



ARIZONA BOARD OF APPRAISAL

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MINUTES REGULAR BOARD MEETING Friday, November 4, 2011 9:05 AM

Call to Order and Roll Call

Regular Board meeting called to order by Debbie Rudd, Acting Chairperson (Les Abrams was absent).

Board members Present at Roll Call:

Debbie Rudd
Mike Trueba
James Heaslet
Myra Jefferson
Kevin Yeanoplos
Joe Stroud
Mike Petrus

Staff Attendance:

Jeanne Galvin - Assistant Attorney General
Rebecca Loar – Regulatory Compliance Officer
Amanda Benally – AMC Compliance Officer

Pledge of Allegiance

Approval of Minutes

James Heaslet made a motion to approve the October minutes. The motion was seconded by Myra Jefferson. The motion passed with Joe Stroud abstaining.

Review and Action concerning 3105, Walter Reed

Respondent appeared. James Heaslet recused himself from this matter. Mike Petrus made the motion that the Board accept the investigative report. Mike Trueba seconded the motion. The Board voted in favor of the motion. Mike Petrus made the motion that the Board invite Respondent to an informal hearing. Myra Jefferson seconded the motion. The Board voted in favor of the motion with one recusal.

Review and Action concerning 3023/3024 Jack Newman

Respondent appeared. There was discussion among the Board members regarding the investigative reports where it mentioned that the weighting of the sales is not a recognized method and technique and is contradictory. The investigator was present and explained that the statement as it related to a lack of evidence in the work file in support of the weighting technique and agreed to amend his reports and clarify that statement. Mike Petrus made the motion that the Board accept the investigative reports as amended. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet made the motion to combine Complaints 3023/3024

and invite Respondent to an informal hearing. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Call to the Public

Ann Susko made a presentation to the Board. A group of appraisers decided to make green ribbons in support of Dan Pietropaulo in his fight against kidney cancer. They will sell the ribbons for whatever anyone wants to donate. The money collected will be donated to Dan's family. Ann gave the ribbons to staff member Amanda Benally to distribute to anyone who may be interested. Ann also mentioned that if anyone needs more ribbons to contact her. She is an Arizona Certified appraiser and her contact information can be found on the Board's website under the Directory. Debbie Rudd gave an update on Dan's condition. Debbie Rudd spoke with Dan this morning and he sounds much better, he is responding well to the chemotherapy and communicating with the staff on a daily basis. Les Abrams and Debbie Rudd met with the office staff the other day. The office staff are doing well, it is a totally different office then it was a year and a half ago. They are thriving due to Dan's leadership and they are continuing to do very well under Dan's direction. Debbie Rudd mentioned that she has every confidence that Dan will recover and is pleased with his progress. Debbie Rudd also mentioned the Care Page through the Mayo Hospital where one can login, post a message to Dan, and read any of the other posted messages.

Review and Action concerning 3291 John D. Cervin

Respondent appeared. Debbie Rudd described the property to the Board. There was discussion on why the Respondent used trustee sales. Respondent was unaware that he could not use it as a sale and mentioned that he only uses warranty deeds in his appraisals now. At the time he was relying on Data Quick not MLS due to their old pictures and outdated information. There was discussion on how the Respondent verifies the comparables. Respondent mentioned that he does not even do drive by appraisals anymore and that he has only done four appraisals this year. Respondent submitted a list of classes he has taken to the Board. Mike Petrus noted that the following violations citing Ethics – Competency, 1-1 (a), 1-1 (c), 1-4 (a) and (b), 2-1 (a) & (b), and Recordkeeping. Joe Stroud suggested to the Board, that he thinks this rises to a level 4 and to look at the last 6 appraisals to see if there is a pattern. James Heaslet made the motion that the Board find a Level 4 citing the violations mentioned by Mike Petrus and offer a consent agreement and order for probation and mentorship for a minimum of 12 months and 24 reports and disciplinary education. Myra Jefferson seconded the motion. Joe Stroud voted no, the remaining Board members voted in favor of the motion.

Review and Action concerning 3295 Polly Stidham

Respondent appeared. Debbie Rudd updated the Board of the location of the appraised property.

