

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES – LICENSING DIVISION
2501 Woodlake Circle, Okemos, Michigan 48864-5955

BOARD OF REAL ESTATE APPRAISERS

BOARD MEETING MINUTES

March 27, 2007

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Board of Real Estate Appraisers met in Regular Session on March 27, 2007, at the Department of Labor & Economic Growth, Bureau of Commercial Services, 2501 Woodlake Circle, Conference Room 1, Okemos, Michigan. The business meeting was called to order by Chairperson, David Molenaar, at 9:00 a.m.

ROLL CALL

Present:	Andrew Chamberlain	- Professional Member
	Darius Dynkowski	- Public Member
	Donn Fresard	- Public Member
	Beth Graham	- Professional Member
	David Molenaar	- Professional Member
	Robert Schellenberg, Jr.	- Public Member
	Reagan Schwarzlose	- Professional Member
	John Snyder	- Professional Member
Absent:	Craig Hufnagel	- Professional Member
Staff:	Joseph Campbell	- Licensing Administrator
	Jean Boven	- Licensing Division Director
	Felicia Badger	- Assistant Licensing Administrator
	Sharon Murphy	- Recording Secretary
	Bill Wilhelm	- Compliance/Legal/FOIA Unit
	Stephen Gobbo	- Compliance/Legal/FOIA Manager
	Archie Millben	- Enforcement Division Director
	Tom Byrne	- Testing & Education Services Manager
	Peggy Waugh	- Testing & Education Services
	Kristie Pfeifer	- Enforcement Division Analyst
	Barrington Carr	- Enforcement Division Manager
	Forrest Maher	- Enforcement Division Analyst
	Amy Shell	- Policy Specialist
Visitors:	Andrea Bates	- MAR
	Bryan Howes	- Lifestyles Learning
	Rhona Ravenell	- Petitioner
	Fanny Clay	- Petitioner

AMENDMENTS TO AGENDA

The following items were added to the agenda:

- 8.e. Board Member Training – May 18, 2007
- 8.f. Board Member Comments/Concerns

APPROVAL OF PREVIOUS MINUTES HELD DECEMBER 5, 2006

MOTION: Mr. Schwarzlose moved to approve the minutes of December 5, 2006. Ms. Graham seconded the motion, which carried unanimously.

PETITIONS

Fanny Clay, Certified General Real Estate Appraiser License Denial

On April 21, 2006, Ms. Clay applied for a certified general appraiser license. The department denied the application on November 20, 2006, as Ms. Clay did not meet the experience requirements by failing to comply with applicable federal standards. A petition for review was received on December 19, 2006. Ms. Clay was not present at 9:05 a.m. when the board reviewed the petition.

MOTION: Mr. Chamberlain moved to uphold the license application denial issued by the department based upon Ms. Clay's failure to demonstrate that she meets the minimum experience requirement for licensure in Michigan in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). Ms. Graham seconded the motion, which carried unanimously. The department concurred.

Ms. Clay and her assistant arrived at 9:20 a.m. The board and department discussed whether Ms. Clay's appeal could be reconsidered.

MOTION: Mr. Fresard moved to reconsider Ms. Clay's petition and allow her to address the board. Mr. Chamberlain seconded the motion, which carried unanimously. The department concurred.

Ms. Clay and her assistant addressed the board regarding her work experience history, answering questions from board members during a lengthy discussion regarding the content of her appraisal reports.

MOTION: Mr. Chamberlain moved to overturn the denial issued by the department and board and allow Ms. Clay to sit for the examination based upon her demonstration of meeting the experience requirements to qualify for examination to be granted licensure in Michigan. Mr. Snyder seconded the motion, which carried unanimously. The department concurred.

Jeffrey Kress, Limited Real Estate Appraiser License Denial, GMC

On August 10, 2006, Mr. Kress applied for a limited real estate appraiser license. The department denied the application on November 1, 2006, for lack of good moral character.

A petition for review was received on November 30, 2006. Mr. Kress was not present at the meeting today. The board reviewed the petition, a letter from petitioner's father, a social security case evaluation dated in January/2005, proof of incarceration dated in September/2005, and a sentence disposition dated in April/2005.

