

**FINAL MINUTES OF THE  
REGULAR BOARD MEETING  
September 19<sup>th</sup> and 20<sup>th</sup>, 2013**

**Call to order and roll call**

The meeting was called to order by Mike Petrus, Acting Chairman at 1:00 p.m. on September 19<sup>th</sup>, 2013.

Those Board members present at roll call:

Mike Petrus, Acting-Chairman

Jeff Nolan

James Heaslet

Erik Clinite

Mark Keller

Joe Stroud

Frank Ugenti appeared telephonically.

Kevin Yeanoplos was absent from this portion of the meeting.

Staff Attendance:

Debra Rudd, Executive Director

Jeanne Galvin, Assistant Attorney General

Nancy Inserra, Staff

**Pledge of Allegiance and Application Committee**

After the pledge of allegiance, Mike Petrus asked for the report from the Application Committee. James Heaslet read the recommendations of the committee into the records (see attached recommendations). He then made the motion that the Board accept the committee's recommendations except item II. (C) regarding Dawn R. Tomlinson #AR12009. Mark Keller seconded the motion. The motion passed unanimously.

The Board then considered the Application Committee's referral to the full Board for the matter of Dawn Tomlinson #AR12009 Certified Residential application. Ms. Tomlinson appeared telephonically. Mike Petrus gave the members a summary of the reports that the committee had reviewed the previous day. He stated that upon further reflection, he was not sure that the committee's recommendation to deny the application was the correct action to take. His rationale for this opinion was the applicant's unfamiliarity with the General Purpose (GPAR) form she submitted to demonstrate her appraisal experience. Jeanne Galvin advised the Board about their options to deny the application, grant the application and immediately place the applicant on probation, and/or require additional education. Mike Petrus offered another solution, requesting three additional reports to be completed by the applicant only with a different Supervisor. James Heaslet and Mike Petrus made the following joint motion: Three new reports that demonstrate competency in complex properties with all approaches to value (if applicable) included, require interior inspections, be on a form that the applicant is familiar, and require approval by the Board of the Supervisor that she intends to use. Mark Keller seconded the

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motion. Joe Stroud cautioned that he wanted her to have a quality control system in place. Frank Ugenti noted the Supervisor that she had used previously was not competent, and has now been placed on probation for another complaint that was filed against that Supervisor.

### **Education Committee Report**

Joe Stroud gave the members of the Board the recommendations from the committee (see attached recommendations). Joe Stroud motioned to approve the recommendations of the committee. Mark Keller seconded the motion. The motion carried unanimously.

### **Approval of the Minutes from previous meetings**

There was a question about the August 16th meeting minutes, thus the approval was tabled until the next day. The August 26th minutes could not be approved due to a lack of a quorum for those who attended that meeting. This item was also tabled until the next day. James Heaslet made a motion to accept the September 6th Outreach meeting minutes. Erik Clinite seconded the motion. All voted in favor of the motion.

### **Formal Hearing – Case 3262, Edward A. Measel, Licensed Appraiser #10846**

The Respondent was present for this formal hearing. James Heaslet recused himself from hearing this matter. A quorum remained. Jeanne Galvin represented the state in this matter. She requested that the court reporters records be the official records of this matter. Her opening statements explained to the members that the matter was being brought due to non-compliance with an agreement for Due Diligence with a 15-hour basic appraisal class to be attended in person, and a 7-hour USPAP update class that he was required to take within a stated period of time. He did complete the USPAP class but took it 3 months late, and although the agreement was signed more than two years previously, he still had not taken the 15-hour basic appraisal class. Debra Rudd testified to the facts regarding the non-compliance issues which violates A.R.S. 32-3631 (A)(8) and stated the desire of the state was for revocation of Mr. Measles' license as he is not capable of being regulated. After her testimony, the state rested. Mr. Measel testified that he misunderstood the agreement, thinking that he only had six months to complete the class, but understood he had not responded nor completed the education as agreed. After the Board questioned Mr. Measel, they deliberated, and voted unanimously to adopt the findings and facts, adopted conclusions of law as presented by the state and ordered the revocation of his license. James Heaslet abstained from this vote.

### **Formal Hearing – Case 3209, Kevin Rodolico, Licensed Appraiser #11497**

The Respondent was not present for this formal hearing. The matter was on the agenda for 1:30 p.m. and was not heard until 2:15 p.m. As with the previous case, Jeanne Galvin represented the state in this matter and asked for the court reporter's records be the official records. Her opening statement outlined Mr. Rodolico's failure to comply with the consent agreement for education and probation with mentorship. Ms. Rudd testified to the facts regarding his non-compliance with the agreed upon discipline, which violated A.R.S. 32-3631 (A) (8). She asked that the Board revoke Mr. Rodolico's license. After deliberations by the members, they voted to adopt the findings and facts, adopted conclusions of law as presented by the state and ordered the revocation of his license.

**Executive Director Report**

Debra Rudd gave a report that 375 attended the Outreach meeting on September 6 and that all of the certificates have been sent out. She also informed the members that she is working on a response to the Auditor General as part of their follow-up to the audit. This will be sent to the members to be heard at the October 15th meeting.

**AMC Complaints A0112, A0113, A0114 – Urban Valuation, LLC**

Erik Clinite read the summary into the records, which involved the non-payment of fees by this AMC to appraisers. The company is no longer in business. The Respondents were not present, yet they sent a reply that they are attempting to get payment from their client, but have been unsuccessful. Discussion by members of the Board and staff included the likelihood of repayment, and that the bond was still in place. Nancy Inserra reported that the bond amount will not cover the total amount of the five cases that have been received by the Board. James Heaslet made a motion to make a claim for the full amount on the bond and that the proceeds be divided on a pro-rata share for those cases that are now before the Board. Mark Keller seconded the motion. This motion carried unanimously.

