pledge of Allegiance, Approval of the Minutes and Call to the Public

After the pledge of allegiance, Kevin Yeanoplos tabled the approval of the minutes for the December, 2012 Board meeting due to a lack of a quorum for that meeting. He then offered instructions on the call to the public rules and invited those who wished to address the Board to do so. There were none.

Review and action regarding Cases 1782/1784 – Felicia Coplan

Respondent was not present. Ms. Coplan is currently on probation and is in non-compliance of a Board order. Ms. Rudd and Ms. Galvin gave a brief background of the cases at the Board's request. Ms. Tina M. Ezzell, who was at the Board meeting for another case informed the Board that she is the council for Ms. Coplan and that she wished to be included in any future communications. The Board discussed the options available to them, with James Heaslet made a motion to open a complaint for non-compliance. Mike Petrus seconded the motion. The motion was unanimously approved.

Informal Hearing 3284 – Mark J. Smith

Respondent and respondent's attorney, Tina M. Ezzell appeared at the informal hearing. After much discussion, Mike Petrus moved that the Board vote to table the matter for another month to allow Ms. Ezzell to receive the corrected investigator's report that was

accepted by the Board issued June, 2012 and to bring this matter back to the Board next month. James Heaslet seconded the motion. The motion was approved unanimously.

Initial File Review for Case 3475 - Kay Figueroa

Subject is a single family residence located in Yuma, AZ. The signature date on the report was 7/23/2012. The Complainant alleges ethics was violated as repair conditions were made that did not involve the health and safety of the property, and insufficient description of what was needed resulted in two re-inspection fees, which complainant believes was an undue hardship and “gives the appearance of impropriety”. The appraiser denied all allegations of ethics violations and disputed the other allegations as well. After discussion, James Heaslet moved to dismiss and the motion was seconded by Mike Trueba. The motion was unanimously approved.

**Discussion consideration and possible action regarding the Investigator’s Report
Case 3438 – Don C. Cashman**

Mike Petrus made the motion to accept the investigators report. The motion was seconded by James Heaslet and unanimously approved by the Board. Mike Petrus made a motion to invite him to informal to allow Mr. Cashman an opportunity to respond to the report, and due to the date of the report being from 2008, requested a log of the last 6 months of the appraisals he has completed. Then to have staff select three reports to audit and to invite him back for an informal hearing after they audit the files. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

**Discussion consideration and possible action regarding the Investigator’s Report
Case 3331 – Joseph A. Blagg**

Mike Petrus moved to accept the investigator’s report and Erik Clinite seconded the motion. James Heaslet abstained from the vote. The remainder of the Board voted unanimously to accept the report. Mike Petrus motioned to invite the respondent to an informal hearing. The motion was seconded by Mike Trueba. The motion was unanimously approved.

**Discussion consideration and possible action regarding the Investigator’s Report
Case 3374 – Gwendolynn M. Baker**

The respondent was present. Mike Petrus moved to accept the investigator report and invite her to an informal. James Heaslet seconded the motion. The motion was unanimously approved. Ms. Baker informed the Board that the complaint did not meet the minimum criteria per Article 3 of the Board’s standards. The Board disagreed with her.

Informal Hearing regarding the matter of Case No. 3435 – Scott E Smith

Respondent was present. After discussion about the investigator’s report and the Respondent’s answers to other Board questions, Mike Petrus motioned to table this informal to allow staff to request that Mr. Smith provide a log to the Board of the last 6 months of the appraisals he has completed. After receipt of the log, have the staff select three complex reports to audit and to invite him back to another informal hearing after

they are audited. Joe Stroud seconded the motion. The motion was approved unanimously.

Initial file review Case 3474 – Misty Rose

Respondent was present. The complaint summary was read into the record. Subject is located in a rural section of Yuma, AZ and is a single family residence. The appraisal was from February, 2012. The Complainant alleges that according to the field review, the comparable selection and analysis were erroneous. Appraiser violated R4-46-401; and Standards 1-1 (c) (b) and 1-4(a). The respondent denied the allegations and noted errors in the field review and second appraisal completed. The complaint lacks evidence that rules and standards were violated. Mike Petrus motioned and James Heaslet seconded the motion to dismiss. The motion was approved unanimously.

Initial File Review Sylvester G. Whitman Case No.3446

The respondent was present and admitted to not being absent from the property inspection at the time of the appraisal. After discussion it was noted that the respondent was admitting to an ethics violation particularly as an unlicensed person went to the home for the inspection. Further discussion about the lack of discussion or adjustments regarding the solar system was made. The complainant, who is the homeowner, was present and pointed out the lack of description about the upgrades in the report. James Heaslet made the motion to offer a consent agreement for a Level IV with a 30-day suspension with in classroom instruction 15-hour USPAP with exam, no continuing education allowed, and six months to complete the education. He further motioned to allow him 30 days to notify his clients and finish up work that he currently has. The specific Standard violations are 1- 4(a); 1-4(b); 2-3; and Ethics Conduct. Joe Stroud seconded the motion. The motioned passed unanimously.

