



ARIZONA BOARD OF APPRAISAL

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REVISED MINUTES REGULAR BOARD MEETING Wednesday, April 18, 2012 8:33 AM

Call to Order and Roll Call

Regular Board meeting called to order by Les Abrams, Chairperson

Board members Present at Roll Call:

Les Abrams
Debbie Rudd
Mike Trueba
James Heaslet
Kevin Yeanoplos
Joe Stroud
Mike Petrus
Frank Ugenti

Staff Attendance:

Dan Pietropaulo – Executive Director
Jeanne Galvin - Assistant Attorney General
Rebecca Loar – Regulatory Compliance Officer
Jessica Sapio – Licensing and Education Administrator

Guests:

Kristi Klament – Appraisal Subcommittee Policy Manager
Vicki Metcalf Ledbetter– Appraisal Subcommittee Policy Manager

Pledge Allegiance to the Flag of the United States of America

Les Abrams introduced Kristi Klament and Vicki Metcalf Ledbetter Policy Managers from the Appraisal Subcommittee who are here to audit and monitor the Board.

Pledge Allegiance to the Flag

Approval of Minutes

James Heaslet made the motion to approve the Corrected January 13, 2012 minutes. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Debbie Rudd made the motion to approve the January 27, 2012 minutes. Mike Trueba seconded the motion. James Heaslet and Kevin Yeanoplos were absent from the January 27, 2012 meeting, therefore they both recused themselves from this matter. The remaining Board members voted unanimously in favor of the motion.

Frank Ugenti made the motion to approve the February 10, 2012 minutes. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Frank Ugenti made the motion to approve the February 24, 2012 minutes. Mike Trueba seconded the motion. Kevin Yeanoplos and Mike Trueba were absent from the February 24, 2012 meeting, therefore they both recused themselves from this matter. The remaining Board members voted unanimously in favor of the motion.

Frank Ugenti made the motion to approve the March 9, 2012 minutes. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Call to the Public

Cora L. Shurtz was present and informed the Board that the 2/24/12 Minutes are in error as they relate to case number 3121. Les Abrams instructed staff to research this matter immediately and confirm the Board's actions. Jeanne Galvin, Assistant Attorney General informed the Board that if there is an error, the Board could amend the approved minutes if necessary. Jeanne Galvin, Assistant Attorney General reported back to the Board that Rebecca Loar, Regulatory Compliance Officer had an opportunity to review the audio recording of the 2/24/12 minutes relating to Complaint 3121 against Cora L. Shurtz and confirm that the 2/24/12 minutes are in error. Ms. Galvin informed the Board that the confusion came from the Respondent's proposed counteroffer agreeing to a Nondisciplinary Letter of Remedial Action. The motion was made to accept the findings in Respondent's counteroffer but to offer her a Nondisciplinary Letter of Concern, not a Nondisciplinary Letter of Remedial Action, it was a drafting error. Jeanne Galvin asked that the Board pull the 2/24/12 minutes, they will be corrected and be brought before the Board for approval, and in the meantime, Jeanne Galvin will redraft and offer the Board's proposed Nondisciplinary Letter of Concern for Respondent to consider.

Call to the Public

Joanna Conde, President of AAREA

Ms. Conde informed the Board that House Bill 2778 has passed the legislature and is on the way to the Governor for signature. According to Ms. Conde, if the Bill is signed the good new is the Board will get two things it wanted:

- 1) Additional time for returning military to resume their appraisal careers
- 2) Approval of USPAP unless the Board objects.

If this bill is signed appraisers will no longer be responsible for work that is not their own and if signed it will be good news for the public since there will be full disclosure of what the cost of an appraisal report is according to an AMC (Appraisal Management Company). According to Ms. Conde, the bad new is the behavior of the Arizona Board of Appraisal and its members. After six months of AAREA board members talking with the Board of Appraisal, keeping them up to date, and asking them if there is anything AAREA can do to make their job and the appraisal profession better, and after three presentations have been made to the Board. The Board of Appraisal decided to be neutral, and after the House Committee vote, and after a stake holder's meeting Ms. Rudd attended and in which she participated and appeared to understand and agree to the proposals, the Board showed that they did not negotiate or participate in good faith and Ms. Rudd came out against the legislation at the Senate hearing. According to Ms. Conde, it was very disappointing to hear at the last Appraisal Board meeting that the Board member had no concern about appraisers or the public, but all discussion related to what each of them wanted for themselves. Even more significant is that Ms. Rudd misinformed and misled the Senate committee and also tried to do so with members of the House. Specifically she stated two things that are not true:

- 1) The HUD forms separating out the AMC fees from appraiser's fee will be out this summer. Not true, they are only in test mode.
- 2) There is no way to determine if the appraisal was ordered by an AMC or other lender. Not true, it must be stated on page 6 of the 1004 and it is required for any form prepared on a UAD form which is required by federal lenders.

Legislatures were not impressed by Ms. Rudd claiming that taking a 3 hour course would be "onerous" for Board members. It was disingenuous for Ms. Rudd to call Representative McLain and tell her three hours would not be sufficient and ask for the 7 Hour Update, and then within the next ten minutes when that was agreed to by AAREA and Representative McLain, for Ms. Rudd to refuse to agree to that and tell Representative McClain the Governor would not sign it, not so subtly inferring that a call would be made.