**The Board then recessed until the next morning at 8:30 a.m.**

**September 20<sup>th</sup>, 2013 8:35 a.m.**

Kevin Yeanoplos called the meeting back to order and asked for a new roll call.

Those in attendance were:

Kevin Yeanoplos, Chairman  
Mike Petrus, Vice Chairman  
James Heaslet  
Joe Stroud  
Jeff Nolan  
Mark Keller  
Frank Ugenti  
Erik Clinite

Staff present included:

Debra Rudd, Executive Director  
Nancy Inserra, Compliance Officer  
Jeanne Galvin, Assistant Attorney General

**Approval of the Board meeting minutes**

After a revision was made to the draft of the minutes for the August 16th Board meeting regarding a vote that was taken for an item under 'new business', Joe Stroud made a motion for the minutes to be approved as revised. Frank Ugenti seconded the motion. The motion passed with 7 ayes. Erik Clinite abstained as he was absent from that meeting.

Now having a quorum for those attendees at the August 26th special meeting, Mike Petrus made a

motion to approve the minutes. James Heaslet seconded the motion. The motion passed with 5 ayes. Frank Ugenti, Erik Clinite and Jeff Nolan abstained from the vote as they had been absent from the August 26th meeting.

**Initial File Review - Case 3576, Michael Shores**

The Respondent was present. Kevin Yeanoplos read the board summary into the record. This complaint is on an appraisal of a single family residence located in Fountain Hills that was appraised in June, 2013. The Complainant is the homeowner who alleges that the appraiser inaccurately reported the square footage of his home by excluding the lower level from the calculation of Gross Livable Area (GLA). The owner further states that original architectural drawings were available for the appraiser's review at the time of inspection. Respondent's Reply Summary: The Respondent states that he accurately identified the lower level as below grade as required by Fannie Mae guidelines. All of the comparables utilized in the sales comparison approach included below grade livable area. Frank Ugenti questioned the Respondent about the house having a below grade walk out basement and if the separation of the area was a client specific assignment condition. The Respondent discussed how he had separated the livable area as is typical for the form but had given value to the lower area. Additional discussion concluded that there were no violations of USPAP; thus Frank Ugenti made a motion to dismiss the case. James Heaslet seconded the motion. The motion passed unanimously.

**Initial File Review - Case 3577, Jay Josephs**

The Respondent was present. James Heaslet read the Board summary into the record at the request of Chairman. The subject of the complaint involves a single family residence in Litchfield Park that was appraised in June, 2013. The Complainant is the homeowner who alleges the appraiser violated the Ethics Provision by his unprofessional conduct in scheduling the inspection of his property. The owner required a specific inspection time due to his work schedule and the Respondent was late for the appointment. The owner attempted to cancel the inspection and believes the appraiser deliberately under-valued his home in retaliation for being "called out" for being late. The Complainant further questions the choice of comparable sales and alleges inaccurate information in the appraisal. Respondent's Reply Summary: The Respondent defends the comparable sales in the appraisal as the best available data and states that the alternative sales provided were further away, dated and less relevant than the sales he used. Mr. Josephs provided his account of the events that transpired when scheduling the inspection and denies any unprofessional behavior. The response includes information provided by the VA that indicates the appraisal request had been assigned to two other appraisers who declined the order, citing the home owner's rude behavior.

Mike Petrus did not find any violations in the report, nor did he think that being late was a violation of USPAP. Frank Ugenti noted for the record that although the client was Wells Fargo, this was a VA loan thus he has issues with sitting in on this case. James Heaslet made a motion to dismiss the complaint. Joe Stroud seconded the motion. The motion carried unanimously.

**Initial File Review - Case 3580, Mark La Pore**

The Respondent was not present, but the Complainants were in attendance. Joe Stroud read the Board summary into the record at the Chairman's request. The complaint involved an appraisal of a single family residence located in Gold Canyon that was appraised in May, 2013. The Complainant is the homeowner who alleges that the appraiser was prejudiced against them and intentionally under-valued their home by failing to identify the upgraded features of the property and relying upon tract homes as comparables for their custom home. The owner also alleges that the appraiser was dressed unprofessionally during the inspection and asked them "what they needed" out of the appraisal. Respondent's Reply Summary: The Respondent states that he always wears a collared shirt and conducts himself in a professional manner when dealing with property owners. The appraiser notes that he gathers as much information at the time of inspection as possible and believes the owner's misunderstood his intention when he asked why they needed an appraisal, to confirm the assignment was indeed a refinance transaction. Mr. La Pore denies any personal bias and defends the comparable sales used as the best available data at the time of appraisal.

The Complainants testified that they had been harmed \$90,000 by this appraisal. The appraisal was ordered for the refinancing of the loan on their home and that they were only trying to lower their interest rate. Based on Zillow.com and the Pinal County Assessor's value they believe the appraisal on their home was too low. Three of the Board members explained that the assessed value should not be relied upon for the market value of their home. Mike Petrus stated that he saw that the market trends were shown to be increasing, but no time adjustments were made. He further added that while the comparables were not out of line to be used by the appraiser, it should be explained why there was no time adjustments made. Mark Keller agreed with Mr. Petrus about the time adjustment question, and noted that the site value appeared low, but the garage cost at \$65.00 appeared high. Joe Stroud stated that he believed the public has been harmed and wanted an informal to learn why the appraiser did what he did. Mike Petrus said that another option was to find the violations with this report and offer a consent agreement. James Heaslet agreed with Mike Petrus, and made a motion to offer a Level II, Letter of Due Diligence citing the violations shown in the investigative report. He stated the discipline to be 7 hours basic appraisal class to include market trends, 7 hours report writing class, six months to complete and no continuing education. Mike Petrus seconded the motion. All voted in favor of the motion.