Discussion consideration and possible action regarding the Investigator's Report Case 3397 – Jeremiah J. O'Brien

There were some questions about the investigator's report. The investigator was present and answered the Board's questions. James Heaslet motioned to accept the report and Mike Trueba. The motion carried with Mike Petrus voting no. Noting the violations in the report, Mike Petrus motioned to offer a consent agreement of a Level II, Due diligence, with a class on the 7 hour Sales Comparison Approach and a 7 hour Green Energy class, in classroom attendance required, no continuing education allowed and six months to complete. James Heaslet seconded the motion. The motion was approved unanimously.

Discussion, consideration and possible action regarding staff's inability to obtain additional information the Board previously requested on Case 3334 - Randall S. Lineberger

The respondent was present. The Board discussed several options including having the staff subpoena the lenders entire file to review all communications regarding this appraisal, and to send it over to the Department of Financial Institutions for investigation of the identity theft. James Heaslet motioned to subpoena the file and bring it back to the

Board for further consideration and to possibly send it to the mortgage fraud task force. Erik Clinite seconded the motion. The motion was approved unanimously.

Discussion, consideration and possible action concerning potential noncompliance with 4/20/09 Consent Agreement and Order Case 2516 – Timothy R. Fortunato

Debra Rudd informed the Board that the Respondent has completed 12 of the 24 reports required, and has completed all required education. He has been in contact with the staff, but is not able to attend this meeting due to illness. The Respondent's mentor was present and addressed the Board. He informed the Board that Mr. Fortunato has not done appraisals since the end of 2009 or beginning of 2010. Approximately one year ago, he was contacted by Mr. Fortunato asking him to submit his mentor's log and he again was contacted recently to submit his log. Mike Petrus made a motion to seek a voluntary surrender of his license and if he is not agreeable to this option, then to open a complaint for non-compliance. James Heaslet seconded and the Board voted unanimously to approve the motion.

Discussion consideration and possible action concerning potential noncompliance with 12/16/08 Order Cases 2462 through 2469 – Shawkat E. Halabu

Respondent was not present. Debra Rudd updated the Board on Mr. Halabu's request for more time to complete the appraisals per his agreement. After discussion of the time he already had, James Heaslet made a motion to open a complaint for noncompliance. Joe Stroud seconded the motion. The Board voted unanimously to approve the motion.

File 2537 – David M. Hossfeld Discussion consideration and possible action following the expiration of Respondent's 90-day certificate renewal

Respondent was not present. James Heaslet made a motion to close the case without prejudice. It was seconded by Mike Petrus. The motion was approved unanimously.

File 2727 – King G Ruby Discussion consideration and possible action following the expiration of Respondent's 90-day certificate renewal

Respondent was not present. James Heaslet made a motion to close the case without prejudice. It was seconded by Mike Petrus. The motion was approved unanimously.

File 2781 – Leland F. Gary Discussion consideration and possible action following the expiration of Respondent's 90-day certificate renewal

Respondent was not present. The item was placed on the agenda prematurely, as his license expired 12/31/2012 and his 90-days have not elapsed. The Board does not have jurisdiction unless he renews his license. James Heaslet made the motion to close the case without prejudice should he fail to reapply for renewal of his license and it was seconded by Joe Stroud. The motion passed unanimously.

File 2937 – Karen K. Looney Discussion consideration and possible action following the expiration of Respondent's 90-day certificate renewal

Respondent was not present. James Heaslet made the motion to close the case without prejudice should she fail to reapply for renewal of her license. It was seconded by Joe Stroud. The motion passed unanimously.

File 2990 – Kermit L. Stepter Discussion, consideration, and possible action following the expiration of Respondent’s 90-day certificate renewal

Respondent was not present. James Heaslet made the motion to close the case without prejudice and it was seconded by Joe Stroud. The motion passed unanimously.

James Heaslet made a motion to send a letter to any other states that an appraiser may be licensed in to let them know that we are closing the case without prejudice. It was seconded by Mike Trueba and approved unanimously.

File 3276 – Larry R. Hamby Discussion, consideration, and possible action following the expiration of Respondent’s 90-day certificate renewal

Respondent was not present. After discussion and additional research, staff informed the Board that this item had been placed on the agenda in error. He has complied with the discipline and the case was previously closed.