Ms. Rudd's statements to legislators that USPAP education would be an expense for the BOARD is false. It would not. Any non-appraiser member could audit the course for free thus getting the benefit of education, but not incurring any expense. 98% of appraisers supported USPAP education for non-appraiser board members. It is a shame that four Board members including Ms. Rudd could kill such a proposal and for their own personal and selfish interests.

Finally, it was unprofessional of Ms. Rudd to tell legislators that, and I quote what was told to me by Representative McLain, "Appraising is a dying profession." If Ms. Rudd feels that way, perhaps she should leave the Board and concentrate her efforts on a profession which she believes will survive and not denigrate a profession she is supposed to represent.

Most of all, it is bad news that the Board of Appraisal paid no attention to what was important for appraisers and that the Board negotiated and acted in bad faith. The Board's actions have resulted in many legislators as well as virtually all informed appraisers losing respect for the Board. I cannot see a time with the current Board and executive director in place, where any appraiser would trust the Board to do anything to improve the appraisal profession or trust in the truth and accuracy of anything Ms. Rudd says.

This coupled with the Board's total lack of regard for the Open Meeting Law as exhibited in their actions over the past months, results in the questions of why are they here, what are they doing to protect the public, and what other parts of the state statutes do they believe they are above enforcing?

According to Ms. Conde, the Arizona Board of Appraisal did nothing in the past to protect the public from the effects of bad appraisals being done at the height of the market. They are still reviewing cases that are more than three years old. They are doing nothing to put in place systems so that the same thing will not happen again. They have done nothing to promote, Les Abrams instructed Ms. Conde that due to time constraints her time was up. Ms. Conde submitted a written statement to go into the record, see Exhibit 1 at the end of this document to view her statement.

Debbie Rudd responded to the personal attacks set forth by Joanna Conde's Call to the Public. According to Ms. Rudd, everything was done in an opening meeting. The previous times the proposed legislative language was brought before this Board it was

put in general terms, it was not put in actual verbiage. At the stakeholder's meeting that Ms. Rudd attended, she did express displeasure on a whole section that would be onerous for the Board and Ms. Conde even acknowledged that she didn't care about that section that the realtors wanted that in, and she was nice enough to take that language out. Ms. Rudd did go to the senate and the committee for the senate and described the Board's desires as recorded at board meetings, not putting in my own personal opinions, but represented the Board. There was a phone call Ms. Rudd had with Senator McClain where she asked Ms. Rudd's personal opinion and Ms. Rudd gave her personal opinion and stated that it Ms. Rudd's personal opinion and did not represent the Board's opinion. Ms. Rudd conveyed to the Board her shock of Ms. Conde's statements. Ms. Rudd asked Ms. Conde to work with Senator McClain, after a stakeholder's meeting Ms. Rudd said she looked forward to working with Ms. Conde and she didn't contact Ms. Rudd at all. Ms. Rudd expressed that she is glad this is over and that Ms. Conde one more time is incorrect in that she believes AMCs are only ordering UAD compliant reports and that is a false statement. Ms. Rudd mentioned that someone who teaches UAD should know there are several forms that are not UAD compliant that AMCs are ordering and Ms. Rudd is shocked that Ms. Conde would say that. It is Ms. Rudd's hope that they can put this behind them and move on for the benefit of the profession.

Frank Ugenti responded to Joanna Conde's Call to the Public relating to the legislative matters. He informed the Board that he attended several stakeholder meetings and informed the public that his wife is in the Legislature. Even though Representative Ugenti is not a sponsor of HB2778 but a member of her caucus, Representative McClain was a sponsor. This Board made the decision at the appropriate time to comment on the legislation and after getting feed back from the federal regulators, it was the correct approach. Ms. Conde did her legwork, others did their legwork, and the Board heard from the public, voted on it, and made a decision. It was the proper procedure and Mr. Ugenti mentioned that he was not sure what would be Ms. Conde's pleasure. Ms. Conde's attack on the Board as a whole is not accurate.

Review and Action concerning 2624/3326 Shemika Hill

Respondent appeared. Rebecca Loar, Regulatory Compliance Officer informed the Board that the Respondent has complied with her missing logs and obtained a mentor relating to Complaint 2624. Debbie Rudd made the motion to combine Complaint 3326 with Complaint 2624 under the current agreement of probation and accept James Brown as the mentor. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning the following cases:

3384 Kenneth A. Purinton present
3385 Jeremy G. March present
3386 Clay E. Gregory present
3387 Janine L. Rowland not present
3388 Yvonne A. White
3389 John J. Kosir
3390 Joan M. Swanson
3391 Deborah J. Wear
3392 Ronald P. Slovan not present
3393 JoAnn Meyer-Stratton
3406 Roger Beagle, Sr.

Les Abrams instructed the group of respondents that have all been filed with the Board from the same complainant under similar circumstances. Mr. Abrams offered the group an opportunity to select a spokesperson to save a lot of time and prevent repetitiveness. If they chose a spokesperson, and after he or she has addressed the Board and there are individuals who still would like to address the Board then the Board will allow it.