**9:15 a.m. Frank Ugenti left the meeting momentarily**

**Initial File Review - Case 3583, William Hall**

Respondent was present. Mike Petrus read the board summary in the record. This complaint involves a single family residence in Chandler that was appraised in May, 2013. The Complainant is the homeowner who alleges that the Respondent lied about the utility service being turned off in order to charge an additional fee for a second inspection. The home owner provided a copy of a Utility statement from the City of Chandler that showed the water was turned on 6/11/2013 and states that the appraiser should have turned on the underground valve when he inspected on 6/12/2013. Respondent's Reply Summary: The Respondent states that he verified the utility services were on with both agents prior to the original inspection on 5/21/2013. At that time, neither the electric or water service were working.

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The buyer's agent told the appraiser that the services would be turned on by 6/11/2013. Mr. Hall performed a second inspection on 6/12/2013 and confirmed the electricity was on, but the water was not, despite insuring the exterior main water valve was open. A third visit to the property was completed on 6/17/2013, and the water was found to be operative. The appraiser billed the client for 2-1004D reports as a result of the additional trips to the property.

**9:17 a.m. Frank Ugenti returned to the meeting.**

Mike Petrus said the water being turned off and on is not a problem, but he did have questions about the C-5 condition of the subject. The Respondent pointed out the issues with the property and noted that it was completed subject to those items being repaired to bring it to a C-4 condition. After discussing the questions with the Respondent and being satisfied with his answers, Mike Petrus made a motion to dismiss the complaint. Mark Keller seconded the motion. The motion passed unanimously.

**9:25 a.m. James Heaslet left the meeting.**

**Initial File Review for Case 3584 – Robert Gardiner**

The Respondent was present. Jeff Nolan read the Board Summary at the request of the Chairman. The complaint involved an appraisal of a single family residence located in New River that was appraised in January, 2013. The Complainant is the homeowner who alleged that the appraiser did not perform a complete inspection of the interior and exterior of their property and failed to identify pertinent features in the appraisal. Kevin Yeanoplos questioned the Respondent about his use of a 100-year economic life of the improvements. The Respondent stated that was what was used by his office. Mark Keller pointed out that economic lives this long were not reliable due to the different tastes of the buyers over time, which may result in a change of the highest and best use, which results in external depreciation. The Respondent agreed. Mike Petrus encouraged taking a class on the cost approach to cover this item. After additional discussion by the members of the Board, Mike Petrus made a motion to offer a Letter of Concern, noting the items shown in the investigator's report which indicated violations to USPAP 1-1(a), 1-4 (b) (ii) (iii), and 2-2 (v) (ii). Frank Ugenti seconded the motion. All approved the motion. James Heaslet was absent from the vote.

**Initial File Review - Cases 3585, Grace Abate**

The Respondent was not present. Mark Keller read the board summary into the record at the request of the Chairman. The complaint is regarding an appraisal of a single family residence located in Vail that was appraised in June, 2013. The Complainant is the Realtor who alleges that the appraiser misidentified market conditions, failed to identify relevant features of the subject and did not perform an adequate inspection of the property. Respondent's Reply Summary: The Respondent states that the market statistics are subject to technical considerations and assumptions and are best to be regarded as ballpark figures. The appraiser does not recall if she went into the rear yard of the property and reports that she did not view the 2nd floor of the property due to a physical injury. The livable area of the subject was based upon assessor's floor plan that were spot checked at the time of inspection. Kevin Yeanoplos read an e-mail contained in the work file that addressed targeting a value, by trying to meet the sales price. Board members discussed this question and additional items in the appraisal including if

the VA required each room to be inspected by the appraiser or if their assistant could inspect for them. Frank Ugenti made a motion to invite the Respondent to an informal hearing and to bring their assistant along with the work file. Joe Stroud seconded the motion. All voted in favor of the motion.

**Initial File Review – Case 3587, Kenneth A. Purinton**

The Respondent was present. Frank Ugenti read the summary into the record at the request of the Chairman. The subject is a single family residence located in Buckeye, and was appraised in May, 2013. The complaint was filed anonymously and alleges that the appraiser made an inordinate number of errors and misrepresentations. Specific items noted in the complaint include: Comparable No. 6 is fictitious, neighborhood characteristics are misidentified, subject utilities and features are incorrectly reported, features and adjustments to comparables are incorrect, and no reliance is placed upon the cost approach in a new builder sale. Respondent's Reply Summary: The Respondent reports that the information provided by the builder for Comparable No. 6 had the wrong address that was inadvertently typed in the sales grid. The appraiser reports that the sales price, photograph and adjustments for this comparable were correct. The appraiser notes that the cost approach is relevant to new home sales and was prepared in the appraisal. However, full emphasis was placed on the sales comparison approach as it was considered the most reliable indicator of market value for the subject. Mr. Purinton acknowledges that some of the mistakes were typographical errors, but defends his description of current market conditions and his opinion of market value. Kevin Yeanoplos read the investigator's findings into the record which were 1-1 (c) and 2-1 (a) for the numerous errors found in the report. The Respondent stated that he relied upon the agent's information, not that which was shown in the MLS citing typical inaccuracies in new home generic listings in the MLS. After additional discussion, Mike Petrus made a motion to offer a Level 1, Letter of Concern, for the items shown in the investigators report. Joe Stroud seconded the motion. All members present voted in favor of the motion. James Heaslet was absent from this vote.