File 3347 – Jeff A. Hylands Discussion, consideration, and possible action following the expiration of Respondent’s 90-day certificate renewal

Respondent was not present. Erik Clinite made a motion to close without prejudice and it was seconded by Mike Petrus. All voted in favor of the motion.

File 3247 and 3293 – Michael C. Melanson Discussion, consideration, and possible action following Respondent’s failure to sign proposed Consent Agreement and Order

Respondent was not present. A motion was made by Erik Clinite and seconded by James Heaslet to have staff send a letter to be sent for Respondent to either sign a consent agreement within 30 days to voluntarily surrender his license or go to OAH for a formal hearing. The motion was unanimously approved.

Discussion by Board to streamline compliance issues they want a 30-day limit for Respondents to sign. If they fail to sign, then to have Ms. Rudd send a letter to voluntarily surrender license or to formal hearing.

Case 3364 – Cheryl A. Zormeier Discussion, consideration and possible action following audit of Appraiser’s files

Respondent was not present. James Heaslet made the motion to release Ms. Zormeier from probation after auditing the files. Joe Stroud seconded the motion. The Board voted unanimously to approve this motion.

Case 3441 Kurt Goepfner Discussion, consideration, and possible action following the receipt of additional information from Respondent and the State of California

Respondent was not present. There was lengthy discussion by the Board. Kevin Yeanoplos wanted to speak with the Respondent or get the transcript from the previous meeting that he telephonically appeared at previously. James Heaslet made a motion to table this file until more information could be obtained from the staff and to invite the

Respondent to appear telephonically in February. Erik Clinite seconded the motion. The motion passed unanimously.

Mr. Heaslet left the meeting @ 4:15 p.m.

Initial File Review File 3501 - Roy E. Morris III

After discussion from the Board, the Complainant, Ms. Joanna Conde addressed the Board. The Board discussed the evidence that was presented in the previous case that Ms. Conde filed on this matter. Some of the members stated that they knew the additional evidence that Ms. Conde has now supplied was known to them when the first complaint on Case 3383 was submitted and subsequently dismissed. The Board requested staff to send a letter to all providers and instructors of education that signatures on sign in sheets be accurate as the instructor will be held accountable. Mike Petrus made the motion to send the letter to all of the schools and dismiss this case. Erik Clinite seconded the motion. The Board voted unanimously to approve the motion.

The Board recessed for the remainder of the day.

The Board resumed at 8:15 A.M. on Friday, January 18th.

Board members present at roll call:

Mike Trueba
Erik Clinite
Joe Stroud
James Heaslet
Kevin Yeanoplos
Mike Petrus

Staff members present:

Debra Rudd – Executive Director
Jeanne Galvin – Assistant Attorney General
Amanda Benally – Staff
Juanita Coghill - Staff

Initial File Review 3489 & 3490 – David A. Every

The Respondent and his attorney were present. James Heaslet read the complaint summary. The subject is a 36 unit studio apartment complex located in Tucson, AZ. The owners also engaged this same appraiser to value another property that they own and have filed a separate complaint on that appraisal as well (see 3490). Complainants allege that the appraiser failed to produce a credible appraisal citing several Arizona Revised Statutes. The Respondent denied the allegations. The Board members discussed the cap rate and vacancy factors and wanted to also know about the actual occupancy. The Respondent answered the Board's questions. James Heaslet made the motion to dismiss. It was seconded by Mike Trueba. The Board voted unanimously to dismiss both complaints.

Initial File Review 3488 – Derrick J. Sinclair

Mike Trueba recused himself from this case. The Respondent was present. Joe Stroud read the summary of the complaint into the record. The summary described the subject as being four office condominium parcels in Tucson. One is a 9741 square foot shell space and the others are 3 vacant pad sites. All were appraised as of November 14th, 2011. Complainant has alleged plagiarism (Ethics Rule violation), and failure to report subject's listing history. The Respondent replied through correspondence that the complainant was the appraiser for the plaintiff in this deficiency judgment case which was settled in September, 2012. A letter was read into the record from the Complainant requesting the complaint be withdrawn. The Board discussed the case noting that the request for withdrawal was not possible. No USPAP violations were discovered per discussion by the Board. James Heaslet made the motion to dismiss, and it was seconded by Joe Stroud. The motion was approved unanimously.

Mike Trueba rejoined the meeting.

Initial File Review Case 3482 – C. Dean Barnett

The Respondent and his son who is also an appraiser were present. The Respondent explained that the buyer was the one that filed the complaint for not valuing this single family property in El Mirage high enough for him to get the loan approved. Mike Petrus made a motion to dismiss. Mike Trueba seconded the motion. The Board voted unanimously for the motion.