MOTION: Ms. Graham moved to uphold the license application denial issued by the department based upon Mr. Kress' failure to demonstrate rehabilitation and the propensity to serve the public in a fair, honest and open manner to the satisfaction of the board and department. Mr. Chamberlain seconded the motion, which carried unanimously. The department concurred.

Rhona Ravenell, Certified General Real Estate Appraiser License Denial

On May 30, 2006, Ms. Ravenell applied for a certified general appraiser license. The department denied the application on October 27, 2006, as Ms. Ravenell did not meet the experience requirements by failing to comply with applicable federal standards. A petition for review was received on November 15, 2006. Ms. Ravenell was present at the meeting today and addressed the board. The board reviewed the petition, supporting documents, and heard the petitioner's statements.

MOTION: Mr. Schellenberg moved to accept Ms. Ravenell's petition and allow her to sit for the examination based upon her demonstration of meeting the experience requirements to qualify for examination to be granted licensure in Michigan. Mr. Fresard seconded the motion, which carried unanimously. The department concurred.

STIPULATIONS

Stephen Eipper, 12-01-005757, C#297574

The board reviewed the stipulation in the matter of Stephen Eipper who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal; failure to reconcile the quality and quantity of data available and analyzed within the approaches used in the appraisal; failure to clearly and accurately set forth the appraisal report in a manner that was not misleading; appraisal report did not clearly and accurately disclose any extraordinary assumption, hypothetical condition or limiting condition that directly affected the appraisal and indicate its impact on value; failure to exercise reasonable diligence in developing or communicating the appraisal; and violating provisions for which penalties are not otherwise prescribed.

In accordance with the stipulation, the respondent consents to pay a fine of \$500.00 to the department, which shall be due ninety (90) days from the date of mailing of the final order, and successfully complete one continuing education course in income capitalization (requirement of course work has already been. Failure to comply with all terms and conditions set forth in the stipulation shall result in a suspension of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

MOTION: Mr. Chamberlain moved to accept the stipulation. Mr. Fresard seconded the motion, which carried unanimously.

Robert Fasnacht, 12-01-068419, C#297121

The board reviewed the stipulation in the matter of Robert Fasnacht who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal; and committed substantial errors of omission or commission that significantly affected the appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$1,500.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and successfully complete a 7 hour Sales Comparison Method in addition to the continuing education requirement for licensure renewal within six months from the date of mailing of the final order, and shall provide to the department within six months from the date of mailing of the final order certificates documenting such attendance and successful completion of the above required courses which shall not be applied to the continuing education required for licensure renewal. Failure to comply with all terms and conditions set forth in the stipulation shall result in a suspension of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

MOTION: Mr. Chamberlain moved to accept the stipulation. Ms. Graham seconded the motion, which carried unanimously.

Stacey Horner, 12-01-068421, C#297122

The board reviewed the stipulation in the matter of Stacey Horner who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal; and committing a substantial error of omission or commission that significantly affected the appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$1,500.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and successfully complete 7 hours of continuing education courses in the topic of Sales Comparison Method within a six month period from the date of mailing of the final order, and shall provide proof to the department within six months from the date of mailing of the final order certificates documenting such attendance and successful completion of the above required courses which shall not be applied to the continuing education required for licensure renewal, and shall make restitution to respondent in the amount of \$9,742.00 within sixty (60) days from the date of mailing of the final order. Failure to comply with all terms and conditions set forth in the stipulation shall result in a suspension of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

MOTION: Ms. Graham moved to accept the stipulation. Mr. Schwarzlose seconded the motion, which carried unanimously.

Joseph Leutze, 12-01-001905, C#88851

The board reviewed the stipulation in the matter of Joseph Leutze who admitted to failure to identify the scope of work necessary to complete the appraisal assignment.