**Initial File Review – Case 3590, Dustin Livingston**

The Respondent was present. Erik Clinite read the summary into the record at the request of the Chairman. The subject is located in Apache Junction, is a single family residence and was appraised in June, 2013. The Complainant is the homeowner who alleges that the appraiser under-valued their home by using comparable sales that were not appropriate. The owners had another appraisal completed five months earlier that reflected a much higher value and they question why the Respondent did not utilize any of the same comparable sales. Respondent's Reply Summary stated that it is not his job to reconcile his value conclusion with that of another appraiser. Mr. Livingston notes that several of the comparable sales used in the other report are located within the guard gated Superstition Mountain Country Club, considered a superior location. The subject is not located within the Country Club. After discussion with the Board members about the comparables that were selected, Mike Petrus said he had found no violations, nor had the investigator found any violations. He then made a motion to dismiss the complaint. Mark Keller seconded the motion. The motion passed unanimously, with James Heaslet absent from the vote.

**Initial File Review – Case 3591, Isaac Vasquez**

The Respondent was present. Joe Stroud read the summary into the record. This is on a manufactured home in Tucson that was appraised in February, 2013. Complaint Summary: The Complainant is the homeowner who alleges that the appraiser under-valued their home by failing to identify pertinent features and using comparable sales that were inferior in condition and location. Respondent's Reply Summary: The Respondent defends the comparable sales used as the best available data at the time of appraisal. The alternative comparable sales provided were not utilized due to their location within gated, age-restricted communities or lack of MLS exposure. Mike Petrus asked the Respondent about the sales that the homeowner's supplied. He answered that he did look at them, but they were not as comparable as the ones that he used. Frank Ugenti asked about the comparables all being larger than the subject. He asked if the Respondent had tangible information about those adjustments. He responded that the adjustments were based on other appraisals he had completed for some of the adjustments, some were based on the return in the market of the cost to add some of the items, and that he had tried to find the smallest home sales that he could find. Frank Ugenti then said he realized this was a difficult assignment, and it does not rise to any USPAP violations, but he would like to see more of an explanation in the report. After additional discussion about the location of the subject and comparables used, Mike Petrus made a motion to dismiss the complaint. Joe Stroud seconded the motion. All members voted in favor of the motion.

**Initial File Review – Case 3592, Gene Cox**

Both the Respondent and Complainant were present. Kevin Yeanoplos read the Board summary into the record. The Complainant is an appraiser who submitted a bid package to ADOT for consideration in a Request for Proposal (RFP) to value billboard properties. The Complainant alleges that his package was denied based upon bias on the part of the Respondent. The Complainant further alleges that the Respondent failed to acknowledge that packages submitted by other offerors included his work. The Respondent believes this complaint is a continuation of Complaint #3550 which was dismissed on June 14, 2013 and was made in retaliation for the Complainant not being awarded an ADOT contract for a Billboard Appraisal Contract. Mike Petrus stated that he did not see any new information and was concerned about double jeopardy. After additional discussion by Frank Ugenti, Dr. Helmer (the Complainant), and Kevin Yeanoplos about the ethics or incompetence Frank Ugenti made a motion to dismiss. Mike Petrus seconded the motion. All members passed the motion unanimously.

**Initial File Review – Case 3593, Roger Johnson**

The Respondent was present. Frank Ugenti recused himself from this matter. Mike Petrus read the summary into the record. This complaint involves a single family residence in Kingman that was appraised in June, 2013. The Complainant is the Realtor who alleges that the appraiser failed to properly identify and adjust for pertinent features of the subject property in an effort to appease underwriting guidelines. The Complainant further alleges that the GLA was not properly calculated and that the report did not accurately reflect current market conditions. Respondent's Reply Summary: The Respondent acknowledges an error in the reporting of the roof of Comparable No. 2 which was corrected at the lender's request. The appraiser defends his description of the subject market as stable and reports that he updates foreclosure statistics quarterly to represent overall market conditions. Mr. Johnson reports

that the discrepancy in square footage is approximately 4% and would be considered immaterial. Mike Petrus questioned the Respondent about the size of the garage, stating that the size difference of the livable area was minor. He also asked about the market trends. Mark Keller discussed the detached garage versus an attached garage. After additional discussion, Mark Keller made a motion to dismiss the complaint. Mike Petrus seconded the motion. The motion passed with 6 ayes – 0 nays. Frank Ugenti and James Heaslet abstained.

**Initial File Review – Case 3594, Kathryn Weber**

The Respondent was present. Frank Ugenti recused himself from this matter due to their working relationship but sat with her as her Supervisor to answer questions. Jeff Nolan read the summary into the report. This complaint involves an appraisal of a single family residence in Scottsdale that was appraised in April, 2013. The Complainant is the lender who had the appraisal reviewed which resulted in a significantly lower opinion of value. The Complainant alleges that the appraiser overvalued the subject property by choosing comparable sales from outside of the subject market in superior locations. The Respondent stated that the subject was one of the largest properties in the area and had been recently updated. Due to the large size of the improvements, it was necessary to expand the search for comparables to other neighborhoods that offer similar size remodeled homes. The appraiser defends the comparable sales she used as the best available data at the time of appraisal. Discussion involved the subject's previous listing and sale, the increasing market, the complexity of the assignment due to its location and a lack of similar sales that had the amount of updating or similar expansion of the subject home. Mike Petrus pointed out that Comp 1 actually sold for \$60,000 less than was reported by the appraiser and the date of Comp 2 was actually in 2012 not 2013 that was reported. He also questioned the C1 rating on Comp 2 which was a 35-year old home. Frank Ugenti pointed out that this appraisal had been reviewed by four separate reviewers and that there was a revision made to the report based on the initial review.