James Heaslet made the motion that the Board find no violations and dismiss the complaint. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion. Kevin Yeanoplos asked the Board if they had any recourse against the review appraiser who submitted Complaint 3295. Debbie Rudd said yes, the Board could open a complaint against the reviewer. James Heaslet made the motion that the Board instruct the office staff to write a letter to the complainant and remind him to follow USPAP Standard 3 when reviewing appraisals and that it is a lack of professionalism to

personally criticize the appraiser. Kevin Yeanoplos seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning Janice M. Peterson

Respondent appeared. Debbie Rudd updated the Board of the location of the appraised property and summarized the complaint. Debbie Rudd made the motion that the Board 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 3299 Bruce R. Berkson

Respondent appeared. Mike Trueba discussed that even though this is a restricted appraisal there were math errors. Mike Trueba made the motion that the Board refer this matter to investigation. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion. As part of the investigation the Board would like the investigator to interview the Respondent.

Review and Action concerning 3298 Martin A. Riley

Respondent appeared. Debbie Rudd updated the Board of the location of the appraised property and summarized the complaint. Debbie Rudd made the motion that the Board find no violations and dismiss the complaint. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3067 Stephen D. Fetters

Mike Petrus made the motion that the Board accept the investigative report. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion. Mike Petrus made the comment that based on the Respondent's previous history and noting all the violations in the investigative report, he has concerns about the Respondent's competency. James Heaslet made the motion to invite the Respondent to an informal hearing and because of the seriousness of the matter to move this up to January's Board meeting. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3118 Pamela N. Plew

Debbie Rudd made the motion to accept the investigator's report, find no violations and dismiss the complaint. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3134 Julie E. Kearns

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 3144 A.P. Ryan Fortuna

Debbie Rudd made the motion to accept the investigative report and noted there was a typo on page 9 where 1-4 should be 1-1. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet made the motion to invite Respondent to an informal hearing. Mike Petrus seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 2759 Andrew E. Ament

James Heaslet made the motion that the Board accept Respondent's three appraisals and terminate his probation. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3290 Harrison Cox

Debbie Rudd updated the Board on the location of the appraised property and summarized the complaint. Debbie Rudd made the motion that the Board invite Respondent to an informal hearing to answer some questions. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3292 Mark S. Glade

Debbie Rudd recused herself from this matter. Mike Petrus summarized the complaint. There was concern that the appraiser did not discuss if there were any improvements to the subject property, or any MLS or data available at the time. It appears that the Respondent used Zillow for sales and followed up with public records and therefore there is a question about the Respondent's ability to do market studies and find out the condition of the market. There is concern that the Respondent did not have the data to do this appraisal. Mike Petrus made the motion to invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted in favor of the motion with one recusal.

Review and Action concerning 3294 Kenneth A. Softley

Debbie Rudd summarized the complaint. Debbie Rudd made the motion that the Board 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 3300 Daniel O. Ragno

Mike Petrus summarized the complaint. There was discussion on the adjustment methodology and it was found not to be credible. Mike Petrus made the motion that Board find a Level 3 violation citing violations 1-1 (a), 1-4 (a), 2-1 (a), and 1-1 (b) and offer an amended consent agreement to combine this complaint with Complaint 3087 that is currently in effect. The amended consent agreement will be for an additional six months with an additional twelve reports under mentorship and to complete disciplinary education within three months. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3305 Kenneth A. Purinton

Debbie Rudd summarized the complaint. Debbie Rudd informed the Board that you can now go online and verify the existence of permits. James Heaslet made the motion that the Board find no violations and dismiss the complaint. Mike Trueba seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning 3308 Frederick J. Seidel

Debbie Rudd summarized the complaint. Debbie Rudd found violations with Recordkeeping, 1-1 (c), 1-4 (b), 1-5 (a). Mike Petrus made the motion that the Board find a Level 2 violation citing the violations mentioned by Debbie Rudd and offer a nondisciplinary letter of remedial action with education to be completed within 6 months. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning proposed legislation from AAREA (Arizona Association of Real Estate Appraisers)

Joanna Conde, President and David Thomas Vice President of AAREA were present. The ideas presented to the Board at this time are conceptual in nature and that Board members as individuals had a few questions on the issues but the Board did not make any motions as a body. Joanna Conde updated the Board and summarized the legislative concepts (see full report to the Board attached)

AAREA sent out an email to 1,300 appraisers on these topics and next week they will mail a flyer to every appraiser listed in the state to allow them to cast their vote on these matters.

