

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

September 18, 2007

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Board of Real Estate Appraisers met in Regular Session on September 18, 2007, at the Department of Labor & Economic Growth, Bureau of Commercial Services, 2501 Woodlake Circle, Conference Room 2, Okemos, Michigan. The business meeting was called to order by Chairperson, David Molenaar, at 9:05 a.m.

ROLL CALL

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| Present: | Darius Dynkowski | - Public Member |
| | Beth Graham | - Professional Member |
| | Craig Hufnagel | - Professional Member |
| | David Molenaar | - Professional Member |
| | Robert Schellenberg, Jr. | - Public Member |
| | John Snyder | - Professional Member |
| Absent: | Andrew Chamberlain | - Professional Member |
| | Donn Fresard | - Public 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 |
| | Jim Nelson | - Compliance/Legal/FOIA Unit |
| | Archie Millben | - Enforcement Division Director |
| | Barrington Carr | - Enforcement Division Manager |
| | Tom Byrne | - Testing & Education Services Manager |
| | Kristie Pfeifer | - Enforcement Division |
| | Ann Paruk | - Enforcement Division |
| | Forrest Maher | - Enforcement Division |
| | Randall Davis | - Enforcement Division |
| Visitors: | Andrea Bates | - MAR |
| | Stephen Eipper | - Licensed Appraiser |
| | Victoria Ledbetter | - Appraisal Subcommittee |
| | Jenny Tidwell | - Appraisal Subcommittee |

AMENDMENTS TO AGENDA

Add items 8.e. Website – Verify a License; 8.f. Board Concerns; 8.g. Governor's Appointments Division; 8.h. Appraisal Subcommittee Report; 8.i. Resolutions for Former Board Members

APPROVAL OF PREVIOUS MINUTES HELD JUNE 19, 2007

MOTION: Ms. Graham moved to approve the minutes of June 19, 2007. Mr. Hufnagel seconded the motion, which carried unanimously.

INTRODUCTION

Randall Davis, real estate appraiser complaint investigation and resolution contract employee with the enforcement division effective August 2007, was introduced to the board and department staff. Mr. Davis will review assigned complaints and provide independent expert opinion as to whether a violation of Michigan's Article 26 of the Occupational Code, Administrative Rules and/or the Uniform Standards of Professional Appraisal Practice (USPAP) has occurred. He will also serve as the agency's appraiser consultant and expert at compliance conferences and case hearings

STIPULATIONS

Karl A.H. Bohnhoff III, 12-01-003558, C#301407

The board reviewed the stipulation in the matter of Karl A.H. Bohnhoff III who admitted to failure to review listing data containing characteristics and values of comparable properties in the subject appraisal report before signing the appraisal report; and failure to exercise reasonable diligence in developing or communicating the subject appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$350.00 to the department 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. Snyder seconded the motion, which carried by a majority vote, with Mr. Hufnagel abstaining.

Nena Collier, 12-01-007466, C#95359

The board reviewed the stipulation in the matter of Nena Collier who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal; committing substantial errors of omission or commission that significantly affected the appraisal; rendering appraisal services in a careless and negligent manner; failure to clearly and accurately set forth the appraisal report in a manner that was not misleading; failure to include sufficient information in the appraisal; failure to summarize sufficient information to identify the real estate involved in the appraisal; failure to exercise reasonable diligence in developing or communicating an appraisal; and violating provisions for which a penalty is not otherwise prescribed.

In accordance with the stipulation, the respondent consents to pay a fine of \$1,000.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, and immediate revocation of real estate appraiser license. Failure to comply with all terms and conditions set forth in the stipulation shall result in continued revocation of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made.

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

Gary L. Edgar, 12-01-005893, C#92731

The board reviewed the stipulation in the matter of Gary L. Edgar who admitted to failure to exercise reasonable diligence in developing or communicating an appraisal.

In accordance with the stipulation, the respondent consents to pay a fine of \$1,000.00 to the department, which shall be due sixty (60) days from the date of mailing of the final order, make restitution in the amount of \$250.00 for reimbursement of the appraisal fee; and successfully complete 14 hours of continuing education courses consisting of 7 hours on the topic of Business Practice and Ethics, and 7 hours on the topic of National Uniform Standards of Professional Appraisal Practice (USPAP) to be completed within twelve (12) months from the date of mailing of the final order, and shall provide proof to the department within twelve months from the date of mailing of the final order certificates documenting such attendance and successful completion of the above required courses which shall 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: Ms. Graham moved to accept the stipulation. Mr. Schellenberg seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

William E. Jannenga, 12-01-001548, C#302212

The board reviewed the stipulation in the matter of William E. Jannenga who admitted to failure to make available to the department upon request books and records required to be kept; and aiding or abetting certain appraisers to commit a violation of the rules.