**11:45 a.m. James Heaslet returned to the meeting.**

After additional discussion by Ms. Weber, Mr. Ugenti, and the members of the Board, Mike Petrus made a motion to accept the findings in the investigators report, SR1-1(a)(b)(c), SR1-4(a),SR1-5(a), 2-1(a), and 2-2(viii), to offer a Consent Agreement for a Level III due to the value problems that affected the credibility of the report. Discipline to include a 15-hour basic appraisal class with exam no continuing education allowed, and to take the new USPAP class within six months of its issue, but continuing education is allowed for this new USPAP class. The motion passed with 6 ayes – 0 nays. Frank Ugenti did not vote as he had recused himself from this matter. James Heaslet abstained from this vote.

Mike Petrus then made a motion to open a complaint against the reviewer on this assignment for their failure to report the factual errors that were noted previously in the discussion of Case 3594. Joe Stroud seconded the motion. The motion passed with 6 ayes – 0 nays. Frank Ugenti did not vote as he had recused himself from this matter. James Heaslet abstained from this vote.

**Initial File Review – Case 3597, John Fournier**

The Respondent and Complainants were both present. Erik Clinite read the Board summary into the record. This complaint is on a single family residence located in Phoenix, which was appraised in July, 2013. The Complainant is a Realtor who alleges that the appraiser under-valued the subject by making unsupported adjustments to the comparables for superior updating. The Complainant further alleges that the appraisal was developed and reported based upon predetermined results. Respondent's Reply Summary: The Respondent states that he did not have a prior relationship with the buyer and was not provided with the pending purchase price and therefore could not have completed the appraisal based upon a predetermined value. Mr. Fournier defends the adjustments applied to the comparable sales as based upon information and photos in MLS. The Complainant, Mr. Hornbrey, claimed that he has been in all of the comparables within the past six months and Mr. Fournier has not. He has a problem with the \$15,000 adjustments on Comps 2 & 3. He discussed the rehabilitation that was completed on the subject. Additional discussion included the size of the subject and interior photos of the comparables. Mike Petrus made a motion to dismiss the complaint. James Heaslet seconded the motion. All voted in favor of the motion.

**Informal Hearing – Case 3374, Gwendalynn Baker**

The Respondent was present for the continuation of this informal hearing. Kevin Yeanoplos gave the background for this hearing. At the April 19th informal hearing for this case, the Board requested three appraisals from her current log to allow the Board to audit those files to see if there was a pattern with using non-MLS sales to target a value. Ms. Baker read a letter that had been prepared by her attorney. Ms. Galvin questioned the Respondent about her electing to be at this matter without her attorney present. She responded that she was instructed by her attorney to read the letter and was consenting to continue in this hearing without her attorney present. The letter rebutted the results of the auditor's report that had been completed by the Board's contract investigator. Each of the three appraisals that were audited was discussed by the members of the Board and Ms. Baker. After consideration of the audited reports against the original appraisal for this case, Mike Petrus made a motion to offer a Consent Agreement for a Level II, Due Diligence to completed 15-hour basic appraisal class with exam, no continuing education allowed, and six months to complete. James Heaslet seconded the motion. The motion passed with 6 ayes and 2 nays. Kevin Yeanoplos and Erik Clinite voted against the motion.

**Erik Clinite left the meeting for a few minutes during the next case but returned prior to the end of the discussion.**

**Initial File Review – Case 3599, Daniel Koons**

The Respondent was present. Mark Keller read the Board summary into the records. The complaint is on a single family residence located in Surprise that was appraised in August, 2013. The Complainant is the homeowner who alleges that the appraiser misidentified a comparable sale as having a pool when it did not and failed to make adjustments for their larger site area. The owner further alleges that the appraiser reported he could not address the errors for approximately one week. Respondent's Reply Summary: The Respondent acknowledges the swimming pool error on Comparable No. 2 and corrected this error at the request of the lender on the same day the request was received. The appraiser defends

the lack of adjustments for the subject's site area as he did not find any market support for an adjustment. The members of the Board discussed with the Respondent the lot size and adjustments (or lack thereof) for these lot sizes, location of the comparables, quality adjustments, listing #5 and garage size differences. Mike Petrus made a motion to offer a Letter of Concern, citing USPAP 1-4(a) for the unsupported adjustments. Frank Ugenti seconded the motion. The motion passed 7 ayes – 0 nays, 1 abstained. Erik Clinite abstained from the vote.

#### **Informal Hearing – Case 3544, James Graham**

The Respondent was present. Kevin Yeanoplos read the introduction for the informal hearing into the records. Frank Ugenti read the Board summary into the records. The subject is a small residential income property located in Flagstaff that was appraised in December, 2012. The Complainant is the property owner who alleges that the appraiser grossly undervalued his property and refused to consider valid market data that was supplied by the Complainant. Respondent's Reply Summary: The Respondent states that the Complainant rents his duplex to foreign exchange students under a special program and that the rents received under this program are significantly above market. The appraiser utilized market rents in his analysis which resulted in a lower value than the owner needed for his refinance. Members of the Board questioned the Respondent about the rental comparables and analysis that he undertook in this assignment. They also questioned the time adjustments or lack thereof, and the lack of his analysis on the market trends. Several members commented that the 1 and 2-bedroom rental comparables versus the subject's 4-bedroom units appeared to be inaccurately analyzed. The income approach was not credible, and the methodology that the Respondent used was not credible. They were in agreement with the violations cited in the investigator's report which were USPAP Standards 1-1(a); 1-4(a)(b)(iii)(c)(i)(iii); 1-6(a)(b); 2-1(a)(b) and 2-2(viii). Mike Petrus said that in his opinion, this rose to a Level IV citing an issue with Competency in utilizing methods of appraisal practice. He stated that he would like to table the decision of discipline until Case 3582 (which was also on this agenda) could be heard.

