



ARIZONA BOARD OF APPRAISAL

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Draft 1/23/12

MINUTES REGULAR BOARD MEETING Friday, January 13, 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
~~Myra Jefferson~~
Kevin Yeanoplos
Joe Stroud
Mike Petrus
Frank Ugenti

Staff Attendance:

Dan Pietropaulo – Executive Director
Jeanne Galvin - Assistant Attorney General
Rebecca Loar – Regulatory Compliance Officer
Juanita Coghill – Accounting Specialist

Pledge Allegiance to the Flag of the United States of America

Approval of Minutes

Debbie Rudd made a motion to approve the December minutes. The motion was seconded by Mike Petrus. The motion passed. Joe Stroud and James Heaslet abstained.

Review and Action concerning 3316, Timothy R. Prewitt

Respondent appeared. Frank Ugenti recused himself from this matter. Respondent explained his methodology and reasoning for his comparable selection. Debbie Rudd mentioned that she did find other sales that would have contributed to a lower value that Respondent did not use and that the review appraiser was more accurate in the selection of comparables. Debbie Rudd made the motion that the Board find a Level 2 violation, citing USPAP violations 1-1a, 2-1a, and 1-4 a., and offer a Due Diligence Consent Letter to complete disciplinary education within 6 months. James Heaslet seconded the motion, the Board voted in favor of the motion.

Review and Action concerning 3325 Denise S. Henning

Respondent appeared. The Respondent explained her methodology and research, and that there was no MLS data because the property was new construction. Debbie Rudd made the motion that the Board find a Level 2 violation, citing USPAP violations citing 1-

1 a, 2-1a, 1-4 a, and offer a Due Diligence Consent Letter to complete disciplinary education within 6 months. Frank Ugenti seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3323 Christianne M. Simmons and 3324 Heather E. Kaman

Both Respondents appeared. Frank Ugenti recused himself from this matter. The Respondents explained their methodology and reasoning for comparable selection and research. Debbie Rudd made the motion that the Board refer this to a limited investigation regarding the comparable selection. There was no second and the motion failed. Mike Petrus made the motion to dismiss. Joe Stroud seconded the motion. The motion passed with James Heaslet voting no.

Review and Action concerning 3319 Bruce W. Smith

Respondent appeared. There was discussion regarding the description of the property. The Respondent misread the sales contract and put the wrong sales price on the first appraisal report. He reviewed the sales contract, realized he made a mistake and re-evaluated the comparable sales and completed another appraisal because Respondent felt he did not give enough consideration to the comparable sale's upgrades in the first appraisal. There was discussion on whether the Respondent appraised to the contracted sales price and therefore there is concern of a possible bias. Debbie Rudd made the motion that the Board find a Level 3 violation, citing USPAP violations 1-1a, 2-1a, 2-2b, ethics and conduct and offer a Consent Agreement with Probation for a minimum of 6 months with a minimum of 12 reports and disciplinary education, but no mentorship. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

12-Month File Review

Dan Pietropaulo, Executive Director updated the Board. Everything on the list has been offered either a Board action and waiting for signature, pending an informal hearing, or an investigative report. Rebecca Loar, Regulatory Compliance Officer informed the Board that Kevin J. Rodolico has responded to his complaint as of 1/12/12. The Board requested that this matter go on the next agenda.

Executive Director's Report

Dan Pietropaulo informed the Board that he would talk to the Appraisal Subcommittee and request that they reschedule the annual audit in April. He mentioned that the National Registry fee went into effect as of January 1, 2012 and that communication to the regulated community will be sent out via the email blast on the Board's website. Jeanne Galvin, Assistant Attorney General's assignments are current. In two instances, the staff granted an extension to two persons requesting more time to respond to a complaint.

New Business, Discussion, consideration, and possible action relating to the adoption of the 2012-2013 Uniform Standards of Professional Appraisal Practice (USPAP) effective January 1, 2012 and related Substantive Policy Statement and the Notice of Emergency Rulemaking and Emergency Rules regarding the Amendment of A.A.C. R4-46-401 relating to the 2012-2013 Uniform Standards of Professional Appraisal Practice (USPAP)

Jeanne Galvin distributed the proposed Substantive Policy Statement #7 for the Board to consider. The Board had been previously provided with the Notice of Emergency Rule

Making re: the 2012-2013 USPAP. Debbie Rudd made the motion to adopt an emergency rule and ask the Board to adopt the substantive policy statement #7. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. The Board instructed staff to notify the regulated community via email blast.