Review and Action concerning 3376 Michael J. Snider

Respondent appeared. Mike Petrus had some questions about the cost approach relating to the basement. The Respondent explained the cost of the basement and informed the Board that the basement was not the typical basement, it was unfinished, and there was some wood paneling and drywall. Mike Petrus suggested to the Respondent to take a cost approach class or specifically read the Marshall and Swift manual, especially if he is you are going to site them in the report. Debbie Rudd made the motion for the Board to find no violations and dismiss the complaint. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 2867 Jeffrey M. Playford

Respondent appeared. James Heaslet made the motion to accept Respondent's request to terminate his probation and mentorship. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3319 Bruce Smith

Respondent and 17 year business partner Jeffrey Buzek appeared.

Debbie Rudd made the motion to not accept the counter offer and to reoffer what Board had already offered to Mr. Smith and if he is not willing to agree to that within a week then to go forward to OAH.

Mr. Smith asked the Board what he should have done. When a mistake is made should you cover it up or should you admit to the mistake and try to fix it? He stated that there was no other reasonable alternative than to correct the report and send it in. He has done over 10, 000 appraisals and this is the first violation that he had.

Mr. Smith stated that admittedly the first report did contain insufficient and incorrect analysis, which was confirmed by a blind appraisal that was done which showed that the second appraisal was correct and that the first appraisal was wrong. He thought revising the report was the only reasonable and ethical option. To not revise the report and cover up an error that would have been an ethics violation.

Mr. Smith said that this is an isolated incident and that the current order of discipline would affect his business partner and his employees and places an extreme hardship on their ability to conduct business. He had two exhibits which showed he is rated at 99% on accuracy and reviews.

Mr. Smith explained that he takes great pride in his work and did not target value; rather it was just a reporting error. He was not familiar with the subdivision, and didn't develop the appraisal. He felt his mistake was that he was not familiar enough with this new subdivision and he used the incorrect comps and adjustments and how they related to the subject. He understands that it looks terrible, but he did not target value. He agrees with the standard one violation but not the ethics violation. Mr. Smith's business partner

also wanted to let the Board know that he could personally attest to Mr. Smith's integrity on a personal and professional level.

Mr. Petrus felt that Mr. Smith's 21 years in business with only one letter of concern could be taken into consideration and asked the Board to consider doing an audit of Mr. Smith's files for the last 90 days and have Board staff select 3 files for the Board to look at. Mr. Ugenti wanted to know what was changing the Board's opinion now from when they originally felt that Mr. Smith was targeting a value. The Board discussed if they felt it was a mistake or if it was targeting value.

Mr. Ugenti stated that appraisers can make comp selection errors, but he wanted to know what Mr. Smith thought the mistake was as what Mr. Ugenti saw is that after Mr. Smith was made aware that there was a contractor for \$24,000 more than the revised opinion went up \$24,000 more. Mr. Smith felt that it was a review error, and that was why he and his entire staff went to a USPAP and Business Ethics class.

Mr. Stroud said that as a public member who is responsible for a mortgage company he sees a lot of appraisals and when he has a question about the appraisal he often gets back the response that the appraiser stands by their initial assessment. Mr. Stroud appreciated that Mr. Smith was admitting the mistake and doing what he felt was appropriate.

Mr. Yeanoplos wanted to know the effect on the public. Mr. Smith stated that after the report came in, he got a call from buyer and the buyer was thrilled that appraisal did not come in at value because he was trying to get out of contract. The only reason the buyer filed the complaint is because they are keeping his escrow payment. In most situations this could harm the public, but in this situation the buyer was using it as an advantage or loophole to get out of contract by saying he didn't have confidence in appraisal.

Ms. Rudd withdrew her motion and made a motion to audit 3 files from January 2011 to June 2011 at next month's Board meeting. Mr. Ugenti wanted to know what had changed Ms. Rudd's mind on the ethics violation. Ms. Rudd stated that her mind hadn't changed, and this motion was not to decide anything, but table the matter to gather further information. Mr. Heaslet seconded the motion. Mr. Ugenti wanted to state that he would reluctantly go with the Board's decision. The Board voted unanimously in favor of the motion.

Mr. Pietropaulo asked Mr. Smith to please submit the entire log including dates and addresses and to designate if they were a refinance or sale and be sure to include the entire work file.

Review and Action concerning 3395 Edward H. Meehan

Respondent appeared. Respondent informed the Board that the person who built the cover on the subject property should have known the law and where the setbacks were. The person occupying the home is not the owner, but is the brother in law. According to Respondent, they are looking for anyone to sue to pay for the work that has already been done. Respondent informed the Board that he did disclose in the supplemental addendum on page 13, the fact that the appraiser was not supplied with a survey of the property and did not check the land records for reported easements and has only reports appeared easements and encroachments. No effort was made to ascertain whether the

subject was located within the appropriate setbacks, improvement to the sight, sight size, sight frontage, legal additions, fences, and other improvements as dictated by zoning or building regulations. James Heaslet made the motion for the Board to find no violations and dismiss the complaint. Frank Ugenti seconded the motion. The Board voted unanimously in favor of the motion.

Call to the Public

Les Abrams stated that he has received another call to the public from Ms. Conde and this call is in relation to complaints she filed with the Board. Since the complaints are on the agenda, the chairperson will allow this call to be heard at the time the complaints are considered by the Board.