Initial File Review Case 3480 - James Graham

Respondent was present. The complaint summary was read into the record which described this as a Sedona single family residence. Complainant alleges Competency Rule, Scope of Work Rule, Standard Rules 1-1 a, b & c was violated. Property borders national forest with premium views. Comps were far inferior and not on border of forest. Further alleges adjustments are not supported and costs were "made up". Prior sales of comp two were not properly analyzed. Respondent disputes allegations and believes complainant is biased by way comments were made in complaint. (Reply was only from James Graham not Paul Johnson, his mentor while Graham was on probation). The Board questioned the Respondent about his physical depreciation calculations in the Cost Approach regarding the subject's effective age and the location differences in the Sales Comparison Approach. There was further discussion that Paul Johnson (Case 3481) signed as the Supervisory Appraiser thus would need to be included in the action. Mr. Johnson was not present. James Heaslet made the motion to send both 3480 and 3481 to investigation. Joe Stroud seconded the motion. The motion passed unanimously.

Case 3441 Kurt Goeppner Discussion, consideration, and possible action following the receipt of additional information from Respondent and the State of California

The Respondent appeared telephonically. The case had been discussed in this meeting on the 17th, but was tabled for staff to obtain more information. Respondent had previously requested to call in on the morning of the 18th of January, thus was allowed to address the Board. A summary was read from the initial file review. After questioning the Respondent about his lack of disclosure and his pending action in California, Joe Stroud moved to dismiss. Kevin Yeanplos seconded the motion. The motion failed after 4

voted against the motion and 2 voted for the motion. Mike Petrus motioned to table the case asking the staff to send fingerprint cards to Respondent for a DPS background check to be completed and to ask California for a copy of their appraisal applications that he completed when licensed in that state. James Heaslet seconded the motion. The Board voted to unanimously approve the motion.

Initial File Review 3483 and 3491 – Scott M. Larsen

The Respondent was present. Mike Petrus read the summary for Case 3491 into the record. Complainant alleges the appraisal market value is unsupported and poor choice in comp selection. The Respondent denied the allegations. The report is over five years old. Mike Petrus motioned to dismiss. James Heaslet seconded the motion after reiterating that there are no statutes of limitation, but that he agreed no violations were found. The motion was unanimously approved. Mike Petrus then read the complaint summary for Case 3483. Complainant alleges the revised appraisal is biased to justify the higher contract price and has forced the complainant into buying a home that is over-priced. Respondent's Reply Summary: The respondent replied through correspondence that the listing agent misrepresented the sales price of the property twice during the inspection. After the appraisal was submitted he learned that the negotiated contract price had been changed from the \$202,500 he was told to \$218,500. After learning of the change from the buyer's agent, he revisited the appraisal and changed comparables 1 & 2 which he deemed to be more recent sales and more similar in location. The respondent replied through correspondence and in person that "the opinion of market value was changed as a result of the 'contract sales price' being misrepresented to the appraiser. The contract price is a leading precursor to the appraisal process as it is a leading consideration of value." He concluded that he is not an advocate for or against anyone to purchase a home nor has he forced anyone to buy a property anytime or place. After discussion by the Respondent and the Board, Joe Stroud made the motion to dismiss. Mike Trueba seconded the motion. The motion passed unanimously.

Initial File Review Case 3492 – Robert H. Baker

The Respondent was present. James Heaslet read the complaint summary. Complainant is the owner of the property who alleges that the appraisal is lower than Zillow.com and the costs per square foot for the subject are lower than the median. The complainant also alleges that the Q3 and C3 ratings were improperly identified and questions the experience of the appraiser, as his license date is 8/29/2012 and he appraised the property soon thereafter on 9/27/2012. The Complainant would like to have another appraisal completed for free, or have their money refunded. Additionally, he has a problem with the appraiser's opening comments which he believes are unprofessional. The Respondent replied through correspondence that he has been working on appraisals since 2002, and he has either completed or reviewed over 3,459 appraisals in Southern Arizona since then. He was first licensed in 2004. The Respondent does not believe that Zillow.com and the Q3, C3 complaint is a USPAP violation. He further explained his comments to the Complainant were a misunderstanding about questions the complainant was asking him regarding the appraisal, after he received a copy of it. Mike Petrus made a motion to dismiss. Erik Clinite seconded the motion. It passed unanimously.