#### **Initial File Review – Case 3582, James Graham**

James Heaslet read the Board summary into the records. This is a single family residence located in Flagstaff that was appraised in December, 2012. Complaint Summary: The Complainant is the homeowner who alleges that the appraiser under-valued their home by not giving any value to over 1,200 square feet of livable area, their solar power system, in-floor hydronic heat or their 4-car garage. Respondent's Reply Summary: The Respondent acknowledges the failure to identify the 4-car garage and in-floor heat as a typographical oversight. The appraiser states that the subject is an over-improvement for the area, and the local market does not attribute any value to the larger livable area or the solar power system. The members of the Board questioned the Respondent about the size of the house which was over 5,700 square feet in livable area, and the lack of value attributed to size for anything over 4,500 square feet. Their discussion also included the solar improvements to the property and the lack of support for no adjustments being made for these extensive features. In conclusion, they accepted the investigator's report which cited violations to Standards SR1-1(a)(b)(c), SR1-4(a)(b)(i)(ii)(iii), and 2-2(viii) and added 1-2(e) for the improper handling of the solar improvements. James Heaslet made a motion, combining both Case 3544 and 3582, for a Level IV, relying upon the investigators findings offering a Consent Agreement for a 30-day suspension, then a 12-month probation with mentorship, any complex or income producing properties must be inspected with the mentor and the mentor must sign on the reports, appraise a minimum of 24 reports to be completed during probation, 30-hours basic appraisal class, 15-hour USPAP class with exam, 7-hour small residential income class, and passage of

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the National examination to get off of probation. Frank Ugenti seconded the motion. The motion passed unanimously.

**James Heaslet left the meeting at 3:30 p.m.**

**Compliance File Review – Case 3422, Doug LaRocca**

The Respondent and his attorney, Nathan Wright appeared telephonically at this meeting. This complaint is before the Board for discussion, consideration and possible action regarding receipt of Respondent's proposed counteroffer. The counteroffer was discussed by the Board and the attorney for the Respondent. Frank Ugenti made a motion to go into executive session to receive advice from legal counsel. Jeff Nolan seconded the motion. All voted in favor of the motion. Upon return from executive session, Frank Ugenti made a motion to deny the counteroffer. Mark Keller seconded the motion. All voted in favor of the motion. The same offer that the Board originally made remained in place.

**Initial File Review – Case 3602, Joe Delaney**

The Respondent was not in attendance, but the Complainant, Joanna Conde, was present. Erik Clinite read the Board summary into the record. The Complainant is an appraiser who alleges that the Respondent stole her identity and used it to send out false emails. Respondent's Reply Summary: The Respondent denies the allegation and believes the complaint is a further attempt by the Complainant to discredit him. Kevin Yeanoplos noted potential problems with identity theft and stated that he believes this would be more appropriate for a cyber crime unit instead of this Board. After additional discussion by the Board and Ms. Conde, the consensus of the members of the Board was that they are unable to prove who sent this e-mail. If the Complainant was able to provide verifiable proof of who sent this message they would then be able to act, but until that time they did not think this was the venue for this complaint to be heard. Frank Ugenti made a motion to dismiss the complaint. Mark Keller seconded the complaint. The motion passed unanimously with 7 ayes, 0 nays and 1 absent.

**Compliance File Review – Case 3561, Joe Delaney**

The Respondent was not present. This case is before the Board for discussion, consideration and possible action following Respondent's refusal to sign the Letter of Concern dated August 7, 2013 and his request for the Board members to reconsider the ruling due to the inaccuracies and unfairness of the Board's actions. After a number of the members questioned why the Complainant would not sign the non-disciplinary letter and what avenue they had to proceed. This resulted in Mike Petrus making a motion to deny his request for reconsideration but to invite the Respondent to an informal hearing to discuss this matter. Jeff Nolan seconded the motion. The motion passed with 6 ayes, 1 nay (Kevin Yeanoplos), and 1 absent (James Heaslet).

**Compliance File Review – Case 3064, William Wisniewski**

The Respondent was not present for this matter. Mr. Wisniewski requested termination of his probation now that he has complied with the agreement and after the Board audited his files. Mike Petrus made a motion to terminate the probation. Erik Clinite seconded the motion. All members present voted in favor of the termination of probation.

**Compliance File Review – Case 3334, Randall Lineberger**

The Respondent was not present. This matter was back before the members of the Board due to the Respondent's failure to sign the consent agreement for probation. After some discussion about what the Boards options were and the length of time that this complaint has been in process, Frank Ugenti made

a motion to move this case to formal hearing. Joe Stroud seconded the motion. All members present voted in favor of the motion.

**Compliance File Review – Cases 3366 and 3510, Frank Rose**

The Respondent was not present. This matter was on the agenda for the members of the Board to consider the counteroffer to restrict his practice to non-federally related transactions in lieu of any other disciplinary action to resolve these two complaints. After Ms. Galvin updated the members of the Board, Erik Clinite made a motion to deny his counteroffer. He stated that given the age and history of the attempted resolution to complaint #3366, he wanted to move this matter to a formal hearing for revocation for non-compliance with Case 3366. The second case could be included in the formal hearing for resolution. Frank Ugenti seconded the motion. The motion passed unanimously.