Review and Action concerning the following:

- 3384 Kenneth A. Purinton - present
- 3385 Jeremy G. March - present
- 3386 Clay E. Gregory - present
- 3387 Janine L. Rowland - not present
- 3388 Yvonne A. White - present
- 3389 John J. Kosir - present
- 3390 Joan m. Swanson - present
- 3391 Deborah J. Wear - present
- 3392 Ronald P. Slovan - not present
- 3393 JoAnn Meyer-Stratton - present
- 3406 Roger Beagle, Sr. - present and spokesperson for all respondents present

Debbie Rudd recused herself from these matters. Roger Beagle, Sr. informed the Board as spokesperson for all respondents present that the individual response letters to the Board will stand as their response to the allegations in the various complaints. The Respondents have waived their opportunity to speak individually. Joanna Conde, Complainant addressed the Board. She stated that by each respondent filing a complaint against her they have violated state statutes and committed a USPAP ethics violation. According to Ms. Conde, the major issue is each respondent signed something without reading it or checking the facts. If you are an appraiser, you verify and document before you sign anything. Each Respondent should take individual responsibility. Frank Ugenti stated that these complaints are nonsense and unprofessional. Frank Ugenti made the motion that the Board find no violation and dismiss all complaints. James Heaslet seconded the motion. The Board voted in favor of the motion.

Informal Hearing concerning 3013 James A. Woods

Respondent appeared with attorney Tina Ezzell, was sworn in and gave an opening statement. Respondent informed the Board that this appraisal is an excess of 4 years old, he gave a description of the property and described the unique market conditions. There were two major developers in the Las Vegas area that came in and bought parts of land in Dolan and Kingman area in 2004/2005 which was followed by speculators coming and increased the price of the land. Respondent submitted several photos and other exhibits to the Board and gave a description of the land. He explained the criteria he used when selecting his comparable sales. Respondent submitted additional areal photos to describe the distance and reasoning for comparable selection. Tina Ezzell, Respondent's attorney informed the Board that the investigator only visited 1 comparable and noted that the investigator could not find the other comparable sales,

which led her to question the investigator's geographical competency. James Heaslet asked if this house was habitable. Respondent informed the Board that there were no walls but it was studded. Respondent handed out MLS datasheets to the Board to support his market analysis. The first appraisal was dated 8/9/2007; the second appraisal was dated 1/18/2008. With respect to the third appraisal, there is no evidence in Respondent's work file that it was given to anyone but it appeared to be a revised draft. Frank Ugenti asked about the second appraisal's comparable sales selection. Mr. Ugenti stated that there was readily available data that Respondent did not use. Respondent informed the Board that he felt the comparables were the best available at that time since the number of potential comparables were so limited. Respondent explained his availability of records in that area to the Board and submitted a letter written from the Mohave County Assessor's office to prove the limited accessibility to the records. Most of these remote sales are not recorded through the MLS. Respondent explained that at the time, the sales price may have been overheated. Frank Ugenti mentioned his concern on the Respondent's work file looked a little thin. Respondent explained his methodology and parameters that he used when selecting comparables. Respondent informed the Board that most sales data was drawn from Las Vegas speculators. This subject is only one hour from the Las Vegas, which had an effect on the subject property's values. In comparison to the previous pictures in Respondent's reports versus investigative reports pictures, it appears the interior has been stripped. Respondent stated that he would have liked an opportunity to talk to the investigator and the Board should have used an investigator who is more geographically competent. Respondent stated that when he made the second appraisal he had more data to support the change in price. Tina Ezzell, Respondent's attorney, gave a final statement and mentioned that there are people and a dog in the photos, and other items to provide evidence and support that the residence was occupied. The investigator stated that the Respondent's reports do not follow USPAP's guidelines for review appraisals relating to Standard 3. Ms. Ezzell stated that it is her and her client's opinion that he did. Ms. Ezzell was concerned that the investigator couldn't find two of the three comparable sales and questioned the geographical competency and concern that the investigator didn't try to become geographically competent. Ms. Ezzell stated that the investigator didn't point to more appropriate comparable sales. The complainant submitted the first and second appraisals; the third appraisal appears to be a draft in Respondent's work file. Drafts are work in progress; it should not have been signed. Ms. Ezzell also pointed out the length of time that has passed has affected Respondent's memory for an appraisal that was done 4 yrs. ago and is prejudicial. Ms. Ezzell also stated the minor violations are regrettable and felt there doesn't need to be a major discipline, possibly some remedial action. There is no prior discipline with Respondent's considerable amount of appraisal history. This assignment was extremely complex due to the complexity of the structure and limited rural area. The Board deliberated. Joe Stroud stated that he felt that the public was harmed but not by this appraisal. Joe Stroud made the motion for the Board to find no violations and to dismiss the complaint. Debbie Rudd seconded the motion. Mike Petrus stated that he felt the report is lacking in explanation is unsupported, and this is a report writing issue. The motion passed with Mike Petrus and James Heaslet voting no.