Initial File Review 3484 – Starlyn Dupree

Respondent was present. Erik Clinite read the summary of the complaint into the record. Subject is a single family residence located in Paulden, AZ. The owner is the complainant. Complainant alleges appraiser did not research comparables thoroughly to validate a sane and fair value. Furthermore the appraiser had an unprofessional demeanor and attitude. Respondent replied through correspondence that there are no violations of USPAP AZ statutes or rules, and that complaint is about a lower value, thus requests dismissal. The Board questioned the Respondent about the wide difference in the comparables with a failure to address the quality differences which led to a lack of credibility in the appraisal. Mike Petrus moved to offer a Consent Agreement for a Level II Remedial Action, citing education for Standard 1-1(a) and 1-4(a) violations. James Heaslet seconded the motion. The motion passed unanimously.

Initial File Review Case 3487 – Michael W. Batterton

Respondent was present. Mike Trueba read the complaint summary into the record. The subject is located in Oro Valley, AZ. Complaint Summary: Owner is the complainant and alleged that the appraiser used invalid comparables. The owner supplied the appraiser with several comparables, but the appraiser refused to change the appraisal. A previous appraisal completed in 2010 indicated values were declining, but this value is higher than the most recent appraisal when the appraiser states that values have been stable for the past 5 – 6 months. This appraisal is causing a financial hardship as the owner is not able to refinance the home. The Respondent explained in his reply how he completes his research and referenced the sales that were supplied by the owner and the reasons that they were not used. After some questions from Board members and further discussion, Mike Petrus moved to dismiss. James Heaslet seconded the motion. The motion passed unanimously.

Initial File Review Case 3493 – Janet J. Dement

Respondent was present. James Heaslet read the complaint summary into the record. Subject is a single family residence located in Prescott, AZ. The owners of the subject property are the complainants. They allege that due to the appraiser's incompetence they lost money as they were unable to refinance their loan based on the appraisal. In particular Comparison #2 & 3 were inappropriate. They contacted two appraisers who either advised getting a Broker's Price Opinion (which came in approximately 40% higher than the appraisal), or that the Comparables 2 & 3 were inappropriate with adjustments not justified. Their home was inspected 8/07/12, and the report was signed 8/11/2012. Utilizing the "Theory of Substitution", the Respondent replied through correspondence that she used the comparables that best represented the subject's location (Comp 1); most recent, similar bedroom count with a similar guest house (Comp 2); and similar square footage and age (Comp 3). The Board questioned the Respondent about the remodeling of the subject and the comparable sales adjustments. After discussion about this case, Mike Petrus moved to offer a Consent Agreement to the Respondent, finding a Level II Remedial action for Standards 1-1(b) and 1-4(a) with in classroom education for 15 hours of basic appraisal w/exam to be completed within six months. The motion was seconded by James Heaslet and it passed unanimously.

Initial File Review Case 3448 – Vicky J. Love

The Respondent was not present. Mike Petrus read the complaint summary into the record. The subject property is a single family residence in Pine, AZ. Complainant is the owner of the subject property. Complainant alleges very low appraisal, did not consider Pine-Strawberry as a community. There is a discrepancy in number of bedrooms along with the other allegations of errors in the report. Respondent states bedroom discrepancy is due to one of the rooms being used as a family room-not a bedroom; Pine-Strawberry are two separate communities and refuted the other allegations. Discussion between the Board members regarding the report resulted in Mike Petrus moving to offer a Level I Letter of Concern for the lack of exposure time being included in the report (Statement 6). James Heaslet seconded the motion. The motion passed unanimously.

Initial File Review Case 3476 - Julie Kearns

Respondent was not present. Joe Stroud read the complaint summary into the record. The subject is a single family residence located in the foothills of Yuma and was appraised in 2012. Owner is complainant. Complainant alleges distant and outdated comps were used; appraiser missed a room in the house, and used the short sale value as our purchase price instead of market value. Appraiser denies allegations and stated comps were within the area and sold within three months of date of value. She believes owner is upset about value which is 9% lower than when it previously transferred in 9/09. James Heaslet made the motion to send this to investigation. Mike Petrus seconded the motion. The motion was approved unanimously.

Initial File Review File 3479 – John Kosir

Respondent was not present. Kevin Yeanoplos read the complaint summary into the record. The appraisal was completed on a single family residence in Phoenix back in 2007. Complainant alleges the original appraisal contained inflated property value. Respondent no longer retains this appraisal report or work file since it is over 5 years old and is unable to respond appropriately. Due to this appraisal being completed prior to this appraiser's previous disciplinary action, James Heaslet made the motion to dismiss the complaint. Mike Trueba seconded the motion. The Board voted to approve the motion unanimously.