**Compliance File Review – Case 3502, Jonathan George**

The Respondent was not present for this matter which was on the agenda to approve James Brown as his permanent mentor. The members approved this mentor by consensus.

**Compliance File Review – Case 3507, Robert Nixon**

The Respondent was not present for this matter which was on the agenda to approve James Brown as his permanent mentor. Frank Ugenti made a motion for approval. The members approved this mentor by consensus.

**12 Month File Review**

Jeanne Galvin updated the members of the Board about those that appeared under this category on the agenda. After her report, the only ones that were not on this month's agenda were Stephen Steitz and Kurt Goeppner. Stephen Steitz is pending a settlement conference with his attorney which has been moved to after the November scheduled meeting. After updating the members about the status of the Kurt Goeppner matter, Erik Clinite made a motion to move this matter to a formal hearing for revocation of his certificate due to his non-disclosure on his application of items found through his background check. Frank Ugenti seconded the motion.

**New Business**

Due to time constraints, Kevin Yeanoplos tabled item #1 relating to procedures involving the opening of complaints against owners or controllers of AMC's who are also appraisers, until the November meeting.

Item #2 on the agenda under this category was tabled until the October meeting. This item related to possible revisions to statute for compliance with the AQB 2015 Criteria, complaint resolutions, fees, civil penalties, OCC rules pertaining to Appraisal Management Companies and course approvals.

**Old Business**

This matter was before the Board to consider reopening Cases 3519 and 3520 after receipt of the letter from Michael Naifeh regarding the alleged errors by the Board in its resolution of these cases. The Complainant was present, but the Respondents were not. Jeff Nolan summarized his thoughts about these two complaints and stated it was not just due to the age of the appraisals which were over five years old. Mike Petrus stated his concern of double jeopardy if the Board reopened the cases. After discussing the matter, Frank Ugenti made a motion to deny the Complainants request to reopen the cases. Mike Petrus seconded the motion. The motion passed 6 ayes, 0 nays and 2 abstentions (Jeff Nolan

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and James Heaslet who was absent).

### **Rules Committee**

Frank Ugenti gave an update to the members about the status of Article 2 and R4-46-106, stating that the committee has not had a chance to review the recent e-mail received by the policy manager from the ASC about several items in the proposed draft. After discussion, it was decided that they could continue the process with filing a Notice of Public Information, and to bring this matter back to the Board at the next meeting. Frank Ugenti made a motion for members to accept the Rules Committee recommendations. Mike Petrus seconded the motion. The motion passed unanimously.

### **Meeting Dates, Times and Locations**

Debra Rudd gave the members the next meeting dates as follows:

October 15<sup>th</sup> 9:30 a.m. Education Committee  
10:00 a.m. Application Committee  
1:00 p.m. Budget Committee  
3:00 p.m. Board meeting

She stated this would be an abbreviated agenda with only those items that were absolutely necessary for the Board to hear this month.

November 14<sup>th</sup> 1:00 p.m. Education Committee  
1:30 p.m. Application Committee  
November 15<sup>th</sup> 8:30 a.m. Board meeting

December 19<sup>th</sup> 1:00 p.m. Education Committee  
1:30 p.m. Application Committee  
December 20<sup>th</sup> 8:30 a.m. Board meeting

She also informed the members that the room they were currently located in was reserved throughout 2014 every third Friday of the month to hold their meetings.

**Board meeting adjourned at 5:16 P.M.**

**RECOMMENDATIONS**  
**COMMITTEE ON APPLICATION REVIEW**

**To: Board of Appraisal**

**From: Application Review Committee**

**Date: September 19, 2013**

**Re: September 18, 2013 Recommendations**

**I.** As a result of its **September 18, 2013** meeting the Application Review Committee makes the following recommendations:

**II. Other Business**

**A.** Report on number of Arizona Appraisers, Property Tax Agents and AMC's:

	<u>9/2011</u>	<u>9/2012</u>	<u>9/2013</u>
Licensed Residential	404	311	267
Certified Residential	1195	1124	1120
Certified General	798	777	781
<b>September Totals</b>	<b>2397</b>	<b>2212</b>	<b>2168</b>
Nonresident Temporary	83	87	82
Property Tax Agents	358	379	343
Appraisal Management Co.			165

**B.** The August 15<sup>th</sup> approved minutes.

**C.** To deny Dawn R. Tomlinson #AR12009 Certified Residential application.

- D. Refer to the full Board discussion and possible action regarding transfer of appraisal experience obtained by Trainees in other states from Supervising Appraisers who are or are not Arizona Certified Appraisers.
- E. To approve Michael Woodheads Certified Residential #21085 request to take the 7-hour National USPAP 2014-2015 online course pending current medical documentation for need.
- F. To approve revisions for Reciprocity and Nonresident Temporary applications as submitted.