Application Review Committee

James Heaslet recommended that the Board approve all items on the Application Review Committee agenda. Debbie Rudd seconded the motion. Frank Ugenti recused himself regarding 40027 CoreLogic Valuation Services, LLC. The Board voted in favor of the motion. Dan Pietropaulo updated the Board regarding 8078 Obie D Henney listed on the Application Review Committee Agenda. Mr. Henney's application is still pending due to his failure to submit reports requested and his application is due to expire 2/12/12. Dan mentioned that he will meet with Jessica Sapio, Licensing and Education Administrator to make sure Mr. Henney has been notified.

Testing and Education Committee

James Heaslet recommended that the Board approve all items submitted by the Testing and Education Committee agenda. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Review and action concerning A0030 and A0032 Integrated Asset Services

Charlie Hover (Respondent's attorney) appeared, Amanda Benally, AMC Compliance Officer and Samuel Chervis (Respondent's general council) appeared via teleconference. There was discussion and concern whether the Respondent's website reflected its advertising as an Appraisal Management Company (AMC). The Respondent's attorney Charlie Hover explained the functions and job descriptions relating to his client. Dan Pietropaulo read A.R.S. §32-3661 (2) relating to definition of Appraisal Management Companies (AMCs). There was discussion regarding the definition of an AMC in statute versus the Respondent's definition of AMC and whether the Respondent is acting as an AMC in the state of Arizona. Les Abrams made the motion that the Board go into Executive Session to obtain legal advice. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Everyone in the board room was excused and the telephone line was cleared.

The Board reconvened into regular session and reconnected the teleconference with Amanda Benally, AMC Compliance Officer and Samuel Chervis. Charlie Hover was present and informed the Board that both complainants have been paid. Debbie Rudd made a motion that the Board enter into a letter of understanding with the Respondent to update their website to reflect that they are using registered Arizona AMCs, that they are aware of the 45 day payment requirement for all Arizona registered AMCs pursuant to A.R.S. §32-3675, and dismiss the two complaints since both appraisers have been paid. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing regarding 2920/2931 Ronald R. Zimmerman and James T. Braselton, attorney and Todd A. Rasmussen

Respondent and James T. Braselton (Respondent's attorney) appeared Respondent was sworn in as well as Todd Rasmusen. James T. Braselton gave an opening statement regarding Respondent's licensing background and education and that the Respondent acknowledged mistakes were made. The errors are a result of cloning the two reports and not as a result of incompetence. Todd A. Rasmussen is a fellow appraiser who works with the Respondent. Mike Petrus mentioned the error in

measurement and felt that could contribute to a misleading appraisal report. Respondent disagreed because he felt the error did not overall affect the value of the home. There was discussion on the appraisal company's quality control policies that are in place. James T. Braselton, attorney, gave a closing statement and asked the Board to consider that the Respondent only has had two complaints within his 20 year career and that he has obtained his SRA designation. Debbie Rudd made the motion that the Board find a Level 4 violation, citing USPAP violations found in the investigative reports and offer a Consent Agreement and Order of Probation for a minimum of 6 months, a minimum of 12 reports under mentorship, and complete disciplinary education. Mike Petrus seconded the motion. The motion passed with Kevin Yeanoplos voting no.

Review and Action concerning 2975-2982, Inclusive John S. Colman

Respondent appeared. Debbie Rudd made the motion to terminate Respondent's probation and mentorship. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3051 Dutsy L. Rhoton

James Heaslet noted that the Respondent's 90-day grace period to renew had expired. James Heaslet made the motion to close the complaint without prejudice. Joe Stroud seconded the motion. The motion passed unanimously.

Review and Action concerning 2867 Jeffrey M. Playford

This matter was tabled to allow Rebecca Loar, Regulatory Compliance Officer more time to research the effective date of the Order Extending Probation and to Obtain a Mentor. Rebecca informed the Board that the Respondent has been turning in his appraisal logs and mentor's reports each month.

The Board recessed for lunch at 11:45 a.m. and reconvened at 12:55 p.m.

Review and Action concerning 12F-7776-BOA James K. Amoako

Respondent appeared and offered to go on mentorship in lieu of going to formal hearing. Debbie Rudd made the motion to deny Respondent's counteroffer and continue with the referral for hearing before the Office of Administrative Hearing (OAH). James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Respondent mentioned that he would need to ask for an extension since he is going out of the county for personal reasons. Jeanne Galvin, Assistant Attorney General informed the Respondent that he will need to file his request for an extension with the Office of Administrative Hearings and the administrative law judge will decide whether to grant his request.