Initial File Review 3485 – Michael D. Stapley

Respondent was not present. Erik Clinite read the complaint summary into the record. The subject is a single family residence located in Apache Junction, AZ. Complainant is the owner of the property and alleges that the appraiser used a mobile home for Comp 1 "that was trucked in on a trailer" to compare to his single family residence. It took three weeks for the appraiser to fix the report, and the appraiser then maintained that the comparable was a modular home, not a mobile home. Furthermore, the complainant is alleging that the appraiser is dishonest as Lindy Stapley the appraiser's wife, did most of the work as the appraiser is disabled. There is another reference regarding the fee being higher due to the property location being in Apache Junction, with a question about where the appraiser resides, referencing a town in Utah.

The Respondent replied through correspondence that he had confirmed the questioned sale with the agent as well as what is noted in the MLS that he has included with his

reply. He does not live in Mesa, nor does he reside in Utah, thus he does not understand the reference about charging higher for this location. He takes offense to the reference regarding his disability, as he has noted his wife's assistance in the report and as a disabled veteran he takes longer to walk through the residences and around the properties thus probably sees more than the owners may like for him to see. The Board discussed the differences between modular built, manufactured and mobile homes. James Heaslet made the motion to invite the Respondent to an informal hearing. Joe Stroud seconded the motion. The Board voted unanimously to approve the motion.

Initial File Review Case 3471 – Lisa A. McNeil

Respondent was not present. Kevin Yeanoplos read the complaint summary into the record. The subject is a single family residence located in Peoria, AZ. Owner is Complainant on this June, 2012 appraisal. Complainant alleges misrepresentation and knowingly ignoring nine comps that were supplied to her. She instead used foreclosure and distressed property sales which resulted in an appraisal nearly \$40,000 less than the previous appraisal that was completed one month prior. Respondent stated through correspondence with the Board that the comps supplied by owner were not ignored, but were excluded as they were not the most similar or relevant and that the other allegations are baseless and false. Board discussion included market appreciation in this market at that time and questioned the market trend support in the appraisal. James Heaslet made a motion to invite the Respondent to an informal hearing. Mike Petrus seconded the motion. The motion passed unanimously.

Initial File Review Case 3495 – Jay B. Clark

The Respondent was not present. Kevin Yeanoplos read the complaint summary into the record. Subject is located on West Pierce Street, Phoenix, AZ. Flagstar Bank is the Complainant on this case regarding a single family residence in Phoenix. They had an appraisal completed by the Respondent on 9/23/08 and a subsequent retrospective field review appraisal completed by another appraiser in March, 2012 with a date of value 9/23/08. The Complainant alleges that based on the field review, the market was clearly REO driven at the time of the original report and that property values were declining rapidly. The Complainant alleges that there were closer comparables available than the ones selected by the Respondent. This resulted in the Respondent's appraisal being less credible than the retrospective field review. The Respondent replied through correspondence that the field review appraisal appeared to select the lowest sales available and then applied a time adjustment to each of the sales at a rate of 96% on an annual basis. Furthermore, the borrower appeared to have paid on this note until mid-2011, thus the lender certainly made what they believed to be an informed decision when the loan was made. He does not believe he violated USPAP and stands by that contention today. Board discussion commenced regarding the selection of the comparables being located in superior and more distant neighborhoods. James Heaslet made a motion to invite the Respondent for an informal hearing. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

12-month File Review

Ms. Galvin updated the Board about the consent agreements that have been offered to Kyle D. Lindsay on Cases 2984 & 3241; formal hearing needs to be scheduled on Case 3191 Stephen M. Steitz; 3254 Kyle L. Voris and 3255 W. Wade Clark have been invited to an informal hearing for February; 3290 H. Harrison Cox will be back before the Board in February following the receipt of the investigators report in this matter who would be acting as the expert witness at formal hearing. Case 3300 Daniel Ragno is represented by an attorney who has been very ill and has been granted another 30 days to respond to the consent agreement. The other cases shown on the 12-month file agenda were heard today. The Board discussed the significant strides that they have made in decreasing the number of cases over 12-months.

Appraisal Management Companies, Compliance File Review

The Board discussed JVI's failure to timely pay Arizona appraisers, its possible cessation of appraisal management services in Arizona and that notice has been given to the Board office that the bond has been cancelled. James Heaslet made a motion to go into executive session to seek legal advice. Erik Clinite seconded the motion and it passed unanimously. After returning to open session, further discussion resulted in Mike Petrus moving to adopt the interim findings of facts discussed in the Board meeting today. The motion was seconded by James Heaslet and the Board voted unanimously to approve. Mike Petrus motioned to find interim finding of fact requires emergency action. James Heaslet seconded the motion. The motion was approved unanimously. Mike Petrus moved to Summarily Suspend the registration of this company effective on service of this order. It was seconded by James Heaslet. The Board voted unanimously to approve the motion. Mike Petrus moved that the Executive Director schedule a formal hearing with OAH as expeditiously as possible for revocation of their registration. The motion was seconded by James Heaslet. The motion was unanimously approved. James Heaslet moved to seek the maximum civic penalties allowed. Joe Stroud seconded the motion. The motion passed unanimously.