Review and Action concerning A0027, Appraisal Tek and A0028 Landmark Network, Inc.

Amanda Benally, AMC Compliance Officer informed the Board that both these complaints have been filed by the same complainant and she cannot contact the complainant and that both AMCs have tried to pay her. James Heaslet made the motion that the Board dismiss both complaints and find no violations. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action concerning Managed Appraisal Services, Inc. notice to appraisers and possible operation as an AMC in Arizona without benefit of registration

Amanda Benally updated the Board that the AMC quit doing business in the state of Arizona and has turned in an application without the bond. The Board decided to table this matter until next month. The Board asked office staff to write a letter to the appraiser to inquire if the Respondent, (Managed Appraisal Services, Inc.) has worked in Arizona. Also, staff to send a letter to the Respondent asking if this company has operated in Arizona and if so lists the dates of operation.

Review and Action concerning Appraiser Loft, LLC and the receipt of numerous complaints regarding past due appraisal fees

Amanda Benally updated the Board and informed them that Appraiser Loft has closed their doors. Some of the Board members mentioned the need for new legislation to increase the bond, that \$20,000 is not enough money. Another Board member noted that even if the Board would like to see the bond increased, that it could be problematic. James Heaslet made the motion to go into Executive Session to seek legal advice. Joe Stroud seconded the motion. The Board voted unanimously in favor of the motion.

The Board reconvened into regular session.

James Heaslet made the motion to open a complaint for failure to keep a bond and combine the 19 complaints filed to the Board and include any others up until the time set by the Assistant Attorney General and refer this to the Office of Administrative Hearings for revocation and seek civil penalties per each violation. Kevin Yeanoplos seconded the motion. The Board voted unanimously in favor of the motion.

Application Review Committee

James Heaslet recommended that the Board approve all items on the Application Review Committee agenda except for the matter regarding Jeffery P. Wright. James

Heaslet made the motion that the Board accept the Committee's recommendations. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet made the motion to accept the Committee's recommendation to deny the request from Jeffery P. Wright regarding backdating the engagement date of his three trainees. James Heaslet made the motion to open a complaint against Jeffery P. Wright for failure to comply with the Supervisory Rule R4-46-201 (D) (3). Kevin Yeanoplos seconded the motion. The Board voted unanimously in favor of the motion. To table the matter regarding 40027 Core Logic Valuation Services and 172 Directive Services, LLC to allow Jeanne Galvin, Assistant Attorney General more time to do some further research. Kevin Yeanoplos seconded the motion. The Board voted unanimously in favor of the motion.

Testing and Education Committee

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

Review and Action concerning AARO Conference Update

Debbie Rudd mentioned that this was an informative conference. With the GAO study that will come out in January, there was a lot of people who were afraid to say or didn't know what to say until after January. She was very thankful that two members of the Board and Rebecca Loar were able to attend as well.

Rebecca Loar attended the AARO Conference on behalf of Dan Pietropaulo, Executive Director. She mentioned that it was very beneficial for someone from the staff to go. Being there and seeing the Appraisal Foundation and the Appraisal Qualification Board (AQB) at work. She met with other regulatory officials and it was helpful to put a face with a name and to build meaningful business relationships. The Foundation is very concerned about what is going on in the industry with Dodd Frank and it was reassuring to see how they are aware of the issues. They want feedback from the appraisers to respond to the drafts they send out. James Heaslet mentioned that Rick Baumgardner, the chairperson of the AQB said that there are very few letters rebutting the issues and that not many appraisers are engaged. According to the AQB, the appraisers are not taking charge of what is happening to USPAP or the Foundation. Whatever feedback the Foundation does receive they review and take into consideration.

Review and Action concerning status of proposed rulemaking to adopt the 2012-2013 National USPAP

Amanda Benally updated the Board that she is working with Dan Pietropaulo to locate the rule moratorium exception. Amanda Benally would like to submit to the Board a proposed rule to adopt the 2012-2013 USPAP by the December Board meeting.

Review and Action concerning status of proposed rulemaking to adopt the Appraisal Subcommittee increase in National Registry fees

Amanda Benally updated the Board that she has already started the process and has submitted this to GRRC and has already received comments and changes. The office has already submitted a request to the Appraisal Subcommittee to extend this until April 1, 2012. That way, in the event we do not get this completed in time for the December Agenda with GRRC. It is Amanda's intention to complete this with GRRC in time for the December agenda if not it will go in January. Debbie Rudd asked that Amanda update the Board next month on the status of this matter.