Informal Hearing concerning 3131 Lance A. Lafata

Debbie Rudd was recused from this matter. Lance Lafata and Eli Lafata (Respondent's wife and Office Manager) were both present and sworn in. Respondent gave an opening statement before the Board. Respondent explained the premise of the complaint. According to Respondent, the subject appraisal was cloned and the

information from a previous report was erroneous. Due to this, the complainant and investigator made some incorrect conclusions about the entire report. These errors would typically be corrected before a report would go out and be reviewed by someone. At this point, DoddFrank had just become effective making lenders very nervous making sure the buyers got a copy of the appraisal report as soon as they could. According to Respondent, unfortunately you have the report out to the buyer before the appraiser has talked to the seller, or the underwriter has asked for additional information or asked that corrections be made, or any number of things that happen after a report is submitted to the lender and before you come up with the NOV audit. Respondent assured the Board that cloning reports is no longer a practice done in his office and explained his knowledge of the market history of the neighborhood. Joe Stroud mentioned that he has had a prior business relationship with Respondent and the Respondent has completed several appraisals for him but Mr. Stroud feels he can remain unbiased. Mike Petrus mentioned that the main allegation of this complaint was the market value and comparables Respondent used. Respondent informed the Board that he did contact the sales office, but he was weary to use their information unless he can confirm the information since their information tends to vary depending on the amenities. Frank Ugenti stated that Respondent has no evidence in his work file that he went to the sales office and got any data. Respondent informed the Board that he didn't obtain a copy of the floor plan since he had it from a previous appraisal that he performed. The sales office floor plan usually doesn't have any dimensions. There was discussion on the market data Respondent used and the concern of the Board that Respondent didn't have enough data. Respondent gave a final comment and informed the Board that the violations shown in the investigative report were not intentional. Respondent has taken 40 hours of additional courses since the complaint was filed with the Board. The Board mentioned that the Respondent answered the Board's questions on the market conclusions to its satisfaction. Frank Ugenti stated that he still believed Respondent was careless and sloppy in cloning the appraisal report. Joe Stroud mentioned that there is significance in the subject property and location. Frank Ugenti informed the Board that there is evidence that there was market data available in the 6-month period. James Heaslet made the motion that the Board find a Level 1 for violations found in the investigative report except for the violations relating to market conditions and voted to offer a Nondisciplinary Letter of Concern. Mike Petrus seconded the motion. The Board voted in favor of the motion.

Review and Action concerning 3300 Daniel Ragno

Respondent and his attorney Kraig Marton, Esq. were both present. Debbie Rudd stated that this matter either needs to be investigated or lower it to a Level 2 violation. Mike Petrus asked if this appraisal was done while Respondent was still under probation without a mentor. Respondent informed the Board that he has been under probation for 1 year and 4 months, when it was suppose to be a 6-month probationary period. Respondent allegedly petitioned the Board right at the end of his six months but never received a response. Rebecca Loar, Regulatory Compliance Officer was unable to confirm if Respondent had in fact petitioned the Board to terminate his probation. Ms. Loar stated that when Complaint 3300 went before the Board at the November 2011 meeting, the Board at that time voted to combine both complaints and offer Respondent an amended consent agreement. Mr. Marton informed the Board that he had a copy of an email dated September 15, 2011 where Respondent petitioned the Board to terminate his probation. Mr. Marton stated that it appears that the Board received Respondent's request to terminate his probation during the same time the Board received Complaint 3300 and decided to combine both complaints. Mr. Marton went on

to say that, he hoped the Board will dismiss Complaint 3300 and consider terminating Respondent from probation. Jeanne Galvin, Assistant Attorney General informed the Board that the matter relating to Complaint 3087 is not on the agenda but it needs to be on next month's agenda for consideration. Debbie Rudd made the motion for the Board to separate Complaints 3087 and 3300, to send 3300 to investigation and to consider 3087 for termination at next month's agenda. Before Complaint 3087 can be considered, the Executive Director will select three appraisals for the Board to audit at the next Board meeting. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion. Dan Pietropaulo, Executive Director will select three appraisals for the Board to audit at the next meeting giving that Respondent will submit the requested appraisals and work files within the next week, staff can get this matter before the Board at the May 11, 2012 meeting.

The Board recessed for lunch and reconvened at 1:45 p.m.

Review and Action concerning A0060 nationwide Valuation Solutions

Tim Huffman was present. Frank Ugenti made the motion that the Board find no violations and dismiss the complaint. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing concerning 3177 Thereasa L. McReynolds and Steve McReynolds (witness)

Joe Stroud recused himself from this matter. Respondent and witness were both present and sworn in and Respondent gave an opening statement. Respondent informed the Board that this was the first time she appeared before the Board and provided background information on the complaint to the Board. Respondent stated that she tried multiple times to set an appointment with the homeowner to schedule the inspection. After several attempts, the Respondent was unable to do the inspection and Mr. Steve McReynolds did the inspection which was documented in Respondent's work file. Respondent admitted that she signed the report in error since she did not inspect the property. It wasn't until she received a call from the AMC and was informed her that she signed the report even though she did not inspect the property. It was at that time Respondent realized she had made an error. At that point the AMC was livid, Respondent assured the AMC that she would take care and correct this error. The AMC refused to accept her correction, and informed her that they will contact the homeowner and go with another appraiser. Respondent attempted to send a corrected report via email, but was not sure if the AMC ever received the corrected report. Respondent commented on the investigative report and stated that the investigator did not inspect the property but only conducted a drive by as stated in the investigative report. Respondent agrees with the USPAP violation on how this appraisal report was handled in error. Respondent is disputing the violations stating her lack of support leading to questioning the credibility of the report. James Heaslet asked if Respondent got the corrected appraisal to the client. Respondent informed the Board that she went around the AMC and emailed it to a random email address to the client. Frank Ugenti asked the Respondent if there were any contractual restrictions to only using the requested appraiser. The Respondent mentioned that she no longer works for this AMC, Corelogic. Frank Ugenti informed the Board that this was not in the work file and he was unaware that the AMC was Corelogic. Corelogic is a parent company of Mr. Ugenti's employer and stated that he nor does not have any interest in this business unit or the lender and can be unbiased in this matter. Respondent informed the Board that when she was unable to schedule the inspection her secretary called the AMC and asked if