Due to the Chairman, Kevin Yeanoplos being ill, the Vice Chairman, Mike Petrus took over the meeting but the Chairman remained in the meeting.

Discussion, consideration and possible action regarding the status of the new database designed by PDS Tech

Yvette Villanueva, the Engagement Manager from ADOA updated the Board about the status of the project. The Statement of Work was partially completed, but not entirely done. Testing of functionality is still pending, with the moving of Paradox onto the new system which is a sequel server system. PDS still needs to provide a timeline as to when this will be completed. She is not confident that PDS Tech will be able to provide this information with the deadline that Tom Duvall of ADOA Procurement Office has mandated. The confidence of their being able to deliver the total product is low. She is working on options to offer the Board to accomplish the goals that will meet the Board needs. Her recommendation to the Executive Director was to cut the losses and move on. Discussion ensued about the amount of payment due and which fiscal year the money would be coming from. The Board was updated about the likelihood of getting this product to the Board's satisfaction. Discussion from the Board resulted in Kevin

Yeanoplos directing the staff to make sure that the proper channels are followed to protect the Board from something like this in the future. Options were discussed for going forward. A motion was made by Erik Clinite to have PDS stop work, negotiate the amount due PDS Tech now, and to explore other options to move forward. The motion was seconded by Mike Trueba and it was unanimously approved.

Executive Director's Report, Discussion, consideration and possible action concerning proposed legislation, and developing a new process/system for the review of complaints

The Executive Director reported that some of her report had to do with the agenda items. After last months budget committee meeting, she negotiated with Linda Beatty, one of the contract investigators for the Board to do Standard 3 Reviews on all Initial File Reviews for next month. The report will be in a revised format, and Ms. Galvin has already reviewed the new format and has stated that the new report would qualify for her to be able to take this to a formal hearing if necessary. This next month will be a good test for the Board to see how this might work. For a triage of the complaints to be done to possibly dismiss a complaint prior to having it come before the Board if it has been investigated, would require a statute change.

Another thing that she has been doing this past month is getting a bill opened for the Board to be in compliance with the new AQB criteria change. The bill is currently at Legislative Council. This proposed bill will create designations for Supervisory Appraiser, Trainee Appraiser certification. She discussed the requirement of a Supervisor & Trainee class that would include certain contents per the AQB. She offered as a suggestion of an outreach program that Dennis Badger the nationally noted USPAP instructor/investigator member of the Standards Board would teach for free to Supervisor and Trainee appraisers. Not only would Dennis be able to offer this class, but an Arizona law class as well. Another idea is for him to offer USPAP for Regulators class if the Board desires.

She further reported that she and Kevin Yeanoplos had spoken at the REASA meeting in Tucson earlier this week, and will be speaking at the Phoenix Chapter Appraisal Institute on January 31st. Debra is also scheduled to speak at the NAIFA meeting on February 6th.

Discussion about the new process of how the contract investigator will be working for the Board in the next month was undertaken outlining the pros and cons for the Board. Ms. Beatty was available to give the Board her background. Additionally, Ms. Rudd reported that she has been working with Amanda Benally to discover new computer databases for online renewals, credit card payments, and allowing Board members to view cases online. Due diligence is being done now to check references, prior to bringing it to the Board.

Ms. Galvin informed the Board that her assignments are all up to date. Ms. Rudd stated that staff extended the due date on one complaint. She reported that the complaint statistics report would be updated next month, but that in 2012 there were 142 complaints

filed and 17 were sent to the Board. She is unable to discuss at this time how those cases were adjudicated.

Nomination of Chairman and Vice Chairman to comply with regulations

Ms. Rudd explained that an annual election for Chairperson is in compliance with our Board statute. The annual election was held and Kevin Yeanoplos was reelected as Chairman. Mike Petrus was reelected as Vice Chairman.

Application Review Committee Report

James Heaslet reported that the committee met yesterday and reported that no action was taken on agenda item C. 1. "Amendments to the Board in reference to the upcoming AQB changes", as it was already covered by Debra Rudd. He made a motion to approve all of the remainder items on the agenda. The motion was seconded by Erik Clinite and unanimously approved.

Education Committee Report

Mike Petrus reported that the committee recommended approval of all items on the agenda. He then moved to accept the committee's recommendations and it was seconded by Mike Trueba. The Board approved the motion.