In accordance with the stipulation, the respondent consents to immediate revocation of his appraiser license. Failure to comply with all terms and conditions set forth in the stipulation shall result in continued revocation of all licenses or in the denial of any license renewal and the denial of future applications for licensure, relicensure, or renewal until compliance is made with the terms of these stipulations.

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

Teresa Ann Mills, 12-01-007811, C#298448

The board reviewed the stipulation in the matter of Teresa Ann Mills who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible

appraisal; rendering appraisal services in a careless or negligent manner; 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 \$5,000.00 to the department, which shall be due ninety (90) days from the date of mailing of the final order, and successfully complete continuing education courses consisting of Residential Market Analysis, Highest and Best Use, and Scope of Work to be completed within one year from the date of mailing of the final order. Failure to comply with the payment terms set forth in the stipulation within ninety (90) days of the date of mailing of the final order shall result in a suspension of all licenses and denial of any future applications for licensure, relicensure, or renewal until full compliance is made. Failure to comply with the payment set forth within six (6) months of the date of mailing of the final order and/or failure to complete the continuing education courses within one year of the date of mailing of the final order shall result in revocation of respondent's license.

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

Jeffrey Joseph Verlac, 12-01-002465, C#94679

The board reviewed the stipulation in the matter of Jeffrey Joseph Verlac 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 \$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 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. Dynkowski moved to accept the stipulation. Mr. Snyder seconded the motion, which carried by a majority vote, with Ms. Graham abstaining.

Price C. West, Jr., 12-01-001886, C#298283

The board reviewed the stipulation in the matter of Price C. West, Jr. who admitted to failure to exercise reasonable diligence in developing or communicating an appraisal.

In accordance with the stipulation, the respondent consents to pay restitution in the amount of \$450.00 to the complainant within sixty (60) days from the date of mailing of the final order, and continued revocation of respondent's appraiser license. Failure to comply with all terms and conditions set forth in the stipulation shall result in a fine of \$1,000.00 payable within ninety (90) days of the date of mailing of the final order.

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

James Jeffrey Fish, 12-01-007116, C#301521, C#301644, C#301791, C#302497, and C#302518

The board reviewed the five stipulations in the matter of James Jeffrey Fish who admitted to performing appraisal services for which he was not licensed; using names, signatures and license numbers of three licensed appraisers which constitutes fraud, deceit or dishonesty in the practice of an occupation; and violating provisions for which penalties are not otherwise prescribed.

In accordance with the stipulations, 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, a minimum of three years revocation of respondent's appraiser license effective the mailing date of the final order, and make restitution of \$5,000.00 within sixty (60) days of the date of mailing of the final order to each of the three licensed appraisers who suffered professional and financial harm as a result of respondent's conduct. Failure to comply with all terms and conditions set forth in the stipulations shall result in continued revocation of all appraiser licenses of respondent or in the denial of any license renewal and the denial of future applications for licensure, relicensure, or renewal until compliance is made with the terms of these stipulations.

MOTION: Ms. Graham moved to accept the five stipulations. Mr. Dynkowski seconded the motion, which carried by a majority vote, with Mr. Molenaar and Mr. Snyder abstaining.

Joseph Thayer Hunt, 12-01-068913, C#302210

The board reviewed the stipulation in the matter of Joseph Thayer Hunt who admitted to violating a rule of conduct in practicing an occupation.

In accordance with the stipulation, the respondent consents to pay a fine of \$250.00 to the department 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: Mr. Hufnagel moved to accept the stipulation. Mr. Schellenberg seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Thayer Ivan Hunt, 12-01-006889, C#302211

The board reviewed the stipulation in the matter of Thayer Ivan Hunt who admitted to violating a rule of conduct in practicing an occupation.

In accordance with the stipulation, the respondent consents to pay a fine of \$250.00 to the department 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. Hufnagel 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:

Martin Edward Kaltenbach, 12-01-005146, C#297050, Docket No. 2007-54

The board reviewed the hearing report in the matter of Martin Edward Kaltenbach for failure to perform an appraisal in compliance with USPAP; failure or refusal to exercise reasonable diligence in developing or communicating an appraisal; violating standards for the development and communication of real property appraisal; and violating any other provision of the act or rule for which a penalty is prescribed.