Informal Hearing concerning 3067 Stephen D. Fetters

Respondent appeared and was sworn in. Respondent gave an opening statement and mentioned that there were some errors in the appraisal report. Debbie Rudd made the motion that the Board find a Level 3 violation, citing USPAP violations found in the investigative report, and offer a Consent Agreement and Order for Probation with a minimum of 12 reports with a mentor for a minimum of 6 months. The agreement will restrict the Respondent to non-complex residential properties only, no condemnation or eminent domain properties. Mike Petrus mentioned this should be a Level 4 and to restrict the Respondent's appraisal work and require disciplinary education. Debbie Rudd amended her motion to change from a Level 3 to a Level 4 violation. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing concerning 2952 Keith J. Holmes

Respondent appeared and was sworn in. Respondent gave an opening statement with the description of the neighborhood and the property. In the Respondent's opinion, the home is not a custom home or an ADA compliant handicap home. Rebecca Loar, Regulatory Compliance Officer, informed the Board that a narrative response to the allegations was not submitted, but the Respondent did provide his appraisal and work file. Respondent explained his reasoning for his comparable selection. Mike Petrus made the statement that he agreed with the findings in the investigation.

Review and Action concerning 3301 Keith J. Holmes

Respondent appeared. Debbie Rudd described the property location. Respondent did not use the home across the street as a comparable because he felt it was superior to the subject property. Debbie Rudd made the motion that the Board find a Level 2 violation, citing USPAP violations 1-1 a and c, 1-4 a, 1-6 a and b, 2-1a, and 2-2 b for Complaint 3301. To combine Complaint 2952, all USPAP violations found in the investigative report with Complaint 3301 and offer a Due Diligence Consent Letter requiring disciplinary education within 6 months. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3272 Brent K. Walden

Respondent appeared. Debbie Rudd made the motion to dismiss the complaint. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3328 Thomas A. Canale

Respondent appeared. Respondent mentioned that he first did the appraisal on a condominium form, and then the client asked him to do the report on a URAR form. Respondent mentioned when he transferred the condominium report to the URAR form there was a typo. Debbie Rudd asked the Respondent to explain his process on determining the difference between a townhome and a condominium. Debbie Rudd made the motion that the Board find a Level 2 violation, citing USPAP violations 1-3 a and b, and 1-1 c and offer Respondent a Nondisciplinary Remedial Action Letter requiring education. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3333 Timothy A. Barber

Respondent appeared. There was discussion about the Respondent's choice in comparables and methodology of the neighborhood. Mike Petrus made the motion that the Board find a Level 1 violation, citing USPAP violation 1-1a and offer Respondent a Nondisciplinary Letter of Concern. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3131 Lance Lafata

Respondent appeared. Mike Petrus made the motion to accept the investigator's 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 3148 Philip G. Hudson, Jr.

Respondent appeared. Debbie Rudd made the motion that the Board accept the investigative report except for the ethics rule recordkeeping violation. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion. Debbie

Rudd made the motion to invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Informal Hearing concerning 3165 Scott A. Armstrong

Respondent did not appear. Jeanne Galvin, Assistant Attorney General informed the Board that the Respondent had contacted staff and informed them that his is no longer appraising and would consider a voluntary surrender of his license. James Heaslet made the motion to allow Jeanne Galvin, Assistant Attorney General to draft a consent agreement and order for voluntary surrender to be signed within 30-days and rescind the informal hearing. If Respondent fails to sign within 30-days, combine Complaint 3174 and go to formal hearing. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3314 Ilya Sachokov

Respondent and Michael Orcutt, attorney appeared. Frank Ugenti recused himself from this matter. Debbie Rudd made the comment that she would like to see this go to investigation. Respondent admitted there were some typos in the report due to the software he used. There was discussion about the review appraiser's comparables and that they were inferior, not clear, and the Respondent's methodology in his comparable selection and analysis of upgrades. Mike Petrus made the motion finding a Level 1 violation, citing USPAP violation 2-1 a and offer Respondent a Nondisciplinary Letter of Concern. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. It was mentioned that the complainant Rels grossly over characterized errors in the summary of the complaint.