Personnel

Debbie Rudd informed the Board that both Les Abrams and she met with the Board staff a few days ago and she was very encouraged that Dan Pietropaulo attended the meeting via conference call. They are very pleased and impressed on how the Board office is working. Debbie Rudd quoted from Rebecca Loar from the update she gave at the staff meeting, "That we are not just existing we are thriving." Debbie Rudd feels the Board staff is doing a commendable job and that Dan has been in contact with the staff daily and the staff are very competent at what they are doing. At this point, there is no need to entertain the need to bring in an interim executive director at this time. If something were to change, it would take a Board action to get an interim director. Debbie Rudd asked that the Board give Les Abrams and herself the power to act and hire an interim director. Jeanne Galvin, Assistant Attorney General informed the Board that the interim director would come from the Arizona Department of Administration and she noted that Dan Pietropaulo was in favor of this action. Mike Petrus made the motion that the Board give Les Abrams and Debbie Rudd the authority to hire an interim director when and if the need occurs either from direction from Dan Pietropaulo himself or if the staff feel the need as well. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Executive Director's Report

Rebecca Loar, Regulatory Compliance Officer informed the Board that Jeanne Galvin's assignments are current and that only one complaint was extended by staff this month. Rebecca Loar discussed the complaint statistics report (see below). She asked the Board how many informal hearings they would like to see on the future agendas. There was discussion to revise the informal hearing schedules to do four set for 10:00 a.m. and four after 11:00 a.m. This will allow more flexibility to hear the initial review complaints that do not have a set time and assist the Respondent's who are waiting in the audience for their complaints to be heard. Debbie Rudd suggested that we push through as many as we can to help serve the public.

Confirmation of Meeting Dates, Time, Locations, and Purposes

James Heaslet updated the Board the status of personnel and budget meeting dates. Rebecca Loar reminded the Board that Myra Jefferson is chairperson for Personnel and Kevin Yeanoplos is chairperson for the Budget Committee. It was decided that the Personnel Committee will meet at the Board office conference room on Dec 1, 2011 at 8:30 a.m. and the Budget Committee will meeting at the Board office conference room on Dec 1, 2011 at 2:00 p.m. There was discussion and agreement to start Board meetings for 2012 on the 2nd Friday of the month at 8:30 a.m.

James Heaslet made the motion to adjourn the meeting. Debbie Rudd seconded the motion. The Board voted unanimously in favor of the motion.

A Summary of AAREA's Proposed Changes to the Arizona State Statutes That Are Up for Discussion with Arizona Appraisers

Customary & Reasonable Fees, Minimum Turnaround Time, Reporting of Fee in Appraisal Report - Three of many proposed changes.

AAREA is proposing numerous changes to the Arizona State Statutes for the next legislative session. It is our intention that all appraisers in Arizona be made aware of these proposed changes and have a chance to comment on them before they are "cut in stone" and the exact wording of the proposed legislation written in final draft (which may be changed as it works through the legislative process). We will be stating the proposed change and then our comments on why we feel these changes are important in upcoming emails. We welcome all comments from Arizona appraisers, whether or not you are members of AAREA. Following are the first three:

#1 - Customary and Reasonable Fees. Propose to add: "The customary and reasonable fee paid to an appraiser for a residential appraisal prepared for a lender or lender's agent to be used for a basis of the value of the collateral shall be no less than that scheduled amount paid to an appraiser by the United States Veterans Administration for an appraisal of the same type completed for properties in Arizona." Reasoning: Customary and reasonable fees are allowed to be established by the DoddFrank legislation. By tying them to an already established and recognized source, they are set. It was suggested that the Arizona Board of Appraisal be given the flexibility to establish them in the "Rules". However, AAREA felt that would allow the Board not to set them and/or be swayed by outside sources. Additionally, as we understand it, changes in the Rules must be proposed by the ABOA, not by appraisers. Therefore, by putting customary and reasonable fees into the Arizona State Statutes and tying them to a recognized source, the regulation is put at the state level in concrete terms. This also provides a baseline for appraisals and therefore levels the playing field for appraisal fees. With this established, AMCs and lenders would have to justify to any additional costs related to an appraisal which they would have to bear. Note this establishes a "no less than" fee which still allows the appraiser to set fees above this fee due to circumstances the appraiser determines would qualify for a higher fee. Protection of the Public: This in conjunction with the next two proposed changes lets the borrower, who we all know traditionally pays for the appraisal, know what the standard fee is and therefore what additional fees the lender may be adding. If the Veterans Administration has established fees it believes are fair, why shouldn't these fees be applicable to all appraisals completed of the same type. There is an old saying that "You get what you pay for" and we all know that many, not all, of appraisers who take low fees often cut corners in the time spent on an appraisal in order to do enough appraisals to make a living. Although the fee is not to be a consideration under USPAP, the reality is, for many appraisers it is. By establishing a criteria for fees, there is no longer any excuse for an appraiser "not being paid enough" to do a quality job.