MOTION: Mr. Dynkowski moved to accept the administrative law judge's recommendation to dismiss the complaint in this matter. Ms. Graham seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Raquel M. Reyna, 12-01-069819, C#301352, Docket No. 2007-714

The board reviewed the hearing report in the matter of Raquel M. Reyna for failure to make available to the department upon request books and records required to be kept.

MOTION: Ms. Graham moved to assess a fine in the amount of \$10,000.00 to be paid to the department within sixty (60) days from the date of mailing of the final order, and immediate revocation of respondent's appraiser license. Mr. Dynkowski seconded the motion, which carried unanimously.

EDUCATION COMMITTEE REPORT

The board received three Education Committee Reports as follows: June 2007, July 2007, and August 2007.

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

ITEMS FOR CONSIDERATION FROM BOARD MEMBERS/STAFF

Legislative Update – Mr. Campbell discussed with the board the pending legislation outline prepared by Amy Shell and stated that rule set 2007-013 will be filed effective October 15, 2007, amending the rules to be consistent with the new 2008 AQB Criteria effective January 1, 2008.

Testing Services Update – Mr. Byrne stated that effective January 1, 2008, a national examination will be administered for appraisal licensure, and as information becomes available regarding these changes, Foye Longworth will summarize and forward to Mr. Campbell to share with board members.

Case Review Backlog Update – Mr. Molenaar was unable to get a list of outstanding case files from the department to review with board. Mr. Carr reiterated the objective to resolve disciplinary files within one year in accordance with federal mandates. Mr. Molenaar reminded board members to limit their case reviews to 30 days. Mr. Carr stated that the department is continually revising the complaint review process to eliminate delays and asked board members, when returning case file reviews to the department, to clearly itemize in their written recommendation what specific USPAP standards have been violated to avoid further delays in processing each file. Mr. Carr asked board members to not highlight, mark or write notes on the case files as the department is now sending the original files to board members for review.

State Licensed Appraisers and Courses for Certified Appraisers – Ms. Stanton raised the question at the last board meeting and public hearing regarding whether state licensed level appraisers should teach appraisal courses at the certified level, and asked the board and department for a rule revision to address this issue. Mr. Campbell stated that the department will begin the process of new rule revisions including the rules governing continuing education course instructor requirements.

Website – Verify a License – Mr. Molenaar stated that the ‘Check a License’ feature on the web site has changed drastically, and he reported discrepancies in how disciplinary action is reported. Mr. Carr stated that it was a program problem in that disciplinary history does not follow each licensing level, and the problem has been fixed. Mr. Hufnagel stated that he needs to know the dates each upgrade became effective for his review work. Ms. Boven stated that the status history feature on the lower left of screen gives the status dates for each level of licensure.

Board Concerns – Mr. Molenaar acknowledged Mr. Schellenberg’s resignation, thanking him for his contributions to the board. Mr. Dynkowski voiced his concern regarding the increasing difficulty in reaching a quorum with limited members, as the board now has two vacancies. Mr. Molenaar asked Ms. Badger about the backlog for license applications. Ms. Badger stated that the oldest file she is reviewing was received August 27, 2007 for a license upgrade. Ms. Badger noted a large increase in applications to upgrade due to the 2008 AQB Criteria, and many of these require further review by the experience committee once additional information is obtained from applicant. Mr. Carr stated a slight drop in complaint cases this year compared to last year. Mr. Davis discussed the negative feedback from the public regarding the slow process with disciplinary action taken against a licensee, and he is communicating to the public that the process is improving. Ms. Boven acknowledged the efforts by Mr. Campbell and Ms. Badger to inform licensees and the public of the upcoming changes due to the 2008 AQB Criteria by mailing notices to licensees and posting updates on the website. Mr. Carr discussed a sharp increase in respondents stating that their name has been fraudulently attached to a work file that is under investigation. The board and department discussed at length the fraudulent use of electronic files/signatures.

Governor’s Appointments Division – Mr. Molenaar reported that he is unable to reach a staff person in the appointment’s office due to new personnel, and is concerned with the drop in board members and their ability to handle work load with a limited board. The board and department discussed the statute which outlines the professional board member positions required, which are two state licensed level appraisers, one certified residential appraiser, and three certified general appraisers, one of which is employed by a state or nationally chartered bank or financial institution.

Mr. Molenaar stated that interested persons can apply online for board appointments at mi.gov/gov.