In accordance with the stipulation, the respondent consents to pay a fine of \$2,500.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and successfully complete a 14 hour 2006 edition Uniform Standards of Professional Appraisal Practice course, a 7 hour Forecasting Revenues course, and a 7 hour Scope of Work course (total of 28 hours of course work) which shall not be applied to the continuing education requirement for licensure renewal, to be completed within six months from the date of mailing of the final order, and shall provide proof of successful completion of the 28 hours of course work to the department within six months from the date of mailing of the final order. Failure to comply with all terms and conditions set forth in the stipulation shall result in a suspension of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

MOTION: Mr. Chamberlain moved to accept the stipulation. Mr. Schwarzlose seconded the motion, which carried by a majority vote, with Mr. Snyder abstaining.

Patricia Muenstermann, 12-01-003046, C#95484

The board reviewed the stipulation in the matter of Patricia Muenstermann who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal. The department and respondent mutually agreed to consolidate this complaint file number 95484 with complaint file number 297427 and complaint file number 298702 for the purpose of disciplinary action.

In accordance with the stipulation, the respondent consents to pay a fine of \$10,000.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and immediate revocation of licensure.

MOTION: Mr. Chamberlain moved to accept the stipulation. Ms. Graham seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Patricia Muenstermann, 12-01-003046, C#297427

The board reviewed the stipulation in the matter of Patricia Muenstermann who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$10,000.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and immediate revocation of licensure.

MOTION: Mr. Fresard moved to accept the stipulation. Mr. Schwarzlose seconded the motion, which carried by a majority vote, with Mr. Molenaar and Mr. Snyder abstaining.

Patricia Muenstermann, 12-01-003046, C#298702

The board reviewed the stipulation in the matter of Patricia Muenstermann who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$10,000.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and immediate revocation of licensure.

MOTION: Ms. Graham moved to accept the stipulation. Mr. Schwarzlose seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Tobin Weston, 12-01-069867, C#300589

The board reviewed the stipulation in the matter of Tobin Weston who admitted to failure to place his license number and license level on the appraisal report; committed substantial errors of omission or commission that significantly affected the appraisal; failure to clearly and accurately set forth the appraisal report in a manner that was not misleading; and violating provisions for which penalties are not otherwise prescribed.

In accordance with the stipulation, the respondent consents to pay a fine of \$500.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order. Failure to comply with all terms and conditions set forth in the stipulation within ninety (90) days shall result in revocation of licensure and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

MOTION: Mr. Chamberlain moved to accept the stipulation. Ms. Graham seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

HEARING REPORTS

MOTION: Mr. Schellenberg moved to receive the following hearing reports. Ms. Graham seconded the motion, which carried unanimously.

The following actions were taken on the hearing reports presented to the Board:

Hugh Gedrich, 12-01-000175, C#95325, Docket No. 2006-2280

The board reviewed the hearing report in the matter of Hugh Gedrich for failure or refusal without good cause to exercise reasonable diligence in developing or communicating an appraisal; and violating other provisions of the act for which a penalty is not prescribed.

MOTION: Mr. Fresard moved to assess a fine of \$1,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order based upon the majority of the charges being found not to be in violation of the Occupational Code, and in accordance with the recommended minimum sanctions for the type of violations cited. Mr. Schellenberg seconded the motion, which carried by a majority vote with Mr. Schwarzlose and Ms. Graham opposed.

Trent Stowe Sr, 12-01-006915, C#95361, Docket No. 2006-677

The board reviewed the hearing report in the matter of Trent Stowe Sr for failure to prepare an appraisal in compliance with Uniform Standards of Professional Appraisal Practice; violating standards for the development and communication of real property appraisal; and violating other provision of the act or rule for which a penalty is not prescribed.

MOTION: Mr. Fresard moved to accept the administrative law judge's recommendation to assess a fine of \$3,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order, and completion of 30 hours of Sales Comparison course work, not to be used for continuing education credit for licensure renewal, within 60 days from the date of mailing of the final order. Mr. Chamberlain seconded the motion, which carried unanimously.

EDUCATION COMMITTEE REPORT

The board received two Education Committee Reports as follows: January 2007 and February 2007.

MOTION: Ms. Graham moved to accept the Education Committee reports as presented. Mr. Schwarzlose seconded the motion, which carried unanimously.