Steve McReynolds can do the inspection, the AMC did not have a problem with her request. Unfortunately, the secretary did not document whom she spoke with. Debbie Rudd made the motion that the Board find a Level 3 citing violations found in the investigative report and voted to offer Respondent a Consent Agreement and Order of Probation with Mentorship for a minimum of 6 months to complete disciplinary education and a minimum of 12 appraisal reports. The Board noted additional education Respondent has taken. James Heaslet seconded the motion. The Board voted in favor of the motion. There was discussion between Frank Ugenti and Debbie Rudd whether a complaint should be opened against Steve McReynolds but the Board took no action in that respect.

Informal Hearing concerning 3153 Robin E. Pinkus

Respondent appeared telephonically and was sworn in. Respondent gave an opening statement and informed the Board that she is no longer working as an appraiser. Debbie Rudd made the motion that the Board find a Level 3 citing violations found in the investigative report and offered a Consent Agreement and Order of Probation for a minimum of 6 months with a minimum of 12 reports. The order will include the current 2012-2013 USPAP 7 hours update and can be used for continuing education. In addition, Respondent will submit the education certificates of the additional 240 hours of continuing education. Frank Ugenti seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3379 Leslie J. Skora

Respondent appeared. There was discussion on how Respondent searches for comparable sales and her criteria used when selecting comparables and the uniqueness of the property. Debbie Rudd made the motion that the Board find a Level 2 citing USPAP violations; 1-1a, 1-1c, 1-4a, 1-4b, 2-1a, 2-2a, and offer a Due Diligence Letter providing disciplinary education. Frank Ugenti seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3233 James J. Graham

Respondent appeared. Frank Ugenti informed the Board that both Respondent and his mentor Pamela Harris have provided services for Mr. Ugenti's employer but he felt he could remain unbiased. Debbie Rudd made the motion to accept mentor. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3380 Glenn S. Bevilacqua

Respondent appeared. Mike Petrus informed the Board that there is a complaint against two properties. Rebecca Loar, Regulatory Compliance Officer informed the Board that there are two separate complaints. Complaint 3380 is in reference to the property located at 44 Ponderosa Drive in Flagstaff and Complaint 3420 is in reference to a property located at 385 Longwood Drive in Sedona. Mike Petrus made the motion to table this matter until next month to allow the Board time to review the second complaint. The Board wants to see both complaints together on the May agenda. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3287 Michael G. Piequet

Debbie Rudd recused herself from this matter. Respondent appeared. Mike Petrus made the motion for the Board to accept the investigative report. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion. Mike Petrus made the

motion for the Board to find no violations and dismiss the complaint. James Heaslet seconded the motion. The Board voted in favor of the motion.

Review and Action concerning 3288 Susan L. Calhoun

Debbie Rudd recused herself from this matter. Respondent did not appear. Mike Petrus made the motion that the Board accept the investigative report, find no violations, and dismiss the complaint. James Heaslet seconded the motion. The Board voted in favor of the motion.

Review and Action concerning 2952/3301 Keith J. Holmes

Respondent appeared. Rebecca Loar, Regulatory Compliance Officer submitted additional information from the complainant to the Board and Respondent. Debbie Rudd made the motion for the Board to accept Respondent's counteroffer. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3370 Benjamin J. Wisman

Respondent appeared telephonically and admitted to errors in comparable sales 2 and 3. Debbie Rudd made the motion for the Board to find a Level 1, citing 1-4 a Violation and offer Respondent a Nondisciplinary Letter of Concern. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3382 Julie E. Friess

Respondent did not appear. There was discussion to refer this matter to OAH for revocation for Violations R46-201 d-4, A.R.S. 32-3631 a1, a2, a5, a8. Frank Ugenti made the motion to go into executive session for legal advice. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

The Board reconvened back into regular session.

Jeanne Galvin, Assistant Attorney General read the complaint on the record. Debbie Rudd stated that Respondent did not respond to the complaint. The Board has obtained information from the school to confirm that Respondent was informed that she would not receive credit for arriving an hour late to the March 25, 2011 Supervising Appraisers Course and for fraudulently submitting the course certificate and engaging a trainee with the Board. The concern is Respondent's misrepresentation of the facts to the Board. Debbie Rudd made the motion to refer this matter to OAH (Office of Administrative Hearings) for revocation citing Violations; A.R.S. 32-3631 a1, a2, a5, a8, and R4-46-201 d4. Frank Ugenti seconded the motion. The Board voted unanimously in favor of the motion. The Board instructed staff to contact the trainee immediately to inform them of the current situation and Board's referral to OAH.

Review and Action concerning 3383 Roy E. Morris

Respondent did not appear. Debbie Rudd made the motion for the Board to find no violations and dismiss the complaint. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Frank Ugenti left the meeting at 4:30 p.m.