Informal Hearing concerning 3281 James A. Jamison

Respondent appeared and was sworn in; Frank Ugenti recused himself from this matter and left the meeting for the rest of the day. Respondent made an opening statement to the Board, described the property, the structure, neighborhood, and informed the Board of his education and years of experience. Debbie Rudd made the motion finding a Level 2 violation, citing USPAP violations 1-1a, 1-1c, 2-1a, and scope of work. She further motioned to offer Respondent a Nondisciplinary Remedial Action Letter requiring education. James Heaslet seconded the motion. The Board voted in favor of the motion.

Review and Action concerning 3153 Robin E. Pinkus

Debbie Rudd made the motion to accept the investigator's 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 3177 Thereasa L. Mcreynolds

Respondent did not appear. Joe Stroud recused himself from this matter. Debbie Rudd made the motion that the Board accept the investigative report and invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted in favor of the motion.

Review and Action concerning 2867 Jeffrey M. Playford

Rebecca Loar, Regulatory Compliance Officer informed the Board that Respondent has complied with the Board's Order since September 19, 2011. Dan Pietropaulo, Executive Director has temporarily approved Respondent's mentor. Mike Trueba made the motion

that the Board permanently approve the mentor. Mike Petrus seconded the motion. The Board voted in favor of the motion with James Heaslet voting no.

Review and Action concerning 3317 Tracey M. Captain

Respondent did not appear. James Heaslet 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.

Review and Action concerning 3322 Deborah A. Nicoletti

Respondent did not appear. Debbie Rudd noted that the appraisal occurred prior to the Respondent's probation. Debbie Rudd made the motion that the Board find USPAP violations 1-1a, 1-4 a, and 2-1a, but take no action and close the complaint. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3326 Shemika L. Hill

Respondent did not appear. Debbie Rudd noted that the appraisal occurred prior to the Respondent's probation. Debbie Rudd made the motion that the Board find USPAP violations 1-1b & c, 1-4a but to take no action and close the complaint. There were questions about the Respondent's probation status regarding Complaint 2624. After the Board discovered she is in noncompliance with Complaint 2624, there was discussion to offer her a Consent Agreement for Voluntary Surrender of her license. Debbie Rudd withdrew her motion, but then made the motion for Jeanne Galvin, Assistant Attorney General to pursue a Consent Agreement for Voluntary Surrender, or give Respondent 30 days to find a mentor or go to formal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3355 Gwendalynn M. Baker

Respondent did not appear. Debbie Rudd noted that this complaint is a duplicate of Complaint 3327 and made the motion to rescind the opening of this complaint. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3327 Gwendalynn M. Baker

Respondent did not appear. Debbie Rudd made the motion to invite Respondent to an informal hearing to answer the Board's questions. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Mike Petrus made the motion to open a complaint against the review appraiser David LeWin for allegedly targeting a lower value and bias in his review, which is all a violation of conduct under ethics. James Heaslet seconded the motion. The Board voted in favor of the motion with Debbie Rudd voting no.

Review and Action concerning 3330 Diane H. Kurlander

Respondent did not appear. Mike Petrus made the motion that the Board noted this appraisal report is over 5 years old and to dismiss. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

Kevin Yeanoplos left the meeting at 4:01 p.m.

Review and Action concerning 3331 Joseph A. Blagg

Respondent did not appear. Debbie Rudd made the motion that the Board find a level 4 violation, citing USPAP violations 1-1a, 1-2 h, scope of work, 1-4 a, 1-5 a and b, 1-6 b, 2-1 a, 2-2c i, iv, v, vi, viii, 2-3, Ethics, conduct and competency. She further

motioned to offer Respondent a Consent Agreement and Order for 30-days suspension, 6 months probation with a minimum of 12 reports with a mentor and disciplinary education. The Board gave permission for Jeanne Galvin, Assistant Attorney General to negotiate the start date of 30-day suspension. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3334 Randall S. Lineberger

Respondent did not appear. Debbie Rudd made the motion to invite both the Respondent and the loan officer Frank C. Nguyen to an informal formal hearing to answer some questions. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3335 Mary H. Marks

Respondent did not appear. The Board requested to table this matter for the next agenda.

Les Abrams informed the Board that Joe Stroud would like to be assigned to the Testing and Education Committee and would like to audit classes on behalf of the Board. James Heaslet requested to step down on the Education and Testing Committee. Therefore, Les Abrams, chairperson made the following assignments to the Testing and Education Committee; added Joe Stroud, removed James Heaslet, and assigned Mike Petrus as chairperson.

Dates and Times

Rebecca Loar, Regulatory Compliance Officer reminded the Board that the next meeting will be held in the same location on January 27, 2012 at 8:30 a.m.