ITEMS FOR CONSIDERATION FROM BOARD MEMBERS/STAFF

Draft Rules – Amy Shell updated the board on the rules promulgation process to update the rules to reflect the law change that adopted the AQB Criteria effective January 1, 2008. Ms. Shell also distributed a list of active bills related to appraising and their status. Ms. Graham asked whether a system will be in place to track the number of trainees under an appraiser according to the new criteria. Ms. Badger stated that a tracking system has not been developed yet. Ms. Boven stated that the federal government may be working on a tracking system for this purpose.

Testing Services – Mr. Byrne introduced Peggy Waugh who filled Dianne Bailey's position, as Ms. Bailey accepted another position. Mr. Byrne updated the board regarding PSI, the new examination contractor, and that a job analysis survey is being conducted via surveys mailed to licensees on March 2, 2007. The due date for the surveys is extended to April 2, 2007, and is also available online.

Minimum Recommended Sanctions Review – Mr. Campbell asked board members to review the current minimum sanctions document revised May 24, 2001, that lists minimum sanctions suggested for violations of the Occupational Code recommended by the board, to determine if any adjustments should be made. Board members requested further review by the committee and department staff, with recommended changes presented at the next board meeting.

A lengthy discussion ensued regarding disciplinary action being a permanent part of a licensee's record, and whether this information could be minimized or removed from public record, as this reporting feature is causing problems for many licensees who are losing

business if disciplinary action history is present. Ms. Boven and Mr. Gobbo stated that disciplinary action is considered public record and would remain a permanent part of the record unless a legislative change occurred regarding disciplinary action reporting.

Complaint Reviews Returned to Enforcement Timely – Mr. Molenaar stated that several cases referred to board members for review are not being returned to Enforcement within the designated 30 day deadline, with some case reviews delinquent up to twelve months. Mr. Molenaar stated that this is not acceptable and is interfering with the department's one-year disposition time limit. Ms. Graham stated that she had returned several cases over the weekend and apologized for her delay in completing those reviews. Mr. Molenaar stated that this issue will be reviewed at each board meeting and that board members will be asked to account for the reviews referred to them.

Board Member Training- Ms. Boven stated that the annual board member training will be held May 18, 2007, to educate board members on their role as members. Ms. Boven stated that several workshops are being considered and that any suggestions for topics to be covered could be submitted for consideration. Ms. Boven also stated that our new department director, Keith Cooley will be the key-note speaker.

General Comments/Concerns – Mr. Molenaar asked on behalf of Ms. Graham what the backlog for appraiser applications is? Ms. Badger stated that there are no applications pending over 45 days except for incomplete applications that require additional information or committee review. Ms. Badger stated that she is reviewing new applications within two weeks of receipt, and incomplete applications within 30 days of receipt of additional information. Ms. Badger stated that all three approaches to value—cost, sales, and income—must be submitted with each application via logs and samples. The application packets also instruct applicants to provide the three approaches to value.

PUBLIC COMMENT

Bryan Howes, Educational Director of Lifestyles Learning, addressed the board requesting an exception to allow him to teach prelicensure courses through his business. He is currently teaching continuing education, but cannot teach prelicensure courses due to rule 309, which requires a state licensed, certified residential, or certified general level of licensure with three years of appraisal experience. Mr. Howes stated that he develops the materials and examinations used to teach the course work in his school and feels that he is qualified to teach the material. Ms. Boven stated that this action would require a rule change, and that only one rule set change can be in progress at a time, which is currently the AQB 2008 Criteria update. Ms. Boven stated that the rule promulgation process takes about 18 months to complete, and that once this rule set is completed, the board and department can discuss his new request for rule changes.

NEXT MEETING DATE

The next regularly scheduled meeting of the Board of Real Estate Appraisers will be held on June 19, 2007.

ADJOURNMENT

There being no further business to be brought before the Board at this time, the meeting was adjourned at 11:40 a.m.

David Molenaar /s/
Board Chairperson

6/19/2007
Date

Sharon Murphy /s/
Recording Secretary

6/19/2007
Date