Discussion, consideration and possible action regarding Reciprocity with Oregon

Debra Rudd updated the Board on the similarity between Oregon's program for appraisal licensing and ours. She further explained the change in the ASC's policy toward reciprocity agreements. James Heaslet made a motion to accept reciprocity with Oregon. Erik Clinite seconded the motion. The motion passed unanimously.

Discussion, consideration and possible action concerning relocation of the Board office

At the Chairman's request from the December budget committee meeting, Debra Rudd and Amanda Benally reported to the Board that the 2014 budget is balanced even with the items discussed earlier in this meeting regarding an investigator, new computer database and the new office space. The Board was given a copy of the floor plan of the office that they would like to move into, which is located at 15 S. 15th Avenue, in the Attorney General's building across the street. Debra Rudd gave a report on the estimated costs to move and gave a tentative moving date of March 1st. James Heaslet made a motion to approve the move. Joe Stroud seconded the motion. The Board unanimously approved the motion.

Discussion, consideration and possible action concerning attendance at the Spring AARO Conference on April 26th through 28th in Austin, Texas

Debra Rudd discussed the budget for attendance would allow for up to six people to attend, as no one attended the more expensive Fall AARO Conference in Washington, D.C. She expressed her desire to go and to have the contract investigator attend, if the Board was acceptable of the new format at February's meeting. The other persons to attend would be decided at the February's meeting. James Heaslet made the motion to

approve six persons to go to the conference. Mike Trueba seconded the motion. The motion passed unanimously.

Ms. Rudd informed the Board that both Kevin and Mike Petrus have been reappointed by the Governor to the Board for another term, subject to senate confirmation. She further stated that the Governor's staff is continuing their interviews for the vacant position on the Board for the appraiser's position that she had vacated last year.

Discussion, consideration and possible action relating to the possibility of opening a complaint against Joaquin S. Rivera License #11770 for failing to make appropriate disclosures on his application for certified residential appraiser

Debra Rudd and Jeanne Galvin explained to the Board the current status of the appeal on his certified residential appraiser's license. The Board tabled this matter until next month to allow Board member's to get updated on the status of the appeal.

Discussion, consideration and possible action relating to the development of a volunteer audit program for Board approved courses.

Joe Stroud gave a presentation to the Board answering questions that the Board and Jeanne Galvin had this last month. The program will be phased in, with the first phase be training the auditors on how to audit the classes. He thought the education coordinator, Executive Director and the current contract investigator should attend along with any of the Board members that want to attend. He explained that some of the classes should not be audited by anyone other than appraisers. He then explained the other phases of the program which would expand the volunteers to other appraisers, with the final phase seeking to give the auditors continuing education credit for their volunteer time on this program. William Gray, who is an instructor at the Arizona School of Real Estate and also teaches this type of class to ADRE, is willing to do the training on February 12th in the afternoon at the same meeting place as today. Joe Stroud is offering to pay him for his time to alleviate any problems with the state procurement program, etc. This is a two-hour class that would be modified to fit the appraisal Board's criteria. This class would teach auditing techniques to adults in adult education. A notice is to be sent out to course providers regarding the audit program. Joe Stroud moved that this program be approved. Mike Trueba seconded the motion. The Board unanimously approved the program.

Kevin Yeanoplos raised the question as to why the committee meetings were being held in the mornings instead of the afternoons. This was discussed with some of the Board members who agreed that the committee meetings should be scheduled for the afternoons on the day before the regular Board meetings.

Confirmation of meeting dates, time, locations and purposes

Next month's committee meetings will be on February 12th with Application Review to start at 1:30 p.m. and Education Committee to start at 2:00 p.m. Budget Committee to meet at 3:00 p.m. Discussion about the Auditor training by William Gray would be better to do in March instead of February. The regular Board meeting is set for February 13th at 8:30 a.m. March meetings are tentatively scheduled for committee meetings on the 14th

and the regular Board meeting on the 15th. April meetings are tentatively scheduled for the 18th and 19th.

Discussion, consideration and possible action relating to the priorities articulated by Board members at the September 13th, 2012 meeting concerning goals/objectives of the Board.

The Board discussed the status of each of the items identified on the agenda. They encouraged staff to get Dennis Badger to come out and do a USPAP for Regulators class as well as the previously discussed outreach class. Other items were discussed and it was suggested that an agenda item be added for next months Application Review Committee meeting to discuss the Application Process.

James Heaslet made a motion to adjourn. It was seconded by Erik Clinite. The Board unanimously approved the motion and the meeting adjourned at 4:30 p.m.

Adjournment

The meeting was adjourned.

Kevin Yeanoplos, Chairperson