#2 - Time Period - Propose to add: "A client may request the report be delivered in a specific time frame, but in no case shall that requirement be less than 72 hours from the date of the property inspection." Reasoning: Haste makes waste. We have all gone to a subject property with all of our comparables researched according to the County data or other data provided only to find the property is much different in size, condition, amenities, outbuildings, etc., than we anticipated. This means that we will need to research more and different comparables, etc., and often make a second trip to the area to take comparable pictures. The appraiser needs the time to do this rather than to cut corners by simply making the comparables researched "work". In order to do proper

research, it is often necessary to call the comparables' listing or buying agents for further information, and/or someone to answer questions not readily available at the time of inspection. This additional research takes time: time to call, time to get return calls. Additionally, the appraiser needs time to think and reconsider. We have all done appraisals and finished them at night, only to reread our reports in the morning and ask ourselves, "What was I thinking when I wrote this?" We need the time to consider and reconsider. 72 hours give appraisers that time. Protection of the Public: The public is protected by careful consideration of a property, not the speed in which a report is delivered. The requirement of 72 hours protects the public by allowing the appraiser the time to research, prepare, and review a report.

#3 - Statement of the fee required in the report. Propose to add: "The fee that is to be paid to the appraiser for the appraisal report must be stated in the Scope of Work section of the appraisal report." Reasoning and Protection of the Public: The borrower has a right to know where the money paid for the appraisal goes. The borrower cannot shop around for appraisers, therefore the borrower must take whatever appraiser is assigned to the subject property and the report delivered by the appraiser. The borrower has a right to know what the appraiser is to be paid and whether the amount the borrower paid the lender for the appraisal was paid to the appraiser or if monies were taken by the lender or AMC for things other than the appraisal. This protects the public by making the fee paid transparent. 32-3605: State Board of appraisal; duties

5. 32-3605: Paragraph C. Add the following sentence: "The executive director must be either a certified residential or a certified general appraiser." Reasoning: It has been expressed by many appraisers that the executive director should have experience in the profession for which he/she is serving as executive director for the Board that regulates the appraisal profession. Not to have that experience, it has been expressed, results in misunderstandings of what is required both in an appraisal and of an appraiser.

6. Qualifying Education for Renewal: 32-3619 Add Paragraph F: Any qualifying continuing education class taken by the renewing appraiser after the renewal application has been delivered to the Board and within the time frame allowed for delivery of the application to the ABOA may be applied to the subsequent renewal period. [Example: if an appraiser delivers the renewal application to the Board on June 15 for an application that expires on August 31st, any approved continuing education courses taken between June 15 and August 31st may be applied to the next renewal period.] Reasoning: As it stands now there is a period between delivery of an application for renewal and the beginning of the next renewal period when any class taken doesn't count for any period. This gives the appraiser a full two years to get the continuing education. Currently, the process limits the time period to 23 months. Often classes are given during the month that "doesn't count" that an appraiser would like to take, but the appraiser cannot receive credit for classes taken during that month. This would correct that situation.

7. Military Leave of Absence - Reactivation: 32-3628. Inactive license or certificate status during military duty; reactivation application; renewal application and fee; continuing education a. Paragraph D: "A license or certificate holder on inactive status must file with the Board an application for reactivation of the license or certificate within (strike thirty days as it is currently written and replace with) one hundred-twenty days after returning home from active military duty. b. Paragraph E: "The license or certificate holder must submit proof of completion of any continuing education requirements to the Board no later than (strike thirty days as it is currently written and replace with) one hundred-twenty days after completion. Reasoning: This was suggested by Dan Pietropaulo as it was found that 30 days was not sufficient for both the ABOA staff and the returning veteran to complete all the necessary paperwork. Oftentimes, the veteran has a number of other priorities upon returning home and this may just fall through the cracks.