Review and Action concerning 3081 Sterling F. Slaughter

Respondent did not appear. The Board noted that the Respondent's 90-day renewal grace period had expired. James Heaslet made the motion for the Board to close this

complaint without prejudice and to reopen in the event Respondent reapplies. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3248 Neil F. Conway

Respondent did not appear. Debbie Rudd made the motion for the Board to accept the investigative report and invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3253 Pamela S. Cornwell

Respondent did not appear. Debbie Rudd made the motion for the Board to accept the investigative report find a Level 2 citing violations found in the investigative report and offer Respondent a Nondisciplinary Letter of Remedial Action requiring remedial education. James Heaslet requested to strike the ethics part but keep the recordkeeping violation listed in the investigative report. Debbie Rudd amended her motion, James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3268/3269 Kurt D. Kleinman

Respondent did not appear. Debbie Rudd made the motion for the Board to accept the investigative reports and invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3270 Larry G. Stewart

Respondent did not appear. Debbie Rudd made the motion for the Board to accept the investigator's report and find a Level 2 citing violations found in the investigative report and offer Respondent a Letter of Due Diligence to include disciplinary education. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3332 Wade A. Lavigne

Respondent did not appear. The Board noted that the Respondent's 90-day renewal grace period had expired. James Heaslet made the motion for the Board to close this complaint without prejudice and to reopen in the event Respondent reapplies. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3349 Darcy A. Rich

Respondent did not appear. Rebecca Loar informed the Board that Respondent signed the proposed Nondisciplinary Letter of Concern and this was put on the agenda in error.

Review and Action concerning 3366 Frank Rose

Respondent did not appear. Debbie Rudd made the motion for the Board to find a Level 3, citing violations: 2-3, 1-5a, 1-4a, 1-4b and competency and offer a Consent Agreement and Order of probation with mentor for a minimum 6 months, a minimum of 12 reports, and disciplinary education. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3374 Gwendalynn M. Baker

Respondent did not appear. Debbie Rudd made the motion for the Board to refer this to investigation. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3375 C. Thomas Tice

Respondent did not appear. Debbie Rudd made the motion for the Board to find no violations and dismiss and stated that the appraisal was completed over five years. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3381 Richard M. Rothwell, Jr.

Respondent did not appear. Debbie Rudd made the motion for the Board to find no violations and dismiss. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

12-Month File Review

Dan Pietropaulo, Executive Director gave an update and answered the Board's questions.

Review and Action concerning A0059 Coast2Coast Appraisal

Amanda Benally, AMC Compliance Officer attended via telephonic conference and answered the Board's questions. Ms. Benally informed the Board that the Respondent is an unregistered AMC. Respondent was noticed of this complaint but did not reply to the Board. Debbie Rudd made the motion for the Board to instruct Jeanne Galvin, Assistant Attorney General to review this complaint and send a letter to Respondent. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 40081 Yellow Sign Company

James Heaslet made the motion to accept Respondent's Nondisciplinary Surrender. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Executive Director's Report

Dan Pietropaulo, Executive Director informed the Board that the new database conversion should be completed by the end of this fiscal year. This update will allow the Board's website to be live and assist in public records requests. There will be new email addresses and they should be sent out in the next week or so. The Board staff spent a lot of time getting ready for the Appraisal Subcommittee Audit this week and we have an Arizona Department of Administration (ADOA) audit coming up soon. Jeanne Galvin, Assistant Attorney General's assignments are current except for two cases from last month. There were no complaints extended by staff. Rebecca Loar, Regulatory Compliance Officer distributed the monthly statistics report with a few changes requested by the Board, to include 2011 month to date and then year to date in comparison with the current month and year. Debbie Rudd asked staff if they have started to see a spike in complaints received due to mandatory reporting. Both Dan Pietropaulo and Rebecca Loar said no. With the exception of 14 complaints filed by one complainant. The Board is still consistently receiving fourteen complaints a month on average.

Application Review Committee Recommendations

James Heaslet submitted the committee's recommendations. It was recommended by the committee to submit the application for nonresident temporary licensure for Tammy O'Rourke to the full Board. Apparently, the committee found that Ms. O'Rourke had applied for temporary licensure after the assignment had already been completed. Vicki Medcalf Ledbetter, with the ASC (Appraisal Subcommittee) provided some insight on what options the Board could consider to Ms. O'Rourke's application. The Board can deny the application, offer a cease and desist, and add language to the letter informing

the applicant that she can not begin work before she obtains state licensure. Debbie Rudd made the motion for the Board to deny Ms. O'Rourke's application and send a letter to the client notifying them of her denial. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet made the motion for the Board to accept the recommendations as submitted. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Kevin Yeanoplos left the meeting at 5:15 p.m.

Education and Testing Committee Recommendations

Mike Petrus submitted the committee's recommendations. There was some discussion on how the committee reviews previously approved education applications on a consent agenda but now they have new instructors and asked the Board for any recommendations for the committee. Debbie Rudd suggested that the committee should look at the resumes for any new instructor's even if the course is on a consent agenda. Jessica Sapio, Licensing and Education Administrator informed the Board that any courses that were AQB (Appraisal Qualifications Board) approved would go on a consent agenda. Jeanne Galvin clarified that it has been the practice of the committee to approve the course and instructor(s) separately. It was suggested that the committee approve the course but reserve the right to hold approval of any new instructor's until the committee has had an opportunity to review the new instructor's credentials. Debbie Rudd made the motion to accept the committee's recommendations. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd acknowledged and congratulated Joanna Conde and her completion of passing the USPAP exam.