Appraisal Subcommittee Report – Victoria Ledbetter and Jenny Tidwell of the Appraisal Subcommittee addressed the board regarding the field review they are currently conducting this week, stating that the last full field review was conducted in June 2004, with several follow-up reviews conducted since then. Ms. Ledbetter provided the 2006 Appraisal Subcommittee Annual Report to board members and staff. Upon completion of their field review, Ms. Ledbetter and Ms. Tidwell will prepare and present a report to the Appraisal Subcommittee for their review, and the committee will respond in writing of their recommendations to the department and board. Ms. Ledbetter stated that Michigan's appraiser program is functioning very well overall, as their statutes and regulations are revised and current with the 2008 AQB Criteria in the final stages of adoption, and staff has been very good in communicating upcoming changes to licensees and the public regarding what is required of them. She stated that the examination is changing in 2008 which she discussed with Ms. Colley and Mr. Longworth, sharing concerns regarding changes and how to incorporate the state portion of the examination, which is yet to be determined. Ms. Ledbetter stated that Ms. Badger is doing a great job in submitting data for the national registry and requesting payment of appropriate registry fees. She stated the files are well documented by licensing staff, and the reciprocal licensing process is good. Ms. Ledbetter clarified that temporary permits are allowed extensions upon request as needed for each appraisal assignment. She provided a one page handout of the AQB's criteria interpretation to clarify relicensure procedures for lapsed licenses which states that prior to reactivation, credential holders in an inactive status must complete all required continuing education hours that would have been required if the credential holder had been in active status, including the most current 7 hour National USPAP Update course. Ms. Ledbetter also advised that waiving the continuing education requirement for licensee upgrades' first renewal was applied incorrectly, as there is an AQB interpretation that states they are required to complete 14 hours of continuing education prior to renewal if more than 185 days have passed since the upgrade was effective. It was discussed that a minimum of 2 hours and maximum of 7 hours continuing education credit may be granted to board members/visitors per renewal cycle for attendance at a publicly held board meeting lasting a minimum of 2 hours. Ms. Ledbetter stated that the timeliness in which disciplinary cases are resolved is an ongoing concern and that the threat of non-recognition will be stronger this time. She stated she was aware that Michigan has worked diligently to revise their enforcement process, identifying areas to streamline and eliminate delays, but Michigan has one of the eight largest appraiser populations in the nation with an enforcement structure similar to smaller states. Ms. Ledbetter stated that Michigan's enforcement staff structure does not adequately support the volume of disciplinary cases. Ms. Ledbetter stated that if Michigan undergoes non-recognition, Michigan appraisers could no longer conduct federally related transactions. Ms. Ledbetter also stated that the quality of Michigan's reviews is excellent, with very few frivolous cases, and that the results of their investigations are appropriate and consistent, with excellent resolution; however, the processing time line needs improvement. Mr. Millben stated that the enforcement division has dedicated two additional staff members to conduct appraiser case reviews and just recently acquired a full time contract person and that not enough time has been allowed to see results of extra staff efforts. Mr. Millben also stated that a division head count prevents them from hiring additional state employees for this purpose, and the contract position was a solution to this limitation.

Resolutions for Former Board Members - Resolutions were unanimously approved for former board members Reagan Schwarzlose and Robert Schellenberg, commending them both for their dedicated service to the board and the department.

MOTION: Mr. Hufnagel moved to approve the resolutions for former board members, Reagan Schwarzlose and Robert Schellenberg. Ms. Graham seconded the motion, which carried unanimously.

ELECTION (Last election held September 19, 2006)

Mr. Molenaar was re-elected as board chairperson, and Ms. Graham was re-elected as board vice-chairperson by unanimous vote.

PUBLIC COMMENT

Stephen Eipper, Licensed appraiser, reiterated his concerns with the disciplinary reporting system for appraiser licensees, as it has affected his ability to conduct business and earn a living as an appraiser. Mr. Carr addressed the issue stating that any order of the board is public information and the board cannot reverse the position already taken on Mr. Eipper's order. There was a lengthy discussion regarding publicizing sanctions. It was concluded that no change to publicizing sanctions was currently possible or warranted due to the Freedom of Information Act requirements, statutory mandates, and department policy. Mr. Millben stated that he currently has Mr. Gobbo reviewing this issue to explore any plausible alternative.

NEXT MEETING DATE

The next regularly scheduled meeting of the Board of Real Estate Appraisers will be held on December 4, 2007.

ADJOURNMENT

There being no further business to be brought before the Board at this time, the meeting was adjourned at 12:00 p.m.

David Molenaar /s/
Board Chairperson

12/4/2007
Date

Sharon Murphy /s/
Recording Secretary

12/4/2007
Date