More proposed changes: Replace the definition of Appraisal Management Company in the current Arizona State Statute 32-3661. Definitions 2. Inclusive of items (a), (b), (c), and 3 with the Dodd - Frank Definition of Appraisal Management Company: Section 1124 - Appraisal Management Company Minimum Requirement, item (11) (This is Dodd-Frank Definition) "APPRAISAL MANAGEMENT COMPANY. - The term 'appraisal management company' means, in connection with valuing properties collateralizing mortgage loans or mortgages incorporated into a securitization, any external third party authorized either by a creditor of a consumer credit transaction secured by a consumer's principal dwelling or by an underwriter of or other principal in the secondary mortgage markets, that oversees a network or panel of more than 15 certified or licensed appraisers in a State or 25 or more nationally within a given year- "(A)" to recruit, select, and retain appraisers; "(B) to contract with licensed and certified appraisers to perform appraisal assignments; "(C) to manage the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or "(D) to review and verify the work of appraisers". Reasoning: The current AMC legislation has a definition so broad as to encompass many appraisal shops in Arizona that would not be included in this definition for a variety of reasons. As it stands now, the AMC definition in the current legislation could apply (although that is not the intent) to appraisers who contract with another appraiser in order to meet competency requirements. Modifying this definition or explaining it under the Arizona Administrative Code (Rules) has been difficult and unsatisfactory to many including Board members. This would make the Arizona Appraisal Management Company definition consistent with the federal definition. Complaints: An appraiser who has been served with a complaint, may hire at his/her own option and expense, a compliance review or a Standard 3 Review to be presented to the Board prior to the initial hearing. The Board shall give this review the same weight as it would a Board employed investigator's report and recommendations. Reasoning: The purpose of this change is to allow the appraiser to speed up the process by hiring his/her own reviewer. The Board can then make a determination based on this report, thus cutting down the time. The appraiser is not required to hire his/her own reviewer, but may do so. The review will also be subject to review. Complaints: Any review of an appraisal sent to the Arizona Board of Appraisal with a complaint, must be a USPAP Standard 3 Review completed by an appraiser certified in Arizona. Reasoning: The appraisal review must be completed by an appraiser who has an equal or greater certification than the one against who the complaint is filed. The appraisal must have a USPAP compliant review not just a compliance review. The review appraiser must be competent in the area in which the subject is located. Composition of the Arizona Board of Appraisal (32.3604, A & B): The composition of the Arizona Board of Appraisal shall be changed to 6 appraisers, one from each category of licensing and three of whom are from any of the licensed categories; one member who is a registered tax agent, and two public members who are not appraisers or related to appraisers within the third degree of consanguinity or affinity to any real estate appraiser. Reasoning: Currently there is a minority of appraisers on the ABOA and it is possible for a quorum to be established without the presence of even one appraiser. The majority of Board members should represent the profession and have a working knowledge of the profession and not be from outside parties who may have interests that are in conflict or detrimental to the profession and/or the public interest. We have also noticed that the majority of members of the Rules Committee and the Education Committee are appraisers and therefore puts an undue burden on a minority of Board members. Having more appraisers on the Board will lead to a diversity of members on each of the committees who have appraisal experience. This statement in no way demeans those currently serving on the Board and their contributions to the discussions of appraisal reports. Prohibited Practices: AAREA is in the process of obtaining the text of the newly assed Texas law which prohibits an appraisal management company or an employee, director, officer, or agent of an appraisal management company from requiring the

appraiser to sign a document which holds harmless the appraisal management company against liability except liability for errors and omissions by the appraiser. (The appraiser would accept only those liabilities that are covered by the appraiser's E & O policy.) Reasoning: Appraisers have been asked to take full responsibility and hold harmless the AMC or not get any further assignments. We are presenting this in concept only until we have the exact wording. Note: These are proposed and have not been fully vetted with the appraisal community. There is still a survey to be taken before the final wording and content is in place.

DRAFT