**III. Renewal Applications**

31553 John C. Kirby, III

**IV. Substantive Review**

**A. Certified Residential:**

**1) To find substantively complete:**

AR11743 James E. Sturm (by reciprocity)

AR12044 Michael L. Nelson

**2) To find substantively incomplete:**

AR12050 David A. McCumber (by reciprocity)

AR12055 Susan M. Held (by reciprocity)

**B. Certified General:**

**1) To find substantively complete:**

AG12043 Scott P. Harden

2) To find substantively incomplete:

AG12051	Kathleen M. Monteleone (by reciprocity)
AG12054	Dennis D. Pilkington (by reciprocity)
AG12058	Stephanie Baleotis (by reciprocity)

**V. To Approve Applications for License/Certificate Already Issued:**

**A. Reciprocity:**

22294	John F. Vander Zee
31974	David J. Wrzensinski
31970	Gregory Billings
31976	Thomas E. Hoover

**B. Nonresident Temporary:**

TP41457	Stanley Xavier, Jr.
TP41458	Kathleen M. Conroy

1) To recommend opening a complaint in accordance to A.R.S. § 32-3631(A)(1)(5):

TP41449	Arthur O. Neudek
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**VI. AMC Renewal Applications**

**A. To approve:**

40018	Value Trend Solutions
40023	Valuation Partners
40031	LenderVend, LLC

**VII. AMC Initial Applications**

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**A.** To approve:

- AM12030 Alexander & McCabe Financial, LLC
- AM12040 Interthinx, Inc.

**VIII. CONSENT AGENDA**

To close without prejudice the following appraiser's license/certificate that fail to renew within their 90-day grace period.

10564	Barbara S. Atkinson
10904	Ryan D. Wilson
11841	Kevin D. Simpson
20416	Gaspar P. Crimando
20909	Stacy L. DeLong
21237	Roy Dean Black
22213	Peggy J. Bertrand
22215	Michael G. Feuerborn
30580	Gary E. Ringel
31724	Jay F. Booth
31726	Donna J. Cavallero
31853	Jack R. Poteet

**RECOMMENDATIONS**  
**COMMITTEE ON APPRAISAL TESTING AND EDUCATION**

**TO: Board of Appraisal**  
**FROM: Committee on Appraisal Testing and Education**  
**DATE: September 18, 2013**  
**RE: September 18, 2013 Recommendations**

**As a result of its September 18, 2013 meeting, the Committee on Appraisal Testing and Education made the following recommendations:**

**I. OTHER BUSINESS**

- A. Approval of the August 15, 2013 minutes

**II. DISCUSSION AND POSSIBLE ACTION**

- A. To audit the full course with the possibility of using multiple auditors for longer courses.
- B. To conclude committee was updated on the audit program at the Outreach meeting on September 6<sup>th</sup>, 2013 and therefore, no further action was needed.

**To recommend approval for the following education courses:**

**III. SUBMITTED EDUCATION**

**A. Continuing Education – New – Not AQB Approved**

**Appraisal Institute**

**Marketability Studies: Advanced Considerations and Applications**, ABA#xxx xxx issued on approval, 7 hours  
Thomas Kirby

**Appraisal Institute/Southern Arizona Chapter**

**Extreme Appraising**, ABA#xxx xxx issued on approval, 7 hours  
Gary S. DeWeese

**Arizona School of Real Estate and Business**

**Home Inspection Rights and Responsibilities**, ABA#xxx xxx issued on approval, 3 hours  
Marlene Olsen, Martha Barnewolt, Tamala Daniels, Thomas P. Denny, James Duke, Judy Houston, Joel E. Huston, William Ianelli, Diane Kotula, Don Miner, Richard Turkian

**IV. BY CONSENT AGENDA**

**A. Continuing Education – New – AQB Approved**

**McKissock LP**

**Reviewer's Checklist**, ABA#xxx xxx issued on approval, 7 hours  
Dan Bradley, Wally Czekalski, Ken Guilfoyle, Chuck Huntoon, Tracy Martin, Richard McKissock, Larry McMillen, Steve Vehmeier, Susanne Barkalow, Paul Lorenzen, Robert McClelland, Robert Abelson, Alex Gilbert, Amelia Brown, Dan Tosh, James Greg Harding, Diana Jacob

- B. **Continuing Education – New – AQB Approved (previously approved by the Board)**  
**Appraisal University**  
**Appraising Historic Property**, ABA #Dxxx-xxx, Distance Education, 8 hours  
Steven Spangle  
**Practical Application of the Cost Approach**, ABA #Dxxx-xxx, Distance Education, 4 hours  
Steven Spangle  
**Practices and Pitfalls for the Residential Appraiser**, ABA #Dxxx-xxx, Distance Education, 10 hours  
Steven Spangle  
**Retail Center Analysis for Financing**, ABA #Dxxx-xxx, Distance Education, 7 hours  
Bruce Coin  
**Site Analysis and Valuation**, ABA #Dxxx-xxx, Distance Education, 7 hours  
Steven Spangle
- C. **Continuing Education – Renewals**  
**Bryan Cave LLP**  
**Condemnation Summit**, ABA #1011-1035, 6.5 hours  
Steven A. Hirsch, Christopher W. Kramer
- The Columbia Institute**  
**Interagency Rules of Banks & Credit Unions, No. 011**, ABA #0912-1124, 5 hours  
Bernerd Boarnet, Martin Molloy, John Dingeman, Roy Morris, Howard Johnson  
**Write It Right, No. 148**, ABA #0912-1125, 8 hours  
Bernerd Boarnet, Martin Molloy, John Dingeman, Roy Morris, Howard Johnson
- D. **Qualifying Education – AQB approved – New**  
**Arizona School of Real Estate & Business**  
**Basic Residential Appraisal Principles**, ABA#Dxxx xxx-01, Distance Education issued on approval, 30 hours  
Tim Detty
- Arizona School of Real Estate & Business**  
**Basic Residential Appraisal Procedures**, ABA#Dxxx xxx-02, Distance Education issued on approval, 30 hours  
Tim Detty