New Business: Discussion, consideration, and possible action relating to the preliminary findings and report from the Appraisal Subcommittee Audit for 2012

Kristi Klament presented to the Board the findings of the current board audit for 2012. Ms. Klament thanked the board staff for all their preparation and assistance. They are dedicated and hard working and thanked all the board members. Ms. Klament stated that it is a thankless job requiring lots of their time and service, and the assistant attorney general for her service as well. Audits are done every two years; this audit is a little early to try to get this Board back on the typical schedule in January. The audit typically looks at seven areas; statutes and regulations, temporary practice, national registry, application process, education, and enforcement. Everything is fine with temporary practice, national registry, application process, reciprocity. There is one concern having to do with the expiration dates with Appraisal Foundation's CAP (Course Approval Program) and IDECC (International Distance Education Certification Center) approved courses. The states approval dates are going beyond the CAP and IDECC approval dates. This is not a noncompliance issue but a concern and will be put in the preliminary report as a reminder. Ms. Klament previously discussed with board staff some ways to monitor that. Everything else was fine with Education. Statutes and regulations have some changes that need to be made. The definition of work file is different in statutes than in regulations, it was suggested that the Board include the same language in regulations into the statute. Ms. Klament noted another statutory change that is needed; if an appraiser is revoked, they can reinstate if they take the exam in lieu of the education. That should not be accepted; the appraiser must start over or get the CE that would have been necessary if they were to go on inactive status. The Board should address this issue in statute next year. Also, Ms. Klament stated that DoddFrank as of July 1, 2013, all states need to adopt a reciprocity policy. Right now

Arizona's statutes require an agreement and that needs to be changed to comply with DoddFrank. There is a memo that will be submitted to Jeanne Galvin, Assistant Attorney General. Ms. Klament suggested the Board remove the requirement to have an agreement for reciprocity and have a more "open door" policy. Another change due by July 1, 2013, under DoddFrank, trainees and supervisor's classification or requirements has to adopt the AQB criteria. For the most part Arizona does, but there needs to be some clarification. The auditors met with board staff and discussed some ways to comply with the AQB criteria. Trainees will need to have 75 hours of education. By January 1, 2015, there will be new AQB requirements and there will not be a segmented approach. Refer to the Summary of the AQB's 2015 Changes to Real Property Appraiser Qualifications link posted on the Board's website under Education. Another thing for the Board to consider is the change DoddFrank made in the definition of "complex". There are some minor things that will show up in the preliminary report just as a reminder, the Board can respond back with its proposed changes to comply. With respect to Enforcement, after everything the Board did today, there are 101 open cases with only 22 over a year and out of the 22 cases, there were only 17 Respondents. It is apparent that the Board is narrowing down the list.

8 from 2009

9 from 2010

5 from 2011

From the preliminary report, the Board will have 60 days to respond and it is in the auditors opinions that as hard as the Board has been working, by time the final report is submitted, the Board will be in compliance. There was discussion on whether the Board received notice of the new investigator training with the Appraisal Foundation and that each state can send three people for training. Level 1 will be in Scottsdale, and Level 2 will be in Florida. Les Abrams, chairperson, thanked the auditors for their guidance and continued support. Vicki Medcalf Ledbetter complimented the application review and education and testing committees. She and Ms. Klament were able to observe both committees yesterday and they are impressed with the amount of work they have to do in a short amount of time. The application review committee interviewed an applicant and took time to give them the information they needed. The applicant went on to say that, they had received more information from the committee than through his formal training. Ms. Klament informed the Board that the ASC is currently in the process of revising the policy statements. The policy statements are the ASC's regulations and when they come out the ASC will be looking to the states for comment.

New Business: Discussion, consideration, and possible action relating to some lenders' attempts to contact appraisers seeking additional information when the appraiser is not the client.

Dan Pietropaulo, Executive Director stated that he had received several communications from several appraisers and put this on the agenda for the Board to discuss. It is understood that the Board does not have jurisdiction over the lender, however, the Board might want to send a letter to the lenders or at least take a position on this matter because it affects the appraisers. It appears the lenders are threatening the appraisers and turning them into the Board for alleged USPAP violations, but in fact, what the lenders are doing may be a violation of USPAP. Mr. Pietropaulo will have a draft written up and sent out to the Board to consider. Les Abrams, chairperson suggested that this issue go on a future agenda for the Board to discuss.

Confirmation of Meeting Dates, Time, Locations and Purposes

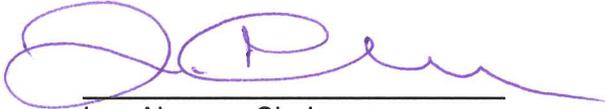
The Board is satisfied with the new location at the Arizona Board of Nursing Board Room and all the amenities they provide. Rebecca Loar, Regulatory Compliance Officer informed the Board of the following meeting dates and time:

May 11, 2012 at 8:30 a.m.

June 8, 2012 at 8:30 a.m.

July 13, 2012 at 8:30 a.m.

Meeting was adjourned.



Les Abrams, Chairperson